Lords Mark Industries Limited

(erstwhile Lords Mark Industries Private Limited)

May 20, 2025

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	186.03 (enhanced from Rs 149.25 crore)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Upgraded	Simple
2.	Short Term Bank Facilities	5.00	IVR A2 (IVR Single A Two)	IVR A3+ (IVR Single A Three Plus)	Rating Upgraded	Simple
	Total	**191.03**	**(Rupees One Hundred Ninety One Crore and Three Lakh only)**			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings (IVR) has upgraded the long-term rating to IVR BBB+ with a Stable Outlook and short-term rating to IVR A2 for the bank loan facilities of Lords Mark Industries Limited (LMIL).

The ratings upgrade reflects an improvement in the company’s financial risk profile, driven by an increase in the scale of operations and fresh equity infusion, resulting in a comfortable capital structure and improved debt protection metrics. The rating continues to draw comfort from the company’s long track record of operations, experienced promoters, and diversified business profile, coupled with a healthy order book position that provides revenue visibility over the medium term. However, these strengths are partially offset by the company’s elongated operating cycle, execution risks associated with government projects, and its exposure to the highly regulated pharmaceutical industry.

The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. IVR believes that the healthy order book will continue to support the company’s business & financials risk profile over the medium term.

IVR has principally relied on the standalone audited financial results of LMIL up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and three years projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), along with publicly available information/ clarifications provided by the company’s management.

Key Rating Sensitivities:

Upward Factors

- Sizeable growth in scale of operations & sustained improvement in profitability margins while maintaining the capital structure at a comfortable level.
- Improvement in debt protection metrics with DSCR remaining above 2x on sustained basis.

Downward Factors

- Significant or more than expected decline in operating income and/or profitability impacting the debt coverage indicators.
- Any major debt funded capex undertaken by the company resulting in deterioration of capital structure ratios.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations under experienced promoters:

The company has a long-track record of operations. Promoter started the business as a paper trader and expanded into renewable energy and pharma industry. The company has now become one of the key players in solar lighting and rooftop installation. Key promoter, Mr. Sachidanand Hariram Upadhyay, has more than two decades of experience across different business verticals. He is supported by a well-qualified and experienced team of management. The company has been able to diversify its product portfolio with experienced management and consequently resulted in established relationships with suppliers and customers over the years.

Diversified business profile with healthy order book position

The company has three diversified business divisions, i.e. Paper Products, Renewable Energy (Solar) and MedTech. In paper division, company supplies continuous computer stationery and copier paper to various government departments like Indian Railways, postal store depots of India Post, Indian Navy, Life Insurance Corporation of India (LIC) etc. Under the paper division company reported revenue of ~Rs. 74.90 crore in FY24 (9MFY25: Rs 59.38 crore). In the MedTech division, the company reported revenue of ~Rs. 175.12 crore in FY24 (9MFY25: Rs 198.02 crore). In both the divisions, the company gets regular running orders from the existing as well as from the new customers.

In renewable energy (solar) segment, the company executes government projects of solar lighting and solar rooftop installations mainly for Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA), Punjab Energy Development Agency (PEDA), Assam Power Distribution Company Limited (APDCL), Bihar Renewable Energy Development Agency (BREDA) etc. The revenue generated from solar segment was ~Rs.172.22 crore in FY24 (9MFY25: Rs 193.37 crore). In this division, the company has a healthy unexecuted orderbook for coming financial years which provides revenue visibility in the medium to long term.

Improved capital structure with healthy debt protection metrics

The capital structure of the company has improved in 9MFY25 reflected by the improved overall gearing ratio of ~0.54x as on Dec 31, 2024 against 1.87x as on March 31, 2024, on account of fresh equity infusion of ~Rs 250 crore. Total indebtedness remained comfortable as reflected by Total Outside Liabilities (TOL)/TNW of 0.51x as on Dec 31, 2024, as against 1.56x as on March 31, 2024. The debt protection metrics also remained comfortable marked by Interest Service Coverage Ratio (ISCR) at 2.15x in FY24 (PY: 1.99x) and Debt Service Coverage Ratio (DSCR) at 1.67x in FY24 (PY: 1.5x). Total debt to EBITDA ratio also improved and stood moderate at 4.19x in FY24 against 5.62x in FY23.

Key Rating Weaknesses

Elongated operating cycle

The company’s operating cycle, at 172 days in FY24 (PY: 176 days), continues to be capital intensive on account of moderately high debtors & inventory period against low credit period in FY24. The average collection period has shown a favorable declining trend from 230 days in FY22 to 118 days in FY23 and further to 98 days in FY24 reflecting improved realization of dues from government authorities. Nevertheless, the counterparty risk is partially mitigated given the company’s primary exposure to government clients.

Risk of delays involved in the government projects and highly regulated pharma industry:

LMIL in its solar division mainly executes government projects on Engineering, Procurement and Construction (EPC) mode. There always remains a possibility of delay from authority’s end related to allotment of tenders on a regular basis. There exists a risk in timely commissioning of solar power projects within predefined timelines and cost. One of the major revenue segments of the company is MedTech, which is highly regulated and hence requires multiples approval and licenses to operate smoothly. Therefore, further expansion of pharma division depends upon the company fulfilling necessary regulatory requirements.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria on assigning rating outlook

Policy on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Liquidity – Strong

The liquidity position of the company is strong supported by healthy cash and cash equivalents of ~Rs 110.85 crore as on Feb 28, 2025. It expects sufficient gross cash accrual (GCA) for the next three years as against debt repayment obligation of ~Rs. 8.00 crore per year. The current ratio of the company remained comfortable at 1.91x as on March 31, 2024. The average cash credit utilisation of the company remained moderately utilized at ~68% during the past 12 months ended February 2025.

About the Company

LMIL was incorporated in July 1998 with registered office in Mumbai. The company has three divisions namely MedTech, Renewable Energy & Paper. In MedTech division company is manufacturing In Vitro Diagnostics (IVD) products like rapid test kit for all therapy, biochemistry reagents, in its Vasai unit of Maharashtra. In Renewable Energy division, company undertakes solar rooftop and solar lighting installation projects in EPC mode. Company also manufactures solar based LED products and printed circuit boards. In paper division, company is engaged into paper slitting and manufacturing of continuous paper stationery and supply it to various government departments like LIC, Indian Railway, Indian Navy etc. The company is promoted by Mr. Sachidanand Hariram Upadhyay.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	301.08	422.24
EBITDA	22.53	35.74
PAT	5.68	11.70
Total Debt	126.63	149.86
Tangible Net Worth#	86.73	153.27
EBITDA Margin (%)	7.48	8.47
PAT Margin (%)	1.88	2.76
Overall Gearing Ratio# (x)	1.46	0.98
Interest Coverage (x)	1.99	2.15

** Classification as per Infomerics' standards. #Adjusted*

Status of non-cooperation with previous CRA:

- CARE Ratings Limited vide its press release dated May 08, 2025 has continued the ratings of the company under Issuer Not Cooperating category on account of non-submission of relevant information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Current Rating	Date(s) & Rating(s) assigned in 2024-25 (May 28, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (Mar 31, 2023)
1.	Fund Based Bank Facilities	Long Term	186.03	IVR BBB+/ Stable	IVR BBB/ Stable	-	IVR BBB-/ Stable
2.	Non-Fund Based Bank Facilities	Short Term	5.00	IVR A2	IVR A3+	-	IVR A3

Analytical Contacts:

Name: Vipin Jindal
Tel: (011) 45579024
Email: vipin.jindal@infomerics.com

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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).

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Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL	-	-	-	May 2026	1.05	IVR BBB+/Stable
GECL	-	-	-	Dec 2028	0.92	IVR BBB+/Stable
GECL	-	-	-	Jan 2028	1.33	IVR BBB+/Stable
GECL	-	-	-	Sep 2026	1.64	IVR BBB+/Stable
Term Loan	-	-	-	Apr 2027	7.26	IVR BBB+/Stable
Term Loan	-	-	-	Feb 2029	9.31	IVR BBB+/Stable
WCTL	-	-	-	Oct 2026	0.82	IVR BBB+/Stable
Term Loan	-	-	-	Jun 2042	14.00	IVR BBB+/Stable
Cash Credit	-	-	-	-	28.70	IVR BBB+/Stable
Cash Credit	-	-	-	-	18.00	IVR BBB+/Stable
Cash Credit	-	-	-	-	40.50	IVR BBB+/Stable
Cash Credit	-	-	-	-	7.50	IVR BBB+/Stable
Cash Credit	-	-	-	-	55.00	IVR BBB+/Stable
Letter of Credit	-	-	-	-	5.00	IVR A2

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-LMIL-may25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

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.