

**Protima Alu Company**  
**May 12, 2020**

**Rating**

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	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); Issuer Not Cooperating; based on best available information
<b>Total</b>	<b>6.00</b> <b>(Rupees Six Crore only)</b>		

\*Details of facilities in Annexure-1

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from Protima Alu Company (PAC) to monitor the rating vide e-mail communications/letters dated May 04, 2020, May 06, 2020, May 07, 2020 and numerous phone calls. However, despite our repeated requests, the entity 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 of PAC's bank facilities will now be denoted as **CARE B-; Stable; 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 rating.**

The rating takes into account the entity's 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M/s. Protima Alu Company, being a partnership entity, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and entity being dissolved upon the death/insolvency of the partner.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.

**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.

**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.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; based on best available information

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' and 'credit watch'](#)

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

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

[Rating Methodology - Wholesale Trading](#)

#### **About the Firm**

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.

<b>Brief Financials (Rs. crore)</b>	<b>FY16 (A)</b>	<b>FY17 (A)</b>
Total operating income	11.77	11.98
PBILDT	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 (Last three years):** Please refer Annexure-2

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

<b>Name of the Instrument</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. crore)</b>	<b>Rating assigned along with Rating Outlook</b>
Fund-based - LT-Cash Credit	-	-	-	6.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* 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 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* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (25-Mar-19)	1)CARE B+; Stable (30-Mar-18)

**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:**

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.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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