

Press Release

INFOMERICS assigns Commercial Paper Rating of IVR A2+ to Manaksia Industries Ltd. upto Rs.50 crores (to be earmarked out of the tied-up fund based working capital limits)

Rating & Definition

Infomerics Valuation and Rating Pvt. Ltd. has assigned **IVR A2+ (pronounced IVR single A two Plus)** rating to the proposed Commercial Paper programme of **Manaksia Industries Ltd. (MIL)** for an amount upto Rs.50 crores (to be earmarked out of the tied-up fund based working capital limits) for a tenure upto 365 days. Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry low credit risk.

Rating Rationale

The rating derives strength from long & rich experience of the main promoter with high accomplishments, leadership position in the metal caps & closures market, satisfactory client base, comfortable leverage position and increasing spending on packaged products to cater to the retail and e-commerce boom. The aforesaid rating is however, constrained by declining turnover, risk of fluctuation in raw material prices, company operating on thin margin although profitability, on a consolidated basis, being comfortable and high keyman risk. Ability of the company to garner high margin contracts to drive positive & sustained growth in sales & profitability and to broad base the senior management are the key rating sensitivities.

Company Background

MIL, operating since October 01, 2013, is the demerged packaging division of Manaksia Ltd. MIL majorly manufactures ROPP caps for the premium liquor & pharmaceutical products, Crown Closures for beer & carbonated soft drinks, Plastic Closures for carbonated soft drinks & mineral water and Metal Containers for shoe polishes & cosmetics. Shri Basant Kr. Agarwal & his family, based out of Kolkata, is the major stakeholder of the company.



Infomerics Valuation and Rating Pvt Ltd

In 1972, Mr. Agarwal, an entrepreneur, set up a proprietorship firm, Hindusthan Seals, for manufacture of ROPP caps. In December 1984, Hindusthan Seals Ltd. was incorporated as a public limited company with headquarter in Kolkata for taking over the assets of the proprietorship firm, Hindusthan Seals. In FY2002-03, the name of the company was changed to Manaksia Limited. Manaksia Ltd., under the stewardship of Mr. Agarwal, gradually diversified into manufacturing of various other products like crown closures & metal containers, steel, aluminium and mosquito coils. Under a scheme of demerger, four divisions of Manaksia Ltd., namely, Steel Division, Packaging Division, Coated Metal & Mosquito Coil Division and Aluminium Division were demerged into four separate companies with effect from October 1, 2013 vide an Order of the Hon'ble Kolkata High Court.

During the Financial Year 2015-16, the company earned a PAT of Rs.19.13 crores on a total income of Rs.175.96 crores, on a consolidated basis. During the same period, the standalone PAT was negative at Rs.3.48 crores on a total income of Rs.102.66 crores. During the half year ended September 30, 2016, the company earned a PAT of Rs.10.21 crores on a total income of Rs.56.41 crores, on a consolidated basis, while the standalone PAT was Rs.1.63 crores on a total income of Rs.42.59 crores.

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