

Jagdamba Steels

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	3.07 (Enhanced from 2.68)	CARE BB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	57.76 (Reduced from 63.06)	CARE BB+; Stable / CARE A4+	Reaffirmed
Short-term bank facilities	0.17 (Reduced from 1.26)	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Jagdamba Steels continue to be constrained by low profitability margins, moderate financial risk profile characterised by moderate gearing and working capital intensive operations. Ratings are also constrained by fragmented business structure and inherent cyclicality in the aluminium and steel industry. However, ratings derive strength from experienced partners with long operational track record, dealership arrangements with established suppliers, healthy revenue base, and established sourcing and marketing network. Ratings take cognisance of improvement in scale of operations in FY25 (Audited; FY refers to April 01-March 31) despite low profitability margins. Going forward, the firm's ability to improve profitability margins, manage working capital effectively, strengthen overall gearing and continuation of dealership with the key supplier will remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability of the firm to sustain total operating income (TOI) beyond ₹1,500 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at 1.25% or above.
- Improvement in interest coverage ratio (PBILDT/Interest) beyond 3.00x.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) below 1.5x on a sustainable basis.

Negative factors

- Significant decline in TOI or profitability going forward.
- Substantial withdrawals from the capital account resulting in deterioration of capital structure.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects the entity to benefit from the extensive experience of promoters in the industry and continue to maintain a healthy revenue profile, supported by dealership arrangement with a reputed player, National Aluminium Company Limited (NALCO).

Detailed description of key rating drivers:

Key weaknesses

Moderate financial risk profile with low net-worth base

The firm has a moderate financial risk profile, represented by overall gearing of 1.92x as on March 31, 2025, which deteriorated from 1.68x as on March 31, 2024, with total debt increasing to ₹71.25 crore in FY25 from ₹49.70 crore in FY24, primarily due to inventory build-up in March 2025, in anticipation of expected increase in aluminium prices. The firm needs to maintain inventory considering market scenarios. Debt profile largely comprises working capital borrowings. TOL/TNW stood elevated at 2.73x as on March 31, 2025 (up from 2.43x as on March 31, 2024). Other debt coverage indicators were moderate, with total debt to gross cash accruals (TD/GCA) of 16.65x in FY25, against 13.76x in FY24, due to increased debt levels, and PBILDT interest coverage ratio of 1.94x in FY25 (PY: 1.96x). Net worth base was modest at ₹37.12 crore as on March 31, 2025 (PY: ₹29.52 crore).

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Highly competitive nature of the industry

The steel & aluminium industry is highly competitive due to presence of numerous organised and unorganised players and limited product diversity due to the commodity nature of products. Although the industry has become more organised over the years, with the share of unorganised players reducing, margins remain under pressure due to fragmentation. Profitability margins of Jagdamba Steels have historically remained low due to the trading nature of business and intense market competition in a highly fragmented industry. Its relatively small scale of operations exposes it to intense competition in the market.

Fortunes linked with steel industry, which is cyclical in nature

The steel industry is sensitive to business cycles, including changes in the economy, interest rates, and seasonal variations in demand and supply. The performance of the steel sector depends on the performance of the infrastructure sector, which depends on macroeconomic conditions. Jagdamba's products are mainly used in the construction and infrastructure sector, which is currently witnessing subdued growth.

Inherent risk associated with constitution of the firm

Being a partnership firm, Jagdamba Steels is exposed to the inherent risk of capital withdrawal by partners due to its constitution. Substantial withdrawals from the capital account will weaken its net worth, and consequently, gearing levels.

Key strengths**Experienced partners with long track record of operations**

Jagdamba Steels was established in 1974 by Purshotam Das Agarwal and Ajay Kumar Garg as founding partners. It is presently managed by Purshotam Das Agarwal, Rakesh Agarwal, and Ankit Garg. Purshotam Das Agarwal has been associated with the trading business for over 50 years and Rakesh Agarwal for 28 years. The firm has a long track record in the trading business, which helps it understand peculiarities of steel and aluminium trading and provides advantages through long-standing associations with customers and suppliers.

Growing scales of operations despite profitability margins remain thin due to trading nature of business

The firm achieved TOI of ₹1,503.39 crore in FY25, compared to ₹1,239.01 crore in FY24, marking growth of ~21%. TOI was largely supported by volume growth in aluminium products, rising from 53,438 metric tonne per annum (MTPA) in FY24 to 61,391 MTPA in FY25, and improvement in sales realisations owing to strong domestic demand. In FY25, PBILDT margin stood at ~0.90% (PY: ~0.90%), while profit after taxation (PAT) margin stood at ~0.27% (PY: ~0.28%), profitability margins remain thin due to the trading nature of the business. The firm achieved TOI of ₹779.49 crore in H1FY26 with PAT margin of 0.27%. TOI continued to be supported by improvement in realisation and volume growth in aluminium products.

Established dealership agreement

The firm is a distributor for NALCO for aluminium products (ingots and wires) under a Memorandum of Understanding (MoU) and has been associated with NALCO since 2016. Jagdamba Steels holds dealership rights across India with NALCO, with a mandatory minimum off-take requirement of 4,500 metric tonnes per month per the MoU. The firm sources ~85–90% of its total procurement from NALCO only. Previously, the firm was also a distributor for Steel Authority of India Limited (SAIL) for steel products (mainly TMT bars), however, this arrangement was discontinued in June 2025 as the firm was unable to secure the tender.

Liquidity: Adequate

The firm has adequate liquidity, marked by expected GCA of ~₹6.24 crore against scheduled debt repayment of ₹1.21 crore in FY26. The firm's operations are working capital intensive, and its requirements are largely met through bank borrowings. The firm's average fund-based utilisation remained low at ~58% for 12 months ending September 2025, leaving a liquidity buffer of over ₹20 crore.

Applicable criteria

[Policy on Default Recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)
[Rating of Short Term Instruments](#)
[Wholesale Trading](#)
[Iron & Steel](#)
[Non Ferrous Metal](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Trading and distributors

Jagdamba Steels was established in 1974 as a partnership firm, with Purshotam Das Agarwal, Rakesh Agarwal, and Ankit Garg as the partners. Jagdamba Steels is engaged in trading steel products such as TMT bars and aluminium products such as aluminium wire rods and ingots. The firm is a distributor for NALCO for aluminium products (ingots and wires), under an MoU.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1239.01	1503.39	779.49
PBILDT	11.16	13.46	Not available
PAT	3.41	4.09	2.09
Overall gearing (times)	1.68	1.92	Not available
Interest coverage (times)	1.96	1.94	Not available

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

Status of non-cooperation with previous CRA: Not available

Any other information: Not available

Rating history for last three years: Annexure-2

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-06-2025	3.07	CARE BB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	57.76	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	0.17	CARE A4+

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ST-Working Capital Limits	LT/ST	57.76	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (04-Dec-24) 2)CARE B-; Stable; ISSUER NOT COOPERATING * (09-Sep-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (10-Aug-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING * (08-Aug-22)
2	Non-fund-based - ST-Bank Guarantee	ST	0.17	CARE A4+	-	1)CARE A4+ (04-Dec-24) 2)CARE A4; ISSUER NOT COOPERATING * (09-Sep-24)	1)CARE A4; ISSUER NOT COOPERATING * (10-Aug-23)	1)CARE A4; ISSUER NOT COOPERATING * (08-Aug-22)
3	Fund-based - LT-Term Loan	LT	3.07	CARE BB+; Stable	-	1)CARE BB+; Stable (04-Dec-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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.

Contact us

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