

IPO Note

July 02, 2024

Bansal Wire Industries Limited





Issue Snapshot:

Issue Open: July 03 – July 05, 2024

Price Band: Rs. 243 – 256

*Issue Size: Up to Rs 745.0 cr

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 5

Book value: Rs 33.14 (March 31, 2024)

Bid size: - 58 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs.	63.73 cr
*Post issue Equity:	Rs.	78.28 cr

Listing: BSE & NSE

Book Running Lead Managers: SBI Capital Markets Limited, DAM Capital Advisors Limited

Sponsor Bank: ICICI Bank Limited & HDFC Bank Ltd

Registrar to issue: KFin Technologies Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	95.78	77.97
Public & Employees	4.22	22.03
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Bansal Wire Industries Ltd. (BWIL) along with its Subsidiary, Bansal Steel & Power Limited, offers over 3000 SKUs (i.e., stock keeping units) in three broad segments, i.e., high carbon steel wire, mild steel wire (low carbon steel wire) and stainless steel wire, with Company's offering of approximately 2000 SKUs and its Subsidiary's offering of 1500 SKUs. Further, there are approximately 500 SKUs which are common in both the Company and Subsidiary.

High carbon steel wires refer to wires made from high carbon steel with 0.30% to 1.00% carbon and are known for BWIL's exceptional strength, hardness, and durability. It is used in applications where these properties are crucial, such as in the manufacturing of springs, cutting tools, and various industrial components that require resilience and resistance to wear and fatigue. Mild Steel Wire is made out of a low-carbon steel with a carbon content ranging from 0.05% to 0.25% and is known for its ductility, malleability, weldability, and versatile nature. It is commonly used in power & transmission, agriculture, poultry, fencing, and construction. Stainless steel wire is made from a corrosion-resistant alloy which is a combination of iron, chromium, nickel, and other elements and is used in consumer durables, hardware, automotive, agriculture and other general engineering products.

BWIL operates from its four established manufacturing facilities in the National Capital Region, India, with three manufacturing facilities in Ghaziabad (U.P.) and one manufacturing facility in Bahadurgarh (Haryana). While it has built its network in order to ensure pan India presence across all regions of India, i.e., it is present in 22 states and six union territories, by way of its dealer distribution network, the company has robust revenue from operations in northern states and western states in India with 65.61%, 67.78% and 64.80% of revenue from operations generated from Delhi, Haryana, Maharashtra and Uttar Pradesh in Fiscal 2022, 2023 and 2024, respectively.

In terms of the operational benchmarking, steel wires industry is a highly fragmented industry with top 10 manufacturers contributing to around 22% of the overall production and BWIL contributes 2% of the overall production and other unbranded larger and medium and small manufacturers contributing 75% of the overall production. The company operates in three broad segments, i.e., high carbon steel wire, mild steel wire (low carbon steel wire) and stainless steel wire and it will be also adding new segment of specialty wires through its manufacturing plant in Dadri, which will help it to grow and expand market presence in upcoming fiscals. The extensive range of its products include sizes as thin as 0.04 mm to as thick as 15.65 mm like high carbon steel wires for springs, wire for ropes, mild steel wires (low carbon steel wires), stainless steel wires, cold heading quality wires, cable armoring wires and strips, galvanized steel wires in high/ mild steel wire (low carbon steel wire) in wide range of, zinc coating, profile/ shaped wires in various steel grades in different cross sections etc.

The Company sources raw materials from a diversified base of suppliers. Its top 10 key raw material suppliers for mild steel wires (low carbon steel wires) and stainless-steel wires include Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, Mukand Ltd., Rathi Steel and Power Limited and JSW Steel Limited. It sources raw materials from a diversified base of suppliers which not only offers competitive prices but also the quality and quantity assurance. BWIL markets and sells its products under the brand name 'BANSAL' which has a strong reputation in the market as a trusted brand since incorporation. The Company undertakes various initiatives to promote its brands and products, which has not only helped maintain a sales momentum but has also resulted in an impressive customer retention ratio of above 64% as of Fiscal 2024, Fiscal 2023 and Fiscal 2022.



The company is exporting its products to several countries, with 14 global representatives, covering countries like Bangladesh, Brazil, France, Germany, Israel, Italy, Netherland, South Korea, South Africa, Sri Lanka, Turkey, United Kingdom, United States of America and Vietnam. Its export turnover in Fiscal 2024 was Rs. 2,83.94 cr., with Europe and U.S. markets accounting to more than 70% of the total exports in Fiscal 2024. As of Fiscal 2024, it has 3717 employees on its payroll including 767 contract workers.

Objects of Issue:

The Issue comprises of a fresh issue of Equity Shares aggregating up to Rs.7,450 million. BWIL proposes to utilise the Net Proceeds from the Issue towards the following objects:

- Repayment or prepayment of all or a portion of certain outstanding borrowings availed by the Company;
- Investment in Subsidiary for repayment or prepayment of all or a portion of certain of its outstanding borrowings;
- Funding the working capital requirements of the Company; and
- General corporate purposes.

Further, BWIL expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancing its visibility and brand image, and creating a public market for the Equity Shares of the Company.

Utilisation of Net Proceeds

(Rs in million)

Particulars	Estimated amount to be funded from Net Proceeds	Estimated Utilization of Net Proceeds in Fiscal 2025
Repayment or prepayment of all or a portion of certain outstanding borrowings availed by the Company	4,526.83	4,526.83
Investment in Subsidiary for repayment or prepayment of all or a portion of certain of its outstanding borrowings	937.08	937.08
Funding the working capital requirements of the Company	600	600
General corporate purposes	*	*
Total	*	*

Competitive Strengths

Steel wire manufactures with revenue of Rs 24,447.19 million in Fiscal 2024 with established market position and strong brand equity:

BWIL is the stainless steel wire and steel wire manufacturing company in India representing 20% and approximately 4% market share as of March 31, 2023, respectively, with revenue of Rs.24,447.19 million in Fiscal 2024. The steel wire industry has witnessed a significant growth at a CAGR of 6.90% over Fiscals 2019-23, growing to 5.6MT, driven by an uptick in infrastructure development activities across the country and growing production in the automobile industry. Demand is expected to log 8-10% CAGR between Fiscals 2023 and 2028, growing to 8-9 MT, due to increasing budget allocation of central and state governments for infrastructure development and expansion of the automobile industry. BWIL has built its own sales team of more than 50 experienced employees in order to ensure pan India presence across all regions of India which enables it to cater to more than 5000 customers spread across various sector since 2021. The Company derive numerous benefits from its brand equity including its ability to secure raw material at competitive costs, recruit and retain skilled employees, increase its customer count through high referral rate, high customer retention rate and ability to attract diversified companies as customers. Further, it has built a resilient business model that has allowed it to navigate and continue to grow its business through events such as the Indian banknote demonetization in 2016, and COVID-19 pandemic.

More than 5,000 customer base with presence across various sectors: BWIL have a customer base exceeding 5,000 customers, spreading across various industrial sectors. Some of the major sectors that it serves include automotive, cables, fencing, infrastructure and agriculture out of which automotive and consumer durables sectors give it the highest EBITDA margins. Some of its key domestic and international customers include S.S. White Technologies India Private Limited, Connecton Fasteners S.A., NHK Automotive Components India Private Limited, Hettich, Hi-Lex India Private Limited, KEI Industries Limited, Lapp India Private Limited, Suprajit Engineering Limited, Helical Springs, Haver Standard India Private Limited, RR Kabel Limited, Remsons Industries Limited, ASK Automotive Limited, etc. It has maintained an average customer retention ratio of 89.56% of its top 300 customers contributing 78.22%, 78.20% and 77.84% of its sales for Fiscals 2022, 2023 and 2024, respectively.

Economies of Scale: Over the last 38 years, BWIL has established a well-integrated ecosystem for manufacturing the products, storage and transportation of raw materials and finished goods. The Company for expansion and cost effectiveness has also entered into industrial lease agreements dated January 8, 2024, with two of its Group Companies, Bansal High Carbons Private Limited and Balaji Wires Private Limited, respectively, to use the premises and equipment installed in their manufacturing facilities. It is also in process of setting up a manufacturing facility which spreads across 32 acres approx. at Dadri. This facility will be one of the largest in Asia and largest steel wire



plant in India and is strategically located. Therefore, BWIL will enjoy the benefit of economies of scale providing it with a competitive edge since:

- Most of the warehouses of raw material suppliers and railway yards are within a 50 kilometre radius;
- It will have an independent 132 KVA feeder of electricity which will ensure uninterrupted and low-cost power supply from the grid directly;
- Its existing manufacturing facilities which provide a lot of synergy in managing operations, are closer to the Dadri facility;
- Ensuring smooth transportation of finished goods to customers being very near to the Kundli Manesar Palwal expressway;
- Easy availability of skilled workmen being a part of Delhi NCR;
- Access to direct natural gas pipeline from Indraprastha Gas Limited.

BWIL has also taken various other steps for increasing operational efficiency including: (i) reduction in manpower through man occupation mapping; (ii) automation in packing of finished goods leading to reduction in manpower and increase in customer satisfaction; (iii) evaluating the layout of machines to enhance lean manufacturing and avoiding bottlenecks.

Product Portfolio with over 3,000 stock keeping units across the steel wire industry with good mix of high volume and better margin products:

BWIL along with its Subsidiary, Bansal Steel & Power Limited, offer one of India's most extensive steel wire product portfolios, encompassing over 3000 stock keeping units ("SKUs"), categorized majorly into three segments, i.e., high carbon steel wire, mild steel wire (low carbon steel wire) and stainless steel wire, with the Company's offering of approximately 2000 SKUs and its Subsidiary's offering of 1500 SKUs. Further, there are approximately 500 SKUs which are common in both BWIL and Subsidiary. Its diverse portfolio of products has been backed by the global certifications and accreditations awarded to them. It keeps on adding new SKUs as per the customer's requirement offering customized solutions, during the Fiscal 2024, it has launched 27 new products and has 6 products under development.

Business model with stable and consistent margin profile: Products of BWIL is offered at various price points and the pricing risk is suitably mitigated as majority of its sales are directly to customers. Its sales and marketing team takes into consideration various factors such as landing costs, discounts, and applicable taxes to arrive at the list price of its offerings. To counter the volatility in the cost of its raw materials, it adjusts and revise the prices for its products on a monthly basis. Most of the production that it entail is carried by BWIL after the receipt of the order at a pre-agreed price and hence, as a result it is able to maintain the margins and work on a cost plus model and are largely immune to commodity price fluctuations, which has helped in maintaining EBITDA margins between 4.73% to 6.04% consistently over last three Fiscals.

Additionally, BWIL source raw materials from a diversified base of suppliers. Its top 10 key raw material suppliers for mild steel wires and stainless-steel wires include Steel Authority of India Limited, Rashtriya Ispat Nigam Limited, Mukand Ltd., Rathi Steel and Power Limited and JSW Steel Limited. The Company sources raw materials from a diversified base of suppliers which not only offers competitive prices but also the quality and quantity assurance. It also enters into contract with such reputed and established raw material suppliers to guarantee consistent supply, however the prices of the raw material are finalised as per market conditions. These contracts not only offer it the quantity assurance but as a steel wire manufacturing company, it is able to place larger order and negotiate the prices for the raw materials which helps it to manufacture and sell products at a competitive price as compared to its peers. With a long track record of generating operating profits, BWIL has demonstrated its ability to navigate challenges and maintain a successful and sustainable business.

Promoters and management with industry expertise of over 38 years: BWIL's leadership team comprises of seasoned whole-time directors, key managerial personnel and senior management with extensive experience in the steel wire industry. They play a pivotal role in formulating business strategies, driving innovation, integrating systems, processes and technologies, diversification and expansion of business, and commitment to customer-focused approach. With the support of a qualified pool of employees including its quality assurance team, it has collectively demonstrated an ability to manage and grow its operations. With the combination of Promoters, its management along with qualified pool of employees and its experience and expertise in the steel wire industry has provided BWIL with a competitive advantage and enabled it to maintain the consistency in its financial performance on year-on-year basis.

Business Strategy:

Expansion of customer base in north India and increase penetration in other geographies: BWIL has built its network in order to ensure pan-India presence across all regions of India which enables it to cater to more than 5,000 customers spread across various sectors. While, it has built its network in order to ensure presence across all regions of India, i.e., 22 states and six union territories, by way of its dealer distribution network and it has robust revenue from operations in northern states and western states in India with 65.61%, 67.78% and 64.80% of revenue from operations generated from Delhi, Haryana, Maharashtra and Uttar Pradesh in Fiscal 2022, 2023 and 2024, respectively, it plans to expand into new geographical regions in the future, i.e., western, eastern and southern regions of India, more particularly, the states of Maharashtra, Gujarat and Madhya Pradesh, Tamil Nadu, Karnataka and Andhra Pradesh. by expanding sales network in India, BWIL will benefit from greater connections and exposure to potential customers in untapped regions and the revenue



generation will not only significantly generate from the states where it has established market, thereby positioning itself to grow its market share in the domestic steel wire industry.

While the northern region contributes the majority portion of revenue, BWIL is looking to enter the other untapped regions, i.e., western, eastern and southern regions of India, which will be beneficial for its overall growth in upcoming Fiscals. The Company will identify the advantageous and cost-effective locations in the western, eastern and southern region to set up the manufacturing facilities which will strengthen its geographical presence in all regions and will enhance its margins on the products. Over time, it intends to expand its presence in western region with the same strategies as it is doing for the established market in the northern region.

Focus on increasing exports sales and growing sectors like automotive and infrastructure: Indian steel wire industry is well-positioned to benefit from the global shift from China-based manufacturing to China plus one strategy resulting in new opportunities for Indian manufacturers in the global market. BWIL has been focused on the export markets for its steel wire manufacturing business. As of Fiscal 2024, the Company is exporting its products to several countries, with Europe and U.S. markets accounting to more than 70% of the total exports in Fiscal 2024. With 14 global representatives worldwide, its export turnover in Fiscal 2024 was Rs.2,839.41 million. It intends to leverage its suite of globally accredited products to grow its exports business and further increase its overseas presence by increasing customers base and global representatives and setting up warehouses, as and when required. The Company will also introduce new products like wire for elevator ropes and springs which has a high potential in export markets. Apart from exports, it also endeavour to constantly develop new products based on the requirements of the customers and intends to focus on the growing sectors like automotive and infrastructure. It is planning to introduce new products including the manufacturing of speciality wire products, i.e., steel cord and IT wire for automotive sector and low relaxation pre-stressed concrete steel products for infrastructure sector, which will help BWIL to increase its EBITDA margins from current level.

Entering into B2C segment steel products and establishing retail distribution network: BWIL is currently into the business-to-business segment and more than 80% of its operating revenue in Fiscal 2024 is contributed from the end users of its products which consist of customers in various sectors including power and transmission, automotive, fencing, infrastructure, agriculture, consumer durables and general engineering. As a part of the Company's growth strategy, it is strategically expanding into the retail segment in the agriculture sector across India that enjoy higher profit margins with the galvanised wires products such as fencing, barbed wire, farming wire, etc. ensuring its presence across both business-to-business and business-to-consumer segments. In Fiscal 2021, BWIL successfully entered in retail segment of agriculture sector in Gujarat and received a positive response by selling its products in business-to-consumer segment. After the success of its model in Gujarat, it intends to replicate this model in other states of India. Its strong market presence, pan India presence, competitive prices and wide product portfolio position BWIL to capture market share in business-to-consumer segment in India.

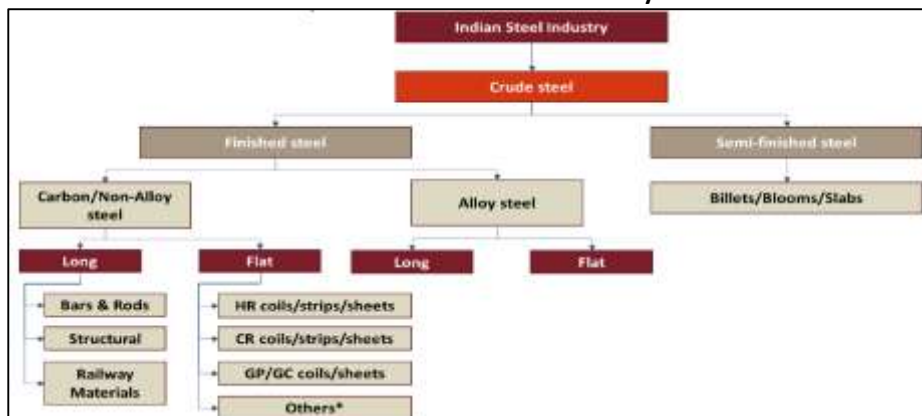
Increase in margin profile by focusing on high margin products and adding speciality wire segment: The steel wire industry has witnessed a significant growth at a CAGR of 6.90% over Fiscals 2019-23 driven by an uptick in infrastructure development activities across the country and growing production in the automobile industry. Demand is expected to log 8-10% CAGR between Fiscals 2023 and 2028, growing to 8-9 MT, due to increasing budget allocation of central and state governments for infrastructure development and expansion of the automobile industry. BWIL has four manufacturing facilities including the facility owned by BSPL which are already working at optimum utilization and to meet the industry demand, the Company is taking various steps including (i) setting up India's largest steel wire manufacturing capacity, which will include new infrastructure and equipment which will positively impact on its cost of production and start a new segment, i.e. specialty wires which will have positive impact on its overall EBITDA margins; and (ii) entered industrial lease agreements dated January 8, 2024 with Bansal High Carbons Private Limited and Balaji Wires Private Limited, respectively, to use the premises and equipment installed in the manufacturing facilities which will help BWIL to increase the market share and customer shift towards the Company with effective cost of production which may positively impact on its sales, EBITDA and profits. BWIL intends to focus on manufacturing of shaped wire in all three product streams, i.e, high carbon steel wires, mild steel wires (low carbon steel wires) and stainless steel wires which are very high margin products and being used in the growing sectors like automotive, power and transmission and infrastructure.

Technological advancement of manufacturing facilities: In BWIL's commitment to continuous improvement, BWIL has strategically implemented technological advancements in its manufacturing facilities. These innovations focus on enhancing productivity, ensuring operational efficiency, and maintaining high product quality. It plans to reduce capstan thickness on drawing machines and increase water pressure in the coolant lines which may better the process of wire cooling which are suited for higher speed drawings and will also reduce maintenance cost due to less breakdowns and less frequent preventive maintenance. It may install IE3 motors on equipment/machine for lower energy consumption which will save electricity consumption by 1.50 - 2.00% of overall consumption. BWIL intends to introduce automatic strapping machines, straight line method for boxing and wrapping, effective use of conveyers and that it will be able to reduce manpower cost as well as standardise packaging for better customer satisfaction. It intends to install mechanical descenders and in line pickling lines which may be able to reduce acid consumption by more than 50.00%

Industry Overview

Indian steel industry overview

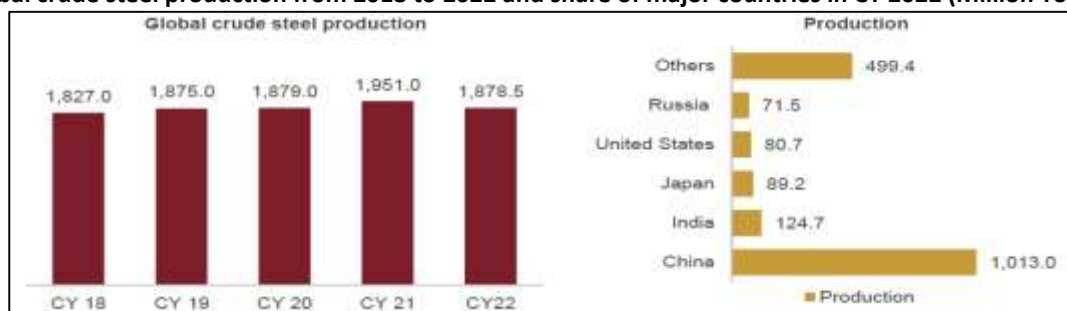
Structure of India's steel industry



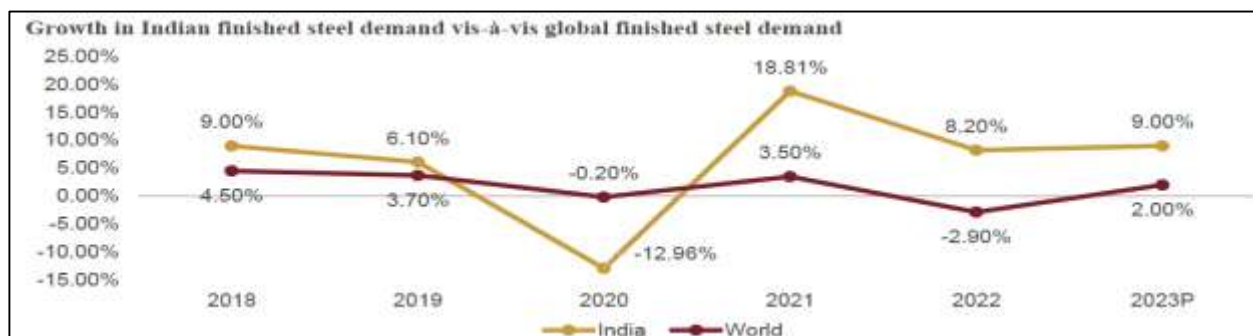
India's position in the global steel market

India has been the second largest global steel producer since CY 2018. Of the 1,878 Million Tonnes of global crude steel production, India accounted for 6.64% share, or ~125 Million Tonnes, in CY 2022. 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%, while India's crude steel production grew at 4.02% compound annual growth rate, higher than the world average.

Global crude steel production from 2018 to 2022 and share of major countries in CY 2022 (Million Tonnes)



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 on account of the country's quick recovery from the first wave of Covid-19 and receipt of a stimulus package to spur industrial and economic activity. 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.



That said, globally, per capita steel consumption declined marginally to 221.80 kg in 2022 from 223.20 kg in 2018. Developed economies such as the US, EU, Japan, and China have significant expenditure on infrastructure and relatively more steelintensive housing/commercial establishments, leading to higher per capita consumption of steel. On the other hand, India's per capita steel consumption was



comparatively very low at 81.1 kg per capita. However, with increasing thrust on infrastructure development in India, the underpenetrated Indian steel market holds high growth potential.

Indian steel sector review and outlook

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 because of aggregate effect of growth in the end-use sectors of steel such as automobile, infrastructure, construction, etc and market volatility faced during the pandemic. It is expected to grow even faster at a compound annual growth rate of ~7% till fiscal 2027, rising to 155-160 Million Tonnes.

The industry grew steadily at a compound annual growth rate of 5.07% between fiscals 2018 and 2020. It was then hit by a 5.27% on-year decline in fiscal 2021 because of Covid-19. Demand rebounded by 11.44% on-year in fiscal 2022 on account of resumption in industrial activities, pent-up demand, and growth in key end-use sectors. Growth picked up 13.38% in fiscal 2023, mainly driven by high demand in infrastructure and construction sectors. 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%.

Wire rods production trend

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.

Wire rod production review and outlook

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, owing to the following drivers of growth in its key-end use sectors:

Building and construction

Steel demand from building and construction (B&C) accounts for ~30% of aggregate finished steel demand. For the next five years Fiscal 2023 to Fiscal 2028, steel demand from this segment is expected to clock 5-6% compound annual growth rate, driven by:

- ✓ The government's focus on execution of affordable housing
- ✓ Robust rural housing demand against the backdrop of the government's continued focus on rural development, and higher minimum support prices
- ✓ Urban housing demand is also expected to improve owing to increased commercialisation of Tier III and Tier IV cities, led by better infrastructure connectivity

Infrastructure

The infrastructure segment is currently the second largest consumer of steel, with 28-30% of steel demand end-use mix. Within the infrastructure space, roads and highways along with railways (including metros) account for 50-60% of steel demand. Other significant contributors include sectors such as irrigation, dams, water supply and sanitation. Demand from this sector is expected to be healthy with increasing activities and swift pace of execution in steel-intensive segments such as railways, particularly metros.

Automotive

The automobile sector accounts for 8-10% of aggregate finished steel demand. The industry faced headwinds in the form of chip shortages, but the low base of fiscal 2021 led to optical growth in supply. The growth rate is estimated to have been higher in fiscal 2023, as the chip shortage situation improved to some extent and consumer demand rose.



The domestic steel industry has witnessed a significant growth at a compound annual growth rate of 5.74% over Fiscals 2018- 23 rising from 90.72 Million Tonnes in Fiscal 2018 to 119.80 Million Tonnes in Fiscal 2023 because of aggregate effect of growth in the end-use sectors of steel such as automobile, infrastructure, construction, etc and market volatility faced during Covid-19. It is expected to grow even faster at a compound annual growth rate of ~7% till Fiscal 2028 rising to 165-175 Million Tonnes.

Impact of government regulations and policies on the Indian steel sector

Government regulations to promote the domestic steel industry

In May 2022, the government imposed an export duty of 15% on an array of finished steel products and pig iron to improve the availability of steel in the domestic market to meet local demand and ease rising steel prices. To ensure better availability of raw materials, the government increased the export duty on 58% and above Fe-grade iron ore fines and lumps to 50% from 30% and imposed 45% export duty on iron ore pellets, while reducing the import duty on inputs for the steel industry such as coke, coal and ferronickel to zero.

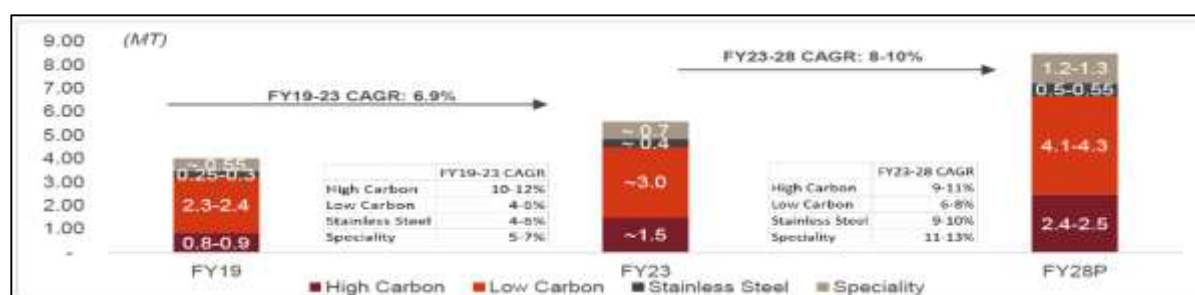
Following the increase in export duty on steel products, India's steel exports fell 59% on-year to 3.50 Million Tonnes over May- November 2022 as higher costs made exports unviable. However, steel availability increased, leading to a fall in domestic prices. Prices corrected 20- 25% in November 2022 in the domestic steel industry compared with the high rates in April 2022. Consequently, the government withdrew the export duty on raw materials and steel products in November to pull industry profits from the lows of the second quarter of fiscal 2022 and enable companies to tap higher margins in the overseas market.

Wires demand review and outlook



Steel wires demand trend by type of wire

Steel wires are classified as low carbon, high carbon, stainless steel, and Speciality, as was previously mentioned. Only carbon steel wires account for more than 85% of the demand. The demand from infrastructure, a major end-user industry for high-carbon wires, increased in fiscal 2023, resulting in a 27% share of high-carbon wires, up from 21-22% in fiscal 2019. Demand growth for high carbon wires was also aided by additional demand from the automotive sector. The major application industries' sustained demand growth is anticipated to fuel an additional increase in the share of high carbon wires, to 29-30%. Conversely, the construction industry, a major end-user of low carbon wires, is expected to grow more slowly, which will cause the share of low carbon wires to decrease from 54% in fiscal 2023 to about 50% in fiscal 2028. Over the next five years between fiscal 2023 and fiscal 2028, Speciality wire demand is predicted to grow at a healthy rate of 11-13%, mostly due to the expanding automotive industry and investments in infrastructure segment. Speciality wires' share is predicted to rise from 13% in the fiscal year 2023 to ~15% in the fiscal year 2028. Further, the Indian steel wire industry is well-positioned to benefit from the global shift from China-based manufacturing which will also support demand growth in the future.



Speciality wires market

Speciality wires are wires used for niche applications across end user industries. Different types of speciality wires include alloy steel wires, hose wires, steel cord, IHT/OHT wires and also certain high tensile wires. While there are many manufacturers of alloy steel wires in the country, steel cord and hose wires are majorly imported and supplied by Bekeart Industries. Out of the total demand for hose wires



in fiscal 2023, around 60% of demand (~12.6 KT) was met by imports. Speciality wires with specific applications are also more expensive in comparison to commodity wire grades such as low carbon black or GI wires.

Key Concerns

- Rely substantially on top 10 suppliers of the raw materials and work-in-progress goods used in manufacturing processes. Any shortages, delay or disruption in the supply of the raw materials BWIL use in its manufacturing process may have a material adverse effect on the business, financial condition, results of operations and cash flows.
- Any disruption, breakdown or shutdown of manufacturing facilities may have a material adverse effect on the business, financial condition, results of operations and cash flows
- The costs of the raw materials that BWIL uses in its manufacturing process are subject to volatility. Increases or fluctuations in raw material prices, may have a material adverse effect on the business, financial condition, results of operations and cash flows
- Inability to maintain distribution network in India and attract additional dealers may have a material adverse effect on the results of operations and financial condition.
- Highly dependent on skilled personnel for day-to-day operations. The loss of or inability to attract or retain such persons have a material adverse effect on the business performance.
- Entered into and will continue to enter into related-party transactions which may potentially have conflict of interest with such related parties.
- BWIL has substantial working capital requirements and may require additional financing to meet those requirements, which could have a material adverse effect on its results of operations, cash flows and financial condition.
- While the Company has identified three listed peers in India, however, it may be difficult to benchmark and evaluate its financial performance against the said listed peer.
- Dependent on the performance of the steel wires market. Any adverse changes in the conditions affecting the steel wires market can adversely impact the business, financial condition, results of operations, cash flows and prospects.
- There was an increase in net worth, revenue from operation and net profit in Fiscals 2024, 2023 and 2022. BWIL cannot assure similar fluctuation in the future.
- If BWIL is unable to maintain and enhance brands, including its ability to protect its brand through intellectual property, the sales of its products will suffer, which would have a material adverse effect on the results of operations.
- The Company has a pan India presence across all regions of India with its primary markets being concentrated in north India. It plans to expand into new geographical regions and may be exposed to significant liability and could lose some or all of its investment in such regions, as a result of which its business, financial condition and results of operations could be adversely affected.
- Distribution to the overseas market is dependent on a few representatives and significant changes to the business arrangements with these representatives may impact results of operations, cash flows and financial condition
- All current manufacturing facilities are geographically located in one region, i.e., North India at National Capital Region, India, due to which BWIL charge certain additional amount from its customers of other regions for supplying its steel wire products.
- BWIL is subject to strict quality requirements and any product defect issues or failure by its or its raw material suppliers or its customers to comply with quality standards may lead to the cancellation of existing and future orders, recalls or exposure to potential product liability claims.
- BWIL regularly work with hazardous materials and activities in its operation which can be dangerous and could cause injuries to people or property.
- The availability of counterfeit products, such as products passed off as products by others, and any failure to protect or enforce rights to own or use trademarks and brand name and identity could have an adverse effect on the business and competitive position.



- BWIL has power and fuel requirements and any disruption to power sources could increase its production costs and adversely affects results of operations and cash flows
- Improper storage, processing and handling of raw materials, work products and products could damage its inventories and, as a result, have an adverse effect on the business, results of operations and cash flows.
- Inability to handle risks (including foreign currency fluctuation risks) associated with export sales could negatively affect sales to customers in foreign countries, as well as operations and representations in such countries, and overall profitability.
- Success depends on ability to execute growth strategies. If BWIL is unable to sustain or manage its growth, business, results of operations, cash flows and financial condition may be adversely affected.
- Failure to maintain optimum inventory levels could adversely affect the business, financial condition, results of operation and cash flow.
- Failure or disruption of information technology systems may adversely affect the business, financial condition, results of operations, cash flows and prospects.
- Suppliers and customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.
- If BWIL is unable to anticipate product trends and consumer preferences and develop successful new products, it may not be able to maintain or increase its revenues and profits
- BWIL operate in a labor-intensive industry and are subject to stringent labor laws and any strike, work stoppage or increased wage demand by its employees or any other kind of disputes with its employees could adversely affect the business, financial condition, results of operations and cash flows.
- The Company face significant competitive pressures in its business. Inability to compete effectively would be detrimental to its business and prospects for future growth.
- Changes in trade policies may adversely affect its profitability.
- Regulation of greenhouse gas emissions and climate change issues may adversely affect the operations.
- Business is substantially affected by prevailing economic, political and other conditions. Further, the financial instability in Indian financial markets could adversely affect the results of operations and financial condition.

Profit & Loss

Particulars (Rs in million)	FY24	FY23	FY22
Revenue from operations	24660.3	24130.1	21983.6
Other Income	48.6	95.6	67.1
Total Income	24708.9	24225.7	22050.7
Total Expenditure	23215.8	23078.6	20919.3
Cost of materials consumed	20166.6	19985.0	17727.5
Changes in inventories of finished goods, work-inprogress and stock-in-trade	-346.6	-179.1	-118.5
Employee benefits expense	735.4	600.4	465.5
Other expenses	2660.3	2672.3	2844.8
PBIDT	1493.1	1147.0	1131.5
Interest	288.1	240.4	265.8
PBDT	1205.0	906.6	865.7
Depreciation and amortization	134.5	91.1	84.4
PBT	1070.5	815.5	781.3
Exceptional items	31.6	0.0	0.0
Tax (incl. DT & FBT)	314.1	216.2	208.5
Current tax	276.7	221.0	210.6
MAT Credit Adjusted	31.0	0.0	0.0
Deferred Tax	6.4	-4.8	-2.2
PAT	788.0	599.3	572.9
Total other comprehensive income	-3.7	-4.3	-3.8



Adj. PAT	784.3	595.0	569.1
EPS (Rs.)	6.2	4.7	4.6
Face Value	5	5	5
OPM (%)	5.9	4.4	4.8
PATM (%)	3.2	2.5	2.6

Balance Sheet

Particulars (Rs in million) As at	FY24	FY23	FY22
Non-current assets			
Property, plant and equipment	2,293.1	1,155.1	1,155.8
Capital work-in-progress	2,118.6	378.7	4.3
Intangible assets	0.9	0.0	0.0
Financial assets			
<i>Investments</i>	10.8	0.0	225.3
<i>Other Bank balances</i>	12.27	24.59	23.21
<i>Other financial assets</i>	86.19	71.7	30.4
Other non-current assets	396.6	407.3	1.1
Total non-current assets	4,918.5	2,037.4	1,440.0
Current assets			
Inventories	3,136.2	2,438.8	2,646.7
Financial assets			
<i>Investments</i>	0.0	225.3	0.0
<i>Trade receivables</i>	3,579.3	2,523.8	2,488.2
<i>Cash and cash equivalents</i>	18.1	7.1	4.4
<i>Bank balances other than cash and cash equivalents</i>	26.2	1.3	0.0
<i>Other financial assets</i>	31.2	0.4	1.6
Other current assets	930.7	256.5	373.9
Total current assets	7,721.6	5,453.2	5,514.8
Total assets	12,640.1	7,490.5	6,954.8
EQUITY & LIABILITIES			
Equity			
Equity share capital	637.3	91.0	91.0
Other equity	3,586.4	2,734.1	2,139.1
Non-Controlling interests	387.7	0.0	0.0
Total equity	4,611.4	2,825.1	2,230.1
Liabilities			
Non-current Liabilities			
Financial Liabilities			
<i>Borrowings</i>	3,041.2	1,970.7	1,227.2
<i>Lease liabilities</i>			
Deferred tax liabilities (net)	121.7	62.4	68.6
Provisions	51.1	26.9	24.0
Total non-current liabilities	3,214.0	2,060.0	1,319.8
Current liabilities			
Financial liabilities			
<i>Borrowings</i>	3,770.3	2,251.2	2,904.3
<i>Trade payables</i>			
<i>Total outstanding dues of micro and small enterprises</i>	59.2	22.4	31.3
<i>Total outstanding dues of creditors other than micro enterprise and small enterprises</i>	532.2	104.9	174.4
<i>Other financial liabilities</i>	316.1	91.3	69.5
Provisions	11.0	5.0	0.0
Other current liabilities	89.2	83.7	88.8
Current tax liabilities (net)	36.7	47.1	136.7
Total current liabilities	4,814.7	2,605.4	3,404.9
Total liabilities	8,028.7	4,665.4	4,724.7
Total equity and liabilities	12,640.1	7,490.5	6,954.8



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