



## Rating Rationale

Afflatus Trading Pvt Ltd

07-Feb-2019

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 18.00 Crores of Afflatus Trading Pvt Ltd ('ATPL' of 'The Company').**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Apr, 2018)	Present
Non Fund Based	18.00	18.00	Short Term	BWR A2+ (SO) (Pronounced as BWR Single A Two Plus)	Reaffirmed BWR A2+ (SO) (Pronounced as BWR Single A Two Plus)
<b>Total</b>	<b>18.00</b>	<b>18.00</b>	<b>₹ Eighteen Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18 and projected financials of FY19 & FY20, publicly available information and information/clarification provided by the Company's management.

The rating continues to derive strength from Corporate guarantee by Assam Roofing Limited (ARL) for the entire bank facility, the strong operational and financial linkages of ATPL with ARL and other Assam Roofing 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 for manufacturing of roofing sheets by the Assam Group. However, the rating is constrained by small scale and short track record of operations of the Company. The rating reflects the position of the Company in roofing segment. Going forward, the Company's ability 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.



## Description of Key Rating Drivers

### Credit Strengths:

- **Long track record of promoters and The Group Company :** The promoters have four decades of experience in the roofing segment in North East region. The Company has backward integration to support manufacturing of AC and GC sheet .
- **Group Support:** The Assam Group is consist of four companies (Assam Roofing Limited, North East Roofing Private Limited , Afflatus Trading Private Limited and PDP Steels Limited), promoted by Mr Bhagirath Pasari and family. Its integrated companies are manufacturer of Asbestos Cement Sheets (ACS) and Galvanized Steel Sheets (GSS) to the roofing industry. Since 1978, it is considered to be amongst the largest suppliers of such products in North Eastern India with Galvanized Steel Sheet contributing to around 75% of the Group's total sales and mainly focused in North Eastern region. Its sales revenues are carried out through the group's extensive distributor network. The group's manufacturing facilities are located in Guwahati, Assam.

### Credit Risks:

- **Low Scale of operation:** Although, the Company's performance is supported by group companies, its scale of operation is limited to group business it is almost 100% related party transaction.
- **Concentration Risk :** ATPL is dependent on group company and being the supplier to group companies, its revenue and profit margins are performance of the group companies. However, it is partially offset by corporate guarantee for the entire bank facility by Assam roofing Limited.

## Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### Rating Outlook: Stable

BWR believes the **Afflatus Trading Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Afflatus Trading Private Limited (ATPL) incorporated in 2010, is a wholly owned subsidiary of Assam Roofing Limited (ARL) promoted by Mr Bhagirath Pasari. The main objective of the Company is to import certain raw materials, including zinc ingots and asbestos fiber, required by the Group for captive consumption for the manufacture of roofing sheets by the other companies of Assam Roofing Group (Includes Assam Roofing Ltd, PDP Steel Ltd, North East Roofing Pvt. Ltd). The Company is located in Guwahati, Assam. ATPL is not involved in any other trading activity other than related to group.



### Group Profile:

The Assam Roofing Group (consisting of 4 companies, Assam Roofing Limited, PDP Steels Limited, North East Roofing Private Limited and Afflatus Trading Private Limited) promoted by Mr Bhagirath Pasari and his family has been engaged in manufacturing of Asbestos-Cement Corrugated (AC) sheets and Galvanized steel Corrugated (GC) sheets for the roofing industry since 1972. The group is considered to be the largest suppliers of such kind of products in North Eastern India with a current installed capacity of 1,08,000 TPA in the AC sheet segment and ~60,000 TPA in the GC sheet segment. Its manufacturing unit is located in Guwahati, Assam. The group has been operating under a common management.

### Company Financial Performance

The Company has recorded operating income of ₹ 89.17 Crs against ₹ 80.03 Crs in FY18 registering a 11% increase over the previous year and PAT of ₹ 0.08 Crs against ₹ 0.11 Crs in FY18.

### Key Financial Indicators

Key Parameters	Units	FY17 (A)	FY18 (A)
Operating Revenue	₹ Crs	80.03	89.17
EBITDA	₹ Crs	0.36	0.60
PAT	₹ Crs	0.11	0.08
Tangible Net worth	₹ Crs	0.76	0.92
Total Debt/Tangible Net worth	Times	0.00	1.76
Current Ratio	Times	1.03	1.22

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	26-Mar-2018	05-Apr-2017	07-Apr-2016
1	Fund Based	Long Term	-	-	-	-	-
2	Non Fund Based	Short Term	18.00	BWR A2+ (Pronounced as	BWR A2+ (Pronounced as	BWR A2+ (Pronounced	BWR A2+ (Pronounced



				Single A Two Plus)	Single A Two Plus)	as Single A Two Plus)	as Single A Two Plus)
	<b>Total</b>	<b>18.00</b>	<b>₹ Eighteen Crores Only</b>				

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**Assam Roofing Limited**

**Bank Facilities**

**Annexure I**

Type of Facility (₹ in Crs)		State Bank of India
Non Fund Based	Letter of Credit	18.00
<b>Short Term Total</b>		<b>18.00</b>

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**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.

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