



IPO Details:

Bansal Wire Industries Ltd is coming out with an IPO of about Rs. 745.00 cr consisting of 2,91,01,563 shares of face value of Rs. 5 each in a price band of Rs. 243 – Rs. 256. The IPO comprises of Fresh Issue of Rs. 745.00 cr. The IPO opens on 3rd July' 2024 and closes on 5th July' 2024.

Company Details:

- **Stainless steel wire and steel wire** manufacturing company in India, offering over **3,000 SKUs** in 3 broad segments viz. high carbon steel wire, mild steel wire and stainless steel wire.
- Total installed capacity of **259,000 MT** of mild steel, high carbon and stainless steel wires at 4 manufacturing facilities – 3 in Ghaziabad (UP) and 1 in Jhajjar (Haryana).
- Caters to more than **5,000 customers** across various sectors viz. automotive, cables, fencing, infrastructure, consumer durables and agriculture among others.
- Markets and sells its products under the, **“BANSAL”** brand name in both domestic as well as in export markets.

Strength:

- **Caters to marquee domestic and international customers** viz. Hettich, KEI Industries, Suprajit Engineering Ltd, RR Kabel, ASK Automotives, Remsons Industries among others.
- Enjoys high average annual customer retention rate of over **65%** during FY22, FY23 and FY24.
- **Sources raw materials** from diversified base of marquee suppliers viz SAIL, JSW Steel, Rashtriya Ispat Nigam Ltd, amongst others which enables it to source at competitive prices with quality and quantity assurances.
- Undertakes **price revision** for its products on **monthly basis** to counter the volatility in the cost of its raw materials.
- Operates on, **“Cost Plus Model”** which helps the Company to stay immune to raw material price fluctuations.



Growth Drivers:

- Demand of steel wire industry is expected to grow at a **CAGR of 8% - 10%** between FY23 – FY28 to touch **8 – 9 MT** on the back of increasing budget allocation for infrastructure development and expansion of the automobile industry.
- Setting up India's largest single location steel wire manufacturing facility with capacity of **346,000 MTPA** at Dadri.
- **Plans to expand into new geographic areas** in the domestic market, particularly in the states of Maharashtra, Gujarat, MP, Tamil Nadu, Karnataka and Andhra Pradesh.

Objectives of Fund Raise – Fresh Issue of Rs. 745.00 cr:

- Rs. 452.68 cr will be utilized repayment or prepayment of all or a portion of certain outstanding borrowings availed by the Company.
- Rs. 93.71 cr will be utilized towards investment in subsidiary for repayment or prepayment of all or a portion of certain of its borrowings
- Rs. 60.00 cr will be utilized for funding the working capital requirements of the Company.
- Balance funds will be utilized towards general corporate purposes.

Key Financial Highlights:

Bansal Wire Industries Ltd (Rs. Cr)

| Year | Revenue | Ebitda | Ebitda Margins (%) | PAT | EPS | RoCE (%) | RoE (%) |
|------|----------|--------|--------------------|-------|------|----------|---------|
| FY22 | 2,198.36 | 106.43 | 4.8% | 57.29 | 4.58 | 16.5% | 25.7% |
| FY23 | 2,413.01 | 105.15 | 4.4% | 59.93 | 4.70 | 15.0% | 21.2% |
| FY24 | 2,466.03 | 144.46 | 5.9% | 77.17 | 6.18 | 12.3% | 18.3% |

- Operating Revenue has grown at a CAGR of 5.9% between FY22 – FY24 to reach Rs. 2,466.03 cr in FY24.
- Ebitda has however, grown at a higher CAGR of 16.5% between FY22 – FY24, while Ebitda margins have inched up from 4.8% in FY22 to 5.9% in FY24.



- Profits after Tax (PAT) has grown at a CAGR of 16.1% between FY22 – FY24 with PAT in FY24 at Rs. 77.17 cr.
- Capital Efficiency in the business has been good, however RoCE and RoE in FY24 looks lower vis a vis FY23 on the back of equity fund raise of Rs. 382.34 cr during the year.

Valuations:

- At Upper end of the IPO price band of Rs. 256, Bansal Wire Industries Ltd will be valued at about Rs. 4,007.83 cr.
- On EV/Ebitda basis, Company is available at 32.46x its FY24, Ebitda of Rs. 144.46 cr while on PE basis, Company will be available at 41.42x its FY24 EPS 6.18.
- **Investments can be avoided in Bansal Wires on the back of higher valuations, weaker and volatile operating cash flow generation and higher competition.**



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*Long Term Investments could range from 3-5 years.