



Rating Rationale

Joyshree Cement Industries

29 April 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 11.84 Crores of Joyshree Cement Industries.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based: Term Loan Cash Credit	7.84 7.00	4.84 7.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable (Reaffirmed)
Total	14.84	11.84	INR Eleven Crores and Eighty Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Reaffirmed

Brickwork Ratings reaffirms the long term rating for bank loan facilities aggregating to Rs. 11.84 Crores of **Joyshree Cement Industries** ('JCI', or 'the firm')

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied up on the audited financials upto FY18, projections upto FY20, publicly available information and information/clarifications provided by the firm's management.

The rating continues to derive strength from extensive experience of partners in the industry, growth in turnover in FY18 and favourable coverage ratios of the firm. However the rating is constrained by reduced net worth due to withdrawal of capital by the partners, stretched liquidity, partnership constitution and stiff competition in the industry.

Going forward the ability of the firm to further improve its scale of operations & profitability and to improve its net worth position will be the key rating sensitivities.



Description of Key Rating Drivers

Credit Strengths:

- **Experience of partners:** Partners of the firm have a long standing experience in this line of business.
- **Improvement in Sales:** The turnover of the firm has improved from Rs. 28.81 crs in FY17 to Rs. 50.02 crs in FY18.
- **Favourable coverage ratios:** ISCR & DSCR of the firm are favourable and stood at 4.12 & 2.11 respectively.

Credit Risks:

- **Constitution:** Withdrawal of capital by the partners for any personal contingency would adversely affect the capital structure of the firm.
- **Competition in the Industry:** Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability.
- **Moderate Net worth:** Net worth of the company stood at Rs. 5.98 crs in FY18 as against Rs. 8.12 crs in FY17.

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 that **Joyshree Cement Industries'** 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 Firm

Joyshree Cement Industries is a partnership firm engaged in manufacturing of cement. The firm, constituted in 2009, commenced its operations in February, 2016. Mr. Deepak Kayal, Ms. Kiran Kayal and Ms. Ritu Kayal are the partners of the firm. The manufacturing unit is located in Kamrup, Assam with an installed capacity of 90000 Metric Tons Per Annum (MTPA). The



product - Portland Pozzolana Cement, is being sold under the brand ‘Jumbo Shakti’ and ‘Galaxy’. The brand ‘Jumbo Shakti’ has an established market in cement industry.

Firm’s Financial Performance

As per the audited financials of FY18, total operating income of the firm has improved from ₹ 28.81 Crores in FY17 to ₹ 50.02 Crores in FY18. The operating profit margin of the firm stood at 14.03% in FY18 as against 19.28% in FY17. Tangible Net Worth of the firm stood at ₹ 5.98 crores in FY18 as against ₹ 8.12 crs in FY17. As informed by the management the firm has achieved a turnover of Rs. 33.70 crs till Feb 19.

Rating History for the last three years:

S.No	Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	09, March, 2018	2017	2016
1.	Fund Based	Long Term	11.84	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable (Reaffirmed)	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	NA	NA
	Total		11.84	₹ Eleven Crores and Eighty Four Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments
Any other information

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	50.02	28.81
EBITDA	₹ Cr	7.02	5.55
PAT	₹ Cr	2.63	1.70
Tangible Net worth	₹ Cr	5.98	8.12
Total Debt/Tangible Net worth	Times	2.26	1.71
Current Ratio	Times	0.76	0.83

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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For print and digital media

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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 Investors queries can be sent to 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.

DISCLAIMER

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