



Rating Rationale

Afflatus Trading Pvt Ltd

26 March 2018

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

Particulars

Facility Rated	Amount (₹ Crs)	Amount (₹ Crs)	Tenure	Ratings [^]	
	Previous	Present#		Previous (12-04-2017)	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]
Total	18.00	18.00	(Rupees Eighteen Crore Only)		

[^] Please refer to BWR website 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:

The rating continues to derive strength from 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. 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 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 also strategically created different entities to benefit under tax and subsidy.
- **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 is integrated manufacturing units and manufacturing of Asbestos Cement Sheets (ACS) and Galvanized Steel Sheets (GSS) for the roofing industry. Since 1978, it is considered to be amongst the largest suppliers of such materials 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 dependent upon the performance of the group companies. However, it is partially offset by unconditional, irrevocable and continuing corporate guarantee for the entire bank facility from 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 and indigenous also as and when required by the Group companies 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.

Company Financial Performance

The Company has recorded operating income of ₹ 80.03 Crs against ₹ 94.27 Crores in FY17 registering a 15.10% decrease over the previous year and PAT of ₹ 0.17 Crs against ₹ 0.12 Crs in FY17.

Rating History for the last three years

Sl No	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Rating assigned in 12-4-2017	Rating assigned in 11-4-2016	Rating assigned in 31-3-2015
1	Fund Based	Long Term	0.00	-	-	-	-
2	Non Fund Based	Short Term	18.00	BWR A2+ (SO)	BWR A2+ (SO)	BWR A2+ (SO)	BWR A2+ (SO)
		Total	18.00	₹ Eighteen Crores Only			



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Afflatus Trading Private Limited

Annexure I

Type of Facility (₹ in Crs)		State Bank of India (4-11-2016)
Non Fund Based	Letter of Credit	18.00
Short Term Total		18.00
Total (Short & Long)		18.00

Afflatus Trading Private Limited

Key Financial Indicators

Annexure II

Key Parameters	Units	2016	2017
Result Type			
Operating Revenue	₹ Crs	94.27	80.03



EBITDA	₹ Crs	0.03	0.36
PAT	₹ Crs	0.12	0.17
Tangible Net worth	₹ Crs	0.53	0.70
Total Debt/Tangible Net worth	Times	0.00	0.00
Current Ratio	Times	1.03	1.03

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.