

## Haji Alimohamed Moosa & Co.

Instrument	Amount (Rs. in crore)	Rating Action
Working Capital (CC/EPC/FBD/FBP)*	12.00	[ICRA]B+; Reaffirmed
Term loan	1.10	[ICRA]B+; Assigned
CEL of PFE	0.50	[ICRA]A4; Reaffirmed

\*CC- Cash Credit, EPC- Export Packing Credit, FBD- Foreign Bill Discounting, FBP- Foreign Bill Purchase

ICRA has reaffirmed/assigned the [ICRA]B+ (pronounced ICRA B plus) rating to the Rs. 12.00 crore working capital facility and Rs. 1.10 crore term loan facility of Haji Alimohamed Moosa & Co. (HAMC)<sup>†</sup>. ICRA has also reaffirmed an [ICRA]A4 (pronounced ICRA A four) rating to Rs. 0.50 crore short-term forward contract limit of HAMC.

The ratings continue to be constrained by Haji Alimohamed Moosa & Co's (HAMC) weak financial position as is evident in the thin profitability, moderate capital structure and weak debt protection indicators. The rating is further constrained by highly competitive and fragmented industry structure due to low entry barriers. The rating further incorporates the susceptibility of the cotton prices to seasonality and regulatory risks which together with the highly competitive industry environment exerts more pressure on the margins. ICRA also notes that Haji Alimohamed Moosa & Co. is a partnership firm and any significant withdrawals from the capital account will affect its net worth and thereby the gearing levels.

The ratings, however, continue to factor in the long standing experience of the promoters in the cotton industry, established track record of the firm and strategic location, giving it easy access to high quality raw cotton. The ratings also consider the forward integration in crushing facilities for castor seeds and cottonseeds resulting in some diversification.

### Firm Profile

Haji Alimohamed Moosa & Co. was initially established as a sole proprietor concern by Mr. Adambhai A. Halai in the year 1959. Subsequently, in October 2004, the sole proprietor firm was converted into partnership firm constituted by three partners Mr. Adambhai A. Halai and his two sons Mr. Aslam Halai and Mr. Noormohamed Halai to engage in the business of ginning of raw cotton and crushing of cottonseeds and castor seeds to produce cotton bales, cottonseeds oil, oil cakes, castor seeds oil and castor seeds oil cake. The firm is also engaged in trading of cotton products and agro products. The manufacturing plant of the firm is currently equipped with 24 ginning machines and 5 expellers having intake capacity of producing 300 FP cotton bales per day and 4500 MT cottonseeds oil and 6000 MT castor seeds oil per annum respectively.

The manufacturing unit of the firm is set up at Junagadh, Gujarat to produce cotton bales and cottonseeds. The plant of the firm normally operates for 7 months starting from October to April. However, depending on market condition and on occasional cases the commercial operation remains more than 7 months. The manufacturing facility of the firm generally remains closed during monsoon season.

### Recent Results

For the year ended 31st March, 2015, the firm reported an operating income of Rs. 73.51 crore with profit after tax (PAT) of Rs. 0.71 crore.

February 2016

\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



*For further details, please contact:*

*Analyst Contacts:*

**Mr. Subrata Ray** (Tel. No. +91 22 6114 3408)  
subrata@icraindia.com

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500