



IPO Note

Bansal Wire Industries Limited

Great Track Record, Sound Financials

Recommendation: **APPLY!**

Company Background -

- Incorporated in December 1985, Bansal Wire Industries Limited is a stainless-steel wire manufacturing company and operates in three main segments: high carbon steel wire, low carbon steel wire (mild) and stainless-steel wire.
- The company exports products to over 50 countries. It has 14 global representatives. The export turnover has grown at a CAGR of 47.15% in the last three fiscal years.
- The company has four manufacturing units in Mohan Nagar, Ghaziabad, Loni Industrial Area, Ghaziabad and Bahadurgarh, Jhajjar, Haryana. Out of four units two are in Loni Industrial Area, Ghaziabad.
- Since 2021, the company has established a sales team of over 50 experienced professionals to cover all regions of India and serve 5,000+ customers in various sectors.

Objects of the Issue -

- Repayment or prepayment of all or a portion of certain outstanding borrowings availed by our Company and our Subsidiary.
- Funding the working capital requirements of the company.
- General Corporate Purposes.

Promoters Name -

Arun Gupta, Anita Gupta, Pranav Bansal and Arun Kumar Gupta HUF

Rationale for recommendation -

- ✓ Sound Financials ratios and performance.
- ✓ Very long track record of existence.
- ✓ New plant increasing capacity and market reach.
- ✓ Experienced promoters however with not much formal education.

IPO Details

Opening Date	July 03, 2024
Closing Date	July 05, 2024
Allotment Date	July 08, 2024
Listing Date	July 10, 2024
Stock Exchange	BSE, NSE
Lot Size	58 Shares
Issue Price Per Share	₹243 to ₹256
Issue Size	745 Cr.
Fresh Issue	745 Cr.
Offer for Sale	-
Application Amt	₹ 14,848 (58 shares) – 1,93,024 (754 shares)

KPIs

KPI's	(Amt in Cr.)		
	2022	2023	2024
Revenue	2,198.36	2,413.01	2,466.03
EBITDA	106.43	105.14	144.46
Net Profit	57.29	59.93	78.80
RoCE	27.61%	19.66%	16.74%
ROE	25.69%	21.21%	18.66%
P/E	55.90	54.47	41.42

Promoter Share Holding Pattern

Pre-Issue	Post Issue
95.78%	77.97%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	6.18	5.03
BVPS	33.14	70.50
P/E	41.41	50.86
P/BV	7.73	3.63
Mkt Cap (In Cr)	3,262.83	4,007.83

Lead Managers -

SBI Capital Markets Limited

DAM Capital Advisors Limited

Registrar -

KFin Technologies Limited

Business Overview -

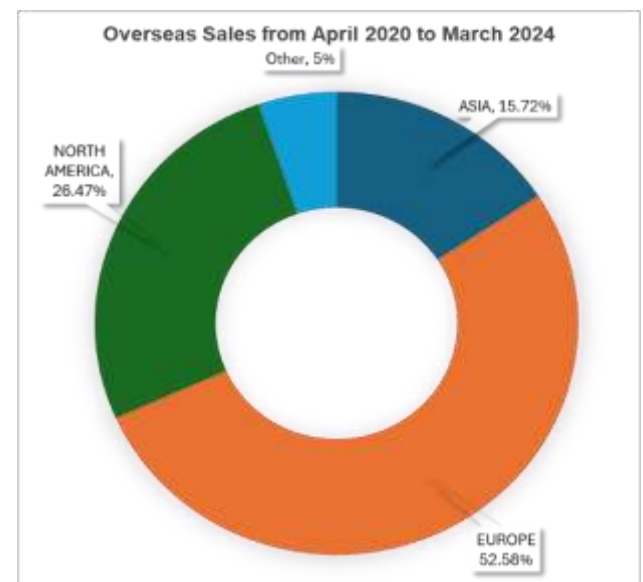
The company, along with its subsidiary Bansal Steel & Power Limited, offers a diverse range of over 3000 stock keeping units across high carbon steel wire, mild steel wire, and stainless-steel wire segments. High carbon steel wires, known for their strength and durability, cater to industrial applications like springs and cutting tools. Mild steel wires are valued for their versatility and find usage in sectors such as power transmission, agriculture, and construction. Stainless steel wires, resistant to corrosion, serve consumer durables and engineering needs. Operating from four manufacturing facilities in India’s National Capital Region, including three in Ghaziabad and one in Bahadurgarh, the company ensures a nationwide presence through a robust dealer network.

In fiscal terms, the company has shown strategic revenue focus from northern and western India, with significant contributions from Delhi, Haryana, Maharashtra, and Uttar Pradesh. It operates within a highly fragmented steel wires industry where it accounts for 2% of overall production, emphasizing operational efficiency and market expansion. The firm’s future growth strategy includes adding specialty wires through a new manufacturing plant in Dadri, slated to become one of Asia’s largest steel wire facilities. This expansion aims to leverage economies of scale and strategic advantages such as proximity to raw material suppliers and efficient transportation networks.

Financially, the company has demonstrated steady growth with a CAGR of 5.86% in total income from fiscal year 2022 to 2024, alongside notable increases in EBITDA and PAT. Its acquisition of Bansal Steel & Power Limited has further strengthened its market position, particularly in high carbon wires for automotive and stainless steel wires for exports. The company’s commitment to brand integrity under the ‘BANSAL’ name, coupled with initiatives to enhance customer retention, underscores its competitive edge in the marketplace. These factors combined highlight a proactive approach towards sustainable growth and operational excellence within the steel wires sector.

Segment	Revenue from operations	
	FY 24	
	(in ₹ Cr)	in %
High carbon steel wires	545.88	22.14%
Mild steel wires (Low carbon steel wires)	202.53	8.21%
Stainless steel wires	1,280.35	51.92%
Others	4,372.70	17.73%
Total	24,660.31	100.00%

Region	Percentage to total Domestic Sales (%)
	Fiscal 2024
Northern	66.06
Western	23.73
Southern	5.9
Eastern	4.31



Competition -

The Indian steel wire industry is shifting towards branded products due to increased consumer awareness and GST implementation. It's fragmented, with the top 10 manufacturers holding 22% production share; the company contributes 2%.

Tata Wires leads with a diverse product range. Competitors vary in resources. Competition is intense, influenced by product differentiation and marketing strategies, with suppliers exerting significant influence on costs and customer preferences playing a crucial role.

Business Strategies -

Expansion of their customer base in north India and increase penetration in other geographies:

The company plans to expand its customer base across India, focusing on untapped regions like western, eastern, and southern states to strengthen market presence and increase revenue diversification.

Focus on increasing their exports sales and growing sectors like automotive and infrastructure:

The company targets global opportunities in the steel wire industry through exports, focusing on Europe and the U.S. markets. Plans include expanding product lines for automotive and infrastructure sectors to enhance profitability and global presence.

Risk Factors -

The company and its group companies are involved in litigations amounting to Rs. 19.23 Crores. This could have an adverse effect on the company.

The company has had negative operating cash flows in last 2 out of 3 financials years.

PEER ANALYSIS

Particulars	Bansal Wire Industries Limited			Rajratan Global Wire Limited			DP Wires Limited		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
NP Margin	2.61%	2.48%	3.20%	13.84%	11.04%	8.04%	4.72%	3.36%	3.60%
EBITDA Margin	4.84%	4.36%	5.86%	20.44%	18.22%	14.66%	7.05%	4.98%	5.53%
RoCE	27.61%	19.66%	16.74%	41.54%	27.35%	18.57%	26.48%	29.78%	22.76%
ROE	25.69%	21.21%	18.66%	36.74%	22.92%	14.58%	19.14%	21.42%	14.33%
EPS (INR)	4.58	4.70	6.18	24.49	19.72	14.15	18.73	26.45	23.43
P/E	55.90	54.47	41.42	22.01	37.67	41.05	15.30	12.02	18.17

Indian Steel Industry -

Introduction and Market Profile -

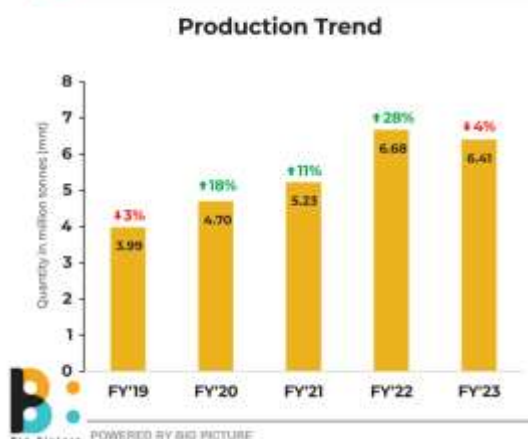
The domestic steel industry has witnessed significant growth at a compound annual growth rate of 5.74% between fiscals 2018 to 2023, rising to 119.90 million Tonnes in fiscal 2023 from 90.72 million Tonnes in fiscal 2018. It is expected to grow even faster at a compound annual growth rate of 7% till fiscal 2027, rising to 155-160 million Tonnes.

Total Crude Steel Production (million tonnes)



In the alloy steel segment, demand increased at a compound annual growth rate of 2.72% between fiscals 2018 and 2023, while demand for carbon steel rose at a compound annual growth rate of 6.02%. Demand for long steel increased at a compound annual growth rate of 6.38% between fiscals 2018 and 2023. Demand for flat steel, on the other hand, rose at 5.00% compound annual growth rate during the same period. This led to the share of long steel in overall finished steel demand increasing from 53% in fiscal 2018 to 54% in fiscal 2023.

India's Wire Rod Production

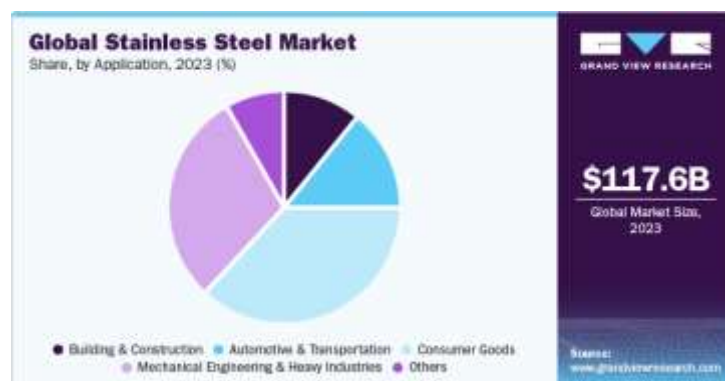


Global Steel Industry -

Globally, crude steel production increased to 1,878 million Tonnes in 2022 from 1,827 million Tonnes in 2018, a compound annual growth rate of 0.70%.

At the global level, all major economies registered a y-o-y decline in steel demand in 2020. However, demand for Chinese steel grew at 9.11% on-year in 2020. But, in 2021, demand for Chinese steel declined 4.32%, resulting in global demand slipping 3.49% on-year. In 2022, high inflation, tightening global monetary conditions, and slowdown in production in China, kept the global steel sector under pressure.

In 2023 though, global steel demand is forecast to grow 1.95% to 1,822 million Tonnes, as per the World Steel Association. This projection is on the back of the effect of persistent inflation and high interest rate in most economies.



India produced 7.5 million Tonnes of wire rods in fiscal 2023, registering an ~7% compound annual growth rate during fiscals 2019-2023. The wire rods market is an unorganised one, with national players such as JSW Steel, TATA, RINL, SAIL, and JSPL holding nearly half of the market share, while the other half is held by regional and local players. The wire rods produced form nearly 10-12% of the total re-rolling production done in India during fiscals 2019-2023. Demand is expected to sustain at 7-8% on-year in fiscal 2024, with continued demand from the infrastructure and automobile sectors, and trend at 6.50-7.50% compound annual growth rate over fiscals 2023 to 2027.

Key Management -

Key Management Persons Name -	Arun Gupta
Age	66
Designation and No. of years of experience	Promoter, Chairman and Whole-Time Director, 38+ Years of experience.
Qualification	Secondary School
Roles and Responsibility	-
Other Directorships	Bansal Steel & Power Limited, SFIL Stock Broking Limited and Balaji Wires Private Limited etc.

Key Management Persons Name -	Pranav Bansal
Age	29
Designation and No. of years of experience	Promoter, Managing Director and CEO, 5+ years of experience
Qualification	Secondary and Sr. Secondary School
Roles and Responsibility	-
Other Directorships	Bansal Steel & Power Limited, SFIL Stock Broking Limited and Balaji Wires Private Limited etc.

Key Management Persons Name -	Satish Prakash Aggarwal
Age	76
Designation and No. of years of experience	Independent Director, 19+ years of experience
Qualification	B. Com Degree
Roles and Responsibility	-
Other Directorships	-

Key Management Persons Name -	Umesh Kumar Gupta
Age	58
Designation and No. of years of experience	Whole - Time Director and Chief Operating Officer, 9+ years of experience
Qualification	B.A. (Hons) in Hindi
Roles and Responsibility	-
Previous Associations	Bansal High Carbons Private Limited

Key Management Persons Name -	Saurabh Goel
Age	36
Designation and No. of years of experience	Independent Director, 9+ years of experience
Qualification	B. Com Degree and bachelor's degree in law
Roles and Responsibility	-
Other Directorships	Bansal Steel & Power Limited

Key Management Persons Name -	Sunita Bindal
Age	53
Designation and No. of years of experience	Independent Director, 15+ years of experience
Qualification	B. Com Degree
Roles and Responsibility	-
Other Ventures	SAV Global India Private Limited

Key Management Persons Name -	Ritu Bansal
Age	38
Designation and No. of years of experience	Independent Director, 14+ years of experience
Qualification	Bachelor's degree in Law, Master's degree in Law
Roles and Responsibility	-
Other Ventures	Enrolled with Bar Council of Delhi

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Cr.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	2,198.36	2,413.01	2,466.03
Other Income	6.71	9.56	4.86
Total Income	2,205.07	2,422.57	2,470.89
Expenses			
Purchase of stock-in-trade			
Cost of Material Consumed	1,772.75	1,998.50	2,016.66
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-11.85	-17.91	-34.66
Employee benefits	46.55	60.04	73.54
Finance Cost	26.58	24.04	28.81
Depreciation and Amortization expense	8.44	9.11	13.45
Other expenses	284.48	267.23	266.03
Total Expenses	2,126.94	2,341.02	2,363.84
Earnings Before Interest, Taxes, Depreciation & Amortization	106.43	105.14	144.46
EBITDA Margin	4.84%	4.36%	5.86%
Profit/(Loss) before exceptional items and tax	78.13	81.55	107.05
Prior Period Items	-	-	-
Exceptional Items	0.00	-	3.16
Extraordinary Items	-	-	-
Profit/(Loss) before tax	78.13	81.55	110.21
Tax Expense			
MAT Credit Adjusted	-	-	3.10
Current tax	21.06	22.10	27.67
Deferred Tax Expenses	-0.22	-0.48	0.64
Tax adjustments in respect of earlier years	-	-	-
Total Tax Expense	20.85	21.62	31.41
Share of profit/loss of joint ventures and associates (net)			
Income Tax relating to these items			
Profit/(Loss) for the year	57.29	59.93	78.80
Net Profit Margin	2.60%	2.47%	3.19%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	9.10	9.10	63.73
Other Equity	213.91	273.41	358.64
Total Equity	223.01	282.51	422.37
Minority Interest	-	-	38.77
Total Equity	223.01	282.51	461.14
2. Non-current liabilities			
Long Term Borrowings	122.72	197.07	304.12
Provisions	2.40	2.69	5.11
Deferred tax liabilities	6.86	6.24	12.17
Total Non-current liabilities	131.98	206.00	321.40
3. Current liabilities			
Financial Liabilities			
(i) Short Term Borrowings	290.43	225.12	377.03
(a) Outstanding Dues to Micro Enterprise & Small Enterprises	3.13	2.24	5.92
(b) Outstanding Dues to other than Micro Enterprise & Small Enterprises	17.44	10.49	53.22
(ii) Other Financial Liabilities	6.95	9.13	31.61
Provisions	-	0.50	1.10
Current tax liabilities	13.67	4.71	3.67
Other current liabilities	8.88	8.37	8.92
Total Current liabilities	340.49	260.55	481.47

Particulars	FY 22	FY 23	FY 24
Total Liabilities	472.47	466.54	802.87
Total Equity and Liabilities	695.48	749.06	1,264.01
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	115.58	115.51	229.31
Capital Work-in-progress	0.43	37.87	211.86
Intangible Assets	-	-	0.09
Financial Assets			
(i) Investments	22.53	-	1.08
(ii) Other non-current financial assets	2.32	2.46	1.23
(iii) Other financial assets	3.04	7.17	8.62
Other non-current assets	0.11	40.73	39.66
Total Non-Current assets	144.00	203.74	491.85
2. Current assets			
Investments	-	22.53	-
Inventories	264.67	243.88	313.62
Financial Assets			
(i) Trade receivables	248.82	252.38	357.93
(ii) Cash and cash equivalents	0.44	0.71	1.81
(iii) Bank balances other than cash and cash equivalents	-	0.13	2.62
(iv) Other current financial assets	0.16	0.04	3.12
Other current assets	37.39	25.65	93.07
Total Current assets	551.48	545.32	772.16
Total Assets	695.48	749.05	1,264.01

Key Ratios

Particulars	FY 22	FY 23	FY 24
Per Share Data			
Diluted EPS	4.58	4.70	6.18
BV per share	17.50	22.17	33.14
Operating Ratios			
EBITDA Margins	4.84%	4.36%	5.86%
PAT Margins	2.60%	2.47%	3.19%
Inventory days	43.94	36.89	46.42
Debtor days	41.31	38.18	52.98
Creditor days	4.11	2.37	10.86
Return Ratios			
RoCE	27.61%	19.66%	16.74%
RoE	25.69%	21.21%	18.66%
Valuation Ratios (x)			
EV/EBITDA	5.97	6.70	7.63
Market Cap / Sales	1.82	1.66	1.63
P/E	55.90	54.47	41.42
Price to Book Value	14.63	11.55	7.73
Solvency Ratios			
Debt / Equity	1.85	1.49	1.61
Current Ratio	1.62	2.09	1.60
Quick Ratio	0.84	1.16	0.95
Asset Turnover	3.16	3.22	1.95
Interest Coverage Ratio	3.69	3.18	5.63

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are SBI Capital Markets Limited and DAM Capital Advisors Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

SBI Capital Markets Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Stanley Lifestyles Limited	537.02	369.00	June 28, 2024	474.00
2.	DEE Development Engineers Limited	418.01	203.00	June 26, 2024	322.10
3.	Aadhar Housing Finance Limited	3000.00	315.00	May 15, 2024	408.45
4.	Vodafone Idea Limited	18000.00	11.00	April 25, 2024	17.90
5.	Bharti Hexacom Limited	4275.00	570.00	April 12, 2024	1118.80
6.	R K SWAMY Limited	423.56	288.00	March 12, 2024	267.95

ICICI Securities Limited has had 18 mandates in the last three years (including current year).

DAM Capital Advisors Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Le Travenues Technology Ltd	740.10	93.00	June 18, 2024	156.81
2.	Entero Healthcare Solutions Limited	1600.00	1258.00	Feb 16, 2024	1040.10
3.	Capital Small Finance Bank Limited	523.07	468.00	Feb 14, 2024	347.20
4.	EPACK Durable Limited	640.05	230.00	Jan 30, 2024	243.80
5.	Credo Brands Marketing Limited	549.78	280.00	Dec 27, 2023	163.25
6.	ESAF Small Finance Bank Limited	463.00	60.00	Nov 10, 2023	53.92

DAM Capital Advisors Limited has had 14 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 1st July 2024.

As per the offer document, from the above-mentioned mandates R K SWAMY Limited, Entero Healthcare Solutions Limited, Capital Small Finance Bank Limited and EPACK Durable Limited opened at discount and the remaining all opened at premiums.

Recommendation -

The management of the company is very well experienced but lacks proper formal education which is required in today's dynamic business environment to survive.

FY 22 to FY 24 financial ratios reveals improving profitability metrics with rising EPS and BV per share. EBITDA and PAT margins show a positive trend, indicating enhanced operational efficiency. Financially, manageable debt levels are evident, though return ratios (RoCE, RoE) declined.

The company has a very long track record of existence which reflects its ability to deal with contractionary phases the Indian economy has faced over the years.

Industry outlook looks good and with the new plant in Dadri, there is a lot of scope for the company to grow. One may consider **APPLYING** to this IPO with all these positive indicators but the company needs to involve better qualified people in its board in the future to reap exponential benefits of its core competencies.

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