



Press Release
METALLOYS RECYCLING LIMITED
August 14, 2025
Rating Assigned and Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|--|-------------------|
| Bank Loan Ratings | 7.60 | ACUITE BBB- Stable Assigned | - |
| Bank Loan Ratings | 81.00 | ACUITE BBB- Stable Reaffirmed Negative to Stable | - |
| Total Outstanding Quantum (Rs. Cr) | 88.60 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-’**(read as **ACUITE triple B minus**)on Rs.81.00 Cr. bank facilities of Metalloys Recycling Limited (MRL). The outlook is revised from ‘**Negative**’ to ‘**Stable**’. Further, Acuite has assigned the long-term rating of ‘**ACUITE BBB-’** (read as **ACUITE triple B minus**)on the Rs. 7.60 crore bank facilities of Metalloys Recycling Limited. The outlook is ‘**Stable**’.

Rationale for Rating

The revision in outlook reflects the steady scale of operations backed by marginal increase in operating income and stable operating margin. However, the profitability of the company declined due to high interest costs post removal of subvention of interest expenses on export packing credit facility.

The company is in the process of merging with Nico Extrusions Limited (NEL) which is in related business and the merger scheme has been submitted to National Company Law Tribunal (NCLT) in March 2024. The merger between MRL and NEL is pending before the NCLT and expected to be completed by end of FY26. This will boost the present business risk profile and aid in scaling up the operations. The merger remains a key monitorable factor. The company has a moderate financial risk profile marked by increase in networth due to accretion of reserves, high gearing and moderate debt protection metrics. While the working capital cycle has marginally improved but remains intensive due to inventory days. Furthermore, the company's liquidity position continues to remain adequate backed by sufficient accruals against debt repayments, comfortable current ratio and partially debt funded capex plans. The rating draws benefit from the management's extensive experience in the scrap recycling sector and established relationship with customers and suppliers. However, the rating is constrained by presence in the cyclical steel industry leading to pressure on margins and susceptibility to foreign currency fluctuations.

About the Company

Incorporated in 1987, MRL is a Mumbai based company promoted by Mr. Ambalal Porwal and Mr. Vijay Mohanlal Porwal, who possesses over 3 decades of experience in the industry. The company is engaged in the processing and trading of secondary ferrous and non-ferrous metals, and its main products are copper scrap, aluminium scrap, zinc scrap, brass scrap, magnesium scrap, nickel scrap and blended stainless-steel scrap. The products sold by MRL are used as basic raw materials for various copper alloys, various grades of brass, zinc alloys, aluminium alloys, nickel alloys and stainless-steel production. MRL’s processing unit is located at Kalyan (Thane), and office in Andheri (Mumbai). Present directors of the company are Mr. Ambalal Mohanlal Porwal, Mr. Vijay Mohanlal Porwal, Mr. Shernikkumar Ranjitmalji Shah, Mr. Ratan Lal Narayan Jain, and Mrs. Nirmala Vijay Porwal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of the company to arrive at the rating.

Key Rating Drivers

Strengths

Benefits derived from experience management

MRL is being promoted by Mr. Ambalal Mohanlal Porwal, Mr. Vijay Mohanlal Porwal, Mr. Shernikkumar Ranjitmalji Shah, Mr. Ratan Lal Narayan Jain, and Mrs. Nirmla Vijay Porwal who possess over 3 decades of experience in the industry. The extensive experience of the promoters and the established presence of the company has helped in maintaining healthy relations with reputed customers and suppliers. Acuite believes that the company will benefit from its experienced management and strong relation with its customers and suppliers.

Steady scale of operations

The operating income stood at Rs. 460.84 crore in FY2025 (Prov.) as against Rs. 431.40 crore in FY2024. This is mainly due to increase in sales volume and better price realizations of aluminium and stainless scrap and contributions from new products i.e. PCB Scrap and non-metallic waste hard rubber. The outstanding order book stood at Rs.79.32 Cr. as of July 2025 with a rolling pipeline of new orders.

The operating margin of the company remained at similar levels which stood at 3.20 percent in FY2025 (Prov.) as against 3.18 percent in FY2024. Forex fluctuations would remain a key monitorable factor as 90% of the raw materials are imported. The employee costs have decreased in FY25 (Prov.) as company is moving towards automation process, reducing reliance on manual labour. This shift is expected to continue, leading to further cost efficiencies in the coming years. The PAT margins stood at 0.96 percent in FY2025 (Prov.) as against 1.19 percent in FY2024 mainly due to increase in interest costs by 3% post removal of interest subvention on Export Packing Credit facility. Acuite believes the scale of operations will improve over the medium term backed by order inflow, merger plan and expansion in capacity plans.

Moderate Financial Risk profile

The company has a moderate financial risk profile marked by steady net worth, high gearing and moderate debt protection metrics. The tangible net worth stood at Rs. 65.92 crore as on FY2025 (Prov.) as against Rs. 61.50 crore as on FY2024 due to small accretion to reserves. Gearing levels (debt-to-equity) weakened slightly and stood at 1.40 times in FY2025 (Prov.) as against 1.34 times in FY2024 due to higher short-term borrowings for working capital requirements and debt undertaken for capex plans. The Total outside liabilities to total net worth (TOL/TNW) stood at 1.72 times as on FY2025 (Prov.) compared to 1.82 times as on FY2024. The debt protection metrics of the company stood moderate as indicated from the interest coverage ratio at 2.12 times for FY2025 (Prov.) as against 2.77 times in FY2024 and Debt Service Coverage Ratio stood at 1.40 times in FY2025 (Prov.) as compared to 1.49 times in FY2024. Acuite believes that going forward, the financial risk profile of MRL will continue to remain on similar lines backed by partially debt funded capex plans and merger plans.

Weaknesses

Intensive working capital cycle

The working capital cycle was intensive as reflected from GCA days of 129 days in FY2025 (Prov.) as against 135 days in FY2024. Inventory days stood at 78 days in FY2025 (Prov.) as against 88 days in FY2024, due to mixed scrap usage and raw material buildup for new capacity. Debtor days improved to 18 days in FY2025 (Prov.) as compared to 30 days in FY2024. The credit terms with customers are on average of ~15-30 days. Further, Creditor days stood at 11 days in FY2025 (Prov.) as compared to 21 days in FY2024. The credit term terms with suppliers are 30 days. Acuite believes that the working capital cycle is likely to remain at similar levels over the medium term.

Intense Competition and Volatility in Raw Material Prices

The industry remains fragmented and unorganized due to presence of various players with limited differentiation in end products. The industry is also exposed to cyclicity and volatility of raw material prices. Such volatility leads to pressures on profitability margins as is reflected from operating margin of 3.20 percent in FY2025 (prov.) compared to 3.18 percent in FY2024. Acuite believes that the operating margin would continue to remain susceptible to changes in volatility of pricing of raw materials as well as competition in the steel industry.

Rating Sensitivities

Timely merger with Nico Extrusion Limited
Movement in operating income and profitability margins
Working capital cycle
Debt protection metrics

Liquidity Position Adequate

The company's liquidity is adequate backed by reduced but sufficient Net Cash Accruals (NCA) of Rs. 5.91 crore against Long-Term Debt Repayment (CPLTD) of Rs. 2.18 crore in FY2025 (prov.). Additionally, the Current Ratio stood comfortable at 1.49 times in FY2025 (Prov.). The working capital limits are utilized high at ~95 percent on consolidated basis for 12 months ended March 2025. The cash and bank balance stood at Rs. 3.53 crore as on FY2025 (Prov.). Furthermore, the company has capex plans to enhance their scale of operations which is expected to be funded by a mix of external debt and internal accruals. Acuite expects liquidity profile of the company to remain adequate due to sufficient accruals against debt repayments, moderate current ratio, high bank limit utilization and partially debt funded capex plans over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 460.84 | 431.40 |
| PAT | Rs. Cr. | 4.43 | 5.14 |
| PAT Margin | (%) | 0.96 | 1.19 |
| Total Debt/Tangible Net Worth | Times | 1.40 | 1.34 |
| PBDIT/Interest | Times | 2.12 | 2.77 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|----------------------------------|-----------|-----------------|--|
| 17 May 2024 | Cash Credit | Long Term | 7.23 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 23.00 | ACUITE BBB- Negative (Assigned) |
| | Cash Credit | Long Term | 5.10 | ACUITE BBB- Negative (Assigned) |
| | Cash Credit | Long Term | 24.50 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 6.63 | ACUITE BBB- Negative (Assigned) |
| | Cash Credit | Long Term | 5.77 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 7.50 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 1.27 | ACUITE BBB- Negative (Assigned) |
| 26 Apr 2024 | Cash Credit | Long Term | 7.50 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 5.77 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 24.50 | ACUITE BBB- Negative (Reaffirmed) |
| | Cash Credit | Long Term | 7.23 | ACUITE BBB- Negative (Reaffirmed) |
| 01 Feb 2023 | Cash Credit | Long Term | 7.50 | ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable) |
| | Cash Credit | Long Term | 5.77 | ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable) |
| | Cash Credit | Long Term | 24.50 | ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable) |
| | Cash Credit | Long Term | 7.23 | ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable) |
| 21 Nov 2022 | Cash Credit | Long Term | 7.50 | ACUITE BB+ Stable (Reaffirmed) |
| | Cash Credit | Long Term | 5.77 | ACUITE BB+ Stable (Reaffirmed) |
| | Cash Credit | Long Term | 24.50 | ACUITE BB+ Stable (Reaffirmed) |
| | Cash Credit | Long Term | 7.23 | ACUITE BB+ Stable (Reaffirmed) |
| 24 Jan 2022 | Cash Credit | Long Term | 3.50 | ACUITE BB+ Stable (Upgraded from ACUITE BB- Stable) |
| | Proposed Long Term Bank Facility | Long Term | 3.73 | ACUITE BB+ Stable (Upgraded from ACUITE BB- Stable) |
| | Cash Credit | Long Term | 24.50 | ACUITE BB+ Stable (Upgraded from ACUITE BB- Stable) |
| | Cash Credit | Long Term | 5.77 | ACUITE BB+ Stable (Upgraded from ACUITE BB- Stable) |
| | Cash Credit | Long Term | 7.50 | ACUITE BB+ Stable (Upgraded from ACUITE BB- Stable) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|---------------------|----------------------|----------------|----------------------|----------------------|----------------------|-------------------|------------------|--|
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 16.00 | Simple | ACUITE BBB- Stable Reaffirmed Negative to Stable |
| Union Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 29.60 | Simple | ACUITE BBB- Stable Reaffirmed Negative to Stable |
| Yes Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 23.00 | Simple | ACUITE BBB- Stable Reaffirmed Negative to Stable |
| HDFC Bank Ltd | Not avl. / Not appl. | Packing Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 12.40 | Simple | ACUITE BBB- Stable Reaffirmed Negative to Stable |
| HDFC Bank Ltd | Not avl. / Not appl. | Packing Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 7.60 | Simple | ACUITE BBB- Stable Assigned |

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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