

Mahalaxmi Malt Products Private Limited

February 19, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|---------------------------|------------------|---|--|
| Long Term Bank Facilities | 35.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Mahalaxmi Malt Products Private Limited (MMP) to monitor the rating vide e-mail communications/letters dated October 10, 2024; January 16, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on MMP's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING***.

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

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by MMP. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on February 07, 2024 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies).

Key weaknesses

Small albeit growing scale of operations: MMP's scale of operations stood small albeit growing as evident from total operating income (TOI) of Rs.100.80 crore and gross cash accruals (GCA) of Rs.3.51 crore respectively, during FY24 (refers to the period April 1 to March 31) as against Rs.88.23 crore and Rs.2.42 crore respectively, during FY23. Nevertheless, the scale remains small, it limits the company's financial flexibility in times of stress and deprives it of scale benefits. Though, the risk is partially mitigated by the fact that the MMP's scale of operations has been on a growing trend reflecting a compounded annual growth rate (CAGR) of about 20.65% during FY21-24.

Leveraged capital structure: The capital structure of the company stood leveraged on account of higher reliance on external borrowings to fund the incremental working capital requirements of business against the small tangible net worth base. The overall gearing ratio stood at 3.45x as on March 31, 2024 showing deterioration from 2.60x as on March 31, 2023 primarily on account of higher utilization of working capital borrowings to support the growing scale of operations. Further, the capital structure is expected to remain leveraged in the near to medium term due to high debt levels.

Foreign exchange fluctuation risk: MMP's export contribution to total sales stood around 18% for FY23 (PY: 15%). However, the raw material is mainly procured from domestic markets. With initial cash outlay for procurement in domestic currency and significant chunk of sales realization in foreign currency, the company is exposed to the fluctuation in exchange rates which the company does not hedge. Thus, MMP is exposed to fluctuations in the value of rupee against foreign currency which may impact its cash accruals and profitability margins. The risk is more evident now that the rupee has registered considerable volatility and could leave the company carrying costly inventory in case of sudden appreciation. Moreover, any change in government policies, either domestic or international is likely to affect the company's revenues. Earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non- tariffs barriers (restriction on the quality of imports), anti- dumping duties, international freight rates and port charges.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Susceptibility of profitability margins to commodity prices: MMP's profitability is highly susceptible by the movement in the prices of agro-commodities such as barley, millet, ragi, maize, wheat, kinko, etc. Being an agricultural commodity, its availability and volatile prices are dependent upon the various factors including the demand-supply dynamics prevalent in major crop growing nations, favourable weather conditions, crop pattern, minimum support prices (MSP) and other incentives and policies offered by Government of India (GoI) leading to volatility in the same which may adversely affect the profitability of the company. Any sudden spurt in raw material prices, may not be passed on to the customers completely owing to company's presence in highly competitive industry, may adversely affect the profitability of the company. Hence, the company needs to maintain a constant check on the price of agro-commodities and market movements to chalk out price fluctuation risk.

Presence in a highly fragmented and competitive nature of industry: The commodity nature of the product makes the industry highly fragmented with numerous players operating in the unorganized sector with very less product differentiation and due to the low initial capital expenditure requirement to enter into the market. In addition, launch of the innovative strategy (such as competitive pricing, aggressive advertisement campaign, celebrity endorsements, etc.) by organized players to gain market share has increased the competition intensity as well. This results in limited flexibility over product pricing for the players in the industry.

Key strengths

Experienced management coupled with long track record of operations: MMP is a family run business. The company is currently being managed by Mr. Murari Lal Bansal, Mrs. Poonam Bansal and Mr. Pranav Bansal. Mr. Murari Lal Bansal (Chairman & Director) has done B.E. (in chemical engineering) and has accumulated experience of more than three decades in the malted food products manufacturing business through his association with this entity. He is well supported by his wife and son namely; Mrs. Poonam Bansal and Mr. Pranav Bansal who holds an experience of varied up-to two decades in malted food products manufacturing business through their association with this entity. Further, they are also assisted by a team of qualified managerial personnel and a technical team having relevant experience in their respective fields.

Association with reputed customer base: MMP has been operational for more than three decades in malted foods business and has been able to establish healthy relationship with its customers. In light of the established relationship, the company has been able to acquire repeated orders from its existing customers. The company has established business alliance with reputed companies like Mondelez India Foods Private Limited, Hindustan Unilever Limited, The Kaira District Co-operative Milk Producers' Union (Amul), Parle Agro Private Limited, Pharmaceuticals & Medical Devices Bureau of India (PMBI), Patanjali Foods Limited, Indian Army, etc. Association with reputed customers coupled with repeated orders enhances the image of the company in the market regarding timely deliverables with sound product quality.

Moderate profitability margins and debt coverage indicators: The profitability margins of the company stood moderate during last four financial years (FY21-FY24); since the company maintains wide range of product portfolio wherein the margin largely depends upon category and quality of products manufactured as it involves high customization as per the specification of the clients. Further, the company also reaps benefits of its established image in the regional market. The PBILDT margin of the company improved and stood at 6.72% in FY24 as compared to 5.93% in FY23. Further, PAT margin also improved and stood at 2.31% in FY24 (PY:1.40%) backed by increased PBILDT levels. Going forward, with stable raw material prices coupled with rise in the prices of final product will lead to marginal improvement in PBILDT margins in the coming year.

Further, the debt coverage indicators of the company as marked by interest coverage ratio and total debt to GCA stood moderate at 2.55x and 9.59x respectively, in FY24 as against 2.32x and 8.03x respectively, in FY23. The deterioration is on account of increase in the finance cost owing to higher utilization of working capital borrowings leading to increase in total debt levels.

Moderate operating cycle: The operating cycle of the company stood moderate to 67 days in FY24 (PY: 55 days). The company is required to maintain adequate inventory of raw material for smooth running of its production processes and finished goods to ensure prompt delivery to its customers resulting in an average inventory holding period of around 54 days in FY24 (PY: 35 days). Further, the company offers credit period of around 1-2 months to its customers resulting in an average collection period of 31 days (PY: 33 days). Further, the company receives an average credit period of around a month from its suppliers.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|----------------------------|----------------------------|---------------|---------------------|
| Fast Moving Consumer Goods | Fast Moving Consumer Goods | Food Products | Other Food Products |

Palwal (Haryana) based, Mahalaxmi Malt Products Private Limited (MMP) was incorporated as a private limited company in February, 1992. The company is currently being managed by Mr. Murari Lal Bansal, Mrs. Poonam Bansal and Mr. Pranav Bansal. The company is engaged in the manufacturing of malted foods and blended nutritional products of different food grains (i.e., barley, wheat, ragi, millet) such as malt extract, malt extract powder, malted based foods, malted milk foods, etc. among others. The manufacturing facility of the company is located at Palwal, Haryana with an installed capacity to manufacture 60 MT per day of malt extract, 15 MT per day of malted based foods and 15 MT per day of malted milk foods as on March 31, 2023. The company sell malted based foods/ malted milk foods under its own brand name "Grow Vita" and malt extract/malt extract powder under the brand name "Mahalaxmi". The products manufactured by the company finds its application in diverse industries such as Confectionery, Bakery, FMCG, Pharmaceuticals, Beverages, Malted Food Industries, etc. It is also making export of its product to Malaysia, South Africa, Egypt, Nigeria, Singapore, etc.

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 74.64 | 88.23 | 100.80 |
| PBILDT | 3.75 | 5.23 | 6.77 |
| PAT | 0.95 | 1.24 | 2.33 |
| Overall gearing (times) | 1.87 | 2.60 | 3.45 |
| Interest coverage (times) | 2.80 | 2.32 | 2.55 |

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|-----------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|--|
| Fund-based - LT-Cash Credit | | - | - | - | 35.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1 | Fund-based - LT-Cash Credit | LT | 35.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE BB; Stable (07-Feb-24) | - | - |

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|-----------------------------|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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| Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in | Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in |
| Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in | Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in |
| | Arpit Garg Lead Analyst CARE Ratings Limited E-mail: arpit.garg@careedge.in |

About us:

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