



Press Release

Mangalam Global Enterprises Limited (MGEL)

October 30, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term – Fund Based Facilities	190.98	IVR BBB-/ Stable (IVR Triple B minus with Stable Outlook)	Assigned	Simple
Short Term – Non Fund Based Facilities	7.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	197.98 (One Hundred and Ninety Seven crore and ninety eight lacs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of the Mangalam Global Enterprises Limited (MGEL) factors in the experience of its promoters, diversified revenue profile, locational advantage and adequate financial risk profile. The ratings are, however, constrained by profitability vulnerable to volatile raw material prices and agro-climatic risk and high volume low margin business model and intense competition.

Key Rating Sensitivities

Upward Factor

- Substantial and sustained improvement in revenue and profitability
- Substantial improvement in debt protection metrics
- Achievement of projected revenue and profitability



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Downward Factor

- Deterioration in revenue and/or profitability leading to deterioration in debt protection metrics.
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the company
- Any un-envisaged debt funded capital expenditure

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters of the company

The company is promoted by Ahmedabad based Mangalam Group. The Promoter of the Company are: Vipin Prakash Mangal, Chanakya Prakash Mangal and Chandragupt Prakash Mangal. Mr. Vipin Prakash Mangal has more than three decades of experience in trading business. Mr. Chankya Prakash Mangal and Mr. Chandragupt Prakash Mangal decided to join 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 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 agri products from FY21. Apart from this the company generates revenue as service provider for liaising and clearing service and from lease rentals



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Locational Advantage

Gujarat accounts for approximately 75% 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.

Adequate financial Risk Profile

The company has adequate net worth at around Rs 76.94 crs and capital structure is comfortably marked by moderate total outside liabilities to net worth of around 3.53 times for FY23. ISCR at 2.02 times and DSCR at 1.84 times is comfortable for FY23.

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 and other agro-based raw materials production can impact the production and pricing of products of the company. Moreover, MGEL is exposed to unexpected foreign exchange price movements, as the export realisations are generally in USD terms. However, the company generally takes recourse to mitigate the same through forward contracts.



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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 1.5-4% 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

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for manufacturing companies](#)

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

Liquidity- Adequate

The company had cash accruals of around Rs.14.91 crore as on March 31st 2023 and average utilization of bank limits is below 90% for the past 11 months. Current ratio of the company stood adequate at 1.17x as March 31st 2023.

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 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)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	1190.43	1225.85
EBITDA	11.08	24.50
PAT	3.92	11.89
Total Debt	98.91	224.03
Tangible Net Worth	60.94	76.94
Ratios		
EBITDA Margin (%)	0.93	2.00
PAT Margin (%)	0.33	0.97
Overall Gearing Ratio(x)	1.62	2.91

*As per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Cash Credit	Long Term	170.00	IVR BBB-/ Stable	-	-	-
2.	Term Loan	Long Term	20.98	IVR BBB-/Stable	-	-	-
3.	Bank Guarantee	Short Term	2.00	IVR A3	-	-	-
4.	PSR Limit – Hedging Limit	Short Term	5.00	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.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	170.00	IVR BBB/ Stable
Term Loan	-	-	Up to FY29	20.98	IVR BBB/ Stable
Bank Guarantee	-	-	-	2.00	IVR A3
PSR – Hedging Limit	-	-	-	5.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-MGEL-oct23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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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.

