



Press Release

Mangalam Global Enterprise Limited (MGEL)

December 03, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	184.16 (reduced from 190.98)	IVR BBB / Stable (IVR Triple B with Stable Outlook)	IVR BBB- / Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
Short Term Facilities	7.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Upgraded	Simple
Total	191.16 (Rupees One Hundred Ninety-One Crore and Sixteen Lakh Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the long-term Bank facilities of Mangalam Global Enterprise Limited (MGEL) which derives strengths from experienced and competent management, diversified revenue profile and improved financial risk profile. However, the rating is constrained due to profitability vulnerable to volatile raw material prices and agro-climatic risk, high volume low margin business model and intense competition in the agro industry.

Stable outlook reflects Infomerics' belief that the company continues to benefit from the extensive experience of promoters in agro industry, established relationship with its customers and expected increase in the scale of operations of the company.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained improvement in operating income along with EBIDTA and PAT margin leading to improvement in overall financial risk profile of the Company.
- Improvement in capital structure and debt coverage indicators.



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Downward Factors

- Any substantial decline in scale of operation and/or profitability leading to deterioration of debt protection metrics.
- Any unplanned capex leading to deterioration of overall capital structure of the company.
- Elongation in the operating cycle impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced and competent management:

The company is promoted by Ahmedabad based Mangalam Group. The Promoter of the Company are Mr. Vipin Prakash Mangal, Mr. Chanakya Prakash Mangal and Mr. Chandragupt Prakash Mangal. Mr. Vipin Prakash Mangal has more than 3 decades of experience in trading business. Mr. Chankya Prakash Mangal and Mr. Chandragupt Prakash Mangal has joined the family business as a fourth generation. Apart from this, the company has a management team of qualified and experienced professionals adding value to the organization through their expertise.

Diversified Revenue profile:

The company is mainly into Manufacturing and Trading of Agricultural Products such as Castor Oil, Castor Seed, Castor Oil cake, High Protein Oil Cake, Cotton Bales, Cotton Seeds etc. The company also trade Mustard seed, Mustard oil, Mustard cake, Soya seed, Soya refined oil, Soya cake, Wheat and Rice and other agri products.

Improved financial Risk Profile:

The adjusted tangible net worth of the Company stood at Rs.126.58 crore as on March 31, 2024 as against Rs.62.98 crore as on March 31, 2023. The adjusted net worth increased during the year due to increase in equity amounting to Rs. 1.13 crore and quasi equity of Rs. 21.03 crore. The gearing level stood at 1.10x as on March 31, 2024 as against 3.26x as on March 31, 2023. The gearing level has improved on account of decrease in long term debt during the year as well as backed by increase in net worth



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on account of allotment of equity shares and quasi equity. TOL/TNW has improved to 1.68x as on March 31, 2024 as against 4.32x as on March 31, 2023.

Locational Advantage:

Gujarat accounts for approximately ~85% of the total castor seed production in India. With Gujarat being the main centre for castor seed crop, the company enjoys the advantage of proximity to its main raw material source.

Key Rating Weaknesses

Profitability vulnerable to volatile raw material prices and agro-climatic risk:

Seasonal volatility and fluctuations in raw material prices may impact the revenue and thereby affect the margins. Agro-climatic risks related to castor seed production can impact the production and pricing of castor oil, which is its main raw material. Moreover, MGEL is exposed to unexpected foreign exchange price movements, as the export realisations are generally in USD terms. However, it tries to cover a bulk of the forex exposure through forward contracts.

High volume low margin business model and intense competition:

MGEL operates under high volume low margin business model. The financial operations are largely dependent on the volume of the business. The company has to generate higher volume in terms of quantity to increase profitability and to maintain commercial feasibility. The ratings are constrained by inherently thin margins in this line of business. Gross profit margin ranges from 2.99-3.10% for manufacturing of these agro based products. Apart from this the company faces competition from organised as well as unorganised players in the industry.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company had cash accruals of Rs.22.33 crore in FY24 (refers to period from April 01, 2023 to March 31, 2024) and average utilization of bank limits was ~77% for the past 12 months ending September 2024. Going forward, company is expected to generate cash accruals of Rs.28.42 crore in FY25. The current ratio and quick ratio remained moderate at 1.48x and 0.95x, respectively as on March 31, 2024. The company had cash and cash equivalent amounting to Rs. 0.22 crore as on March 31, 2024.

About the Company

Incorporated in 2010, Mangalam Global Enterprise Limited is set up by Ahmedabad-based Mangalam group. The Promoter of the Company are Mr. Vipin Prakash Mangal, Mr. Chanakya Prakash Mangal and Mr. Chandragupt Prakash Mangal. The company is mainly engaged in the business of manufacturing and trading of Castor Oil (F.S.G.), Castor De-Oiled Cake and High Protein Castor De-Oiled Cake for domestic and international markets. The company is also engaged in the manufacturing and trading of cotton bales and cotton seeds. The company has also started manufacturing and trading of Mustard seed, Mustard oil, Mustard cake, Soya seed, Soya refined oil, Soya cake, Wheat and Rice and other agricultural products from FY21.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1225.85	1676.26
EBITDA	24.52	41.64
PAT	11.20	18.91
Total Debt	205.40	139.07
Adjusted Tangible Net Worth	62.98	126.58
EBITDA Margin (%)	2.00	2.48
PAT Margin (%)	0.91	1.12
Overall Gearing Ratio (x)	3.26	1.10
Interest Coverage (x)	2.02	1.75

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (Date October 30, 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term loan	Long-term	14.16	IVR BBB/ Stable Outlook	IVR BBB-/ Stable Outlook	-	-
2.	Cash Credit	Long-term	170.00	IVR BBB/ Stable Outlook	IVR BBB-/ Stable Outlook	-	-
3.	Bank Guarantee	Short-term	2.00	IVR A3+	IVR A3		
4.	PSR Limit	Short-term	5.00	IVR A3+	IVR A3		

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details



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Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	-	Up to August 2028	14.16	IVR BBB/ Stable Outlook
Cash Credit	-	-	-	-	170.00	IVR BBB/ Stable Outlook
Bank Guarantee					2.00	IVR A3+
PSR Limit					5.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Mangalam-Global-de24.pdf>

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

Annexure 4: List of companies considered for combined analysis: Not Applicable

Name of the company	Approach*

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.