

A-One Steels India IPO

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- The company is a backward/vertically integrated steel manufacturer based on southern India.
- It provides all sort of steel products under one roof, with major focus on TMT Bars.
- The company marked setback for FY25 on account of geopolitical tensions, and expansion plans underway.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term.

About the Company

A-One Steels India Ltd. (ASIL) is a backward/vertically integrated steel manufacturer based in southern India, with a diversified product portfolio comprising long and flat steel products, as well as industrial products used in steel manufacturing. As on date of this Red Herring Prospectus, its manufactured product portfolio consists of 10 steel products and industrial products. As per CRISIL Report, an integrated steel manufacturing setup allows a company to operate across the value chain, from raw material processing to steelmaking and downstream products.

The company commenced its operations in 2013 with the manufacturing of MS billets at Gauribidanur Facility, which had an installed capacity of approximately 20,000 MTPA. Its integrated manufacturing process extends from the manufacturing of direct reduced iron, commonly known as sponge iron, to the manufacturing of MS billets and their further conversion into finished steel products including, TMT bars, HR coils, CR coils, HR (MS) pipes, CR pipes and galvanized tubes and pipes. The Sponge iron, MS billets, HR coils and CR coils produced by ASIL are primarily intended to be used for captive consumption in downstream manufacturing process; thereby supporting its integrated operations. Any production in excess of captive requirements is sold in the open market. It also manufactures industrial products used in steel manufacturing, including met coke and ferro alloys such as silicon manganese and ferro silicon, which are sold in open market.

ASIL's backward-integrated manufacturing operations enables it to exercise greater control over the availability and quality of intermediate products required for downstream manufacturing processes and reduce its dependence on third-party suppliers. Its manufacturing processes also provides it with the flexibility to manufacture steel products across a range of formats, including various grades of TMT bars, specialized steel and alloy products, and tubes and pipes for varied applications.

As per the CRISIL Report, the products that ASIL produces are used across a range of industries and infrastructure segments, including construction and infrastructure projects, power plants, dams,

airports, bridges, flyovers, stadiums, highways, underground structures, marine structures, industrial structures and high-rise residential buildings.

As of the date of this Red Herring Prospectus, the Company and its Subsidiaries operate six manufacturing units across Karnataka and Andhra Pradesh, comprising facilities located at Gauribidanur, Hindupur, Chikkantapur, Bellary and Koppal. These manufacturing units are owned or leased by the Company and its Subsidiaries and collectively support its backward-integrated operations and the manufacture of its diversified portfolio of steel and industrial products. As of June 30, 2026, it had 1377 employees on its payroll and 1082 contract workers.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 405.00 cr. (of approx. 10000000 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 355.00 cr. (approx. 8765432 equity shares at the upper cap) and an Offer for Sale (OFS) worth Rs. 50.00 cr. (approx. 1234568 equity shares at the upper cap). The company has announced a price band of Rs. 385 – Rs. 405 per equity shares of Rs. 10 each. The issue opens for subscription on September 24, 2026, and will close on September 28, 2026. The minimum application to be made is for 37 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 12.95% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 250.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 2.00 cr. (approx. 49383 shares at the upper cap), and offering them a discount of Rs. 38 per share. From the rest, it has allocated not more than 50% for QIBs, not less than 35% for Retail Investors and not less than 15% for HNIs.

The two joint Book Running Lead Managers (BRLMs) to this issue are PL Capital Markets Pvt. Ltd., Khambatta Securities Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue.

After issuing/converting initial equity shares at par value, the company has issued/converted further equity shares in the price range of Rs. 68.80 – Rs. 250.00, between March 2021, and July 2024. The company also issued bonus shares in the ratio of 5 for 2 in April 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.76, Rs. 6.57, and Rs. 8.04 per share.

Post-IPO, its current paid-up equity capital of Rs. 68.47 cr. (68465270 equity shares) will stand enhanced to Rs. 77.23 cr. (77230702 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 3127.84 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 3862.44 cr. / Rs. 38.91 cr. (FY24), Rs. 3569.63 cr. / Rs. 7.71 cr. (FY25), and Rs. 4202.05 cr. / Rs. 127.41 cr. (FY26). While it posted inconsistency in its top

and bottom lines for the reported periods, lower top and bottom lines are attributed to higher provisioning for finance cost, depreciation and amortization expenses.

Its contingent liabilities stood at Rs. 108.97 cr. as of March 31, 2026. Surge in trade receivables of Rs. 664.46 cr. as of March 31, 2026 raise concern.

For the last three fiscals, the company has posted an average EPS of Rs. 10.76 and an average RoNW of 9.65 %. The issue is priced at a P/BV of 3.38 based on its NAV of Rs. 119.70 as of March 31, 2026, and at a P/BV of 2.66 based on its post-IPO NAV of Rs. 152.29 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 24.55. Based on FY25 earnings, the P/E stands at 405. The issue appears aggressively priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins (before exceptional items) of 1.01% (FY24), 0.34% (FY25), 3.04% (FY26), and RoCE margins of 8.67%, 7.03%, 12.86%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in December 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown MSP Steel, Jai Balaji Ind., Shyam Metalics., as its listed peers. They are currently trading at a P/E of 13.6, 40.1, and 27.3 (as of September 22, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 12 IPOs in the last three fiscals and out of which 4 IPOs closed below the issue price on listing date.

Conclusion / Investment Strategy

ASIL is a backward/vertically integrated steel manufacturer based on southern India. It provides all sort of steel products under one roof, with major focus on TMT Bars. The company marked setback for FY25 on account of geopolitical tensions, and expansion plans underway. Based on its recent average financial data, the issue appears fully priced. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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