

Credit Update

Ashika Commercial Private Limited

30-Aug-2019

Credit update on Ashika Commercial Private Limited (ACPL)

BWR has 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.

Credit Update

Siddha Domicile Company Pvt. Ltd., & Himavanta Investors Pvt. Ltd., two RBI-registered NBFCs and 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 claiming a debt of ₹ 1.08Cr. The claim has been accepted by the NCLT, Kolkata branch, and insolvency proceedings have been started against ACPL from 22/08/2019. The IRP has been appointed and due notices have been issued to the creditors to submit their claims.

The dispute centres around loans from these financial creditors, a major portion of which the management of ACPL claims to have been converted to equity, while the claimants state that the conversion mandate was withdrawn.

There is no operational problem as regards the functioning of Ashika Commercial Pvt. Ltd, as confirmed by the management as well as the bankers. The amount claimed by the creditors is very small, but this has led to initiation of action which might lead to a full Resolution Process.

For the present, no rating action is proposed, except placing the ratings under watch till 30th September 30th,2019, by which time the developments of the progress report to be filed on 23rd September, 2019 are expected to come to our knowledge.

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 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 bond rating, please refer to our last Rating Rationale

- [Rating Rationale June 28, 2019](#)

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	28, Jun,2019	01, Mar, 2019	29,Nov,2017
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) (Reaffirmed) (Outlook:Stable) (Revised from Negative to Stable)	Rating Not Reviewed BWR B+ (BWR Single B Plus) (Reaffirmed) (Outlook: Negative)	BWR B+ (BWR Single B Plus) (Reaffirmed) (Outlook: Negative) (Reaffirmed)
	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)	Rating Not Reviewed BWR A4 (BWR A Four)	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

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Note on complexity levels of the rated instrument:

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About Brickwork Ratings

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