

Lakshmi Precision Screws Limited

March 13, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	115.50	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short Term Bank Facilities	77.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	192.50 (Rs. One Hundred Ninety Two crore and Fifty Lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Lakshmi Precision Screws Limited (LPS) to monitor the rating vide e-mail communications/letter dated February 01, 2019; February 07, 2019; February 25, 2019; February 26, 2019 and numerous phone calls. However, despite our repeated requests, the society has not provided the requisite information for monitoring the rating. 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. The rating on Lakshmi Precision Screws Limited's bank facilities will now be denoted as CARE D/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.

Detailed description of the key rating drivers

At the time of last rating on August 03, 2018 the following were the rating weaknesses:

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in the servicing of the debt obligations by the company on account of its weak liquidity position. The company has been classified as Non-Performing Asset (NPA) by the banks.

Initiation of Corporate Insolvency Resolution Process (CIRP): By the order of the National Company Law Tribunal (NCLT), CIRP has been initiated against LPS under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC). The petition for initiation of the CIRP was filed by an operational creditor of the company. An Insolvency Resolution Professional (IRP) has also been appointed by the NCLT, with respect to the company.

Analytical Approach: Standalone

Applicable Criteria

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

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

[CARE's methodology for manufacturing companies](#)

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

[CARE's policy on default recognition](#)

[CARE's methodology for Short Term Instruments](#)

Background

Lakshmi Precision Screws Ltd (LPS) was incorporated in January 1968 as a private limited company. Subsequently, the company was reconstituted as a public limited company in 1972. LPS is engaged in the manufacturing of high-tensile fasteners with total installed capacity of 28,432 Metric Tonnes Per Annum (MTPA), as on March 31, 2017. The company currently has four manufacturing units, three are situated in Rohtak and one in Gurgaon, Haryana. The company caters to various sectors such as wind Energy, Oil & Gas, Locomotives, Automobiles, Agriculture Equipments (tractors) and different industrial requirements. Apart from this, the company is also engaged in trading of high-tensile fasteners.

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

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	313.27	259.42
PBILDT	21.57	4.47
PAT	-9.75	-40.97
Overall gearing (times)	4.18	11.34
Interest coverage (times)	0.57	0.11

A: Audited

Status of non-cooperation with previous CRA: CRISIL has suspended its ratings vide press release dated Jul 18, 2014, due to its inability to carry out a rating surveillance on account of lack of cooperation from the company.

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established its self 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-Working Capital Limits	-	-	-	115.50	CARE D; ISSUER NOT COOPERATING*; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	77.00	CARE D; 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Working Capital Limits	LT	115.50	CARE D; ISSUER NOT COOPERATING*; Based on best available information	1)CARE D (03-Aug-18)	1)CARE D (20-Mar-18)	-	-
2.	Non-fund-based - ST-BG/LC	ST	77.00	CARE D; ISSUER NOT COOPERATING*; Based on best available information	1)CARE D (03-Aug-18)	1)CARE D (20-Mar-18)	-	-

*Issuer did not cooperate; Based on best available information

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