

**Prabartak Jute Mills Limited**  
**November 27, 2020**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	6.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE B; Stable (Single B; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	3.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B Minus ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Revised from CARE B; Stable / CARE A4 (Single B ; Outlook: Stable / A Four) and moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>9.00</b> <b>(Rs.Nine Crore</b> <b>Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from **Prabartak Jute Mills Limited (PJML)** to monitor the rating vide e-mail communications/letters dated June 15, 2020, August 25, 2020, September 01, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, **Prabartak Jute Mills Limited** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on PJML's bank facilities will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING\*/CARE A4; ISSUER NOT COOPERATING\***. Further, the banker could not be contacted.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.***

**Detailed description of the key rating drivers**

At the time of last rating in September 03, 2019 the following were the rating strengths and weaknesses: (Updated the information available from Ministry of Corporate Affairs).

**Key Rating Weaknesses:**

**Small scale of operations with low profitability margins:** The overall scale of operations of the company remained small marked by total operating income of Rs.68.66 crore (FY18:Rs.62.21 crore), PAT of Rs.0.35 crore (FY18:Rs.0.25 crore) and GCA of Rs.0.74 crore (FY18:Rs.0.55 crore) in FY19. The profitability margins of the company remained low marked by PBILDT margins of 2.83% (FY18:0.86%) and PAT margin of 0.51% (FY18: 0.40%) in FY19.

**Susceptibility to volatility in raw-material prices:** PJML operates at a thin profitability margin due to fragmented nature of industry. Raw-material (i.e. raw jute, jute twine, yarn & cloth and chemicals) is the largest cost component of jute, accounting for 56.30% of total cost of sales in FY19 (as against 55.93% in FY18). The prices of raw-jute are volatile in nature due to agri-commodity nature of product (which is dependent upon vagaries of nature). Given that raw-jute is the largest cost driver and the prices of same are volatile in nature, the profitability margin is susceptible to fluctuation in prices of raw material.

**Weak capital structure with moderate debt coverage indicators:** The capital structure of the company remained weak mainly due to accumulated losses which has eroded its networth. The company has accumulated losses of Rs.6.79 crore as on March 31, 2019 as against Rs.7.40 crore as on March 31, 2018. Moreover, the debt coverage indicators remained moderate marked by interest coverage of 1.43x and total debt to GCA at 14.19x in FY19.

**Highly fragmented industry with low entry barriers:** PJML is into manufacturing of jute products which is highly fragmented and competitive due to presence of large small players owing to low entry barrier with little product differentiation. High competition in the market restricts the pricing flexibility of the company.

### Key Rating Strengths

**Experienced promoters with long track record of operations:** Being in the industry since 1935, the company has been able to establish satisfactory relationship with its customers and suppliers which have resulted in the continuous growth in its scale of operation of the company during past few years. The key director Mr. Brij Mohan Mall has more than four decades of business experience; looks after the day to day operation of the company supported by other directors named Mr. Bishwanath Bhatler, Mr. Vijay Kumar Bhatler and Mr. Satya Narayan Bajaj along with a team of experienced professional who are having long experience in business.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

[CARE's Policy on Default Recognition](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

### About the Entity

Prabartak Jute Mills Limited (PJML) was incorporated in December 1935. Currently the company is being managed by Mr. Bishwanath Bhatler, Mr. Brij Mohan Mall, Mr. Vijay Kumar Bhatler and Mr. Satya Narayan Bajaj. Since its inception, the company has been engaged in manufacturing of jute products to produce jute twine, jute bags & cloths. The manufacturing facility of the company is located at Kamarhati, Kolkata, West Bengal and operates with an installed capacity of 12000 metric tons per annum.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	62.21	68.66
PBILDT	0.53	1.94
PAT	0.25	0.35
Overall gearing (times)	-1.44	-1.66
Interest coverage (times)	0.54	1.43

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	6.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC	-	-	-	3.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	6.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (03-Sep-19)	-	-
2.	Non-fund-based - LT/ ST-BG/LC	LT/ST	3.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B; Stable / CARE A4 (03-Sep-19)	-	-

\* Issuer Not Cooperating; based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-BG/LC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### **About CARE Ratings:**

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**