Vidya Wires Limited

Capacity Expansion to Drive Growth!

Summary

Vidaya Wires Limited (VWL) is the 4th largest manufacturer in India's copper and aluminium wire industry by installed capacity and will become the 3rd largest following the proposed capacity expansion. VWL is one of the fastest growing company in terms of CAGR growth in EBITDA and PAT and also the most working capital efficient in its industry. VWL outperforms its peers in key metrics like Fixed Assets Turnover, Inventory Turnover, and days for Trade Receivables, Inventory, and Trade Payables. VWL's market share in the Indian copper and aluminium wire industry as on FY24, is around 5.9% which will go up to 11.3% post proposed expansion. With a wide product range, VWL has successfully expanded since its 1981 inception, establishing a strong position in the copper and aluminium wire industry.

Key Highlights

- **Capacity Expansion and Market Share Growth:** VWL is expanding its capacity by 18,000 MT to 37,680 MT, making it the 3rd largest producer in India's copper and aluminium winding wire industry. This expansion will introduce new products such as Copper Foils, PV Ribbons, Solar Cables, and Enameled Aluminium Wires, increasing the product portfolio to 20. With a market share of 5.9%, VWL aims to grow it to 11.3%, focusing on sectors like renewable energy, electric vehicles, and AI data center transformers to capture a larger customer base.
- **Focus on Growth Sectors:** Renewable Energy & EV: VWL is well-positioned to capitalize on India's renewable energy and electric vehicle (EV) growth. The company plans to expand its product range to include Solar Cables, PV Round Ribbon, and Enameled Copper Strips for EV motors, aligning with the increasing demand in these sectors and driving future growth.
- **Strategic Location Advantage:** VWL's manufacturing units in Anand, Gujarat, offer proximity to major ports like Hazira and Mundra, enhancing import/export efficiency. The majority of revenue comes from Gujarat and Maharashtra, which contribute over 70% of operations. Maharashtra and Gujarat together account for 27%-35% of India's production value and 18%-31% of consumption in copper and aluminium wires. Gujarat is also the third-largest producer of bauxite, supporting the aluminium industry. VWL's strong regional presence offers opportunities for expanded operations and customer reach in the western India market.

Financial snapshot **(Rs mn)**

Year	FY22	FY23	FY24	6MFY25
Revenue	9,126	10,114	11,861	7,544
Change (yoy, %)	-	*11*	*17*	*(36)*
EBITDA	310	358	455	288
Change (yoy, %)	-	*16*	*27*	*(37)*
EBITDA Margin (%)	*3.4*	*3.5*	*3.8*	*3.8*
Adj.PAT	197	215	257	175
EPS (Rs)	1	1	2	1
Change (yoy, %)	-	*9.0*	*19.5*	*(32.0)*
RoE (%)	*25.2*	*24.1*	*22.8*	*13.0*
RoCE (%)	*31.0*	*32.0*	*33.3*	*18*

Source: DRHP

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Company Overview

Vidya Wires Limited (VWL) is the 4th largest manufacturers in India in the copper and aluminium wire industry in terms of total installed capacity. Considering the proposed capacity expansion in its subsidiary, ceteris paribus, it will be the 3rd largest manufacturer in India. VWL is one of the fastest growing company in terms of CAGR growth in EBITDA and PAT and also the most working capital efficient company, with better Fixed Assets Turnover Ratio, Inventory Turnover Ratio, Trade receivables days, Inventory days and Trade payables days, as compared to its peers over the last three fiscals. VWL's market share in the Indian copper and aluminium wire industry, ceteris paribus, as on FY24, is around 5.9% which will go up to 11.3% post proposed expansion. VWL offer widest range of products in terms of number of products as compared to its peers. Since incorporation in 1981, VWL have expanded its business, scale of operations and delivered variety of products, creating a strong position in the copper and aluminium wire industry.

With a customer base of over 370 in the last 3 fiscals and no single customer contributing over 9% of annual revenues, the business has effectively de-risked its model from dependence on a limited number of customers and insulated its revenue potential due to the broad-based customer base. Since incorporation in 1981, the business has expanded operations, scaled production, and delivered a variety of products, establishing a strong position in the copper and aluminium wire industry. The company operates in 3 shifts daily throughout the year. There are 2 manufacturing units where products are produced and one warehousing unit, primarily used for storing packing materials. Capacity utilization has improved from 65.80% in Fiscal 2022 to 91.22% during the 6 months ending September 30, 2024. Production volumes have grown by 26.98% over the last 3 fiscals, from 12,147 MT in Fiscal 2022 to 15,424 MT in Fiscal 2024.

The company is a pre-approved supplier with Power Grid Corporation of India Limited. It is a UL approved company, which enables the export of enameled copper/aluminium wire (also known as magnet wire) to the United States of America. With operations located in Anand, Gujarat, logistics are convenient due to proximity to major sea ports in the state, including Hazira and Mundra, which are used for both product exports and raw material imports.

Investments have been made from time to time in manufacturing facilities to expand installed capacity to the current level of 19,680 MT per annum. Further, the company plans to increase installed capacity to 37,380 MT per annum by adding an additional 18,000 MTPA in the proposed project under the wholly owned subsidiary, ALCU Industries Private Limited, located 15 km from the existing manufacturing facilities.

VWL's main products are copper and aluminium winding wires as under –

a) Enameled Copper Winding Wires:

1. Enameled Copper Winding Wires
2. Enameled Copper Rectangular Strips
3. Fibre Glass Covered Copper

b) Paper Insulated Copper Conductors:

1. Paper Insulated Copper wires/strips
2. Twin/Triple Bunched Paper Insulated Copper Strips
3. Cotton Covered Ropes

c) Copper Busbar and Bare Copper Conductors:

1. Copper Busbar
2. Bare Copper Strips/ Conductor
3. Bunched Copper Ropes/ Earthing Cables
4. Bare Copper Wires.

d) PV Ribbon:

1. PV Ribbon
2. PV Busbar

e) Aluminium Products:

1. Aluminium Paper Covered Strips

The company manufactures over 6,400 SKUs of copper and aluminium winding wires, with sizes ranging from as thin as 0.07 mm to as thick as 25 mm. Through the proposed project, new products such as Copper Foils, Copper Components, Continuously Transposed Copper Conductors, PV Round Ribbon, Solar Cables, Multi Paper Covered Copper Conductors, Enameled Aluminium Winding Wires, and Enameled Aluminium Rectangular Strips are planned to be added to the current product portfolio.

The product mix and plant specifications enable the company to utilize some of the same machinery to produce multiple alternate products, accommodating varied customer demands. With a history of over 4 decades in the copper wire manufacturing business, a diverse customer base across multiple end-user industries has been served and will continue to be served. The sales composition based on end-user industries is as follows –

Industry (INR mn)	FY22	% of revenue	FY23	% of revenue	FY24	% of revenue	1HFY25	% of revenue
Power & transmission	4,037	44%	4,690	47%	5,105	43%	2,885	38%
General engineering	1,660	18%	1,889	19%	2,137	18%	1,056	14%
Electrical	2,282	25%	2,477	25%	3,115	26%	2,643	35%
Renewables, EV and Automotive*	612	7%	719	7%	915	8%	575	8%
Consumer durables	532	6%	310	3%	537	5%	357	5%
Total	**9,123**	**100%**	**10,085**	**100%**	**11,809**	**100%**	**7,516**	**100%**

**Includes solar and windmill*

Revenue is derived from both domestic and international markets. While India remains the largest market, in the last 3 fiscals and the six-month period ending September 30, 2024, products were sold to over 370 customers, including more than 40 international customers across over 20 countries on 5 continents. The domestic and export revenues are as follows –

Particulars (INR mn)	FY22	FY23	FY24	H1FY25
Domestic Sales	7,780	8,218	10,191	6,758
Export Sales	1,343	1,867	1,618	757
Total	9,123	10,085	11,809	7,516
Domestic Sales %	85%	81%	86%	90%
Export Sales %	15%	19%	14%	10%

With the increased capacity following the proposed project, the company intends to raise the share of exports in total revenues.

The following table outlines the details of geographic revenues

Geographic distribution (INR mn)	FY22	FY23	FY24	H1FY25
Western Zone	6,712	6,909	8,389	5,668
Northern Zone	393	399	540	294
Southern Zone	298	402	549	204
Central Zone	377	461	608	553
Eastern Zone	0	48	104	39
Total Domestic revenues	**7,780**	**8,218**	**10,191**	**6,758**
Total International revenues	**1,343**	**1,867**	**1,618**	**757**
Grand Total	**9,123**	**10,085**	**11,809**	**7,516**

While products are sold to customers across various states in India, the majority of revenue is generated from the states of Gujarat and Maharashtra, which accounted for 73.82%, 69.75%, 65.73%, and 72.20% of revenue from operations in the six-month period ending September 30, 2024, and in Fiscals 2024, 2023, and 2022, respectively.

Over the years, strong relationships have been built with key customers, including Adani Wilmar Limited, Atlanta Electricals Private Limited, Schneider Electric Infrastructure Limited, Transformers & Rectifiers (India) Limited, Electrotherm India Limited, Hammond Power Solution Private Limited, Lubi Industries LLP, Suzlon Energy Limited, TMEIC Industrial Systems India Private Limited, and Transfix India Private Limited, many of whom have been longstanding customers.

Among the hundreds of customers served each year, there is a high level of repeat business, which helps reduce dependence on individual customers and de-risk revenue streams. The table below outlines revenue from repeat customers –

	FY22	FY23	FY24	H1FY25
No. of repeat customers	266	280	317	303
Total no. of customers	390	453	476	373
Revenue from repeat customers (in INR mn)	8,426	8,391	10,544	7,250
Revenues from repeat customers as % of total revenue from operations	92%	83%	89%	96%

Strength:

- **Among the Top 5 Manufacturers in the Copper and Aluminium Winding Wire Industry in India**

  The company ranks as the 4th largest manufacturer in India in the copper and aluminium winding wire industry in terms of total installed capacity. The current installed capacity stands at 19,680 MT per annum. In FY 24, the company held a market share of approximately 5.9% in the Indian copper and aluminium wire industry (Source: CareEdge report). Various products of winding wire are manufactured using copper and aluminium as base materials, catering to multiple industries across various applications. Operating facilities are located in Anand, Gujarat, offering logistical advantages through proximity to several major sea ports, which are used for both exporting products and importing raw materials.

  Since incorporation in 1981, the business has expanded its operations and product offerings, establishing a strong position in the copper and aluminium wire industry. Capacity utilization has improved from 65.80% in Fiscal 2022 to 91.22% during the 6-month period ending September 30, 2024. Production volumes have grown by 26.98% over the last 3 fiscals, from 12,147 MT in Fiscal 2022 to 15,424 MT in Fiscal 2024.

- **De-Risked Business Model with a Broad Customer Base, Diversified Product Portfolio, and Multiple End-User Industries**

  In the six months ending September 30, 2024, and the last 3 fiscals, products were sold to over 370 customers, including more than 40 international customers in over 20 countries across 5 continents, including the United States of America, Saudi Arabia, UAE, Australia, Canada, Egypt, Singapore, and others. No single customer contributed over 9% of annual revenues, effectively de-risking the business model from dependence on a limited number of customers and insulating revenue potential due to the broad customer base.

  The current product portfolio includes approximately 13 wire product offerings across 5 major product categories in 2 metals—copper and aluminium—which provides the opportunity to serve a wider set of customers and various applications. The company manufactures over 6,400 SKUs of copper and aluminium winding wires, with sizes ranging from as thin as 0.07 mm to as thick as 25 mm, catering to the multiple needs of customers.

The product portfolio serves a wide range of end-user industries, including but not limited to Power & Transmission, Automotive, General Engineering, Electrical, Renewables & EV, and Consumer Durables. Some of the common applications of these products are presented below –

Main Product	Sub Products	End Use
Enamelled Copper Winding Wires	Enamelled Copper Winding Wires	Electrical motors, Transformers, Switchgear, Consumer & Industrial Electronics, Auto Electrical, Consumer appliances like refrigerators, air conditioners, fans Windmills, Generators, Electric vehicles, Pumps etc.
	Enamelled Copper Rectangular Strips	Transformers, motors, generators, etc.
	Fibre Glass Covered Copper	Applications involving high heat, such as electric motors, transformers, generators, etc.
Paper Insulated Copper Conductors	Paper Insulated Copper wire/strip	Oil-filled power and distribution transformers, dry-type transformers, high tension motors and windmill generators.
	Twin/Triple Bunched Paper Insulated Copper Strips	Transformer windings, electrical generators, etc.
	Cotton Covered Ropes	Instrument transformers, welding transformers, auto stats etc.
Aluminium Paper Covered Strips	Aluminium Paper Covered Strips	Oil-filled power and distribution transformers, dry-type transformers, inverter duty transformers, high tension motors and Windmill generators.
PV Ribbon	PV Ribbon	solar photovoltaic modules
	PV Busbar	Solar modules
Copper Busbar & Bare Copper Conductors	Copper Busbar	Power transmission, switchgear, electric panels, etc.
	Bare Copper Strips/ Conductor	Electrical Conductors, Switch Terminals, Current Transformer & Potential Transformers, Switchgears, Transformers, Automobile, Motors etc.
	Bunched Copper Ropes/ Earthing Cables	Power Distribution, Telecommunications, Mining, Railways, Wires and Cables etc.
	Bare Copper Wires	Electricals, Wire and Cable Industry, Submersible wire etc.

The diversified product portfolio, broad customer base across multiple end-user industries, and varied customer profiles reduce dependence on any single segment, providing a natural hedge against market instability in any particular industry.

- **Backward Integration, Quality Control, and Sustainability Initiatives**

One of the primary raw materials used is copper rods, which are derived from copper cathodes. To ensure consistency and maintain control over both the quality and supply of this raw material, the company has implemented backward integration by establishing a manufacturing facility to produce oxygen-free copper rods from copper cathodes. These in-house produced rods are then used to manufacture the final products. During the six-month period ending September 30, 2024, and the last 3 fiscals, approximately 35%-40% of the copper rods required were manufactured in-house from copper cathodes, with the remaining quantity sourced from external suppliers.

The manufacturing facilities are accredited with quality management system certifications. The products are also compliant with various quality standards, including the Bureau of Indian Standards. The company is a pre-approved supplier with the Research Design and Standards Organisation under the Ministry of Railways, Power Grid Corporation of India Limited, NTPC Limited, and BHEL.

The company has integrated, and continues to further integrate, an ESG approach into business operations. Enameling machines with catalytic converters and inline wire drawing machines have been installed to reduce energy consumption and emissions, supported by HVAC systems in operations. Over the last 3 fiscals, more than 26% of the total power requirements have been sourced from captive renewable sources such as solar and wind energy. The total installed capacity of the current solar plant is 343 KW. Additionally, the company owns a 2000 KW windmill in the Rajkot district, which provides renewable power at lower rates for operations. The company is also entitled to carbon credits.

An experienced quality control team, consisting of 18 members, ensures the inspection of raw materials and finished products and addresses customer requirements as needed, enabling the company to manufacture products in line with customer specifications. Additionally, product samples are periodically tested at NABL accredited laboratories to validate and compare the results obtained from in-house testing.

- **Our Presence in a Strategically Located Region** The company's manufacturing units are located in Anand, Gujarat, providing the advantage of access to several sea ports in Gujarat for the import and export of materials. Ports such as Hazira and Mundra are primarily used for exporting products and importing raw materials.

  While products are sold to customers across various states in India, the majority of revenue is generated from Gujarat and Maharashtra, which accounted for 73.54%, 69.45%, 65.54%, and 72.18% of revenue from operations in the six-month period ending September 30, 2024, and in Fiscals 2024, 2023, and 2022, respectively.

  According to CareEdge report a significant portion of copper and aluminium winding wires is manufactured in the western region of India. In Maharashtra and Gujarat, the production value of Enamel Copper Winding Wire, Enamel Copper Strips, Paper Covered Copper and Aluminium Conductors, Bare Copper Wires, Bunch Copper Wires, Copper PV Ribbon, and Copper Busbars accounts for approximately 27%-35% of the total production value of these products in India. By volume, Maharashtra and Gujarat represent about 22%-34% of the production volume of these products in India. Additionally, the consumption of these products in Maharashtra and Gujarat constitutes 18%-31% of the total consumption value and 23%-34% of the total consumption volume of these products in India.

  Moreover, the aluminium industry is the leading consumer of bauxite, the primary raw material used in aluminium production. Gujarat is the 3rd largest producer of bauxite in India, contributing 7% of total production, and Maharashtra also contributes to bauxite production.

  While the company has a strong presence in Gujarat, expanding connections and operations further in the western region of India is expected to provide greater opportunities, better exposure to potential customers, and a stronger position in the copper and aluminium wire industry.

- **Diversified Customer Base and Long-Lasting Relationships with Customers and Suppliers**

  With over decades of interactions with both customers and suppliers, the company has gained a deep understanding of the domestic and international markets. This knowledge has shaped product development, enabling the creation of a diverse portfolio that meets a wide range of customer needs. The product portfolio includes a variety of winding wires and strips, with many customers purchasing multiple products.

With more than four decades in the copper wire manufacturing business, the company has served—and will continue to serve—a diverse customer base across various end-user industries. Key customers include Adani Wilmar Limited, Schneider Electric Infrastructure Limited, Transformers & Rectifiers (India) Limited, Electrotherm India Limited, Suzlon Energy Limited, TMEIC Industrial Systems India Private Limited, Atlanta Electricals Private Limited, Hammond Power Solution Private Limited, Lubi Industries LLP, and Transfix India Private Limited. Several of these key customers have been with the company for years.

The company also benefits from a high level of repeat customers, reducing dependence on individual clients and de-risking revenues. For example, products were sold to 373, 476, 453, and 390 customers in the six-month period ending September 30, 2024, and in Fiscals 2024, 2023, and 2022, respectively. Of these, 303, 317, 280, and 266 customers, respectively, were repeat customers. In terms of value, repeat customers contributed 96.46%, 89.29%, 83.20%, and 92.36% of revenue from operations during the six-month period ending September 30, 2024, and in Fiscals 2024, 2023, and 2022, respectively.

The company has sold products in 20 states and union territories across India. Exports have contributed 10.08%, 13.70%, 18.51%, and 14.72% of revenue from operations during the six-month period ending September 30, 2024, and in the last 3 fiscals. These exports were made to over 40 customers across more than 20 countries, spanning 5 continents, including the United States of America, Saudi Arabia, UAE, Australia, Canada, Egypt, Singapore, and others. The company is a UL-approved manufacturer, allowing for the export of enameled copper wire (also known as magnet wire) to the United States.

The company meets its raw material requirements through a balanced mix of imports and local procurement. Long-standing relationships have been established with major suppliers of copper and aluminium, including Vedanta Limited, Marubeni Corporation, Union Copper Rod, Hindalco Industries Ltd., Bharat Aluminium Company Ltd., and Ducab Metals LLC, from whom the company has been sourcing the majority of raw materials for years.

Strategies

- **Increasing capacity through the proposed manufacturing facility, widen product portfolio and capture additional market share**

  The company intends to, and is in the process of, expanding its manufacturing capacities to meet the growing demand for existing and new products from both current and new customers. Upon commissioning of the proposed project, the total installed capacity will increase by 18,000 MT, from the current 19,680 MT to 37,680 MT. The company will continue to explore expansion opportunities across existing and new product lines.

  The company is currently the 4th largest manufacturer in India in the copper and aluminium winding wire industry, in terms of total installed capacity. After the proposed project is completed at its subsidiary, the company will become the 3rd largest manufacturer in India on the same basis. While the company currently manufactures over 6,500 SKUs, the proposed project will introduce several new SKUs, including Copper Foils, Copper Components, Continuously Transposed Copper Conductors, PV Round Ribbon, Solar Cables, Multi Paper Covered Copper Conductors, Enameled Aluminium Winding Wires, and Enameled Aluminium Rectangular Strips. Post-implementation of the proposed project, the company's product portfolio will expand to approximately 20 products for both existing and new customers.

  As of FY24, the company holds a market share of approximately 5.9% in the Indian copper and aluminium wire industry, which is expected to grow to 11.3% after the proposed expansion. The company plans to increase sales to its current end-user industries and also explore new industries to further enhance market share and capture a higher share of wallet from customers. Key growth sectors targeted include renewable energy sectors such as solar and wind power, transformers for AI data centers, inverter duty transformers, power transformers, and electric vehicles.

  The company seeks to expand its customer base and leverage the new additional capacity to develop new products for these growing sectors. Ongoing efforts will focus on increasing revenue from both existing and new customers by broadening the product range and introducing new products that are aligned with customer needs.

- **Focus on Upcoming Sectors like Renewable Energy and EV Sectors**

As per CareEdge report, the rapid growth of electric vehicles (EVs) has significantly boosted demand for enameled copper wire, as it plays a crucial role in the motors and battery systems of these advanced vehicles.

India aims to achieve a non-fossil fuel-based installed power generation capacity of approximately 50% (500 GW) by 2030. As part of this goal, in April 2023, the Government of India announced plans to invite bids for 50 GW of renewable energy capacity annually for the next five years (up to FY28), to meet COP26 targets of 500 GW of electricity capacity from non-fossil fuels by 2030. Additionally, the domestic production of solar modules is expected to rise due to government initiatives such as the PLI scheme, which will reduce dependency on imports for critical components, addressing supply chain challenges and lowering the capital costs of solar power projects. According to the National Electricity Plan Vol-1 (March 2023), 186 GW of installed solar power capacity is projected by FY27 and 365 GW by FY32. These efforts aim to achieve the ambitious target of 500 GW in renewable capacity by 2030, with India seeking to fulfill nearly half of its electricity requirements from renewable energy sources by 2030.

The company generated 7.60%, 7.68%, 7.04%, and 6.68% of our revenues from the Renewables and EV industry during the six-month period ending September 30, 2024, and in Fiscals 2024, 2023, and 2022, respectively. VWL's existing products, such as PV Ribbon and Paper Insulated Copper Wire/Strip, are essential components of solar modules, windmills, and inverter-duty transformers. Similarly, Enameled Copper Winding Wires and Strips are integral to the EV industry.

India possesses a solar potential of 749 GW, with an installed capacity of 81.8 GW in FY24. The installed capacity is only about 11% of the potential, highlighting a substantial untapped opportunity.

Further, with government initiatives like subsidy programs and the growing shift towards electric vehicles, we foresee strong growth in the Renewables and EV sectors. As part of our growth strategy, in addition to augmenting revenue from current products serving these industries, we are strategically expanding our production through the introduction of new products in the proposed project. These include Solar Cables, PV Round Ribbon, and Enameled Copper Rectangular Strips for EV motors.

- **Expanding our geographical footprint**
  Historically, the company has been exporting 10-18% of its total revenues in the six months ended September 30, 2024, and in the last three fiscals. With the increased capacity, the company intends to augment the share of exports to 25% of the increased revenues by selling a greater variety of its current and proposed products to international customers, further diversifying the customer base and market reach. The company believes it is well-positioned to benefit from the global shift of manufacturing from the Chinese market to the Indian market. The company plans to continue expanding export revenues to more countries as well as deepen its presence in the countries where it already sells. The company may also consider establishing an international presence through an operating or marketing set-up on a long-term or permanent basis. The company believes that its current access to various ports in the western region will help facilitate smoother operations, easier access to raw materials, more convenient logistics, and future growth.

  With rapid industrialization and a surge in exports across various sectors, an increase in demand is expected for transformers, renewable energy products such as solar panels, wind turbines, and electric vehicles. The government's initiatives in the energy sector align with the company's product offerings, which already cater to these areas. This strong governmental support is poised to drive significant growth for the company as it expands in these high-demand markets.

- **Continue to Focus on Enhancing Sustainability Initiatives and Efficiency**

  Copper plays a crucial role in facilitating the transition to a low-carbon economy, particularly through its essential contributions to constructing renewable energy infrastructure and electric vehicle (EV) components. The adoption of green technologies will boost the demand for copper.

  The copper and aluminium industries are focusing on shifting to renewable energy systems such as solar panels and wind turbines. The global transition towards green technologies and the push to reduce carbon footprints will result in the increased use of renewable energy sources, facilitating growth in both industries.

  India has strong wind potential, with approximately 302 GW at 100m and around 695 GW at 120m. The wind potential is mainly concentrated in the top seven windy states, including Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, and Tamil Nadu. Comparing the installed capacity of wind to the potential, it stands at only 5%, indicating India’s huge untapped potential.

  Under the company’s focus on environmental and sustainability initiatives, solar power plants are already installed over the factory buildings in its manufacturing facilities. The company is focusing on further adding renewable power sources for its growing operations, particularly through additional solar power in the proposed project. In addition to saving power costs, this furthers the company’s contribution to reducing its carbon footprint and promoting environmental conservation.

  Furthermore, in the proposed project, the company aims to install newer models of some of the machines currently operated in its manufacturing units. These newer models will not only offer better efficiency but will also consume fewer resources, helping conserve natural resources and reduce costs.

Peer compairson

Exhibit 1: Revenue from Operations of Major Companies (Consolidated FY22 to FY24)

Company Name	Revenue from Operations (Rs. Million)			Revenue from Operations CAGR, FY2022 – FY2024
	FY2022	FY2023	FY2024	
Vidya Wires	9,126	10,114	11,861	9.13%
Precision Wires	26,901	30,555	33,210	7.28%
Ram Ratna Wires	23,003	26,567	29,987	9.24%
GK Winding Wire	5,252	7,299	NA	NA

Source: DRHP, AceEquity

Exhibit 2: EBITDA of Major Companies (Consolidated FY22 to FY24)

Company Name	EBITDA (Rs. Million)			EBITDA Margin (%)			EBITDA CAGR, FY2022 – FY2024
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	
Vidya Wires	310	358	455	3.40%	3.54%	3.84%	13.64%
Precision Wires	1,243	1,284	1,533	4.62%	4.20%	4.62%	7.24%
Ram Ratna Wires	1,166	1161.1	1346.3	5.07%	4.37%	4.49%	4.90%
GK Winding Wire	288.3	336.9	NA	5.49%	4.62%	NA	NA

Source: DRHP, AceEquity

Exhibit 3: Balance sheet details Major Companies (Consolidated FY22 to FY24)

Company Name	Net Debt (Rs. Million)			Debt Equity Ratio			Net Debt/ EBITDA		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Vidya Wires	131	106	156	0.1	0.1	0.1	0.4	0.3	0.3
Precision Wires	225	162	986	0.1	-	0.2	0.2	0.1	0.6
Ram Ratna Wires	2,693	2,659	2,276	1.0	0.9	0.6	2.3	2.3	1.7
GK Winding Wire	312	451	NA	0.3	0.4	NA	1.1	1.3	NA

Source: DRHP, AceEquity

Exhibit 4: ROE and Working Capital Days of Major Companies (Consolidated FY22 to FY24)

Company Name	Return on Net Worth			Working Capital Days (No. of days)		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Vidya Wires	25.20%	24.10%	22.80%	58	50	48
Precision Wires	18.50%	14.60%	15.20%	7	10	10
Ram Ratna Wires	23.00%	16.10%	15.10%	51	38	28.1
GK Winding Wire	13.90%	12.40%	NA	27	22	NA

Source: DRHP, AceEquity

Exhibit 5: Major events and milestones

CalendarYear	Particulars
1982	Incorporation of our Company and establishment of Unit 1 at Anand
1993	Expanded production capacity of Enamelled copper wire to 500 MT p.a.
1997	Recorded first year of export
2004	Started factory at Dadra (UT) Bhagwat Wire with a capacity of 2000 MT p.a.
2008	Company started Unit 2 at Anand
2012	Company started Unit 3 at Anand
2015	Capacity enhanced to 12,000 MT p.a. located at Anand Unit 3 for all copper products
2022	Formation of subsidiary, i.e., ALCU Industries Private Limited
2023	Recorded sales of ₹1,000 crores

Source:Company

Offer details

Exhibit 6: Offer size

Offer of Equity Shares* [1][2]	Up to [●] Equity Shares of face value ₹ 1 each, aggregating up to ₹ [●] million
of which:	
(i) Fresh Issue [1]	Up to [●] Equity Shares of face value ₹ 1 each, aggregating up to ₹ 3,200 million
(ii) Offer for Sale [2]	Up to 10,000,000 Equity Shares of face value ₹ 1 each, aggregating up to ₹ [●] million by the Promoter Selling Shareholders
Of which	
A) QIB Portion [3][4][6]	Not more than [●] Equity Shares of face value ₹ 1 each
B) Non-Institutional Portion	Notless than [●] Equity Shares of face value ₹ 1 each, aggregating up to ₹ [●] million
C) Retail Portion	Not [●] Equity Shares of face value ₹ 1 each, aggregating up to ₹ [●] million

Source: DRHP

Exhibit 7: Objects of the Offer

Objects	Estimated Amount [1]
Investment in ALCU for funding capital expenditure requirements for setting up new project	1,400.00
Repayment/prepayment, in full or part, of all or certain outstanding borrowings availed by our Company	1,000.00
General corporate purposes [1]	[●]
Net Proceeds [1]	[●]

Source: DRHP

Shareholding

Exhibit 8: Shareholders holding 1% or more of the paid-up Equity Share capital

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital on a fully diluted basis (%)
1.	Shyamsundar Rathi	7,10,10,000	44.38
2.	Shailesh Rathi	7,59,90,000	47.49
3.	Brijata S. Rathi	71,90,000	4.49
4.	Shyamsunder Rathi (HUF)	24,00,000	1.50
5.	Shailesh Rathi (HUF)	20,00,000	1.25
	Total	**15,90,50,000**	**99.40**

Source: DRHP

Risks

- Continued operations at the company's manufacturing facilities are critical to its business. Any disruption, breakdown, or shutdown of these facilities could have a material adverse effect on its business, financial condition, operational results, and cash flows.
- The company is heavily dependent on the performance of the winding wires market, and any adverse changes in the conditions affecting this market could negatively impact its business, financial condition, operational results, cash flows, and prospects.
- The company does not have long-term definitive agreements for the supply of products or raw materials with most of its customers or suppliers. Failure to effectively leverage its supplier and customer relationships and network could negatively impact its operations.
- The company relies on its top 10 suppliers for the majority of its raw material supplies, and any dispute with these suppliers could result in interruptions in the supply of raw materials.
- The company's revenue is concentrated in western India and the industrial segments, and any slowdown in these regions or sectors could impact its business.
- If the company is unable to accurately forecast customer demand for its products, it may face challenges in maintaining optimum inventory levels, including raw materials, which could strain its resources. Failure to maintain optimal inventory levels could adversely affect its business, financial condition, operational results, and cash flow.
- Significant increases or fluctuations in the prices of, or shortages or disruptions in the supply of, primary raw materials could impact the company's estimated costs, expenditures, and timelines, potentially having a material adverse effect on its business, financial condition, operational results, and cash flows.

Exhibit 9: Key Managerial Personnel

Name	Designation	Remarks
Shyamsundar Rathi	C.M.D	He holds a bachelor's degree in commerce (honours) from Umeschandra College, Kolkata. With over 43 years of experience in the wires and cables industry, he has been associated with the company since its inception. In the past, he served as the president of the Federation of Association of Small Industries of India, where he was felicitated for his leadership in 2010. He has also received awards for "Exemplary Leadership in Business and Entrepreneurship" from the Vitthal Udyognagar Industries Association and for "Commendable Service to the Micro & Small Enterprises Sector" from the Federation of Association of Small Industries of India.
Shailesh Rathi	M.D	He holds a bachelor's degree in engineering (Electrical) from Sardar Patel University and has over 14 years of experience in the wires and cables industry. He has been associated with the company since January 18, 2010.
Naveen Pachisia	Chief Financial Officer	He holds a bachelor's degree in commerce and a master's degree in business administration from Nagpur University. With over 15 years of experience in finance and accounting, he previously worked with Yasmeen Food Central Market Co. and Fu-com Central Markets Co. He joined the company on November 19, 2024. As his appointment occurred late in Fiscal 2024, he did not receive any remuneration for that fiscal year.
Alpesh Makwana	Company Secretary and Compliance Officer	He holds a bachelor's degree in commer7ce from Saurashtra University, a bachelor's degree in law, a master's degree in commerce, and a master's degree in law from the Maharaja Sayajirao University of Baroda. He is an associate member of the Institute of Company Secretaries of India and has approximately 8 years of experience in secretarial compliance. Before joining the company, he worked with Chemcrux Enterprises Limited, Ami Organics Limited, PNR Industries Limited, and Bigbloc Construction Limited. He joined the company on August 29, 2024. As his appointment occurred during the latter part of Fiscal 2024, he did not receive any remuneration for that fiscal year.

Financial Summary

Exhibit 10: Profit & Loss Account **(Rs mn)**

Year-end: March	FY22	FY23	FY24	6MFY25
Net sales	**9,126**	**10,114**	**11,861**	**7,544**
Change (yoy, %)	-	*10.8*	*17.3*	*(36.4)*
Operating expenses	(8,816)	(9,756)	(11,406)	(7,256)
EBITDA	**310**	**358**	**455**	**288**
Change (yoy, %)	*nm*	*15.5*	*27.0*	*(36.7)*
Margin (%)	*3.4*	*3.5*	*3.8*	*3.8*
Depreciation	(22)	(27)	(27)	(14)
EBIT	**288**	**331**	**428**	**274**
Interest paid	(68)	(83)	(109)	(59)
Other income	44	43	24	12
Pre-tax profit	**264**	**290**	**343**	**227**
Tax	(67)	(75)	(86)	(52)
Effective tax rate (%)	*25.3*	*26.0*	*25.1*	*23.0*
Minority Interest	-	-	-	-
Net profit	**197**	**215**	**257**	**175**
Exceptional items	-	-	-	-
Adjusted net profit	**197**	**215**	**257**	**175**
Change (yoy, %)	*nm*	*9.0*	*19.5*	*(32.0)*
EPS	1.2	1.3	1.6	1.1

Exhibit 11: Balance Sheet (Rs mn)

Year-end: March	FY22	FY23	FY24	6MFY25
Shareholders' funds	783	999	1,255	1,430
Share capital	40	40	40	40
Reserves & surplus	743	959	1,215	1,390
Total Debt	**131**	**106**	**156**	**152**
Other liabilities	18	27	27	22
Curr Liab & prov	**1,176**	**956**	**1,041**	**1,673**
Current liabilities	1,172	953	1,038	1,655
Provisions	4	4	3	18
Total liabilities	**1,324**	**1,090**	**1,223**	**1,847**
Total equity & liabilities	**2,107**	**2,091**	**2,478**	**3,277**
Net fixed assets	325	380	398	390
Investments	**0**	**0**	**0**	**-**
Other non-curr assets	7	7	8	8
Current assets	**1,776**	**1,703**	**2,073**	**2,879**
Inventories	595	589	755	737
Sundry Debtors	929	872	881	1,360
Cash & Liquid	35	10	6	3
Other Curr Assets	218	233	431	779
Total assets	**2,107**	**2,091**	**2,478**	**3,277**

Exhibit 12: Cash Flow Statement **(Rs mn)**

Year-end: March	FY22	FY23	FY24	6MFY25
Pre-tax profit	264	290	343	227
Depreciation	22	27	27	14
Tax paid	(59)	(59)	(84)	(48)
Chg in working capital	(329)	75	(177)	(445)
Other operating activities	(57)	41	(88)	(203)
Cash flow from operations (a)	**(159)**	**375**	**22**	**(455)**
Capital expenditure	(57)	(83)	(44)	(6)
Chg in investments	-	-	-	-
Other investing activities	(1)	2	1	0
Cash flow from investing (b)	**(81)**	**(56)**	**(37)**	**(6)**
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	308	(235)	126	518
Dividend (incl. tax)	-	-	-	(59)
Chg in minorities	-	-	-	-
Other financing activities	(68)	(83)	(109)	-
Cash flow from financing (c)	**240**	**(318)**	**17**	**459**
Net chg in cash (a+b+c)	**0**	**0**	**2**	**(2)**

Exhibit 13: Financial Ratios

Year-end: March	FY22	FY23	FY24	6MFY25
Book Value (Rs)	4.9	6	8	9
Adj EPS (Rs)	*nm*	*1.3*	*1.6*	*1.1*
Adj EPS growth (%)	*nm*	*9*	*20*	*-32*
EBITDA margin (%)	*3.4*	*3.5*	*3.8*	*3.8*
Pre-tax margin (%)	*2.9*	*2.9*	*2.9*	*3.0*
Net Debt/Equity (x)	*0.1*	*0.1*	*0.1*	*0.1*
ROCE (%)	*31.0*	*32*	*33*	*18*
ROE (%)	*25.2*	*24*	*23*	*13*
DuPont Analysis				
Asset turnover (x)	4.3	4.8	5.2	2.6
Leverage factor (x)	2.7	2.4	2.0	2.1
Net margin (%)	*2.2*	*2.1*	*2.2*	*2.3*
Working Capital & Liquidity ratio				
Inventory days	24	21	23	36
Receivable days	37	31	27	66
Payable days	3	2	2	8

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