

Credit Update

Ashika Commercial Private Limited

30-Sept.-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 last 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 to be filed with them by the IRP on 23rd September, 2019.

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of ACPL claims to have been converted to equity, while the two claimants state that the conversion mandate was withdrawn.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 NCLT order dated 22nd August, 2019, the IRP filed the first progress report at NCLT on 23rd September, 2019. However, based on an application filed on that day by the CoC in conformity with the decision in the first CoC meeting held on Sept. 20, 2019, the NCLT on the same day approved the appointment of a new RP to replace the existing IRP. The NCLT also directed the new RP to file a progress report on the Insolvency proceedings of ACPL, on Dec. 4, 2019. The progress report filed by the outgoing IRP was not shared by NCLT.

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 further 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” till October 31st 2019, by which time information on further developments in the matter 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, Hydro Mount, 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

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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 August 30, 2019](#)

Rating History

S.No	Facility	Current Rating (September 2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	30, Aug, 2019	28, Jun, 2019	01, Mar, 2019
1.	Fund Based Cash Credit	Long Term	11.75	BWR B+ (BWR Single B Plus) (Outlook:Stable) (Reaffirmed) (Credit Watch with Developing Implications)	BWR B+ (BWR Single B Plus) (Outlook:Stable) (Reaffirmed) (Credit Watch with Developing Implications)	BWR B+ (BWR Single B Plus) (Reaffirmed) (Outlook:Stable) (Revised from Negative to Stable)	Rating Not Reviewed BWR B+ (BWR Single B Plus) (Reaffirmed) (Outlook: Negative)
	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)	Rating Not Reviewed BWR A4 (BWR A Four)
	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>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 22 6745 6666 satish.n@brickworkratings.com</p>
<p>1-860-425-2742</p>	

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