

Rating Rationale

Brickwork Ratings reaffirms BWR A2+ (SO) rating for the Short term Bank Loan facilities of ₹ 18 Cr for Afflatus Trading Private Limited.

Brickwork Ratings has reaffirmed the **Rating¹** of **Afflatus Trading Private Limited's** (ATPL or the 'Company') Non fund based short term bank loan facilities at ₹18 Cr at **BWR A2+ (SO)** sanctioned by State Bank of India.

Facility	Present Amount (₹ Cr)	Previous Rating (₹ Cr)	Tenure	Present Rating	Previous Rating (Dated: Apr, 2015)
Non-Fund Based : Letter of Credit	18.00	8.00	Short Term	Reaffirmation BWR A2+ (SO) [Pronounced BWR A Two Plus (Structure Obligation)	BWR A2+ (SO) (Pronounced BWR A Two Plus)
Total	18.00	8.00	(INR Eighteen Crores Only)		

BWR has principally relied upon the audited results up to FY15 and projected financials up to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating has factored, inter alia, the unconditional, irrevocable and continuing corporate guarantee for the entire bank facility from Assam Roofing Ltd (ARL holding company of ATPL), 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.

Background:

Afflatus Trading Private Limited (ATPL) incorporated in 2010, is a wholly owned subsidiary of Assam Roofing Limited (ARL) promoted by Mr. Bhagirath Pasari and Mr. Ramesh Kumar Laddha. 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 in the manufacture of roofing sheets by the Assam Roofing Group (Includes Assam Roofing Ltd, PDP Steel Ltd, North East Roofing Pvt. Ltd and Afflatus Trading Pvt Ltd). The Company is located in Guwahati, Assam.

Currently, it imports Asbestos fiber and Zinc ingot etc. for manufacturing of Group's Roofing Sheet. ATPL is not involved in any other trading activity other than related to group.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile:

The Company is managed by two directors including Mr. Bhagirath Pasari, Director having over four decades of experience in the industry. Other Key Director is Mr. Ramesh Kumar Laddha has over 2 decades of experience. The group operates under a common management.

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 supplier of such kind of materials 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. The manufacturing facilities are located in Guwahati, Assam.

Assam Roofing Limited (ARL): The flagship company of Assam Roofing Group; was incorporated in 1972 by Mr. Bhagirath Pasari. The Company has an installed capacity to produce 58,000 TPA of asbestos-cement corrugated sheets and ~60,000 TPA of galvanized steel sheets supported by a captive CR mill (PDP Steels Limited) of 59,076 TPA. The Company sells its products in the North Eastern India and North Bengal and it has a strong dealer network in the north-east region and a well-known brand “RHINO”. The manufacturing facility is located at Guwahati, Assam.

PDP Steels Limited: PDP steels Limited was incorporated in 1996 as a limited company and CR rolling mill was started in 2006 in Guwahati, Assam. The Company is into manufacturing of CR coil and CR sheet; this is essentially a backward integration to existing continuous galvanizing line of Assam Roofing Limited. Majority of products are sold to Assam Roofing Limited for their galvanizing line and has installed production capacity of 59,076TPA.

North East Roofing Private Limited: The Company was incorporated in 2007 by Mr Bhagirath Pasari. The Company is into manufacturing of Asbestos-cement and corrugated sheets with installed capacity of 50000TPA in Guwahati, Assam. It is the further extensive unit of Assam Roofing Group for manufacturing of Asbestos Corrugated Sheet.

Financial Performance:

The net revenue from operations increased from ₹ 15.19 Cr in FY14 to ₹ 83.64 Cr in FY15. The Company has reported net profit margin of 0.39 per cent and operating margin of 1.34 per cent for FY15. The total Net Worth stood at ₹ 0.40 Cr.

Rating Outlook:

The rating reflects the position of the Company in roofing segment. The loans are backed by an unconditional, irrevocable and continuing corporate guarantee from Assam Roofing Limited.

Going forward, the Company's 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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