

Credit Update

Ashika Commercial Private Limited

31-Oct.-2019

Credit update on Ashika Commercial Private Limited (ACPL)

BWR has an outstanding rating of BWR B+ (Outlook:Stable)/A4 for ACPL. The ratings were reviewed on 28-Jun-2019 with a revision in Outlook from Negative to Stable on bank loans of Rs.24.87Cr. Thereafter, based on the fact that Corporate Insolvency Resolution Process was initiated against them at the National Company Law Tribunal (NCLT) on 22nd August, 2019 by two financial creditors Siddha Domicile Company Pvt. Ltd., & Himavanta Investors Pvt. Ltd. (two RBI-registered NBFCs,) the rating was reviewed on 30th August, 2019, and put under “Credit watch with developing implications” till 30th September, 2019. As per order dated 22nd August, 2019 of NCLT, a progress report on the matter was filed with them by the IRP on 23rd September, 2019.

At the NCLT hearing on 23rd September, 2019, the IRP was replaced and the new RP was asked to file an update on the matter by 4th December, 2019. Accordingly, on 30th September, 2019, the rating of the company was reiterated as BWR B+ (Outlook Stable) / A4 and retained under “credit watch with developing implications”. It was also stated that the next update would be provided by us on 31st October, 2019.

As advised earlier, the claim against the Company has arisen because of a dispute which centres around loans from these financial creditors to ACPL - a major portion of which the management of ACPL claims to have been converted to equity, while the two claimants state that the conversion mandate was withdrawn.

Credit Update

As per the latest update in this matter, we understand that the same has been referred to the NCLAT and the hearing is scheduled thereat on November 11, 2019. As per information from the bankers of ACPL, the conduct of the account of ACPL has so far been satisfactory.

Based on the aforesaid, since no additional information having a bearing on the credit rating of ACPL has come to our knowledge so far, the ratings of “BWR B+ (Outlook:Stable)/A4” for ACPL will continue to remain under “credit watch with developing implications” until November 18, 2019, i.e 7 days from November 11, 2019, by which time information on the outcome of the hearing at NCLAT is expected to be made available to us, either by the new RP, or by the bankers of ACPL, or by both.

About the Company

Incorporated in 1987, Ashika Commercial Private Limited (ACPL) was promoted by Mr. Naresh Kumar Jain. The Company is engaged in manufacturing of Air Springs, Beam Weldment, precision-machined metal components, fabrication of railway bogies etc. The Company is also

the sole largest distributor of Anti Vibration Mounts like Side Bearer, UD Bush, etc of UK-based Trelleborg Industrial Anti-Vibration System (TIAVS). Recently, the company added Locomotive Bogies to its product line. In 2007-08, ACPL established Suspension Systems Division (SSD division) in Rajasthan in technical collaboration with TIAVS. SSD division, spread over an area of around 66,000 sq. ft, is engaged in the manufacture of superior quality suspension springs and machining metal parts. In 2010, the Company started its second manufacturing unit at Rajasthan known as Engineering Systems Division (ESD division). The unit is spread over a wide area of around 70,000 sq. ft to cater to diverse demand in fabrication and machining jobs.

For other details of the rating, please refer to our last Rating Rationale

- [Rating Rationale September 30, 2019](#)

Rating History

S.No	Facility	Current Rating (September 2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	30,Sept.,2019	30,Aug,2019	28, Jun,2019
1.	Fund Based Cash Credit	Long Term	11.75	BWR B+,Stable (BWR Single B Plus) (Reaffirmed) (Credit Watch with Developing Implications)	BWR B+,Stable (BWR Single B Plus) (Reaffirmed) (Credit Watch with Developing Implications)	BWR B+,Stable (BWR Single B Plus) (Reaffirmed) (Credit Watch with Developing Implications)	BWR B+,Stable (BWR Single B Plus) (Reaffirmed) (Revised from Negative to Stable)
	Corporate Term Loan		7.87				
2.	Non Fund Based Letter of Credit	Short Term	2.50	BWR A4 (BWR A Four) (Reaffirmed) (Credit Watch with developing implications)	BWR A4 (BWR A Four) (Reaffirmed) (Credit Watch with developing implications)	BWR A4 (BWR A Four) (Reaffirmed) (Credit Watch with developing implications)	BWR A4 (BWR A Four) (Reaffirmed)
	Bank Guarantee		2.35				
	Loan Equivalent Risk		0.40				
	Total		24.87	₹Twenty Four Crores and Eighty Seven Lakhs Only)			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)

- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Investor Contacts
<p>Anuradha Gupta Director - Ratings anuradha.g@brickworkratings.com</p> <p>Madhu Sonthalia S Ratings Analyst D : +91 90739 18942 B :+91 80 4040 9940 madhusonthalia@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>
<p>1-860-425-2742</p>	

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons