

## CMR Green Technologies Ltd- IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
3 June 2026	5 June 2026	₹182 to ₹192	NEUTRAL

### Investment Summary

CMR Green Technologies Ltd. stands out as India's leading non-ferrous metal recycler, with a dominant position in the domestic secondary aluminium market and a sizeable installed-capacity advantage over domestic peers. The company operates across recycled aluminium alloys, liquid aluminium, aluminium billets, zinc alloys and segregated furnace-ready scrap of other metals, enabling it to serve automotive OEMs, Tier-1 suppliers, primary aluminium producers and industrial customers. Its business model is supported by 13 strategically located recycling facilities across key automotive and industrial clusters, allowing the company to provide just-in-time supply, including liquid aluminium, which improves customer stickiness and creates logistical entry barriers. CMR's leadership is further supported by favourable industry tailwinds, as recycled aluminium has materially lower carbon emissions and lower capital intensity compared to primary aluminium, making the company well placed to benefit from India's shift towards circular economy, decarbonisation and rising aluminium usage in vehicles, EVs, packaging and construction. The company's expansion into extrusion billets, rolled-alloy applications and partnerships with primary producers such as Hindalco broadens its addressable market beyond the core automotive cast-alloy segment. However, the investment case needs to be viewed with caution due to the working-capital-intensive nature of the business, negative operating cash flow despite positive profitability, dependence on imported scrap procurement, commodity price volatility, customer concentration and the fact that the IPO is entirely an Offer for Sale with no fresh capital coming into the company. Overall, CMR Green offers a strong structural growth story backed by market leadership, scale, customer relationships and sustainability-led demand, but its long-term investment attractiveness will depend on its ability to improve cash conversion, sustain margins, manage leverage and convert its large capacity base into profitable and cash-generating growth

### Company Overview

CMR Green Technologies Ltd. was incorporated in 2005 and is engaged in the recycling and manufacturing of non-ferrous metal products, primarily recycled aluminium alloys. The company manufactures recycled aluminium alloys in ingot and liquid form, aluminium billets, zinc alloy ingots and segregated furnace-ready scrap of stainless steel, copper, brass, zinc, lead and magnesium. It is the leading non-ferrous metal recycler in India by installed capacity and holds the highest market share in the Indian secondary aluminium market among peers in terms of revenue from operations for FY2025. The company operates through 13 recycling facilities located across Haryana, Gujarat, Maharashtra, Tamil Nadu, Uttarakhand, Rajasthan, Odisha and Andhra Pradesh, enabling proximity to customers and major industrial clusters. As of March 31, 2026, the company had total manufacturing capacity of 6,15,150 MTPA, comprising 4,70,300 MTPA of aluminium alloys, 8,400 MTPA of zinc alloys and 1,36,450 MTPA of other metals.

CMR's customer base primarily includes automotive OEMs and Tier-1 suppliers such as Maruti Suzuki, Honda Cars, Bajaj Auto, Hero MotoCorp, Royal Enfield, Endurance Technologies, Rockman Industries and Craftsman Automation, among others. The company also serves customers in other metals and the wrought aluminium recycling space, including Hindalco Industries, Jindal Stainless, Honda Trading Corporation and Aurubis GmbH. This customer base gives the company strong industry credibility, but also creates exposure to automotive production cycles and customer concentration.

### Business Model

CMR Green Technologies operates an integrated metal recycling business model. The company procures aluminium-based and other metal scrap from domestic and overseas suppliers, sorts and processes the scrap, melts and alloys it according to customer specifications, and supplies finished products in the form of aluminium ingots, liquid aluminium, aluminium billets, zinc alloys and segregated scrap of other metals. Its revenue is primarily generated from sale of products, sale of scrap and other materials, and job-work services.

The core of the business is recycled aluminium alloy manufacturing. Aluminium scrap is converted into specific alloys based on the chemical composition required by customers. These alloys are then supplied either in solid ingot form or in liquid molten form. Solid ingots can be transported over longer distances and remelted by customers, while liquid aluminium is supplied directly to nearby customer plants, reducing the customer's need for remelting, lowering energy consumption and reducing oxidation losses. This liquid aluminium model requires proximity to customers, specialised insulated transport systems and reliable round-the-clock delivery capability, which makes it a more operationally integrated and sticky business than simple ingot supply.

The company's liquid aluminium model is strategically important because it ties CMR closely to customer production schedules. Customers using just-in-time manufacturing require uninterrupted supply of raw material. CMR's plants located near or within customer premises allow the company to supply molten aluminium within a limited radius, creating a strong entry barrier for competitors. This model can improve customer stickiness because replacing such a supplier is not only a price decision but also an operational-risk decision for the customer.

CMR is also expanding beyond its historical cast-alloy automotive base into aluminum billets and wrought aluminium recycling. Aluminum billets are used in extrusion processes for applications in automotive, construction, industrial and other sectors. The company's Tirupati plant and Odisha used beverage can recycling facility expand its product coverage and addressable market. This is important because it reduces dependence on only cast alloys and opens up opportunities in extrusion, rolled products, packaging and low-carbon aluminium supply.

The company's business model is scale-led but working-capital intensive. Since CMR has to purchase scrap before processing and selling finished products, cash gets blocked in inventory and receivables. The company's ability to manage scrap procurement, commodity price movement, forex exposure, customer credit periods and inventory levels is therefore central to its profitability and cash generation. This is why revenue growth alone is not sufficient; investors must monitor whether EBITDA and PAT convert into operating cash flow.

## Industry Outlook

The outlook for aluminium recycling is structurally favourable, driven by sustainability, cost advantage and rising aluminium usage across end markets. Aluminium is endlessly recyclable without loss of quality, making it a key material in circular economy supply chains. Recycled aluminium emits significantly lower carbon dioxide than primary aluminium and requires much lower capital intensity, making it an attractive route for both cost-sensitive and carbon-conscious customers.

India's recycled aluminium market stood at around 2.16 million MT in FY2025 and is expected to grow to around 3.71 million MT by FY2030, implying strong volume growth over FY2026–FY2030. The share of recycled aluminium in total aluminium demand is also expected to rise, supported by demand from automotive, EVs, building and construction, packaging and industrial applications. In FY2025, the recycled aluminium market was split across cast alloys, rolled products and extrusion products, and CMR's expansion beyond cast alloys gives it access to a wider serviceable market. The automotive sector remains an important demand driver. Aluminium usage is rising in internal combustion engine vehicles due to lightweighting requirements, SUV premiumisation and emission norms. EVs are expected to require higher aluminium intensity due to lightweight structures, battery housings and range-efficiency requirements. This supports long-term demand for recycled aluminium alloys and billets. At the same time, government policy support around recycling, resource efficiency and extended producer responsibility is expected to accelerate the shift from unorganised recyclers to larger organised players.



## Investment Rationale

### 1. Market leadership with significant scale advantage

CMR Green is the leading non-ferrous metal recycler in India by installed capacity and has the highest market share in the Indian secondary aluminium market among peers by revenue from operations. The company's installed capacity is around four times that of the nearest domestic recycled aluminium competitor, giving it a strong scale advantage in procurement, processing, customer qualification and delivery reliability. Its 13 facilities across major industrial clusters also support proximity to OEM and Tier-1 customers, which is important in a business where delivery consistency and product quality are critical.

### 2. Strong position in the automotive cast-alloy segment

The company has an estimated 42–45% market share in the cast-alloy segment pertaining to the automotive industry for FY2025. This is important because automotive customers have strict quality, consistency and delivery requirements. Once a supplier is approved by OEMs and Tier-1 customers, replacement is not easy because of qualification, testing, audit and production-continuity requirements. This gives CMR an advantage over smaller unorganised recyclers, especially in applications where product quality and supply reliability matter.

### 3. Liquid aluminium supply creates customer stickiness

CMR's ability to supply liquid aluminium is a key differentiator. Liquid aluminium eliminates the need for customers to remelt solid ingots, thereby reducing energy consumption, oxidation loss and emissions. Since liquid aluminium needs to be transported in specialised insulated crucibles and can generally be supplied only over a short distance, CMR's facilities near customer plants create logistical entry barriers. This model integrates CMR into customer production lines and improves repeat business visibility.

### 4. Sustainability and decarbonisation tailwinds

Recycled aluminium has a strong environmental advantage over primary aluminium. As industries focus on reducing carbon footprint and complying with future climate-related regulations, demand for recycled aluminium is likely to rise. CMR is positioned as a beneficiary of this shift because it already operates at scale in recycled aluminium and is expanding into green aluminium billets and used beverage can recycling. Its business aligns with long-term themes such as circular economy, lower-carbon manufacturing and sustainable sourcing.

### 5. Expansion into billets, rolled alloys and primary-player partnerships

The company is expanding beyond its core automotive cast-alloy business into aluminium billets and other wrought aluminium applications. This expands its addressable market into extrusion, rolling, packaging, construction and industrial applications. The Odisha project for Hindalco and the Tirupati billet plant are strategically important because they show that even primary aluminium players are adopting recycled aluminium as part of their decarbonisation strategy. This can create more stable, long-term opportunities for CMR if execution remains strong.

### 6. Diversified global sourcing network and strategic alliances

Raw material procurement is critical in recycling, and CMR has developed a diversified scrap sourcing network across India and overseas markets. The company procures from global suppliers across regions such as Asia, Africa, the Middle East, Europe and the Americas. It also has strategic partnerships and joint ventures with global players such as Toyota Tsusho, Nikkei MC Aluminium and Nippon Light Metal, supporting technology access, customer development and product capability. These alliances strengthen CMR's technical and market positioning.

## Key Risks

### 1. Weak cash conversion and working-capital intensity

The biggest financial risk is that profits are not fully converting into operating cash flow. Despite reporting positive PAT in FY2025 and 9M Dec-25, CMR reported negative cash flow from operations in both periods. This indicates that cash is getting blocked in inventories, receivables and other working-capital items. Since the recycling business requires upfront scrap procurement and credit to customers, growth can consume cash. If working-capital discipline does not improve, higher revenue may still require higher borrowings, limiting free cash flow generation.

**2. Dependence on imported scrap and commodity price volatility**

CMR imports a significant portion of its raw materials, and payments are made in foreign currencies. This exposes the company to foreign exchange movement and global scrap price volatility. Unlike exchange-traded commodities, scrap prices are not always easily hedgeable through standard commodity instruments. Although the company tries to structure sales contracts to pass through price changes and reduce exposure, timing gaps between raw material purchases and finished-goods sales can still impact margins.

**3. Customer concentration and automotive exposure**

A significant portion of CMR’s revenue comes from key customers. The top 10 customers contributed more than half of revenue from operations excluding incentives in FY2025. The company is also heavily linked to the automotive sector, where demand depends on vehicle production, OEM schedules, macro conditions, fuel prices, regulatory changes and consumer demand. Any loss of major customers, slower automotive production or customers moving recycling in-house can materially impact revenue and profitability.

**4. Low-margin and competitive nature of the recycling business**

Although CMR has large revenue scale, the business operates on relatively thin EBITDA and PAT margins. The aluminium recycling industry is competitive and fragmented, with competition from organised players as well as small and mid-sized recyclers. Smaller recyclers may have lower compliance and operating costs, which can create pricing pressure. Therefore, CMR’s ability to protect margins will depend on scale, quality, customer relationships, product mix, procurement efficiency and operating discipline.

**Financial Snapshot**

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	5868.51	5952.44	6666.49
EBITDA (₹ Cr)	207.01	217.40	303.72
Net Profit (₹ Cr)	104.5	(838.56)	155.04
EBITDA Margin (%)	3.53%	3.65%	4.56%
PAT Margin (%)	1.78%	(14.09)%	2.33%
EPS (Basic) (₹)	4.77	-	7.08

## IPO Details and Use of Proceeds

Parameter	Details
<b>Issuer</b>	CMR Green Technologies Ltd.
<b>IPO Structure</b>	Offer for Sale
<b>Issue Size</b>	Offer for Sale - 3.29 Cr shares (aggregating up to ₹630.88 Cr)
<b>Price Band</b>	₹182 to ₹192 per share
<b>Face Value</b>	₹2 per share
<b>Post-Issue Market Cap</b>	₹4,205.87 Cr. (Upper Band)
<b>IPO Opening Date</b>	June 3, 2026
<b>IPO Closing Date</b>	June 5, 2026
<b>Listing</b>	BSE & NSE
<b>Promoter Holding (Pre/Post)</b>	86.95%/84%
<b>Book Running Lead Manager(s)</b>	Equirus Capital Pvt.Ltd. ICICI Securities Ltd. Motilal Oswal Investment Advisors Ltd.
<b>Use of Proceeds</b>	Offer For Sale

## Valuation and Recommendation

At the **upper price band of ₹192**, CMR Green is valued at approximately **27.1x P/E** with an implied **post-issue market capitalisation of around ₹4,206 Cr.** On reported **FY2025 earnings of Rs 7.08**, the valuation appears fairly justified in comparison to its listed recycling peers such as Pandy Oxides, Gravita India, Baheti Recycling and Jain Resource Recycling. CMR's valuation can also be viewed favourably in the context of its market leadership, extensive manufacturing footprint, strong customer relationships and growing presence in value-added recycled aluminium products. The company has demonstrated improving profitability, with EBITDA margins expanding and earnings growth supported by operating leverage, product diversification and increasing adoption of recycled aluminium across industries. Its leadership in the secondary aluminium market, differentiated liquid aluminium supply model and strategic partnerships with global players position it well to benefit from rising demand for sustainable and low-carbon materials.

Given the strong industry tailwinds, capacity advantage and opportunities to deepen its presence in automotive, EV, packaging and industrial applications, the current valuation appears reasonable for a company with significant scale, established execution capabilities and long-term growth potential in India's evolving recycling ecosystem. Accordingly, we assign a **NEUTRAL** rating until further due diligence post listing.

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