

C.P. Exports

June 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	35.98 (Reduced from 36.20)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of C.P Exports (CPE) continues to be constrained by the thin profitability margins, leveraged capital structure and partnership nature of constitution of business. The rating, is, however strengthened from the experienced promoters and long track record of the firm, reputed clientele base, healthy scale of operations, and favourable location of the plant.

Rating sensitivities: Factors likely to lead to rating actions
Positive factors

- Sustained improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 2%.
- Improvement in overall gearing below 4x.

Negative factors

- Significant elongation in operating cycle impacting the liquidity position.
- Decline in operating margins below 1% on a continuous basis.
- Any significant withdrawal of capital leading to deterioration in net worth base

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge ratings) believes that the firm will benefit from its long-standing customer relationship and experience of the promoters.

Detailed description of key rating drivers:
Key weaknesses
Thin Profitability Margin

The firm's profitability remains constrained, with operating margins around 1%, reflecting the low value-added nature of its operations. The firm lacks pricing power due to its dependence on bulk sales to large FMCG clients. Moreover, the absence of hedging mechanisms such as forward contracts leaves it vulnerable to sharp price fluctuations—coffee prices varied by ₹50–₹60/kg on a daily basis during the year. This volatility directly impacts procurement costs and compresses margins.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Leveraged capital structure and modest debt coverage indicators

The capital structure of the firm remained leveraged marked by overall gearing of 14.69x as on March 31, 2025 (PY:20.30x). The networth of the firm stood low at ₹4.32 crore as on March 31, 2025, with relatively high working capital intensity in business. Total debt to gross cash accruals stood weak at 30.71x in FY25 (PY:30.68x)

Inherent risks associated with the partnership nature of business

CPE's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of promoters. There have been instances of withdrawal by the partners during the past. In Last four years, the promoters withdrew ~₹3.70 crore.

Key strengths**Sustained Scale of Operations backed by Realization**

The firm's total operating income (TOI) moderated by 4% to ₹705 crore in FY25 (PY ₹732 crore). In FY24, TOI includes trading income of ₹100 crore from a TNCSC for 8,000 MT of pulses. However, coffee bean sales saw an 11% increase in FY25, driven by improved realizations. The average price per kg rose from ₹194 in FY24 to ₹287 in FY25, owing to unfavorable monsoon conditions in major coffee-producing countries like Brazil, which pushed up prices in India.

Reputed clientele base

The firm has a reputed clientele base, mainly comprising of FMCG companies like Hindustan Unilever Limited (HUL), Nestle India Ltd, Louis Dreyfus Commodities India Private Ltd and among others. The long-term relationship of the firm with its clients has facilitated a regular order backup as well as intermittent advances to manage the working capital requirements.

Experienced promoters and established track record of the firm

The firm was established as a partnership entity by Mr. Eswaran along with his elder brother Mr. Shanmugapriyan during 1994. Later the firm underwent reconstitution and is today a closely held business run by Mr. Eswaran and his three sons Mr. E. Jawahar, Mr. E. Rajavel & Mr. E. Kathirvel as partners. After the demise of Mr. Eswaran during May 2021, the firm is continued to be managed by his three sons, with Mr. Jawahar as managing partner. The partners are further supported by functional staff at various levels.

Liquidity: Stretched

The liquidity position of the firm continues to be stretched marked by tightly matched cash accruals against repayment obligation of ₹0.79 Crore in FY26. The firm purchases coffee cherries in bulk during season and stocks them. Major part of the coffee cherries is procured directly from farmers and traders and around 5% are procured through auction from Indian Coffee trade association. The credit period given to customers is relatively low at one week which maintains the liquidity. The operating cycle stood comfortable at 28 days in FY25. The cash and bank

balance is at ₹0.40 crore as on March 31, 2025. The average working capital utilisation for last twelve months ended May 2025 stood around 60%.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Tea & Coffee

C.P. Exports (CPE) was established in the year 1994 as the partnership firm with its registered office located at Virudhunagar, Tamil Nadu. The firm is engaged in processing of coffee beans and selling it to FMCG companies in the domestic market. The firm is also having a minimal presence in export market in countries viz Australia, Italy, Spain, and Canada. CPE process different coffee seeds viz Arabica Parchment, Robusta & Arabica Cherry in its two manufacturing units located at Virudhunagar, Tamil Nadu (1) and Kushal Nagar, Karnataka (2). The firm procures raw materials from Kodaikanal hills, Cumbam, Kerala and Andhra Pradesh for Tamil Nadu unit and from Coorg and other locations of Karnataka, where the country's major coffee farming is undertaken, for Kushal Nagar unit. Total installed capacity of the firm as on May 2025 stood at 58 MT per day to process the coffee seeds and 1500 MT capacity of storage facility.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	424.74	732.57	705.00
PBILDT	5.91	5.48	7.25
PAT	1.28	1.16	1.48
Overall gearing (times)	11.63	20.30	14.69
Interest coverage (times)	1.90	1.42	1.59

A: Audited; P: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

C.P. Exports has not co-operated with CRISIL Ratings, wherein it has classified the issuer as 'Non-Cooperative' vide its press release dated September 11, 2024. The reason provided by CRISIL was non furnishing of sufficient information towards monitoring ratings.

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-Bank Overdraft		-	-	-	25.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	October 2025	0.08	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	10.90	CARE BB-; Stable

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 2025-2026	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
1	Fund-based - LT-Bank Overdraft	LT	25.00	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Jul-24)	1)CARE BB-; Stable (20-Jul-23)	1)CARE BB-; Stable (24-Jun-22)
2	Fund-based - LT-Working Capital Limits	LT	10.90	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Jul-24)	1)CARE BB-; Stable (20-Jul-23)	1)CARE BB-; Stable (24-Jun-22)
3	Fund-based - LT-Term Loan	LT	0.08	CARE BB-; Stable	-	1)CARE BB-; Stable (03-Jul-24)	1)CARE BB-; Stable (20-Jul-23)	1)CARE BB-; Stable (24-Jun-22)

LT: Long 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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	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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