Lokesh Machines Limited

March 7, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	93.14	**CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)**	**ISSUER NOT COOPERATING; Revised from CARE B- (Single B Minus) Based on best available information**
Short-term Bank Facilities	27.00	**CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)**	**ISSUER NOT COOPERATING; Revised from CARE A4 (A Four) Based on best available information**
Total	**120.14 (Rs. One hundred and Twenty crore and fourteen lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Lokesh Machines Limited(LML) to monitor the ratings vide e-mail communications dated June 13, 2016, August 02, 2016, October 07, 2016, November 28, 2016, December 13, 2016, January 24, 2017 and February 08, 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requiste 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. The rating on Lokesh Machines Limited bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING**.

The revision in ratings takes into account delays in debt servicing on account of stretched liquidity position of the company.

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

Key Rating Weakness

Delays in debt Servicing: There have been delays in debt servicing on account of stretched liquidity position at the back of elongated operating cycle. The operating cycle of the company was around 327 days for FY16.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect on Non-cooperation by issuer]

[CARE's Policy on Default Recognition]

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

About the Company

LML incorporated in December 1983 is promoted by Mr M Lokeswara Rao and started commercial production from 1986. The company has six manufacturing locations with five in Hyderabad and one in Pune with an installed capacity of 600 Machines per annum. The company's operations are segregated into two divisions namely Machines and Components division. The company initially started the operations by doing job works for Hindustan Machine Tools Limited (HMT) and later on moved to manufacturing of machines. Under machinery division, LML manufactures Special Purpose Machines (SPM) and General Purpose Machines (GPM). Under component division, the company manufactures automobile components viz., cylinder heads, and cylinder blocks and also executes job work for automobile manufacturers like Mahindra & Mahindra Limited (M& M) and Ashok Leyland Limited (ALL).
During FY16, LML reported PAT of Rs.2.14 crore (Rs.0.75 crore in FY15) on a total operating income (TOI) of Rs.121.15 crore (Rs.118.69 crore in FY15). As per the unaudited results for 9MFY17, LML reported PAT of Rs.0.71 crore on TOI of Rs.90.23 crore

Status of non-cooperation with previous CRA: The rating of Lokesh Machines Limited has been suspended by ICRA Limited vide its press release dated December 05, 2012 on account of non-cooperation.

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.*

Analyst Contact:
Name: Radhika Ramabhadran
Tel: +91-40-6900-0512
Mobile: 8008883012
Email: radhika.ramabhadran@careratings.com

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.

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-Term Loan	-	-	December 2020	38.14	CARE D; ISSUER NOT COOPERATING
Fund-based - LT-Cash Credit	-	-	-	55.00	CARE D; ISSUER NOT COOPERATING
Non-fund-based - ST-BG/LC	-	-	-	27.00	CARE D; ISSUER NOT COOPERATING

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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	38.14	CARE D; ISSUER NOT COOPERATING	-	1)CARE B- (08-Oct-15)	1)CARE B- (27-Mar-15)	1)CARE B- (03-Mar-14)
2.	Fund-based - LT-Cash Credit	LT	55.00	CARE D; ISSUER NOT COOPERATING	-	1)CARE B- (08-Oct-15)	1)CARE B- (27-Mar-15)	1)CARE B- (03-Mar-14)
3.	Non-fund-based - ST-BG/LC	ST	27.00	CARE D; ISSUER NOT COOPERATING	-	1)CARE A4 (08-Oct-15)	1)CARE A4 (27-Mar-15)	1)CARE A4 (03-Mar-14)

CONTACT

Head Office Mumbai

Mr. Amod Khanorkar
Mobile: + 91 98190 84000
E-mail: amod.khanorkar@careratings.com

Mr. Saikat Roy
Mobile: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691