

Lakshmi Precision Screws Limited

June 30, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Ratings 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 Facilities	192.50 (Rs. One Hundred Ninety Two crore and Fifty Lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 13, 2019, placed the rating of Lakshmi Precision Screws Limited (LPS) under the 'issuer non-cooperating' category as LPS had failed to provide information for monitoring of the rating. LPS continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated June 15, 2020. 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

At the time of last rating on March 13, 2019 the following was the rating weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in the servicing of the debt obligations by LPS. 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 was 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. The Insolvency Resolution Professional (IRP) appointed by NCLT had constituted a Committee of Creditors (COC) which approved the resolution plan submitted by a creditor. Further, the COC also authorized IRP to file an application for the approval of the resolution plan from the NCLT.

Analytical approach: Standalone

Applicable Criteria

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

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

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for Steel Sector](#)

About the Company

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

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

*Issuer did not cooperate; Based on best available information

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.

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

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* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	77.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Working Capital Limits	LT	115.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (13-Mar-19) 2)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* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (13-Mar-19) 2)CARE D (03-Aug-18)	1)CARE D (20-Mar-18)

*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. 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

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