

27-Jun-25

Premium products to drive growth...

About the stock: BWR is one of the leading manufacturers of specialty steel wire, steel wire ropes, slings & strands, with wide range of products. Products have applications across industries including elevators, shipping, oil & gas, cranes, mining etc.

- Company's ~80% of revenue is from exports while ~20% from domestic markets. In exports, Europe contributes 30-35% of revenue followed by ~20% by US & South America and balance 45-50% by South Asian & Middle East markets.

Investment Rationale:

- Value added products to drive growth:** The company continuously invests in development of innovative products that cater to premium market segments. This is a strategic endeavour to drive revenue growth by increasing product offerings and cater to evolving customer preferences. High Value Added products formed 10% of revenue mix in FY24, FY25 which company aims to scale up to 20% of revenue mix. Overall volumes grew 7% in FY24 & FY25. Going forward we estimate volumes to grow at ~8% CAGR over next couple of years on diversified product offering and efforts to increase market share. Revenue growth over FY25-FY27E will be supported by volume growth and greater share of value added products, thus we build in 11% revenue CAGR over FY25-27E.
- Improving operational efficiencies:** BWR faced volatility in commodity prices, elongated working capital cycle due to logistics challenges on account of geopolitical issues. Raw material prices have stabilised considerably over the recent past. Additionally, BWR has undertaken efforts to de-bottleneck its capacity thus improving operational efficiency and optimised major costs. BWR EBITDA per tonne dropped ~24% YoY to ₹30,060 in FY25 which we estimate to improve to ₹37,067 by FY27E on increased profitability from value added products coupled with continuous cost optimisation steps undertaken by the company. We estimate EBITDA and PAT to grow at 20% and 24% CAGR over FY25-FY27E.

Rating and Target Price

- BWR is strongly positioned to benefit from healthy demand of its products in global & domestic markets led by buoyant capex outlook in Infra & Industrials and growing replacement demand. Moreover, operational efficiencies and positive operating leverage would drive company's margins and profitability. We estimate revenue, EBITDA and PAT to grow at ~11%, ~20% and ~24% respectively
- We recommend BUY on Bharat Wire Ropes. We value the share at 17 times FY27E EPS to arrive at a fair value of ₹275 per share



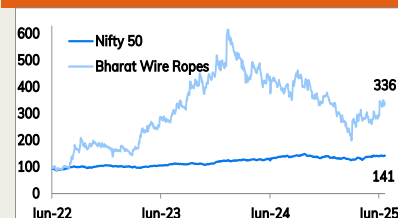
Particulars

Particular	Rs. in crore
Market Capitalisation	1,463
FY25 Gross Debt	131
FY25 Cash	9
Enterprise Value	1,585
52 Week H/L (Rs.)	301 / 112
Equity Capital	68.4
Face Value (Rs.)	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	41.0	40.9	41.3	41.4
FII	3.1	3.2	3.1	2.8
DII	2.6	2.6	2.6	2.6
Others	53.3	53.3	53.0	53.2

Price Chart



Key risks

- Geopolitical tensions if continued may drive margins downward.
- Fluctuation in steel prices

Research Analyst

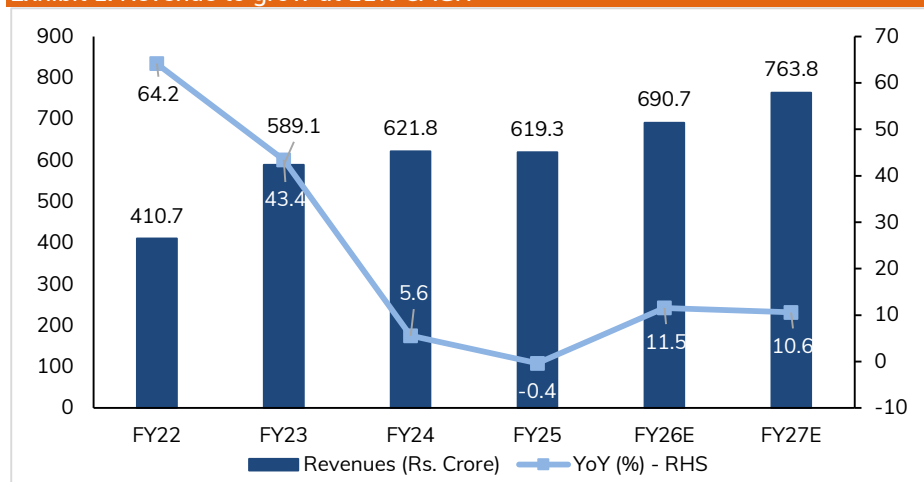
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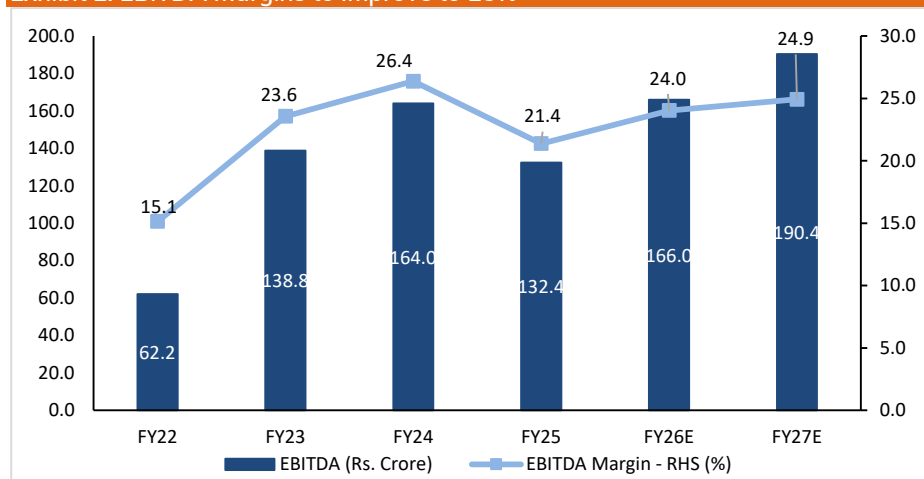
Key Financial Summary

Particulars (Rs. in crore)	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	589.1	621.8	619.3	14.7	690.7	763.8	11.1
EBITDA	138.8	164.0	132.4	28.6	166.0	190.4	19.9
EBITDA margin (%)	23.6	26.4	21.4		24.0	24.9	
Net Profit	64.1	96.0	72.3	74.3	96.0	110.5	23.6
EPS (Rs.)	9.4	14.1	10.6		14.1	16.2	
P/E (x)	22.9	15.3	20.3		15.3	13.3	
EV/EBITDA (x)	11.8	9.7	12.0		9.3	7.9	
RoCE (%)	16.0	18.1	12.8		15.6	16.9	
RoE (%)	11.4	14.5	9.8		11.5	11.7	

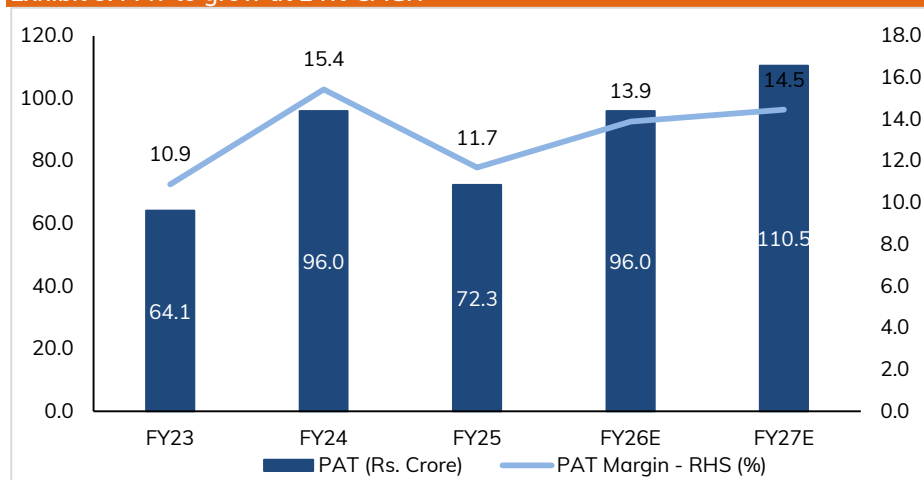
Source: Company, ICICI Direct Research

Exhibit 1: Revenue to grow at 11% CAGR


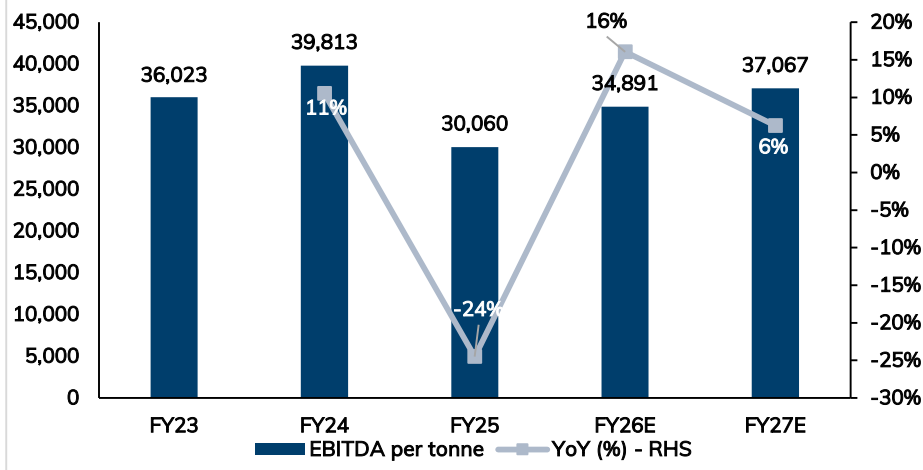
Source: Company, ICICI Direct Research

Exhibit 2: EBITDA margins to improve to 25%


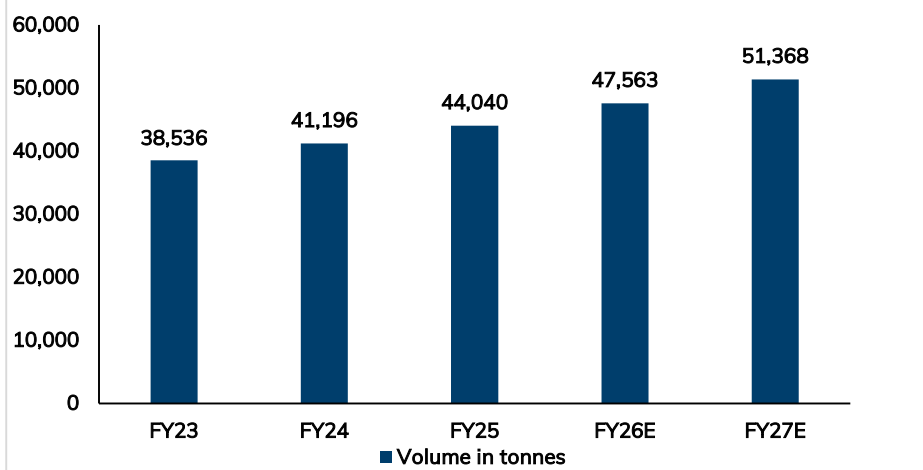
Source: Company, ICICI Direct Research

Exhibit 3: PAT to grow at 24% CAGR


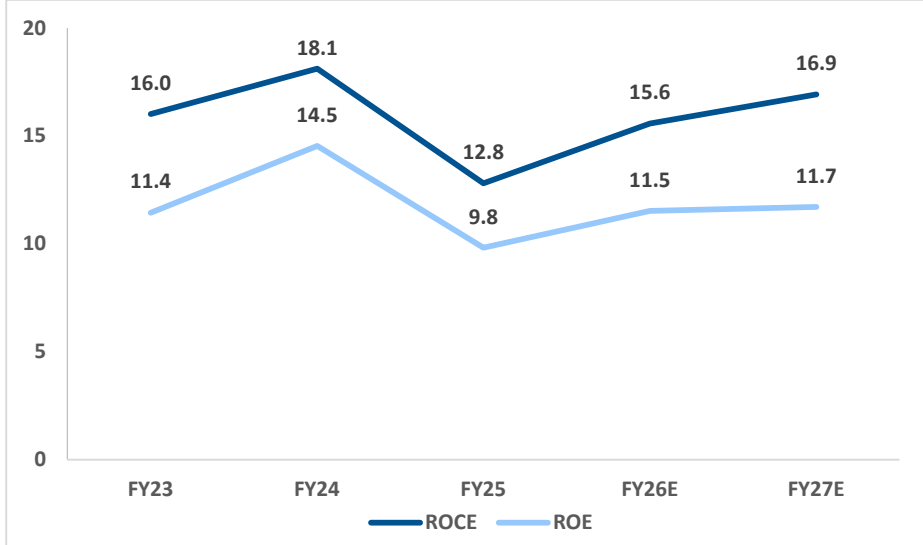
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA per tonne to improve to ₹37,067


Source: Company, ICICI Direct Research

Exhibit 5: Volume to grow 8% CAGR


Source: Company, ICICI Direct Research

Exhibit 6: ROCE and ROE to improve


Source: Company, ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement

₹ crore

(Year-end-march)	FY24	FY25	FY26E	FY27E
Revenue	621.8	619.3	690.7	763.8
% Growth		(0.4)	11.5	10.6
Other income	0.8	0.7	0.7	0.7
Total Revenue	621.8	619.3	690.7	763.8
% Growth	5.6	(0.4)	11.5	10.6
Total Raw Material Costs	327.0	344.5	368.3	401.8
Employee Expenses	59.6	65.8	72.4	79.7
other expenses	71.3	76.6	84.0	92.0
Total Operating Expenditure	457.8	486.9	524.7	573.4
Operating Profit (EBITDA)	164.0	132.4	166.0	190.4
% Growth		(19.3)	25.4	14.7
Interest	14.8	13.3	15.0	20.0
PBDT	150.0	119.8	151.7	171.1
Depreciation	21.2	22.0	22.8	22.8
PBT before Exceptional Items	128.9	97.7	128.9	148.3
Total Tax	32.6	25.4	32.9	37.8
PAT before MI	96.3	72.3	96.0	110.5
PAT	96.0	72.3	96.0	110.5
% Growth		(24.7)	32.7	15.1
EPS	14.1	10.6	14.1	16.2

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	96.0	72.3	96.0	110.5
Depreciation	21.2	22.0	22.8	22.8
Interest	14.8	13.3	15.0	20.0
Cash Flow before WC changes	132.0	107.7	133.8	153.3
Changes in inventory	11.5	(24.7)	(9.2)	(14.0)
Changes in debtors	(31.5)	(7.6)	(7.9)	(5.8)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	(38.7)	(48.4)	14.5	(11.4)
Net Increase in Current Assets	(58.9)	(80.9)	(2.3)	(31.2)
Changes in creditors	(11.9)	10.7	4.3	4.3
Changes in provisions	0.2	0.3	(0.5)	0.1
Net Inc in Current Liabilities	(16.2)	20.5	5.1	10.4
Net CF from Operating activities	56.8	47.3	136.5	132.5
Changes in deferred tax assets	14.2	-	-	-
(Purchase)/Sale of Fixed Assets	(24.1)	(64.8)	(50.0)	(50.0)
Net CF from Investing activities	3.0	(35.6)	(67.8)	(60.7)
Dividend and Dividend Tax	-	-	-	-
Net CF from Financing Activities	(60.1)	(10.6)	(55.0)	(75.0)
Net Cash flow	(0.3)	1.1	13.7	(3.3)
Opening Cash/Cash Equivalent	8.6	8.3	9.4	23.1
Closing Cash/ Cash Equivalent	8.3	9.4	23.1	19.8

Source: Company, ICICI Direct Research

Exhibit 9: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	68.0	68.4	68.4	68.4
Reserve and Surplus	592.7	668.2	764.2	874.7
Total Shareholders funds	660.8	736.6	832.6	943.1
Total Debt	132.2	131.0	91.0	51.0
Total Liabilities	818.8	918.7	959.7	1,020.2
Gross Block	600.0	614.8	644.9	742.0
Acc: Depreciation	140.2	162.2	185.0	212.5
Net Block	475.0	482.7	497.0	549.2
Capital WIP	12.3	46.9	60.0	50.0
Total Fixed Assets	488.1	530.4	557.7	599.9
Non Current Assets	14.6	10.7	13.5	14.2
Inventory	98.6	123.2	132.5	146.5
Debtors	79.2	86.7	94.6	100.4
Other Current Assets	145.6	194.0	179.6	191.0
Cash	8.3	9.4	23.1	19.8
Total Current Assets	332.8	414.7	430.8	458.7
Current Liabilities	5.9	16.6	20.8	25.1
Provisions	3.8	4.3	4.3	90.0
Total Current Liabilities	16.6	37.1	42.2	52.6
Net Current Assets	316.2	377.6	388.6	406.2
Total Assets	818.8	918.7	959.8	1,020.3

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	24.6	33.1	49.2	64.7
Cash EPS	25.4	33.8	55.1	81.1
BV	196.7	322.2	362.4	418.2
DPS	5.9	9.0	9.0	9.0
Cash Per Share	24.3	23.7	29.6	46.0
EBITDA Margin	13.9	15.0	17.5	21.2
PBT / Net Sales	13.4	14.6	15.5	16.8
PAT Margin	17.9	19.0	17.1	17.1
Inventory days	6.3	-	1.1	0.8
Debtor days	180.0	108.3	109.5	109.5
Creditor days	133.6	139.1	145.0	145.0
RoE	12.4	11.5	13.6	15.5
RoCE	15.1	12.7	15.6	17.2
RoIC	11.5	9.4	20.2	40.9
P/E	61.6	45.8	30.9	23.5
EV / EBITDA	81.0	50.1	28.8	18.2
EV / Net Sales	11.3	7.5	5.1	3.9
Market Cap / Sales	11.4	7.5	5.1	3.9
Price to Book Value	7.7	4.7	4.2	3.6
Debt/EBITDA	0.0	0.1	0.1	0.0
Net Debt / Equity	-0.1	0.0	0.0	0.0
Current Ratio	2.0	1.7	1.4	1.5
Quick Ratio	1.9	1.7	1.4	1.5

Source: Company, ICICI Direct Research

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