



Sector: Steel - Large

Issue Opens - February 13, 2024 to February 15, 2024

Price Band
₹141 to ₹151

Face Value
₹10

Lot Size
99 Shares

Issue Size
₹72.17 Cr

Issue Type
Book Built

research@ganeshstock.com

Important Events



Issue Size

aggregating up to ₹72.17 Cr

Fresh Issue

aggregating up to ₹72.17 Cr

Offer for Sale

N/A

Basis of Allotment

Friday, February 16, 2024

Initiation of Refunds

Monday, February 19, 2024

Credit of Shares to Demat

Monday, February 19, 2024

Vibhor Steel Tubes Listing Date

Tuesday, February 20, 2024

Promoters

- **Mr. Vijay Kaushik (Chairman cum Executive Director)**
- **Mr. Vibhor Kaushik (Managing Director)**
- **Ms. Vijay Laxmi Kaushik (Whole-time Director)**
- **Ms. Pratima Sandhir (IWhole-time Director)**

Promoters collectively hold 98.24% (Pre Issue) of the Equity Share.

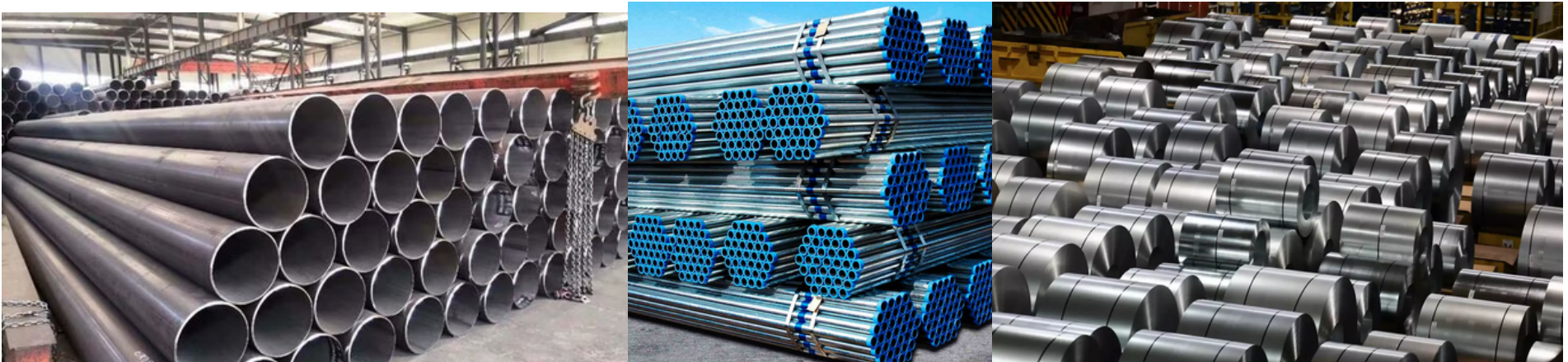
About The Company.



Vibhor Steel Tubes Limited has been making pipes and tubes for 20 years, becoming a key player in India's heavy engineering industry. Their products are used domestically and internationally for various purposes, from making bicycle frames to building structures. They've partnered with Jindal Pipes Limited for a big, long-lasting contract, and their team of 627 experts ensures top-notch quality. With three experienced entrepreneurs at the helm, Vibhor Steel Tubes is leading the way in India's steel pipe industry.

Description of Their Business

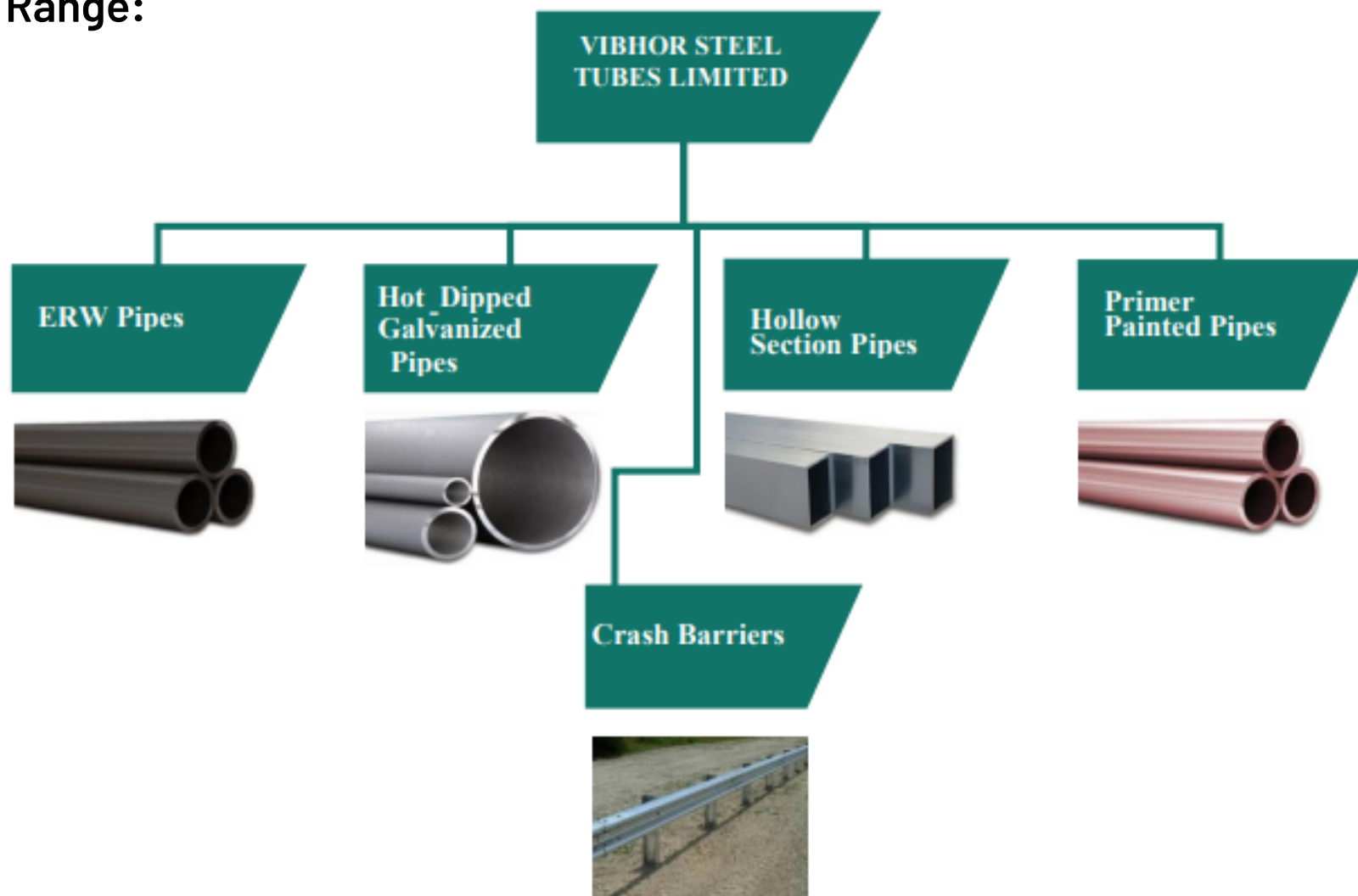
The company, originally known as 'Vibhor Steel Tubes Private Limited', is now Vibhor Steel Tubes Limited. They specialize in manufacturing and exporting Mild Steel/Carbon Steel ERW Black and Galvanized Pipes, Hollow Steel Pipes, and Cold Rolled Steel (CR) Strips/Coils. With over two decades of experience, they supply steel pipes and tubes to various heavy engineering industries in India. Their products have diverse applications, including frames, shafts, bicycle frames, furniture, shock absorbers, and various structural and engineering purposes. They offer a wide range of steel pipes and tubes in different shapes and sizes, including square, round, rectangular, elliptical, or any other special shape as per customer specifications.





They employ a dedicated in-house quality team of 627 members across various locations, supervised by our board of directors. This team meticulously tests both raw materials and finished products to ensure compliance with international standards. Their promoters, Mr. Vijay Kaushik, Mr. Vibhor Kaushik, and Mrs. Vijay Laxmi Kaushik, are first-generation entrepreneurs with an average of thirty years of experience in the mild steel and stainless steel welded pipes and tubes industry. They bring expertise in marketing, procurement, finance, accounting, and customer relationship management.

Product Range:



Objects of The Offer



The company proposes to utilise the Net Proceeds towards funding the following objects:

1. Funding of working capital requirements of the company; and
2. General corporate purposes.

Track Record Of Financial Performance

Operating and Financial Metrics

(in ₹ lakhs, except percentages and ratios)

Key Financial Performance	For the year ended March 31 st		
	2022-2023	2021-2022	2020-2021
Revenue from operations ⁽¹⁾	1,11,311.90	81,799.60	51,046.68
Total Income ⁽²⁾	1,11,437.82	81,848.07	51,150.97
EBITDA ⁽³⁾	4,684.44	3,018.11	1,991.75
EBITDA Margin ⁽⁴⁾	4.21%	3.69%	3.90%
PAT	2,106.62	1,133.11	68.83
PAT Margin ⁽⁵⁾	1.89%	1.39%	0.13%
Operating cash flow	702.73	-3,454.93	4,542.00
Net worth ⁽⁶⁾	9,319.79	7,197.29	6,048.99
Net Debt ⁽⁷⁾	12,682.52	10,606.57	5,874.40
Debt Equity Ratio ⁽⁸⁾	1.63	1.77	1.23
ROCE (%) ⁽⁹⁾	16.48%	12.09%	9.90%
ROE (%) ⁽¹⁰⁾	25.51%	17.11%	1.14%

Particulars	Fiscal 2022 (In Lakhs)	Fiscal 2021 (In Lakhs)	% Increase/(decrease)
Revenue from Operations	81,799.60	51,046.68	60.24%
Other Income	48.46	104.29	(53.53)%
Total Revenue	81,848.07	51,150.97	60.01%
Domestic Sale	77,785.99	48,687.80	59.76%
Export Sale	3,160.25	1,855.22	70.34%
Job Work charges	815.83	441.03	84.98%
Total	81,762.07	50,984.05	60.37%

Reasons for lower profit after tax in FY21 as compared to FY22 and FY23. The reason for lower profit was decrease in sales due to restrictions imposed by the World and Government of India because of COVID 19. After FY 2021, we are back to the normal business cycle and our revenue has also increased accordingly.

Top 10 customers:**Fiscal 2023**

(Rs. In Lakhs)

Name of the Customer	Amount
JINDAL PIPES LTD	1,03,142.18
G.B.M. BUILDING EQUIPMENTS SRL	666.84
DE WIT BOUWMACHINES B.V	665.55
MACRO METAL HANDELSGESELLSCHAFT MBH	406.13
KRUTHIKA TRADERS	386.55
VIBHOR STEEL TUBES (P) LTD.	377.60
MAHARASHTRA SEAMLESS LIMITED (JW)	364.61
MICK D.O.O	263.90
UNITED TRADERS	219.58
BANSAL PIPE CO	190.91

Statement of Profit and loss

(in ₹ lakhs, except percentages and ratios)

Particulars	Annexure	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021
Revenue:				
I. Revenue from Operations (Net)	28	1,11,311.90	81,799.60	51,046.68
II. Other income	29	125.92	48.46	104.29
III. Total revenue (I+II)		1,11,437.82	81,848.07	51,150.97
IV. Expenses:				
Cost of Raw material consumed	30	1,06,510.20	75,177.24	41,734.66
Changes in inventories of finished goods	31	(5,225.42)	(667.64)	3,633.04
Employee benefit expenses	32	1,751.66	1,497.60	1,361.40
Finance costs	33	1,225.57	869.80	917.29
Depreciation and Amortization	34	636.51	612.09	658.46
Other expenses	35	3,716.94	2,822.77	2,430.12
Total Expenses (IV)		1,08,615.46	80,311.85	50,734.97



Restated Profit before Taxes (V)=(III)-(IV)		2,822.36	1,536.22	416.00
VI. Tax Expense				
(a) Current Tax	36	723.13	420.34	171.17
(b) Deferred taxes expense/(credit)	21	(7.39)	(17.24)	176.00
Restated Profit for the period/ year (VII)= (V)-(VI)		2,106.62	1,133.11	68.83
VIII. Other Comprehensive Income (OCI)				
(a) Items that will not to be reclassified to profit and loss:				
(i) Remeasurement gain/ (loss) on defined benefit obligation	37	14.39	20.28	-
(ii) Income Tax relating to items that will not be reclassified to profit and loss	37	1.48	(5.11)	-
Restated Total Comprehensive Income for the period (IX) (VII+VIII)		2,122.50	1,148.30	68.83
Restated Earnings per Equity Share (Face Value: Rupees 10)				
- Basic		14.85	7.99	0.49
- Diluted		14.85	7.99	0.49



Strengths

- The company collaborates with Jindal Pipes Limited and operates strategically located manufacturing units.
- With experienced promoters and a senior management team, they sell their products under the brand name "Jindal Star."
- Their well-developed distribution and marketing network are major strengths.
- Additionally, the company demonstrates strong financial performance,
- supported by its experienced promoters and professional senior management team.

Threats

- The company is exposed to risk arising from the increase in input cost, which can impact the business's profitability.
- The company operates in an industry which is filled with intense competition from organised and unorganised players. This can impact the result of operations.



Valuation and Outlook

The cost of the shares is expected to be between ₹141 to ₹151 per share. If we look at the valuation, Vibhor Steel Tubes has a P/E ratio of 10.16x which is calculated using a price above ₹151 and an FY23 EPS of Rs 14.85. while the industry P/E is 45.39x.

Peers Analysis.

Particulars	Total income (Rs. in Lakhs)	Face Value (Rs.)	EPS Basic (Rs.)	EPS Diluted (Rs.)	P/E Ratio ⁽²⁾	RON (%) ⁽⁴⁾	NAV Per Share (Rs.) ⁽⁵⁾
The Issuer Company							
Vibhor Steel Tubes Limited	1,11,437.82	10	14.85	14.85	[●]	22.60	65.71
Listed peers							
APL Apollo Tubes Limited	16,21,313.00	2	23.15	23.14	70.39	21.36	108.37
Hi-Tech Pipes Limited	2,38,810.94	1	3.06	2.18	27.66	9.01	32.71
Goodluck India Limited	3,08,680.16	2	33.31	33.31	17.82	14.16	227.47
Rama Steel Tubes Limited	1,33,675.42	1	1.22	1.16	28.93	10.97	5.37

The company's issue is priced at 2.10 times its Net Asset Value (NAV) as of September 30, 2023, with a PE ratio of 13 based on its FY24 earnings, indicating strong performance. Its strengths include a partnership with Jindal Pipes, strategic manufacturing units, international certifications, successful exports, and solid financial performance.

We recommend long-term investment due to its key supplier status to Jindal Pipes Ltd. and growth in revenue and profit. The issue appears appropriately priced based on FY24 earnings, making it suitable for medium-term investment by informed investors.



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