IPO REVIEW

Bombay Coated and Special Steels IPO

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- The company is a steel processing center engaged in the business of converting steel coils into high value-added processed steel products.
- The company posted steady growth in its top and bottom lines for the reported periods.
- Based on its recent average financial data, the issue appears fully priced.
- Investors may park funds for medium to long term rewards.

About the Company

Bombay Coated & Special Steels Ltd. (BCSSL) is a steel processing center engaged in the business of converting steel coils into value-added processed steel products. Its core competencies include precision slitting, cut-to-length processing, shearing, and embossing of steel coils into slit coils, embossed slit coils, blanks, embossed blanks and sheared blanks (collectively referred to as “Processed Steel Products”). The company caters to a diversified customer base comprising Original Equipment Manufacturers (OEMs) and Original Design Manufacturers (ODMs).

The Company, being a Steel Processing Centre (“SPC”), operate as an intermediary between primary steel producers and end-users by providing value-added processing services. For the home and commercial appliances sector, it processes coated steel coils and hot-rolled steel coils into Processed Steel Products used in the manufacture of various appliances. For the general engineering sector, BCSSL undertakes specialized processing of non-coated and galvanized plain coils into blanks, used in automotive manufacturing, pharmaceutical cleanroom infrastructure, electrical equipment, and ventilation systems. In addition to manufacturing Processed Steel Products, it also performs logistics and inventory management functions. By maintaining adequate inventory levels and offering just-in-time delivery solutions, the company ensures timely and efficient supply of processed steel products to customers across urban as well as remote locations, thereby enhancing supply chain efficiency and cost optimization. (Source: CareEdge Report)

Since 2021, BCSSL has been an authorised service partner of JSW Steel Coated Products Limited and/or its holding Company (“JSWSCPL”), pursuant to an agreement for the regular supply of steel coils. It procures steel coils from JSWSCPL as well as other suppliers and process them using advanced engineering techniques and high-precision machinery to manufacture Processed Steel Products. Its long-standing and strong supplier relationships ensure stability and reliability in sourcing, enabling it to efficiently and consistently meet customer requirements. (Source: CareEdge Report). It is a multi-location steel processing center with manufacturing facilities located at Wada and Bhiwandi in Maharashtra, Ghiloth in Rajasthan, and Sri City in Andhra Pradesh. Its facilities are

equipped with steel processing infrastructure, including slitting lines, cut-to-length lines, shearing lines, and embossing lines, designed to achieve operational precision and efficiency.

manufacturing facilities are spread across four strategically located sites in India, aggregating a total area of 42,209 square meters, and are ISO 9001:2015 certified for the processing, marketing, and supply of Processed Steel Products. Further, its Ghiloth facility in Rajasthan and Sri City in facility Andhra Pradesh has been recognized as a GEM-4 certified green facility.

It has established long-standing relationships with a diverse set of customers. Its focus on quality, value proposition, timely delivery of products and the price competitiveness of offerings has enabled it to maintain long-term relationships with customers. These customers span multiple industries, including consumer durables and home appliances, electrical equipment and components, automotive and auto components, HVAC and refrigeration, electronics and electrical manufacturing services, industrial engineering and capital goods, steel processing and metal fabrication, infrastructure, renewable energy and power equipment, FMCG and packaging, as well as general manufacturing and industrial trading enterprises. Such diversification of its customer base across industries reduces dependence on any single customer or industry segment. (Source: CareEdge Report).

Its customer base includes several OEMs and ODMs operating in India, including Haier Appliances India Private Limited IFB Refrigeration Limited, Dixon Electro Manufacturing Private Limited, Amber Enterprises India Limited, Western Refrigeration Private Limited, PG Technoplast Private Limited, EPack Durable Limited Kruger Ventilation Industries (India) Private Limited, Elegant Coatings Private Limited and Magnum MI Steel Private Limited., etc. As of June 30, 2026, it had 160 employees on its payroll and additional 4 retainership employees.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO worth Rs. 183.06 cr. (approx. 22324390 equity shares at the upper cap). The company has announced a price band of Rs. 78 – Rs. 82 per equity shares of Rs. 10 each. The issue opens for subscription on October 29, 2026, and will close on November 02, 2026. The minimum application to be made is for 182 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 35.53% of the post-IPO paid-up equity capital. From the net proceeds of the issue, the company will utilize Rs. 125.00 cr. for repayment/prepayment of certain borrowings, Rs. 15.77 cr. for acquisition of capital equipment under existing lease arrangements with Siemens financial Services Pvt. Ltd., and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Smart Horizon Capital Advisors Pvt. Ltd., while KFin Technologies Ltd. is the registrar to the issue. Shreni group’s Shreni Shares Ltd. Is a syndicate member.

Having issued/converted initial equity shares at par value, the company has issued further equity shares at a fixed price of Rs. 88 per share in October 2025. It has also issued bonus shares in the ratio of 3 for 1 in July 2025. The average cost of acquisition of shares by the promoters is Rs. 1.25, Rs. 2.50, and Rs. 12.50 per share.

Post-IPO, its current paid-up equity capital of Rs. 40.50 cr. (40500091 equity shares) will stand enhanced to Rs. 62.82 cr. (62824481 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 515.16 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 765.41 cr. / Rs. 21.14 cr. (FY24), Rs. 1058.65 cr. / Rs. 28.67 cr. (FY25), and Rs. 1269.83 cr. / Rs. 30.54 cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it earned a net profit of Rs. 15.08 cr. on a total income of Rs. 37.55 cr. The company posted growth in its performances for the reported periods. Rising trade receivables year-on-year raise concern. Its contingent liabilities stood at Rs. 9.83 cr. as of June 30, 2026. Its debt-equity ratio of 2.00 as of June 30, 2026, raise concern.

For the last three fiscals, the company has posted an average EPS of Rs. 7.12 and an average RoNW of 30.55 %. The issue is priced at a P/BV of 2.43 based on its NAV of Rs. 33.73 as of June 30, 2026, and at a P/BV of 1.51 based on its post-IPO NAV of Rs. 54.46 per share (it misses info on valuation on floor price or cap price basis in IPO price band ad).

If we attribute FY27 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 8.54. Based on FY26 earnings, the P/E stands at 16.87. The issue appears fully priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 2.80% (FY24), 2.72% (FY25), 2.41% (FY26), 3.80% (Q1-FY27), and RoCE margins of 18.60%, 18.78%, 16.40%, 7.01%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has adopted a dividend policy in March 2025, based on its earnings and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown BMW Ind., Manaksia Coated, Shiv Aum Steels, as its listed peers. They are currently trading at a P/E of 12.6, 31.2, and 77.5 (as of October 26, 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

This is the 33rd mandate from Smart Horizon Capital Advisors in the last three fiscals. Out of the last 10 listings, 2 opened at discount, 2 at par, and the rest with premium ranging from 1.69% to 12.99% on the listing date.

Conclusion / Investment Strategy

BCSSL is a steel processing center engaged in the business of converting steel coils into high value-added processed steel products. It enjoys a status of authorized service partner of JSWSCPL. The company posted steady growth in its top and bottom lines for the reported periods. Based on its recent average financial data, the issue appears fully priced. Investors may park funds for medium to long term rewards.

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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