Crisil Ratings

Rating Rationale

March 19, 2025 | Mumbai

Mangal Credit And Fincorp Limited

'Crisil BBB/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.200 Crore**
Long Term Rating	**Crisil BBB/Stable (Reaffirmed)**

Rs.32 Crore Non Convertible Debentures	**Crisil BBB/Stable (Assigned)**
Rs.18 Crore Non Convertible Debentures	**Crisil BBB/Stable (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its **'Crisil BBB/Stable'** rating to the non-convertible debentures of Mangal Credit And Fincorp Limited (MCFL). Crisil Ratings has also reaffirmed its 'Crisil BBB/Stable' rating on the outstanding bank facility and non-convertible debentures MCFL.

The rating continues to reflect the company's comfortable capital position, healthy profitability metrics and modest resource profile with increased diversification in lenders. These strengths are partially offset by moderate scale of operations with geographical concentration and average asset quality.

MCFL was incorporated in 2012 by acquiring a 50-year-old company, TAK Machineries & Leasing Ltd (TMLL), which was engaged in dealing in machinery and its leasing. The company was acquired in 2013 by its current promoter, Mr Meghraj Jain, who has extensive experience in the leasing and finance business and has over 25 years of experience in Jewelry business. Furthermore, the board and top management comprises professionals having extensive experience in banks, non-banking finance companies (NBFCs), microfinance institutions, housing finance companies, auditing and consulting firms.

Analytical Approach

Crisil Ratings has considered the standalone business and financial risk profiles of MCFL.

Key Rating Drivers & Detailed Description

Strengths:

- **Comfortable capital position:** MCFL's capital position is comfortable in relation to its current and expected scale of operations. As on December 31, 2024, networth was Rs. 137.6 crore with a gearing of 1.3 times as against Rs 127.3 crore and 1.1 times, respectively as on March 31, 2024 (Rs 111.9 crore and 0.8 time, respectively, as on March 31, 2023). Capital position is supported by timely capital infusion by promoters and healthy net accruals. Furthermore, as the secured segment contributes 57% of assets under management (AUM), the lower asset-side risk supports capitalisation. Since fiscal 2015, the promoters have infused Rs 25 crore in the company, of which Rs 7 crore was infused in fiscal 2024 by way of equity shares and warrants. The promoters are expected to infuse further Rs 11 crore in fiscal 2026 and would be willing to infuse capital in future as well, as and when required. Crisil Ratings believes MCFL will remain adequately capitalised over the medium term.

- **Healthy profitability metrics:** The company reported profit after tax of Rs 10.5 crore for nine months of fiscal 2025 and fiscal 2024, compared with Rs 7.9 crore in fiscal 2023. Return on assets (RoA) was 4.4% for fiscal 2024 and 4.6% for nine months of fiscal 2025 (annualised) (average of 4.6% for the past three fiscals). With branch additions and geographical diversification, operating cost elevated to 3.7% in fiscal 2024 from 3.3% on fiscal 2023. The operating cost stood at 3.7% for nine months of fiscal 2025. The operating expense is expected to remain elevated due to new branch openings and expansion of operations, though the existing branches will help generating positive returns. The company's ability to successfully scale up the portfolio while sustaining its earnings profile will remain a key monitorable.

- **Modest resource profile with increased diversification in lenders:** The company had borrowing of Rs 184.6 crore as on December 31, 2024, which consisted of bank and financial institutions loans (86.4%), loans from promoters (12.5%) and intercorporate loans (1.1%). The cost of borrowing stood at 8.5% in fiscal 2024, as against 7.6% in fiscal 2023. The cost of borrowings for the company increased to 10.8% for nine months of fiscal 2025. The company has been able to raise funds from a diverse pool of banks such as Federal Bank, State Bank of India, Indian Overseas Bank, ICICI Bank, Catholic Syrian Bank and City Union Bank. Apart from being in discussion with existing lenders for enhancement of lines, the company has recently raised funds from NBFCs such as Cholamandalam Finance, Poonawalla Fincorp, Tata Capital Ltd and Hinduja Leyland Finance. Its resource profile also benefits from the ability of promoters to infuse need-based funds to support business growth. Ability of the company to tap additional funding to support growth while maintaining overall cost of borrowing remains monitorable.

Weaknesses:

- **Moderate scale of operations with geographical concentration:** MCFL had AUM of Rs. 269.3 crore as on December 31, 2024 as against Rs 229.9 crore as on March 31, 2024 (Rs 161.1 crore as on March 31, 2023). While the company displayed healthy growth of 43% in fiscal 2024 and 55% in fiscal 2023, the scale of operations remain small. AUM comprise a wide range of asset classes including business loans (41%), gold loans (36%) and loans against property (21%) and personal loans (2%). Currently, the secured and unsecured portion is 57:43 ratio. The company has plans to increase its secured portfolio to 60% in fiscal 2025. Operations are geographically concentrated in three states: Maharashtra, Rajasthan and Gujarat, with Maharashtra dominating the portfolio at over 93%. The ability of the company to scale up its loan book while sustaining asset quality performance will remain a key monitorable.

- **Portfolio performance through cycles remains monitorable:** The 90+ days past due (dpd) of the company stood at 2.0% as on December 31, 2024 compared with 2.6% as on March 31, 2024. The asset quality was impacted on account of the lockdown imposed due to the Covid-19 pandemic; however, 90+ dpd improved since then due to stronger focus on collection. Between different asset classes, typically gold loan segment is the major contributor to 90+dpd. However, the entity is able to recover dues eventually in this segment, either through auction or repayments made by customers due to personal attachment to their belongings. As on December 31, 2024, gold loans had 90+ dpd of 1.45%, loan against property 0.15%, small and medium enterprises loans 3.43% and personal loans 2.94%.

  The strategic change from higher ticket size to lower ticket size loans has helped the company avoid concentration risk and improve asset quality metrics. The ability of the company to sustain the improvement in asset quality while scaling up portfolio and through cycles will be monitored closely.

Liquidity: Adequate

The company's asset-liability maturity profile was comfortable as on February 28, 2025, with positive mismatch across buckets up to one year. As on February 28, 2025, the company had liquidity of Rs 14.26 crore (including cash and cash equivalent of Rs. 7.56 crore and unutilized cash credit and working capital loan of Rs. 6.7 crore). Against this the company has a debt repayment of Rs. 18.79 crore from March 2025 to May 2025. Liquidity is further supported by commitment of support by promoters in case of exigencies.

Outlook: Stable

Crisil Ratings believes MCFL will maintain comfortable capitalisation over the medium term and will be able to raise funds at competitive costs.

Rating sensitivity factors

Upward factors:

- Significant improvement in scale of operations while maintaining asset quality and profitability
- Capitalisation metrics remaining comfortable, with gearing below 4 times

Downward factors:

- Adverse movement in asset quality with 90+ dpd exceeding 4% and its impact on earnings profile
- Weakening of capitalisation metrics, with significant increase in gearing while scaling up the portfolio

About the Company

MCFL is a non-deposit taking, non-systemically important NBFC set up in 2012. The company acquired TMLL, a company dealing in machinery and its leasing. It was acquired by the existing promoters in 2013. Based in Mumbai, the company is engaged in providing different types of loans to micro, small and medium enterprises in the form of business loans, loans against property, gold loans and personal loans.

Key Financial Indicators

As on / for the period ended	Unit	9M FY 2025*	Mar 24	Mar 23
Total assets	Rs crore	331	274	203
Total income	Rs crore	36.2	33.3	21.4
Profit after tax	Rs crore	10.5	10.5	7.9
90+dpd	%	2.0	2.6	2.2
Adjusted gearing	Times	1.3	1.1	0.8
Return on average assets	%	4.6	4.4	4.6

**Unaudited*

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook

NA	Non Convertible Debentures#	NA	NA	NA	32.00	Simple	Crisil BBB/Stable
NA	Non Convertible Debentures#	NA	NA	NA	18.00	Simple	Crisil BBB/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	140.66	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	10-Sep-25	8.24	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	25-Mar-26	5.80	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	31-Mar-27	22.91	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	30-Nov-25	7.39	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	05-Jul-26	5.00	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	29-Jun-28	10.00	NA	Crisil BBB/Stable

 # Yet to be issued

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	200.0	Crisil BBB/Stable		--	05-09-24	Crisil BBB/Stable	07-07-23	Crisil BBB/Stable		--	--
			--		--	03-07-24	Crisil BBB/Stable		--		--	--
			--		--	21-05-24	Crisil BBB/Stable		--		--	--
Non Convertible Debentures	LT	50.0	Crisil BBB/Stable		--	05-09-24	Crisil BBB/Stable	07-07-23	Crisil BBB/Stable	23-08-22	Crisil BBB/Stable	--
			--		--	03-07-24	Crisil BBB/Stable		--		--	--
			--		--	21-05-24	Crisil BBB/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	**140.66**	**Not Applicable**	**Crisil BBB/Stable**
Term Loan	**8.24**	**State Bank of India**	**Crisil BBB/Stable**
Term Loan	**5.8**	**State Bank of India**	**Crisil BBB/Stable**
Term Loan	**22.91**	**Indian Overseas Bank**	**Crisil BBB/Stable**
Term Loan	**7.39**	**ICICI Bank Limited**	**Crisil BBB/Stable**
Term Loan	**5**	**Cholamandalam Investment and Finance Company Limited**	**Crisil BBB/Stable**
Term Loan	**10**	**The Federal Bank Limited**	**Crisil BBB/Stable**

Criteria Details

Links to related criteria
[Basics of Ratings (including default recognition, assessing information adequacy)]
[Criteria for Finance and Securities companies (including approach for financial ratios)]

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