



Press Release
DANYA ELECTRIC COMPANY
November 04, 2025
Rating Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.18	ACUITE BB Stable Upgraded	-
Bank Loan Ratings	15.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	32.18	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and reaffirmed short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 32.18 Cr. bank loan facilities of Danya Electric Company (DEC). The outlook is '**Stable**'.

Rationale for Rating upgrade

The upgrade in the rating reflects the improved financial risk profile and adequate liquidity position of the company. Further, the rating derives additional comfort from the support of its parent entity i.e. Supreme Power Equipment Limited (SPEL) in terms of shared management and corporate guarantee provided for the debt of DEC. The rating also factors in the company's moderate order book position, which provides revenue visibility over the near term. The rating notably considers the experience of the partners in the business along with long operational track record of the firm. However, the above strengths are partly offset by the modest scale of operations with stagnant revenues, inherently regulated nature of operations in the electricity transmission business, risk of capital withdrawal being a partnership firm and vulnerability of profitability to volatility in input prices and tender based nature of operations.

About the Company

Chennai based, Danya Electric Company (DEC) was established in 1983, as a partnership concern with 90 per cent of profit/loss sharing is with Supreme Power Equipment Limited and rest with Mr. Vee Raj Mohan and Mr. K.V. Pradeep. The firm is engaged in manufacturing and supply of oil filled Power and Distribution Transformers of ratings up to 5 MVA/33KV class. The firm is in Nayapakkam High Road, Thiruvallur District, Tamil Nadu. The firm supplies electrical HT Transformers to TANGEDCO (Tamil Nadu Generation and Distribution Corporation Ltd). The firm operates its own fabrication facility in Chennai for manufacturing transformer tanks, ensuring faster production and timely delivery of transformers to customers.

Unsupported Rating

ACUITE BB-/Stable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Danya Electric Company (DEC). Further, parent notch-up of Supreme Power Equipment Limited (SPEPL) has

been considered to arrive at the rating. The parent notch-up is based on majority

investment, financial support and corporate guarantee extended by SPEPL to Danya Electric Company (DEC).

Key Rating Drivers

Strengths

Long operational track record, experienced management backed by support from parent company

DEC was established in the year 1983 and is engaged in the manufacturing and supply of oil filled Power and Distribution Transformers of ratings up to 5 MVA/33KV class. DEC is approved by the Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO) as its vendor for the supply of electrical HT transformers and are regular suppliers to TANGEDCO for various types of distribution transformers of capacity ranging from 100 KVA to 500 KVA. The partners have over two decades of experience in the line of business, which helps the enterprise in building its sales and procurement network. DEC also has its own fabrication facility in Chennai, for production of tanks needed in transformers. This provides an edge for timely supply of the transformers to their customers. Acuite believes that DEC will continue to benefit from its experienced partners' and established relationships with the management. Supreme Power Equipment Limited (SPEPL), which previously held a 39.45% stake in the firm, has now increased its shareholding to 90% in FY2025. Acuite believes, the experienced promoters and long operational track record of the firm would help build long standing relations with its key customers.

Moderate Financial Risk Profile:

DEC's financial risk profile improved and stood by moderate net worth, low gearing and healthy debt protection metrics. The net worth stood at Rs. 16.46 Cr. as on March 31st, 2025, as against Rs. 17.15 Cr. as on March 31st, 2024. The decline in net worth was on account of withdrawal of capital to some extent by the partners. The total debt of the company stood at Rs. 2.41 Cr. as on March 31, 2025, as against Rs. 3.32 Cr. as on March 31, 2024. The debt profile of the firm comprises of Rs. 0.46 Cr. of long-term debt and Rs. 1.56 Cr. of short-term debt. The gearing of the company stood below unity at 0.15 times as on March 31, 2025, as compared to 0.19 times as on March 31, 2024. The TOL/TNW of the company stood at 0.43 times as on March 31, 2025, as against 0.55 times as on March 31, 2024. Further, the debt protection metrics of the company stood healthy reflected by debt service coverage ratio of 3.86 times for FY2025 as against 2.20 times for FY2024. The interest coverage ratio stood at 10.20 times for FY25 as against 4.46 times for FY24. The net cash accruals to total debt (NCA/TD) stood at 1.40 times in FY2025 as compared to 0.91 times in the previous year. The firm has undertaken capex of Rs. 10.00 Crores for Purchase of machinery to increase the production capacity in FY2026. Acuite believes that the, notwithstanding the benefits of the capex, firm's financial risk profile would remain moderate over the medium term on account of modest net worth base.

Weaknesses

Modest scale of operations

The scale of operations of the firm remained modest over the years with revenue of Rs. 28.35 Cr. in FY25 as against Rs. 31.35 Cr. in FY24. Further, in 6MFY26, the firm reported revenue of ~Rs.17.00 Cr. Further, the firm has a moderate order book position of Rs 30.00 Cr. as of September 2025, to be executed by March 2026 reflecting moderate revenue visibility over the near term. The EBITDA margin stood at 19.30 per cent in FY25 as against 18.98 per cent in FY24. Also, PAT margin stood at 11.57 percent in FY25 as against 9.41 percent in FY24. Acuite believes that the scale of operations of the company is expected to improve steadily over the medium term on the back of capital expenditure.

Working capital intensive operations

The working capital operations of the company of the firm remained intensive with Gross Current Assets (GCA) of 233 days in FY2025, compared to 240 days in FY2024. The inventory levels stood High at 144 days in FY2025 when compared against 95 days in FY2024. The debtor

days stood at 94 days in FY2025 as compared against 161 days in FY2024. The improvement is a result of billing being done in a timely manner. The creditor days stood at 44 days in FY2025 as against 53 days in FY2024. Even though GCA days remained high, the bank limit utilisation remained moderate at ~ 74.22 per cent for six months ended September 2025. Acuite believes, the working capital operations of the company would remain intensive on account of nature of business.

Risk of capital withdrawal associated with partnership firm

The firm is exposed to the risk of capital withdrawal considering its partnership constitution. During FY2024, there was a minor withdrawal of capital by the partners. Any further significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Vulnerability of profitability to volatility in raw material prices, forex risk and tender based business

The Firm's operating margins are vulnerable to fluctuations in raw material prices and forex risk as the firm imports Cold Rolled Grain Oriented Electrical Steel (CRGO), a key component in transformers. Therefore, in absence of hedging mechanism and any fluctuations in raw material prices can affect the profitability margins.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Acuite takes into consideration the benefit derived by personal guarantee from the promoter Mr. Vee Raj Mohan and Mr. K.V. Pradeep and corporate guarantee from Supreme Power Equipment Limited.

Stress Case Scenario

In case of any stress case scenario, the required support would come from Supreme Power Equipment Limited in the form of unsecured loans.

Rating Sensitivities

- Sustained improvement in scale of operation and profitability
- Deterioration in financial risk profile owing to higher than expected debt funded capex
- Working capital management
- Credit profile of the parent entity

Liquidity Position

Adequate

The company's liquidity is adequate marked by net cash accruals (NCAs) at Rs. 3.37 Cr. as on March 31, 2025 as against Rs. 0.39 crores of current maturity. The unencumbered cash and bank balances of the company stood at Rs. 0.02 Cr as on March 31, 2025. The current ratio stood at 2.84 times as on March 31, 2025 as against 2.69 times in FY2024. The average bank utilisation stood at ~74.22 percent for last six months ended September, 2025. DEC's operations are working capital intensive marked by Gross Current Assets (GCA) of 233 days for FY2025 as against 240 days in FY2024. Acuite believes that going forward the liquidity profile of the company will improve backed by gradually improving cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	28.35	31.35
PAT	Rs. Cr.	3.28	2.95
PAT Margin	(%)	11.57	9.41
Total Debt/Tangible Net Worth	Times	0.15	0.19
PBDIT/Interest	Times	10.20	4.46

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Aug 2024	Bills Discounting	Short Term	15.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	1.70	ACUITE BB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.17	ACUITE BB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	14.31	ACUITE BB- Stable (Reaffirmed)
11 May 2023	Bills Discounting	Short Term	13.50	ACUITE A4+ (Assigned)
	Bills Discounting	Short Term	15.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	1.70	ACUITE BB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.98	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
INDUSIND BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A4+ Reaffirmed
INDUSIND BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.70	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	0.65	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.83	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4+ Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company Name
1	Danya Electric Company
2	Supreme Power Equipment Limited

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About Acuité Ratings & Research

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