IPO REVIEW

Rajputana Stainless IPO

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- The company is engaged in the manufacturing of various types of stainless-steel products meeting varied use.
- The company marked degrowth in its top lines, but posted growth in bottom lines for the reported periods.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed investors may park funds for medium to long term.

About the Company

Rajputana Stainless Ltd. (RSL) is engaged in the business of manufacturing of long and flat stainless-steel products comprising of billets, forging ingots, rolled black bar, rolled bright bar, flat & patti and other ancillary products under the brand name of “RSL”. It offers products in more than eighty (80) diverse grades of stainless steel reflecting its ability to meet varied technical and application-specific requirements. RSL’s versatile production capabilities enable it to cater to a wide range of industries and allow it to attend to customers’ specifications. This flexibility distinguishes it from competitors and enhances its ability to serve a diverse client base. Presently, the company operates exclusively on Business-to-Business (“B2B”), catering to a customer base that primarily comprises manufacturers and traders.

Its focus on the B2B segment enables it to deliver stainless-steel solutions that meet the requirements of industrial clients across various applications. Company’s products are used across a diverse range of industries, including bar processing, seamless pipes, forging, wire manufacturing, engineering, casting, fasteners, utensils manufacturing, pump and shaft and auto industry. This broad industrial reach reflects the adaptability and performance of its stainless-steel solutions in both standard and specialized end uses.

A majority of its products are primarily sold domestically through direct sales and traders’ network. In addition to catering to domestic market, presently its products are being exported to Nine (9) countries in the international market i.e., nine (9) countries, including market of Turkey, UAE, Poland, Portugal, USA, South Africa, South Korea, Czech Republic and Kuwait.

In addition to deriving revenue from manufacturing and supply our stainless-steel products, we also derive revenue; (i) from the sale of consumables, scrap, and other items; (ii) from sale of traded goods and (iii) job work and other income. As of September 30, 2025, it served 220 manufacturers

and 46 traders against 225 manufacturers and 145 traders as of March 31, 2025. It presently sells products in fourteen (14) states and two (2) union territories through direct sales and through traders' network. The company generates significant revenue from operations from the state of Maharashtra, Gujarat and Uttar Pradesh.

As of September 30, 2025, it had an installed melting capacity of 48,000 MTPA, rolling capacity of 36,000 MTPA and bright bar capacity of 6,000 MTPA, heat treatment facility of 2,000 MT and Oxygen and Nitrogen plants having installed capacity of 350 cum/hour and 200 cum/hour respectively. In addition to production at its Manufacturing Facility, the company also engages third party manufacturing units on job work basis to cater to the increased demand of products as per requirement.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 20900000 equity shares of Rs. 10 each worth Rs. 254.98 cr. at the upper cap. The IPO consists of 14650000 fresh equity shares (worth Rs. 178.73 cr. at the upper cap), and an Offer for Sale (OFS) of 6250000 equity shares (worth Rs. 76.25 cr. at the upper cap). The company has announced a price band of Rs. 116 – Rs. 122 per equity shares of Rs. 10 each. The issue opens for subscription on March 09, 2026, and will close on March 11, 2026. The minimum application to be made is for 110 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.01% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 18.57 cr. for capex for expansion of existing unit, Rs. 98.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Nirbhay Capital Services Pvt. Ltd., and KFin Technologies Ltd., is the registrar to the issue. Signatureglobal Comtrade Pvt. Ltd. is a syndicate member.

After issuing initial equity shares at par, the company has issued further equity shares in the price range of Rs. 15.00 – Rs. 100 per share (on the basis of Rs. 10 FV) between March 2005, and March 2014. It has also issued bonus shares in the ratio of 3 for 2 in February 2009, 1 for 1 in March 2012, and 1 for 1 in November 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.91, Rs. 1.20, and Rs. 1.31 per share.

Post-IPO, its current paid-up equity capital of Rs. 68.92 cr. will stand enhanced to Rs. 83.57 cr. Based on the upper cap of the IPO price band; the company is looking for a market cap of Rs. 1019.53 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 950.69 cr. / Rs. 24.04 cr. (FY23), Rs. 915.50 cr. / Rs. 31.63 cr. (FY24), and Rs. 937.49 cr. / Rs. 39.85 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit

of Rs. 24.41 cr. on a total income of Rs. 502.77 cr. The company witnessed setback in top lines for FY24 and FY25 compared to FY23, but marked growth in its bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 5.00 and an average RoNW of 27.44 %. The issue is priced at a P/BV of 4.76 based on its NAV of Rs. 25.63 as of September 30, 2025, and at a P/BV of 2.87 based on its post-IPO NAV of Rs. 42.53 per share (at the upper cap).

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 20.89. Based on FY25 earnings, the P/E stands at 25.58. Thus, prima facie, the issue is aggressively priced.

For the reported periods, the company has posted PAT margins of 2.54% (FY23), 3.48% (FY24), 4.28% (FY25), 4.87% (H1-FY26), and RoCE margins of 25.72%, 32.17%, 31.72%, 16.55% respectively, for reported periods.

Dividend Policy

The company has not declared any dividends for the referred periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Mangalam Worldwide, Mukand Ltd., Electrotherm Ltd., and Panchmahal Steel, as its listed peers. They are currently trading at a P/E of 18.9, 30.3, 16.9, and NA (as of March 05, 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 sole BRLM associated with this issue has handled 5 issues in the last three fiscals, out of which 3 issues closed below the issue price on listing date.This is the 6th mandate from its stable.

Conclusion / Investment Strategy

RSL is engaged in the manufacturing of various types of stainless-steel products meeting varied use. The company marked degrowth in its top lines, but posted growth in bottom lines for the reported periods. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively 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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