

## RATING RATIONALE

18 Nov 2019

### Ashika Commercial Pvt. Ltd.

**Brickwork Ratings Downgrades the long term ratings and reaffirms the short term ratings for the Bank Loan Facilities of Rs.24.87Cr. of Ashika Commercial Pvt. Ltd., with a revision in outlook as given below:**

#### Particulars:

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Oct.,2019)	Present
<b>Fund based Cash Credit (WCDL as sublimit)</b>	<b>11.75 (9.00)</b>	<b>11.75 (9.00)</b>	<b>Long Term</b>	<b>BWR B+, Credit Watch with Developing Implications</b>	<b>BWR C+ (Downgraded and removed from “Credit Watch with developing implications”)</b>
<b>Corporate Term Loan</b>	<b>7.87</b>	<b>7.87</b>			
<b>Non Fund Based Letter of Credit</b>	<b>2.50</b>	<b>2.50</b>	<b>Short Term</b>	<b>BWR A4</b>	<b>BWR A4 (Reaffirmed)</b>
<b>Bank Guarantee</b>	<b>2.35</b>	<b>2.35</b>			
<b>Loan Equivalent Risk</b>	<b>0.40</b>	<b>0.40</b>			
<b>Total</b>	<b>24.87</b>	<b>24.87</b>	<b>INR Twenty Four Crores &amp; Eighty Seven Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\*Details of Bank Loan facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings has Downgraded the long term ratings and reaffirmed the short term ratings on the bank loan facilities aggregating Rs.24.87 crores of Ashika Commercial Pvt. Ltd. from “BWR B+/BWR A4 under ‘Credit Watch With Developing Implications’”, to “BWR C+/BWR A4”, while simultaneously removing the ratings from ‘Credit Watch With Developing Implications’, The Downgrade of the ratings is based on the information available as per the National Company Law Appellate Tribunal Order dated November 11,2019 where, inter alia, the existence of an unsettled claim by one of its financial creditors has been accepted by the Ld. Counsel on behalf of ACPL, and has thus been established. Also, the existence of cross default



with another financial institution is not a good indicator of the Company's future dealings. Besides, the present status of the account is not available from the lenders, despite continuous follow up. The removal from "Credit Watch with developing implications" arises out of the downgrade.

Siddha Domicile Company Pvt. Ltd. & Himavanta Investors Pvt. Ltd., the financial creditors of Ashika Commercial Pvt Ltd, have filed an application under regulation 7 of the Insolvency and Bankruptcy Code 2016 read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, against the Corporate Debtor Ashika Commercial Pvt Ltd. for recovery of dues. Both the claimants are Kolkata based non-banking financial companies registered with RBI.

## **KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED-NOT APPLICABLE**

## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

**Positive:** Any settlement of the claim along with regular servicing of the debt obligations.

**Negative:** Irregularity in servicing of the debt obligations and any adverse information in the upcoming NCLT hearing on December 04,2019

## **COMPANY'S PROFILE (As Available with BWR as on June, 2019)**

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 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.

**KEY FINANCIAL INDICATORS (As Available with BWR as on June, 2019)**

Key Financial Indicators	Units	FY17	FY18
Result Type		Audited	Audited
Operating Revenue	Rs. in Crs	23.33	27.92
EBIDTA	Rs. in Crs	1.34	4.16
PAT	Rs. in Crs	(1.83)	(4.45)
Tangible Net Worth	Rs. in Crs	5.90	4.07
Total Debt/Tangible Net Worth	Times	7.36	9.95
Current Ratio	Times	1.66	1.73

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY: NONE**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	31,Oct.,2019	30,Sept., 2019	30,Aug,2019
1.	Fund Based Cash Credit	Long Term	11.75	BWR C+ (Downgraded and removed from “Credit Watch with developing implications”)	BWR B+ (Reaffirmed) (Outlook: Revised from Stable to Credit Watch with Developing Implications)	BWR B+ (Reaffirmed) (Outlook: Revised from Stable to Credit Watch with Developing Implications)	BWR B+ (Reaffirmed) (Outlook: Revised from Stable to Credit Watch with Developing Implications)
	Corporate Term Loan		7.87				
2.	Non Fund Based Letter of Credit	Short Term	2.50	BWR A4 (Reaffirmed)	BWR A4 (Reaffirmed)	BWR A4 (Reaffirmed)	BWR A4 (Reaffirmed)
	Bank Guarantee		2.35				
	Loan Equivalent Risk		0.40				
	<b>Total</b>		<b>24.87</b>	<b>₹Twenty Four Crores and Eighty Seven Lakhs Only)</b>			



## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### 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 and Media Relations
<p><b>Anuradha Gupta</b> Director - Ratings <a href="mailto:anuradha.g@brickworkratings.com">anuradha.g@brickworkratings.com</a></p> <p><b>Madhu Sonthalia S</b> Ratings Analyst D : +91 90739 18942 B :+91 80 4040 9940 <a href="mailto:madhusonthalia@brickworkratings.com">madhusonthalia@brickworkratings.com</a></p>	<p><b>Liena Thakur</b> Assistant Vice President - Corporate Communications +91 84339 94686 <a href="mailto:liena.t@brickworkratings.com">liena.t@brickworkratings.com</a></p>

**Ashika Commercial Pvt. Ltd.**

**ANNEXURE I**

**Details of Bank Loan Facilities rated by BWR**

<b>Sl. No.</b>	<b>Name of the Bank</b>	<b>Type of Facilities</b>	<b>Long Term (Rs. Crs.)</b>	<b>Short Term (Rs. Crs.)</b>	<b>Total (Rs. Crs.)</b>
<b>1.</b>	<b>Axis Bank</b>	Cash Credit	11.75	0.00	11.75
		Corporate Term Loan	7.87	0.00	7.87
		Letter of Credit	0.00	2.50	2.50
		Bank Guarantee	0.00	2.35	2.35
		LER	0.00	0.40	0.40
<b>Total (Rupees Twenty Four Crores and Eighty Seven Lakhs only)</b>					<b>24.87</b>

**For print and digital media**

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**About Brickwork Ratings:** Brickwork Ratings Private limited (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empanelled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empanelled 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.



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