

PAE Limited
March 12, 2018

Rating			
Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term Bank Facilities	15.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long/Short term Bank Facilities	5.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	20.00 (Rs. Twenty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from PAE Limited (PAE) to monitor the ratings vide e-mail communications/ letters dated September 08, 2017, September 12, 2017, January 03, 2018, January 25, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, PAE has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on PAE Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account the ongoing delays in debt servicing and the account has been classified as NPA.

Detailed description of the key rating drivers (updated for FY17)

Key Rating Weaknesses

Ongoing delay in debt servicing: As per interaction with banker and management there have been ongoing delays in debt servicing and the account has been classified as NPA.

Weak financial performance: PAE's total operating income has been declining in past few years and tend continued in FY17, which is significantly dropped from Rs. 13.43 crore in FY16 to Rs. 1.15 crore in FY17 and Rs. 0.70 crore in 9MY18 on account of difficult market conditions, financial crunch and challenging situation worldwide. PAE has made operating and net losses in FY17 and FY16. On account of which the tangible net worth has been eroded to negative and capital structure remained highly leveraged with weak debt coverage indicators.

Key Rating Strengths

Experienced promoters: The promoters of the company have experience of more than five decades of operations in automotive and industrial battery segment and their close association with the Premier group in the past.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's Methodology for Short-term Instruments](#)

[Rating Methodology - Wholesale Trading](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated in 1950 as a distributor of auto electric components, PAE Ltd. (PAE) is presently operational in two segments viz. Power products and Auto components. In its power products segment, PAE is engaged in marketing and distribution of lead storage batteries (for automotive and industrial application) and power backup systems; while in the Auto component segment it operates as a distributor of automotive parts. Additionally, the company has forayed into solar energy space through its various subsidiaries which are engaged in developing, marketing and distribution of solar panels and operates 2 solar power plants of 1 MW each.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	13.43	1.15
PBILDT	-9.19	-4.91
PAT	-37.43	-5.30
Overall gearing (times)	NEG	NEG
Interest coverage (times)	NEG	NEG

A: Audited; NEG: Negative

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ST-BG/LC	-	-	-	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	15.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (14-Dec-16)	1)CARE D (10-Feb-16)	1)CARE B+ (17-Mar-15) 2)CARE BB (04-Apr-14)
2.	Non-fund-based - LT/ST-BG/LC	LT/ST	5.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (14-Dec-16)	1)CARE D / CARE D (10-Feb-16)	1)CARE B+ / CARE A4 (17-Mar-15) 2)CARE BB / CARE A4 (04-Apr-14)

*Issuer did not cooperate; Based on best available information

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