



Vraj Iron And Steel Limited

Vraj Iron and Steel Ltd.

Issue Opens On
June 26 2024

Issue Closes On
June 28 2024

Price Band (INR)
195 – 207

Issue Size (INR Mn)
1,611-1710

Rating
SUBSCRIBE

Vraj Iron and Steel Limited specializes in the production of Sponge Iron, M.S. Billets, and TMT bars under the Vraj brand. The company operates two manufacturing facilities spanning 52.93 acres in Raipur and Bilaspur, Chhattisgarh. As of December 31, 2023, the combined installed capacity of these plants amounts to 231,600 tons per annum, encompassing both intermediate and final products. The company's product lineup includes Sponge Iron, TMT Bars, MS Billets, and ancillary products like Dolochar, Pellets, and Pig Iron. These offerings cater to a diverse clientele comprising industrial customers and end-users. Vraj Iron and Steel distributes its products directly and through a network of brokers and dealers.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	8.26
Fresh issue (# shares) (Mn)	8.26
Offer for sale (# shares) (Mn)	NA
Price band (INR)	195 – 207
Post issue MCAP (INR Mn)	6,432– 6827

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	Friday 28 th June 2024
Finalization of Basis of Allotment with Stock Exchange	On or about 01 st Jul' 24
Initiation of Refunds	On or about 02 nd Jul' 24
Credit of Equity Shares to Demat accounts	On or about 02 nd Jul' 24
Commencement of Trading of Eq.shares on NSE	On or about 03 rd Jul' 24

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	4,130,435	855	50%
NIB	1,239,131	257	15%
Retail	2,891,305	599	35%
Net Offer	8,260,870	1,710	100%

Source: IPO Prospectus

Objects of the Offer

- 1.Funding for Capital Expenditure towards the “Expansion Project” at Bilaspur Plant.
- 2.Repayment of Borrowings
- 3.General Corporate Purposes

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	99.99%	75%
Others	0.01%	25%
Total	100%	100%

Source: IPO Prospectus

Particulars (In INR Mn)	FY21	FY22	FY23
Revenue	2,907	4,140	5,157
EBITDA	274	480	767
EBITDA Margin (%)	9.44%	11.59%	14.87%
Reported PAT	110	287	540
PAT Margin (%)	3.78%	6.93%	10.47%
Net Worth	578	871	1,409
RONW (%)	19.01%	32.94%	38.32%

Source: IPO Prospectus, KRChoksey Research

Vraj Iron and Steel Ltd.

Company Overview

Vraj Iron and Steel Limited specializes in manufacturing Sponge Iron, M.S. Billets, and TMT bars under the Vraj brand. Operations are conducted through two manufacturing plants located in Raipur and Bilaspur, Chhattisgarh, covering 52.93 acres. In pursuit of continuous improvement, VISL's Raipur Plant has been certified under the ISO 14001:2015 Environment Management System standard.

Product Portfolio:

- Vraj Iron and Steel's offerings include Sponge Iron, TMT Bars, MS Billets, and by-products such as Dolochar, Pellet, and Pig Iron.
- The customer base consists of both industrial clients and end-users, with products distributed directly and through a network of brokers and dealers.

Production Capacity:

- As of December 31, 2023, the aggregate installed capacity of the manufacturing plants is 231,600 tons per annum (TPA), encompassing intermediate and final products. The Raipur plant includes a captive power plant with an installed capacity of 5 MW as of December 31, 2023.
- Planned expansions aim to increase the aggregate installed capacity to 500,100 TPA and the captive power plant capacity to 20 MW. The expansion of Sponge Iron and Captive Power Plant is scheduled for Q4 of FY 2024-25, while MS Billets expansion is anticipated in Q1 of FY 2025-26.

As of December 31, 2023, Vraj Iron and Steel employs a workforce of 531 individuals, including 296 permanent employees, 9 staff at the Registered Office, and 235 contract workers. Within the workforce, Raipur Plant employs 193 individuals, while Bilaspur Plant employs 91 individuals.

Exhibit 1: Revenue segmentation

Particulars	9MFY24		FY23		FY22		FY21	
	Revenue (INR Mn)	%	Revenue (INR Mn)	%	Revenue (INR Mn)	%	Revenue (INR Mn)	%
TMT Bar	913	30%	1,800	35%	1,010	24%	447	15%
Sponge Bar	1,584	53%	2,691	52%	2,414	58%	1,512	52%
MS Billet	422	14%	512	10%	522	13%	844	29%
Others	94	3%	154	3%	194	5%	105	4%
Total	3,013	100.00%	5,157	100.00%	4,140	100.00%	2,907	100.00%

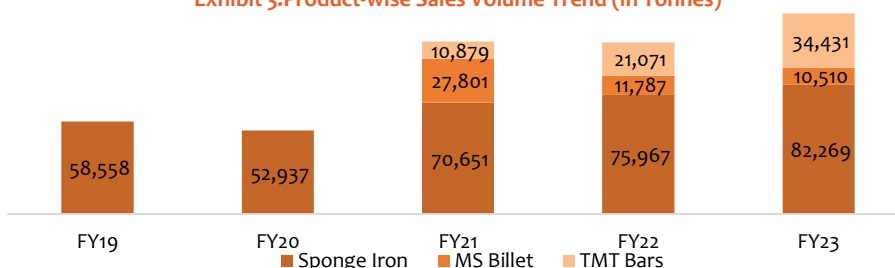
Source: IPO Prospectus, KRChoksey Research

Exhibit 2: Capacity and capacity utilization:

Particulars	Installed capacity as on 9MFY24, FY23, FY22, FY21 (In TPA)	Utilized capacity			
		9MFY24	FY23	FY22	FY21
Sponge Iron	1,20,000	71%	95%	88%	83%
MS Billets	57,600	55%	79%	59%	66%
TMT Bars	54,000	36%	63%	40%	21%
Captive power plant	5	37%	57%	49%	47%

Source: IPO Prospectus, KRChoksey Research

Exhibit 3: Product-wise Sales Volume Trend (in Tonnes)



Source: IPO Prospectus, KRChoksey Research

Vraj Iron and Steel Ltd.

Company Overview

Customer base:

The company sells products to intermediaries who in turn sell it to end customers

Exhibit 4: Customer base

Particulars	9MFY24		FY23		FY22		FY21	
	Revenue (In INR Mn)	%	Revenue (In INR Mn)	%	Revenue (In INR Mn)	%	Revenue (In INR Mn)	%
Income from top 5 Customers	1,261	42%	2033	39%	1,602	39%	1,108	38%
Income from top 10 Customers	1,923	64%	3020	59%	2,528	61%	1,694	58%

Source: IPO Prospectus, KRChoksey Research

Distribution Channel:

- Vraj Iron and Steel Ltd. employs a B2B business model for its distribution channels. The company's sales and marketing teams focus on cultivating strong customer relationships, acquiring new orders, expanding the customer base and exploring business opportunities to facilitate the distribution and sale of its products.
- The primary objective is to establish long-term partnerships with customers through strategic alignments, ensuring consistent orders and streamlined business operations. The company markets its TMT Bars, Sponge Iron and MS Billets through agents who operate on a commission basis, enhancing market reach and sales efficiency. This approach enables the company to effectively meet customer needs while optimizing distribution strategies in the marketplace.

Exhibit 5: Manufacturing plants:

Raipur Plant - Siltara Industrial Area, Siltara, Raipur, Chhattisgarh - 493111.



Bilaspur Plant - Village: Dighora, Tehsil, Takhatpur, District- Bilaspur, Chhattisgarh -495002



Exhibit 6: Location and distance from accessible location:

Location	Distance
Bilaspur Factory	approx 25.4 km from the Bilaspur Railway Station
	approx 11.9 km from National Highway NH30
Raipur Factory	approx 15 km from the Raipur Railway Station
	approx 12 km from Mandhar Railway Station
	approx 2 km from National Highway NH30.

Source: IPO Prospectus, KRChoksey Research

Exhibit 7: Sourcing of raw material:

Raw materials	Sources
Sponge Iron	
Iron ore/ Iron ore pellet	Major supplier includes NMDC from Chhattisgarh, Godwari Power & Ispat Ltd, Sarda Energy & Mineral, Rungta Mines Ltd
Coal	1.Domestic coal: Sourced from South Eastern coal fields through supply agreement. 2.Imported coal; Sourced from supplier which includes Adani Enterprise Ltd , Jan Man Trade LLP, Agarwal Coal Corporation
Dolomite	Sourced from local market in Chhattisgarh and Madhya Pradesh.
Ms Billets	
Sponge Iron	Inhouse Manufacturing
Pig Iron	Sourced from Supplier in Chhattisgarh and Odisha
Scraps	Sourced from Supplier in Chhattisgarh
Ferro Alloys	Sourced from Supplier in Chhattisgarh
TMT Bar	
MS billets	In house manufacturing

Source: IPO Prospectus, KRChoksey Research

Vraj Iron and Steel Ltd.

Industry Overview:

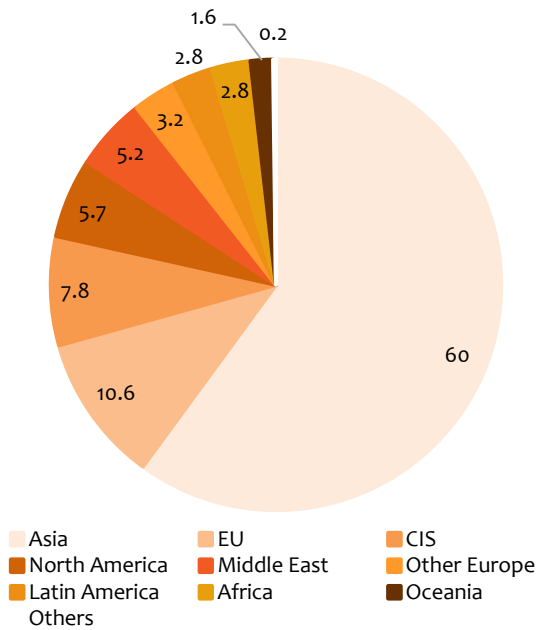
Global Steel Industry

The global steel industry remains a fundamental pillar of modern industrial economies, essential for sectors such as construction, automotive, consumer goods, and infrastructure. The World Steel Association notes that over 3,500 different grades of steel are tailored for various applications, emphasizing the material's versatility.

Global steel production continues to rise, fuelled by growing demand from emerging economies and ongoing industrialization. China remains the largest producer and consumer of steel, followed by India, Japan, the United States, and South Korea. These nations play a crucial role in the global steel output, ensuring a stable supply to meet increasing demand. (Refer Exhibit-8)

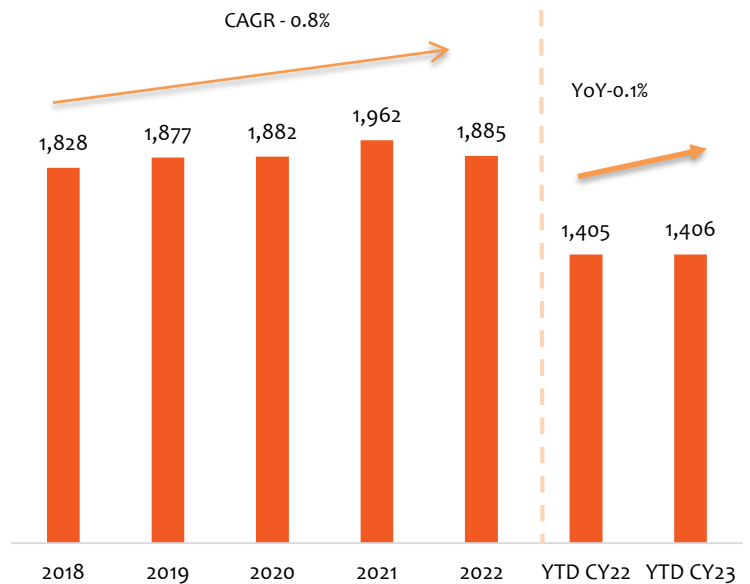
The global crude steel production has exhibited a CAGR of approximately 0.8% over the past five years, reaching 1,885 million metric tons (MT) in CY 2022 from 1,828 MT in 2018. However, this growth trajectory was interrupted in CY22, as production declined by around 4% year-over-year from 1,962 MT in CY21. Several factors contributed to this decline, including a slowdown in China, monetary tightening measures in the United States and Europe, inflationary pressures driving up input costs and disruptions in global supply chains stemming from the Russia-Ukraine conflict. Looking into the YTD performance of CY23 (January 2023-September 2023), global crude steel production remained stable compared to the same period in CY22. This stabilization suggests a potential shift from the decline observed in CY22, although ongoing economic uncertainties and geopolitical tensions continue to influence market dynamics. (Refer Exhibit – 9)

Exhibit 8: Region-wise Global Capacity in CY22 - 2,452.7 MT (In %)



Source: IPO Prospectus, KRChoksey Research

Exhibit 9: Global Crude Steel Production (MT)



Source: IPO Prospectus, KRChoksey Research

Global Steel industry Outlook

The global steel industry is projected to grow steadily in the coming years, supported by increased investments in infrastructure and urban development projects worldwide. Emerging economies will drive strong demand for steel due to rapid industrialization and urbanization. Additionally, the industry's shift towards greener and more sustainable production methods will likely enhance long-term growth prospects.

Global steel industries are positioned for growth, supported by substantial government investments and advancements in sustainable production technologies. These factors are expected to stimulate demand and present new opportunities for steel manufacturers in the foreseeable future.

Vraj Iron and Steel Ltd.

Industry Overview:

Indian Steel Industry

India stands as the second-largest steel producer globally, with an installed capacity of 161.3 million tonnes (MT) in FY23. It is also the second-largest consumer of finished steel, with a consumption of 120 MT in FY23. The Indian steel sector's growth over the years can be attributed to the availability of raw materials like iron ore and cost-effective labor. Additionally, domestic demands in sectors such as construction, real estate, and automobiles have bolstered the industry.

The domestic crude steel production has seen a CAGR of 3.3% over the past five years, rising from 110.9 MT in FY19 to 126.3 MT in FY23. Large steel manufacturers have maintained capacity utilization rates between 80% to 90% in FY23, with several players announcing expansions of crude steel capacities. The National Steel Policy 2017 aims to achieve a production capacity of 300 MT by FY31 to meet the projected steel demand of 230 MT

In H1 FY24 (April 2023-September 2023), crude steel production in India increased by 14.1% Y-o-Y to 69.7 MT from 61.1 MT in H1 FY23. The consumption of finished steel also grew at a CAGR of 5%, reaching 119.9 MT in FY23 from 98.7 MT in FY19. The rebound in domestic demand post-COVID-19, continuous infrastructure investments, and policy support have driven this growth.

The domestic finished steel consumption witnessed a Y-o-Y growth of 13.3% in FY23 due to increased demand from infrastructure and real estate sectors. During H1 FY24, consumption grew by 14.8% Y-o-Y, largely due to the pre-election year infrastructure push. The size of the steel industry in terms of consumption value has grown steadily with a CAGR of 16.4% from FY19-FY22, driven by volume and realization growth.

Exhibit 10: Domestic Crude Steel Production (MT)

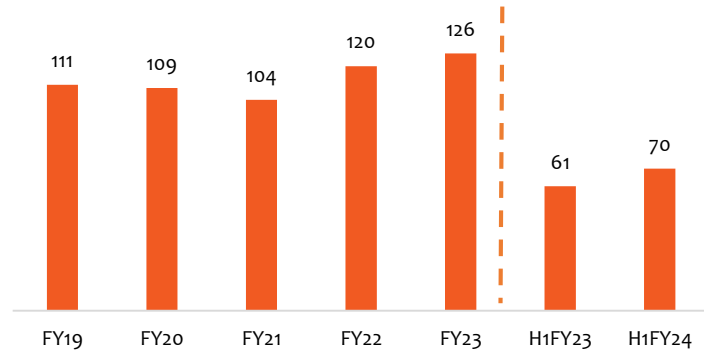
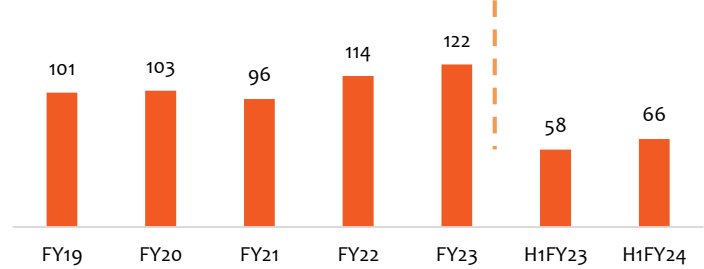


Exhibit 11: Indian Finished Steel Production (MT)



Source: IPO Prospectus, KRChoksey Research

Government Policies and Initiatives:

The government has implemented several initiatives to support the steel industry. The National Steel Policy 2017 aims to enhance domestic production and consumption, produce high-quality steel and increase India's global competitiveness. Key objectives include achieving self-sufficiency in steel production, enhancing the availability of raw materials like iron ore and coking coal and encouraging investment in overseas assets.

The government also launched the Steel Scrap Recycling Policy in 2019 to increase the availability of domestically generated scrap, thereby reducing coal consumption in steel production. Additionally, the Production Linked Incentive (PLI) Scheme for specialty steel and the National Green Hydrogen Mission are expected to drive growth and sustainability in the industry.

Indian Steel industry Outlook

The demand for steel in India is expected to grow robustly, driven by government infrastructure projects and increased urbanization. The steel consumption is projected to see a healthy growth of 9-11% y-o-y in FY24, reaching 151-155 MT by FY26, indicating a CAGR of 8%. The government's increased capital expenditure on infrastructure and favourable policies are likely to support this growth trajectory.

The Indian steel industry is set to play a pivotal role in the country's economic development, supported by robust domestic demand, government initiatives, and ongoing investments in capacity and technology enhancements.

Vraj Iron and Steel Ltd.

Industry Overview:

Trend in India's Consumption of Sponge Iron, Billets and TMT Bars/Rods

Sponge Iron:

Over the previous five years, the domestic sponge iron consumption has increased at a CAGR of 5.7%, from 34 MT in FY19 to 43 MT in FY23. The sponge iron consumption is expected to grow by 10-12% Y-o-Y in FY24. This growth is likely to be driven by a ramp-up in infrastructure activity both on the govt front and private side. The growth is anticipated to settle off in the medium run and increase at a CAGR of 7.5-8.5% between FY24 and FY26. Infrastructural activity slowing and a high base are probably the causes of the growth moderation compared to FY24.

Exhibit 12: Sponge Iron Consumption (MT)

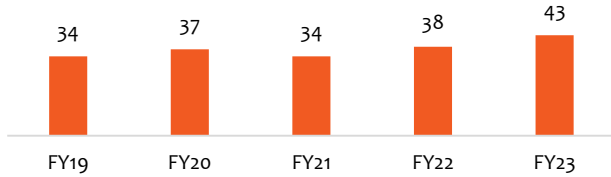
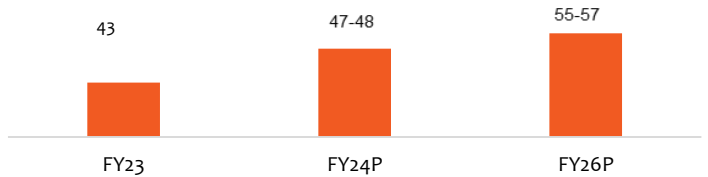


Exhibit 13: Sponge Iron Consumption (MT)



Source: IPO Prospectus, KRChoksey Research

Billets:

Billets consumption has grown at a CAGR of 7.8% over the past five years from 47 MT in FY19 to 64 MT in FY23. The billets consumption is expected to grow by 10-12% y-o-y in FY24. In the medium term, the growth is likely to moderate to a CAGR of 7.5-8.5% between FY24 and FY26 compared to the previous run rate of 10-12% during FY19-FY23 on account of high base and expected normalization in infrastructure outlay by the govt. However, the growth rate of 7.8-8.5% is decent enough for the Industry to remain on a rapid growth trajectory.

Exhibit 14: Billets Consumption (MT)

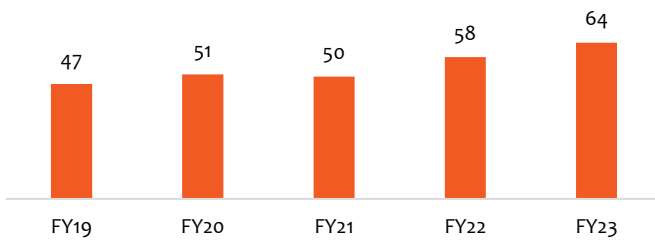
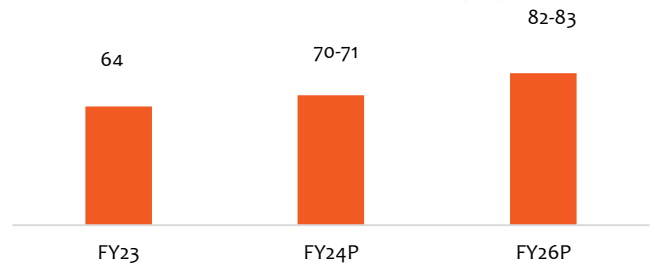


Exhibit 15: Billets Consumption (MT)



Source: IPO Prospectus, KRChoksey Research

TMT Bars & Rods Consumption:

TMT Bars and Rods consumption has grown at a CAGR of 8.7% over the past five years from 36 MT in FY19 to 52 MT in FY23. TMT bars & rods consumption is expected to grow by 10-12% y-o-y in FY24. In the medium term, the growth is anticipated to be at a CAGR of 7.5-8.5%.

Exhibit 16: TMT Bars & Rods Consumption (MT)

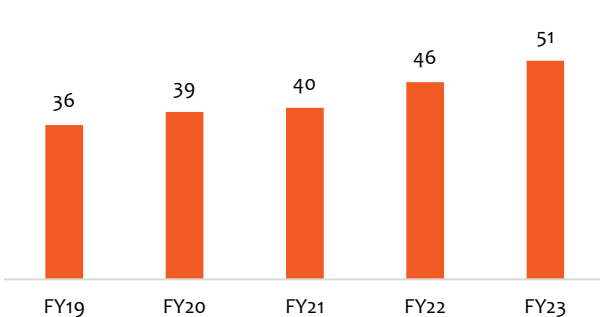
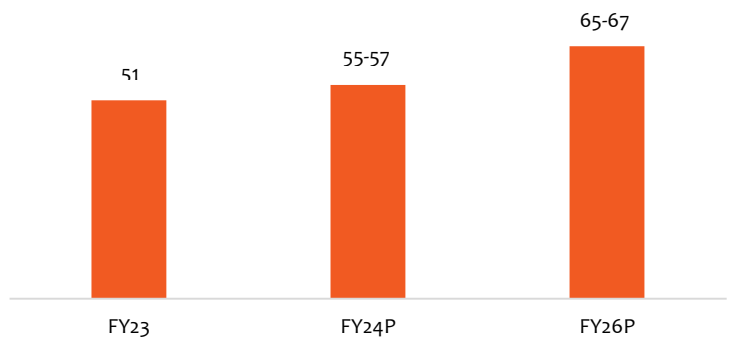


Exhibit 17: TMT Bars & Rods Consumption (MT)



Source: IPO Prospectus, KRChoksey Research

Vraj Iron and Steel Ltd.

Strengths:

Integrated Manufacturing Setup:

- Vraj Iron and Steel Ltd. operates two integrated steel manufacturing plants in Bilaspur and Raipur, Chhattisgarh.
- The integrated nature of these facilities allows comprehensive control over operations. This setup facilitates a focus on quality and enables multiple points of sale across the steel value chain.
- The company's core products include Sponge Iron, MS Billets, and TMT Bars, with a total Sponge Iron production capacity of 120,000 TPA.
- Utilizing induction furnaces, Vraj Iron and Steel converts steel scrap and Sponge Iron into liquid steel, subsequently processed into billets, blooms, ingots, etc.

Strategic Location of Manufacturing Plants aiding to Cost Efficiency and Supply Chain Stability:

- Vraj Iron and Steel Ltd. strategically operates two manufacturing plants in Bilaspur and Raipur, situated within Chhattisgarh, a mineral-rich state and near the mineral belt of eastern India
- This strategic positioning provides the company with convenient access to raw materials and end-users both, offering a competitive edge by reducing entry barriers compared to peers.
- The geographical advantage significantly lowers transportation costs and enhances logistics management, contributing to improved operating margins.
- Presence in these key locations facilitates robust supply chain management, ensuring seamless material flow and timely deliveries.

Supplier Relationships and Material Sourcing:

- Vraj Iron and Steel has secured agreements with NMDC Limited for the procurement of iron ore lump and with South Eastern Coalfields Limited for coal supply.
- These partnerships ensure consistent and ample supply of raw materials, leveraging the suppliers' substantial capacities and efficient logistics capabilities.
- This has led to reduced lead times, competitive pricing, and reliable material availability, which enhance operational efficiency and mitigate raw material cost fluctuations.

Diversified Product Mix:

- Vraj Iron and Steel Ltd. offers a diversified product portfolio primarily comprising Sponge Iron, TMT Bars, and MS Billets, which collectively contributed 96.88%, 97.01%, 95.49% and 96.40% to total revenue from operations for the periods ending 9MFY24 and FYs 2023, 2022, and 2021 respectively.
- The company markets its TMT Bars under the brand 'Vraj' TMT Bars, emphasizing brand recognition and quality assurance.
- Diversification across products reduces dependency on any single product, thereby mitigating risks associated with fluctuating market conditions.
- Over recent periods, there has been a notable shift in sales mix, with TMT Bars progressively contributing 30.31%, 34.90%, 24.39%, and 15.38% to revenue for 9MFY24, and FYs 2023, 2022, and 2021 respectively.
- The strategic focus on forward integration of sponge iron and MS Billets into end-products like TMT Bars aims to enhance cost efficiencies and bolster operating margins.
- This approach has driven substantial growth in sales volume, with TMT Bars expanding at a CAGR of 78% and Sponge Iron at 8% from FY 2021 to FY 2023.

Consistent track record of growth and financial performance:

- Vraj Iron and Steel Ltd. has achieved remarkable financial performance, driven by a continuous commitment to operational excellence. Over FY 2021 to FY 2023, the company saw substantial growth across key financial metrics
- Total income surged at a CAGR of 33%, reflecting robust market demand and effective business strategies.
- EBITDA expanded significantly, with a CAGR of 67%, and PAT grew at an impressive CAGR of 122% during the same period. These gains were bolstered by increased sales of value-added products like TMT Bars and Sponge Iron.
- For the 9MFY24, and Fiscals 2023, 2022, and 2021, total revenue from manufacturing operations was INR 2,985 Mn, INR 5,095 Mn, INR 4,086 Mn, and INR 2,891 Mn respectively.
- The company achieved notable EBITDA margins of 19.4%, 14.9%, 11.6%, and 9.4% and PAT margins of 14.8%, 10.5%, 6.9% and 3.8% over the same periods, demonstrating enhanced operational efficiencies and effective cost controls.

Vraj Iron and Steel Ltd.

Growth Strategies:

Expansion of manufacturing facilities:

Vraj Iron and Steel Ltd. is expanding its manufacturing capacities to meet growing demand and strengthen its operational capabilities. Currently operating plants in Raipur and Bilaspur, the company plans to increase:

- Sponge Iron production in Bilaspur to 115,500 TPA,
- MS Billets production to 153,000 TPA,
- Captive power plant capacity to 15 MW.

For the expansion of plant, the company plans to use INR 945 Mn from the total issue.

This strategic expansion aims to leverage operational efficiency, achieve economies of scale, and enhance its position across the steel value chain. It reflects Vraj Iron and Steel's commitment to meeting future market demands effectively while driving profitability through increased production and improved cost management.

Exhibit 18: Planning to double capacity to 500,100 TPA

Particulars	Existing capacity (In TPA)			Proposed expansion (In TPA)	Post Expansion(In TPA)		
	Raipur	Bilaspur	Total		Raipur	Bilaspur	Total
Sponge Iron	60,000	60,000	120,000	115,500	60,000	175,500	235,500
MS Billets	57,600		57,600	153,000	57,600	153,000	210,600
TMT bars	54,000		54,000	-	54,000		54,000
Total	171,600	60,000	231,600	268,500	171,600	328,500	500,100
Captive power	5		5	15	5	15	20

Vraj Iron and Steel Ltd. is actively working to reduce its debt levels and improve its debt to-equity ratio. It plans to repay all loans obtained for the expansion project using the Net Proceeds from the Issue. This strategic move is expected to substantially reduce the company's overall debt burden. By reducing debt, Vraj Iron and Steel aims to fortify its balance sheet, enhance profitability, and create long-term value for its shareholders. The company plans to utilize INR 700Mn for the repayment of debt from the total issue of INR 1710 Mn

Strengthen customer base by growing existing customer business and acquiring new customers:

The company aims to expand its customer base by strengthening existing relationships and acquiring new clients in the steel and iron industries. By focusing on regional markets, optimizing logistics, and increasing production capacities, it seeks to enhance profitability and become a preferred vendor for specific products among its clientele.

Focus on operational efficiencies to improve returns:

The company consistently achieves strong returns, with RoCE and RoE showing robust performance across recent periods. By integrating all manufacturing processes in-house, it maintains flexibility to meet customer demand and adapt to global shifts independently. Key initiatives include enhancing production efficiency through TPM methodology, optimizing inventory management, refining shop floor layouts with simulation software, and reducing internal rejections. Moreover, Plant-specific performance metrics are closely monitored to maximize capacity utilization and operational effectiveness.

Risks:

- The company operates both its manufacturing facilities in Raipur and Bilaspur, Chhattisgarh, with the expansion project also centered in Bilaspur. This geographic concentration exposes it to regional risks.
- All revenue (100%) comes from steel products like TMT Bars and MS Billets, subjecting the company to the cyclical and volatile nature of the iron and steel industry. Price fluctuations can significantly impact financial performance.
- Capital expenditure of INR 1,295 Mn for the Bilaspur Expansion Project is entirely reliant on the proceeds from the issue. As a result successful implementation of the Expansion Project, including the Captive Power Plant, is critical. Any shortfall in funding could jeopardize growth plans and operations.
- The company lacks long-term agreements with customers, relying heavily on top 10 customers for revenue. Losing any significant customer could materially affect financial stability. (Refer to Exhibit- 4)

Vraj Iron and Steel Ltd.

Outlook and Valuation:

Vraj Iron and Steel Ltd. is poised to benefit from the steel industry's promising growth fuelled by urbanization, thriving automobile sector infrastructure development, and government investments. The company's prudent balance between growth and financial risk management is demonstrated by the faster growth in profits (CAGR 121% FY21-FY23) and reduction in borrowing during the same time frame. Moreover, the company reported a ROE of 38.2% and ROCE of 44.98% during the year FY23. One of the company's major efforts is to increase the capacity of the captive power plant from 5 MW to 20 MW and to increase the production capacity to 500,100 TPA (Currently 231,600 TPA) These expansions aim to optimize operations and streamline costs, boosting future financial performance. Moreover, Vraj's plan to utilize IPO proceeds to reduce debt is expected to strengthen its balance sheet, and improve net profitability by reducing interest costs in addition to improving operational efficiency. These expansions and debt reduction strategies are anticipated to drive profitability further through economies of scale and enhanced cost efficiencies. In light of this, we assign a SUBSCRIBE rating since the company is attractively valued at a P/E of 12.6x on FY23 Adjusted EPS.

Peer Comparison:

Particulars (INR Mn)	Vraj Iron	Sarda Energy	Godawari Power	Shyam Metallics
Revenue	5,157	42,119	57,530	1,26,102
EBITDA	813	11,100	12,368	14,860
EBITDA Margin (%)	15.77%	26.35%	21.50%	11.78%
Reported PAT	540	6,040	7,934	8,484
PAT Margin (%)	10.47%	14.34%	13.79%	6.73%
ROE (%)	38.32%	18.83%	21.98%	13.06%
RONW (%)	38.32%	17.71%	20.31%	11.85%
EPS (INR)	16.37*	169.94	61.16	33.26
NAV per share (INR)	285	968	277	281
Net Debt/EBITDA (x)	0.28	1.32	0.19	0.3
PE (x)	12.64*	15.8	16.1	18.1

*Based on Adj EPS

Source: IPO Prospectus, KRChoksey Research

Financials:

Income statement (In INR Mn)	FY21	FY22	FY23
Revenue	2907	4140	5157
Operating Expenditure	2633	3661	4390
EBITDA	274	480	767
Margin	9.4%	11.6%	14.9%
Depreciation & Amortization	73	72	64
EBIT	202	408	702
Other Income	2	3	18
Interest	60	39	30
Profit before share of associates	144	372	690
Profit of associates	14	13	29
PBT	159	385	719
Tax	49	98	179
Reported PAT	110	287	540
Reported EPS (INR)	4.4	11.6	21.8
Adjusted EPS* (INR)	3.3	8.7	16.4

Source: IPO Prospectus, KRChoksey Research

*Based on post listing outstanding shares

Vraj Iron and Steel Ltd.

Financials:

Balance sheet (In INR Mn)	FY21	FY22	FY23
Assets			
Property, Plant & Equipment	605	545	496
Right-of-Use assets	34	33	33
Capital Work in Progress	2	2	2
Investments accounted for using equity method	122	140	164
Financial Assets			
Investments	11	14	16
Other Financial Assets	38	28	38
Other Non Current Assets	8	15	71
Total Non Current Assets	819	779	821
Current Assets			
Inventories	225	319	317
Financial Assets			
Trade Receivables	70	118	129
Cash & Cash equivalents	1	3	3
Bank Balances other than (ii) above	33	37	87
Loans	1	1	356
Other Financial Assets	1	1	2
Other Current Assets	114	250	201
Current Tax Assets (Net)	0		
Total Current Assets	445	729	1,094
Total Assets	1,263	1,508	1,915
EQUITY & LIABILITIES			
Equity			
Equity Share Capital	49	49	49
Other Equity	529	822	1360
Total Equity	578	871	1409
Liabilities			
Non- Current Liabilities			
Financial Liabilities			
Borrowings	282	171	80
Lease Liabilities	14	14	14
Provisions	4	5	7
Deferred Tax Liabilities (Net)	20	25	25
Total Non Current Liabilities	320	216	126
Current Liabilities			
Financial Liabilities			
Borrowings	175	254	150
Lease Liabilities	2	2	2
Trade Payables	120	79	135
Other Financial Liabilities	32	23	25
Other Current Liabilities	32	28	31
Provisions	0	0	1
Current Tax Liabilities (Net)	4	34	37
Total Current Liabilities	365	421	380
Total Equity & Liabilities	1,263	1,508	1,915

Cash Flow Statement (INR Mn)	FY21	FY22	FY23
Net cash flow from operating activities (A)	222	87	629
Net cash used in investing activities (B)	-60	-14	-404
Net cash flow from/ (used in) financing activities (C)	-161	-72	-225
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	0.58	1.70	-0.14
Cash and cash equivalents at beginning of the period/year	0.5	1.1	2.8
Cash and cash equivalents at end of the period/year	1.1	2.8	2.6

Source: IPO Prospectus, KRChoksey Research

Vraj Iron and Steel Ltd.

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