May 09, 2025

MMTC - Pamp India Private Limited: Issuer rating withdrawn; ratings reaffirmed for bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]A+ (Stable), withdrawn
Long-term Fund-based – Working Capital Facilities	700.10	550.85	[ICRA]A+ (Stable), reaffirmed
Long-term Fund-based – Interchangeable	(1,000.00)	(1,075.00)	[ICRA]A+ (Stable), reaffirmed
Short-term – Non-Fund based – Working Capital Facilities	2,475.00	2,490.00	[ICRA]A1, reaffirmed
Short-term – Non-Fund based – Interchangeable	(490.00)	(350.00)	[ICRA]A1, reaffirmed
Long-term/ Short-term – Non-Fund based – Working Capital Facilities	95.00	95.00	[ICRA]A+ (Stable)/ [ICRA]A1, reaffirmed
Long-term/ Short-term – Non-Fund based – Interchangeable	(270.00)	(270.00)	[ICRA]A+ (Stable)/ [ICRA]A1, reaffirmed
Long-term/ Short-term – Unallocated Limits	736.90	871.15	[ICRA]A+ (Stable)/ [ICRA]A1, reaffirmed
Total	**4,007.00**	**4,007.00**	

**Instrument details are provided in Annexure I*

Rationale

While assigning the ratings, ICRA has considered the consolidated financial statements of MMTC - Pamp India Private Limited (MPIPL), along with its subsidiaries, PAMP Precision Manufacturing India Private Limited (PPMIPL) and PAMP Speciality Services Private Limited, owing to the substantial operational, managerial and financial linkages among them. MPIPL has also extended a corporate guarantee towards the borrowings of PPMIPL.

ICRA has withdrawn the issuer rating assigned to MPIPL at the request of the company and in accordance with ICRA's policy on withdrawal of credit ratings.

The reaffirmation of the ratings considers ICRA's expectation that MPIPL will continue to maintain its comfortable operating and financial performances over the medium term on the back of its established market position in the domestic gold refining industry, linkages with the MKS PAMP Group and favourable long-term demand prospects for gold in India. The company's operating income, on a standalone basis, fell by around 4% on a YoY basis to Rs. 26,833 crore in 9M FY2025, largely due to the decline in the volume of sales on the back of a steep rise in gold prices. ICRA notes that the operating profit margin of MPIPL, on a consolidated basis, rose to 2.2% in FY2024 from 0.9% in FY2023, mainly owing to gains in the form of savings in customs duty on import of gold dore from a few specified countries. However, the benefit of duty savings on sourcing of gold from those specified countries has not been availed since FY2025. This is likely to normalise the operating margin of the company and ICRA expects MPIPL's operating profit margin to sustain in the range of 0.8-0.9% p.a., supported by stable margins of the bullion business and rising share of the higher-margin retail and digital gold businesses.

The ratings continue to favourably factor in the company's healthy scale of operations with high quality standards, as reflected in its 'Good Delivery' accreditation of gold and silver by the London Bullion Market Association (LBMA), the only refinery in India to have such accreditation. Its strong technical and managerial linkages with the MKS PAMP Group also support the ratings. ICRA further notes the comfortable working capital intensity of operations, partly due to consignment-based import of gold dore, and the company's risk management policies to mitigate its exposure to volatility in gold prices and foreign exchange rates, providing visibility on the profit margins.

The ratings are, however, constrained by the leveraged capital structure and moderate coverage indicators of the company. Despite some improvement in FY2024, the leverage/ coverage metrics are likely to remain weaker than the rating category. However, the outside liabilities are largely against gold, which is a highly liquid asset and aids in mitigating the risks to a large extent. Nevertheless, the company's profitability remains susceptible to regulatory risks, including changes in the import duty differential between refined gold and gold dore, which is the main source of profits for the company and remain a key monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectations that MPIPL will continue to maintain its business position while sustaining the profitability level and generating adequate cash flows relative to its debt service obligations.

Key rating drivers and their description

Credit strengths

Large scale of operations with a healthy market share – MPIPL operates a state-of-the-art refinery in Haryana with a sizeable refining capacity of 300 tonnes per annum (TPA) of gold, 600 TPA of silver and minting 25 lakh coins per year. It is the largest gold refiner in India with a volume output of more than 70 TPA for the last few years, accounting for around 10% of total gold imported into the country. The company's superior scale of operations and strong market share are likely to benefit its business through economies of scale. Moreover, the company's focus and expansion plans into the higher-margin retail segments, comprising coins, D2C business and digital gold products, are expected to support its margin profile over the medium-to-long term.

Linkages with the MKS PAMP Group support operations – MPIPL has strong operational and managerial linkages with its parent, MKS PAMP Group, which is among the largest refiners and traders of precious metals in the world, based out of the UK. The strong parentage offers technical expertise for gold refinery, access to global raw material sourcing network and managerial support through nominated board members, which support MPIPL's operations. The company's superior refining capabilities are reflected in its accreditation as 'Good Delivery' for gold and silver by LBMA, the only refinery in India to have such accreditation. The MKS PAMP Group has also extended a letter of comfort to the lenders of MPIPL, which indicates the strength of linkages.

Comfortable working capital intensity of operations and adequate risk mitigation practices – MPIPL's working capital intensity of operations remains comfortable, as reflected in the net working capital relative to the operating income of less than 8% over the last few financial years, indicating a short cash conversion cycle. Its bullion business is undertaken on a cash-and-carry basis, mitigating any material counterparty credit risk. The inventory, imported gold dore, is purchased on credit either through credit lines offered by the suppliers under the consignment model or is backed by the letters of credit. While gold and silver prices are prone to high volatility, the company mitigates the risk through importing raw materials on an unpriced basis and fixing the rates simultaneously with the suppliers and buyers. This natural hedge also mitigates the foreign exchange rate fluctuation risk. The price risk is also partly hedged through financial derivatives. The company's registration under the Manufacturing and Other Operations in Special Warehouse Regulations, 2020 (MOOSWR) since May 2023, resulted in reduction in the working capital requirements in the form of prepaid customs duty, supporting its operations.

Credit challenges

Leveraged capital structure and moderate coverage indicators – MPIPL's financial risk profile remains constrained by high leverage, as reflected in TD/TNW of 1.6 times as on March 31, 2024, as the inventory is primarily funded through borrowings. While the company has negligible long-term term debt, a major portion of its debt is in the form of LC-backed creditors and working capital borrowings. Nevertheless, the short working capital cycle on account of sizeable inventory under the consignment model and highly liquid nature of gold inventory provide comfort. The TOL/TNW of MPIPL, on a consolidated basis, is likely to increase materially in FY2025 vis-à-vis FY2024 and would remain stretched and below the benchmark for the rating category. ICRA notes that MPIPL's interest cover improved to 9.1 times in FY2024 due to better profitability, supported by one-time gain. It is likely to normalise in the range of 2.5-3.0 times in FY2025, and thereafter.

Revenue and margins remain exposed to regulatory risks and volatility in demand for gold – The primary source of profit for MPIPL is the duty differential between import of refined gold and gold dore (currently at 65 basis points). This exposes the company's business model to regulatory changes. Any unfavourable change in the duty structure, as happened in the past, could have a material adverse impact on the company's profitability. Moreover, demand for gold is highly correlated with price fluctuation wherein periods of high volatility could result in muted demand for gold, impacting the company's revenue.

Liquidity position: Adequate

Significant dividend payout is estimated to result in negative cash flow from operations in FY2025. MPIPL had a free cash/ bank balance of around Rs. 200 crore as on December 31, 2024. ICRA expects the company, on a consolidated basis, to generate cash profits of Rs. 100-150 crore over the next few years. The company has nominal long-term debt repayment obligations, including lease liabilities. The average working capital utilisation of the company stood at a relatively lower level of around 36% during the last 15 months, ended in January 2025, leaving adequate buffer. ICRA expects the overall liquidity position of the company to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade MPIPL's ratings if there is a sustained improvement in the financial risk profile, leading to further strengthening of the liquidity position.

Negative factors – Pressure on MPIPL's ratings could arise if there is any regulatory development, adversely impacting its business prospects. Any change in financial policy, including dividend policy, impacting the cash flows of the company could also result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MPIPL, as enlisted in Annexure – II

About the company

MMTC – Pamp India Private Limited (MPIPL) is a joint venture between MMTC Limited (owning a 26.00% stake; a mini-ratna PSU) and PAMP Ventures SA (holding a 72.65% stake; a part of the MKS PAMP Group). The company is the largest refiner of gold and silver in India with a capacity to process 300 metric tonnes per year of gold, 600 metric tonnes per year of silver and mint 25 lakh coins per year. It is the only refiner in India to have 'Good Delivery' accreditation for gold and silver by the London Bullion Makers Association. MPIPL has two wholly-owned subsidiaries, namely – PAMP Speciality Services Private Limited (PSSPL) and Pamp Precision Manufacturing India Private Limited (PPMIPL).

PSSPL does not have any operation at present. In September 2024, the board of directors of the company has approved voluntary liquidation of the company and accordingly, has appointed an official liquidator.

PPMIPL was incorporated in 2020 and the company commenced its operations with the manufacturing of electrical contacts/ silver wire/ anodes in FY2022. In FY2024, the management of PPMIPL decided to wind up its electrical contacts manufacturing division. Accordingly, the company diversified its business into refining/ recovery/ processing of precious metals from various inputs like sludge, ashes and sweeps, e-waste etc. The manufacturing facilities of the company are located in Haryana. Apart from equity investment, MPIPL extended loans/ advances to PPMIPL to support its operations. MPIPL has also extended legally enforceable, irrevocable, unconditional corporate guarantee in favour of PPMIPL for availing bank facilities to the extent of Rs. 25 crore.

Key financial indicators (audited)

MPIPL	Standalone			Consolidated	
	FY2023	FY2024	9M FY2025*	FY2023	FY2024
Operating income	31,514.1	37,870.1	26,833.0	31,519.9	37,868.8
PAT	118.6	476.8	58.4	111.7	464.4
OPBDIT/OI	1.2%	2.5%	0.8%	0.9%	2.2%
PAT/OI	0.4%	1.3%	0.2%	0.4%	1.2%
Total outside liabilities/Tangible net worth (times)	7.1	2.8	5.2	7.4	2.9
Total debt/OPBDIT (times)	6.1	1.5	5.0	8.4	1.7
Interest coverage (times)	3.8	10.4	2.5	2.8	9.1

*Source: MMTC – Pamp India Private Limited, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Note: LC-backed creditors have been reclassified as borrowings.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**May 9, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Issuer Rating	Long Term	-	**[ICRA]A+ (Stable), withdrawn**	Jul 17, 2024	[ICRA]A+ (Stable)	Mar 31, 2024	[ICRA]A+ (Stable)	-	-
Fund-based – Working Capital Facilities	Long Term	550.85	**[ICRA]A+ (Stable)**	Jul 17, 2024	[ICRA]A+ (Stable)	Mar 31, 2024	[ICRA]A+ (Stable)	-	-
Fund-based – Interchangeable^	Long Term	(1,075.00)	**[ICRA]A+ (Stable)**	Jul 17, 2024	[ICRA]A+ (Stable)	Mar 31, 2024	[ICRA]A+ (Stable)	-	-
Non-Fund based – Working Capital Facilities	Short Term	2,490.00	**[ICRA]A1**	Jul 17, 2024	[ICRA]A1	Mar 31, 2024	[ICRA]A1	-	-
Non-Fund based – Interchangeable#	Short Term	(350.00)	**[ICRA]A1**	Jul 17, 2024	[ICRA]A1	Mar 31, 2024	[ICRA]A1	-	-
Non-Fund based – Working Capital Facilities	Long Term/ Short Term	95.00	**[ICRA]A+ (Stable)/ [ICRA]A1**	Jul 17, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Mar 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-
Non-Fund based – Interchangeable$	Long Term/ Short Term	(270.00)	**[ICRA]A+ (Stable)/ [ICRA]A1**	Jul 17, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Mar 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-
Unallocated Limits	Long Term/ Short Term	871.15	**[ICRA]A+ (Stable)/ [ICRA]A1**	Jul 17, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Mar 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-

^ Fund-based working capital facilities are the sub-limit of letter of credit

 # Letter of credit is the sub-limit of fund-based working capital facilities

$ Bank guarantee is the sub-limit of letter of credit/ fund-based working capital facilities

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Working Capital Facilities	Simple
Long-term fund-based – Interchangeable	Simple
Short-term non-fund based – Working Capital Facilities	Very Simple
Short-term non-fund based – Interchangeable	Very Simple
Long-term/ Short-term non-fund based – Working Capital Facilities	Very Simple
Long-term/ Short-term non-fund based – Interchangeable	Very Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer Rating	NA	NA	NA	-	[ICRA]A+ (Stable), withdrawn
NA	FBWC Facilities 1^	-	-	-	(600.00)	[ICRA]A+ (Stable)
NA	FBWC Facilities 2^	-	-	-	(400.00)	[ICRA]A+ (Stable)
NA	FBWC Facilities 3	-	-	-	450.00	[ICRA]A+ (Stable)
NA	FBWC Facilities 4	-	-	-	100.00	[ICRA]A+ (Stable)
NA	FBWC Facilities 5^	-	-	-	(75.00)	[ICRA]A+ (Stable)
NA	FBWC Facilities 6	-	-	-	0.10	[ICRA]A+ (Stable)
NA	FBWC Facilities 7	-	-	-	0.75	[ICRA]A+ (Stable)
NA	Letter of Credit 1	-	-	-	600.00	[ICRA]A1
NA	Letter of Credit 2	-	-	-	400.00	[ICRA]A1
NA	Letter of Credit 3#	-	-	-	(350.00)	[ICRA]A1
NA	Letter of Credit 4	-	-	-	480.00	[ICRA]A1
NA	Letter of Credit 5	-	-	-	150.00	[ICRA]A1
NA	Letter of Credit 6	-	-	-	800.00	[ICRA]A1
NA	Bank Guarantee 1$	-	-	-	(100.00)	[ICRA]A+ (Stable)/ [ICRAA1
NA	Bank Guarantee 2$	-	-	-	(150.00)	[ICRA]A+ (Stable)/ [ICRAA1
NA	Bank Guarantee 3	-	-	-	95.00	[ICRA]A+ (Stable)/ [ICRAA1
NA	Bank Guarantee 4$	-	-	-	(20.00)	[ICRA]A+ (Stable)/ [ICRAA1
NA	LER/ CEL 1	-	-	-	15.00	[ICRA]A1
NA	LER/ CEL 2	-	-	-	25.00	[ICRA]A1
NA	LER/ CEL 3	-	-	-	20.00	[ICRA]A1
NA	Unallocated Limits	-	-	-	871.15	[ICRA]A+ (Stable)/ [ICRAA1

Source: MMTC - Pamp India Private Limited

^ Fund-based working capital facilities are the sub-limit of letter of credit

 # Letter of credit is the sub-limit of fund-based working capital facilities

$ Bank guarantee is the sub-limit of letter of credit/ fund-based working capital facilities

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	MPIPL's Ownership	Consolidation Approach
PAMP Speciality Services Private Limited	100.00%	Full Consolidation
PAMP Precision Manufacturing India Private Limited	100.00%	Full Consolidation

Source: MMTC - Pamp India Private Limited

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