February 18, 2025

Consolidated Coin Company Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current rated amount (Rs. Crore)	Rating action
Long-term fund based – Cash Credit	30.00	[ICRA]A- (Stable); assigned
Short term – Non Fund-based – Bank Guarantee	30.00	[ICRA]A2+; assigned
Total	**60.00**	

**Instrument details are provided in Annexure I*

Rationale

The assigned ratings factor in the Consolidated Coin Company Private Limited's (3C or 'the company') established position as a manufacturer and supplier of copper alloy strips and coin blanks, its long track record of securing repeat orders from key sovereign customers (central banks and government mints), and strong recovery in the domestic order book in the current fiscal.

3C's profitability remained under pressure since FY2021 as the company had to bid for low-value addition orders at competitive rates amid lower indents for coins from the Reserve Bank of India (RBI), resulting in muted domestic volumes. In addition, lower absorption of its fixed operating costs due to decreased sales/production volumes amid lesser orders from Indian Government Mints (IGM) severely impacted the company's profitability. However, increased tenders released and awarded by the IGMs for Rs. 5, 10 and 20 coin blanks in the current fiscal has led to a healthy scale-up in the company's order book (~Rs. 550 crore as on January 31, 2025), providing revenue visibility for FY2026.

Higher volumes have led to better absorption of costs, lowering per-tonne conversion costs and enhancing profitability. ICRA expects 3C to report operating margins of ~9-10% in the current fiscal as well as in the medium term. In addition, the overall scale of operation is also expected to be significantly better at ~Rs. 580-600 crore compared to Rs. 438 crore reported in the previous fiscal. In 9M FY2025, the company achieved revenue of Rs. 425 crore, as per provisional estimates. Consequently, the debt coverage indicators are expected to improve in the current fiscal with an anticipated interest cover of ~5.5 times compared to 1.9 times in FY2024. The liquidity position remains comfortable with an average cushion of ~Rs. 26 crore for the six-month period ended in November 2024, in the sanctioned fund-based limits.

The ratings are, however, constrained by the susceptibility of company's margins to volatility in raw material prices. However, the company actively hedges its commodity exposure as well as the forex exposure to protect its margins, which mitigates the risk to an extent. ICRA also notes the limited customer diversification with top three to four customers accounting for more than 90% of its sales in FY2025. In addition, the working capital intensity is high with net working capital to operating income (NWC/OI) of 37% in H1 FY2025 (FY2024: 24%). 3C has high reliance on non-fund-based limits as these are required to be submitted as bank guarantees for tender participation and thereafter as performance guarantees for execution of the contract.

The Stable outlook on 3Cs's long-term rating reflects ICRA's expectation of sustained improvement in operating performance in the near term. This is supported by the healthy execution of the order book execution from the domestic segment and sustained demand, which are expected to drive optimal capacity utilisation and healthy profitability.

Key rating drivers and their description

Credit strengths

Established position in the coin blank business - The company is an established player in the coin blanks business with a healthy share of business over the past several fiscals. Backed by the extensive experience of its promoter, Mr. Gautam Chopra, the company has demonstrated a long track record of securing repeat orders from its key sovereign customers which are central banks and government mints. In recent years, the company has also diversified its customer base by expanding into new geographies and adding new clients.

Healthy order book and its execution to support profitability and coverage metrics in the current fiscal - On the back of healthy order inflow from IGM and foreign customers, the company had an unexecuted order book of ~Rs. 550 crore as on January 31, 2025, ensuring healthy revenue visibility for the near to medium term. The pickup in volumes has improved cost absorption, leading to better profitability for the company in the current fiscal. ICRA expects the company to report revenue of Rs. 580-600 crore and operating margins of ~9-10% for the full year. Consequently, the debt coverage indicators are expected to significantly improve in the current fiscal with an expected interest coverage 5.5 times compared to 1.9 times in FY2024. With expected net worth (TNW) of ~Rs.200-210 crore as on March 31, 2025, company's total outside liabilities/tangible net worth (TOL/TNW) ratio is also expected to remain healthy at ~0.6 time.

Low counterparty credit risk - The company has low counterparty credit risk as it is largely dealing with sovereign customers (Central Banks, Government Mints etc).

Credit challenges

Exposed to volatility in raw material prices – 3C's profitability is vulnerable to volatility in prices of key raw materials, including zinc, copper and nickel, as there is a lag between order booking and deliveries. However, the company actively hedges its commodity exposure as well as the forex exposure to protect its margins, given the volatile nature of commodities prices, mitigating the risk to an extent.

Limited customer and product diversification – Although the company is expanding its product portfolio to include other related products like bullet cup cases, its dependence on coin blanks remains high, which are sold to a limited number of customers. This results in vulnerability to demand trends in key markets. Besides, the company's customer concentration risk is high, with its top three to four customers accounting for more than 90% of its sales. In the past, low order inflow from IGM had adversely impacted the entity's revenues and margins.

High working capital intensive operations – The company has high working capital intensity with net working capital to operating income (NWC/OI) of 37% in H1 FY2025 (FY2024: 24%). This is primarily due to a sizeable work-in-progress inventory and receivables (H1 FY2025 – inventory days of 85 and debtor days of 43). The company manages its working capital cycle by availing credit period from its suppliers, as well as through working capital debt and mobilisation advances from clients. Given the increasing scale of operations, judicious working capital management and timely enhancement of working capital lines remain crucial from the credit perspective.

Liquidity position: Adequate

The company's liquidity position is adequate, given the expectation of healthy fund flow from business of ~Rs. 40 crore in the current fiscal, sufficient cushion in the form of unutilised working capital limits (averaging at ~Rs. 26 crore for the six-month period ended in November 2024) and minimal debt repayment obligations. 3C will also be able to comfortably meet its expected annual capex commitments of ~Rs. 10-12 crore through its cash flows over the medium term.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if there is a significant increase in revenue, profits and cash accruals leading to sustained improvement in the company's coverage and credit metrics.

Negative factors – ICRA may revise the outlook to Stable or downgrade the ratings in case of a significant deterioration in the company's profitability and/or a stretch in the working capital cycle, exerting pressure on the liquidity position. Specific credit metric that may trigger a rating downgrade include consolidated interest coverage of less than 4.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of 3C. As on March 31, 2024, the company had 2 subsidiaries which are all enlisted in Annexure II.

About the company

3C was incorporated in 1994 by Mr. Gautam Chopra. The company is involved in the manufacturing of coin blanks and coils/strips (non-ferrous), with its production unit located in Faridabad, Haryana. At present, the unit has a manufacturing capacity of 22,500 metric tonnes for coils and strips, while its downstream capacity for coin blanks stands at 12,000 metric tonnes per annum.

Key financial indicators (audited)

3C (consolidated)	FY2023	FY2024	H1 FY2025*
Operating income	410.6	438.0	237.6
PAT	1.3	6.9	17.6
OPBDIT/OI	0.9%	4.0%	11.9%
PAT/OI	0.3%	1.6%	7.4%
Total outside liabilities/Tangible net worth (times)	0.6	0.7	0.7
Total debt/OPBDIT (times)	14.5	3.5	2.1
Interest coverage (times)	0.7	1.9	5.3

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

			Current (FY2025)		Chronology of rating history for the past 3 years					
			FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	30.00	Feb 18, 2025	[ICRA]A- (Stable)	-	-	-	-	-	-
Bank Guarantee	Short Term	30.00	Feb 18, 2025	[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash Credit	Simple
Short term – Non Fund-based – Bank Guarantee	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund based – Cash Credit	NA	NA	NA	30.00	[ICRA]A- (Stable)
NA	Short term – Non Fund-based – Bank Guarantee	NA	NA	NA	30.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Scee Infrastructure Private Limited	100.00%	Full consolidation
JSR Buildwell Private Limited	100.00%	Full consolidation

Source: Annual report FY2024

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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