

November 04, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES AND INSTRUMENT OF PREMIER LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	310.00	CARE D	Revised from CARE BB (Double B)
Short term Bank facilities	75.00	CARE D	Revised from CARE BB (Double B)
Fixed Deposit Programme	46.00	CARE D	Revised from CARE BB (FD) [Double B (Fixed Deposit)]
Total Facilities	431.00 (Rupees Four Hundred and Thirty One Crore Only)		

Rating Rationale

The revision in the ratings of Premier Limited takes into account the ongoing delay in servicing of debt obligations due to weak liquidity position.

Background

Premier Limited (formerly Premier Automobiles Ltd.), established in 1944, operates in two segments – Engineering and Automotive. The engineering segment contributed 92.24% to total operating income during FY15 (refers to period April 01 to March 31) has two activities – CNC (computer numerical control) machine division and heavy engineering. Under CNC machine division, company manufactures CNC gear cutting machines, vertical and horizontal machining centres and special purpose machines. The heavy engineering serves the general engineering and windmill turbine sectors. The automotive segment consists of Light Utility Vehicles (LUVs) and Sports Utility Vehicles (SUVs). This division is engaged in assembling of vehicles parts comprising imported painted bodies and indigenous production of vehicle bodies. This assembly line is proposed to be closed temporarily on account of lower demand.

During FY15 (refers to the period April 1 to March 31), Premier Ltd reported Net Loss of Rs. 45.8 Crore on a Total Income from operations of Rs. 169.55 crore. During Q1FY16 (refers to the period April 1 to June 30) Premier Ltd reported Net Profit of Rs. 31.57 Crore (includes exceptional income of Rs. 49.15 Crore) on a Total income from operations of Rs. 35.21 Crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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