Mangal Electrical Industries Limited

September 03, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	131.25	CARE A-; Stable / CARE A2+	Assigned
Long-term bank facilities	RBI	1.87	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Mangal Electrical Industries Limited (MEIL) derive strength from promoters' extensive experience in the electrical equipment industry and the company's comfortable financial risk profile, supported by fresh equity infusion through Initial Public Offer (IPO) in August 2025. Ratings also consider the company's growing scale of operations, which is expected to remain buoyant given a favourable demand outlook for transformers and its components, moderate profit margins, and adequate liquidity.

Ratings remain constrained by the company's working capital intensive operations, led by elevated inventory levels and a high collection period and implementation and stabilisation risk associated with an ongoing capex for expansion of the company's transformer manufacturing capacity. Ratings also factor in MEIL's presence in a highly competitive and fragmented transformer component business, marked by the presence of numerous organised and unorganised players, and the company's profitability susceptible to fluctuations in prices and availability of cold rolled grain-oriented (CRGO) steel.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in Total operating income (TOI) above ₹950 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.
- Improvement in working capital intensity, resulting in working capital cycle below 120 days.

Negative factors

- Decline in TOI below ₹500 crore or PBILDT margin below 7% on a sustained basis.
- Increase in working capital requirement or major debt funded capex resulting in significant weakening capital structure or liquidity on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that MEIL will benefit from its experienced promoters and growing demand for its products and will be sustaining its comfortable financial risk profile in the medium term.

Detailed description of key rating drivers

Key strengths

Experienced promoters with established industry presence

MEIL was incorporated in 2008 by Rahul Mangal and Ashish Mangal, who have over three decades of experience in electrical equipment industry. They have promoted MEIL and another entity Dynamic Cables Limited, which is an established manufacturer of conductors and cables. Rahul Mangal oversees strategic planning and implementation of MEIL's growth initiatives. Promoters' long-standing industry presence and MEIL's established operating track record have supported customer relationships. Promoters are supported by a qualified and experienced management team.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

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

Comfortable financial risk profile

The entity's capital structure improved and stood comfortable, as marked by an overall gearing of 0.14x as on March 31, 2026 (1.06x as on March 31, 2025). Improvement was due to profit accretion to reserves and receipt of IPO proceeds, leading to an increase in the net worth base to ₹590.18 crore as on March 31, 2026 (from ₹161.92 crore as on March 31, 2025).

Its debt profile largely comprises working capital and term debt. Owing to the utilisation of IPO proceeds towards debt prepayment, the company's total debt reduced to ₹83.05 crore as on March 31, 2026, from ₹171.51 crore as on March 31, 2025. With reduction in debt and sustained profitability, debt coverage indicators improved, as marked by PBILDT interest coverage of 5.89x in FY26 (5.48x in FY25) and total debt to gross cash accruals (TD/GCA) of 1.70x in FY26 (3.25x in FY25).

A strengthened net worth base and sustained accruals are expected to result in prudent debt levels and thus support its financial risk profile and debt coverage indicators in the near-to-medium term.

Growing scale of operations and moderate profit margins

MEIL's TOI grew at a compounded annual growth rate (CAGR) of ~28% for five years ended FY26. In FY26, TOI increased by ~5% to ₹579.81 crore from ₹550.48 crore in FY25, supported by ~28% growth in CRGO sales volumes due to higher demand for CRGO cut steel core laminations from transformer manufacturers, despite with lower realisations with moderation in its prices. The company generates majority (over 70%) of its TOI from transformer component segment, while the balance is from transformer and engineering, procurement, and construction (EPC) segments, which contributed 15% and 12% respectively, in FY26. Growth trajectory continued in Q1FY27 as well, with TOI increasing by 40% year-on-year to ₹125.83 crore. CareEdge Ratings expects MEIL to sustain its growing scale of operations, supported by continued growth in sales volumes.

PBILDT margin moderated by 331 bps to 11.81% in FY26 due to substantial decline in the CRGO prices in the year, which remained elevated in FY25. The trend continued in Q1FY27 as well, keeping the operating margin at a moderate level of 8.85%. However, with a moderate finance cost, profit after taxation (PAT) margin remained healthy at 7.45% in FY26 and 5.98% in Q1FY27. CareEdge Ratings expects profitability to remain moderate, in the near-to-medium term, supported by stable operating performance despite competitive pressures.

Key weaknesses

High working capital intensive operations

MEIL's key raw material, CRGO steel, is primarily procured through imports. While the company has diversified its supplier base by adding domestic wholesalers, procurement lead time remains moderately high. Consequently, inventory holding remained high at ~90 days historically and increased further to ~120 days in FY26 due to procurement of CRGO steel at lower prices, which is expected to support margins once prices stabilise. Collection period also remained elongated at 104 days in FY26 due to higher sales in H2FY26 and a credit period of 75-120 days extended to its customers. Supplier credit remains limited, as overseas raw material purchases are largely undertaken through letters of credit (LCs) or advance payments. Accordingly, average creditor days stood at 28 days in FY26 (24 days in FY25). As a result, the operating cycle elongated to 198 days in FY26 from 138 days in FY25.

CareEdge Ratings expects MEIL's working capital requirements to remain sizeable, given the long procurement cycle and customer credit period. Accordingly, efficient working capital management will remain crucial from the credit perspective.

Implementation and stabilisation risk associated with ongoing projects

MEIL is undertaking capex to expand its transformer business. The project will enable the company to manufacture high-voltage transformers and provide backward integration through tank fabrication facilities. With an estimated cost of ₹87.86 crore, the project will be entirely funded through IPO proceeds. It is expected that transformer facility will be commissioned by Q1FY28, while tank fabrication facility by FY28-end.

Given MEIL's established customer relationships and extensive industry presence, the risk associated with sales ramp-up, including achievement of the projected sales volume and realisation, is mitigated to a certain extent. However, project implementation risk, particularly regarding timely completion of project within estimated cost parameters, remains a critical factor from a credit perspective.

Intense competition in the industry, despite favourable demand outlook

The transformer laminations, cores, and coils manufacturing segment is highly fragmented, with the presence of organised and unorganised players, resulting in intense competition. Demand prospects remain healthy supported by expected growth in the transformer and its allied industries, driven by rising industrial energy demand and ongoing expansion of transmission and distribution infrastructure.

Vulnerability of profit margins to fluctuations in raw material prices
MEIL's operating margin is primarily affected by the fluctuations in CRGO steel prices, which is its major raw material. The company imports a significant portion of the raw material requirement, needing a longer lead time for procurement of raw material. It maintains variety of grades of CRGO, to timely cater to end-users' demand. This results in a sizeable inventory holding, and thus major fluctuation in the raw material prices may impact the company's operating margin. MEIL undertakes forex hedging against most of its imports, however, the company incurred a forex loss of ₹1.41 crore in FY26 (gain of ₹1.02 crore in FY25).

Liquidity: Adequate
The company's liquidity is adequate, supported by healthy cash accruals against the repayment obligations, moderate utilisation of working capital limits, and comfortable liquidity ratios.
MEIL is expected to generate GCA of over ₹50 crore in FY27 against modest debt repayment obligations of ₹3.5 crore. Cash flow from operations remained negative at ₹99.30 crore in FY26 due to significant funds being tied up in inventories and receivables, and advances paid to suppliers. However, working capital limit utilisation remained moderate at ~55-60% from 12 months ended July 2026, since large part of the working capital requirement was funded by IPO proceeds. The company has no major debt funded capex planned in near term, which shall further strengthen its liquidity. Current ratio and quick ratio remained comfortable at 4.95x and 3.24x as on March 31, 2026. Cash and liquid investments stood at ~₹91 crore as on March 31, 2026, largely comprising unutilised IPO proceeds to be deployed for capex (~₹86 crore committed towards capex).
CareEdge Ratings expects MEIL's liquidity to remain adequate over the near term, supported by healthy cash accruals, and limited debt repayment obligations. However, further elongation in the working capital cycle could put pressure on the operating cash flows, and thus, shall remain crucial from liquidity perspective.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

MEIL started operations in 1989 as a partnership firm. It was subsequently converted into a private limited company in 2008 and was reconstituted to public limited company in 2024. The company manufactures and supplies transformer components, including transformer laminations, CRGO slit coils, amorphous cores, and oil-immersed circuit breakers, among others. The company also manufactures transformers ranging from single-phase 5 kVA to three-phase 10 MVA (up to 33 KV class). MEIL offers EPC services for setting up electrical substations.
MEIL has five production facilities in Rajasthan. As on March 31, 2026, the aggregate installed capacity stood at 27,156 metric tonnes (MT) for CRGO products, 1,110 MVA for transformers, 1,62,000 units for ICBs, 3,960 MT for amorphous cores, and 840 MT for transformer tanks per annum.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	550.48	579.81	125.83
PBILDT*	83.24	68.48	11.13
Profit after tax (PAT)	47.31	43.17	7.52
Overall gearing (x)	1.06	0.14	NA
Interest coverage (x)	5.48	5.89	6.00

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Term Loan	RBI	Simple	-		-	31-07-2029	1.87	CARE A-; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	131.25	CARE A-; Stable / CARE A2+

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (28-Jul-25) 2)Withdrawn (28-Jul-25) 3)CARE B+; Stable; ISSUER NOT COOPERATING* (20-Jun-25)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (18-Jun-24)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (10-Apr-23)

2	Fund-based - LT/ ST-Cash Credit	LT/ST	-	-	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (28-Jul-25) 2)Withdrawn (28-Jul-25) 3)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (20-Jun-25)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (18-Jun-24)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (10-Apr-23)
3	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING* (28-Jul-25) 2)Withdrawn (28-Jul-25) 3)CARE A4; ISSUER NOT COOPERATING* (20-Jun-25)	1)CARE A4; ISSUER NOT COOPERATING* (18-Jun-24)	1)CARE A4; ISSUER NOT COOPERATING* (10-Apr-23)
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (28-Jul-25) 2)Withdrawn (28-Jul-25) 3)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (20-Jun-25)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (18-Jun-24)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (10-Apr-23)
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	131.25	CARE A-; Stable / CARE A2+				

6	Fund-based - LT-Term Loan	LT	1.87	CARE A-; Stable				

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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** Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Nikita Akhilesh Goyal Associate Director **CARE Ratings Limited** Phone: 079-40265670 E-mail: nikita.goyal@careedge.in Karan Mehta Lead Analyst **CARE Ratings Limited** E-mail: Karan.mehta@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com