

Company Overview

A-One Steels India is a backward/vertically integrated steel manufacturer based in southern India, with operations spanning multiple stages of the steel value chain. The company manufactures intermediate steel products such as sponge iron and MS billets, largely used captively in downstream operations, as well as finished long and flat steel products including TMT bars, HR and CR coils, HR (MS) pipes, CR pipes and galvanized pipes and tubes. It also manufactures industrial inputs used in steelmaking, including met coke, silicon manganese and ferro silicon. This integrated model provides greater control over intermediate products while reducing dependence on third-party procurement. The company operates six manufacturing facilities across Karnataka and Andhra Pradesh, with aggregate installed capacity of 17.3 lakh MTPA as of March 2026. Its plants are located near iron ore sources and major ports, supporting raw material sourcing and logistics efficiency. Products are sold through direct retail channels, authorized distributors, institutional customers and trading channels, serving construction, infrastructure, and industrial applications. As of March 2026, the sales network comprised 1,246 direct retail channels, 32 authorized distributors and 57 institutional customers. In FY26, TMT bars contributed 29.0% of revenue from operations, followed by pipes and tubes at 21.7% and sponge iron at 10.9%.

Objects of the issue

The IPO consists of a fresh issue of Rs. 355 crores and an offer for sale of Rs. 50 crores

The company proposes to utilize the proceeds from the issue towards the following objects:

- ⇒ Pre-payment or partial re-payment of a portion of certain outstanding borrowings availed by the company; and
- ⇒ General corporate purposes

Investment Rationale

Backward integration and strategic location support cost competitiveness

A-One Steels benefits from a vertically integrated manufacturing model covering multiple stages of the steel value chain, from sponge iron and MS billets to downstream products such as TMT bars, HR coils and pipes. The company uses a significant portion of its intermediate output captively, with 98.9% of MS billets, 82.4% of sponge iron and 88.8% of HR and CR coils being captively consumed in FY26. This reduces dependence on external procurement and provides greater control over the availability and quality of intermediate inputs. The company's manufacturing facilities are also strategically located near the iron ore belt in Bellary and Koppal, while connectivity through road and rail supports movement of raw materials and finished products. In addition, the company has long-term solar and wind power arrangements, with renewable sources accounting for 83.2% of electricity consumption in FY26. The combination of backward integration, proximity to raw material sources and increasing use of renewable power can support lower logistics and input costs, improve operational efficiency, and strengthen the company's ability to remain competitive in a cyclical steel industry.

Capacity expansion and deeper integration provide a multi-year growth runway

A-One Steels is pursuing a combination of capacity expansion, deeper backward integration, product diversification and geographic expansion to drive its next phase of growth. Aggregate installed capacity for steel and industrial products increased from 14.97 lakh MTPA in FY24 to 17.33 lakh MTPA in FY26, supported by capacity additions across MS billets, TMT bars, MS pipes, met coke and GP pipes. The company is now undertaking further expansion at its Koppal facility, including a 6 lakh MTPA iron ore beneficiation plant, a 10 MW waste heat recovery based captive power plant and a railway siding. The beneficiation plant is expected to improve the quality of lower-grade iron ore and potentially reduce coal consumption and sponge iron production costs, while the WHRB plant should enable captive power generation from waste heat. The railway siding is expected to improve bulk logistics. Alongside these projects, the company plans to expand its product portfolio, enter under-penetrated domestic and international markets, and selectively acquire stressed steel assets. Successful execution could increase capacity, deepen integration, improve asset utilization, and broaden the company's revenue base over time.

Issue Details

Offer Period	24th Sept. 2026 – 28th Sept. 2026
Price Band	Rs. 385 to Rs. 405
Bid Lot	37
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	1
Issue Size (Rs. in Cr.)	405
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	PL Capital Markets Private Limited, Khambatta Securities Limited
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Registrar	Bigshare Services Private Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	85.9	74.5
Public	14.1	25.5
Total	100.0	100.0

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

A-One Steels India Limited

Valuation

A-One Steels India is a backward/vertically integrated steel manufacturer with a diversified portfolio of long steel, flat steel and industrial products, supported by six manufacturing facilities across Karnataka and Andhra Pradesh. The company's growth prospects are supported by its integrated manufacturing model, strategic proximity to raw material sources, ongoing expansion at the Koppal facility and plans to expand its product portfolio and geographical presence. The company is also undertaking a 6,00,000 MTPA iron ore beneficiation plant, a 10 MW waste heat recovery based captive power plant and a railway siding at Koppal, which could strengthen raw material integration, power availability and logistics efficiency. Financial performance improved meaningfully, with Revenue from Operations, EBITDA, and PAT growing at a CAGR of 4.0%, 29.3%, and 80.9%, respectively, during FY24-FY26. EBITDA margin expanded from 4.4% in FY24 to 6.9% in FY26, while PAT margin improved from 1.0% to 3.1% over the same period. The company's balance sheet also strengthened, with debt/equity declining from 2.6x in FY24 to 1.2x in FY26, despite the business's capital-intensive nature. At the CMP of Rs. 405, the stock is valued at 21.9x FY26 P/E and 14.3x FY26 EV/EBITDA, based on diluted EPS of Rs. 18.5. **Considering the company's integrated operations, improving profitability, reduction in leverage and planned capacity and backward-integration initiatives, the current multiples provide scope for earnings growth to be reflected in the company's valuation. Accordingly, we recommend "SUBSCRIBE" to the issue. However, investors should also consider the cyclical nature of the steel industry, raw material price volatility and execution risks associated with the expansion programme.**

Key Risks

- ⇒ Raw material costs accounted for 84.1% of Revenue from Operations in FY26, leaving profitability sensitive to movements in coal, scrap, and iron ore prices. Given the cyclical nature of steel prices, any increase in input costs that cannot be passed on to customers could lead to margin compression and lower profitability.
- ⇒ The top 10 suppliers accounted for 49.2% of total purchases in FY26, while these suppliers are generally not bound by long-term or exclusive contracts. Any disruption in supply, logistical issues or adverse changes in pricing could affect production continuity, working capital requirements and margins.
- ⇒ The steel business requires significant capital for maintenance, capacity expansion and working capital. The company's growth strategy includes capacity additions and projects such as the beneficiation plant, WHRB power plant and railway siding, which could require substantial funding and timely execution.

A-One Steels India Limited

Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Sales	3,834	3,542	4,149
Total revenue from operations	3,834	3,542	4,149
Expenses			
Purchase of Stock in Trade	3,395	3,054	3,487
Changes in inventories of finished goods and work-in-progress	-92	-82	-77
Employee benefits	41	49	53
Other expenses	321	350	401
Total operating expenses	3,664	3,370	3,864
EBITDA	170	171	285
Depreciation & amortization	43	56	63
EBIT	127	116	222
Finance costs	97	113	109
Government Grants	2	3	19
Other Income	27	25	35
PBT before exceptional item	58	30	166
Exceptional item	0	-4	1
PBT	58	26	167
Total tax	19	18	40
Net Profit	39	8	127
Diluted EPS	6.6	1.3	18.5

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	325	109	63
Cash flow from/(used in) investing activities	-191	-192	-10
Net cash flows (used in) / from financing activities	-156	45	-39
Net increase/(decrease) in cash and cash equivalents	-22	-38	14
Cash and cash equivalents at the beginning of the period	72	50	12
Cash and cash equivalents at the end of the period	50	12	26

Source: RHP, BP Equities Research

A-One Steels India Limited

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant & equipment	440	569	633
Capital work in progress	87	122	65
Right-of-use assets	99	40	34
Goodwill	0	12	12
Other intangible assets	0	0	0
Financial assets			
(i) Investments	62	78	79
(ii) Loans	0	0	0
(iii) Other financial assets	80	51	89
Deferred tax assets (net)	0	0	1
Non-current tax assets (net)	2	1	1
Other non-current assets	19	49	50
Total Non-Current Assets	790	924	965
Current Assets			
Inventories	561	798	899
Financial assets			
(i) Trade receivables	484	438	664
(ii) Cash & Cash equivalents	50	12	26
(iii) Other bank balances	77	91	75
(iv) Loans	1	1	2
(v) Other financial assets	8	19	19
Current tax asset (net)	4	4	3
Other current assets	421	467	538
Total Current Assets	1,606	1,829	2,226
Total Assets	2,396	2,753	3,191
Equity and Liabilities			
Equity share capital	17	68	68
Other equity	423	627	771
Non-controlling interests	5	23	24
Total Equity	445	718	863
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	251	283	336
(ii) Lease liabilities	111	44	39
(iii) Trade payables	0	56	61
(iv) Other financial liabilities	23	21	1
Provisions	4	6	7
Deferred tax liabilities (net)	8	7	11
Other non-current liabilities	53	93	118
Total Non-Current Liabilities	450	510	574
Current Liabilities			
Financial Liabilities			
(i) Borrowings	792	681	675
(ii) Lease liabilities	2	2	3
(iii) Trade payables	552	709	904
(iv) Other current financial liabilities	10	18	42
Other current liabilities	142	99	102
Provisions	0	0	0
Current tax liabilities (net)	4	16	27
Total Current Liabilities	1,501	1,525	1,754
Total Liabilities	1,951	2,035	2,328
Total Equity and Liabilities	2,396	2,753	3,191

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392