ANANDRATHI

India I Equities

Metals

Initiating coverage

19 June 2025

Bansal Wire Industries

Capacity expansion, VAP – growth catalysts; initiating, with a Buy

Rating: **Buy**
Target price (12-mth): Rs.550
Share price: Rs.375

Incorporated in 1985, Bansal Wire is the second largest manufacturer of steel wire in India and the largest stainless steel wire manufacturer. With five plants in north India it expects to raise consolidated capacity ~2.5x to 0.679m tonnes, surpassing Tata Steel's ~7-8% market share in steel wiring. It is venturing into high-growth, high-margin steel cord, low-relaxation prestressed concrete and bead wires. This would plug gaps in its product range and improve EBITDA margins. We expect a 24% sales volume CAGR, >25% revenue CAGR and >26% EBITDA CAGR over FY25-27 on capacity expansions, high-margin VAPs, RM backward integration, diverse customers and 'cost plus' model. We initiate coverage with a Buy and Rs550 TP (35x FY27e P/E).

Capacity addition, entry into VAP to drive margins. Consolidated installed capacity is expected to rise ~23% over FY22-27, making it the fastest growing in steel wires. It operates in three verticals: high and low carbon steel wires and stainless-steel wires, through its Dadri (UP) mother facility and is venturing into a fourth, speciality wires catering to automobiles and infrastructure. VAP wires with specific applications command a premium to commodity grade steel wires and increased capacity is expected to drive EBITDA margins from 4.8% in FY22 to 7.8% by FY27. At ~80% capacity utilization, we believe VAP to contribute >12% to FY27e consolidated EBITDA. Further, once the Dadri plant is fully ramped up along with strong manufacturing integration, it is expected to overetake Tata Steel as the largest steel wire manufacturer in India.

Dadri facility to drive growth. The ~35-acre plant is the largest single-site steel wire plant in India (~0.3m tonnes installed capacity), with further ~0.12m tonnes expected to come on stream by H1 FY26 (infrastructure in place to scale up to 0.6m tonnes). At peak utilisation, the plant has potential to generate ~Rs35bn revenue (equal to FY25 consolidated Rs35bn revenue).

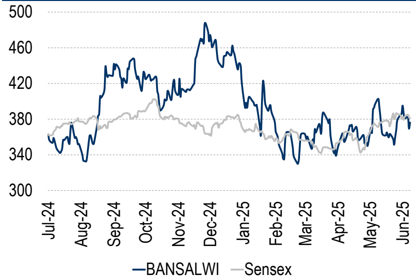
Diversified portfolio. The company manufactures a wide gamut of products across 3,000+ SKUs catering to >5,000 customers across 8-9 sectors. None of the customers/sectors contribute >5%/25% of revenue, which helps mitigate risks. Further, to mitigate pricing risk, the company offers products across price points directly to customers. Further, its 'cost plus' model helps it maintain EBITDA margins of 6-8%, despite commodity price fluctuations.

Valuation. The company is the fastest growing in steel wires, and we expect a 24% sales volume CAGR, >25% revenue CAGR, >26% EBITDA CAGR and >29% APAT CAGR over FY25-27. As we expect it to continue growing at a similar pace over the next decade driven by its next phase of expansion (incl. VAP), better utilisation and RM integration, we assign a 1.2x PEG to derive the TP. With a long track record of profitability, the company has consistently raised market share; once the Dadri plant is fully commissioned (by H1 FY26), this is expected to cross 7%. In line with the consistent capacity increase and sales volumes along with 8-9% CAGR in domestic steel wire demand, the company has potential to raise its market share further to ~12-15% over next decade. We initiate coverage on the stock with a Buy and a TP of Rs550. The stock now trades at 24x FY27e P/E. **Key risks:** Raw material price fluctuations, delay in ramping up the Dadri/Sanand plants and non-receipt of approval from customers.

Key data	BANSALWI IN / BANW.BO
52-week high / low	Rs.502 / 323
Sensex / Nifty	81,362 / 24,793
Market cap	Rs.58bn
Shares outstanding	157m

Shareholding pattern (%)	Mar'25	Dec'24	Sep'24
Promoters	78.0	78.0	78.0
- of which, Pledged	-	-	-
Free Float	22.0	22.0	22.0
- Foreign institutions	2.4	2.9	2.9
- Domestic institutions	16.2	15.5	14.9
- Public	3.5	3.6	4.2

Relative price performance



Source: Bloomberg

Parthiv Jhonsa
Research Analyst

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Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Capacity (m tonnes)	0.26	0.26	0.56	0.68	0.68
Sales vol. (m tonnes)	0.14	0.22	0.34	0.42	0.53
Revenue	**24,130**	**24,660**	**35,072**	**42,744**	**54,999**
Growth (%)	9.8	2.2	42.2	21.9	28.7
EBITDA (Rs m)	**1,051**	**1,444**	**2,688**	**2,947**	**4,298**
EBITDA Margin (%)	4.4	5.9	7.7	6.9	7.8
Other income	96	49	94	142	241
Interest Expenses	240	288	378	333	399
Depreciation	91	135	300	459	594
PBT before excep. item	**815**	**1,070**	**2,104**	**2,296**	**3,546**
PBT after excep. item	815	1,102	2,103	2,296	3,546
Effective tax	216	349	639	698	1,077
Reported PAT	**599**	**736**	**1,446**	**1,577**	**2,441**
APAT	**599**	**705**	**1,448**	**1,577**	**2,441**
Growth (%)	4.6	17.6	105.5	9.0	54.8
APAT Margin (%)	2.5	2.9	4.1	3.7	4.4

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	91	637	783	783	783
Net worth	2,825	4,611	12,690	14,267	16,708
Debt	4,222	6,811	6,080	7,230	8,730
DTL / (Assets)	62	122	214	214	214
Others	27	51	460	481	509
Capital employed	**7,136**	**11,596**	**19,444**	**22,193**	**26,161**
Net tangible assets	1,155	2,293	6,927	8,960	10,884
CWIP	379	2,119	1,780	2,288	2,769
Net Intangible assets	-	1	0	0	0
Investments	-	11	12	12	12
Other non-current assets	504	495	264	264	264
Current assets (excl. cash)	5,445	7,674	12,642	13,223	15,442
Cash	7	18	17	54	52
Bank balance/Curr. Invst.	1	26	41	41	41
Current liabilities	354	1,040	2,239	2,649	3,303
Capital deployed	**7,136**	**11,596**	**19,444**	**22,193**	**26,161**

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Adj. EBITDA	1,051	1,444	2,688	2,947	4,298
+ other Adj.	-	-	-	-	-
- Incr./ (decr.) in WC	190	-6,707	-3,661	-171	-1,565
- Taxes	-311	-191	-604	-698	-1,077
Others	94	46	67	-	-
CF from op. activity	**1,025**	**-5,407**	**-1,510**	**2,078**	**1,656**
- Capex	-871	-4,923	-4,398	-3,000	-3,000
Free cash-flow	154	-10,330	-5,908	-922	-1,344
Others	-1	-37	-44	142	241
CF from inv. activity	**-872**	**-4,959**	**-4,442**	**-2,858**	**-2,759**
- Div. (incl. buyback & taxes)	-	-	-	-	-
+ Debt raised	90	6,811	-731	1,150	1,500
Others	-240	3,573	6,681	-333	-399
CF from fin. activity	**-150**	**10,385**	**5,950**	**817**	**1,101**
Closing cash balance	7	18	17	54	52

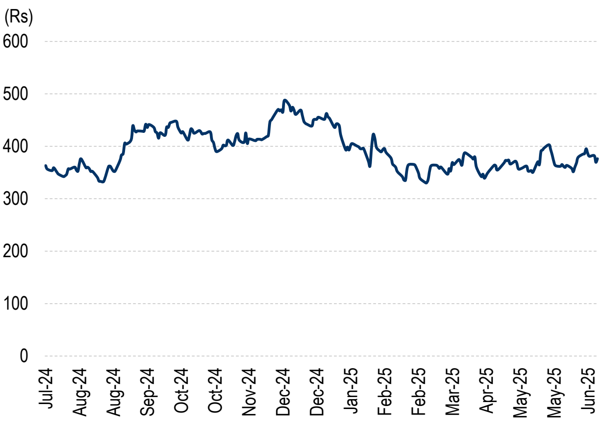
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
EPS	32.9	5.8	9.2	10.1	15.6
BVPS	155.2	36.2	81.1	91.1	106.7
P/E (x)	11.4	64.9	40.6	37.2	24.1
P/B (x)	2.4	10.4	4.6	4.1	3.5
M-Cap/Revenue (x)	0.3	1.9	1.7	1.4	1.1
RoE (%)	23.7	19.8	16.7	11.7	15.8
RoCE (%)	14.1	14.0	15.4	11.9	15.3
Capacity (m tonnes)	0.26	0.26	0.56	0.68	0.68
Capacity utilization (%)	80	84	69	68	80
Production volume (m tonnes)	0.21	0.22	0.39	0.46	0.55
Sales volume (m tonnes)	0.14	0.22	0.34	0.42	0.53
Blended ASP (Rs/tonne)	1,76,752	1,14,337	1,01,953	1,01,833	1,04,733
EBITDA/tonne (Rs/tonne)	7,702	6,695	7,813	7,020	8,185
EBITDA Margin (%)	4.4	5.9	7.7	6.9	7.8
APAT Margin (%)	2.5	2.9	4.1	3.7	4.4

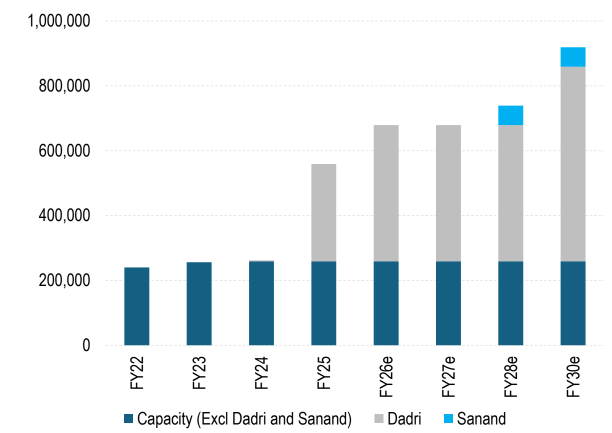
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – Capacity expected to reach ~0.68m tonnes by FY26-27



Source: Company, Anand Rathi Research

About the company

The group has been ~87years in trading, ~40 in manufacturing. Incorporated in 1985, Bansal Wire (BWIL) has come a long way from manufacturing 102 tonnes of HB wire in its first month to ramping up to 0.679m tonnes by H1 FY26.

It has a well-balanced Board, seven directors (four independent) incl. two women), with none being a member of >10 committees across all public companies or chairman of >5 committees across all public listed companies. AR FY24 says the top-ten employees draw ~7.7% of the compensation pool or ~8% of net profits. Similarly, the executive director's salary is <5% of net profits, considered reasonable per the Company Act.

Management

MD and CEO Pranav Bansal has over nine years' experience in steel wires. On the Board since 2018, he plays a pivotal role in business planning, operations, and strategic direction. His leadership has been recognized with the 'Outstanding Contribution to the Wire and Cable Industry Award', and he was recently featured in Tyre Trend magazine (Dec'24-Jan'25 edition).

Chairman & Whole-time Director Arun Gupta has been on the Board since Dec'85. A founder member with over 38 years' experience in steel wires, he was instrumental in the company's establishment, operations and sustained growth.

CFO from Aug'23, CA Ghanshyam Das Gujrati has been associated with the company since May'10. A Chartered Accountant and commerce graduate from Banaras Hindu University, he brings over 27 years' experience in finance. Prior to joining, he held leading roles at various organizations.

Whole-time Director and COO Umesh Kumar Gupta has over nine years' experience in steel wires. Previously associated with Bansal High Carbons Pvt. Ltd. B.A. (Honours) course in Hindi at Zakir Husain College Evening Classes, Delhi University.

Chief Technology Officer Manoj Kumar Dave has been associated with the company since Mar'16. He has a B.E. degree (metallurgy) from the Poona University. He has over seven years' experience.

Fig 7 – Timeline

1938	Established as trading house in steel wire segment
1982	Largest trading house with a monthly volume of 4,000 tonnes
1985	Incorporated the company and commenced production of HB wire
1995	Started producing stainless steel wire
2007	Started making high carbon wire
2009	Commenced operations at Ghaziabad
2015	Launched new products such as non-alloy steel wire for the automotive industry
2018	Became largest producer of stainless-steel wire
2023/24	Expansion at Dadri
2024	Listed on capital markets
2025	Commenced production of specialty wire with Tyre cord & Hose wire

Source: Company, Anand Rathi Research

Capacity enhancement to drive performance

Consolidated capacity to increase ~2.5x to 0.679m tonnes by H1 FY26

In the last couple of years the company has resolved its capacity expansion hurdles (land acquisition, regulatory clearance delays, pandemic-related disruptions) which delayed the Dadri plant expansion by ~4 years. The company has strong operations in north India with five manufacturing plants, now anchored by its mother plant at Dadri (UP). In FY25, it ramped up its Dadri plant and merged Bansal High Carbons Pvt. Ltd. and Balaji Wires Pvt. Ltd. which led to consolidated capacity rising from 0.262m tonnes in FY24 to 0.559m in FY25. The Dadri plant which has ~0.3m tonnes installed capacity is expected to add ~0.12m tonnes by H1 FY26 (taking cumulative capacity to ~0.42m), with infrastructure in place to scale up to 0.6m tonnes. To set up the 0.42m-tonne Dadri plant, the company has already invested ~Rs6.5bn.

Fig 8 – Facility details

	Facility I	Facility II	Facility III	Facility IV	Facility V
Location	B-35, Rajender Nagar Industrial Area, Mohan Nagar	B-3 Loni Industrial Area	B-5 and 6 Loni Industrial Area	Delhi-Rohtak Road, Asuadha, Bahadurgarh	Dadri
Area/state	Ghaziabad, UP	Ghaziabad, UP	Ghaziabad, UP	Haryana	UP
Year of commissioning	1997	2007	2009	2019	2024
Land area (sq. mts)	2,347.77	5,583.61	11,042.95	57,758.57	1,29,312

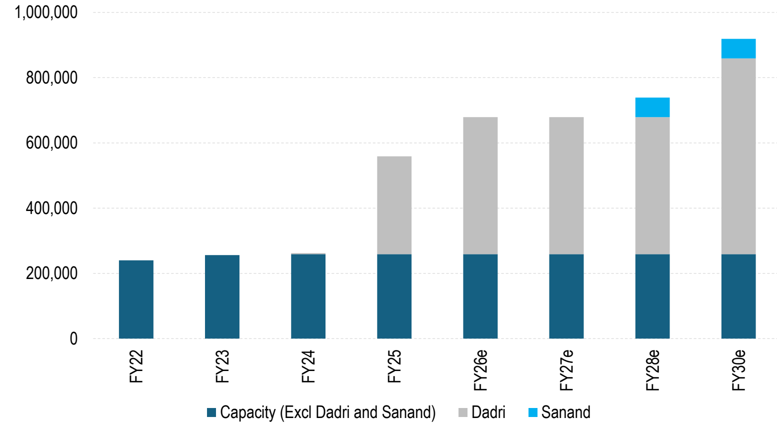
Source: Company, Anand Rathi Research

Further, it is strengthening its backward integration and has earmarked ~Rs6bn to set up a 42-acre facility near Tata Nagar (Sanand, Gujarat). This proposed facility will house a 0.18m-tonne steel plant and a 0.06m-tonne stainless-steel wire manufacturing plant. It is expected to be complete by Sep'27 (the first batch expected to be dispatched by Q3 FY28). It is expected to help the company strengthen its steel raw material integration and strategically expand its position in western India, which will benefit its overall growth in coming fiscals. The western market is the second largest for the company after north India; its share is expected to increase once the Gujarat plant is commissioned.

In the next 5-7 years the company expects to set up a ~0.2m-tonne greenfield steel-cord plant in south India at an estimated ~Rs25bn. This will not only enhance its operations in newer regions (south India now contributes <6%) but will also pave the way for volume and margin growth, post-FY30.

As the Dadri plant ramps up, it is expected to surpass Tata Steel, catapulting the company to the position of the largest steel wire manufacturer in India. Further, once the Sanand plant is commissioned and considering Dadri phase-II expansion to 0.6m tonnes along with its entry to south India, consolidated installed capacity is expected to cross >0.9m tonnes by FY30.

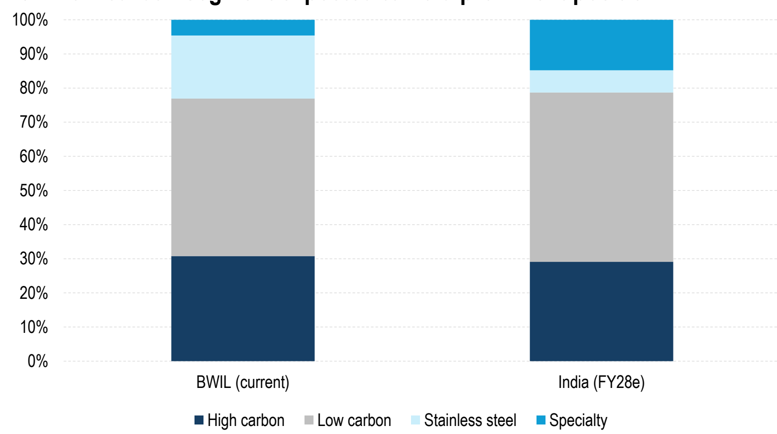
Fig 9 – On the way to being the largest steel wire manufacturer in India



Source: Company, Anand Rathi Research

Like India's steel wire segmentation by type, despite other categories emerging, low carbon wire is expected to command the lion's share for the company.

Fig 10 – Low carbon segment expected to hold prominent position

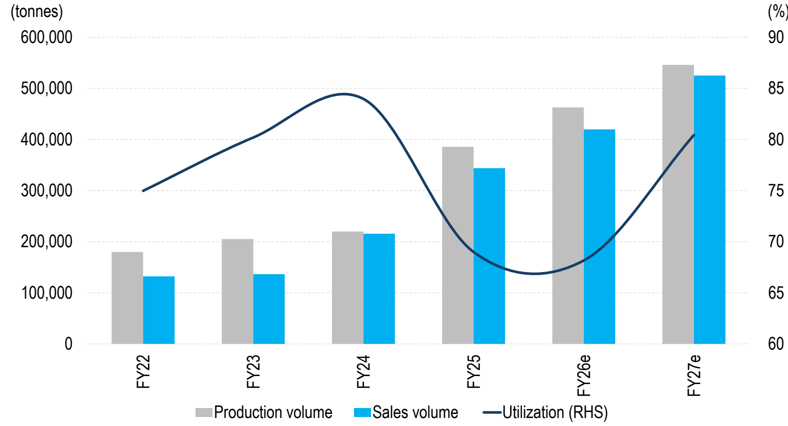


Source: Company, Industry, Anand Rathi Research

The company, now the second largest steel wire manufacturer, is on its way to being the largest in the sector. It is also the fastest growing steel wire company in India, expected to raise consolidated capacity ~2.5x by H1 FY26. The Dadri plant has been an anchor, helping sustain a 19% production volume CAGR and 24% sales volume CAGR over FY25-27e. As the specialty division ramps up, the company's 69% capacity utilisation in FY25 is expected to climb to 80% by FY27. Once all the plants and manufacturing lines are operational, the company has potential to reach ~85% utilization.

Further, as indicated during our plant visit in Apr'25, management said that at peak utilisation, the Dadri plant has potential to generate ~Rs35bn revenue. At ~85% utilisation on 0.42m tonnes installed capacity and ~Rs8,000-8,200 blended EBITDA/tonne, the Dadri facility would have ~Rs3bn EBITDA potential (>1.1x FY25 EBITDA).

Fig 11 – 24% sales volume CAGR over FY25-27

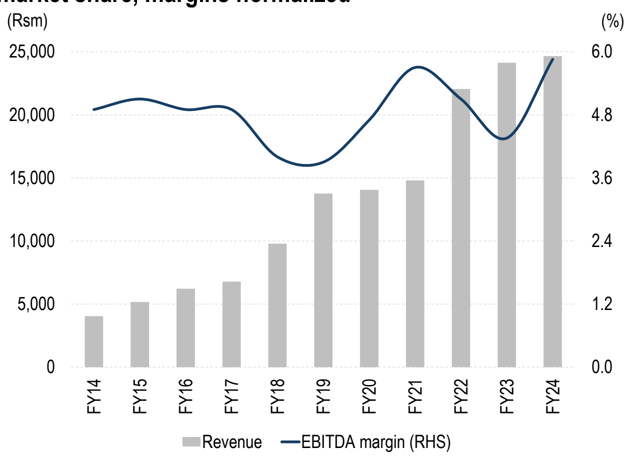


Source: Company, Anand Rathi Research

Margin compression, volume expansion – a strategic move to capture larger market share in FY26

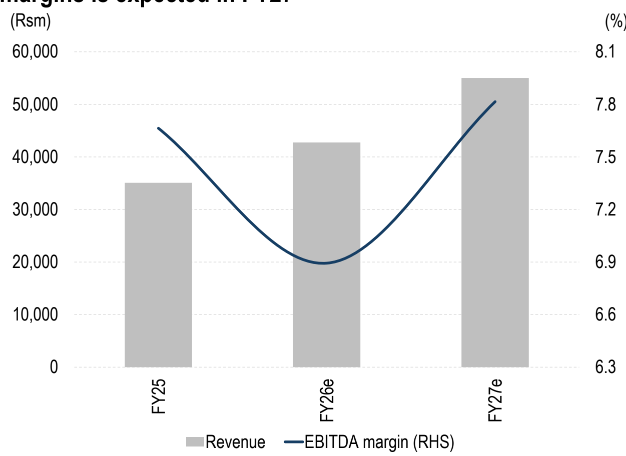
In the past, when the company ramped up capacity to capture higher market share, it compromised margins for a few quarters before normalizing them in 1-2 years. Similarly, as it now is raising capacity to 0.679m tonnes by H1 FY26 which will suddenly increase domestic supply, to push its products and capture higher market share, it is expected to strategically compromise margins, which would help it grow rapidly.

Fig 12 – In the past, once the company ramps up revenue and market share, margins normalized



Source: Company, Anand Rathi Research

Fig 13 – Using this strategy, a V-shaped recovery in EBITDA margins is expected in FY27

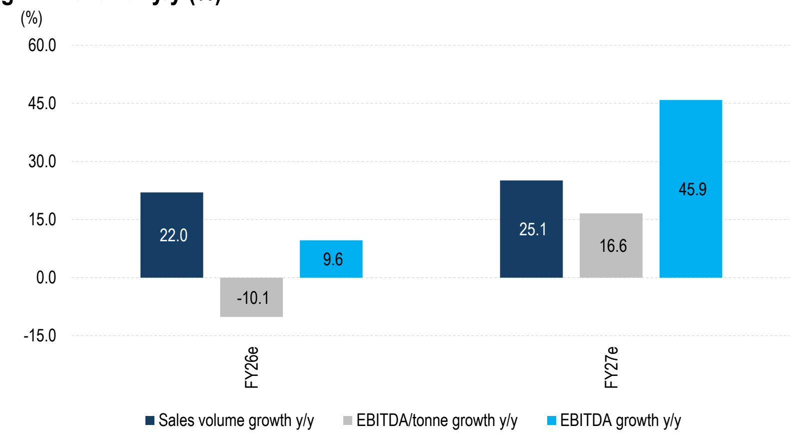


Source: Company, Anand Rathi Research

Though production/sales volumes are expected to increase 20%/22% in FY26 and 18%/25% in FY27, eventually taking sales volumes to >0.525m tonnes by FY27, FY26 EBITDA/tonne is expected to slide ~10% to Rs7,020 before bouncing back to Rs8,185 in FY27.

Management said that, though the company is not a price setter, it does get preference among customers. By following this strategy, it plans to enhance its market share in FY26. As the steel wire segment is highly fragmented with only a handful of regulated manufacturers, compromising margins in the near term helps capture more customers. Though the company is expected to reduce its per-tonne EBITDA ~10% in FY26, added volumes would offset reduced margins. Once the company captures market share, its EBITDA margin is expected to improve ~90-100bps y/y in FY27. Further, as the high-margin, high-growth specialty division ramps up at Dadri, it is expected to boost these margins.

Fig 14 – Growth y/y (%)



Source: Company, Anand Rathi Research

The most diversified steel wire company in India

The company is the most diversified steel wire company in India with 3,000+ SKUs catering to >5,000 customers. The products offered range from 0.04mm thickness (which needs to be viewed under a microscope) to as thick as 15.65mm. Though ~50% of its products are sold within 100-150km radius of its plants, ~10% of its sales volumes are shipped globally, with the share of the USA and the EU being 70-75% of its exports. The company exports high-margin products to 60+ countries mostly catering to the consumer durables sector; as the share of these exports ramp up, it would drive margins.

The group, which has a trading history of ~87 years and manufacturing of ~40 years has come a long way from manufacturing 102 tonnes of HB wire in its first month in 1985 to having installed capacity of 0.679m tonnes by H1 FY26. The manufacturing plants are concentrated in north India (the NCR) with all-India operations: sales offices in 22 states and six UTs, along with an overseas sales office in New York (US). Further, on setting up the Sanand plant, the company is expected to gradually widen operations in western India and increase its share of sales from ~23% now. On having ventured into specialty wires, it will now have operations across four major verticals.

To provide thrust to its growth strategies, in FY21 it ventured into the B2C segment in agriculture in Gujarat. It offers galvanised wire products such as fencing, barbed wire, farming wire, etc. along with undertaking initiatives such as district-level mapping, establishing a retail and distributor network, below the line and through-the-line marketing and influencer marketing.

Fig 15 – Diversified product portfolio

	Carbon content	Properties	Standard size	Cross section/finish	Applications	Major products	EBITDA/tonne
High Carbon	0.3% to 1%	Strength, hardness, size tolerance and durability	0.2-12mm	Round, square, rectangular, trapezoidal	Springs, cutting tools, and various industrial components that require resilience and resistance to wear and fatigue	Auto cable wires, mattress wires, roping wires, spring wires, super fine wires, LRPC, bead wire, conveyor belts, free cutting wires, spokes	Rs10,000/tonne
Low carbon/MS	0.05% to 0.25%	Ductility, malleability, weldability and versatile	0.1-16mm	As per customer's requirement	power & transmission, agriculture, poultry, fencing and construction	Bright wires, cable armour wire, fencing wire, galvanized wire, mesh wire, staples pins, rivets	Rs4,000/tonne
Stainless Steel			0.03-16mm	Bright, matte finish, soap coated or electro polish quality	hardware, automotive, agriculture and other general engineering products	Kitchen application wire, welding rod, welding wire	Rs7,000-8,000/tonne
specialty wires						Steel cord, hose wire, nail wire, IHT/OHT	Rs30,000/tonne

Source: Company, Anand Rathi Research *LRPC: low-relaxation prestressed concrete*

Venturing into VAP to drive margins

The company which had been present across three major verticals (high/low carbon and stainless-steel wires) where segmental EBITDA/tonne was capped at ~Rs,10,000 is strategically paving the way to enter high-margin, high-growth VAPs in high carbon or specialty wires.

At its Dadri plant the company has undertaken a pilot project and is awaiting customer approval for its steel cord products (approvals awaited from MRF, JK Tyres, Apollo Tyres, CEAT, etc.). Till now steel cord and hose wires were imported or supplied by global manufacturers such as Bekeart Industries from the latter's Ranjangaon, Pune, plant. With the company setting up 20,000 tonnes of steel cord and hose wire, it will be an import substitution product. The market size for these two products is estimated at ~0.2m-0.25m tonnes. Further, to lever its relationship with auto OEMs, the company is venturing into setting up 30,000 tonnes of bead wire capacity for automotive tyres. With further expansion into LRPC and IHT/OHT wires, the company will plug gaps in its already vast product range. As it would be the first Indian company to offer a few of these special VAP, EBITDA/tonne is expected to be ~Rs30,000 compared to blended Rs7,500-8,000. The company has already received PLI for bead wire and plans to apply for steel cords.

The steel cord vertical has high entry barriers, and the company is the only domestic company to have ventured in this category. Obtaining approvals for steel cord segment is a long and stringent process which can take up to multiple years. The company in recent years have on boarded plant head from Bekaert and its long-standing relationship with tyre companies, gives the company a competitive edge.

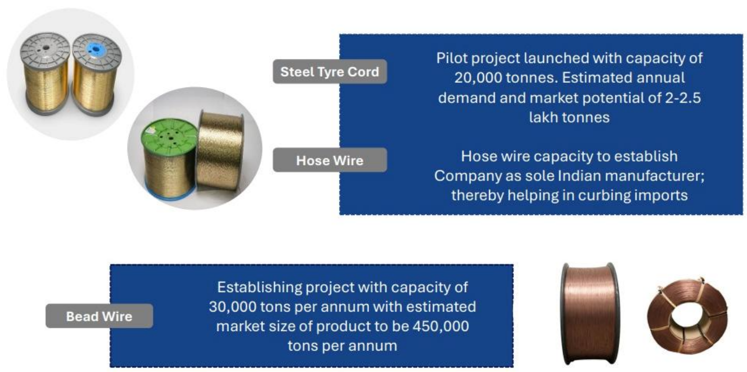
Fig 16 – Stainless steel wire manufacturing process

Source: Company, Anand Rathi Research (plant visit in Apr'25)

Fig 17 – 0.05mm thickness 304L grade stainless steel spool (weight 0.56kg)

Source: Company, Anand Rathi Research (plant visit in Apr'25)

Fig 18 – VAP



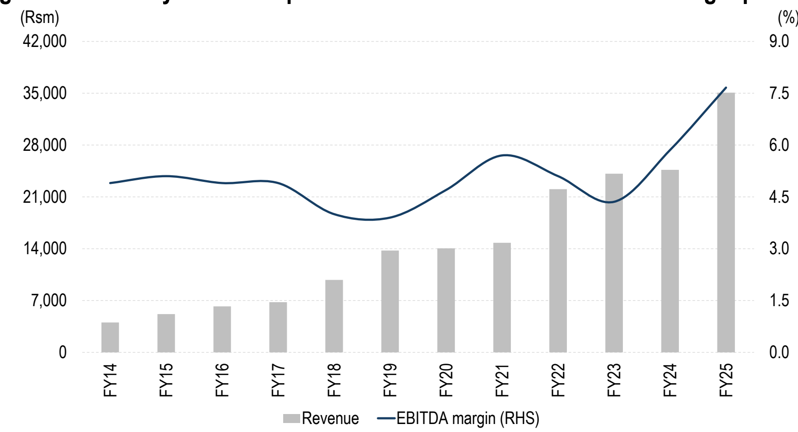
Source: Company (Q4FY25 presentation)

The 'cost plus' model

Helps mitigate raw material volatility, ensuring stable margins

Despite global and domestic raw material price fluctuations, the 'cost plus' model ensures a long record of generating operating profits with stable EBITDA margins of 6-8%.

Fig 19 – Over the years 'Cost plus' model has ensured consistent margin profile



Source: Company, Anand Rathi Research

The company sources its steel and stainless-steel raw materials from a diverse base of suppliers such as SAIL, JSW Steel, Mukand, etc., which ensures quality at a competitive price. As it ramps up volumes, at 85% utilisation it would require ~0.58m tonnes of wire rods (considering 1% yield loss), representing ~2.5% of India's primary long steel and >6% of domestic wire rod production. Thus, it has negotiating power to procure raw material compared to its peers.

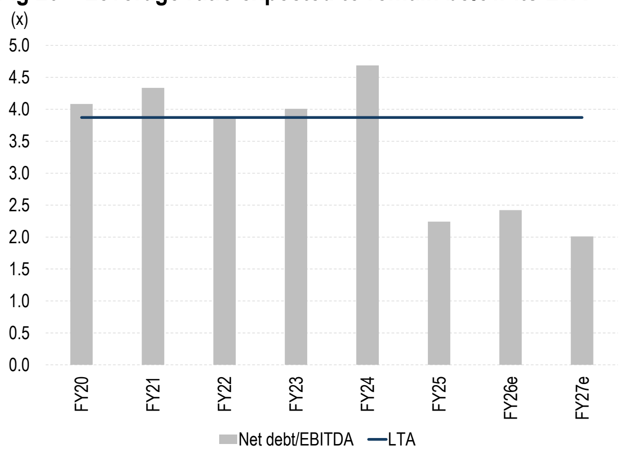
Further, as it has >3,000 SKUs, it has the ability to offer products across price points directly to customers; this helps it mitigate the pricing risk. Besides, to counter volatility in raw material, list prices for products are adjusted and revised as and when required.

The company considers various factors such as raw material costs, logistics, landing costs, discounts, taxes, etc. to arrive at the list price; most production is undertaken only on receipt of an order at pre-agreed prices. As ~80% of the raw material is hedged against orders, this ensures clarity to the company in raw material costing as well as product pricing, ensuring stable margins. Partial open contracts give it flexibility to take an advance if steel prices are subdued; however, if prices rise, the share of raw material hedging is immediately increased (completely hedged) to protect margins. Most of its smaller competitors struggle to manage RM volatility which often leads to thinner margins.

Leverage ratio has improved despite higher capex

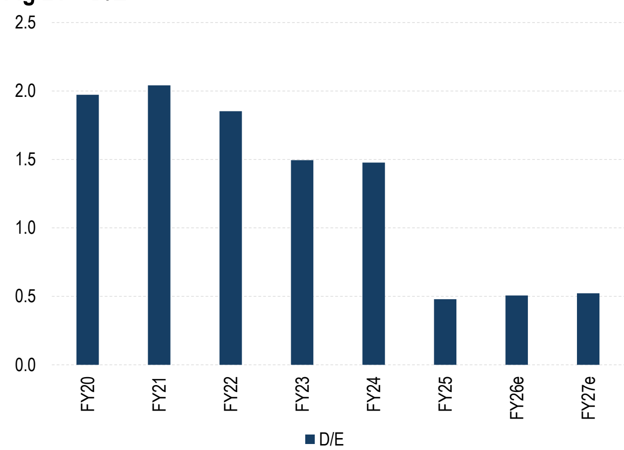
The company's long-term debt has shrunk ~55% y/y in FY25 to ~Rs1.4bn, despite ~Rs4.4bn capex. Most short-term debt ~Rs4.7bn is for working capital, locked against steel stocks (being highly liquid). Further consolidation of group companies led to higher working capital in FY25. As the Dadri plant ramps up and operations of group companies gradually shift, working capital is expected to improve in Q1 FY26. Though the company is expected to undertake Rs6bn capex to set up its Sanand plant, the leverage ratio is expected to hold below its LTA.

Fig 20 – Leverage ratio expected to remain below its LTA



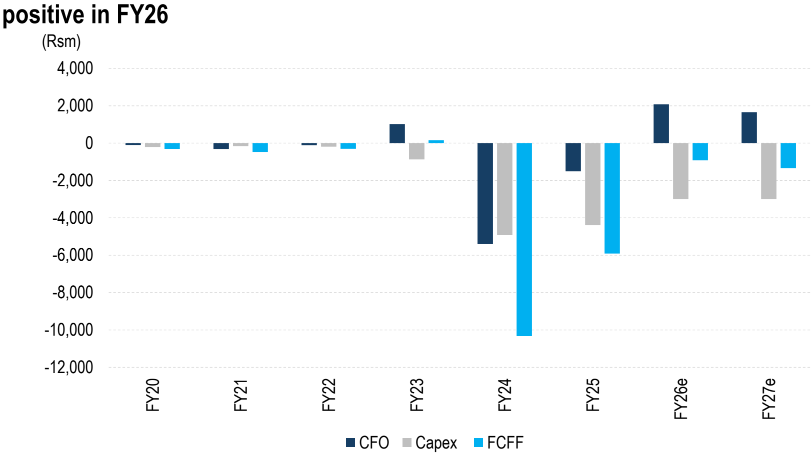
Source: Company, Anand Rathi Research

Fig 21 – D/E



Source: Company, Anand Rathi Research

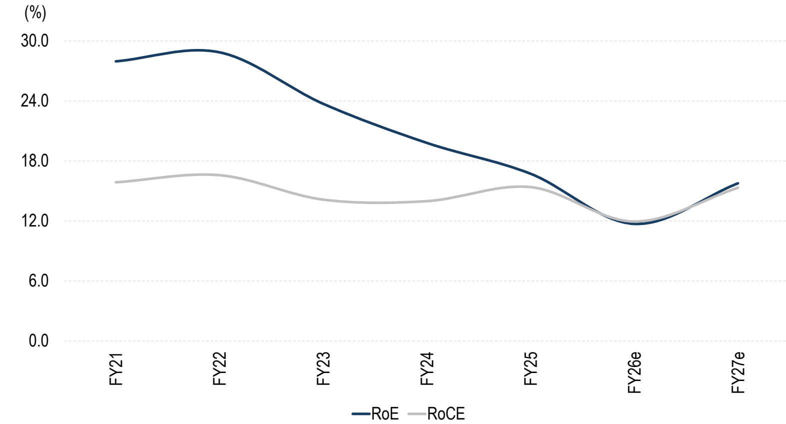
Fig 22 – CFO which was under pressure in the last two years is expected to turn positive in FY26



Source: Company, Anand Rathi Research

After the current round of capex, as the company ramps up its volumes and enters consolidation phase (before taking up next round of capex), FCFF too is expected to turn positive (by FY28e). The RoCE, which was healthy in the past has been declining in the last two years due to higher capex and working capital. Further, in line with margin compression and high capex in FY26, it is expected to hit a trough in FY26 before surpassing 15% in FY27 as operations stabilise.

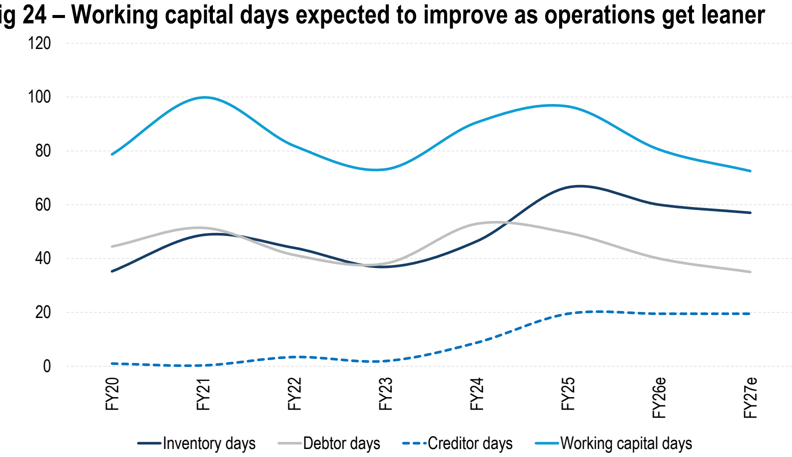
Fig 23 – RoE and RoCE (%)



Source: Company, Anand Rathi Research

Working capital had been stretched in FY25 due to more inventory days, primarily due to the merger of its group businesses. However, as Dadri ramps up to optimal capacity, these group companies, which now undertake job-work for the company, are expected to shut down and production is expected to eventually shift to Dadri and other plants; hence, the cycle is expected to improve from 97 days in FY25 to 73 in FY27 (back to FY23 levels).

Fig 24 – Working capital days expected to improve as operations get leaner



Source: Company, Anand Rathi Research

Bahadurgarh and Dadri plant-visit KTAs

- The company which is the second largest steel wire manufacturer and the largest stainless steel wire manufacturer will have operations across four product verticals, high and low carbon, stainless steel and specialty wire.
- It is the most diversified steel wire manufacturer in India with >3,000 SKUs for sectors such as automotive, general engineering, infrastructure, hardware, consumer durables, power and transmission, agriculture, etc.
- It manufactures one of the widest ranges/sizes of wires and exports to >60 international regions. It has an overseas office in New York along with representatives in Brazil, France, Germany, Italy, the Netherlands, Poland, South Korea, South Africa, Turkey, Vietnam and the UK.
- It has five state-of-the art manufacturing plants in north India and is gradually expanding into the west and south. In the next 5-7 years it expects to set up a ~0.2m-tonne greenfield plant in south India at an estimated ~Rs25bn. This will not only enhance operations in newer regions (especially in south India which contributes <6%) but also pave the way to growth post-FY30.
- The company derives ~10% of its revenue from exports, with nearly 75% of this revenue from markets in the USA (~35 percentage points) and Europe.
- In shock wire, it has a dominant ~55% market share. Such contracts are typically structured quarterly, requiring the company to fulfil orders per agreed volumes and specifications. Similarly, auto-brake/clutch-cable contracts are monthly and OEM drives pricing of these products.
- Only two major players cater to the automobile segment (Tata Steel and Bansil Wires) with the company being the only domestic entity to receive certifications in the last few years. Usually, the automobile segment has the best margins of all sectors; the company planning to enter bead wire and steel cord will improve margins.
- The company sells ~50% of its products within 100-150km of its plant, significantly reducing freight costs and enhancing logistical efficiency.
- It supplies products to prominent players in the cable industry, such as KEI Industries, Havells, Sterlite, etc.
- To manage commodity price volatility, it secures ~80% of its raw material on placement of an order, ensuring better cost control and pricing stability, while keeping other contracts open to grab opportunities in price fluctuations if they arise. However, if raw material prices start moving in the opposite direction, the company will lock in its complete raw material required.
- The yield loss during the conversion process is <1% (usually ~0.5%).

- High carbon commands EBITDA/tonne of Rs10,000, stainless steel Rs7,000-8,000, low carbon Rs4,000 and specialty wire Rs30,000.
- The company does not command a premium among peers; as its products have been certified, it is preferred to peers. However, as it is the leader in India, list prices by smaller peers are usually benchmarked.
- The Sanand land acquisition is complete, and equipment finalization is ongoing. Melting equipment will be procured indigenously whereas rolling equipment will be procured from the USA and China.
- Usually, the size reduction per round of drawing is ~13-17%. For instance, a 4.9mm wire rod has to be drawn 7-8x to a 2.4mm thickness.
- Machinery from Siemens, Wuxi Sunit, Assomac, Jiangsu Quenye Electrical, Swaraj, etc. are used. The company usually fabricates generic machinery in-house which reduces maintenance time; for imported machinery it has ample spare parts, reducing downtime.
- Steel cord, used in radial tires for passenger cars, light trucks, cargo trucks, heavy equipment and aircraft, is made from high-quality high-carbon steel. The wire is passed through zinc hot dip then copper coated via copper rinsing (followed many times). This ensures that when the wire undergoes further drawing the coating stays intact and does not break/fracture. Using this method quality is maintained across different thicknesses and drawing processes. The company uses 99.9% pure copper nuggets. Wire from the specialty division (steel cord) is bunched and intertwined up to 27 wires, the output supplied to radial tyre manufacturers. The entire specialty division is air-conditioned and humidity and temperature controlled as the process is highly vulnerable to corrosion and damage during the process. The final product is vacuum-packed before shifted out of the air-conditioned zone.
- The company procures raw material from a few major suppliers (SAIL, JSW Steel) for carbon steel and Mukand for stainless steel. As it procures large volumes compared to its peers it usually receives cash and other discount at procurement.
- Once the capacity expansion at Dadri is ramped up, the Ghaziabad plant will completely focus on stainless steel.
- Lead time to shift machinery from one process (manufacturing a certain diameter wire) to another usually takes 10-15 minutes (only in a few cases it can take up to a few hours). Usually, the steel wire industry operates at ~70-75% capacity; however, the company can operate at ~80-85%, (achieving 100% is not possible in this sector). Capacity utilisation is determined by wire thickness, length and number of drawing processes.

Manufacturing process

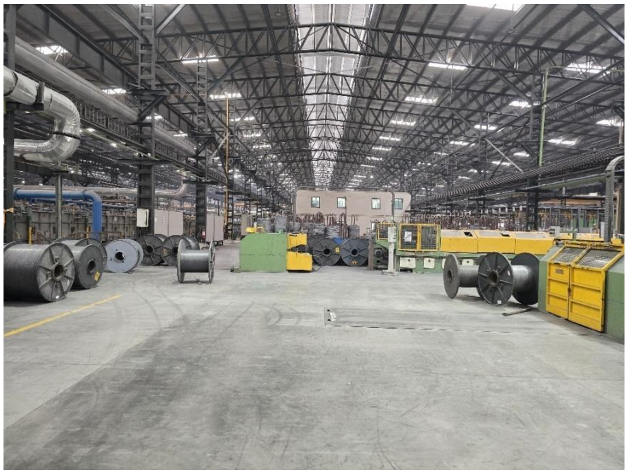
The underlying manufacturing process is similar for high carbon, low carbon and stainless steel. The process starts with wire rod stocking, annealing (in furnace at 400^0-1,100°C to improve its ductility), surface preparation (cleaning the wire rod surface removing all scales), dry/wet drawing, heat treatment, coating and packaging. If the steel wire requires further drawing, it will be passed treated with heat at 870^0-1,050°C before again going through drawing process, which further reduces its size.

Fig 25 – Wire rod (raw material) stocking

Source: Company, Anand Rathi Research (plant visit in Apr'25)

At its Dadri plant the company has strategically implemented technological advancements in manufacturing. These are using straight-line machines (fewer bends and more stable finished products), higher speed of furnace/ drawing machine (resulting in more production per line and reducing manpower/electricity cost), increasing the pay-off (2-2.5x higher carrying size), efficient cooling of capstans (reducing maintenance costs), automation in packaging, etc. All these innovations focus on enhancing productivity, ensuring operational efficiency and maintaining product quality.

Fig 26 – The Dadri plant



Source: Company, Anand Rathi Research (plant visit in Apr'25)

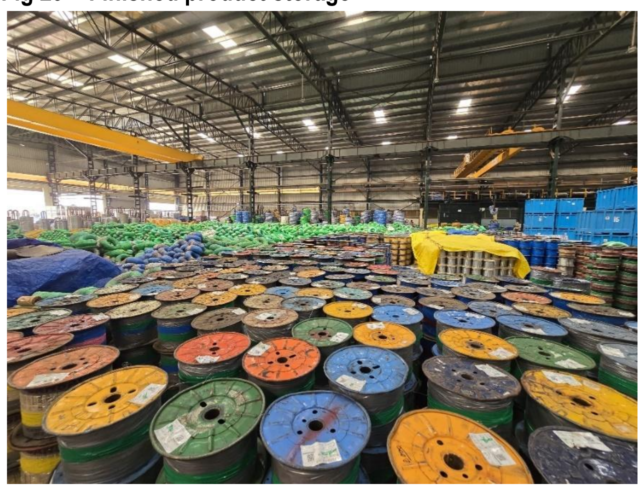
Fig 27 – Eight die-set drawing process, thickness reduction from 4.9mm to 2.4mm

Source: Company, Anand Rathi Research (plant visit in Apr'25)

Fig 28 – Heat treatment furnace

Source: Company, Anand Rathi Research (plant visit in Apr'25)

Fig 29 – Finished product storage



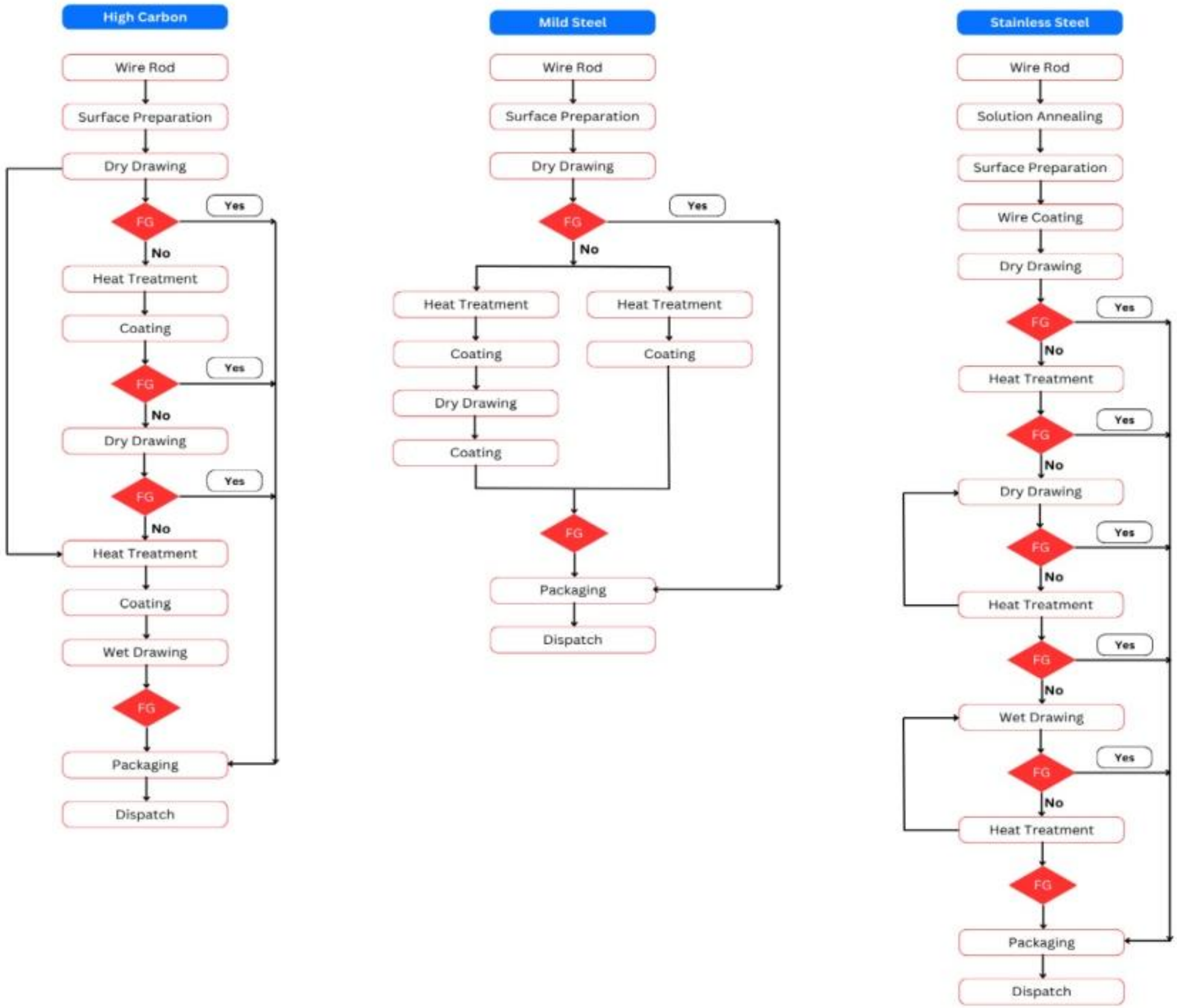
Source: Company, Anand Rathi Research (plant visit in Apr'25)

Fig 30 – Dadri competitive edge

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

Source: Company (DRHP)

Fig 31 – Manufacturing process

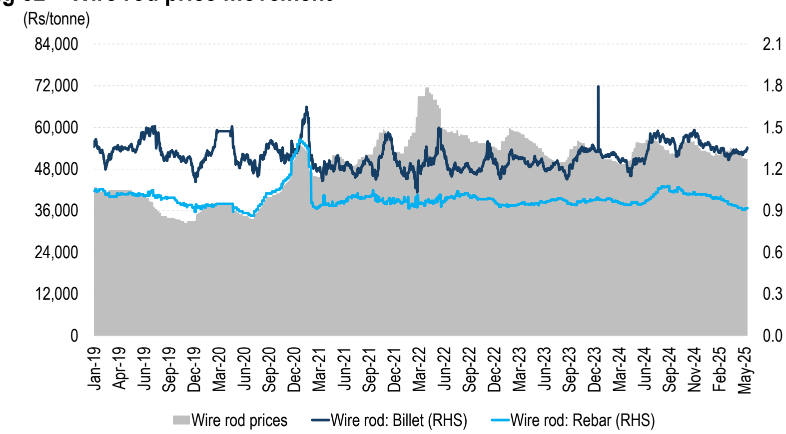


Source: Company (DRHP)

Steel wire industry at a glance

Steel wires fall broadly into two major categories: carbon and stainless steel. Further, based on chemical composition, carbon steel wire is further sub-categorized: high and low carbon and specialty. While low carbon wires are popular in fencing and electrodes, high carbon wires are used in infrastructure, automotive and power. Further, stainless-steel wires are largely used in fasteners, bearings and kitchen accessories manufacturing, while speciality wires (such as steel cord, hose wires, etc.) are used primarily in automotive, infrastructure and construction.

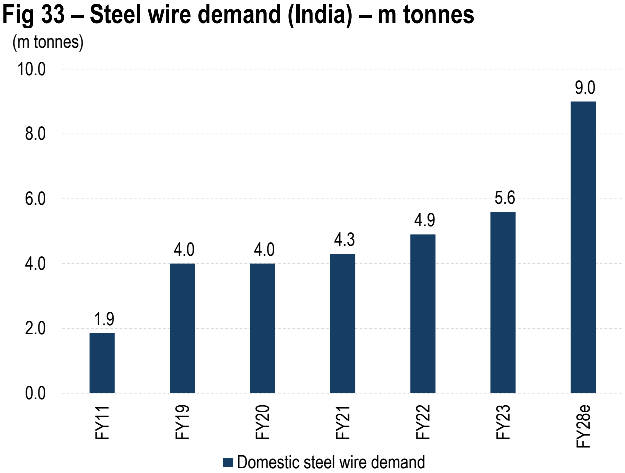
Fig 32 – Wire rod price movement



Source: BigMint, Anand Rathi Research

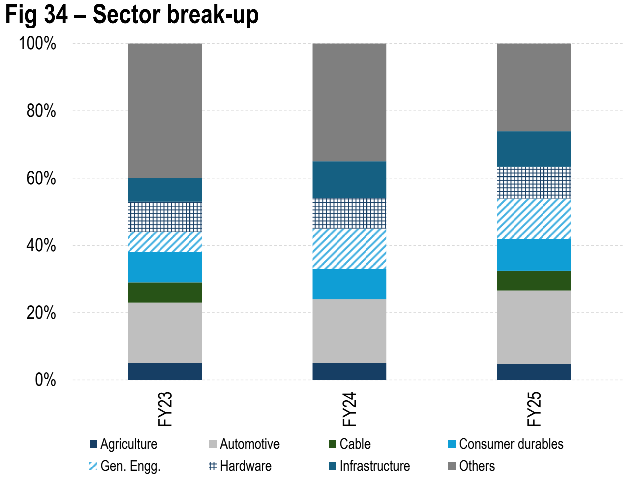
According to JPC, India's FY25 wire rod (raw material) production crossed 9.1m tonnes in FY25 (up 5.4% y/y), ~85% from the non-alloy segment. The steel wire market is highly fragmented with only a few organized players (the top 10 manufacturers account for ~30% of the industry). Demand for steel wire is driven by end-use sectors such as automotive, construction, electricity and agriculture, and domestic demand is expected to register an 8-10% CAGR over FY23-28, to 8-9m tonnes.

Fig 33 – Steel wire demand (India) – m tonnes



Source: Company, Anand Rathi Research

Fig 34 – Sector break-up

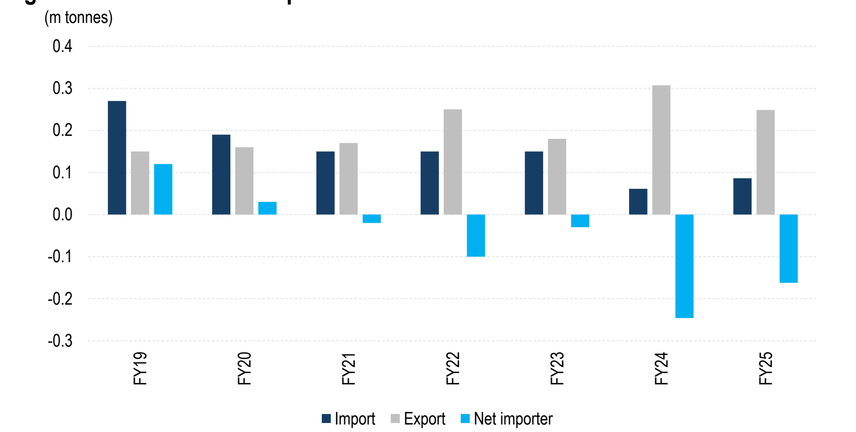


Source: Company, Anand Rathi Research

Automobile and infrastructure are the two largest sectoral drivers of demand for steel wire. Within infrastructure, railways, roads and highways usually drive such demand. Further, the company venturing into LRPC would further drive demand from infrastructure. LRPC wires are used in cable-stayed bridges, flyovers, metro rail, LNG tanks, high-speed rail, bullet trains, etc. Similarly, automotive has been the biggest demand driver for steel wire in India. The company's focus on steel cord, bead wire, IHT/OHT wires for springs is expected to further solidify its position among auto OEMs.

Domestic steel wires have benefitted from import substitution and rising domestic demand. Since FY21, India has been a net exporter of steel wire. Imports have fallen from 0.27m tonnes in FY19 to 0.09m in FY25, and exports have risen from 0.15m to 0.25m tonnes.

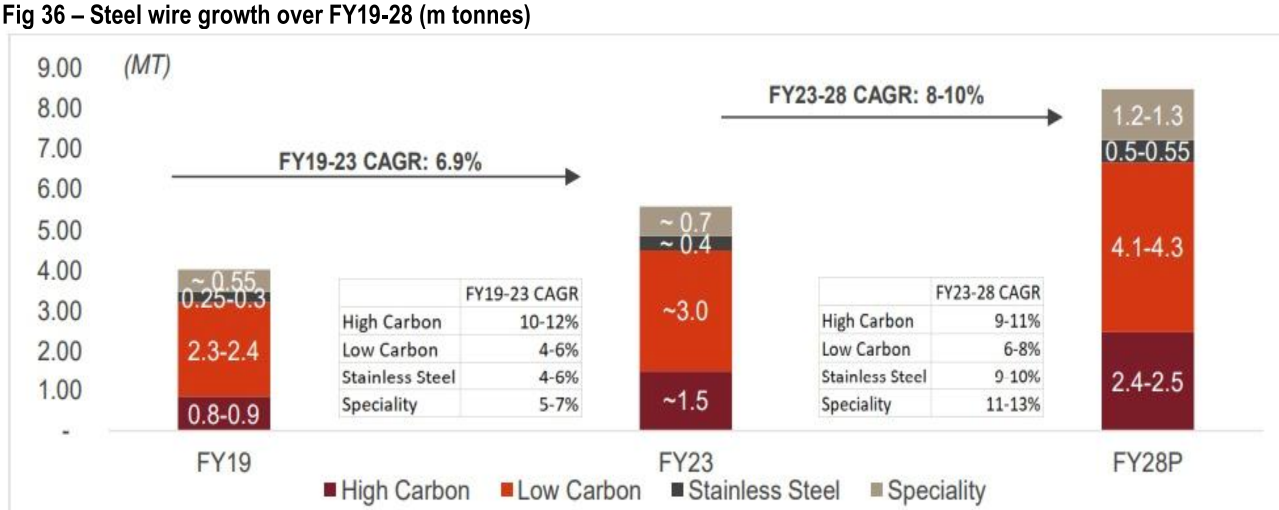
Fig 35 – India turned net exporter in FY21



Source: Company, JPC, BigMint, Anand Rathi Research

Steel wires are expected to grow 8-10% over FY23-28, specialty wires a healthy 11-13%, driven mostly by automotive and infrastructure. Further, the share of specialty wire is expected to rise ~200bps by FY28 to ~15% (now ~13%). Specialty wires have niche applications and the company would be the first domestic manufacturer of steel cord and hose wire, now imported or manufactured by global companies such as Bekeart Industries.

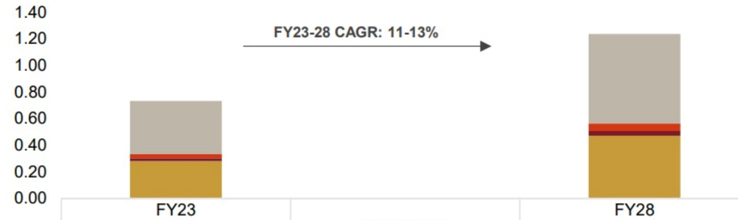
Fig 36 – Steel wire growth over FY19-28 (m tonnes)



Source: Company (DRHP)

Specialty wires (steel cord, hose wires, IHT/OHT, etc.) are engineered for niche, high-specification applications across various end-user sectors. Unlike other categories, steel cord and hose wire are largely import-dependent, with Bekaert Industries dominating. ~60% of India's hose wire demand (~13,000 tonnes) was met by imports, highlighting a strategic gap and an opportunity to substitute imports over time. Given their applications, specialty wires command a pricing premium to other steel wires. The average EBITDA/ tonne it commands is ~Rs30,000.

Fig 37 – Specialty wire demand outlook (m tonnes)



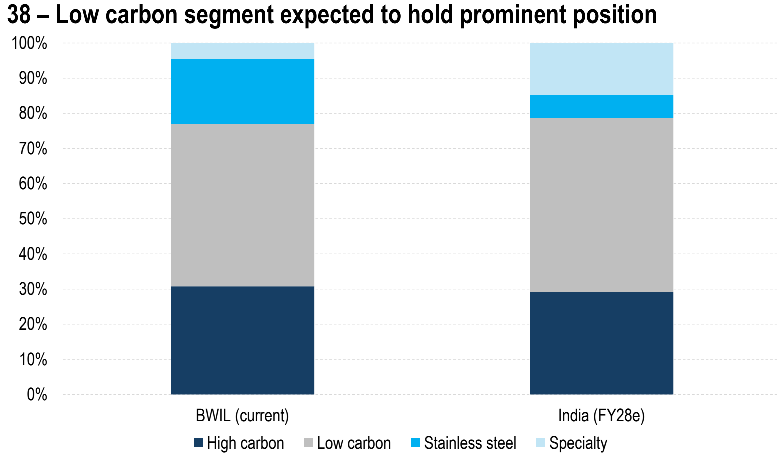
	FY23		FY28
Alloy steel wires	0.40	10-11%	0.67
IHT/OHT	0.03	8-10%	0.06
Hose wires	0.02	12-14%	0.03
Steel cord	0.28	10-12%	0.47

Steel cord | Hose wires | IHT/OHT | Alloy steel wires

Source: Company (DRHP)

Like India's steel wire segmentation by type, low carbon wire is expected to command the lion's share even for the company. However, the share of high carbon wire (a higher-margin product) is expected to increase from 26.9% in FY23 to 29.1% by FY28; similarly, the share of high-carbon wire in the company's product portfolio is expected to be ~30%.

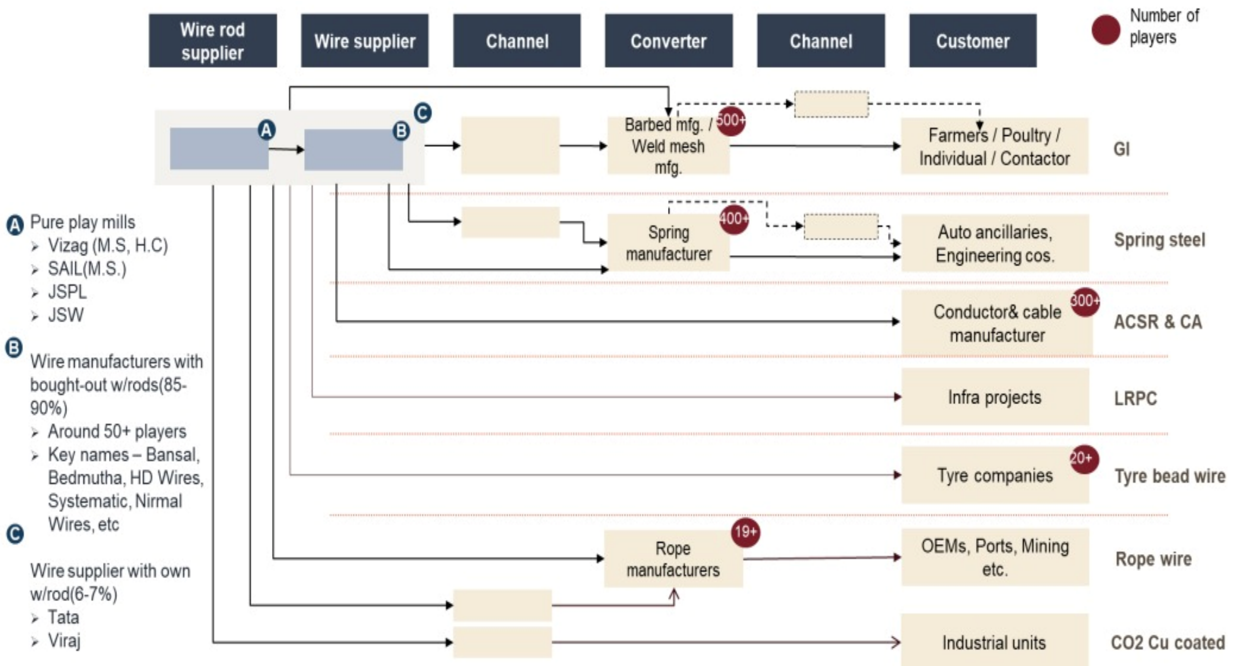
Fig 38 – Low carbon segment expected to hold prominent position



Source: Company, Industry, Anand Rathi Research

Unlike primary long steel, steel wire manufacturing is highly fragmented. Of the ~60 large steel wire manufacturers in India, four have their own steel and rod-mill facility—Global Wires India (Tata Steel), Viraj, Rimjhim and Synergy. Similarly, companies making wire rope, fasteners, bearing balls and rollers have in-house drawing facilities (Usha Martin, Bharat Wire Rope, SKF Bearings, Timken Bearings and NRB Bearings). The company is prominent in wire supplier segment (tab B). Further, as the sector shifts from a non-branded set-up to a branded one, it is further expected to solidify the position of companies such as BWIL.

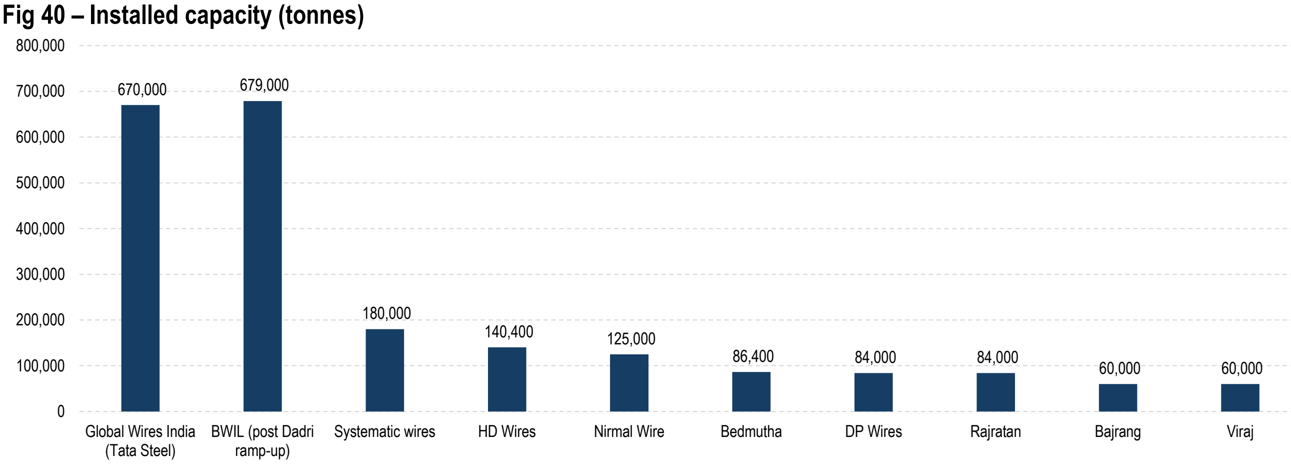
Fig 39 – Industry structure



Source: Company (DRHP)

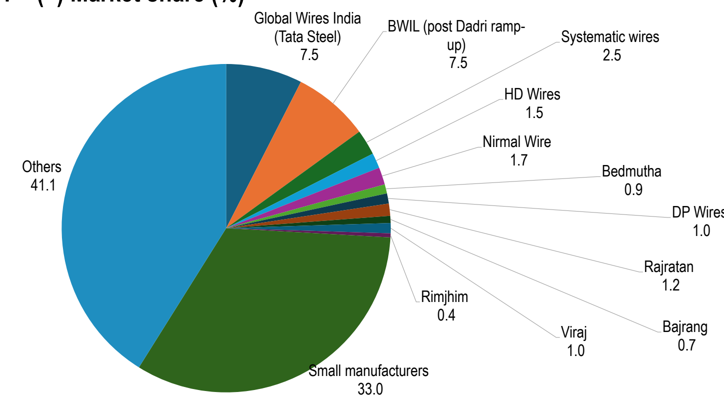
Of the top-10 steel-wire manufacturers by installed capacities (excl. the company), Rimjhim, Synergy and Viraj operate in the stainless-steel category. At the expanded installed capacity of 0.679m tonnes, the company is expected to be the largest steel-wire manufacturer.

Fig 40 – Installed capacity (tonnes)



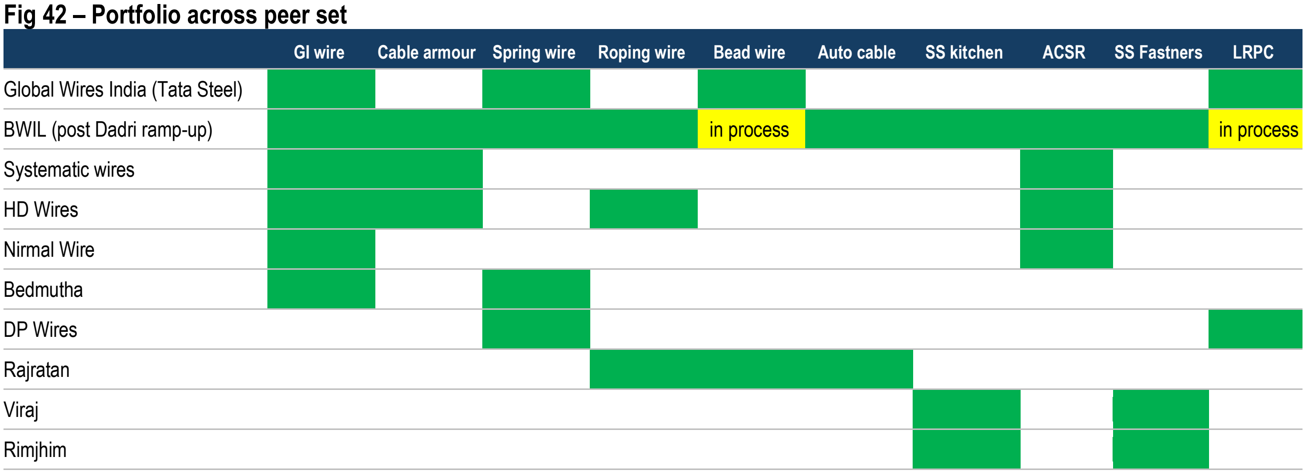
Source: Company, Industry, Anand Rathi Research

Fig 41 – (~) Market share (%)



Source: Company, Industry, Anand Rathi Research

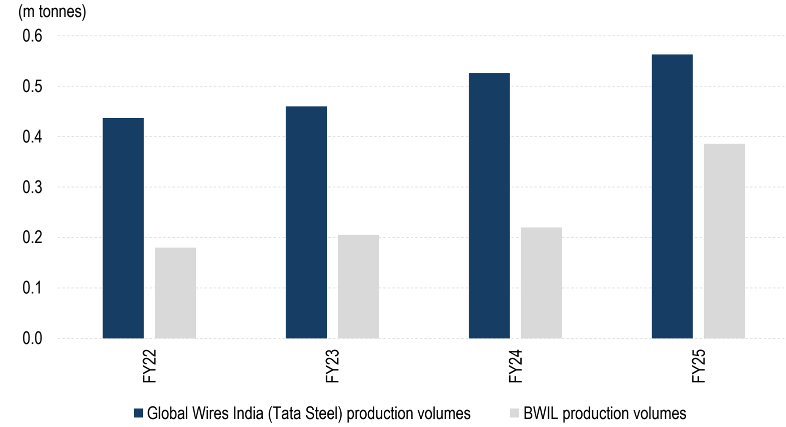
Fig 42 – Portfolio across peer set



Source: Company, Industry, Anand Rathi Research

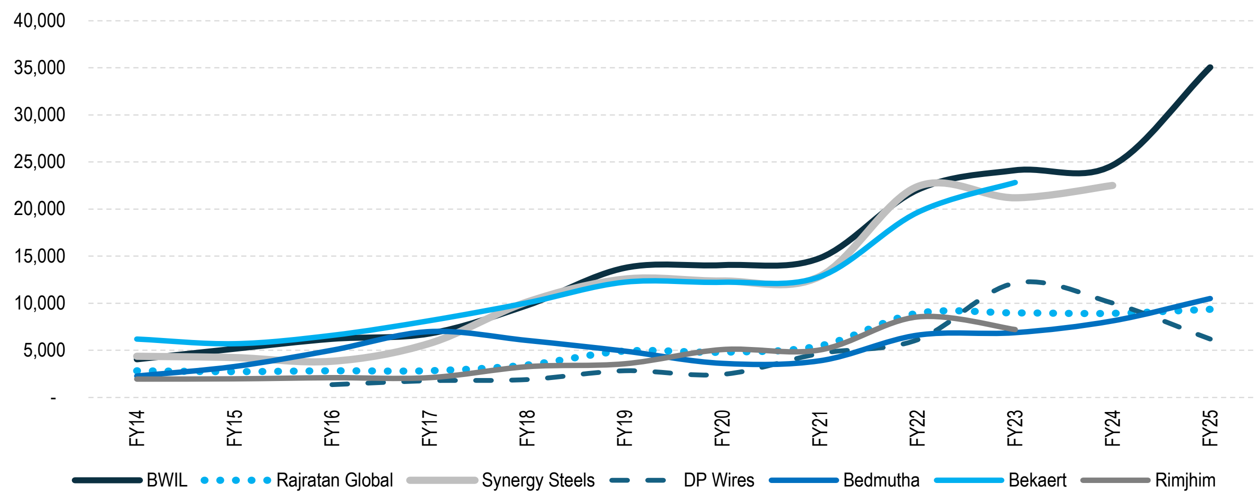
Production volumes have grown faster than Global Wires India (Tata Steel). The company over FY22-25 clocked a ~29% CAGR against Tata Steel's 9%. The ramping up its Dadri plant would put it above par of Tata Steel's installed capacity. Further, the latter has a record of ~7 decades of manufacturing steel wire but only a handful of products compared to BWIL (Tata steel caters to automobile, infrastructure and general engineering sectors). Similarly, over last 10 years, BWIL's revenue and EBITDA growth has outpaced its peers.

Fig 43 – Volume ramp-up



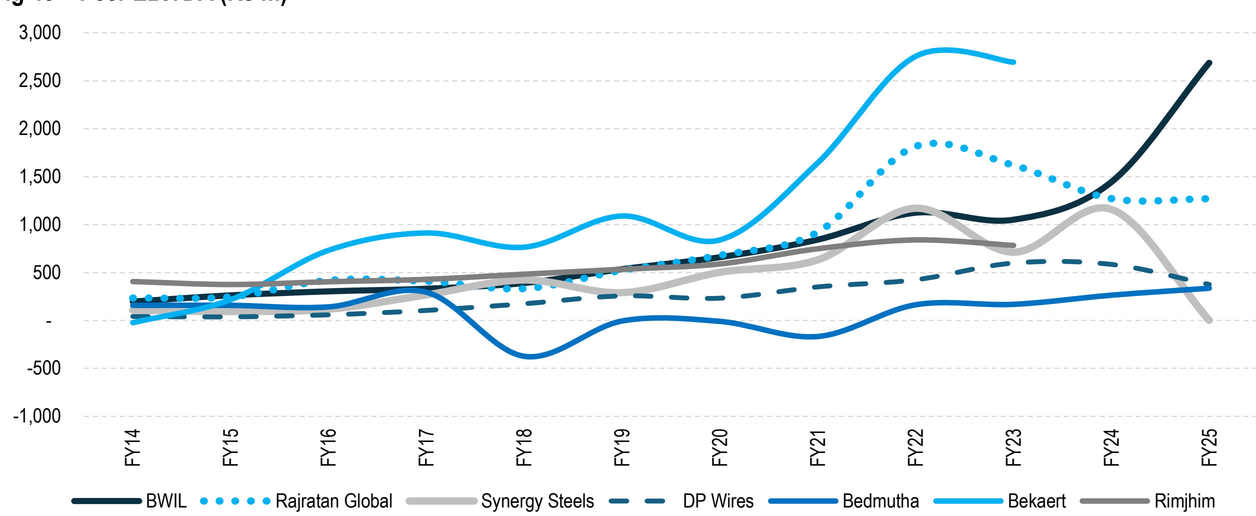
Source: Company, Industry, Anand Rathi Research

Fig 44 – Peer revenue (Rs m)



Source: Company, Industry, Anand Rathi Research

Fig 45 – Peer EBITDA (Rs m)

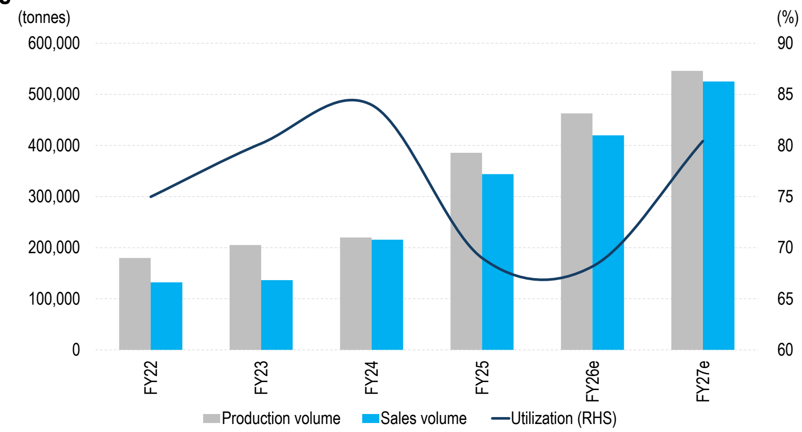


Source: Company, Industry, Anand Rathi Research

Financial analysis

In past, the company surpassed industry growth and we estimate 19% production volume and 24% sales volume CAGRs over FY25-27; utilisation expected to improve as the Dadri plant ramps up.

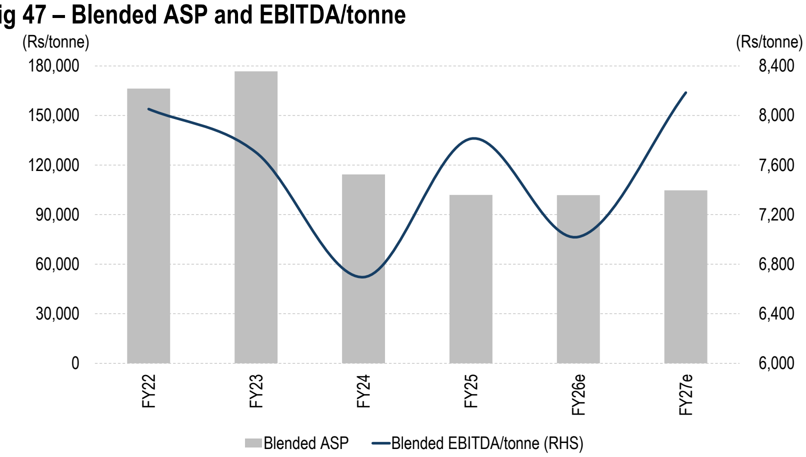
Fig 46 – Volumes and utilisation



Source: Company, Anand Rathi Research

As the company is raising capacity to 0.679m tonnes by H1 FY26, to push products and capture more market share, it is expected to strategically compromise margins which will help it grow rapidly. Though it is expected to reduce its per tonne EBITDA ~10% in FY26, greater volumes would more than offset reduced margins. Further, as the high-margin, high-growth specialty division ramps-up at Dadri, it would boost margins.

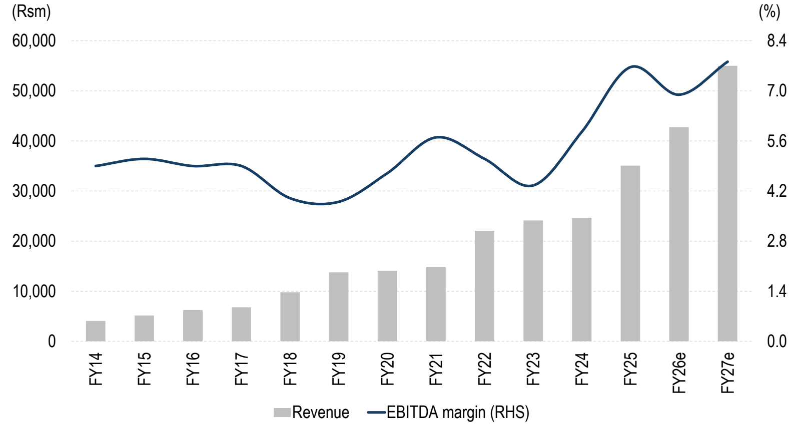
Fig 47 – Blended ASP and EBITDA/tonne



Source: Company, Anand Rathi Research

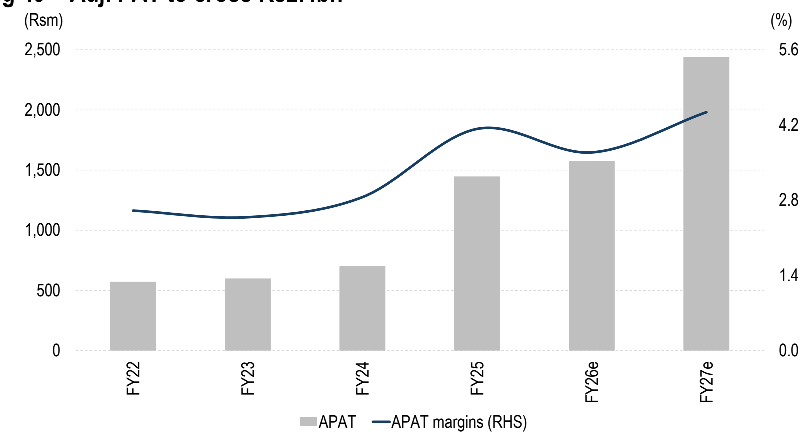
As the company adopts a 'cost plus' model, it has a long-standing legacy of profitability. This ensures EBITDA margins are maintained within a range.

Fig 48 – Margins expected to improve in FY27



Source: Company, Anand Rathi Research

Fig 49 – Adj. PAT to cross Rs2.4bn



Source: Company, Anand Rathi Research

Quarterly performance and KTA

Fig 50 – Quarterly performance

Financials (Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Revenue	5,479	6,035	6,061	7,086	8,169	8,254	9,246	9,402
Growth y/y (%)	-	-	-	-	*49.1*	*36.8*	*52.6*	*32.7*
Growth q/q (%)	-	*10.1*	*0.4*	*16.9*	*15.3*	*1.0*	*12.0*	*1.7*
EBITDA	263	364	359	457	609	639	720	719
EBITDA margin (%)	*4.8*	*6.0*	*5.9*	*6.4*	*7.5*	*7.7*	*7.8*	*7.7*
Other Income	10	16	9	13	13	42	11	28
Depreciation	22	25	29	58	55	57	81	107
Finance Cost	61	63	70	95	122	55	69	132
PBT before exceptional item	191	293	268	318	446	569	581	508
PBT after exceptional item	191	324	268	318	445	569	581	508
Tax	18	143	115	74	130	168	164	177
PAT before MI/Sh. of Assoc	173	181	153	244	315	401	417	331
Reported PAT	173	181	148	233	302	396	417	331
Adj. PAT	173	150	148	233	303	397	417	331
Adj. PAT margin (%)	*3.2*	*2.5*	*2.4*	*3.3*	*3.7*	*4.8*	*4.5*	*3.5*
Growth y/y (%)	-	-	-	-	*75.0*	*164.3*	*181.6*	*41.9*
Growth q/q (%)	-	*-13.2*	*-1.4*	*57.7*	*29.7*	*31.1*	*5.0*	*-20.6*

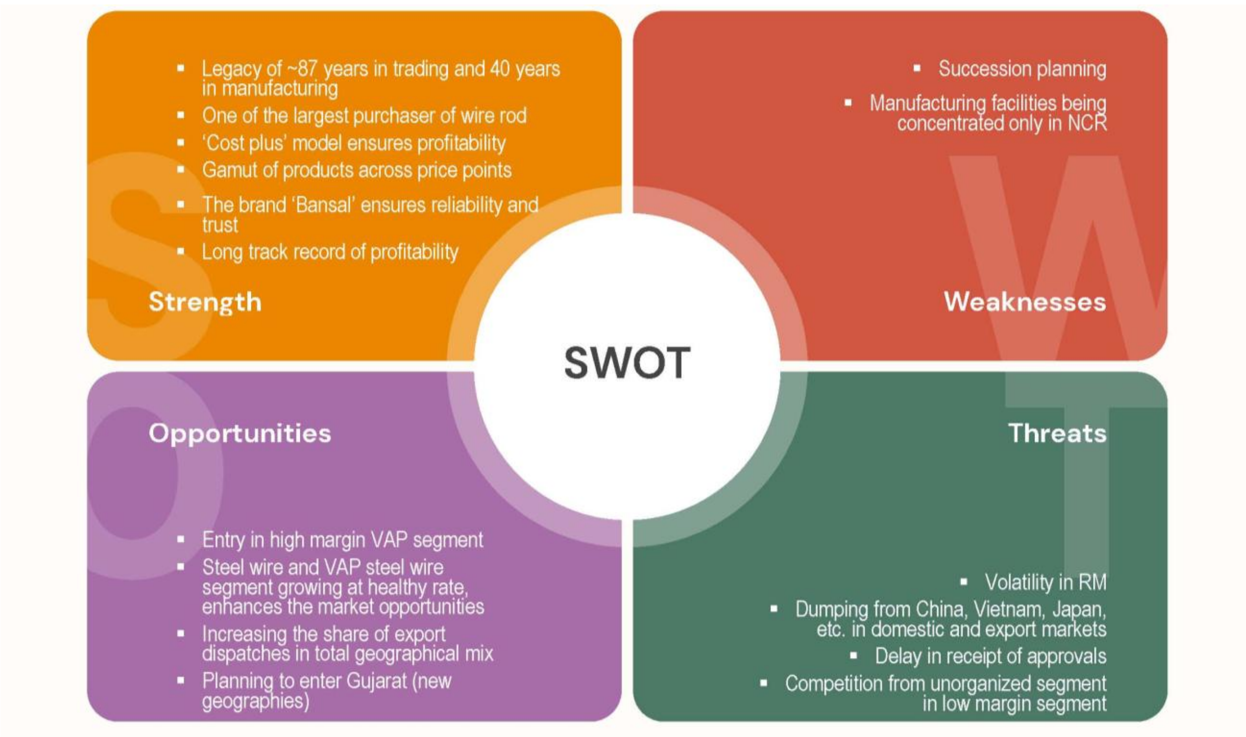
Source: Company, Anand Rathi Research

Key takeaways

- The company sold ~98,000 tonnes in Q4 FY25
- Sales volume which was ~0.344m tonnes in FY25 expected to increase >20% in FY26. EBITDA/tonne expected to be ~10% lower than in Q4 FY25.
- The company is expected to add ~50,000 tonnes in Q1 FY26 and 0.12m in H1, taking consolidated volumes to 0.679m tonnes.
- Utilisation at the Dadri plant has risen from 30% in Q3 FY25 to ~40% in Q4 and expected to improve as the plant is ramped up
- Hose wire utilisation 20%; key customer approvals expected in Q1 FY26. This vertical expected to contribute ~5,000-7,000 tonnes in FY26.
- Awaiting BIS approval for LRPC wires, expected in a month.
- Inventory remained elevated due to group company consolidation. As the Dadri plant ramps up and group company operations gradually shift to BWIL, working capital is expected to improve in Q1 FY26.
- The company is expected to spend ~Rs1bn-1.5bn annually on maintenance and sustenance capex for other verticals.
- It aims to be cash-flow positive in Q1 FY26.
- Q1 is typically slow due to labour shortage

SWOT

Fig 51 – SWOT



Source: Company, Anand Rathi Research

Sensitivity analysis

We have worked out sensitivity to change in utilisation (%) and sales volume (tonnes), based on our estimates.

Fig 52 – % change in FY27e revenue to change in utilisation (%) and sales volume (tonnes)

(% change)		Utilization level (%)				
		-2%	-1%	0%	1%	2%
Change in sales volume (tonnes)	-10,000	-4.4	-3.1	-1.9	-0.7	0.6
	-5,000	-3.4	-2.2	-1.0	0.3	1.5
	-	-2.5	-1.2	-	1.2	2.5
	5,000	-1.5	-0.3	1.0	2.2	3.4
	10,000	-0.6	0.7	1.9	3.1	4.4

Source: Anand Rathi Research

Fig 53 – % change in FY27e EBITDA to change in utilisation (%) and sales volume (tonnes)

(% change)		Utilisation level (%)				
		-2%	-1%	0%	1%	2%
Change in sales volume (tonnes)	-10,000	-7.1	-5.9	-4.7	-3.4	-2.2
	-5,000	-4.8	-3.6	-2.3	-1.1	0.2
	-	-2.5	-1.2	-	1.2	2.5
	5,000	-0.2	1.1	2.3	3.6	4.8
	10,000	2.2	3.4	4.7	5.9	7.1

Source: Anand Rathi Research

Fig 54 – % change in FY27e APAT to change in utilisation (%) and sales volume (tonnes)

(% change)		Utilization level (%)				
		-2%	-1%	0%	1%	2%
Change in sales volume (tonnes)	-10,000	-8.7	-7.2	-5.7	-4.2	-2.7
	-5,000	-5.9	-4.4	-2.8	-1.3	0.2
	-	-3.0	-1.5	-	1.5	3.0
	5,000	-0.2	1.3	2.8	4.4	5.9
	10,000	2.7	4.2	5.7	7.2	8.7

Source: Anand Rathi Research

Valuation

The company is on the way to becoming the largest steel wire manufacturer in India, surpassing Tata Steel by H1 FY26. To broaden its product range, it has ventured into high-growth, high-margin VAPs catering to the automobile sector. These products, which command almost 3x the EBITDA of high-carbon products, are expected to drive the next phase of growth.

The company is also enhancing its backward integration and strengthening operations in west India (its second biggest market) by setting up a plant at Sanand, Gujarat. Further it has multiple risk mitigation mechanisms such as a 'cost plus' model, which is a safety net against raw material volatility by ensuring margins. Similarly, as no customer/sector contributes >5%/25%, it has spread its risk, ensuring safety if a particular sector is cyclical.

As the sector is expected to grow ~8-10% y/y to ~9m tonnes by FY28, enough headroom exists for the company's market share to rise from ~7% to 12-15% in the next decade.

Considering all these positive triggers, we have built in a 24% sales volume CAGR, >25% revenue CAGR and >26% EBITDA CAGR over FY25-27. We believe that, as the Dadri plant is ramped up and specialty VAP lines yield higher volumes, the volume and margin growth journey is expected to continue over the next decade. We initiate coverage on the stock with a Buy and a TP of Rs550 (assigning 1.2x PEG to derive the TP).

Fig 55 – TP calculation

YE Mar	UoM	FY27e
EPS	Rs/sh	15.6
P/E multiple	x	35
Price	**Rs/sh**	**550**

Source: Anand Rathi Research *Rounded off to nearest 10's*

Key risks

- Delay in receipt of raw material, fluctuation in raw material prices, quality issues
- Delay in ramping up the Dadri/Sanand plants
- Substantial increase in debt (near or above its LTA)
- Geographic risk (unable to penetrate new regions in India and globally)
- Subdued pace of shift from the grey to the formal market
- Non receipt of approvals from customers

Appendix

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