

Ajar Amar Steel Concast

March 04, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	34.97	CARE BB-; Stable	Assigned
Long Term / Short Term Bank Facilities	43.00	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Ajar Amar Steel Concast (AASC) remain constrained by its elongated operating cycle, leveraged capital structure and moderate debt coverage indicators. Ratings are further tempered by the susceptibility of profitability to volatility in raw material prices, foreign exchange risk on imported raw materials, and the highly competitive and cyclical nature of the steel industry. Ratings, however, derive comfort from the extensive experience of the partners, recent capital infusion by a newly inducted partner, improvement in operating performance with revenue growth at a CAGR of ~18% during FY21–FY25, and gradual strengthening of coverage metrics on the back of higher accruals.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations of the firm with growth in operation income to more than Rs. 300.00 crores
- Improvement in the capital structure of the firm with overall gearing falling below 1.50x on sustained basis

Negative factors

- Decline in scale of operations by more than 20% from envisaged level and decline in profitability margins as marked by PBILDT margin below 2.00% on a sustained basis.
- Any significant deterioration in the capital structure of the firm as marked by overall gearing ratio of above 3.00x
- Sustained deterioration in liquidity position, driven by lower than envisaged cash accruals and increased utilisation of working capital limits

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the firm shall benefit from its improving scale of operations.

Detailed description of key rating drivers:

Key strengths

Growing scale of operations with improvement in profitability margins

The scale of operations of the firm, though moderate, has shown a healthy growth trajectory over the last five years. The topline expanded at a CAGR of ~18% during FY21–FY25, with operating income rising from ₹113.02 crore in FY21 to ₹236.67 crore in FY25 (A). The growth was supported by both higher sales realizations and volume ramp-up. PBILDT improved significantly to ₹15.59 crore in FY25 from ₹5.25 crore in FY23, reflecting better absorption of fixed costs and stabilization of expanded operations. On the operational front, the firm has significantly augmented its production capabilities. Installed capacity increased from 44,800 MT in FY23 and FY24 to 1,15,500 MT in FY25, registering a sharp rise of ~158%. This expansion has enabled the company to cater to growing demand from its customer base in the construction and infrastructure sectors. Sales volumes also demonstrated an upward trend, rising from 32,435 MT in FY23 to 46,269 MT in FY25, reflecting ~22% year-on-year growth. The improvement in realizations across product categories further bolstered the topline.

Profitability remains modest though on an improving trend. PBILDT margin increased from 2.83% in FY23 to 2.37% in FY25 (A) on the back of better realizations and cost rationalization. PAT margin stood at 1.67% in FY25 (A), broadly stable from FY23 levels. Going forward, stable steel prices and infrastructure-led demand are likely to support steady margin levels.

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

Experienced Partners

Ajar Amar Steel Concast is a family run business, and the firm was established in 2019 by Mr. Ajay Kumar Jain, Mr. Sorav Jain, Mr. Archit Jain & Mr. Rakesh Kumar Jain. In 2025, the firm expanded its partnership with the induction of Mr. Ramanpreet Singh Chawla. The partners are qualified graduates and have experience of more than two decades in same line of business along with association with other associate firms. All the partners look after the overall functions of the business and manages the day-to-day operations of the firm. They are assisted by a team of qualified professional having relevant experience in their respective fields. Furthermore, Mr. Ramanpreet Singh Chawla has infused Rs. 6.50 crores of additional capital into the firm.

Key weaknesses**Moderate operating cycle**

The firm's operating cycle remained moderate though elongated to 62 days in FY25 (A) from 47 days in FY23. The elongation was primarily on account of an increase in the receivable period, which stretched to around 36 days in FY25 (A) compared with 27 days in FY23, and higher inventory holding of ~37 days in FY25 (A) as against 33 days in FY23. The elevated inventory reflects the firm's need to maintain adequate raw material stock to support continuous production as well as finished goods stock to service customer orders in a timely manner. Creditor days, however, remained low at ~8 days in FY25, restricting the benefit of supplier credit and thereby intensifying the reliance on external working capital borrowings. Although the firm's current ratio improved to 1.63x in FY25 (A) from 1.20x in FY24, working capital borrowings remained almost fully utilized during the 12 months ended January 2026, indicating pressure on short-term liquidity. Sustained improvement in receivable and creditor management will be critical to moderating the operating cycle going forward.

Leveraged Capital Structure

The capital structure of the firm continues to remain leveraged, although some improvement in debt protection metrics was observed in FY25. The total debt of the firm increased to ₹74.03 crore as on March 31, 2025 (A) from ₹43.85 crore in FY23, largely attributable to incremental term borrowings of ₹38.57 crore availed for capacity expansion, coupled with higher reliance on working capital limits, which stood at ₹31.74 crore in FY25. The increase in borrowings was only partly offset by accretion of profits to net worth, keeping leverage at elevated levels.

The tangible net worth improved to ₹38.33 crore in FY25 (A) from ₹22.45 crore in FY23, supported by profit accretion. As a result, the firm's overall gearing, though high, remained stable at 1.93x as on March 31, 2025 (A) as compared to 1.95x in FY23. The debt-equity ratio also stood high at 1.38x in FY25 (A), reflecting the debt-funded nature of capacity expansion undertaken during the period.

Foreign exchange fluctuation risk

The firm meets around 20%-25% of its procurement of raw materials, consumables & spares in the form of imports from Middle East countries while it sells its finished products in domestic market. With initial outlay for procurement in foreign currency and the significant chunk of sales realization in domestic currency, the firm is exposed to the fluctuation in foreign exchange rates which the firm does not hedge. Thus, firm is exposed to fluctuations in the value of rupee against foreign currency which may impact its profitability margins. Moreover, any change in government policies, either domestic or international is likely to affect the firm's revenues. Earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non-tariffs barriers (restriction on the quality of imports), anti-dumping duties, international freight rates and port charges.

Susceptibility to volatility in raw material prices

The firm is susceptible to the volatility in the prices of steel for both finished goods and the raw material. The major raw materials for the firm are iron & steel scraps, sponge iron and ferro alloys, the prices of which remain volatile. The firm does not enter into any long-term contract for procurement of these raw materials and sources its raw material on requirement basis from the open market and from local traders at the prevailing market prices thereby, exposing it to any sharp volatility in prices, which may also have a direct bearing on operating margins of the firm. Though, the firm tries to pass on the price volatility to the end users, any sudden adverse fluctuations in raw material prices which the firm is unable to pass on to the customers completely owing to firm's presence in highly competitive industry, may adversely affect the profitability margins of the firm.

Highly competitive and cyclical nature of industry

The steel industry is highly competitive due to presence of various organized and unorganized players and limited product diversity due to commodity nature of products. Although, over the years the industry has become more organized with the share of unorganized players reducing, but margins continue to be under pressure due to fragmentation of the industry. Also, the steel industry is a cyclical industry, strongly correlated to economic cycles since its key users i.e., construction, infrastructure, automobiles and capital goods are heavily dependent on the state of economy. Any fall in the demand, in any of these sectors

directly impacts the demand of steel products. The low level of product differentiation in the downstream steel segment further intensifies the competition, leading to lower bargaining power vis-à-vis the customers.

Constitution of the entity being a partnership firm

AASC's constitution being a partnership firm has the inherent risk of possibility of withdrawal of capital by the partners at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of partners. Moreover, the partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factor affecting the credit decision of lenders. The partners withdrew approximately Rs. 2 crores from the firm in FY25.

Liquidity: Stretched

Liquidity remains stretched, driven by moderate cash accruals against high debt repayments, which has led to a reliance on promoter funds for meeting debt obligations. The company reported a negative cash flow from operations of Rs. 1 crore in the last fiscal year, and its unencumbered cash and bank balance stood at Rs. 0.96 crore as on March 31, 2025. Working capital utilization was high, with bank limits being utilized at around 97% over the trailing twelve months ended January 31, 2026. Additionally, there were some instances of ad-hoc limit utilization, although no overdrawing was reported.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Iron & Steel Products

Ajar Amar Steel Concast is a partnership firm, incorporated in 2019 by partners Ajay Kumar Jain, Sorav Jain, Archit Jain & Rakesh Kumar Jain. In 2025, the firm expanded its partnership with the induction of Mr. Ramanpreet Singh Chawla. The firm has its manufacturing unit based at Ludhiana. The firm had started the commercial operations on March 2021. In the beginning, the firm used to make ingots from the furnace which were used in rolling mills. From 2022, the firm install CCM i.e continuous casting machine & rolling mill in the existing factory premises to make it a semi-integrated unit. AASC has installed capacity of 115500 MT as on March 31, 2025, for production of Steel bars, Flats, billets, etc.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	202.27	236.67	277.08
PBILDT*	8.49	15.59	14.06
Profit after tax (PAT)	2.59	4.71	4.61
Overall gearing (x)	2.07	1.93	1.95
Interest coverage (x)	1.84	2.37	2.41

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

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	August 2031	34.97	CARE BB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	43.00	CARE BB-; Stable / 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-Cash Credit	LT	-	-	1)Withdrawn (03-Jul-25)	1)CARE D; ISSUER NOT COOPERATING * (26-Dec-24) 2)CARE BB-; Stable (18-Jun-24)	-	-
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE D; ISSUER NOT COOPERATING * (03-Jul-25) 2)Withdrawn (03-Jul-25)	1)CARE D; ISSUER NOT COOPERATING * (26-Dec-24) 2)CARE BB-; Stable (18-Jun-24)	-	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	1)Withdrawn (03-Jul-25)	1)CARE D / CARE D; ISSUER NOT COOPERATING * (26-Dec-24) 2)CARE BB-; Stable / CARE A4 (18-Jun-24)	-	-
4	Fund-based - LT/ST-Working Capital Limits	LT/ST	43.00	CARE BB-; Stable				

				/ CARE A4				
5	Fund-based - LT- Term Loan	LT	34.97	CARE BB-; Stable				

*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

Annexure-5: Lender details

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

Contact us

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