M.G. Oils

September 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	110.00	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 Limited has been seeking information from M.G. Oils (MGO) to monitor the rating vide email communications dated September 01, 2025; August 05, 2025; and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited's opinion is not sufficient to arrive at a fair rating. Further, MGO has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on MGO'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.

The rating has been revised on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

Analytical approach: Standalone.

Outlook: Stable.

Detailed description of key rating drivers:

At the time of last rating on January 23, 2025, the following were the rating strengths and weaknesses :

Key Weaknesses

Moderation in financial performance in FY24 albeit improvement during 7MFY25

MGO has commenced its operation from February 2015 and shown healthy growth in scale over last five years. The trading sales increased during FY21 to FY23 due to the firm getting exclusive rights from the State Government for trading of edible oil in the state. During FY24, the trading of crude edible oil moderated which resulted in moderated TOI for the year to Rs 388.42 crore (FY23: Rs 837.46 crore), however, improved PBILTD margin of 2.94% (FY23: 1.39%). The firm has discontinued its trading business from FY25 onwards and is entirely focusing on refining business, since refining offers better value addition and superior margin.

Furthermore, the PBILTD margin remained at a similar level in 7MFY25 at 2.98% against turnover of Rs 295 crores.

Risk associated with partnership nature of constitution

Due to partnership nature of constitution, the firm is susceptible to the risk of withdrawal of partner's capital which might adversely affect the debt protection metrics of the firm or inhibit growth potential in near future. However, in last four years ending FY24, there were not any net withdrawal of capital by partners.

Leveraged capital structure and stretched debt protection metrices

The overall gearing of the firm moderated significantly as on March 31, 2024, due to infusion of unsecured loan in the capital structure along with increase in working capital utilisation of the firm. The overall gearing stood at 2.47x as on March 31, 2024 as against 1.92x as on March 31, 2023. The debt coverage ratios like TD/GCA stood at 18.90x and interest coverage ratio stood at 1.44x for FY24.

Going ahead, the capital structure is expected to remain on a similar level with projected increase in working capital borrowing in near term.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Intense competition in the edible oil industry along with risk of change in government policy
Indian edible oil industry is highly fragmented with presence of large no. of unorganized as well as large and organized players. Further, the edible oil production in India has remained stagnant over the years.

Additionally, MGO use crude edible oil (soya bean oil, palm oil, cotton seed oil, sunflower oil) as the key raw material for the refining process. Crude edible oil is produced from oil seeds as well as oil cakes through solvent extraction process, which are agricultural commodity, whose prices to a certain extent are affected by various factors like rainfall, area under cultivation, global pricing scenario (linked to global demand supply). Further, edible oil industry is also prone to any adverse changes in government policy.

Key Strengths

Experienced promoters having long presence in the edible oil industry
M G Oils was established in September 2013 by Mr. Vinod Kumar Bansal, Mr. Sunil Kumar Bansal and their family members for carrying out the edible oil refining activity for all varieties of crude edible oil. The Bansal family has been dealing in trading of edible oil in Khandwa for 150 years. The day to day operation of the firm is looked after by Mr. Sunil Bansal and Mr. Vinod Bansal, who have more than 20 years of experience in the edible oil industry. They are well supported by other partners and a team of professionals.

Established marketing setup and well diversified customer base
M G Oil purchases crude oil (in bulk) from various traders based out of India and finished products are sold to agro companies in states like Madhya Pradesh, Maharashtra, Uttar Pradesh, Gujarat, Delhi and Rajasthan as well as through agents and distributors. Furthermore, it also sells its products via brand name like "MG Gold", "Kadai" and "Good Fry" which however forms very small proportion of its revenue. The customer base is well diversified with only 31% revenue generated from top 10 customers in FY24. Currently, the firm is majorly focusing on 'Namkeen' producers due to stable demand and comparatively higher margin.

Satisfactory utilisation of refining capacity
Over the past three years, the capacity utilisation of the firm stood at a satisfactory level of more than 70%. The total refining capacity of M.G. Oils was 36,500 MTPA as on March 31, 2024 with capacity utilisation of 71%.
Furthermore, the company has successfully doubled its capacity at a project cost of Rs 34.27 crore and the current capacity stood at 73,000 MTPA (200 TPD from previous 100 TPD). During, 7MFY25, the firm refined a total of 31,126 MT with 73% capacity utilisation.

Applicable criteria
Information Adequacy Risk and Issuer Non-Cooperation
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	Agricultural Food & other Products	Edible Oil

M.G. Oils was incorporated on September 16, 2013 as a partnership firm. The entity is based on Khandwa (Madhya Pradesh), and is engaged in the business of trading of crude edible oil and edible oil refining business which includes soya bean oil, palm oil, sunflower oil, cotton seed oil, rice bran oil, Lin seed oil, Mustard oil, Groundnut Oil etc.
It operates from its sole manufacturing facility located at village Fatehpur, Khandwa (Madhya Pradesh) with an installed capacity of 200 MT per day of edible oil refining. The company also undertakes trading of imported crude edible oil.
The firm is managed by its four partners Mr. Sunil Bansal, Mr. Vinod Bansal, Mr. Vedant Bansal and Mr. Sidhant Bansal. The family has a history of trading in Edible Oil at Khandwa of more than 150 years old.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25 (UA)
Total operating income	837.46	388.42	294.73

PBILDT	11.65	11.43	8.19
PAT	4.08	1.54	-
Overall gearing (times)	1.92	2.47	-
Interest coverage (times)	2.40	1.78	-

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

Status of non-cooperation with previous CRA:
Brickwork has conducted the review based on best available information and has classified MGO as "Not cooperating" vide its press release dated March 14, 2025. The reason provided by Brickwork is inadequate information and lack of management cooperation.
CRISIL has conducted the review based on best available information and has classified MGO as "Not cooperating" vide its press release dated February 17, 2025. The reason provided by CRISIL is failure to receive information on either MGO's financial performance or strategic intent.
India Rating has conducted the review based on best available information and has classified MGO as "Not cooperating" vide its press release dated December 13, 2024. The reason provided by India Ratings is inadequate information and unable to conduct management interaction.
Infomerics has conducted the review based on best available information and has classified MGO as "Not cooperating" vide its press release dated August 14, 2024. The reason provided by Infomerics is absence of requisite information.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	92.08	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June 2029	17.92	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	92.08	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (23-Jan-25)	-	-
2	Fund-based - LT-Term Loan	LT	17.92	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (23-Jan-25)	-	-

*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
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Arindam Saha Director **CARE Ratings Limited** Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in Gopal Pansari Associate Director **CARE Ratings Limited** Phone: +91-033-40181647 E-mail: gopal.pansari@careedge.in Soumadip Kumar Lead Analyst **CARE Ratings Limited** E-mail: Soumadip.Kumar@careedge.in

About us:
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