Cooper Corporation Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	161.90	CARE A+; Stable / CARE A1	Reaffirmed
Short-term bank facilities	20.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to bank facilities of Cooper Corporation Private Limited (CCPL) continues to draw strength from CCPL's comfortable capital structure and debt coverage indicators, experienced promoters and qualified management, diversified product portfolio and long-standing business relations with well-established customers spread across geographies.

Rating strengths are partially tempered by its moderate scale of operations and profitability, susceptibility to fluctuations in raw material prices and foreign exchange rates, working capital intensive operations and cyclical nature of the end-user industry. Ratings factor in expected moderation in CCPL's performance in FY24 owing to muted sale of engines/gensets resulting from implementation of CPCB IV (Central Pollution Control Board) norms, which impacted the sale of engine/genset segment. CARE Ratings Limited (CARE Ratings) takes a note of CCPL's plans to foray into manufacturing tractors to augment its product basket.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantially improving scale of operations and improvement in profitability.
- Return on Capital Employed (RoCE) of over 14% on a sustained basis.

Negative factors

- Total debt to gross cash accruals (TD/GCA) deteriorating to over 1.75x on a sustained basis.
- Decline in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 7% on sustained basis.
- Adverse impact on liquidity resulting from elongation of working capital cycle or larger-than-anticipated capital expenditure (capex).

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings' expectation the CCPL will maintain its financial risk profile in the medium term supported by its diversified product portfolio and manufacturing capabilities.

Detailed description of key rating drivers:

Key strengths

Comfortable capital structure and debt coverage indicators

The company's debt profile includes working capital borrowings, while term loan has been entirely repaid in FY24. Overall gearing remained low at 0.10x as on March 31, 2024 (0.17x as on March 31, 2023) and is expected to remain comfortable in the medium term. Tangible net worth (TNW) improved to ₹413.49 crore as on March 31, 2024 (₹384.84 crore as on March 31, 2023). Going forward, no major debt-funded capex plans are expected, and hence, capital structure is expected to remain comfortable. Debt protection metrics remained healthy, as indicated by the interest coverage ratio of 28.65x in FY24 (13.17x in FY23) and is expected

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

to remain healthy in the medium term. TD/GCA improved to 0.68x in FY24 from 0.87x in FY23. With no significant debt-funded capex planned and gradual recovery in profitability, CARE Ratings expects debt coverage indicators to improve further in the medium term.

Experienced promoters and qualified management

Farrokh Nariman Cooper, Chairman & Managing Director (CMD), spearheads CCPL since past four decades, which manufactures engines, engine components and gensets at Satara, Pune. Farrokh Cooper, septuagenarian, is the third-generation member of the Cooper family and is actively involved in the company's daily operations. He is assisted by Zal Sam Cooper, Executive Director, who is responsible for new business development and engine division. Promoters are also supported by a team of professionals from varied business backgrounds and relevant qualifications.

Diversified product portfolio

CCPL has a diversified product profile consisting of engine components - cylinder liners, crankshafts, cylinder heads and cylinder blocks, valve seat inserts and flywheels, among others, engine - 2, 3, 4, 6- cylinder engines in diesel and gas variants and generators - diesel and gas. CCPL benefits from the diversified and critical nature of its products.

Long-standing business relations with well-established customer across geographies

CCPL has healthy relationships of over two decades with reputed customers, mainly automobile original equipment manufacturers (OEMs) in domestic and overseas markets. CCPL caters to other segments such as defence, railways and marine engines, among others. Over the years, CCPL has established its presence in the United States of America (USA), Europe, Russia, China and Brazil, among others. Exports contributed 45-50% of the total sales in the last three fiscals through FY24 (refers to April 01 to March 31).

Well-equipped manufacturing facilities, in-house research & development facility

CCPL has 11 well-equipped manufacturing facilities spread across Satara (total area of 69 acres), Maharashtra providing complete solution right from conceptualisation and designing stage to manufacturing, machining and validation stage to the end-customer. CCPL has in-house research & development (R&D) facilities with most tooling of equipment being developed and calibrated in-house. This strategy is aimed at reduction of cost and lead time. The company has strategic technological collaboration with Ricardo Limited U.K. (engineering and consultancy) for engines, meeting current and future emission norms. Strategic collaboration and R&D competence has helped CCPL build CPCB IV compliant engine components. Supported by its designing and development capabilities, CCPL has also developed prototypes for generator sets and has successfully completed prototypes for tractors across segments, which is expected to start contributing towards total operating income (TOI) in the near term.

Key weaknesses

Moderate scale of operations

CCPL's TOI remained flat at ₹751.27 crore in FY24 against ₹753.96 crore in FY23. Growth in 'Engine Components' segment was offset by lower sales in 'Engine/ DG Sets' segment, which was impacted by implementation of CPCB IV norms. TOI for FY23 also included subsidy arrears leading to higher TOI. CCPL reported TOI of ~₹549 crore in 9MFY25 (Unaudited, refers to April 01 to December 31) against ₹568 crore in 9MFY24 and TOI is estimated to remain in line with FY24. While scale of operations is expected to ramp up in the medium term supported by increased contribution of engines/gensets and launch of Tractors in domestic market, their meaningful contribution towards TOI will remain key monitorable.

Moderate profitability

CCPL's PBILDT margin declined to 9.99% in FY24 from 12.05% in FY23 due to higher R&D costs related to CPCB IV implementation. Profitability in FY23 was also supported by one time increase in subsidy income (due to receipt of subsidy arrears) and better fixed cost absorption. The company reported PBILDT margins of 10.38% in 9MFY25 (10.66% in 9MFY24). CCPL's overall profitability is also impacted as the genset division is yet to achieve optimum capacity utilisation levels. CARE Ratings believes that ramp up in performance is expected to drive improvement of PBILDT margins in the medium term, which will remain a key monitorable.

Working capital intensive operations

CCPL's operations continue to remain working capital intensive with moderately long inventory and debtor cycle. Operating cycle averaged around four months in the last three years. CCPL derives ~50% of its sales from exports, where lead time is higher leading to high inventory cycle. Going forward, CARE Ratings expects the operating cycle to remain at similar level in the medium term.

Inherent foreign exchange risk

Apart from the domestic market, CCPL operates in the international market as well, mainly in the USA, Europe, China, Russia and Brazil, among others. Since export sales constitute around half the total sales, CCPL is exposed to the foreign exchange risk from foreign currency transaction and absence of formal hedging policies. CCPL's profitability is exposed to the adverse changes in the currency rates.

Competitive landscape

The company manufactures products and operates in an industry, which comprises several players in the organised and unorganised sector and is also characterised by high degree of fragmentation. There also exists big-sized players resulting in intense competition in the industry. In the near term, CCPL benefits from favourable automobile industry scenario and its capabilities to manufacture critical engine components. However, thrust on adoption of electric vehicles is negatively correlated with engine component division of the company.

Liquidity: Adequate

CCPL is expected annual GCA of ₹60-70 crore, against which, it does not have term debt repayment obligations. Lower reliance of working capital debt to fund the working capital requirements has resulted in moderate utilisation of working capital limits. In the last 12 months through January 31, 2025, average of maximum utilisation remained at 22%. The company had free cash and bank balance of ₹25.97 crore as on March 31, 2024. The company has no major debt-funded capex plans. Comfortable overall gearing of 0.18x and current ratio of ~2x estimated as on FY25-end provide the company significant headroom to raise debt.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Auto Components & Equipments](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components & equipment

Established in 1982 in Satara (Maharashtra), led by Farrokh Cooper (aged 75 years, CMD), CCPL was initially called as Cooper Foundry Private Limited, and was subsequently named to CCPL in 2005. CCPL is one of the leading manufacturers and suppliers of engine components (such as cylinders liners, cylinder heads and flywheels, among others), engines (used for marine and farm applications), and power generators in the range of 5 Kilo-Volt-Ampere (kVA) to 500 kVA, including machining of crankshafts and engine components. The company has 10 manufacturing facilities in Satara, Maharashtra, India, with all plants being certified with ISO/TS-16948:2009 & ISO-9001:2008 for quality management systems, and sells its product globally via multiple channels, including dealers and retail, among others. The company has sales depots in Tamil Nadu, Karnataka, West Bengal and Uttar Pradesh, to take care of sales of engines / gensets in these regions. The company's gensets are marketed under the Brand name 'Cooper Bolt Series'.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	753.32	751.27	549.08
PBILDT	90.80	75.04	57.00
PAT	42.67	22.97	24.98
Overall gearing (times)	0.17	0.10	0.07
Interest coverage (times)	13.17	28.65	27.01

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	90.00	CARE A+; Stable / CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	71.90	CARE A+; Stable / CARE A1
Non-fund-based-Short Term		-	-	-	20.00	CARE A1

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (04-Apr-24)	1)CARE A+; Stable (03-Apr-23)	1)CARE A+; Stable (07-Apr-22)	-
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	90.00	CARE A+; Stable / CARE A1	1)CARE A+; Stable / CARE A1 (04-Apr-24)	1)CARE A+; Stable / CARE A1 (03-Apr-23)	1)CARE A+; Stable / CARE A1 (07-Apr-22)	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	71.90	CARE A+; Stable / CARE A1	1)CARE A+; Stable / CARE A1 (04-Apr-24)	1)CARE A+; Stable / CARE A1 (03-Apr-23)	1)CARE A+; Stable / CARE A1 (07-Apr-22)	-
4	Non-fund-based-Short Term	ST	20.00	CARE A1	1)CARE A1 (04-Apr-24)	1)CARE A1 (03-Apr-23)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

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

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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