

M/s Protima Alu Company
 March 25, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	6.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING)	Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information
Total	6.00 (Rupees Six Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **M/s. Protima Alu Company (PAC)** to monitor the rating vide e-mail communications/letters dated October 11, 2018, October 26, 2018, November 19, 2018, February 05, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. 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. The rating on PAC's bank facilities will now be denoted as **CARE B; ISSUER NOT COOPERATING**. Further, 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 rating.

The rating takes into account its constitution as a partnership entity, small scale of operations with low profitability margins, Volatility in the prices of traded materials and exposure to vagaries of nature, fragmented and competitive nature of industry, working capital intensive nature of business and leveraged capital structure with weak debt coverage indicators. However, the aforesaid constraints are partially offset by its experienced management with satisfactory track record of operations and stable demand outlook of potatoes.

Detailed description of the key rating drivers

At the time of last rating in March 20, 2018 the following were the rating strengths and weaknesses:

Key Rating Weaknesses***Constitution as a partnership entity***

M/s. Protima Alu Company, being a partnership entity, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and entity being dissolved upon the death/insolvency of the partner. Furthermore, partnership entities have restricted access to external borrowing as credit worthiness of partner would be the key factors affecting credit decision for the lenders.

Small scale of operation with low profitability margin

M/s Protima Alu Company is a relatively small player in the potato trading business having total operating income and PAT of Rs.11.98 crore and Rs.0.04 crore, respectively, in FY17. This apart, the entity has achieved sale of Rs.9.12 crore during 9MFY18. The total capital employed was also low at around Rs.2.03 crore as on March 31, 2017. Small scale of operations with low net worth base limits the credit risk profile of the entity in an adverse scenario.

Volatility in the prices of traded materials and exposure to vagaries of nature

The cultivation of potato happens seasonally and the same is stored for the consumption throughout the year. The prices of potatoes remain lower in the harvesting season whereas in off season the price of the same goes up as per the demand and supply in the market. As the entity procures its traded materials i.e. potatoes throughout the year as per its requirement and therefore the entity is exposed to volatility in prices of traded material. Also, agro products cultivation is highly dependent on monsoons, thus exposing the fate of the entity's operation to vagaries of nature.

Fragmented and competitive nature of industry

Trading of potatoes is highly fragmented due to presence of small players owing to lower entry barrier and low technology and capital requirement. Furthermore, low product differentiation also resulted in high competition in the industry. Considering the fragmented and competitive nature of industry, the entity has low pricing power.

Working capital intensive nature of business

M/s. Protima Alu Company is engaged in the trading of potatoes business; accordingly its operation is working capital intensive. The entity buys potatoes and stores the same. Accordingly, its inventory period is high and the same is at 196

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

days. Accordingly the entity requires more working capital. Average utilization of cash credit remained on the higher side at about 95% during last twelve months ending on February, 2018.

Leveraged capital structure with weak debt coverage indicators

Capital structure of the entity remained leveraged as marked by overall gearing ratio of 2.40x as on March 31, 2017. Moreover, the debt coverage indicators also remained weak with total debt to GCA ratio of 123.11x in FY17. Interest coverage ratio remained at 1.14x in FY17.

Key Rating Strengths

Experienced management with satisfactory track record of operation

M/s. Protima Alu Company has commenced operations from February 2002. Since its inception the entity has been engaged in the trading of potatoes business. The entity has long track record of operations. Over the years, the entity has been able to grow over the years by constantly improving its service. Smt. Susmita Bose (Partner) along with Mr. Bhaktipada Bose (Partner) who has around 20 years and 50 years of experience in the similar line of business look after the day to day operation of the entity.

Stable demand outlook of potatoes

India is the second largest producer of potatoes in the world after china. In our daily life we eat potatoes almost every day and have been used as food for more than 10000 years. Potatoes are rich in protein and vitamin B group with high content which can help to enhance the physical conditions and improve the memory ability and clear thoughts. As a result, to eat potatoes regularly makes us healthy. Potato in India has still to transform from simply a vegetable supplement to serious food security option. Among major food crops, it is the crop to address future global food security and poverty alleviation.

Analytical approach: Standalone

Applicable Criteria

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

[Criteria on assigning Outlook to Credit Ratings](#)

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

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

[Rating Methodology - Wholesale Trading](#)

About the Company

M/s Protima Alu Company was established in February 2002 as a partnership entity by two partners namely, Smt. Susmita Bose, and Mr. Bhaktipada Bose with an objective to enter into trading of potatoes business. The registered address of the entity is located at G. T Road, PO- Memari, Dist- Burdwan, West Bengal. Smt. Susmita (Partner) along with Mr. Bhaktipada (Partner) who has around 20 years and 50 years of experience in the similar line of business look after the day to day operation of the entity.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	11.77	11.98
PBILD	0.33	0.50
PAT	0.09	0.04
Overall gearing (times)	2.47	2.40
Interest coverage (times)	1.65	1.14

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

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of 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* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	6.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (30-Mar-18)	-	-

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