

## Kap Cones Pvt. Ltd.

Instrument	Amount	Rating Action as on June 2016
<b>Fund-Based Limits</b>	<b>In Rs. Crore</b>	
Cash Credit	8.50	[ICRA]BB+(Stable); revised from [ICRA]BB(Stable)
Term Loan	12.00	[ICRA]BB+(Stable); revised from [ICRA]BB(Stable)
<b>Non Fund Based Limits</b>	<b>In Rs. Crore</b>	
LC	4.00	[ICRA]A4+; reaffirmed
<b>Total</b>	<b>24.50</b>	

ICRA has upgraded its long term rating on the Rs. 20.50 crore fund based bank facilities of Kap Cones Pvt. Ltd.(KCPL) to [ICRA] BB+ (pronounced ICRA double B plus) from [ICRA] BB (pronounced ICRA double B). ICRA has reaffirmed its short term rating of [ICRA]A4+ (pronounced ICRA A four plus) on the Rs 4.00 crore non fund based facilities of the company. The outlook on the long-term rating is 'Stable'.

The rating upgrade takes into account the robust growth in operating income registered by KCPL, which has also been accompanied by healthy OPBDITA<sup>1</sup> margins. This has been fuelled by the growing ice cream industry and limited competition. ICRA also favorably factors in the extensive experience of the promoters and the reputed client base of the company, comprising of the top players in the ice-cream industry. The ratings also reflect the comfortable financial risk profile of the company with an improved gearing, stable operating profitability indicators and comfortable debt protection metrics. The company's liquidity position is also healthy, as reflected in limited utilization of its fund-based bank limits. However, the ratings are constrained by the company's moderate scale of operations, considerable debt funded capital expenditure incurred over the past few years, resulting in high debt repayment obligations and low asset turnover ratio.

The ability of the company to increase its scale of operations in a profitable manner, accompanied by optimal working capital intensity, will be the key rating sensitivities.

### About the Company

KCPL incorporated in 2009, manufactures ice cream cones, paper/plastic cups/tubs, acetate products and food packaging products. The company is also engaged in the trading of ice cream sticks and machinery and spare parts related to ice cream manufacturing. The company has two plants, both located at IMT-Manesar, Haryana. The company's major customers include Devyani Food Industries ('Creambell Brand'), Mother Dairy, Ramani Ice Cream (Top 'N' Town brand) and Hatsun Agro Products.

### Recent Results

KCPL reported a profit after tax of Rs 1.37 crore on an operating income of Rs 75.39 crore in FY2015, as against a profit after tax of Rs 1.29 crore on an operating income of Rs 64.45 crore in FY2014. The company, on a provisional basis, reported an operating income of Rs 94.63 crore in FY2016.

**June 2016**

<sup>1</sup> OPBDITA-Operating Profit Before Depreciation, Interest, Tax and Amortisation



*For further details, please contact:*

*Analyst Contacts:*

**Mr. Sabyasachi Majumdar** (Tel. No. +91 124 4545304)  
sabyasachi@icraindia.com

*Relationship Contacts:*

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500