

Press Release

Pinto'S Cold Storage And Ice Plant

March 26, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 9.00 crore bank facilities of Pinto'S Cold Storage And Ice Plant (PCIP). The outlook is '**Stable**'.

Goa based, PCIP is established as a partnership firm by Mr. Gabriel L. Pinto, Mr. Sanjiv Gomes, Mr. Ariston E. Severes Mr. Sueman Ahamad and Mr. Nazario Pinto. PCIP is planning to produce ice and provide cold storage facility for sea food. The construction started in July, 2017 and the firm commenced operations from November, 2018. The storage capacity for ice plant is 100 tons/day for block ice and 20 tons/day for tube ice. The cold storage capacity is 1000 tons.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Pinto's Cold Storage and Ice Plant to arrive at the rating.

Key Rating Drivers

Strengths

- **Logistical advantage**

The plant is strategically located. It is at a distance of 8 km from the fishing trawler harbor. Hence, the transportation of raw material would be economical. The plant is also close to Vasco Port, which makes it easier for the firm to export its products. Further, it is at a distance of 10 kms to Margao, making it feasible to cater to the domestic market. Acuité believes that PCIP's logistical advantage will help the firm have a competitive edge in delivering its products at a faster rate in the market.

Weaknesses

- **Intense competition and susceptibility to risks inherent in the seafood industry**

PCIP is engaged in procuring raw materials from fishers. Hence, there is an inherent risk of availability of sea food, government regulations, good quality produce, widespread diseases and floods. This particular sector is also marked by the presence of several mid to big size players.

- **Exposure to volatility in prices and forex rates**

PCIP's margins are susceptible to fluctuations in prices of shrimps, mackerels and other sea food products which vary as per their availability. Further, PCIP also faces foreign exchange risk as it will export its products to Indonesia and China, among others.

Liquidity Position:

The operations of the firm commenced from November, 2018 against which the repayment of debt obligations started from October, 2018. The ability of the firm to generate adequate net cash accruals in the initial phase of its operations is yet to be seen. Currently, the partners are supporting the repayment of debt obligations by bringing in funds. However, the ability of the firm to generate adequate net cash accruals remains a key rating sensitivity.

Outlook: Stable

Acuite believes that PCIP will maintain a 'Stable' outlook on the back of its logistical advantage. The outlook may be revised to 'Positive' if the firm achieves the projected scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Rated Entity - Key Financials

Not applicable as the firm commenced operations in November 2018.

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

Not applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.80	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	6.96	ACUITE B / Stable
Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.24	ACUITE A4

Contacts

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About Acuité Ratings & Research:

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