

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 14.15 Cr of – JOYO PLASTICS.

Brickwork Ratings has assigned the following **Rating¹** for the Bank Loan facilities availed by Joyo Plastics (JP) from State Bank of India.

Facility*	Sanctioned Limit(₹ Cr)	Tenure	Rating
Fund Based:			
Cash Credit	10.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Term Loan	2.45		
Non-Fund Based:			
Letter Of Credit	1.50	Short Term	BWR A4 (Pronounced as BWR A Four)
Bank Guarantee	0.20		
Total	14.15	INR Fourteen Crores & Fifteen Lakhs only	

BWR has essentially relied upon audited financials of FY13, FY14 and FY15 , projections of FY 16 & FY 17 , publicly available information and information/clarification provided by the management.

The rating has factored, inter alia, the strength it derives from the established long track record of the company, extensive business experience of more than 10 years of the management, good clientele and moderate financial leverage.

However, the rating is constrained by its relatively small scale of operation, low profitability margin, average debt protection indicators. Also, the rating is influenced by, stiff competition from established players in market and partnership constitution of the entity, susceptibility of profitability margins to volatile raw material prices.

Background:

Joyo Plastics was established in 1984 by Bafna family. Mr. Kishore J. Bafna and Mrs. Meena K. Bafna are the partners of the firm with 50% of holdings each. Joyo Plastics is engaged in the manufacturing of plastic moulded items (Viz. Kitchenware, Utility Products, Containers and Steel Flasks, Bathroom Accessories, Silicon Cake Mould products). The Firm has a manufacturing facility in Daman with total installed capacity of 3700 TPA.

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

The firm undertakes majority of its sales in the domestic market. Moreover, the major raw materials used by Joyo are Polypropylene (PP) & Polyphenylene ether (PPE), are also sourced from the local market.

Management:

Mr. Kishore J. Bafna and Mrs. Meena K. Bafna are the partners with 50% of holdings each, having business experience of more than a decade. The firm has well qualified and experienced management.

Financial Performance:

The Firm has posted a revenue of Rs.70.42 Cr in FY 15 as against Rs.57.39 Cr in FY 14, showing an increment of ~ 13%. The Firm has reported a net profit of Rs.0.49 Cr in FY15 as against Rs.0.40 Cr in FY 14. The gearing level of the company is reported at 1.23 times in FY 15. The net worth of the Company is reported at Rs.13.42 in FY 15. The operating profit margins stood at 7.95 percent in FY 15 as against 8.37 Percent in FY 14.

Rating Outlook:

The Rating outlook is expected to be stable in near term. Going forward, the ability to increase its scale of operations, achieve projected financial, improve its profit margins and cash flow, optimum utilization of working capital by reducing receivable levels are the key rating sensitivities for the Company.

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