

## Rating Rationale

### Brickwork Ratings assigns 'BWR A2+' (SO) for the Bank Loan Facilities aggregating ₹ 8.00 Cr of Afflatus Trading Pvt Limited

Brickwork Ratings has assigned the following **Rating**<sup>1</sup> for the Bank Loan facilities of Afflatus Trading Pvt. Limited (*ATPL or the 'Company'*) sanctioned by *State Bank of India*.

Facility	Limits (₹Cr)	Tenure	Rating
Non Fund Based: Letter of Credit	8.00	Short Term	<b>BWR A2+ (SO)</b> (BWR A Two Plus) (Structured Obligation)
<b>Total</b>	<b>8.00</b>	<b>(INR Eight Crores Only)</b>	

BWR has essentially relied upon ATPL's audited financial results up to FY13 and projected financials of FY 14 and information and clarifications provided by the Company.

The ratings assigned to the bank facilities of *Afflatus Trading Pvt Limited (ATPL)* factors primarily the unconditional, irrevocable and continuing corporate guarantee for the entire bank facility from Assam Roofing Ltd (holding company of ATPL) the strong operational and financial linkages of ATPL with ARL and other Assam Group companies and the comfort provided by the parent company in ensuring regular servicing of its financial commitments. ATPL is importing raw materials for captive consumption in the manufacture of roofing sheets by the Assam Group. However, the rating is constrained by small scale and short track record of operations of the Company.

#### Background:

*Afflatus Trading Private Limited (ATPL)* incorporated in 2010, a 100% subsidiary of Assam Roofing Limited (ARL) promoted by Mr. Bhagirath Pasari and Mr. Ramesh Kumar Laddha. The main objective to set-up of ATPL was to import of certain raw materials, including zinc and asbestos fiber, required by the Group for captive consumption in the manufacture of roofing sheets by the Assam Roofing Group comprising of 04 companies, namely: Assam Roofing Ltd, PDP Steel Ltd, North East Roofing Pvt. Ltd and Afflatus Trading Pvt Ltd. The company commenced commercial operations in the second-half of 2012-13, and started its activities through import a single shipment of zinc from Korea. However, Korea discontinued the export of zinc in the current year. Currently, it imports Asbestos fiber for of Group's requirement for manufacture of AC Sheet. Being a trading company they are claiming refund of 4% additional duty from customs authority after furnishing the proof of payment of local

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

VAT. ATPL is not involved in any other trading activity other than related to group. ATPL is enjoying only short-term non-fund based working capital facility in the form of LC sanctioned by State Bank of India.

The Assam Roofing Group comprises of 04 companies namely: Assam Roofing Ltd, PDP Steel Ltd, North –East Roofing Pvt. Ltd. and Afflatus Trading Pvt. Ltd. This Group has been engaged in the manufacture of AC and GC sheets (installed capacity of 1,12426 TPA and 32,140 TPA respectively) for the roofing industry since 1978, with a wide market reach in North Eastern India, with GC sheets contributing to around 80-85% of the Group’s total sales.

The group products are marketed under the brand name ‘Rhino’ through its North Eastern India and North Bengal region dealers and distributors. The Group has a market share of 75% for the north east region for AC Sheet Segment and 30% for the GC sheet.

### Management

The company is managed by two directors including Mr. Bhagirath Pasari, the Managing Director having over four decades of experience in the industry. Other Key Director is Mr. Ramesh Kumar Laddha has over 02 decades of experience. The group operates under a common management.

### Financial Performance:

The Company has a short track record of operation. For FY’13 it has reported revenue of ₹8.00 Crs with a PAT of ₹0.11 Crs.

### Rating Outlook:

Company’s operations over the next year are expected to be stable. The loans are backed by an unconditional, irrevocable and continuing corporate guarantee from ARL. Ability of the company to manage the raw material price fluctuation risks, regulatory risks and continuing support from the Group to ensure that there are no defaults in meeting its commitments would be key rating sensitivities.

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