



Press Release

Cooper Gaskets Private Limited

September 25, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 5.20 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B-**' (read as SMERA B minus) on the Rs. 5.20 crore bank facilities of Cooper Gaskets Private Limited. The outlook is '**Stable**'.

Cooper Gaskets Private Limited (CGPL), incorporated in 1978 is a Haryana-based company promoted by Mr. M.R Batta and Mrs. Veena Batta. The company is engaged in the manufacturing of gaskets, shims, washers and felt rings used in the automotive and agriculture industries. The manufacturing facility is located at Panchkula with capacity of 11,70,000 pieces per annum (gaskets and fenders). The current utilisation is 75 per cent.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. Mangat Rai Batta and Mrs. Veena Batta have around two decades of experience in the industry.

- **Moderate financial riskprofile**

The company has moderate financial risk profile marked by networth of Rs.5.50 crore as on 31 March, 2017 (Provisional) as against Rs.5.38 crore as on 31 March, 2016. The gearing (debt to equity ratio) stood at 0.97 times as on 31 March, 2017 (Provisional) as against 1.00 times in the previous year. The total debt mainly consists of working capital borrowings. The interest coverage ratio (ICR) improved to 1.36 times in FY2017 (Provisional) compared to 1.37 times in FY2016. In FY2017, the net cash accruals to total debt (NCA/TD) stood at 0.03 times as against 0.05 times in FY2016.

Weaknesses

- **Small scale of operations**

The company has small scale of operations. The revenue increased to Rs. 8.05 crore in FY2017 (Provisional), from Rs. 6.00 crore in FY2016 and Rs. 7.04 crore in FY2015. The revenue growth is mainly because of increase in demand from existing customers. Further, CGPL has Rs.1.5 crore worth orders in hand to be executed in a month.

- **Fluctuating margins**

The operating margins (EBIDTA) improved to 20.15 per cent in FY2016 from 18.01 per cent in FY2015. The EBIDTA margins stood at 14.50 per cent in FY2017 (Provisional). The net profit after tax (PAT) margins stood moderate at 1.51 percent in FY2017 (Provisional) compared to 2.10 per cent in FY2016. The margins show a fluctuating trend.

- **Working capital intensive operations**

CGPL has working capital intensive operations marked by high gross current assets (GCA) of 583 days in FY2017 as against 760 days in FY2016. This is on account of high inventory holding of 568

days in FY2017 as against 829 days in FY2016 and high debtor of 98 days in FY2017 as against 95 days in FY2016. The company has fully utilised its cash credit facility.

• Highly competitive and fragmented industry

The company is exposed to intense competition in the industry.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of the company to arrive at the ratings.

Outlook: Stable

SMERA believes that CGPL will maintain a stable outlook in the medium term owing to its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and profitability while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile.

About the Rated Entity - Key Financials

For FY2016, CGPL reported net profit of Rs.0.13 crore on operating income of Rs. 6.00 crore, compared to net profit of Rs.0.14 crore on operating income of Rs. 7.04 crore in FY2015. As per provisional figures of FY2017, the company earned operating income of Rs. 8.05 crore and net profit of Rs. 0.12 crore.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
26-Sep-2016	Cash Credit	Long Term	INR 5.2	SMERA B- / Stable
23-Nov-2015	Cash Credit	Long Term	INR 5.2	SMERA D
25-Aug-2014	Cash Credit	Long Term	INR 5.2	SMERA D

***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	Not	5.20	SMERA B- / Stable

	Applicable	Applicable	
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ABOUT SMERA

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