

## PAE Limited

May 17, 2019

### Rating

Facilities	Amount (Rs. Crore)	Rating <sup>1</sup>	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
<b>Total</b>	<b>20.00</b> (Rs. Twenty crore only)		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 12, 2018, placed the rating(s) of PAE Limited (PAEL) under the 'issuer non-cooperating' category as PAE Limited had failed to provide information for monitoring of the rating. PAE Limited continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated January 22, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

### Detailed description of the key rating drivers (updated for FY18)

#### Key Rating Weaknesses

**Ongoing delay in debt servicing:** As per interaction with banker, 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 trend continued in FY18 as well, reflected from decline in total operating income (TOI) from Rs. 1.15 crore in FY17 to Rs. 0.32 crore in FY18. PAE has made operating and net losses in FY18 and FY17. On account of the same, 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](#)

[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

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.

\*Issuer did not cooperate; Based on best available information

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)	FY17 (A)	FY18 (A)
Total operating income	1.15	0.32
PBILDT	-4.91	-2.57
PAT	-5.30	-1.52
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

#### 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 / 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (12-Mar-18)	1)CARE D (14-Dec-16)
2.	Non-fund-based - LT/ST-BG/LC	LT/ST	5.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (12-Mar-18)	1)CARE D (14-Dec-16)

\*Issuer did not cooperate; Based on best available information

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**