



Press Release

MLM India Limited

April 02, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	22.41	IVR BBB-/Stable [IVR Triple B minus with stable outlook]	-	Rating Assigned	Simple
Short Term Bank Facilities	27.59	IVR A3 [IVR A Three]	-	Rating Assigned	Simple
Total	50.00	[Rupees Fifty crore only]			

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned the long-term rating of IVR BBB- with a Stable outlook and short-term rating of IVR A3 to the bank loan facilities of MLM India Limited.

The rating assigned to MLM India Limited reflects its experienced management, established market position, and consistent revenue growth. The group benefits from its diversified product portfolio, strong operational efficiencies, and longstanding relationships with key clients. Additionally, stable profitability and a moderate financial risk profile support its credit standing. However, these strengths are partially offset by industry cyclicalities, intense competition, susceptibility to raw material price fluctuations, and working capital-intensive operations, which may impact overall profitability.

The 'Stable' outlook reflects expected increase in scale of operations along with profitability. IVR believes that MLM India limited will continue to benefit from the experience of the promoters.

IVR has principally relied on the combined audited financial results of MLM (India) Ltd, MLJ Industries Ltd, and Mitthan Lal Marketing Ltd 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.



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Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of business and improvement in profit margins leading to improvement in cash accruals and liquidity position.
- Sustained improvement in debt protection metrics, specific trigger for a rating upgrade includes TOL/ATNW less than 2.00 times on sustained basis.

Downward Factors

- Significant reduction in the scale of operations and profitability margins.
- Any significant rise in working capital intensity or unplanned capex leading to any deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths:

Established track record of operations and experienced management

The Mitthan Lal Group (MLG) includes MLM (India) Ltd, MLJ Industries Ltd, and Mitthan Lal Marketing Ltd, specializing in paper trading, importing, and manufacturing. With over four decades in the industry, MLG has a strong market presence. The group is led by Vinay Kumar Jain, over three decades of experience) and Meenakshi Jain, over two decades of experience).

Growing scale of operation

As per the combined financials of group, The total operating income of group has increased by ~12% in FY24 and stood at Rs. 547.25 crore compared to Rs. 487.12 crore in FY23. This change is attributed to an increase in sales volume along with slightly increase in the average price realization. The profitability of group in terms of EBITDA margin and PAT margin stood at 4.55% (PY: 4.36%) and 2.06% (PY: 2.03%) respectively in FY24. During FY24, EBITDA margin of has increased by 19 bps over FY23 mainly on account of decrease in raw material cost and increased in better average price realisation of products. Further PAT Margin increased by 3 bps and stood at 2.06% in FY24.

Comfortable Financial Risk Profile



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The group has moderate capital structure, as evidenced by Tangible Net Worth of Rs. 76.63 crore (PY: Rs. 65.08 Crore). The overall gearing ratio improved and stood at 1.70x as on March 31, 2024, compared to 1.62x as on March 31, 2023, on account of increase in TNW. The long-term debt to equity ratio stood at 0.10x as on March 31, 2024, compared to 0.17x as on March 31, 2023. Combined TOL/TNW of the group deteriorated from 2.39x in FY23 to 2.62x in FY24. The group's debt coverage metrics improved and remained moderated as of March 31, 2024. Interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) stood at 2.32x and 1.70x in FY2024 respectively, compared to an ISCR of 2.82x and DSCR of 1.81x in FY2023. Total debt to NCA stood at 9.85 years in FY24 (against 9.04 years in FY23).

Key Rating Weaknesses:

Cyclical and Competitive Dynamics in the Paper Industry

The Indian paper industry is small as compared to the global scale and domestic paper prices are largely determined by the international trends. Hence, global demand-supply balance impacts the price trend of the domestic industry. The key raw material used by the company is wastepaper, so any adverse raw material price fluctuation may result in negative impact on the profitability of the company.

High Competition and Low Entry Barriers in the Paper Industry

The paper and packaging industry is intensely competitive with numerous unorganized players due to low entry barriers and limited product differentiation, leading to limited pricing power. Due to highly fragmented and competitive nature of the industry, any increase in raw material cost cannot be easily transferred to consumers. In addition to that, company exposed to product concentration risk since it deals in a single product (kraft paper).

Analytical Approach: Combined

For arriving at the rating, Infomerics has taken the combined view of the business and financial risk profiles of MLM (India) Ltd, MLJ Industries Limited, and Mitthan Lal Marketing Ltd together referred to as Mitthan Lal Group (MLG). This is because the three companies are engaged in the same line of business, with common promoters and has operational & financial linkages



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Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of companies](#)

Liquidity – Adequate

The group has an adequate liquidity profile marked by adequate cushion in gross cash accruals vis-a-vis its debt obligations. The group's bank limits are utilized to an extent of ~73% for the last 12 months ended January 2025. The current ratio and quick ratio of the group stood at 1.23x and 0.77x respectively as on March 31, 2024(A). The unencumbered cash and bank balance as on March 31, 2024, is Rs 12.27 crore. Gross cash accrual for FY 2025 is estimated at Rs. 25.64 crore as against debt repayment of Rs. 2.52 crore.

About the Group

Mitthan Lal Group (MLG) comprises three entities: MLM India Limited, Mitthan Lal Marketing Limited, and MLJ Industries Limited. Delhi-based Mitthan Lal Marketing Limited (MLML), incorporated on February 18, 1994, is engaged in merchant trading of paper, paperboard, pulp, and specialty paper grades. The company, with its registered office in Delhi, is currently managed by Vinay Jain and Siddarth Jain.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	120.77	122.51
EBITDA	5.77	5.25
PAT	3.22	3.63
Total Debt	24.40	31.73



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Tangible Net Worth (including quasi equity)	24.87	28.46
EBITDA Margin (%)	4.78	4.29
PAT Margin (%)	2.65	2.90
Overall Gearing Ratio (x) (Including quasi equity)	0.98	1.11
Interest Coverage (x)	3.07	2.13

**Classification as per Infomerics Standard*

Status of non-cooperation with previous CRA: None

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based Facilities	Long Term	22.41	IVR BBB- /Stable	-	-	-
2.	Non-Fund Based Facilities	Short Term	27.59	IVR A3	-	-	-

Name and Contact Details of the Rating Analyst:

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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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	12.00	IVR BBB-/Stable
Letter of credit	-	-	-	-	24.00	IVR A3
CEL	-	-	-	-	1.16	IVR A3
Overdraft	-	-	-	-	2.43	IVR A3
Proposed	-	-	-	-	10.41	IVR BBB-/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-mlm-india-apr25.pdf>

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

Annexure 4: List of companies considered for consolidated analysis:

Name of the company	Combined Approach
MLM India Limited	Full Consolidation
Mitthan Lal Marketing Limited	Full Consolidation
MLJ Industries Limited	Full Consolidation

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.