Mahip Industries Limited
(erstwhile known as Care Corupack Limited)

November 25, 2019

Rating

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	23.72	**CARE B+; ISSUER NOT CO-OPERATING [Single B Plus; ISSUER NOT CO-OPERATING*]**	Revised from CARE BB-; ISSUER NOT CO-OPERATING [Double B Minus; ISSUER NOT CO-OPERATING*]
Total Facilities	**23.72 (Rupees Twenty Three Crore and Seventy Two Lakh only)**		

Details of facilities in Annexure-I

Detailed Rationale & Key Rating Drivers

The revision in rating assigned to bank facilities of Mahip Industries Limited (MIL) takes into account poor liquidity upon elongation in its operating cycle and its low profitability. CARE had, vide its press release dated March 21, 2017, placed the rating of MIL (erstwhile Care Corupack Limited) 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 June 12, 2019. 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.

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

Detailed description of the key rating drivers

At the time of last rating on June 18, 2019, the following were the rating strengths and weaknesses (updated based on best available information).

Key Ratings Weaknesses

Moderate capital structure and debt coverage indicators

The capital structure of MIL remained moderate during FY19 as indicated by an overall gearing at 0.86x as on March 31, 2019 (P.Y.: 1.58x). The debt coverage indicators of MIL also continued to remained moderate with Total Debt/GCA of 5.78 years as on March 31, 2019 (P.Y.: 5.38 years).

Liquidity: Poor

MIL's operations are working capital intensive in nature. The company's operating cycle further elongated to 128 days during FY19 as compared to 91 days during FY18. The elongation was primarily on account of increase in the inventory holding levels along with continued high receivable days.

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.

[1]*Complete 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*

Stable scale of operations with improvement in operating profitability
MIL's total operating income (TOI) continued to remain stable and stood at Rs 137.08 crore (PY.Y: 140.77 crore). Further, operating profitability margin of the company improved to 9.75% in FY19 (P.Y.: 8.37%).

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]
[CARE's methodology for 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 Ltd. in 2001 and to Mahip Industries Ltd. 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)	FY18 (A)	FY19 (Prov.*)
Total operating income	140.77	137.08
PBILDT	11.78	13.37
PAT	5.60	5.03
Overall gearing (times)	1.58	0.86
Interest coverage (times)	2.66	2.79

A – Audited, Prov.: Provisional (published results on the stock exchange)
Status of non-cooperation with previous CRA: India Ratings has classified MIL's ratings as "Not Cooperating" vide its press release dated May 02, 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 (Last three years): Please refer Annexure-2

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	NA	NA	January 2019	1.64	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	NA	NA	NA	17.00	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	NA	NA	January 2021	5.08	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information

*NA: Not applicable, * 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	1.64	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	17.00	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)
3.	Fund-based - LT-Term Loan	LT	5.08	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE BB-; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE BB-; ISSUER NOT COOPERATING* (28-Aug-18)	-	1)CARE BB-; ISSUER NOT COOPERATING* (21-Mar-17)

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

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:
CARE Ratings commenced operations in April 1993 and over nearly 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.

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