

Cool Caps Industries Limited

January 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE BB; Stable / CARE A4 and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE BB; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and Key Rating Drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BB; Stable/CARE A4' [Double B; Outlook: Stable/ A four] assigned to the bank facilities of Cool Caps Industries Limited with immediate effect. The above action has been taken at the request of Cool Caps Industries Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

Analytical approach: Consolidated

CARE has taken consolidated approach as the company has three wholly owned subsidiary namely Purv Ecoplast Private Limited, Purv Packaging Private Limited & Purv Technoplast Private Limited.

Outlook: Not Applicable

Detailed description of the key rating drivers

Key Rating Weaknesses

Relatively short track record of operations of the company

The company has 3 manufacturing units – Unit 1 in Howrah, West Bengal for manufacturing of Plastic Caps & Closures; Unit 2 & 3 in Kotdwar, Uttarakhand for manufacturing of Plastic Caps & Closures, Preforms and Handles. Unit 1 has been operational since 2017. The Kotdwar unit 2 was set up in August 2020 while Unit 3 was set up in June 2022. Therefore, the company has a relatively short track record of operations.

Susceptibility of profitability margins to volatility in prices of raw materials

The prices of the key raw materials, polypropylene granules, are highly volatile as it is a crude oil derivative. The profitability of the company remains susceptible to such volatility. This is also reflected in deterioration in PBIDT margins from 16.19% in FY22 to 8.29% in FY23 due to partial passthrough of raw material price volatility to end customers. PBILD margins have improved to 11.82% in H1FY24.

Leveraged capital structure

The capital structure of the company continue to remained leveraged marked by moderation in overall gearing from 1.25x as on March 31, 2022 to 1.96x as on March 31, 2023

Working capital intensive nature of operations

Since the industry is seasonal, the company has to maintain around 60 days of inventory for CSD caps (for Soft drinks) during year end before the peak summer season and the same reduces to around 7 days with the onset of winter. Moreover, the inventory days for preforms (Kotdwar unit) remains at around 45 days. The company has to extend around 90 days of credit to its customers whereas it sources its raw material like plastic granules from Haldia Petrochemicals Ltd & Reliance Industries in cash. Accordingly, the operations of the company is working capital intensive in nature and the same is mainly funded through working capital limits.

Seasonal volatility due to packaged mineral water and soft drinks sales being higher in summer

The company's major sales of its products are made to packaged mineral water supplier companies and soft drinks providers. The sales of these items are at peak in summer seasons and lower in winter seasons as per industry practices. As the company products are supplied to these vendors, their major sales are done in summer seasons and lesser sales in winter seasons.

Fragmented nature of industry

The market for the products is competitive on account of both the organized and unorganized players. Players in this industry generally compete with each other on key attributes such as technical competence, quality of products, distribution network, pricing, and timely delivery. Some of the competitors have longer industry experience and greater financial, technical, and other resources, which may enable them to react faster in a changing market scenario and remain competitive.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Rating Strengths

Experienced promoters

The promoters, Mr. Rajeev Goenka and Mr. Vanshay Goenka, are part of Sindharam Sanwamal (dry fruit store chain) in Kolkata. Rajeev Goenka, Chairman & Managing Director, has been associated with the company since incorporation. He ventured in plastic products industry and has gained experience of approximately 29 years in this field. Currently, he oversees the entire business operations and is responsible for day-to-day activities of the business. Mr. Vanshay Goenka, son of Mr. Rajeev Goenka, has overall experience of approximately 9 years, including his experience in M/s. Ernst & Young LLP.

Growth in scale of operations with satisfactory profitability margins

On a consolidated basis, the company's Total Operating Income improved to Rs. 182.74 crores during FY23 as against Rs. 53.98 crores during FY22 on account of the commissioning of new unit at Kotdwar, Uttarakhand in June 2022. Although the company's PBILDT margins moderated from 16.19% in FY22 to 8.29% in FY23 due to volatility in raw material cost which could not be passed on fully, it continued to remain satisfactory. In H1FY24, the company earned PAT of Rs. 3.79 crore on total operating income of Rs. 81.53 crore

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Diversified	Diversified	Diversified	Diversified

Incorporated in Nov 2015 as a private limited company under the name of Cool Caps Industries Private Limited, the company was converted into Public Limited Company and the name of the company was changed to Cool Caps Industries Limited on April 12, 2021. The company is part of the Purv Group which is engaged in plastic packaging space. The company is engaged in manufacturing of variety of plastic bottle caps and closures which includes Plastic Soda Bottle Cap, Plastic Mineral Water Bottle Cap, Embossed Plastic Bottle Cap, Printed Plastic Bottle Cap, Plastic Juice Bottle Cap and PET Bottle Cap. The apart, the company also manufactures Preforms and Handles and also trades in Shrink film. The company has 3 manufacturing units – Unit 1 in Howrah, West Bengal for manufacturing of Plastic Caps & Closures Unit 2 & 3 in Kotdwar, Uttarakhand for manufacturing of Plastic Caps & Closures, Preforms and Handles

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	53.98	182.74	81.53
PBILDT	8.74	15.15	9.64
PAT	3.57	5.71	3.79
Overall gearing (times)	1.25	1.96	2.10
Interest coverage (times)	3.98	3.33	3.65

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Acuite (SMERA) continues to keep the ratings under "ISSUER NOT COOPERATING" category vide PR dated October 11, 2023.

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	May, 2028	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB; Stable (12-Dec-22)	1)CARE B; Stable; ISSUER NOT COOPERATING* (14-Dec-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (14-Dec-20)
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB; Stable (12-Dec-22)	1)CARE B; Stable; ISSUER NOT COOPERATING* (14-Dec-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (14-Dec-20)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST*	-	-	-	1)CARE BB; Stable / CARE A4 (12-Dec-22)	1)CARE A4; ISSUER NOT COOPERATING* (14-Dec-21)	1)CARE A4; ISSUER NOT COOPERATING* (14-Dec-20)

*Long term/Short term.

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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