

Mishra Polypacks Private Limited

July 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Mishra Polypacks Private Limited (MPPL) is constrained by its thin profitability owing to the trading nature of operations, leveraged capital structure, weak debt coverage indicators, stretched liquidity, profit margins susceptible to raw material cost volatility, and presence in highly competitive industry. However, the rating derives comfort from the experienced promoters, infusion of unsecured loans to support the operations, satisfactory scale of operations over last five years ended FY25 (provisional; FY refers to the period April 01 to March 31) and comfortable operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving the operating margin to above 2.50% while maintaining the total operating income of more than Rs.550 crore on a sustained basis.
- Improvement in capital structure with overall gearing below 2.50x on a sustained basis

Negative factors

- Deterioration in overall gearing ratio above 4.5x
- Increase in operating cycle beyond 100 days, in future

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company will continue to benefit from the extensive experience of promoters and management in the industry.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability: MPPL's operating profitability has remained stable over the past three years ending FY25, with the PBILDT margin hovering around 2%, primarily due to the trading nature of operations and intense industry competition. The margin stood at 2.01% in FY25, broadly in line with FY24, supported by stable input costs. The Profit After Tax (PAT) margin remained modest, aided by low depreciation expenses. Return on Capital Employed (ROCE) stood at a moderate 11.15% in FY25 (PY: 10.19%).

Leveraged Capital Structure and Marginally weak debt coverage indicators: The entity's capital structure remained leveraged, with overall gearing consistently above 3x over the past five years. As on March 31, 2025, the gearing stood at 4.01x (PY: 3.12x), reflecting a continued high reliance on external debt, primarily in the form of working capital borrowings.

Debt coverage indicators remained marginally weak, as reflected in a moderate PBILDT interest coverage ratio ranging between 1.28x and 1.50x over the past five years, standing at 1.47x in FY25 (PY: 1.39x). The total debt to gross cash accruals (TD/GCA) ratio remained elevated at 24.90x in FY25, though it improved from 34.02x in FY24. The improvement was primarily driven by a marginal uptick in profitability and the subordination of unsecured loans, which provided some cushion to the capital structure.

Susceptibility to volatility in steel prices: The steel industry is highly susceptible to price volatility due to factors like global economic conditions, supply chain disruptions, trade policies, raw material costs, and energy prices. These fluctuations can significantly impact businesses reliant on steel, affecting project costs and profitability. To mitigate these risks, companies often use strategies such as long-term contracts, supplier diversification, hedging, and effective inventory management. Staying adaptive and vigilant is crucial for navigating this dynamic market environment.

Fragmented and competitive nature of the iron and steel trading business: Iron and Steel trading is characterised by highly competitive, fragmented, and cyclical business, which is strongly correlated to economic cycles. Metal trading industry has low entry barriers and there are huge number of unorganised players in the industry, resulting in large competition.

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

Key strengths

Experienced promoters and support by way of infusion of funds: The promoters' extensive two-decade experience in the steel trading industry, coupled with their strong understanding of local market dynamics and healthy relationships with customers and suppliers, will continue to support the business's risk profile. Their longstanding presence in the market enables them to effectively anticipate price trends and strategically manage purchasing and inventory decisions. MPPL is promoted by Mr. Shishir Kumar Mishra, who is the Director of the entity. MS. Geetha Mishra, Director has 20 years of experience and oversees operations. The promoters also infused unsecured loans to support the increasing scale of operations. As of March 31, 2025, total unsecured loans outstanding stood at Rs.5.77 crore out of which Rs 4.52 crore are subordinated to bank debt, hence expected to be retained.

Satisfactory scale of operations: The Total Operating Income (TOI) of MPPL grew at a compounded annual growth rate (CAGR) of 17.12% over the five years ended FY25. In FY25, TOI increased by 37% year-on-year to ₹347.54 crore, driven by improved demand from customers. Despite the growth, the company continues to operate on a modest net worth base, which stood at ₹14.05 crore as on March 31, 2025. The scale of operations remains moderate, limiting the company's financial flexibility and its ability to derive benefits from economies of scale. Moreover, intense competition in the industry is expected to continue constraining its future growth prospects.

Comfortable operating cycle: The company operates in a working capital-intensive industry, marked by the need to maintain high inventory levels to ensure timely supply and price advantage, especially in the trading segment. Despite this, the operating cycle remains comfortable in the range of 55–65 days over the last three years, supported by balanced receivable and payable periods of 30–45 days each. The efficient management of receivables and payables, along with consistent turnover of inventory, provides comfort in managing liquidity requirements, although the reliance on working capital borrowings remains high at 95%.

Liquidity: Stretched

MPPL's liquidity position remains stretched, as reflected by negative cash flow from operations of ₹14.54 crore in FY25. The company reported Gross cash accruals of ₹2.27 crore during FY25, with a low cash and bank balance of only ₹0.06 crore as on March 31, 2025. The current ratio stood at 1.20x. The company has been utilizing an average of 95% of its sanctioned working capital limits of ₹50.00 crore over the 12 months ending June 2025, indicating a high reliance on bank borrowings to support its operational requirements. However, some comfort can be drawn as the promoters are resourceful and have been infusing funds as and when required.

Assumptions/Covenants- Not Applicable

Environment, social, and governance (ESG) risks- Nil

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Hyderabad, Telangana-based Mishra Polypacks Private Limited (MPPL) was incorporated on September 07, 1994, as a private limited company by Mr. Shishir Kumar Mishra. MPPL is part of the Mishra group and is ISO 9001:2008 certified. MPPL is engaged in the business of supplying HDPE & PP bags, gunny bags, cement misprinted bags, once-used HDPE cement bags, jute twin & sacks, bag closing yarn, MS angles, MS pipes, TMT bars, etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)	March 31, 2025 (Prov.)
Total operating income	230.46	253.45	347.54
PBILDT	4.03	5.02	7.00
PAT	0.86	0.94	1.96
Overall gearing (times)	3.05	3.13	4.02
Interest coverage (times)	1.45	1.39	1.48

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

Status of non-cooperation with previous CRA: Not Applicable

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-Cash Credit		-	-	-	50.00	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-Cash Credit	LT	50.00	CARE BB; Stable				

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-Cash Credit	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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