

June 23, 2022

## LML Limited: Continues to remain under issuer Non-Cooperating category

### Summary of rating action

| Instrument <sup>^</sup>   | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action                                                                                       |
|---------------------------|-----------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------|
| Preference Shares Capital | 125.00                            | 125.00                           | [ICRA] D; ISSUER NOT COOPERATING*; Rating Continues to remain under issuer not cooperating category |
| <b>Total</b>              | <b>125.00</b>                     | <b>125.00</b>                    |                                                                                                     |

\*Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

ICRA has retained the rating of LML Limited in the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]D; ISSUER NOT COOPERATING".

ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity. The rating action has been taken in accordance with ICRA's policy in respect of non-cooperation by a rated entity available at [www.icra.in](http://www.icra.in).

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

| Analytical Approach             | Comments                                                                                                                                                                         |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Applicable Rating Methodologies | <a href="#">Policy in respect of non-cooperation by the rated entity</a><br><a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Policy on Default Recognition</a> |
| Parent/Group Support            | Not Applicable                                                                                                                                                                   |
| Consolidation/Standalone        | Standalone                                                                                                                                                                       |

### About the company

LML Limited (LML) was promoted in 1972 as Lohia Machines Limited by the Singhania family to manufacture machinery for the synthetic fibres industry. Later, it diversified into production of 100 cc scooters, in technical collaboration with Piaggio Vespa, of Italy in 1984. Piaggio later took up 23.5% equity stake, which it later divested in favour of the Indian promoters pursuant to the settlement reached following certain legal disputes, which were settled out of court. Subsequently, the

company entered into technical collaboration with Daelim Motor Company, South Korea (DMC) to set up a small capacity for manufacturing of four-stroke motorcycles. Following a strike by the workers, LML had declared a lock-out at its factory in Kanpur with effect from March 7, 2006. The lock-out remained in place for over a year and the same was lifted only in April 2007 pursuant to a tripartite agreement reached between the company, the Trade Union and the Labour Department of Government of Uttar Pradesh. The company, filed a petition on May 22, 2017 under 2 section 10 of the Insolvency & Bankruptcy Code, 2016 with National Company Law Tribunal (NCLT), Allahabad bench. The company is under Corporate Insolvency Resolution Process and the net worth of the company has been fully eroded and its current liabilities exceed its current assets as on December 31, 2017.

## Status of non-cooperation with previous CRA: Not Applicable.

## Any other information: None

## Rating history for past three years

|   | Instrument                | Current Rating (FY2023) |                          |                                |                                 | Chronology of Rating History for the past 3 years |                                 |                                 |  |
|---|---------------------------|-------------------------|--------------------------|--------------------------------|---------------------------------|---------------------------------------------------|---------------------------------|---------------------------------|--|
|   |                           | Type                    | Amount Rated (Rs. crore) | Amount Outstanding (Rs. Crore) | Date & Rating in                | Date & Rating in FY2022                           | Date & Rating in FY2021         | Date & Rating in FY2020         |  |
|   |                           |                         |                          |                                | 23-Jun-2022                     | 24-Jun-2021                                       | 09-Jun-2020                     | 31-May-2019                     |  |
| 1 | Preference Shares Capital | Long Term               | 125.00                   | -                              | [ICRA]D; ISSUER NOT COOPERATING | [ICRA]D; ISSUER NOT COOPERATING                   | [ICRA]D; ISSUER NOT COOPERATING | [ICRA]D; ISSUER NOT COOPERATING |  |

## Complexity level of the rated instrument

| Instrument                | Complexity Indicator |
|---------------------------|----------------------|
| Preference Shares Capital | Simple               |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

| ISIN No | Instrument Name              | Date of Issuance /<br>Sanction | Coupon<br>Rate | Maturity<br>Date | Amount Rated<br>(RS Crore) | Current Rating and<br>Outlook      |
|---------|------------------------------|--------------------------------|----------------|------------------|----------------------------|------------------------------------|
| NA      | Preference Shares<br>Capital | -                              | -              | -                | 125.00                     | [ICRA]D; ISSUER NOT<br>COOPERATING |

Source: LML Limited

**Annexure-2: List of entities considered for consolidated analysis: Not Applicable.**

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### Branches



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