

Mahip Industries Limited
(erstwhile known as Care Corupack Limited)

September 23, 2020

Rating

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	23.72	CARE B-; ISSUER NOT COOPERATING* (Single B Minus ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* (Single B Plus ISSUER NOT COOPERATING*) on the basis of best available information
Total Facilities	23.72 (Rs. Twenty-Three Crore and Seventy-Two Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated November 25, 2019, had reviewed the rating of Mahip Industries Limited (MIL) under the 'issuer non-cooperating' category as MIL had failed to provide information for monitoring of the rating. MIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated September 22, 2020. 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 ratings on MIL bank facilities will now be denoted as **CARE B-; 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 have been revised on account of significant decline in its scale of operations and the losses reported at the PBILDT and PAT levels during FY20 as per audited results published on stock exchange (BSE) as compared to FY19 results. 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, moderate capital structure and poor debt coverage indicators.

The rating, however, favorably takes into account the vast experience of the promoters in the packaging business and long operational track record.

Detailed description of the key rating drivers

At the time of last rating on November 25, 2019 the following were the key rating strengths and weaknesses (updated based on basis of the best available information of FY20 audited results published on stock exchange).

Key Rating Weaknesses

Significant decline in the scale of operations along with net losses during FY20

MIL's total operating income (TOI) declined by around 82% and stood at Rs. 23.78 crore as during FY20 (A) as against Rs. 135.53 crore during FY19 (A). Also, during FY20 (A), the company had reported loss of Rs. 3.20 crore and Rs. 8.14 crore at the PBILDT and PAT levels respectively as against profit of Rs. 6.73 crore and Rs. 0.49 crore at PBILDT and PAT levels during FY19 (A).

Moderate capital structure and poor debt coverage indicators

The capital structure of MIL continued to remain moderate during FY20 (A) as indicated by an overall gearing at 0.88x as on March 31, 2020 (0.75x as on March 31, 2019). The debt coverage indicators deteriorated significantly in FY20 (A) as the company has reported losses at PBILDT and PAT levels during FY20 (A).

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

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 with majority of the players being in the unorganized sector. Owing to this, MIL has limited bargaining power with its customers and hence cannot fully pass on any adverse movements in raw material prices to its customers.

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 strong relationship with customers and suppliers alike. Some of the customers have been associated with MIL since its inception.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios - Non- Financial Sector](#)

About the Company

MIL (CIN No. U15549GJ1995PLC028116) was promoted as Care Beverages (India) Ltd. in 1995 by Mr. Rajiv Agrawal & his family members. Subsequently, its name was changed to Care Corupack Ltd. in 2001 and to Mahip Industries Ltd. (listed on BSE SME, Quote No. 542503) 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.

Brief financials of MIL are tabulated below:

Brief Financials (Rs. Crore)	FY19 (A)	FY20 (A)
Total operating income	135.53	23.78
PBILDT	6.73	-3.20
PAT	0.49	-8.14
Overall gearing (times)	0.75	0.88
Interest coverage (times)	1.41	NM

A: Audited, NM: Not Meaningful

Status of non-cooperation with previous CRA: Brickwork Ratings have reviewed the ratings assigned to the bank facilities of Mahip Industries Limited under 'Issuer Not Co-operating' Category vide its press release dated December 04, 2020.

India Ratings and Research have reviewed the ratings assigned to the bank facilities of Mahip Industries Limited under 'Issuer Not Co-operating' Category vide its press release dated July 10, 2020.

Any other information: Not Applicable

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

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	-	-	-	1.64	CARE B-; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	17.00	CARE B-; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	5.08	CARE B-; ISSUER NOT COOPERATING*

*Issuer did not cooperate; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	1.64	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (25-Nov-19) 2)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-
2.	Fund-based - LT-Cash Credit	LT	17.00	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (25-Nov-19) 2)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-
3.	Fund-based - LT-Term Loan	LT	5.08	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (25-Nov-19) 2)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

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.

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About CARE Ratings:

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