



Press Release

Cool Caps Industries Limited

February 13, 2025

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	59.24 (Enhanced from Rs.38.80 crore)	IVR BB+; Positive (IVR Double B Plus with Positive Outlook)	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	Outlook revised from Stable to Positive	Simple
Short Term Bank Facilities	9.20 (Enhanced from Rs.2.20 crore)	IVR A4+ (IVR A Four Plus)	IVR A4+ (IVR A Four Plus)	Rating Reaffirmed	
Total	68.44 (INR Sixty- eight crore forty-four lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the rating assigned to the bank facilities of Cool Caps Industries Limited (CCIL) continues to derive comfort from promoters' extensive industry experience, it's diversified product portfolio and esteemed customer base. Further, the ratings also note the stable business performance of the company marked by improved business performance in H1FY25 [FY refers to the period from April 1 to March 31] backed by fully operational subsidiaries. However, these rating strengths are partially offset by CCIL's leveraged capital structure with average debt protection metrics, exposure to supplier and client contraction risk coupled with susceptibility of profitability to volatility in the prices of raw materials and finished goods. The ratings also factor CCIL's high off-balance sheet exposure in group companies and exposure to highly fragmented nature of industry leading to intense competition. The rating also notes project completion and stabilisation risk associated with a planned expansion capex in one of the subsidiaries, Purv Packaging Private Limited in Odisha where financial closure is yet to be achieved.



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The outlook is revised from stable to positive driven by expected improvement in business performance of the group underpinned by the satisfactory revenue visibility with better profitability driven from its fully operational subsidiaries.

Key Rating Sensitivities:

Upward factors

- Sustained revenue growth with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Improvement in the capital structure and debt protection metrics with improvement in adjusted overall gearing to below 2x and interest coverage ratio to over 3x
- Improvement in working capital management with improvement in liquidity

Downward Factors

- Decline in revenue and profitability leading to deterioration in debt protection metrics on a sustained basis
- Any unplanned debt funded capex and/or substantial increase in working capital borrowings leading to impairment in capital structure with adjusted overall gearing ratio moderated to over 3x and/or moderation in interest coverage to below 2x
- Stretch in the working capital cycle driven by pile-up of inventory or stretched receivables impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Experience promoters

Mr. Rajeev Goenka is the Promoter cum Chairman and Managing Director of the Company. has nearly three decades of experience in the field of plastic industry in India. He actively looks after the day-to-day operations of the company along with the team of experienced professionals. Infomerics believes that the group will continue to get support through the promoter's extensive industry experience and established relation with its customers over the medium term.

Diversified product portfolio with esteemed customer base

CCIL along with its all subsidiaries have added new products under its product portfolio over the past couple of years. Move over, to expand its customers base and service offerings, CCIL has acquired Re.Act Waste Tech Pvt Ltd on 4th December, 2023 for providing consultancy



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services for fulfilment of extended producers responsibility (EPR) of PIBO under latest plastic waste management rules. Further, backed by commencement of fourth unit of CCIL in Assam and commencement of operation of one of the subsidiaries called Purv Technoplast Private limited in April 2024, both production and sales volume is expected to be improved underpinned by improved capacity utilization. Further, Major customers of the company are Bisleri International, best known for the eponymous brand of bottled water, Patanjali Ayurved, etc.

Improved business performance in H1 FY25

On a consolidated basis, total operating income (TOI) of CCIL has witnessed marginal moderation to Rs.159.97 crore in FY24 as against Rs.182.17 crore in FY23. The moderation in topline in FY24 is mainly affected by reduced average sales realisation of all the products underpinned by dip in price of polypropylene granules globally (the main raw material) coupled with increased availability of competitively priced virgin plastic materials, and a drop in recycled plastic prices due to lower demand in the recycling market.

Despite the moderation in sales realisation, backed by higher proportion of liaisoning revenue of Rs.6.36 crore in FY24, CCIL has reported better operating margin of 8.95% in FY24 as compared to 8.00% in FY23 and posted absolute EBITDA of Rs.14.32 crore in FY24 (Rs.14.58 crore in FY23). However, owing to higher finance cost for the recently executed capex coupled with high working capital utilisation, PAT margin has moderated to 2.44% in FY24 from 3.12% in FY23. In H1FY25, backed by its fully operational subsidiaries and higher liaisoning revenue, CCIL has managed to churn out operating revenue of Rs.108.75 crore (consolidated) against Rs.83.17 crore of H1 FY24 and reported PAT of Rs.5.09 crore (Rs.3.79 crore in H1 FY24).

Key Rating Weaknesses:

Leveraged capital structure with average debt protection metrics

The capital structure of the company had remained moderate marked by its heavy reliance on external borrowings coupled with moderate net worth base which stood at Rs.42.48 crore as on March 31, 2024. Further, after adjusting the long pending receivable of Rs.1.85 crore, the adjusted net worth (ATNW) of CCIL stood at Rs.40.64 crore as on March 31, 2024. Higher utilisation of working capital borrowings to support the growing business along with the increase in term loan owing to the recently executed capex for forth unit in CCIL and in of the subsidiary, Purv Technoplast Private Limited has elevated the debt level leading to a moderation in adjusted overall gearing to 2.75x as on March 31, 2024, against 2.03x as on



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March 31, 2023. Overall indebtedness marked by TOL/ATNW has also moderated to 3.51x as on March 31, 2024, in comparison to 2.88x as on March 31, 2023. As on September 2024, the net worth of CCIL stood at Rs.47.58 crore with overall gearing of 2.87x. Affected by higher finance cost, interest coverage ratio though moderated yet remains satisfactory at 2.32x in FY24 against 3.20x of FY23. However, owing to elevated debt level, Total Debt/EBITDA and Total Debt/GCA have moderate and stood at 7.80x and 14.20 years respectively as on March 31, 2024, against 4.83x and 7.46 years of FY23.

Supplier and client contraction risk

Given high reliance on limited suppliers (~63% concentration from top five suppliers in FY24), non-availability of required raw materials on a timely manner, or quality specifications, might affect the operation of the company. On the customer front, the company has improved its customer base over the past few years, the top five customer in FY24 attributed ~29% of FY24 consolidated revenue. However, under caps and closer segment, there is client concentration since ~23-25% of FY24 manufacturing revenue is generated from Bisleri International and its other distributors.

Susceptibility of profitability to volatility in the prices of raw materials and finished goods

The price of petro-products has seen a lot of volatility over the last three years. The price of plastic geraniols, which is one of the main raw materials required for CCIL, has witnessed volatility in the recent past. Similarly, the price realisation also linked to the input prices, where there could be squeezing of margin when the input cost increase is not fully absorbed in the selling prices.

High off balance sheet exposure in group companies

CCIL has extended both fund and non-fund based corporate guarantees to its group companies. High exposure to group companies restricts the financial flexibility of the company.

Fragmented nature of industry leading to intense competition

The industry is characterized by presence of many players. Large, organized players offer products at more competitive prices, because of advantages of economies of scale and access to advanced technology. Also, the market has numerous small players that cater to local price-sensitive customers. Although high customization levels partially limit threat from imports, intense competition may continue to constrain scalability, pricing power, and profitability.



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Analytical Approach: Consolidated

For arriving the rating Infomerics has taken consolidated approach as the company has three wholly owned subsidiaries namely Purv Ecoplast Private Limited, Purv Packaging Private Limited, Purv Technoplast Private Limited and Re.Act Waste Tech Private Limited controlled by the same management with operational and financial linkage. Further, Cool Caps Industries Limited has extended corporate guarantee to its subsidiaries Purv Technoplast Private limited and Purv Ecoplast Private Limited. The lists of companies considered for consolidation are given in **Annexure 4**.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Criteria for Consolidation](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Withdrawal of Ratings](#)

Liquidity: Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by its expected sufficient cash accruals vis-à-vis its debt repayment obligations. The company is expected to earn cash accruals in the range of ~Rs.17-23 crore which is expected to be sufficient to meet its debt obligations ranging from ~Rs.10 crore - Rs.13 crore during FY25-FY27. However, the average working capital utilization of the company remained high at ~97% indicating low liquidity buffer. Further due to its leveraged capital structure the company has a limited gearing headroom. Any unplanned capex and stretch in operating cycle might impact the liquidity of the company.

About the Company

Cool Caps Industries Private Limited was incorporated on November 20, 2015, as a private limited company and the company began manufacturing of plastic caps and closures in its manufacturing facility at Howrah, West Bengal. Later the name and constitution of the company was changed to Cool Caps Industries Limited (CCIL) as on April 12, 2021. CCIL specializes in the manufacture of plastic caps and closures for the packaged drinking water



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and beverages industry in India. The Company is also engaged in trading of Shrink film and plastic granules. CCIL presently has four manufacturing units – one unit in Howrah, West Bengal, and two units in Kotdwar, Uttarakhand and one at Nalbari (Assam), All the units are fully operational. Furthermore, CCIL has acquired three companies namely, Purv Technoplast Private limited (formerly known as Purv Agro Farms Private Limited), Purv Ecoplast Private Limited and Purv Packaging Private Limited in FY 2020-21 and Re.Act Waste Tech Pvt Ltd in FY23-24 and made them wholly owned subsidiaries. The Company is spearheaded by Mr. Rajeev Goenka (Chairman and Managing Director) and along with five other directors.

Financials of Cool Caps Industries Limited: Consolidated

(Rs. crore)

For the year ended* / As On	31-03-2023	31-03-2024	H1 FY25
	Audited	Audited	Un Audited
Total Operating Income	182.17	159.97	108.75
EBITDA	14.58	14.32	13.46
PAT	5.71	3.93	5.09
Total Debt	70.47	111.68	136.75
Tangible Net worth (Book)	35.96	42.48	47.58
Tangible Net worth (Adjusted)	34.67	40.64	47.58
EBITDA Margin (%)	8.00	8.95	12.37
PAT Margin (%)	3.12	2.44	4.62
Overall Gearing Ratio (x) (Adjusted)	2.03	2.75	2.87
Interest Coverage	3.20	2.32	2.61

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Dec 07, 2023	-	-
1.	Cash Credit	Long Term	22.00	IVR BB+/ Positive	IVR BB+/ Stable	-	-



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Sr. No.	Name of Instrument / Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Dec 07, 2023	-	-
2.	Term Loan	Long Term	37.24	IVR BB+/ Positive	IVR BB+/ Stable	-	-
3.	Bank Guarantee	Short Term	4.20	IVR A4+	IVR A4+	-	-
4.	Letter Of Credit	Short Term	5.00	IVR A4+	-	-	-
5.	Fund Based Proposed	Long Term	-	-	IVR BB+/ Stable	-	-

Analytical Contacts:

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Cash Credit	-	-	-	22.00	IVR BB+/ Positive
Term Loan	-	-	July 2030	37.24	IVR BB+/ Positive
Bank Guarantee				4.20	IVR A4+
Letter of Credit				5.00	IVR A4+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Cool-Caps-13feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis:

Name of the Company	Consolidation Approach
Purv Ecoplast Private Limited	Full Consolidation
Purv Packaging Private Limited	Full Consolidation
Purv Technoplast Private Limited	Full Consolidation
Re.Act Waste Tech Private Limited	Full Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com