



Press Release
ASTON PROCESSORS LIMITED
January 31, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	93.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	67.00	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	160.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE Triple B minus**) and short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs. 160.00 Cr. bank facilities of Aston Processors Limited (APL). The outlook is ‘**Stable**’.

Rationale for rating

The rating assigned factors in the experienced management and improving scale of operations on the back of commencement of manufacturing Segment. The rating also draws comfort from efficient working capital management along with adequate liquidity. However, the rating is constrained by moderate financial risk profile, susceptibility to risks related to volatility in raw material prices and exposure to forex exchange fluctuation risk.

About the Company

Incorporated in 2019, Aston Processors Limited (APL) is a Maharashtra based company, engaged in trading and manufacturing of Highly Advanced Copper wire rods. It is also engaged in processing of aluminium and copper scrap. The Directors of the company are Mr. Anand Devendra Tiwari, Mr. Madhusudan Birla, Mr. Shivam Kumar Gupta, Mr. Pijush Kanti Mazumder, Mr. Chirag Dinesh Majithia, Mrs. Tanvi Ritesh Brahmabhatt and Mr. Datta Shashikant Joshi. It has processing and manufacturing facilities in Boisar, Maharashtra.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of APL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management with strong sourcing ability of the Argo group

The company is managed by Mr. Anand Tiwari and a team of experienced personnel. The directors possess over a decade of experience in this line of business. The longstanding experience of the promoters has helped the company establish strong relationships with key suppliers and customers.

APL is part of Singapore based ARGO Group, where promoters of APL have common interest. The group has been active in scrap sourcing from international markets and processing of the same for over a decade, establishing strong connections and negotiations with scrap suppliers worldwide. Its network includes suppliers from countries such as Singapore, the UK, the UAE, the USA, Saudi Arabia, Finland, Spain, and others. Leveraging on the group's ability to source scrap from yards across the globe is a key strength of APL that sets it apart from its competitors in terms of quality and pricing.

Acuite believes that the company will benefit from the experienced management team and its sourcing ability from the international market in the medium to long term.

Significant Improvement in operating performance

In FY24, APL reported revenue of Rs. 426.09 Cr. as against Rs. 423.97 Cr. reported in FY23, which predominately includes revenue from trading and scrap processing activity. In FY25 the company shifted its focus to the manufacturing segment. In May 2024, the company launched its copper wire rods (CCR) production line. This forward integration supported the improved scale of operations, with revenue of Rs. 783.1 Cr. reported in 9MFY25. Furthermore, the company is expected to achieve revenue of around Rs. 1,100.00 Cr. in FY25. The scale of operations is expected to improve further with commencement of installed capacities in the remaining two furnaces in FY26. The operating margin stood at 2.20 per cent in FY24, a slight improvement from 2.00 per cent in FY23, driven by better realizations from copper scrap and the trading of copper wire. The Profit After Tax margin for FY24 stood at 1.07 per cent, compared to 0.95 per cent in FY23.

Acuite believes that the operating performance of the company is expected to improve further on the back of augmentation of capacities and traction in manufacturing activities.

Efficient Working Capital Management

The working capital operations of the company are efficient in nature, marked by a GCA of 44 days in FY 2024, compared to 28 days in FY 2023. The debtor days stood at 11 days as of March 31, 2024, compared to 9 days as of March 31, 2023. The average collection period is around 15 days. The inventory days for the company stood at 18 days in FY 2024, compared to 12 days in FY 2023. Additionally, creditor days stood at 16 days in FY 2024, compared to 25 days in the previous year. Furthermore, the reliance on working capital limits remained moderate, with utilization at around 62 percent over 6 months ending November 2024.

Acuite believes that working capital requirements are expected to remain efficient of the company over the medium term.

Weaknesses

Moderate Financial Risk Profile

The financial risk profile of the company is moderate on account of moderate net worth, relatively high gearing and moderate debt protection metrics. The net worth of the company stood at Rs.21.52 Cr. as on 31st March 2024 as compared to Rs 16.96 Cr. as on 31st March 2023. The gearing of the company stood high at 2.23 times as on 31st March 2024, compared to 0.24 times as on 31st March 2023. Further, debt protection metrics stood moderate with the Interest Coverage Ratio (ICR) at 2.91 times in FY 2024, compared to 2.93 times in FY 2023. The debt service coverage ratio (DSCR) stood at 2.35 times in FY2024 as compared to 2.45 times in the previous year. The Net Cash Accruals to Total Debt (NCA/TD) stood at 0.10 times in FY 2024 compared to 1.06 times in the previous year.

In FY24, the company installed its copper wire rods (CCR) manufacturing unit, and in FY25, it began production of CCR. The current production capacity of Furnace 1 is approximately 1,800-2,000 MT per month, with preprocessing capacity at around 200-300 MT per month. The total capital expenditure for the setup is approximately ₹20.00 Cr., of which ₹11.00 Cr. was financed through term loans. The company plans to launch Furnace 2 in FY26, with a projected capacity of 2,200-2,400 MT per month, at an estimated cost of ₹3-4 Cr. In H1FY2025, there is an infusion of equity capital in the company to the tune of around Rs. 25.00 Cr. which is expected to improve its financial risk profile further with an expected Debt to equity at ~1.82 times and DSCR at ~1.31 times in FY25.

Acuite believes the financial risk profile is likely to remain moderate over near to medium term backed by debt funded capex.

Susceptibility to risks related to volatility in raw material prices

APL is exposed to fluctuations in raw material prices, as the price of the key input, copper scrap /plates, is volatile, any increase cannot be immediately and fully passed on to customers. Hence, profitability remains susceptible to adverse fluctuations in raw material cost.

Foreign exchange fluctuation risk

The company imports around 50 per cent of copper and aluminium scrap from foreign countries, thus its business remains exposed to fluctuations in foreign exchange rates, thereby affecting its revenues and margins. Although there have been no instances of major losses in the recent past, the company remains susceptible to foreign exchange rate fluctuations over the medium term.

Rating Sensitivities

Ability to continuously improve its scale of operations and profitability.

Changes in financial risk profile owing to higher than envisaged debt funded capex

Deterioration in Working capital cycle

Liquidity Position

Adequate

The company's liquidity position is marked as adequate, on account of its steady net cash accruals of Rs. 4.78 Cr. in FY2024 as against its maturity debt obligations of around Rs. 0.09 Cr. Further, it is expected that the company will generate cash accruals in the range of Rs. 10.69 – Rs. 22.17 Cr. as against maturing repayment obligations of around Rs.3.05 – Rs.4.55 Cr. over the medium term.

Acuite believes that liquidity position of the company will continue to remain adequate with steady cash accruals and buffer available from the moderately utilised working capital limits.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	426.09	423.97
PAT	Rs. Cr.	4.56	4.04
PAT Margin	(%)	1.07	0.95
Total Debt/Tangible Net Worth	Times	2.23	0.24
PBDIT/Interest	Times	2.91	2.93

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

None

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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HSBC	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3+ Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Assigned
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB- Stable Assigned
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.50	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.50	Simple	ACUITE BBB- Stable Assigned
Tata Capital Limited	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE A3+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2030	11.00	Simple	ACUITE BBB- Stable Assigned
Tata Capital Limited	Not avl. / Not appl.	Term Loan	30 Nov 2023	Not avl. / Not appl.	10 Oct 2027	10.00	Simple	ACUITE BBB- Stable Assigned

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