



IPO NOTE

BANSAL WIRE INDUSTRIES LIMITED



Rating:

Subscribe

(Only for High Risk Investors)



ISSUE OFFER

Issue Opens on	JULY 03, 2024
Issue Close on	JULY 05, 2024
Total IPO size (cr)	₹745.00
Fresh issue (cr)	₹745.00
Offer For Sale (cr)	NIL
Price Band (INR)	243-256
Market Lot	58
Face Value (INR)	₹5
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
127,454,390	156,555,952

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	08-07-2024
Refunds/Unblocking ASBA Fund	09-07-2024
Credit of equity shares to DP A/c	09-07-2024
Trading commences	10-07-2024

Bansal Wire Industries Limited is a stainless steel wire manufacturing company. The company operates in three main segments: high-carbon steel wire, low-carbon steel wire (mild steel wire), and stainless steel wire. The company makes over 3,000 different types of steel wire products, ranging in size from very thin to very thick. They have more than 5,000 customers in different industries, which helps the company grow.

OBJECTS OF THE ISSUE

- Repayment of all or a portion of certain outstanding borrowings.
- Funding the working capital requirements.
- General corporate purposes.

OUTLOOK & VALUATION

Bansal Wire, a manufacturer of steel wire products, operates across three segments, catering to a diverse customer base exceeding 5,000. With a comprehensive product portfolio of over 3,000 SKUs, the company offers a favorable mix of high-volume and higher-margin products, contributing to a stable and consistent margin profile.

Bansal Wire's financial performance has been positive, demonstrating consistent growth in both revenue and profitability. However, some key risks require careful consideration. The company's operations are susceptible to fluctuations in raw material supply and costs due to the inherent volatility of the steel market. Additionally, the steel wire industry is highly competitive and fragmented, presenting challenges for market share expansion.

The IPO is priced at a P/E ratio of 41.41x, which appears on the higher end. Considering both the company's strengths and potential risks, we recommend this IPO only for investors with a high-risk tolerance.



KEY MANAGERIAL PERSONNEL

01

Arun Gupta

Chairman and Whole-Time Director of the Company. He has cleared his secondary schooling from Dhanpatmal Virmani Sr. Sec. School, Delhi. He has been associated with the Company since December 11, 1985 and has over 38 years of experience in the steel wire industry.

02

Pranav Bansal

Managing Director and Chief Executive Officer of the Company. He has cleared his secondary and senior secondary schooling from Manav Sthali School, New Delhi. He has been associated with the Company since 2018 and has over five years of experience in the steel wire industry.

03

Umesh Kumar Gupta

Whole-time Director and Chief Operating Officer of the Company. He has attended the course of bachelor in arts (honours) in hindi from Zakir Husain College Evening Classes, University of Delhi. Prior to joining the Company, he was previously associated with Bansal High Carbons Private Limited. He has over nine years of experience in the steel wire industry.

04

Ghanshyam Das Gujrati

Chief Financial Officer of the Company. He holds a bachelor's degree in commerce (honours) from Banaras Hindu University. He is a fellow member of the Institute of Chartered Accountants of India. He has over 27 years of experience in the finance sector.

05

Sumit Gupta

Company Secretary and Compliance Officer of the company. He is an associate member of The Institute of Company Secretaries of India. He has over 12 years of experience in handling corporate law compliances, inter alia, including secretarial audit, due-diligence, and IPR related work.



COMPANY PROFILE

- Bansal Steel & Power Limited offers over 3000 SKUs in three broad segments, i.e., high carbon steel wire, mild steel wire (low carbon steel wire), and stainless steel wire.
- The company has a presence across India and operates in over 50 countries through product exports, solidifying its position as a key player in the global market.
- The company has a More than 5,000 customer base with a presence across various sectors.
- Over the last 38 years, the Company has established a well-integrated ecosystem for manufacturing the products, storage, and transportation of raw materials and finished goods.
- Steel wire manufacturers with revenue of ₹ 24,447.19 million in Fiscal 2024 with established market position and strong brand equity.

COMPETITIVE STRENGTHS

- More than 5,000 customer base with a presence across various sectors.
- Product Portfolio with over 3,000 stock-keeping units across the steel wire industry with a 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

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

KEY CONCERNS

- Any disruption, breakdown, or shutdown of the manufacturing facilities may have a material adverse effect on the business.
- The costs of the raw materials that the company uses in the manufacturing process are subject to volatility.
- The company is highly dependent on the skilled personnel for the day-to-day operations.
- The company had low EBITDA and PAT margins in the last three fiscal.
- The company had negative cash flows in prior periods and may continue to have negative cash flows in the future.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
Bansal Wire Industries Limited	6.18	33.14		24,708.86	18.46
Peer Group					
Rajratan Global Wire Limited	14.15	97.03	41.68	8,986.80	15.41
DP Wires Limited	23.43	145.93	18.94	12,213.10	17.39
Bedmutha Industries Limited	6.28	37.23	37.52	7,481.47	19.04

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
Equity Share Capital	637.27	91.04	91.04
Other equity	3,586.43	2,734.10	2,139.08
Net Worth	4,611.40	2,825.14	2,230.12
Total Borrowings	3,041.17	1,970.73	1,227.24
Revenue	24,660.31	24,130.08	21,983.58
EBITDA	1,493.09	1,147.05	1,131.48
Profit before Tax	1,102.12	815.50	781.35
Net Profit of the Year	787.98	599.30	572.90


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CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: compliance@swastika.co.in Phone: (0731) 6644 241

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