Rajputana Stainless Limited

06-March-26

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	2,550
Fresh Issue (No. of Shares in Lakhs)	146.50
Offer for Sale (No. of Shares in Lakhs)	62.50
Bid/Issue opens on	09-Mar-26
Bid/Issue closes on	11-Mar-26
Face Value	Rs. 10
Price Band	116-122
Minimum Lot	110

Objects of the Issue:

- **Fresh Issue: ₹1,787 million**
  - Funding capital expenditure requirements for expansion of the existing manufacturing facility in Gujarat i.e., Stainless Steel Seamless Pipes (“Proposed Facility”)
  - Full or part repayment and/or prepayment of certain outstanding borrowings and
  - General corporate purposes.
- **Offer for Sale: ₹763 million**

Book Running Lead Managers
Nirbhay Capital Services Private Limited
Registrar to the Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	1,000
Subscribed paid up capital (Pre-Offer)	689.18
Paid up capital (post-Offer)	835.68

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	78.2	57.0
Public	21.8	43.0
Total	**100.0%**	**100.0%**

- **Financials**

Particulars (Rs. In Million)	6M FY26	FY25	FY24	FY23
Revenue from operations	5,015	9,322	9,098	9,477
Operating Expenses	4,556	8,584	8,503	9038
EBIDTA	**459**	**738**	**595**	**438**
Other Income	12	53	57	30
Depreciation	46	88	83	69
EBIT	**426**	**703**	**569**	**399**
Interest	102	157	145	114
PBT	**323**	**546**	**424**	**286**
Tax Expense	79	148	107	45
Consolidated PAT	**244**	**398**	**316**	**240**
EPS	**2.9**	**4.8**	**3.8**	**2.9**
Ratio	**6M FY26**	**FY25**	**FY24**	**FY23**
EBITDAM	9.2%	7.9%	6.5%	4.6%
PATM	4.9%	4.3%	3.5%	2.5%
Sales growth		2.5%	-4.0%	

Company Description

Founded in 1991, Rajputana Stainless Limited is engaged in the manufacturing and processing of stainless-steel long products, primarily catering to the construction, infrastructure, railways and industrial sectors. The company manufactures a range of stainless-steel products including billets, ingots, black bars, bright bars and flat bars, which are used in applications requiring high strength, corrosion resistance and durability. Its manufacturing operations are integrated and supported by in-house melting, casting and rolling facilities, enabling better quality control and cost efficiencies.

The company operates its manufacturing facility in Rajasthan, equipped with induction furnaces, continuous casting machines and rolling mills, allowing it to manage the production cycle from raw material procurement to finished goods. Rajputana Stainless focuses on supplying customized stainless-steel solutions based on specific grade, size and application requirements of its customers. It serves a diversified customer base comprising traders, distributors and industrial users across multiple states in India. The business model is driven by value-added processing, efficient raw material sourcing and maintaining consistent product quality standards. The company benefits from growing demand for stainless steel products in infrastructure development, real estate construction, railways modernization and industrial fabrication.

The company has over two decades of experience in stainless steel manufacturing and has produced more than 5.50 lakh metric tons of stainless-steel products across multiple grades between FY2006 and FY2025. It serves a diversified base of 370 customers, including manufacturers and traders, with around 167 long-standing customers (over three years) contributing about 75.83% of FY2025 revenue, reflecting strong customer relationships and repeat business. Geographically, the company operates across 14 states and 2 union territories, with Maharashtra, Gujarat, and Uttar Pradesh being key markets. Its fully integrated manufacturing facility in Kalol, Gujarat, spread over ~35,197 sq. m., includes an induction furnace, AOD, CCM, rolling mill, bright bar shop, and in-house gas plants, with installed capacities of 48,000 MTPA for melting, 36,000 MTPA for rolling, and 6,000 MTPA for bright bars as of September 30, 2025.

The company primarily sells its products in the domestic market through direct sales and a network of traders. In addition to its strong domestic presence, it also exports stainless-steel products to nine countries, including Turkey, UAE, Poland, Portugal, the USA, South Africa, South Korea, the Czech Republic, and Kuwait. This reflects a diversified geographic reach, with revenues generated from both India and international markets, as detailed in the breakdown of domestic and export revenues for the respective periods.

India’s finished steel industry has shown strong growth, with production rising from 96.2 million tons in FY2021 to 146.6 million tons in FY2025 (CAGR ~11.2%), supported by capacity expansion and increasing domestic demand. Consumption has grown even faster, increasing from 94.9 million tons to 152.0 million tons during the same period (CAGR ~12.5%), driven by infrastructure spending, urbanization, and industrial activity. The widening gap between consumption and production highlights strengthening domestic demand, aided by initiatives like *Make in India* and the National Infrastructure Pipeline. The private sector dominates production, with non-flat steel (used in construction and infrastructure) forming the largest share, while flat steel for automotive and engineering applications continues to grow steadily. In stainless steel, India remains among the leading global producers, contributing about 6–7% of global output, with resilient domestic consumption despite some moderation in production in FY2023. Overall, FY2025 recorded finished steel production of 146.56 million tons (+5.3% YoY) and consumption of 152.0 million tons (+11.5% YoY), reflecting robust demand across infrastructure, construction, automotive, and industrial sectors.

Valuation & Outlook:

- Rajpurana Stainless Steel, valued at ~21x P/E (post issue) on FY25 earnings (at the upper band) is valued fairly in relation to its competitors. Considering the company’s consistent track record & superior financial metrics, the valuation is fully priced in. Hence, we recommend subscribing to the IPO.

- **Description of Business**:

They offer products in more than eighty (80) diverse grades of stainless steel reflecting our ability to meet varied technical and application-specific requirements and their versatile production capabilities enable to cater to a wide range of industries and allows to attend to their customers' specifications. This flexibility distinguishes them from our competitors and enhances our ability to serve a diverse client base. Presently, they operate exclusively on Business-to-Business ("B2B"), catering to a customer base that primarily comprises manufacturers and traders.

A majority of the products are primarily sold domestically through direct sales and traders' network. In addition to catering to domestic market, presently their products are being exported to 9 countries, including Turkey, UAE, Poland, Portugal, USA, South Africa, South Korea, Czech Republic and Kuwait. The following table sets forth a breakdown of our revenues from operations in India and our revenue from operations outside India, in absolute terms and as a percentage of total revenue from operations, for the periods indicated:

Particulars (₹ in million except for percentages)	Six-month period ended Sept 30, 2025	% to Total Revenue	FY2025	% to Total Revenue	FY2024	% to Total Revenue	FY2023	% to Total Revenue
Domestic Revenue	5,013	99.9%	9,169	98.3%	9,049	99.5%	9,477	100%
Export Revenue	3	0.1%	153	1.6%	49	0.5%	–	–
Total Revenue from Operations	**5,015**	**100%**	**9,322**	**100%**	**9,098**	**100%**	**9,477**	**100%**

They also derive revenue from other sources such as detailed in the table below:

Particulars (₹ in million except for percentages)	Six-month period ended Sept 30, 2025	% of Revenue	FY2025	% of Revenue	FY2024	% of Revenue	FY2023	% of Revenue
Revenue from Sale of Manufactured Goods	4,513	89.9%	8,392	90.0%	8,868	97.4%	9,161	96.7%
Revenue from Sale of Consumables, Scrap & Other Items	110	2.2%	272	2.9%	165	1.8%	281	2.3%
Revenue from Sale of Traded Goods	369	7.3%	614	6.6%	0	0.0%	0	0.0%
Revenue from Job Work & Other Income	24	0.5%	45	0.5%	65	0.7%	35	0.3%
Total Revenue from Operations	**5,015**	**100.00%**	**9,322**	**100.00%**	**9,098**	**100.00%**	**9,477**	**100%**

Their Manufacturing Facility: The company has established a track record of over two decades in stainless steel manufacturing, having produced and delivered more than 5.50 lakh metric tons of stainless-steel products across varied grades and specifications between FY2006 and FY2025. The company's customer base comprises both manufacturers and traders, with a total of 370 customers in FY2025, reflecting a diversified outreach. Notably, around 167 customers have been associated with the company for over three years, contributing approximately 75.83% of FY2025 revenue, indicating strong repeat business and relationship stability. Geographically, operations span 14 states and 2 union territories, with Maharashtra, Gujarat, and Uttar Pradesh being key revenue contributors. The company operates a fully integrated manufacturing facility at Kalol, Gujarat, spread across ~35,197 sq. m., equipped with induction furnace, AOD, CCM, rolling mill, bright bar shop, and in-house gas plants. As of September 30, 2025, installed capacities stood at 48,000 MTPA (melting), 36,000 MTPA (rolling), and 6,000 MTPA (bright bars). Additionally, Rajputana Stainless utilizes third-party job work units for specific processes to manage incremental demand and optimize capacity utilization as detailed in the table below:

Particulars	Installed Capacity (MTPA)	Actual Production (MTPA) – 6M FY26*	FY2025	FY2024	FY2023	Capacity Utilization (%) – 6M FY26	FY2025	FY2024	FY2023
Melting	48,000	23,954	47,960	47,979	47,993	49.9%	99.9%	99.9%	99.9%
Rolling	36,000	17,937	35,990	35,327	33,470	49.8%	99.9%	98.1%	92.9%
Bright Bar	6,000	2,975	1,952	3,110	3,255	49.6%	32.5%	51.8%	54.2%
Heat Treatment Facility	2,000	2,000	2,000	2,000	2,000	100%	100%	100%	100%
Oxygen Plant (CuM/hr)	350	350	350	350	350	100%	100%	100%	100%
Nitrogen Plant (CuM/hr)	200	200	200	200	200	100%	100%	100%	100%

- **Market Opportunity:**

• India's finished steel production has demonstrated consistent growth, increasing from 96.2 million tons in FY2021 to 146.6 million tons in FY2025 (CAGR: 11.2%). Production stood at 139.2 million tons in FY2024, supported by capacity expansion and rising domestic demand. The private sector continues to account for the majority of output, with non-flat products (used in construction and infrastructure) dominating overall production, while flat products (automotive and engineering applications) have shown steady growth.

• Finished steel consumption has expanded at a faster pace, rising from 94.9 million tons in FY2021 to 152.0 million tons in FY2025 (CAGR: 12.5%). Consumption in FY2024 stood at 136.3 million tons, driven by strong infrastructure spending and industrial activity, with FY2025 reflecting sustained economic momentum and higher steel intensity across key end-use industries.

• The widening gap between production and consumption highlights strengthening domestic demand, supported by rapid urbanization, infrastructure development, and expanding manufacturing capacity under initiatives such as 'Make in India' and the National Infrastructure Pipeline.

• In the global stainless-steel market, India accounted for approximately 6–7% of global output during 2016–2021 and remained among the leading producers globally. While Indonesia emerged as the second-largest producer in 2021, India continues to maintain a significant position in stainless-steel manufacturing.

• In FY2023, India's stainless-steel production moderated slightly, while consumption recorded YoY growth, indicating resilient domestic demand. Stainless steel continues to account for a meaningful share of total alloy steel production and consumption.

• Overall, total finished steel production in FY2025 reached 146.56 million tons (up 5.3% YoY), while consumption rose 11.5% YoY to 152.0 million tons, underscoring robust demand across infrastructure, construction, automotive, and industrial sectors.

➢ **Competitive Strengths:**

- **Established, Integrated Manufacturing Setup at Strategic Location:** It operates a fully integrated manufacturing facility spread across approximately 35,197 sq.m, including 17,610 sq.m of unutilized land, located at Halol Kalol Road, Kalol, Panchmahal, Gujarat. The facility covers the entire production chain from melting, refining, and casting to rolling, heat treatment, quality testing, and storage. Key infrastructure includes an induction furnace, AOD, CCM, rolling mill, bright bar shop, along with in-house Oxygen and Nitrogen plants, reducing reliance on third-party suppliers. The facility combines mechanized processes with skilled labour to meet stringent quality standards. The Installed Capacity, Production and Utilization are detailed as below:

Facility	Installed Capacity	Actual Production (6M FY26)	FY2025	FY2024	FY2023	Capacity Utilization (6M FY26)	FY2025	FY2024	FY2023
Melting	48,000 MT	23,954 MT	47,960	47,979	47,993	49.90%	99.9%	99.9%	99.9%
Rolling	36,000 MT	17,937 MT	35,990	35,327	33,470	49.82%	99.9%	98.1%	92.9%
Bright Bar	6,000 MT	2,975 MT	1,952	3,110	3,255	49.58%	32.5%	51.8%	54.2%
Heat Treatment	2,000 MT	2,000 MT	2,000	2,000	2,000	100%	100%	100%	100%
Oxygen Plant	350 CuM/hr	350 CuM/hr	350	350	350	100%	100%	100%	100%
Nitrogen Plant	200 CuM/hr	200 CuM/hr	200	200	200	100%	100%	100%	100%

The company also engages third-party job-work units to supplement production, producing 535 MT during the six-month period ended September 30, 2025, and higher volumes in previous years. The Product-wise Production (in MT) is detailed as below:

Product	6M FY26	FY2025	FY2024	FY2023
Billets	24,079	46,679	46,840	46,148
Forging Ingots	494	972	1,139	1,398
Rolled Black Bar	17,294	31,768	30,806	29,240
Rolled Bright Bar	1,427	1,656	2,506	3,152
Flat & Patti	2,092	3,697	2,252	3,182
Wire Rods	–	228	724	790
Other Products (RCS, Angle, Mill Scale)	231	278	308	223

It is strategically located with direct access to NH 148N, nearby railway stations, ports, and Vadodara airport, the facility ensures efficient inbound raw material and outbound finished goods movement, optimizing logistics costs and supporting operational efficiency. Forward integration plans to manufacture stainless steel seamless pipes are expected to further enhance production flexibility, reduce costs, and strengthen competitive advantage.

- **Diverse Product Portfolio:** The company offers a broad range of stainless-steel products including billets, forging ingots, rolled black and bright bars, flat patti, wire rods, and ancillary products across more than 80 grades. The company manufactures products in diverse sizes and specifications to meet varied industrial applications, enabling flexibility to adapt to evolving customer requirements and market conditions. Wire rods are produced on a job-work basis but are integral to the portfolio. This diversified mix reduces dependency on any single product, de-risks revenue streams, and provides a competitive advantage. The Product-wise Revenue and Average Price (6M FY26 & Last Three Fiscal Years) is detailed in the table below:

Product	6M FY26 Revenue (₹ mn)	% of Revenue	Avg Price ₹/kg	FY2025 Revenue (₹ mn)	% Revenue	Avg Price ₹/kg	FY2024 Revenue (₹ mn)	% Revenue	Avg Price ₹/kg	FY2023 Revenue (₹ mn)	% Revenue	Avg Price ₹/kg
Billets	857	17.1%	160	1,469	15.7%	168	1,315	14.4%	168	1,633	17.2%	192
Forging Ingots	95	1.9%	224	212	2.3%	251	188	2.0%	222	308	3.2%	242
Rolled Black Bar	2,887	57.6%	185	5,505	59.0%	185	5,036	55.3%	188	5,070	53.5%	190
Rolled Bright Bar	773	15.4%	236	1,248	13.3%	236	1,094	12.0%	234	900	9.5%	254
Flat & Patti	224	4.5%	100	415	4.4%	110	295	3.2%	130	459	4.8%	137
Wire Rods	–	–	–	79	0.8%	195	910	10.0%	248	717	7.5%	247
Other Products (RCS, Mill Scale)	47	0.9%	–	77	0.8%	–	29	0.3%	–	73	0.8%	–
Other Operating Revenue	134	2.7%	–	316	3.4%	–	230	2.5%	–	316	3.3%	–

Other operating revenue sources include traded goods, scrap, consumables, job work, freight, insurance claims. This consolidated portfolio enables Rajputana Stainless to cater to sector-specific needs across construction, automotive, engineering, and industrial applications, enhancing competitiveness and supporting resilient revenue generation.

- **Established Customer Base:** With over two decades of operating history, the company has developed a diversified and stable customer base built on long-standing relationships and a customer-centric approach. The company focuses on delivering stainless-steel products tailored to specific client requirements, which has supported business expansion and strengthened its positioning within the domestic stainless-steel market. While exports contribute a relatively small portion of revenue, ₹3 million (0.06%) in 6M FY26 and ₹153 million (1.64%) in FY2025—the company remains predominantly domestic-focused. The strength of its customer relationships is reflected in consistent revenue contribution from repeat clients and meaningful engagement with large customers. The contribution of the top 10 customers has remained stable at ~42–45% over the past three fiscals as detailed in the table below:

Period	Revenue from Operations	Revenue from Top 10 Customers	% Contribution
6M FY26	5,015	2,254	44.9%
FY2025	9,322	3,886	41.7%
FY2024	9,098	3,816	41.9%
FY2023	9,477	4,197	44.3%

- **Promoters and Experienced Management Team:** The company is led by a qualified management team and an experienced Board of Directors. The promoters Shankarlal Deepchand Mehta and Babulal D. Mehta (since 1999), and Jayesh Natvarlal Pithva and Yashkumar Shankarlal Mehta (since 2007 and 2015) bring over five decades of steel industry experience, driving strategy, innovation, expansion, and a customer-focused approach.The company follows a collaborative, function-oriented management style, enabling efficient operations, market responsiveness, and leveraging customer relationships. Supported by a skilled workforce and quality assurance team, the management has consistently maintained operational and financial performance.This combination of experienced promoters, skilled management, and qualified employees provides a competitive advantage and positions the company to capitalize on growth opportunities in the stainless-steel sector.

➢ **Growth Strategies**:

- **Setting up of Stainless-Steel Seamless Pipe Units:** They propose to establish manufacturing of stainless-steel seamless pipes plant within the premise of their existing Manufacturing Facility. The basic raw material required for manufacturing of stainless-steel seamless pipes is rolled black/bright bar, which is presently manufactured by the Company in its existing Manufacturing Facility with rolling mill installed capacity of 36,000 MT per annum. This forward integration initiatives would enable to produce stainless-steel seamless pipes using raw materials manufactured in-house and will result in operational efficiency, reducing product costs, controlling supply of raw materials, and monitoring the quality of our products, thus giving it a competitive advantage. The proposed integrated set will also reduce delivery timelines which will allows them to service their customers faster, leads to higher operating margins. This will widen the market for the Company as it will increase Company's product portfolio and hence customer base. This will further help in mitigating the offtake risk and also realize immediate sale.

- **Strengthening foothold in their existing markets and expanding customer base:** The brief details of industry wise sale of their products for the six-month period ended September 30, 2025, and last three fiscals is listed below:

Industry (₹ in million except for percentages)	Six-month period ended Sep 30, 2025	% of Revenue	Fiscal 2025	% of Revenue	Fiscal 2024	% of Revenue	Fiscal 2023	% of Revenue
Bar Processing	1495	29.8%	3111	33.4%	2955	32.5%	3614	38.1%
Seamless Pipes	1003	20.0%	1582	17.0%	1689	18.6%	1166	12.3%
Forging	490	9.8%	925	9.9%	842	9.3%	995	10.5%
Wire Manufacturing	224	4.5%	560	6.0%	820	9.0%	626	6.6%
Utensil Manufacturing	167	3.3%	351	3.8%	166	1.8%	301	3.2%
Casting	240	4.8%	375	4.0%	331	3.6%	378	4.0%
Engineering	250	5.0%	379	4.1%	360	4.0%	372	3.9%
Fasteners	75	1.5%	165	1.8%	231	2.5%	104	1.1%
Pump & Shaft	96	1.9%	174	1.9%	134	1.5%	125	1.3%
Auto Industry	90	1.8%	107	1.2%	49	0.5%	178	1.9%
Others	886	17.7%	1593	17.1%	1524	16.8%	1622	17.1%
Total	**5015**	**100%**	**9322**	**100%**	**9098**	**100%**	**9477**	**100%**

Other include Aerospace & Defense, Re-rolling, Furniture, Fittings, Metal Injection Molding, Oil & Gas, and Heavy Electricals industries. The company primarily sells its products domestically through direct sales and a dealer network, with key applications across bar processing, seamless pipes, forging, wire manufacturing, utensil production, engineering, and the automotive sector. The company operates in 14 states and two union territories, generating significant revenue from Maharashtra (47.7%), Gujarat (35%), and Uttar Pradesh (8.2%), which collectively accounted for over 87–91% of total revenue in the periods presented. In addition to its domestic presence, the company exports products to nine countries, including Turkey, UAE, Poland, Portugal, USA, South Africa, South Korea, Czech Republic, and Kuwait. While exports currently contribute a small portion of total revenue, it aims to leverage its product portfolio, strong domestic acceptance, and international presence to expand into new global markets. The company also plans to enhance wallet share from existing domestic customers while establishing relationships with new clients, supported by its integrated and forthcoming stainless-steel seamless pipe manufacturing facilities.

- **Continue to improve operations and profitability through strategic initiatives:** The company emphasizes operational excellence and the provision of customized solutions, which has strengthened its engagement with customers and supported business growth. Operational and maintenance processes are regularly reviewed to improve efficiencies, complemented by investments in advanced machinery, technology upgrades, and selective automation. Strategic initiatives, including the expansion and enhancement of manufacturing facilities, development of in-house capabilities, and robust supply-chain management protocols, are expected to contribute to sustained operational efficiency. These measures are positioned to improve profitability and drive long-term financial performance.

- **Continue efforts towards training of manpower:** Their future success will depend on their ability to continue to maintain a pool of experienced employees. They have been successful in building a team of talented employees and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees and also provide technical and functional training to their employees.

- **Focus on rationalizing their Indebtness:** The company intends to rationalize its borrowings to improve its capital structure and reduce finance costs. As of December 03, 2025, the company had outstanding loan facilities amounting to ₹1,414 million. A portion of the net proceeds from the issue is proposed to be utilized towards repayment or prepayment of certain borrowings. This is expected to reduce overall indebtedness, improve the debt-to-equity ratio, and lower interest expenses.

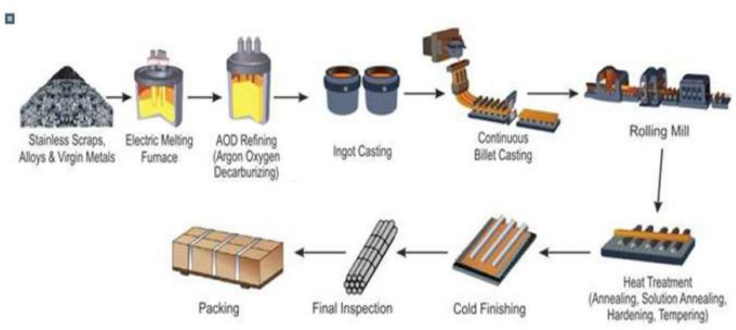
- **Their Product Portfolio:** The company manufactures a diversified range of stainless-steel products in multiple grades and sizes under the "RSL" brand. These products are used across several industries including forging, construction, engineering, automotive, fasteners, utensils, and chemical processing. The portfolio primarily comprises billets, forging ingots, rolled bars, flat & patti, wire rods, and other ancillary products, each designed to meet specific industrial applications and dimensional requirements.

Product Type	Key Features	Major Applications
Billets	Semi-finished steel products produced by continuous casting. Length up to 8.5 meters with saw-cut ends. Supplied in spot-ground or fully ground condition with traceable markings (heat number, grade, size, weight).	Forging, rolling, ring rolling
Forging Ingots	Large cast metal blocks used for further hot-working processes. Manufactured with defect-free surfaces and proper traceability markings for quality control.	Open-die hot forging, re-rolling, ring rolling
Rolled Bars – Hexagonal	Stainless steel bars rolled into hexagonal shapes with tight tolerances (h11, k12, k13). Length up to 6 meters.	Manufacturing nuts, valves, hose ends, fasteners, and hex bolts
Rolled Bars – Square	Square stainless steel bars with improved mechanical properties, dimensional accuracy, and smooth surface finish. Produced as per ASTM A484, EN 10059 and EN 10278 standards.	Construction and fabrication
Rolled Bars – Round	Hot-rolled or bright stainless steel bars. Length up to 8 meters with tolerance standards including ASTM A484 and EN10060. Available in black and bright finish.	Construction, engineering, automotive components, shafts, gears and axles
Flat & Patti	Manufactured through hot rolling followed by annealing and pickling (HRAP process), improving corrosion resistance and surface quality.	Chemical industry, architecture, pharmaceuticals, kitchen equipment and utensils
Wire Rods	Cylindrical stainless-steel rods offering high strength, flexibility and corrosion resistance. Available in bright or matte finishes with customizable lengths.	Wire drawing, construction, automotive and general engineering
Others – RCS (Round Cornered Square Bars)	Hot-rolled stainless steel bars with curved corners manufactured under strict tolerance standards such as ASTM A484.	Fabrication, construction and architectural applications
SS Mill Scale	Fine by-product generated during rolling processes.	Re-melting in furnaces for remanufacturing steel ingots

Overall, the company's broad product mix and flexibility in size and grade offerings enable it to cater to diverse end-use industries while supporting varied manufacturing and engineering applications.

- **Manufacturing Facility & Manufacturing Process**

Flowchart of Manufacturing Process



The company has an integrated manufacturing facility that produces stainless steel products. The process starts with sourcing and testing raw materials like stainless-steel scrap and ferro alloys. The induction furnace melts the scrap into molten steel, which is refined using the Argon Oxygen Decarburization (AOD) process to reduce carbon and impurities. The molten steel is continuously cast into billets, which are heated and shaped in the rolling mill. Following rolling, bars are air-cooled before optional heat treatment to enhance properties. Value-added products are processed in the bright bar shop through rinsing, coating, and polishing. Final products are packaged and dispatched to domestic and international markets by a dedicated logistics team. Their key equipment and machinery are detailed in the table below:

Sr. No.	Equipment Category	Key Machinery Included	Capacity	Major Suppliers
1	Induction Furnace, AOD & Continuous Casting	Induction furnaces, AOD vessels, continuous casting machine, EOT cranes, transformers, generators, cooling towers and related accessories	48,000 MTPA	Electrotherm India Ltd., Pooja Engineering
2	Rolling Mills	Rolling mill stands, billet preheating furnace, hot saw shearing machine, lathe machines, cooling bed systems and associated equipment	36,000 MTPA	Lucky Industries, Deem Rolls, Bihari Lal Ispat Pvt. Ltd.
3	Bright Bar Shop	Bar peeling lines, straightening machines, draw benches, belt polishing machines and related accessories	6,000 MTPA	Shri Engineering Industries, Gayatri Lucky
4	Nitrogen & Oxygen Gas Plants	Compressors, chillers, storage tanks, transformers, pumps and cooling systems	Nitrogen: 200 CuM/hr; Oxygen: 350 CuM/hr	Sanghi Oxygen, Ashoka Compressor
5	Heat Treatment Furnace	Furnaces used for improving hardness, toughness and residual stress in steel products	2,000 MT	Vicky Refractories
6	Testing Laboratory	PMI machines, spectrometers, ultrasonic detectors, hardness testers, impact testing machines and universal testing machines	—	Amtek Instruments, IR Technology Services Pvt. Ltd.

- **Major Customers:** Their major customers are domestic manufacturers and traders and they carry out marketing activities primarily through engagement in sponsorship and by participating in exhibitions to increase the visibility of our business activities. Their success lies in the strength of their relationship with our customers who have been associated with our Company for a long period. They leverage relationships with their existing customers to procure repeat orders from them. The company does not enter any long-term contract with the customers and sell their products against the purchase order received from their customers. The table below is the breakup of the top customer, top 3 (three), top 5 (five) and top 10 (ten) customers for the six month period ended September 30, 2025, Fiscal 2025, 2024 and 2023:

Particulars (₹ in million except for percentages)	6M Ended Sep 30, 2025	% of Revenue	FY2025	% of Revenue	FY2024	% of Revenue	FY2023	% of Revenue
Top 1 Customer	556	11.1%	769	8.2%	814	8.9%	875	9.2%
Top 3 Customers	1,158	23.1%	2,068	22.1%	2,220	24.4%	2,224	23.4%
Top 5 Customers	1,606	32.0%	2,788	29.9%	2,750	30.2%	3,012	31.7%
Top 10 Customers	2,254	44.9%	3,886	41.6%	3,816	41.9%	4,197	44.2%

- **Raw Materials and Third Party Manufacturers:** The company's key raw materials include stainless scrap, mild steel scrap, oxygen, nitrogen and ferro-alloys such as nickel, copper, molybdenum and ferro chrome. Raw materials are sourced from a diversified base of domestic and international suppliers, allowing the company to ensure competitive pricing and reliable availability. The company has also entered into procurement arrangements for metal scrap and allied items, industrial gases (oxygen, nitrogen and argon), and natural gas supply from Gujarat Gas Limited. These arrangements support supply assurance and enable bulk procurement, helping the company negotiate favourable prices and maintain competitive product pricing. Raw material procurement forms a significant portion of operating expenses, accounting for 77.9%, 75.2%, 80.9% and 79.7% of revenue from operations for the six-month period ended September 30, 2025 and Fiscal 2025, 2024 and 2023, respectively. The following table sets forth our expense towards import of goods, in absolute terms and as a percentage of total purchases, for the periods indicated:

Period	Import of Goods (₹ million)	% of Total Purchases
6M Ended Sep 30, 2025	1,769	39.0%
FY2025	2,455	31.1%
FY2024	2,623	35.6%
FY2023	1,982	26.2%

The details of top 5 and 10 suppliers of our Company for six-month ended September 30, 2025, Fiscal 2025, Fiscal 2024, Fiscal 2023 are set out below:

Particulars (₹ million , except for percentages)	6M Ended Sep 30, 2025	% of Cost of Material Consumed	FY2025	%	FY2024	%	FY2023	%
Top 5 Suppliers	950	26.4%	1,257	18.3%	1,354	18.2%	1,342	17.9%
Top 10 Suppliers	1,446	40.1%	2,203	32.2%	2,089	28.1%	2,232	29.8%

Company primarily imports stainless scrap and mild steel scrap to support its manufacturing operations. Imports are sourced from multiple countries, which helps diversify supply and reduce dependence on a single geography. Key sourcing regions include the UAE, Malaysia, South Korea, Hong Kong, the USA and Singapore, along with other international suppliers. The following table provides a breakdown of imports by country for the periods indicated.

Country	6M Ended Sep 30, 2025 (₹ million)	% of Cost of Material Consumed	FY2025 (₹ million)	%	FY2024 (₹ million)	%	FY2023 (₹ million)	%
UAE	568	15.8%	779	11.4%	584	7.9%	387	5.2%
Malaysia	345	9.6%	438	6.4%	536	7.2%	676	9.0%
South Korea	212	5.9%	161	2.3%	451	6.0%	300	4.0%
Hong Kong	50	1.4%	43	0.6%	278	3.7%	125	1.7%
USA	27	0.7%	43	0.6%	121	1.6%	136	1.8%
Singapore	161	4.4%	46	0.7%	225	3.0%	40	0.5%
Others	406	11.2%	946	13.8%	428	5.7%	319	4.3%
Total Imports	**1,769**	**49.10%**	**2,455**	**35.9%**	**2,623**	**35.3%**	**1,982**	**26.5%**

Industry Snapshot:

- **Product Overview of Steel and Stainless Steel**: Steel Industry Overview: Steel is an alloy primarily composed of iron and carbon, typically containing less than 2% carbon along with small quantities of manganese, silicon, phosphorus, sulphur, and oxygen. Due to its strength, versatility, and recyclability, steel remains one of the most widely used materials across construction, infrastructure, engineering, and manufacturing industriesSteel is produced through two main methods: the Conventional Route (Blast Furnace and Basic Oxygen Furnace) and the Electric Route (Electric Arc Furnace). The Conventional Route processes iron ore, coke, and limestone to create pig iron, which is then converted to crude steel. In contrast, the Electric Route uses recycled steel scraps or Direct Reduced Iron to melt and produce crude steel. The BF-BOF method requires more raw materials, whereas the EAF method is more energy-efficient and environmentally sustainable due to its reliance on recycled materials.

- **Classification of Steel Products:** Steel products are broadly categorized into semi-finished and finished products**.** Semi-finished products are intermediate outputs produced by continuous casting of liquid steel and are further processed to manufacture finished products. Examples include billets**,** blooms, and slabs**.** Finished steel products are broadly classified into Long Products **(**Bars, rods, rebars, billets, structural sections, wire rods), Flat Products (Hot rolled sheets, cold rolled sheets, strips, coated steel) , Construction Products (Structural steel, rails, angles, shapes and sections) and Specialty Products (Electrical steels, pre-finished steels, tubes)

- **Stainless Steel:** Stainless steel is a value-added alloy steel known for its **high corrosion resistance, durability, and aesthetic finish**. For steel to qualify as stainless steel, it must contain **at least 10.5% chromium**, which forms a protective oxide layer on the surface. Additional alloying elements such as **nickel, molybdenum, and titanium** are often added to improve corrosion resistance, strength, and durability. Compared with conventional carbon steel, stainless steel offers higher corrosion resistance, longer product lifespan, low maintenance requirements, better recyclability and superior aesthetic finish. Stainless steel is commonly classified into **three major series** based on alloy composition as detailed below.

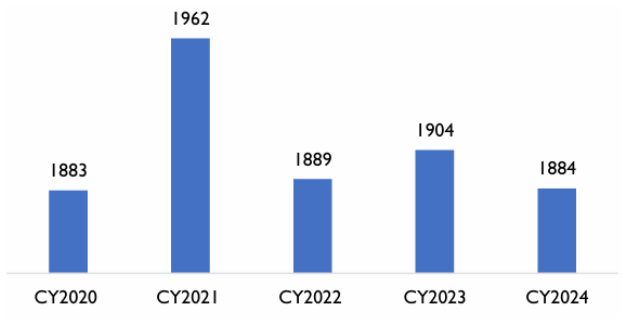
Series	Manganese	Nickel	Chromium	Copper	Iron
200 Series	5.5 – 12%	1 – 6%	10.5 – 20%	1.5 – 2.5%	Balance
300 Series	≤ 2%	6 – 22%	15 – 25%	None	Balance
400 Series	≤ 1%	≤ 0.75%	≥ 10.5%	None	Balance

The 300-series (Cr-Ni grade) accounts for approximately 55% of global stainless steel production, owing to its superior corrosion resistance and durability. Stainless steel manufacturing involves several key steps: first, raw materials including stainless steel scrap, iron, chromium, and nickel are prepared for the desired chemical composition. In the second step, these materials are melted in an Electric Arc Furnace (EAF) or Induction Furnace to create molten steel. Next, the molten steel undergoes Argon Oxygen Decarburization (AOD), where argon and oxygen gases lower carbon content and eliminate impurities. Following this, the refined steel is cast into semi-finished shapes using a continuous casting machine, resulting in products such as blooms, billets, and slabs that are then processed into finished steel products.

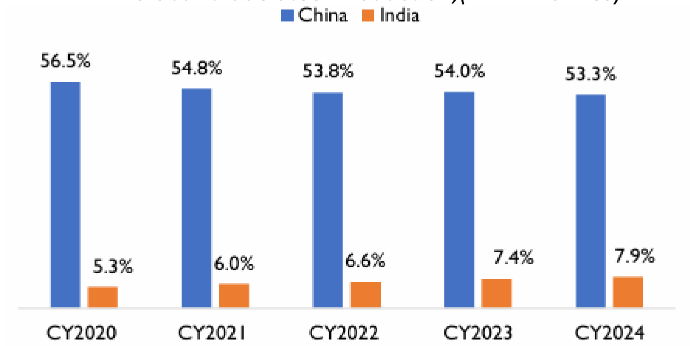
- **Seamless Pipes Industry:** Steel pipes are classified into **welded pipes** and **seamless pipes**. **Seamless pipes** are produced without welding joints and are manufactured from a **solid steel billet**, which is heated and pierced to create a hollow tube. Common production techniques include **Mandrel Mill Process and Mannesmann Plug Mill Process.** The absence of weld seams provides seamless pipes with higher strength, better pressure resistance and superior reliability in critical applications. Demand for seamless pipes is driven by oil and gas exploration, petrochemical and chemical industries, infrastructure and construction, automotive manufacturing and renewable energy projects. Globally, **approximately 10% of total steel production is converted into tubes and pipes**, highlighting the significance of this segment within the steel value chain.

- **Global Steel Production Trends**

Global Crude Steel Production (In Mn Tonnes)

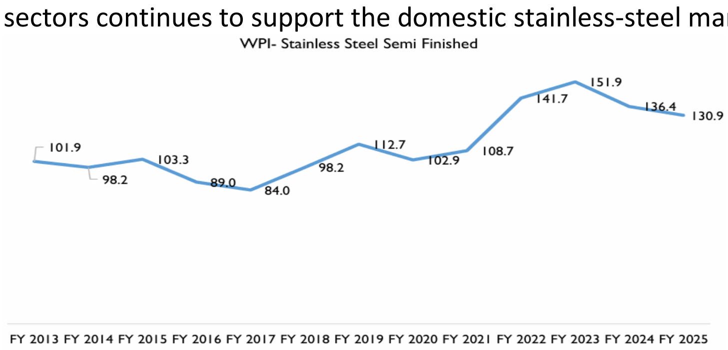


Global Crude Steel Production,(In Mn Tonnes)



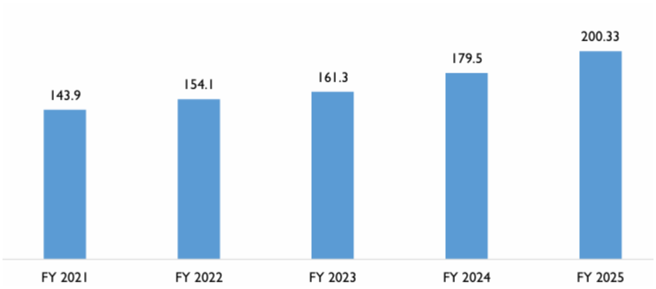
From CY2020 to CY2024, the global crude steel industry exhibited volatility and slight growth, with production levels varying between 1,883 and 1,962 million tonnes, culminating in a compound annual growth rate of only 0.1%. The COVID-19 pandemic in 2020 caused a significant production drop to 1,883 million tonnes; however, production rebounded to 1,962 million tonnes in 2021, registering a 4.2% year-on-year increase. Following this rebound, production fell to 1,889 million tonnes in 2022 and stabilized at 1,884 million tonnes in 2024. China's output decreased from 1,064 million tonnes in 2020 to 1,005 million tonnes in 2024, maintaining a dominant 53.3% of global production by 2024, largely due to its industrial strength and infrastructure investments. India emerged as the second-largest producer, increasing its output from 100 million tonnes in 2020 to 149 million tonnes in 2024, elevating its market share from 5.3% to 7.9%. The industry confronts several challenges, including weakening demand from key sectors, cost pressures from raw materials and energy, supply chain disruptions post-pandemic, and increased compliance costs due to stricter environmental regulations. Shifts in demand towards lighter materials in industries such as automotive further threaten the growth of steel demand.

- **Stainless Steel Price Trends in India:** Stainless steel prices in India have shown notable volatility in recent years due to both global and domestic factors. As of October 2024, prices for Grade 304 Hot Rolled Coil ranged between ₹215,000–₹220,000 per tonne, while Grade 316 ranged between ₹280,000–₹290,000 per tonne. The WPI index for stainless steel semi-finished products indicates relative stability between FY2013–FY2017, followed by increased fluctuations thereafter. Prices surged sharply post-pandemic, peaking in FY2023 due to supply-chain disruptions, rising energy costs, and strong global demand. Volatility has been largely driven by fluctuations in nickel prices, import tariffs, and supply constraints, while demand from infrastructure, construction, and automotive sectors continues to support the domestic stainless-steel market.

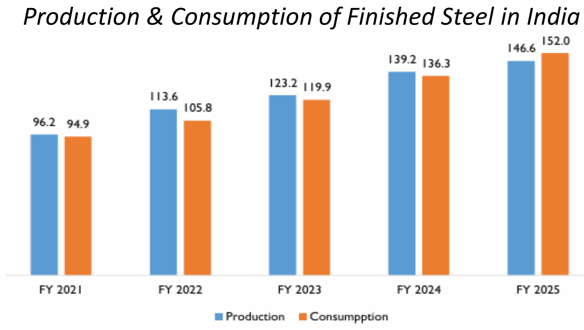


- **Overview of Indian Steel Industry**

India's Installed Crude Steel Capacity (Mn Tons)



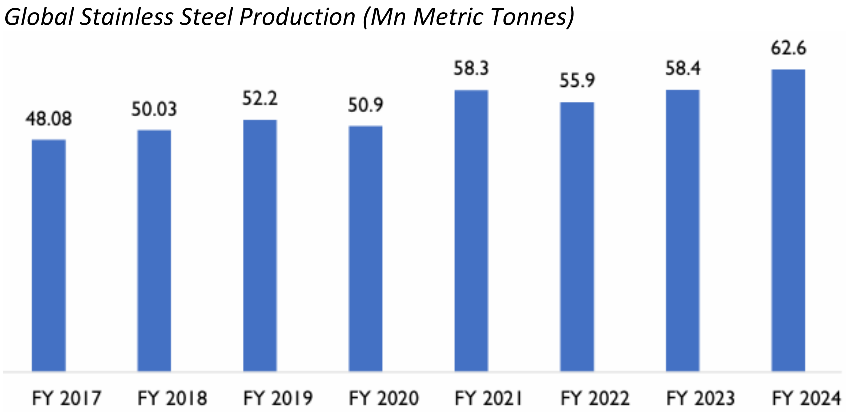
Production & Consumption of Finished Steel in India (Mn Tonnes)



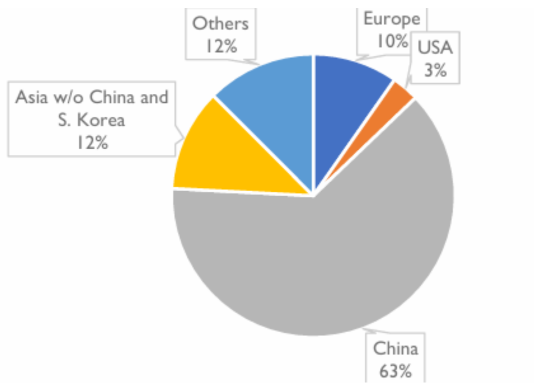
India's finished steel production has grown steadily over the past five years, increasing from 96.2 million tonnes in FY2021 to 146.6 million tonnes in FY2025, supported by capacity expansions and strong domestic demand. Production in FY2024 stood at 139.2 million tonnes, with the private sector contributing the majority share. Non-flat steel products, primarily used in construction and infrastructure, accounted for a significant portion of output, while flat products serving automotive and engineering industries also recorded steady growth. Steel consumption rose from 94.9 million tonnes in FY2021 to 152.0 million tonnes in FY2025, registering a CAGR of 12.5%, driven by infrastructure development, urbanization, and manufacturing growth. Government initiatives such as the National Infrastructure Pipeline and 'Make in India' continue to support long-term demand for steel.

- **Overview of Global Stainless Steel Industry**

Global Stainless Steel Production (Mn Metric Tonnes)



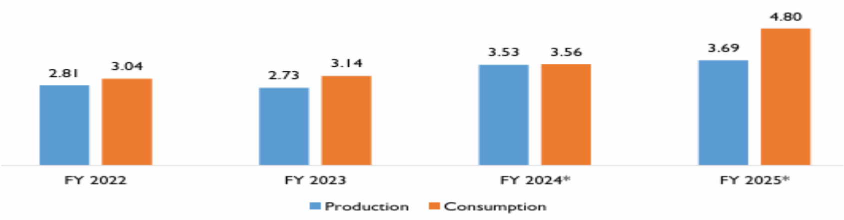
Major Producers of Stainless Steel, 2024



Global stainless-steel production has demonstrated steady growth over the long term, increasing from 48.08 million tonnes in 2017 to 58.4 million tonnes in 2023, reflecting a CAGR of approximately 3.6%, according to the International Stainless-Steel Forum. Production rose 4.6% year-on-year in 2023 and is projected to reach around 62.6 million tonnes in 2024. China remains the dominant producer, accounting for nearly 63% of global output in 2024, supported by strong production growth. In contrast, regions such as the United States, Europe, and other Asian markets recorded production declines in 2023. Cold-rolled flat products represent the largest segment of global stainless-steel trade, while key end-use sectors include metal products manufacturing, process industries, construction, and transportation.

- **Overview of Indian Stainless Steel Industry**

Indian Stainless Steel Production (Mn Metric Tonnes)

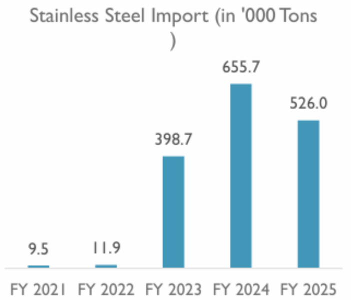


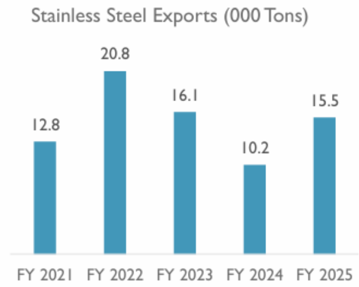
India is the second-largest consumer and third-largest producer of stainless steel globally, with an installed capacity of approximately 6.6–6.8 million tonnes. Domestic stainless-steel production has remained relatively stable at 3.2–3.7 million tonnes between 2016 and 2023. India earlier held the position of the second-largest global producer, but Indonesia surpassed India in 2021 following a sharp rise in its output. In FY2023, India's stainless-steel production declined by around 3% to 2.73 million tonnes, while consumption grew 3% year-on-year to 3.14 million tonnes, reflecting strong domestic demand. Stainless steel forms a significant component of India's alloy steel segment, which is widely used in automotive, infrastructure, construction, and capital goods industries. Despite strong demand, per capita stainless-steel consumption in India remains relatively low at around 2.8 kg compared to the global average of 6 kg, indicating substantial long-term growth potential for the sector.

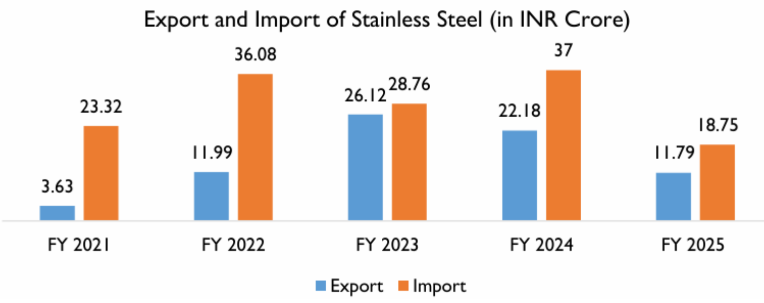
- **Demand Scenario in Different Sectors**: Demand for stainless steel in India is closely linked to overall economic growth, industrial activity, and consumer demand, given its extensive application across multiple end-use industries. Rapid urbanization, infrastructure expansion, and rising real estate development have increased consumption of stainless-steel tubes and flat products. India's construction sector, which contributed around 9.1% to the country's GVA in FY2024, continues to expand and is projected to reach USD 1.5 trillion by 2025, supporting sustained demand for steel products. The kitchenware and household utensils segment is another major consumer of stainless steel in India, driven by its durability, hygiene, and growing consumer preference over plastic and glass alternatives. The domestic steel kitchenware market, valued at around ₹15,000 crore, is growing at an estimated 10–15% annually, supported by rising disposable incomes, premiumization trends, and expanding e-commerce penetration. Demand from the automotive, railways, and transportation sector also remains strong. Stainless steel is widely used in vehicle components, railway coaches, exhaust systems, and metro infrastructure due to its strength and corrosion resistance. Growth in automobile sales, expansion of urban mass transit systems, and rising adoption of electric vehicles are expected to further support stainless-steel consumption in the coming years.

- **Government Policies and Initiatives:** Government initiatives and infrastructure spending play a critical role in driving demand for stainless steel in India. Rising public capital expenditure on infrastructure such as roads, railways, airports, and urban development projects has created strong demand for engineering, procurement, and construction (EPC) services and steel products. The Union Government's capital expenditure has increased significantly from ₹3.36 lakh crore in FY2022 to ₹11.11 lakh crore in FY2025 (BE), highlighting the government's continued focus on infrastructure-led growth. Large national initiatives such as the National Infrastructure Pipeline (NIP) and PM Gati Shakti National Master Plan are expected to further accelerate infrastructure development. The NIP includes over 9,700 projects across 56 sectors, aimed at strengthening logistics, transportation, and urban infrastructure. These projects are expected to create substantial demand for steel and stainless-steel products used in construction, transportation, and industrial infrastructure. Additionally, government policies such as the Production Linked Incentive (PLI) scheme aims to boost domestic manufacturing and industrial construction. Increased private-sector investment under the PLI scheme is expected to further support demand for steel products. Regulatory support through initiatives such as 100% FDI under the automatic route in the steel sector, duty exemptions on key raw materials, and quality control measures by the Bureau of Indian Standards (BIS) further strengthen the domestic steel industry.

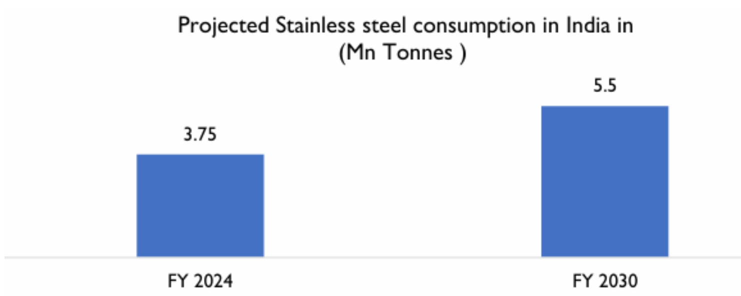
- **Foreign Trade Scenario:** India's stainless-steel sector has experienced significant changes in its foreign trade dynamics, reflecting rising domestic demand and evolving global supply chains. On the import side, stainless-steel imports increased sharply following the removal of import duties in the Union Budget 2022. Imports rose from 9.5 thousand tonnes in FY2021 to 11.9 thousand tonnes in FY2022, followed by a substantial surge to 398.7 thousand tonnes in FY2023 and 655.7 thousand tonnes in FY2024. In FY2025, imports stood at 526.0 thousand tonnes, supported by strong domestic demand and the removal of countervailing duties on imports from countries such as China and Indonesia. Exports, however, have remained relatively volatile. Stainless-steel exports increased from 12.8 thousand tonnes in FY2021 to 20.8 thousand tonnes in FY2022, before moderating to 16.1 thousand tonnes in FY2023 and 10.2 thousand tonnes in FY2024 amid global demand fluctuations and rising competition from low-cost producers. In FY2025, exports recovered to 15.5 thousand tonnes, indicating improving market conditions.In terms of product mix, billets accounted for about 95% of stainless-steel exports in FY2025, highlighting India's strength in billet-grade stainless steel. On the import side, semi-finished rectangular stainless-steel products dominated with a 78.7% share, followed by billets at 20.9%. Geographically, Turkey, Italy, the USA, and the UAE emerged as major export destinations, while Vietnam accounted for nearly 83% of India's stainless-steel imports in FY2025, indicating a strong concentration of supply sources.







- **Growth Forecast:** India's stainless-steel demand is anticipated to grow steadily, with per capita consumption projected to reach 8–9 kg by 2040 and 11–12 kg by 2047. Domestic consumption is expected to rise to 12.7 MTPA by 2040 and 20 MTPA by 2047, supported by significant government spending in infrastructure projects. In FY 2025, consumption is estimated at 4.8 million tonnes, with growth expected to reach 5.5 million tonnes by 2030, reflecting a CAGR of 6.59%.



- **Challenges:** Increasing imports of stainless steel are a significant challenge for manufacturers in India, exacerbated by the Indian government's revocation of countervailing duties (CVD) on imports from China and Indonesia. This policy, which has led to a surge in cheaper stainless steel imports, particularly from Indonesian companies—many backed by Chinese investment has undermined the domestic industry. Indonesia has surpassed India to become the second largest stainless steel producer with a capacity of 5.5 million tonnes, significantly exceeding its domestic consumption of 0.2 million tonnes. This influx of imported goods has resulted in underutilization of domestic capacity, primarily affecting Micro, Small, and Medium Enterprises (MSMEs) that hold a substantial share of India's stainless steel production. As a consequence, many businesses have shut down, leading to falling revenues, job losses, and halted investments, particularly evident in Gujarat, where a large number of MSMEs have ceased operations due to these market pressures.

➢ **Comparison with Listed Entity :**

Company	Face Value (₹)	Revenue from Operations (₹ million)	EPS Basic (₹)	EPS Diluted (₹)	P/E	Return on Net Worth (%)	Net Worth (₹ million)	NAV per Share (₹)
Rajputana Stainless Ltd	10	9,322	5.8	5.8		26.2	1,520	22.05
Listed Peers (Consolidated)								
Mangalam Worldwide Ltd	10	10,607	10.6	10.3	22.57	11.3	2,617	91.37
Mukand Ltd	10	48,900	5.2	5.2	26.34	7.8	9,494	65.72
Electrotherm Ltd	10	41,154	347.0	347.0	3.16	-278.5	-1,588	-124.60
Panchmahal Steel Ltd	10	3,831	1.7	1.7	182.18	2.1	1,603	84.02

➢ **Financial Performance Indicators:**

Particulars ((₹ in million except for percentages)	Sept 30, 2025 (6M)	FY2025	FY2024	FY2023
Revenue from Operations	5,015	9,322	9,098	9,477
EBITDA	459	738	594	438
EBITDA Margin	9.2%	7.9%	6.5%	4.6%
PAT	**244**	**398**	**316**	**240**
Net Profit Margin	4.8%	4.3%	3.5%	2.5%
Net Worth	1,767	1,519	1,123	812
Return on Capital Employed	16.6%	31.7%	32.2%	25.7%
Return on Equity	14.9%	30.2%	32.7%	34.6%
Debt to Equity	0.49x	0.66x	0.71x	0.9x
Operating Cash Flows	235	71	315	251

➢ **Key Risk:**

- The company derives a significant portion of our revenue from operations from their top 10 customers (44.9%) and do not have long-term contracts with all these customers. If one or more such customers choose not to source their requirements or terminate contracts or purchase orders, it could impact business, cash flows, financial condition and results of operations may be adversely affected.
- The company derives majority of sale from the domestic market and a significant portion (90%) of our domestic sales are derived from the states of Maharashtra (48%), Gujarat (35%) & Uttar Pradesh (8%). Any adverse developments in this market could adversely affect their business.
- Their manufacturing facility and proposed facility is located in Gujarat and therefore operations are highly vulnerable to regional conditions and economic downturns in the region.
- The company relies substantially on its top 10 suppliers (40%) of the raw materials and work-in-progress goods used in their manufacturing processes. Any shortages, delay or disruption may have a material adverse effect on their business, financial condition, results of operations and cash flows.
- The company has contingent liabilities amounting to ₹12,082.46 Lakhs which is 68.4% of its net worth and the financial condition could be adversely affected if any of these contingent liabilities materializes.
- The company's equity shares have, in the past, been allotted and transferred at prices lower than earlier valuations, which may impact investor perception regarding their equity capital history and historical valuations.
- A portion of the revenue (0.06% as of 6MFY26) is denominated in foreign currencies which are unhedged and going forward, they intend to increase export sales. As a result, they are exposed to foreign currency exchange risks which may adversely impact results of operations.
- A significant portion of the revenue is derived from transactions with related parties. For 6MFY26 and FY 2025, 2024 and 2023, revenue from related party transactions was ₹7,175.96 lakhs, ₹12,074.92 lakhs, ₹3,364.59 lakhs and ₹3,471.57 lakhs, respectively, approx 14.31%, 12.95%, 3.70% and 3.66% of total revenue for the respective periods.

- The company has experienced losses and negative cash flows in the past and any increases in expenses, decline in revenues or negative cash flows in future periods could adversely affect their business, results of operations, financial condition and the trading price of their Equity Shares.

- The production of steel products is capital intensive, with long gestation periods and the company intends to expand its international footprints, which may be subject to risks and challenges associated with international market. The steel industry is cyclical in nature and the surge in cheaper import is severely hurting the supply dynamics of domestic stainless-steel industry.

- They have availed unsecured loans (Rs.18.65 lakhs) from one of the Promoters (Shankarlal Deepchand Mehta) that are recallable, at any time.

➢ **Valuation & Outlook:**

- Rajpurana Stainless Steel, valued at ~21x P/E (post issue) on FY25 earnings (at the upper band) is valued fairly in relation to its competitors. Considering the company's consistent track record & superior financial metrics, the valuation is fully priced in. Hence, we recommend subscribing to the IPO.

- **DISCLAIMER:**

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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	**>15%**	**0%-15%**	**Below 0%**
Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251st company onwards)	>25%	0%-25%	Below 0%

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