

July 29, 2025

Veer O Metals Private Limited: Ratings upgraded to [ICRA]A-(Stable)/[ICRA]A2+; rated amount enhanced

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|--------------------------------------|-------------------------------------|--|
| Long term fund based – Term loans | 54.53 | 70.75 | [ICRA]A-(Stable); upgraded from [ICRA]BBB+(Stable); assigned for enhanced amount |
| Long term fund based – Cash credit | 60.00 | 85.00 | [ICRA]A-(Stable); upgraded from [ICRA]BBB+(Stable); assigned for enhanced amount |
| Short term – Non-fund based limits | 21.65 | 38.65 | [ICRA]A2+; upgraded from [ICRA]A2; assigned for enhanced amount |
| Long term/Short term – Unallocated limits | 26.55 | 0.33 | [ICRA]A-(Stable)/[ICRA]A2+; upgraded from [ICRA]BBB+(Stable)/[ICRA]A2 |
| Total | 162.73 | 194.73 | |

*Instrument details are provided in Annexure I

Rationale

The rating upgrade factors in a significant growth in Veer O Metals Private Limited’s (VOMPL’s) revenues in FY2025 on the back of a healthy demand for its products across various segments and new customer addition. The revenue growth is likely to sustain in FY2026. The ratings also continue to factor in the comfortable capital structure, healthy debt protection metrics and adequate liquidity position. ICRA takes note of VOMPL’s operational track record and the extensive experience of the promoters in the sheet metal fabrication industry and the company’s established relationship with reputed domestic and international customers, lending stability to the revenues.

The ratings, however, remain constrained by the highly competitive and fragmented nature of the sheet metal fabrication industry, impacting its pricing flexibility. The ratings continue to factor in the risk of high customer concentration with 39% of the revenues derived from the top three customers in FY2025. The ratings also consider the vulnerability of VOMPL’s profitability to the volatility in raw material prices and adverse currency movements as the company derives 50-65% of its revenues from exports (including deemed exports). However, the risk gets naturally hedged by the import of raw material and the foreign currency loans and forward contracts undertaken by the company.

The Stable outlook on the long-term rating reflects ICRA’s expectation that VOMPL is likely to sustain its operating metrics. Further, the outlook underlines ICRA’s expectation that the entity’s incremental capex, aimed at expanding the product portfolio, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Longstanding experience of promoters and strong track record of the company - The company has an established track record and the promoters have an experience of over 50 years in the sheet metal fabrication industry, with capabilities and expertise in CNC punching, CNC bending, welding (MIG, TIG, resistance, arc), riveting, phosphate and powder coating of components.

Established relationship with reputed client base - The company caters to a diverse range of industries like IT hardware, UPS & power conditioning, power generation & power distribution, infrastructure, medical electronics, telecommunication, switchgears, electronics and automotive etc. The company has been able to forge strong relationships with established domestic and international customers.

Healthy revenue growth; comfortable capital structure and coverage indicators - The company's revenues, at a standalone level, grew by 50% to Rs. 671.46 crore in FY2025 from Rs. 447.90 crore in FY2024 with new customer addition, rise in revenues from existing clientele and large orders from the telecom sector. The revenues are expected to increase further at a healthy pace, driven by new customer addition supported by capacity enhancement.

At a standalone level, the capital structure of Veer O Metals Private Limited remained comfortable with TD/TNW at 0.85 times as on March 31, 2025. The company's financial risk profile was healthy, characterised by its comfortable debt coverage indicators with interest cover of 3.40 times and DSCR of 1.88 times in FY2025. The company plans to incur a capex of Rs. 29 crore in FY2026, which will be predominantly funded through a term debt. However, the debt protection metrics are expected to remain healthy in FY2026. The consolidated performance has also been healthy in FY2025 in line with the standalone performance with stable operating margins, considerable revenue growth and comfortable debt metrics.

Credit challenges

Highly competitive industry – VOMPL operates in a highly competitive and fragmented sheet metal fabrication industry, with limited entry barriers that continue to restrict its pricing flexibility. The customer concentration remains high with 39% of the revenue derived from sales to the top three customers in FY2025, though the same moderated from 43% in FY2023.

Margins vulnerable to fluctuations in raw material prices and forex rates – VOMPL's key raw materials are cold-rolled steel, electro galvanised steel, stainless steel, aluminum and copper, the usage of which depends on the different types of products manufactured. The company prices its components on a cost-plus basis, wherein it can pass on the fluctuations in commodity prices to its major clients through quarterly/half yearly price revisions. However, as the revisions are done only on quarterly/half-yearly basis, the profitability remains vulnerable to the volatility in raw material prices as is evident from the past. The standalone margins are expected to remain at similar levels in FY2026. The company is also exposed to significant foreign exchange risks as it derives 55-60% of its income from exports (including deemed exports valued in USD). However, the risk gets naturally hedged with imports forming 30-40% of the total procurement. Further, the company books forwards to hedge its forex exposure, which mitigates the risk to an extent.

Liquidity position: Adequate

VOMPL's liquidity position remains adequate with free cash balances as on March 31, 2025 and undrawn working capital limits of Rs.7.41 crore as of June 2025. Further, the anticipated cash flow from operations is expected to remain sufficient against the repayment obligations. The average utilisation of the fund-based limits was 87% of the sanctioned limits for the 12 months ended June 2025. Apart from this, the company is using funds from other sources, such as Invoicemart, that are available at lower rates and without any collaterals.

Rating sensitivities

Positive factors – ICRA could upgrade VOMPL’s ratings if the company demonstrates a material improvement in its turnover and margins, along with a sustained improvement in the working capital cycle and debt coverage metrics.

Negative factors – The ratings may be downgraded if any significant decline in scale or profitability weakens the key credit metrics. The ratings may also be downgraded if any stretch in the working capital cycle or higher-than-anticipated capex weakens its liquidity position. A specific trigger for downgrade would be an interest coverage of less than 4.0 times on a sustained basis.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | Not Applicable |
| Consolidation/Standalone | For arriving at the ratings, ICRA has considered the consolidated financials of VOMPL with its wholly-owned subsidiary – Veer O Metal Limited, Philippines |

About the company

Veer O Metals Private Limited (VOMPL) was established in 1965 as a partnership firm. It is involved in the manufacturing of sheet metal components. VOMPL produces a wide range of products, including precision sheet metal components, mechanical assemblies, enclosures, racks, sheet metal stamping parts and other machined components. The products cater to the requirements of various industries such as IT hardware, power generation and distribution, telecommunication, electronics etc. The company began operations at Bharat Electronics Limited (BEL) Industrial Area, Benagluru, and catered only to BEL during its initial years. It later expanded its customer base through supplies to leading domestic players across industries. Over the years, the company has set up multiple manufacturing units in Bengaluru, catering to both the domestic and export customers. The company has a subsidiary, Veer-O-Metals (Philippines) Inc, which was set up to cater to certain regional orders.

Key financial indicators

| Veer O Metals (consolidated) | FY2023 | FY2024 |
|--|--------|--------|
| Operating income | 417.63 | 504.38 |
| PAT | 21.70 | 25.08 |
| OPBDIT/OI | 10.45% | 10.68% |
| PAT/OI | 5.19% | 4.97% |
| Total outside liabilities/Tangible net worth (times) | 1.41 | 1.55 |
| Total debt/OPBDIT (times) | 2.32 | 1.95 |
| Interest coverage (times) | 4.39 | 3.78 |

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2026) | | Chronology of rating history for the past 3 years | | | |
|--------------------------|--------------------------|-----------------------------|--------------------------------|---|---------------------------------|--------------------------------|--|
| | | Amount rated (Rs. crore) | Date & rating in FY2026 | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 | |
| | | | July 29, 2025 | July 11, 2024 | April 10, 2023 | July 07, 2022 | |
| 1 Fund-based term loans | Long term | 70.75 | [ICRA]A-(Stable) | [ICRA]BBB+(Stable) | [ICRA]BBB+(Stable) | [ICRA]BBB(Stable) | |
| 2 Fund-based cash credit | Long term | 85.00 | [ICRA]A-(Stable) | [ICRA]BBB+(Stable) | [ICRA]BBB+(Stable) | [ICRA]BBB(Stable) | |
| 3 Non-fund Based | Short term | 38.65 | [ICRA]A2+ | [ICRA]A2 | [ICRA]A2 | [ICRA]A2 | |
| 4 Unallocated limits | Long term and short term | 0.33 | [ICRA]A-(Stable)/ [ICRA]A2+ | [ICRA]BBB+(Stable)/ [ICRA]A2 | [ICRA]BBB+(Stable)/ [ICRA]A2 | [ICRA]BBB(Stable)/ [ICRA]A2 | |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|----------------------|
| Long term – Fund based – Term loan | Simple |
| Long term – Fund based - Cash credit | Simple |
| Short term – Non-fund based facility | Very Simple |
| Long term/Short term – Unallocated limits | NA |

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 | Term loan-I | Feb-22 | NA | Feb-26 | 5.58 | [ICRA]A-(Stable) |
| NA | Term loan-II | Nov-23 | NA | Dec-27 | 9.95 | [ICRA]A-(Stable) |
| NA | Term loan-III | Feb-22 | NA | Jul-25 | 1.74 | [ICRA]A-(Stable) |
| NA | Term loan-IV | Apr-23 | NA | Jul-28 | 17.84 | [ICRA]A-(Stable) |
| NA | Term loan-V | Apr-22 | NA | Feb-28 | 9.64 | [ICRA]A-(Stable) |
| NA | Term loan-VI | Aug-24 | NA | Feb-30 | 26.00 | [ICRA]A-(Stable) |
| NA | Fund-based limits | NA | NA | NA | 85.00 | [ICRA]A-(Stable) |
| NA | Non-fund based limits | NA | NA | NA | 38.65 | [ICRA]A2+ |
| NA | Unallocated limits | NA | NA | NA | 0.33 | [ICRA]A-(Stable)/[ICRA]A2+ |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

| Company name | VOMPL ownership | Consolidation approach |
|---------------------------------|------------------------|------------------------|
| Veer O Metals Private Limited | 100.00% (rated entity) | Full consolidation |
| Veer O Metals (Philippines) Inc | 100.00% | Full consolidation |

Source: VOMPL annual report FY2024

Note: ICRA has taken a consolidated view of the parent (VOMPL) and its subsidiary while assigning the ratings.

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