



Issue Opens - July 3, 2024 to July 5, 2024

Price Band
₹243 to ₹256

Face Value
₹5

Issue Size
₹745 Cr.

Lot Size
58 Shares

Issue Type
Book Built

Issue Size

29,101,562 shares / ₹745.00 Cr

Fresh Issue

29,101,562 shares / ₹745.00 Cr

Offer for Sale

N/A

Basis of Allotment

Monday, July 8, 2024

Initiation of Refunds

Tuesday, July 9, 2024

Credit of Shares to Demat

Tuesday, July 9, 2024

Bansal Wire Industries Listing Day

Wednesday, July 10, 2024

research@ganeshstock.com

Objects of The Offer

The company proposes to use the Net Proceeds from the Issue for the following purposes:

1. Repayment or prepayment of all or a portion of certain outstanding borrowings availed by our Company and our Subsidiary;
2. Funding the working capital requirements of the company and
3. General corporate purposes.

Brief profiles of the Directors

Arun Gupta is the Chairman and Whole-Time Director of our Company, with over 38 years of experience in the steel wire industry. He completed his secondary education at Dhanpatmal Virmani Sr. Sec. School, Delhi, and has been with our Company since December 11, 1985.

Pranav Bansal, the Managing Director and Chief Executive Officer, has been part of our Company since 2018. He completed his secondary and senior secondary schooling at Manav Sthali School, New Delhi, and has over five years of experience in the steel wire industry.

Umesh Kumar Gupta, the Whole-Time Director and Chief Operating Officer, attended Zakir Husain College Evening Classes, University of Delhi, for a Bachelor in Arts (Honours) in Hindi. Before joining our Company, he was associated with Bansal High Carbons Private Limited and has over nine years of experience in the steel wire industry.

Satish Prakash Aggarwal, an Independent Director, attended Delhi University for a Bachelor in Commerce. He was previously associated with Ajay K. Garg & Co. and has over 19 years of experience in VAT, GST, and accounting matters.

Saurabh Goel, another Independent Director, holds a Bachelor's degree in Commerce (Honours) and a Bachelor's degree in Law from the University of Delhi. He is an associate member of the Institute of Chartered Accountants of India and has over nine years of experience as a Chartered Accountant.

Sunita Bindal, an Independent Director, holds a Bachelor's degree in Arts from Kurukshetra University. She has been on the board of various companies over the last 15 years, including Arm Estate Projects Private Limited and AB Alcobev Private Limited. She is currently on the board of SAV Global India Private Limited.

Ritu Bansal, also an Independent Director, holds a Bachelor's degree in Law (Honours) from Guru Gobind Singh Indraprastha University and a Master's degree in Law from Kurukshetra University. She is enrolled with the Bar Council of Delhi and has over 14 years of experience practising as an advocate.

About The Company

Bansal Wire Industries Limited is a leading steel wire manufacturer in India, holding the top spot in stainless steel and number two overall. They produce a wide variety of steel wire products for numerous industries. Founded in 1985, they've built a strong reputation with a focus on quality and customer satisfaction. Bansal exports to over 50 countries and is expanding their capacity with a new facility. They boast a loyal customer base and have seen steady financial growth in recent years.

Description of Their Business

The company and its subsidiary, Bansal Steel & Power Limited, offer over 3,000 SKUs across three main segments: high carbon steel wire, mild steel wire (low carbon steel wire), and stainless steel wire. The company provides around 2,000 SKUs, while the subsidiary offers about 1,500 SKUs, with approximately 500 SKUs being common to both.

High carbon steel wires, containing 0.30% to 1.00% carbon, are known for their exceptional strength, hardness, and durability, making them ideal for applications such as springs, cutting tools, and various industrial components requiring resilience and resistance to wear and fatigue.

Mild steel wires, made from low-carbon steel with a carbon content of 0.05% to 0.25%, are valued for their ductility, malleability, weldability, and versatility. These wires are commonly used in power and transmission, agriculture, poultry, fencing, and construction.

Stainless steel wires, crafted from a corrosion-resistant alloy of iron, chromium, nickel, and other elements, find applications in consumer durables, hardware, automotive, agriculture, and other general engineering products.

The company operates from four established manufacturing facilities in the National Capital Region of India, with three facilities in Ghaziabad (U.P.) and one in Bahadurgarh (Harvana).

Application of High Carbon Steel Wires:



They operate in three main segments: high carbon steel wire, mild steel wire (low carbon steel wire), and stainless steel wire. They plan to add a new segment of specialty wires through their manufacturing plant in Dadri, aiming to grow and expand their market presence in the upcoming fiscal years. Their extensive product range includes wires as thin as 0.04 mm to as thick as 15.65 mm. This range encompasses high carbon steel wires for springs, wire for ropes, mild steel wires, stainless steel wires, cold heading quality wires, cable armoring wires and strips, galvanized steel wires in high/mild steel wire with various zinc coatings, and profile/shaped wires in various steel grades and cross sections.

The table below sets forth the breakdown of their revenue from operations from key segments and percentage of revenue from operations by segments for Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Segment	Revenue from operations					
	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in ₹ million)	in %	(in ₹ million)	in %	(in ₹ million)	in %
High carbon steel wires	5,458.84	22.14%	4,646.56	19.26%	4,212.04	19.16
Mild steel wires (Low carbon steel wires)	2,025.28	8.21%	822.32	3.41%	763.43	3.47
Stainless steel wires	12,803.49	51.92%	13,782.75	57.12%	13,043.03	59.33
Total	20,287.61	82.27%	19,251.63	79.78%	18,018.50	81.96

The following table sets forth a breakdown of their revenue from operations, total income, as well as other key performance indicators, for Fiscal 2024. 2023 and 2022 indicated:

(in ₹ million, unless stated otherwise)

KPI	As of/ for the		
	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations ⁽¹⁾	24,660.31	24,130.08	21,983.58
Total income ⁽²⁾	24,708.86	24,225.68	22,050.72
% revenue from exports ⁽³⁾	11.49	14.82	16.57
EBITDA ⁽⁴⁾	1,493.09	1,147.05	1,131.48
EBITDA Margin (%) ⁽⁵⁾	6.04	4.73	5.13
Profit after tax ("PAT") ⁽⁶⁾	787.98	599.30	572.90
PAT margin (%) ⁽⁷⁾	3.19	2.47	2.60
Cash profit ⁽⁸⁾	922.50	690.44	657.28
Cash profit margin (%) ⁽⁹⁾	3.73	2.85	2.98
Net worth ⁽¹⁰⁾	4,223.70	2,825.14	2,230.12
Total debt ⁽¹¹⁾	6,811.42	4,221.94	4,131.51
Net debt to EBITDA ⁽¹²⁾	3.23	2.83	3.65
Total debt to equity ⁽¹³⁾	1.48	1.49	1.85
Return on Equity ("RoE") (%) ⁽¹⁴⁾	21.19	23.71	29.92
Return on Capital Employed ("RoCE") (%) ⁽¹⁵⁾	18.46	17.34	18.59

Track Record Of Financial Performance

(₹ in million, unless otherwise stated)

Particulars	For the Fiscal 2024	For the Fiscal 2023	For the Fiscal 2022
INCOME			
Revenue from operations	24,660.31	24,130.08	21,983.58
Other income	48.55	95.60	67.14
Total income	24,708.86	24,225.68	22,050.72
EXPENSES			
Cost of materials consumed	20,166.55	19,985.03	17,727.46
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(346.56)	(179.12)	(118.45)
Employee benefits expense	735.44	600.40	465.49
Finance costs	288.07	240.41	265.77
Depreciation and amortisation expense	134.52	91.14	84.37
Other expenses	2,660.33	2,672.33	2,844.75
Total expenses	23,638.35	23,410.18	21,269.38
Restated Profit/ (loss) before exceptions items and tax	1,070.51	815.50	781.34
Exceptional Items Profit/(Loss)	31.61	-	0.01
Restated Profit/ (loss) before tax	1,102.12	815.50	781.35
Tax expense			
Current tax	276.72	221.00	210.60
MAT Credit Adjusted	31.02	-	-
Deferred tax	6.40	(4.80)	(2.15)
Total Tax expense	314.14	216.20	208.45
Restated Profit for the year	787.98	599.30	572.90
Other comprehensive incomes			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability	(5.07)	(5.72)	(5.11)
Remeasurement gain/ (loss) on investment	0.28	-	-
Deferred tax	1.11	1.44	1.29
Total other comprehensive income	(3.67)	(4.28)	(3.82)
Total comprehensive income for the year	784.31	595.02	569.08
Earnings/(Loss) per share of (of ₹ 5 each) (PY ₹ 10 each):			
Basic and diluted Earning per share (in ₹)	6.18	4.70	4.58

Strengths

- Steel wire manufacturers with revenue of ₹ 24,447.19 million in Fiscal 2024 with established market position and strong brand equity.
- More than 5,000 customer base with presence across various sectors.
- Economies of scale.
- Product Portfolio with over 3,000 stock keeping units across the steel wire industry with good mix of high volume and better margin products.
- Business model with stable and consistent margin profile; and
- Promoters and management with industry expertise of over 38 years.

Threats

- The company's operations are vulnerable to supply chain disruptions due to a short inventory cycle of 35-45 days.
- Additionally, its reliance on four facilities in Uttar Pradesh and Haryana makes it susceptible to regional disruptions.
- The potential non-renewal of leasehold facilities could also impact operations and finances.
- Furthermore, the company's international market distribution is dependent on a few representatives, making it vulnerable to changes that could impact operations and financial performance.



Valuation and Outlook

The expected share price for Bansal Wire Industries Ltd. IPO is set between ₹243 to ₹256 per share. The company's valuation shows a Price-to-Earnings (P/E) ratio of 41.42x, based on a price above ₹256, while the industry average is 28.97x, and FY23 EPS is ₹6.18.

Peer Comparisons

Name of the company	Total Income (₹ in million)	Face Value (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
Bansal Wire Industries Limited	21,708.86	5	N.A.	6.18	6.18	18.46	33.14
<i>Listed peers</i>							
Rajratan Global Wire Limited	8,986.80	2	41.68	14.15	14.15	15.41	97.03
DP Wires Limited	12,213.10	10	18.94	23.43	23.43	17.39	145.93
Bedmutha Industries Limited	7,481.47	10	37.52	6.28	6.28	19.04	37.23

Bansal Wire Industries Limited has consistently delivered growth in revenue and profit, despite operating in a competitive and fragmented metal wire market. While debt reduction post-IPO will further enhance its bottom line, the company's success is vulnerable to fluctuations in raw material costs and supply chain disruptions, as well as intense competition that may hinder market share growth.

We assign a long-term "**Subscribe**" grade to this issue.

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