

Om Metallogic Limited

September 29, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Issuer rating	-	0.00	CARE BB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Issuer Ratings: There is no instrument being rated and hence, regulator of the instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

Rationale and key rating drivers

The rating assigned to Om Metallogic Limited (OML) continues to remain constrained, owing to small scale of operations, despite significant track record and profitability margins susceptible to volatile raw material prices. The rating continues to remain constrained due to OML's presence in competitive and fragmented aluminium industry and elongated working capital cycle. However, the rating derives strength from extensive experience of promoters in the same line of business, satisfactory profitability profile, and comfortable capital structure, despite modest net worth base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of more than 10% on a sustained basis.
- Sustained improvement in working capital management, reflected by the operating cycle remaining below 130 days on a consistent basis and inventory holding levels, reducing to below 50 days, leading to enhanced working capital efficiency and liquidity.

Negative factors

- Significant decrease in scale of operations leading deterioration in PBILDT margin below 8% on a sustained basis.
- Any debt-funded capex or increase in working capital requirements going forward, leading to deterioration in the capital structure with overall gearing going beyond 1.5x.

Analytical approach: Standalone.

Outlook: Stable.

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that OML will be able to sustain its financial risk profile in the medium term, considering small but increasing scale of operations and experienced promoters.

Detailed description of key rating drivers

Key weaknesses

Small scale of operations, despite long track record of operations

Though OML's scale of operations has witnessed growth, with total operating income (TOI) increasing at a compounded annual growth rate (CAGR) of ~26% for four-year ending FY26, however; they continue to remain modest at ₹75.64 crore in FY26 (PY: ₹60.41 crore), despite long track record of operations. Up to FY24, the scale continued to remain stagnant, however; it started to achieve growth only in FY25 onwards, supported by capacity enhancement initiatives, addition of new customers, and improvement in product quality, following the upgradation of manufacturing machinery. The company outsources certain processing activities on a job-work basis, where scrap generated during the processing stage is returned to the company and subsequently sold, contributing ~10-20% of its overall revenue.

Presence in the highly competitive and fragmented industry

The aluminium industry is highly fragmented and unorganised in nature, putting pressure on profitability margins. Due to low entry barriers the competition is intense, which might put pressure on profitability of the existing and new players. Due to the

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

fragmented nature of the industry, bargaining power of OML with customers is also restricted as reflected in small scale of operations and moderate profitability.

Operating margins susceptible to raw material price volatility

OML's margins may fluctuate depending upon the aluminium price in commodity market. The entity does not have long-term contracts with suppliers for the purchase of the same. Hence, the entity's profitability margins could get adversely affected with sudden spurt in raw material prices. However, the company has demonstrated the ability to pass on fluctuations in raw material prices to its customers, generally with a lag based on the average movement in raw material prices during a month, partly mitigating input cost volatility. The company does not have hedging policy to safeguard itself from fluctuation in raw material prices.

Elongated working capital cycle

The company's operating cycle remained elongated, with average operating cycle days increasing to 169 days in FY26, from 140 days in FY25. The moderation was primarily driven by higher inventory holding levels, with average inventory days increasing to 129 days in FY26 from 93 days in FY25, in line with the growth in scale of operations and higher inventory requirements. The company typically maintains inventory of ~₹8-10 crore to support its business operations.

Receivables remain at moderate levels, with the average collection period generally ranging between 45-50 days, although collections may extend up to 90 days in certain cases. Consequently, the company's working capital intensity remains relatively high, leading to an elongated operating cycle. The company's average creditor days ranges between 15-30 days but it may extend to 45 days.

Key strengths

Vast experience of partners in similar line of business

OML is promoted and managed by Manish Sharma and Seema Sharma, who have been associated with the business since inception and continue to be actively involved in its management. Promoters have an experience of over a decade in the similar line of business. Promoters are resourceful and may support the company, when required.

Satisfactory profitability profile

OML's operating profitability has improved over the years, with PBILDT increasing to ₹7.53 crore in FY26 from ₹1.01 crore in FY22. The PBILDT margin improved from 2.45% in FY22 to 9.95% in FY26, reflecting better operating efficiencies, favourable product mix, and benefits arising from scale expansion. Further, scrap sold, which contributes ~10-20% to the overall revenue of the company further adds to the profitability. However, PBILDT margin moderated by ~109 bps in FY26 over FY25, owing to higher discounts offered to customers to maintain business relationships and support volume growth.

Comfortable financial risk profile, despite modest net worth base

The company's tangible net worth stood modest at ₹37.19 crore as on March 31, 2026. However, the financial risk profile stood comfortable as the company's total debt primarily comprised of loan from related parties of ₹2.26 crore and working capital borrowings of ₹1.98 crore as on March 31, 2026. The company reduced its working capital limits from ₹8.20 crore to ₹3.00 crore in November 2025, following the receipt of initial public offering (IPO) proceeds, which were deployed towards working capital requirements. Working capital borrowings declined sharply to ₹1.98 crore in FY26, from ₹8.69 crore in FY25. The loan from related parties are primarily from promoters/directors of the company, and do not have fixed repayment schedule.

Owing to lower dependence on debt alongside satisfactory profitability, debt coverage indicators also stood comfortable with interest coverage (PBILDT/Interest) and total debt to gross cash accruals (GCA) of 10.99x and 0.85x, respectively, as on March 31, 2026 (PY: 7.24x and 2.38xx, respectively).

Liquidity: Stretched

The liquidity position remains stretched marked by low free cash and bank balance of ₹0.93 crore as on March 31, 2026. Average utilisation of working capital limits (fund-based) stood at ~78% for 12 months ended July 2026. The cash flow from operations was negative at ₹12.15 crore in FY26 compared to ₹1.77 crore in FY25, due to increased inventory levels, considering growing scale of operations. The company expects to generate GCA of ~₹6.50 crore against nil debt repayment in FY27.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Non Ferrous Metal](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Non - Ferrous metals	Aluminium

OML is a Haryana-based aluminium recycling company primarily engaged in processing aluminium scrap and manufacturing secondary aluminium alloy products. The company's core business involves recycling aluminium-based metal scrap into value-added aluminium alloy products, such as ingots, cubes, shots, and notch bars. These products are used primarily by automobile component manufacturers and other engineering industries, owing to aluminium's favorable properties, including corrosion resistance, light weight, durability, and high strength-to-weight ratio. From a manufacturing standpoint, the company operates a single manufacturing facility at Sikri, Ballabhgarh, Haryana, spread across ~33,600 sq. ft. The facility has an installed capacity of ~5,280 tonnes per annum for processing aluminium scrap and manufacturing aluminium alloy products.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	60.41	75.64
PBILDT*	6.67	7.53
Profit after tax (PAT)	4.11	4.72
Overall gearing (times)	0.88	0.11
Interest coverage (times)	7.24	10.99

A: Audited; UA: Unaudited; Note: These are latest available financial results.

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings	-		-	-	-	-	0.00	CARE BB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BB+; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details:** Not applicable**Annexure-5: List of entities consolidated:** Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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