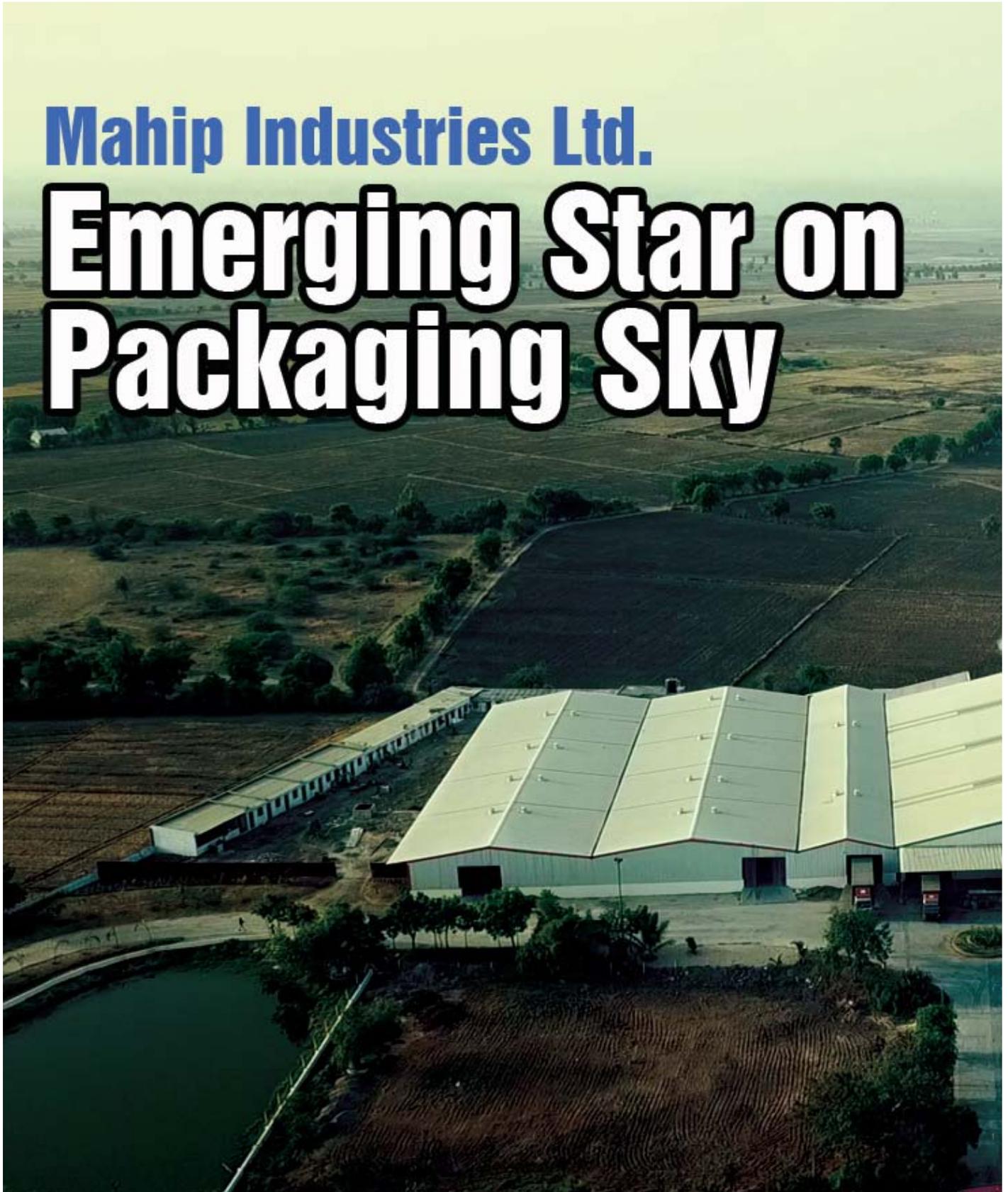


Mahip Industries Ltd.

Emerging Star on Packaging Sky





A mere cottage unit two decades back, Mahip Industries is today a front-runner in the niche corrugated paper box segment, with an enviable Rs. 140-crore turnover. The company also produces cartons, corrugated sheets, corrugated rolls and paper pallets for the variegated needs of its clients, who include domestic and overseas A-listers.

Chairman and Managing Director Rajeev Agrawal, with his keen understanding of the crucial role packaging plays in product marketing, has ensured that the company constantly innovates in design and updates its technology. An equally important factor in Mahip's success is the management's uncompromising stress on ethical business practices. business practices.

Packaging was the stuff this first-gen entrepreneur's dreams were made of. Rajeev Agrawal was all of 24 years, ambitious and dynamic like most young people, when he set up a small manual unit at Kalol, in Gandhinagar district of Gujarat, with an annual turnover of just a few thousand rupees. His hunch that the packaging industry had a highly promising future was vindicated over the following two decades – the seed he had sown back then has grown into a huge banyan tree.

Success was punctuated by changes in the company's name. What had started off as Care Beverages (India) in 1995 metamorphosed into Care Corupack Ltd. in 2001 and then to Mahip Industries Ltd. in January 2018. Today, Mahip Industries is a front-runner in the corrugated paper box segment, with a turnover in excess of Rs. 1 billion. With a view to meeting the rising demand for its products, the company has set up a modern, expansive and fully automated plant on a sprawling 25,000 sq. metre plot at Jalalpur of Godhneswar village in Dholaka tehsil of Gujarat's Ahmedabad district.

Apart from its pole position in corrugated paper boxes, Mahip's other high-quality products include cartons, corrugated sheets, corrugated rolls and paper pallets. Mr. Agrawal, its Chairman and Managing Director, points out, "Packaging plays a key role in image- and brand-building for companies, and we at Mahip, with a rich experience of over two decades, understand it best.



Rajeev Agrawal

Architect of Mahip Industries

The architect of one of the country's leading paper product manufacturers is a brilliant example of what a far-sighted first-gen entrepreneur can achieve. Meet Rajeev Agrawal, founder, Chairman and Managing Director of Mahip Industries.

Despite having lost his father when he was just 12, Rajeev soldiered on to complete his studies and then went to Mumbai in 1994 to earn a livelihood. He started trading in cloth, buying grey cloth from Bhiwandi and selling it in Ahmedabad. Thanks to his Marwari genes, the entrepreneurial bug bit him and discovering that there was a great future in corrugated box manufacturing, he decided to set up a small manual unit at Kalol in Gandhinagar district to manufacture corrugated products. The unit's estimated cost was around Rs. 40 lakh but Rajeev had only Rs. 10 lakh. That did not deter him – he borrowed Rs. 10 lakh from a relative and got a bank loan of Rs. 20 lakh to cover the remaining cost of the unit. Endowed with natural managerial and entrepreneurial skills, and a workaholic to boot, Rajeev worked day and night to nurture his 'baby'. He reminisces, "As I was only 24 and age was on my side, I strived hard to make my tiny enterprise a grand success. I studied the intricacies of the corrugated product



Minimal transportation impact, safety, secure storage, efficient mobility and logistical ease are factored in by us in the packaging solutions that are tailor-made as per individual client needs.”

GUJARAT TO GLOBE

The company’s commitment to high-quality packaging solutions for various industries is, so to say, part of its DNA. Says Mr. Agrawal, “We aim to constantly upgrade our technology with the latest equipment and machinery.” He adds, “While we are based in Gujarat, we have extended our reach to

national and international clients in the best possible way. With more than two decades of experience in the packaging industry, we are among the leading players in the segment and offer products of the highest quality. The company is cer-



tified by ISO 9001 and ISO 22000 (Quality Management System) Certifications from JAZ ANZ.”

Thanks to its wide range of packaging solutions, the company has been able to cater to the requirements of the FMCG, textile, food, automotive, electronic and pharma industries, among others. Interestingly, the company customizes its products on the basis of colours, design, dimension, load-bearing capacity and corrugation type (3 ply/5 ply, etc.). Not surprisingly, Mahip has over 50 A-lister clients, who are extremely satisfied with its products and services.

Among the factors responsible for the company’s remarkable evolution from a small manual cottage unit to one of the country’s most modern set-ups with a sales turnover of over a billion rupees are the core policies envisioned and followed by it from the very beginning. These include:

- Conduct business with strong ethics and compliance, all the while observing laws, rules and regulations.
- Provide fair and non-discriminatory employment opportunities for all.
- Sign non-disclosure agreements with third parties where needed.
- Ensure sustainable business and asset management practices.
- Commit fully to contract manufacturing operations in accordance with agreements and without any deviation.

HI-TECH LAB

Neither has Mahip been lagging in this hi-tech age. Points out Mr. Agrawal with justifiable pride, “With a view to keeping abreast of rising market expectations and developing newer products, the company has consistently gone in for new ma-

ip Industries

segment, learnt the market and concentrated on unravelling the secrets of successful marketing.”

And a fruitful journey got underway. Much to the surprise and delight of friends and relatives and to his own inner satisfaction, the unit started growing. His young mind delved deep into the technical aspects and he gained sufficient technical knowledge to steadily modernize the unit with improved technology at every stage. Realising that quality is the real *mantra* for success, he paid extra attention to that aspect. With his natural flair for business, his technical know-how, and his production and marketing expertise – all rolled in one – Rajeev came up trumps as Mahip evolved into a leading player in the field with several A-listers in its client list. Within a score of years, the company became a modern, automated corrugated product outfit with a turnover of Rs. 1 billion.

When asked, “Are you fully satisfied with your remarkable progress?”, Mr. Agrawal replies with humility and candour, “I am no doubt happy with the growth of Mahip but where is the question of total satisfaction? This is just the beginning. I am all of 47 and have miles to go before I can consider myself fully satisfied.” ■

Cover Story



chinery and developed expertise.” Maintaining that “all our products are lab-tested”, Mr. Agrawal lists out the state-of-the-art lab equipment of the company. They include:

- Moisture testing machine no. 014_064350.
- Linux electronic gsm tester machine no. 2535.
- Linux bursting strength tester double heads economy model machine no. 2330.
- Linux cobb sizing tester.
- Linux crush tester micro pc model machine no. 2329.
- Linux box compression tester micro pc model machine no.2328.

Financial Highlights		(Rs. crore)	
Particulars	2017-18	2016-17	
Revenue from Operations	140.26	107.41	
Other Income	0.51	0.42	
Total Revenue	140.77	107.83	
Less: Total Expenses	128.99	100.12	
Operating Profits before Exception item, Depreciation, Interest and Tax	11.78	7.71	
Less: Depreciation	0.05	1.62	
Interest	4.43	4.22	
Profit / (Loss) Before Tax	7.3	1.87	
Less : Exceptional Items	0	0	
Less: Current Tax	1.6	0.5	
Less : Deferred Tax	0.1	0	
Profit / (Loss) after Tax	5.6	1.37	
Shareholders' funds	23.05	16.01	
Total Debt	38.17	33.7	
Fixed assets	20.19	12.16	
Total Assets	66.38	53.38	

Maintaining that “at Mahip, quality is not an accident but a habit,” Mr. Agrawal adds, “Our staff understand that reliable and high-quality production support is fundamental to the company’s commitment to customers. Hence, we focus on quality products for the customer’s needs. Our technical staff strive to ensure that customers are provided the best products for their requirements. The latest technology that we have invested

in assures the quality of the product we provide.”

Indeed, it is this rare combination of stress on excellence and business ethics, driven by an idealist’s vision, that has powered a tiny start-up of yore into the big league of the country’s packaging industry.

Availing that “the demands on the packaging industry are challenging, given the increasing environmental awareness among communities,” Mr. Agrawal insists, “For me, corrugated boxes are not just boxes, they are an eco-friendly means of delivering or storing goods.” He adds, “The most significant feature of our packaging products is that they are environment-friendly and get easily decomposed without damaging the environment or creating pollution. I strongly believe in building economic value along with being socially responsible and protecting the environment. In keeping with this vision, Mahip focuses not just on profits but on bettering the lives of people and the well-being of our planet.” Not surprisingly, the company’s vision is ‘Better Quality of Life through Better Packaging’.

The company is now in the fast lane, and the management is looking at avenues that can take it on a sustainable growth path. Besides resorting to regular modernization and upgradation, the company is busy diversifying and extending its product range.

Says Mr. Agrawal, “We are currently manufacturing large corrugated boxes only. Seeing our clients’ needs, as they come first, as well as the company’s growth, we are planning to expand vertically and start manufacturing smaller boxes. The plans for execution have already been initiated. We are also planning to go eco-friendly by reducing our carbon emissions, water wastage and solid waste. The company has earmarked a capital expenditure of Rs. 15 crore.”

The company has gone from strength to strength on the financial front. During the last fiscal year ended March 2018, it achieved a revenue of Rs. 140.77 crore as compared to Rs. 107.83 crore in the previous year (fiscal 2017), with the profit at net level shooting up from Rs. 1.38 crore to Rs. 5.60 crore.

Corrugated segment set for sea-change

The corrugated box industry has been growing at a fast pace in India as well as overseas on account of a continuously rising demand, mainly from the FMCG, pharmaceutical, electronics, bakery and vegetables segments.

In India, the corrugation industry dawned in 1950 with Kolkata and Mumbai emerging as the first destinations for corrugation, the pioneers being the Ajmera group and the Jayant group. Over the past 68 years, the industry has grown



by leaps and bounds – but mostly in the unorganised sector in various nooks and corners of the country. Today, there are over 5,000 corrugated board and sheet plants – mostly small and medium – employing over half a million people, converting 2.25 million tonnes of kraft paper into corrugated boxes and turning out products worth Rs. 150,000 crore. What is more, the industry is growing at a rate of 15 per cent. Experts believe that not only will this growth rate will be maintained going ahead, but there are strong possibilities that the pace of growth will quicken in the coming years. Optimists expect the size of the industry to cross the \$ 50 billion mark by 2050.

Expectations of sustained growth in demand for corrugated boxes are based on the rising requirements of industry

segments like consumer durables, agri packaging, pharmaceutical, electronics and automobiles. Another driver of demand growth is the changing lifestyles of people on account of rising incomes and improved standards of living. The fast food-and-mall culture has given a boost to the demand for packaging boxes. The disadvantages of wooden packaging, and the growing opposition to the use of plastic packaging and its ban in many parts of the country and the world, have given a big push to the demand of paper boxes.

FUTURE SHAPE

All these sweeping changes are leading to a remarkable growth in demand for corrugated paper boxes, and the size and shape of the Indian corrugated paper industry have started undergoing a distinct change. Till now, the industry mostly comprised over 5,000 manufacturing units that were predominantly small, manual and semi-automated. This is set to undergo a sea-change. As demand for corrugated boards and sheets shoots up, the manufacturing units are bound to grow bigger. Increasing demand and high volumes will trigger consolidation, while the setting up of large automated plants and the deployment of folders, gluers and rotary die-cutters will grow. Besides, advances in multi-colour flexo-printing will facilitate in-house flexo-printing and do away with screen printing and contract printing on offset presses. The emergence of e-commerce, reverse bidding and the concept of first pack will give large-scale units the advantage of competitiveness, and the concept of locating corrugated box units near user locations will become obsolete.

In other words, the corrugated packaging industry will come into its own, and companies like Mahip will metamorphose into large corporate entities. ■

Going for IPO

The company is planning to enter the capital market to raise around Rs. 27 crore. Initially, it will be listed on the SME platform of the BSE. The proceeds of the issue will be utilized for raising working capital and business marketing, besides financing a new plant for the manufacture of small boxes.

With the growing clamour for a ban on plastic packaging on account of its environmental problems, the demand for paper packaging material is shooting up. Mahip has emerged as one of the top manufacturers of paper packaging with the best-quality raw materials, the latest and best equipment and



most modern technology - turning out products of international quality. Besides upgrading technology and equipment, the company is planning to take up the manufacture of paper on its own for captive use and penetrate not only domestic markets but overseas markets in a big way. Even at the current pace of growth, the sales turnover of the company can be expected to more than double within the next 3 years.

Indeed, it is thanks to Mr. Agrawal's rare combination of stress on excellence and business ethics, driven by his idealistic vision, that a tiny start-up of yore has entered the big league of the country's paper packaging industry. ■