

One Stop Investment Avenue



**GEPL
CAPITAL**

IPO Note

BANSAL WIRE INDUSTRIES LTD

Jul 03, 2024





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Details of the Issue

Price Band	₹ 243 - ₹ 256
Issue Size	₹ 745 Cr
Face Value	₹ 5
Bid Lot	58
Listing on	BSE, NSE
Post Issue Mcap	₹ 4,007.83 Cr
Investment Range	₹ 14,093 - ₹ 14,84 8

Important Indicative Dates (2024)

Opening	03 - Jul
Closing	05 - Jul
Basis of Allotment	08 - Jul
Refund Initiation	09 - Jul
Credit to Demat	09 - Jul
Listing Date	10 - Jul

Lead Manager

SBI Capital Markets Limited
DAM Capital Advisors Limited

Offer Details

Offer Size	₹ 745 Cr
Fresh Issue	₹ 745 Cr
OFS	-

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	373	14.55	15.32	50
NIB	112	4.36	4.59	15
Retail	261	10.18	10.73	35
Em- ploy.	-	-	-	-
Total	745	29.10	30.65	100

Invest NowCompany Profile

Bansal Wire Industries Limited, established in December 1985, specializes in manufacturing stainless steel wire across three main segments: high carbon steel, low carbon steel (mild steel), and stainless steel. With a diverse product line of over 3,000 types of steel wire products ranging in size, the company serves more than 5,000 customers across various industries, ensuring robust growth. To mitigate risk, Bansal Wire Industries avoids over-reliance on any single customer or market segment and employs a flexible pricing strategy to navigate fluctuating material costs. Operating extensively in India and exporting to 50 countries, the company maintains a strong global presence with 14 international representatives covering key markets such as the US, UK, Germany, and South Korea. With manufacturing facilities in Mohan Nagar and Loni Industrial Area in Ghaziabad, as well as Bahadurgarh in Haryana, Bansal Wire Industries has expanded its reach since 2021 with a dedicated sales team of over 50 professionals catering to the needs of its expanding customer base across India.

Business Highlights & Services

Company have been manufacturing steel wires for 38 years, serving various sectors across the country with a diverse portfolio. The products include high carbon steel wire, mild steel wire (low carbon), stainless steel wire, and soon, specialty wires for advanced applications like Steel Cords, Tempered Wire, and Hose Wire. Annually, it produce 220,010 metric tonnes, comprising 58,427 tonnes of mild steel wire, 84,580 tonnes of high carbon steel wire, and 77,003 tonnes of stainless steel wire (as of March 31, 2024).

BWIL network spans across all 22 states and six union territories in India, serving over 5,000 customers across diverse sectors. While the primary revenue comes from northern and western states—specifically Delhi, Haryana, Maharashtra, and Uttar Pradesh company expanding into new regions. The focus includes Maharashtra, Gujarat, Madhya Pradesh, Tamil Nadu, Karnataka, and Andhra Pradesh, aiming to strengthen their market presence and increase revenue from untapped markets. It categorize the markets into established, emerging, and potential segments, aiming to consolidate it position in established markets, implement successful strategies in emerging ones, and explore opportunities in potential markets. It plan to strategically expand manufacturing facilities in cost-effective locations across western, eastern, and southern India to enhance the geographical presence and product margins.

Indian steel wire industry is poised to capitalize on the global shift from China-based manufacturing to a 'China plus one' strategy, creating significant opportunities. In FY24, over 70% of exports targeted Europe and the U.S., totaling ₹2,839.41 Mn in turnover. With 14 global representatives, it aim to expand its global footprint, introducing new products like elevator ropes and springs to cater to high-potential export markets. Additionally, it plan to innovate for sectors like automotive and infrastructure, driven by electric vehicles and increasing demand for low relaxation pre-stressed concrete steel products. Company strategy includes enhancing customer base, setting up warehouses as needed, and focusing on high-margin products such as specialty wires for automotive and infrastructure sectors.

In FY24, over 80% of revenue came from B2B customers across sectors like power, automotive, infrastructure, agriculture, and more. To drive growth, it strategically expanding into India's agriculture retail segment, focusing on high-margin galvanized wire products such as fencing and barbed wire. Following a successful entry in Gujarat in FY21, where it established a strong B2C presence, BWIL now scaling this model nationwide.



Their approach includes district-level mapping, building a robust retail and distributor network, and targeted marketing strategies. With their extensive market reach, competitive pricing, and diverse product range, company is well-positioned to gain significant market share in India's business-to-consumer segment.

The steel wire industry grew at a CAGR of 6.90% from Fiscal 2019-23, driven by infrastructure development and increased automobile production. Expected demand growth of 8-10% CAGR from Fiscal 2023-28, fuelled by higher government budget allocations for infrastructure and automotive expansion, Seeing demand to reach at 8-9 MT. To meet this, it plan to enhance productivity and set up India's largest steel wire manufacturing capacity, positively impacting production costs and EBITDA margins. Additionally, It have entered industrial lease agreements to utilize facilities and equipment from Bansal High Carbons and Balaji Wires, increasing market share and production efficiency. It aim to manufacture high-margin shaped wires across high carbon, low carbon, and stainless steel for automotive, power, and infrastructure sectors.

Product portfolio

High Carbon Steel Wires



Auto Cable Wire



Mattress Wire



Roping Wire



Spring Wire



Super Fine Wire

Mild Steel Wires (Low Carbon Steel Wires)



Bright Wire



Cable Armour Wire



Fencing Wire



Galvanized Wire



Super Fine/Mesh Wire

Stainless Steel Wires



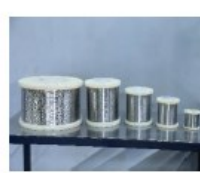
Wire for Hose/Filter



Wire for Kitchen Appliances



Welding Rod



Super Fine Wire



Welding Wire

Revenue Breakup Details

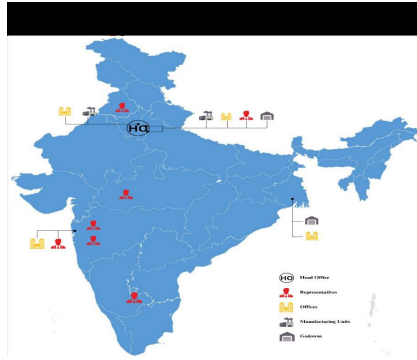
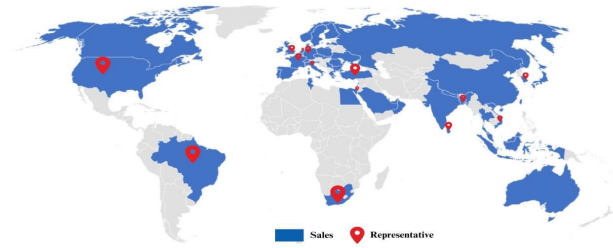
Segment	Fiscal 2024			
	Revenue	Revenue %	EBITDA	EBITDA %
High Carbon Steel Wires	5,458.84	22.14	762.53	51.06
Mild Steel Wires (Low Carbon Steel Wires)	2,025.28	8.21	127.63	8.55
Stainless Steel Wires	12,803.49	51.92	574.06	38.44
Total	20,287.61	82.27	1,464.22	98.05
Others (includes trading sales and other miscellaneous sales)	4,372.70	17.73	29.12	1.95
Grand Total	24,660.31	100.00	1,493.35	100.00



Bansal Wire Industries Limited

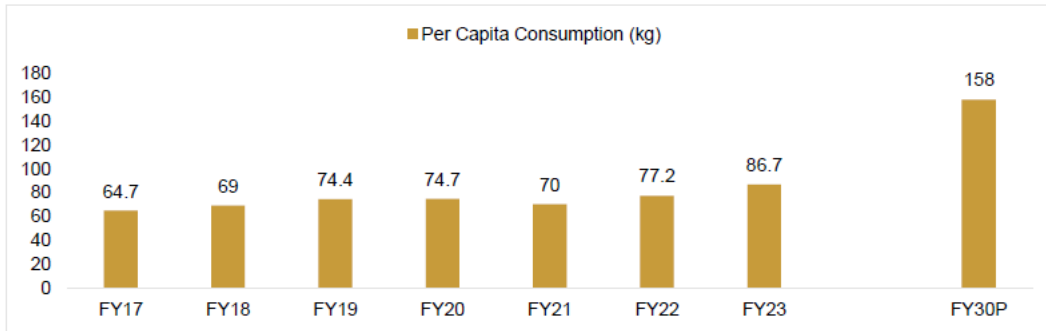
Geographical Presence

Global Presence

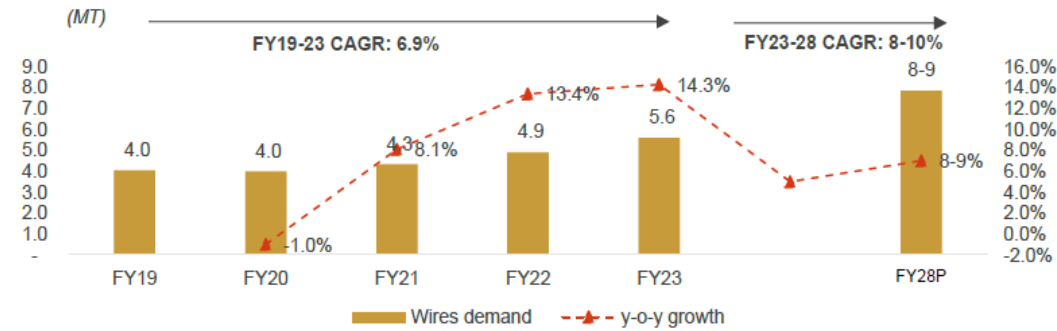


Industries Outlook

Per capita steel consumption trend



Wires demand review and outlook



Demand segmentation by end user industry for steel wires (based on volumes)



Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Bansal Wire Industries Ltd	5	2,471	6.18	33.14	NA	18.46%
Peers Group						
Rajratan Global Wire Ltd	2	899	14	97	41	15.41%
DP Wire Ltd	10	1,221	23	145	19	17.39%
Bedmutha Industries Ltd	10	748	6.28	37	37	19.04%

**Companies Competitive Strength :**

- Steel wire manufacturers with revenue of INR 24,447.19 Mn in FY2024 with established market position and strong brand equity.
- Economies of Scale
- More than 5,000 customer base with presence across various sectors
- 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.
- Promoters and management with industry expertise of over 38 years.

Key Strategies Implemented by Company

- Expansion of the customer base in north India and increase penetration in other geographies.
- Focus on increasing the exports sales and growing sectors like automotive and infrastructure.
- Entering into B2C segment steel products and establishing retail distribution network.
- Increase in margin profile by focusing on high margin products and adding specialty wire segment.
- Strengthen the customer base by growing existing customer business and acquiring new customers.
- Technological advancement of manufacturing facilities

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	64	9	9
Reserves and Surplus	359	273	214
Net Worth	422	283	223
Revenue	2,471	2,423	2,206
Growth (%)	2%	10%	
EBITDA	148	105	106
EBITDAM (%)	6%	4%	5%
PAT	79	60	57
PATM (%)	3%	2%	3%
ROCE (%)	18%	17%	19%
ROE (%)	21%	24%	30%

Valuations and Recommendation:

- Based on the FY24 earnings relative to the company's post-IPO paid-up equity capital, the issue is priced at a P/E ratio of 50.73X. The valuation suggests that the issue is slightly higher priced compared to its peers in the market.
- Bansal Wire specializes in manufacturing steel wire across three key segments: high carbon, low carbon steel, and stainless steel, offering a diverse portfolio of 3,000 wire types. Serving over 5,000 customers, the company maintains stable operating margins through a strategic mix of high-volume and high-margin products. Looking forward, Bansal Wire aims to enhance profitability by focusing on high-margin products and specialty wire segments. The company is dedicated to expanding its customer base by nurturing existing relationships and acquiring new clients. In an optimistic market outlook, the steel wire industry is projected to grow at a 8-10% CAGR from FY 23-28, driven by increased government spending on infrastructure and automotive sectors. Bansal Wire is also prioritizing export growth and expanding its presence in key sectors such as automotive and infrastructure. Hence, we recommend an "Subscribe" rating for the issue.



Notes

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