Mahip Industries Limited
(Erstwhile known as Care Corupack Limited)

August 28, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	23.72	**CARE BB-; ISSUER NOT CO-OPERATING [Double B Minus; ISSUER NOT CO-OPERATING*]**	**Issuer not co-operating; based on best available information**
Total Facilities	**23.72 (Rs. Twenty Three Crore and Seventy Two Lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Mahip Industries Limited (MIL) to monitor the ratings vide e-mail communications dated July 4, 2018, July 16, 2018, July 25, 2018 and July 30, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on MIL's bank facilities will now be denoted as **CARE BB-; ISSUER NOT COOPERATING*.**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating for the bank facilities of MIL continues to remain constrained on account of presence in a highly competitive packaging industry, susceptibility of its profitability to volatility in raw material prices, high leverage, weak debt coverage indicators and working capital-intensive operations.

The rating, however, favorably takes into account the vast experience of the promoters in the packaging business and long operational track record. The rating also factors in stable scale of operations and profitability during FY17 (refers to the period April 1 to March 31).

MIL's ability to diversify its customer base along with the sustained increase in its scale of operations and profitability to efficiently manage its working capital requirement are the key rating sensitivities.

Detailed description of the key rating drivers

At the time of last rating on March 21, 2017, the following were the rating strengths and weaknesses (updated based on the best available information).

Key Rating Weaknesses

Highly leveraged capital structure and weak debt coverage indicators: MIL's capital structure remained highly leveraged with an overall gearing of 2.05x as on March 31, 2017, primarily on account of debt availed for funding its working capital requirements. MIL's debt coverage indicators continued to remain weak during FY17.

Working capital intensive nature of operations: MIL's operations are working capital intensive as reflected by its elongated operating cycle of 108 days in FY17. This was largely on account of sizeable credit period offered to customers as well as inventory holding requirements, while the credit period available from paper suppliers remains short owing to volatility in prices.

Presence in a highly competitive packaging industry with susceptibility of its profitability to volatility in raw material prices: Packaging industry is highly fragmented and competitive in nature due to presence of a large number of players in the unorganized sector. As a result, MIL has limited bargaining power with its customers and hence cannot fully pass on adverse movement in raw material prices to its customers.

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[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

**Issuer did not cooperate; based on best available information*

Key Rating Strengths
Experienced promoters with long operational track record: MIL's promoters have an industry experience of around 15 years. Over the years, they have developed good relationship with its customers and suppliers. Some of the customers have been associated with MIL since its inception.

Stable scale of operations and operating profitability: MIL reported stable total operating income (TOI) in FY17, compared with that in the previous year along with a stable operating profitability, translating into similar debt coverage indicators.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria on assigning Outlook to Credit Ratings
Rating Methodology - Manufacturing Companies
Financial ratios – Non-Financial Sector

About the Company
Mahip Industries Limited (MIL) was promoted as Care Beverages (India) Ltd. in 1995 by Mr. Rajiv Agrawal & his family members. Subsequently, its name was changed to Care Corupack Limited in 2001 and to Mahip Industries Limited in 2018. MIL is engaged in manufacturing of corrugated boxes, stiffeners, plates and rolls. Its manufacturing unit is located near Dholka-Bagodara highway in Gujarat and had an installed capacity of 35,000 Metric Tonnes Per Annum (MTPA) as on March 31, 2015.

Brief financials of MIL are tabulated below:

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	104.39	107.83
PBILDT	7.49	7.63
PAT	1.20	1.37
Overall gearing (times)	2.34	2.05
Interest coverage (times)	1.84	1.84

A – Audited

Status of non-cooperation with previous CRA: India Ratings has classified MIL's ratings as "Not Cooperating" vide its press release dated May 2, 2018 on account of non-cooperation by MIL with India Ratings' efforts to participate in the rating exercise.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Analyst Contact:
Name: Harshveer Trivedi
Tel: 079 – 4026 5610
Mobile: 85111 90020
Email: harshveer.trivedi@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form

an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.
In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	January 2019	1.64	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	17.00	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	January 2021	5.08	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

** Issuer did not co-operate; based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	1.64	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)	1)CARE BB- (08-Feb-16)
2.	Fund-based - LT-Cash Credit	LT	17.00	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)	1)CARE BB- (08-Feb-16)
3.	Fund-based - LT-Term Loan	LT	5.08	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)	1)CARE BB- (08-Feb-16)

** Issuer did not co-operate, based on best available information*

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
Cell: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU
Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH
Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91- 0172-490-4000/01
Email: anand.jha@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

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