

BMW Ventures IPO

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- The company is engaged in the business of trading/distributing steel products, tractor engines and spare parts, manufacturing of PVC pipes etc.
- It posted inconsistency in its top and bottom lines for the reported periods.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Only well-informed/cash surplus/risk savvy investors may park moderate funds for medium term.

About the Company

BMW Ventures Ltd. (BVL) is engaged in trading/Distribution of steel products, tractor engines and spare parts, manufacturing of PVC pipes and roll forming, and the fabrication of pre-engineered buildings (PEB) and steel girders. Over the years, it has established a strong dealer's distributorship network in both long and flat steel products, tractor engine, roll forming and PVC. Further, PEB and steel girder are institutional sales.

The company specializes in the distribution of long and flat steel products across Bihar, India. It has developed a business model focused on delivering high-quality products and ensuring timely deliveries to network of dealers. As the exclusive distributor for primary supplier, BVL supplies steel products through 1,299 dealers as on March 31, 2025 dealers spanning 29 of the 38 districts in Bihar. Its long products include TMT Bars, Wire - Galvanized wires and Structure - Rectangular, Square and Circular Steel Hollow Sections. Flat steel product portfolio comprises of GC Sheet -Galvanized Corrugated Sheets, GP Sheet - Galvanized Sheets, HR Sheet - Hot Rolled Sheets & Coils, GC Sheet - Colour Coated, CR Sheet - Cold rolled Sheets & Coil, others steel product includes Agrico - Hoes, shovels, sickles, crowbars, pickaxes and hammers and Door - Residential & Commercial doors and windows. It sources steel products, including TMT reinforced bars, galvanized corrugated sheets (GC Sheets), hot rolled sheets (HR sheets), cold rolled sheets (CR Sheets), Galvanized plain sheets (GP sheets), steel wires, steel hollow pipes, farm tools and equipment, as well as steel doors and windows, exclusively from the Primary Supplier, in the state of Bihar and these products are widely utilized in various industrial sectors such as construction, automotive, and general engineering.

The company sources steel products from its primary supplier, considering factors like volume, steel type, quality etc. It applies a markup percentage on costs to cover steel cost, overheads, operational expenses, marketing expense and profit margins. Pricing varies based on market demand and competition. Its steel distributorship segment constitutes the largest share of revenue. For the Fiscal

2025, steel distribution in Bihar accounted for 98.43% of its revenue from operations, while other business segments collectively contributed the remaining 1.57% to revenue from operations. In addition to distribution of steel products, it also has distributorship of tractor engines and its spare parts to various dealers. With over two decades of experience in the steel market, it has developed distribution business expertise. Using this experience, it has expanded into the fabrication business, which includes the fabrication of steel girders and Pre-Engineered Buildings (PEB) at fabrication unit located at the Purnea stockyard in Bihar. BVL is an approved fabricator for steel girders by the Research Designs and Standards Organisation (RDSO), ensuring the delivery of high-quality and reliable products.

Also, the company has started the corrugation of GC Sheets and Color Sheets, received in coil form and processed accordingly, in January 2025. Additionally, the company offers cut-to length services for HR Sheets and GP Sheets as per customer requirements. Tractor engine and spare part distribution has contributed 0.55%, 0.89% and 1.24% for the Fiscal 2025, fiscal 2024 and fiscal 2023 respectively to total Revenue from Operations. PVC business has contributed 0.03%, 0.08% and 0.17% for the fiscal 2025, 2024 and fiscal 2023 respectively to total Revenue from Operations. Fabrication of PEB has contributed 0.36%, 0.58% and 0.05% for the Fiscal 2025, fiscal 2024 and fiscal 2023 respectively to total Revenue from Operations. Fabrication of Steel Girders business has contributed 0.26% in fiscal 2024. It has in-house logistics support to deliver supplies as well as have association with third party logistics support whenever required. BVL's stockyard is equipped with material handling equipment's to support loading, unloading, cutting, shaping, resizing of products as per the requirement of dealers. To support its business, the company operates Six stockyards: one in Purnea (Bihar) and five in Patna (Bihar). These facilities are used for fabrication, storage, and distribution of steel products from primary supplier. Its stockyards help it maintain adequate inventory levels, ensuring timely and efficient delivery to meet demand across Bihar. As of March 31, 2025, it had 639 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 23400000 equity shares (worth Rs. 231.66 cr. at the upper cap). The company has announced a price band of Rs. 94 – Rs. 99 per equity shares of Rs. 10 each. The issue opens for subscription on September 24, 2025, and will close on September 26, 2025. The minimum application to be made is for 151 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 26.98% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 173.75 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has allocated not more than 1% for QIBs, not less than 24% for HNIs and not less than 75% for Retail investors.

The sole Book Running Lead Manager (BRLM) to this issue is Sarthi Capital Advisors Pvt. Ltd., while Cameo Corporate Services Ltd., is the registrar to the issue. Khandwala Securities Ltd. is the syndicate member.

Having issued initial equity shares at par, the company issued further equity shares in the price range of Rs. 40 – Rs. 63 per share between February 2005, and December 2013. It has also issued bonus shares in the ratio of 1 for 1 in December 2002, 2 for 1 in November 2016, 1 for 2 in March 2018, and 3 for 1 in March 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NIL, Rs. 0.02, and Rs. 0.51 per share.

Post-IPO, its current paid-up equity capital of Rs. 63.32 cr. will stand enhanced to Rs. 86.72 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 858.48 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 2018.12 cr. / Rs. 32.66 cr. (FY23), Rs. 1942.03 cr. / Rs. 29.94 cr. (FY24), and Rs. 2067.33 cr. / Rs. 32.82 cr. (FY25). The company marked inconsistency in its top and bottom lines for the reported periods with erosion in top and bottom lines for FY24.

For the last three fiscals, the company has posted an average EPS of Rs. 5.03 and an average RoNW of 17.96%. The issue is priced at a P/BV of 2.98 based on its NAV of Rs. 33.19 as of March 31, 2025, and at a P/BV of 0.71 based on its post-IPO NAV of Rs. 139.95 per share (at the upper cap). Its debt-equity ratio of 2.04 as of March 31, 2025 raises alarm. Even its NAV of Rs. 139.95 on post IPO basis appears to have been garbled.

If we attribute FY25 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 26.12. Based on FY24 earnings, the P/E stands at 28.70. Thus, the issue appears fully priced.

The company has shown PAT margins of 1.62% (FY23), 1.54% (FY24), 1.59% (FY25), and RoCE margins of 14.31%, 11.68%, 12.80%, respectively for the referred periods.

Dividend Policy

The company has paid a dividend of 150% for FY25. It has already adopted a dividend policy in March 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Shiv Aum Steel as its listed peer. It is currently trading at a P/E of 41.8 (As of September 23, 2025). However, they are truly not comparable on an apple-to-apple basis. This compare appears to be an eyewash.

Merchant Banker's Track Record

This is the 8th mandate from Sarthi Capital in the last five fiscals (including the ongoing one). Out of the last 7 listings, 1 opened at discount and the rest with premiums ranging from 33.33% to 100% on the date of listing.

Conclusion / Investment Strategy

BVL is engaged in the business of trading/distributing steel products, tractor engines and spare parts, manufacturing of PVC pipes etc. It posted inconsistency in its top and bottom lines for the reported periods. The company is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Only well-informed/cash surplus/risk savvy investors may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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