VMS TMT LTD.

September 16, 2025

SMC Ranking

★ ☆ ☆ ☆ ☆ (1/5)

Issue Highlights

Industry	**Iron & Steel Products**
Fresh Issue (Shares)	15,000,000
Net Offer to the Public	**15,000,000**
Issue Size (Rs. Cr.)	141-148
Price Band (Rs.)	94-99
Offer Date	17-Sep-25
Close Date	19-Sep-25
Face Value	10
Lot Size	150 Shares

Issue Composition

	In shares
Total Issue for Sale	15,000,000
QIB	4,500,000
NIB	3,000,000
Retail	7,500,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	96.28%	67.18%
QIB	3.72%	11.66%
NIB	0.00%	6.04%
Retail	0.00%	15.11%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company VMS TMT IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment/ prepayment, in full or part, of all or a portion of certain borrowings availed by the Company
2. General corporate purposes

Book Running Lead Manager

- Arihant Capital Markets Limited

Name of the registrar

- KFIN Technologies Limited

About the company

Incorporated in 2013, VMS TMT Limited specializes in the production of Thermo Mechanically Treated (TMT) Bars, with additional operations in the sale of scrap and binding wires, which are distributed across Gujarat and other states. The company's manufacturing facility is strategically situated in Bhayla Village, near Bavla in the Ahmedabad district of Gujarat, facilitating efficient distribution of its products. VMS TMT operates through a non-exclusive distribution network, which, as of July 31, 2025, includes three distributors and 227 dealers, enabling the company to effectively reach customers in both Gujarat and beyond. A significant milestone in the company's growth came on November 7, 2022, when it entered into a retail license agreement with Kamdhenu Limited, permitting it to market its TMT Bars under the 'Kamdhenu NXT' brand in Gujarat. The company is supported by a strong management team and a dedicated workforce of 230 permanent employees as of July 31, 2025. VMS TMT's revenue focus is primarily on Tier II and Tier III cities, with a significant portion of its sales derived from Gujarat. In the last three fiscal years, the company's revenue from Gujarat has been exceptionally high, contributing 98.78% in Fiscal 2024, 98.43% in Fiscal 2023, and 99.19% in Fiscal 2022.

Strength

Positioned to take advantage of the steady growth in the steel bar and rods industry: Based on the provided text, VMS TMT Limited manufactures TMT bars from scrap and billets at its facility in Bhayla Village, Ahmedabad, Gujarat. The company's primary business is conducted in Gujarat, with revenue from both retail and institutional customers. The company sold 42,023.16 MT of TMT Bars in the three months ending June 30, 2025, with revenue of ₹ 21.23 crore. It has an annual installed capacity of 200,000 MT and has completed a backward integration project to manufacture TMT bars from scrap to increase raw material security and reduce costs. The company holds a non-exclusive license with Kamdhenu Limited to market its TMT bars under the Kamdhenu Brand in most of Gujarat. It uses a non-exclusive distribution network of 3 distributors and 227 dealers.

Long-term customer relationships augmented by large distribution network: VMS TMT Limited's business is heavily concentrated in the State of Gujarat, which generated over 96% of its revenue from operations in the three-month period ended June 30, 2025, and Fiscal 2025, Fiscal 2024, and Fiscal 2023. The company sells TMT bars under the Kamdhenu Brand through a non-exclusive retail license agreement. It serves a diverse customer base of retail and institutional customers, primarily in Gujarat, focusing on Tier II and Tier III cities. As of July 31, 2025, the company's distribution network consists of 3 distributors and 227 dealers. To optimize market penetration and service delivery, the company has divided Gujarat into three zones: central, north, and south, with one distributor in each zone.

Established infrastructure with backward integration and strong logistics support: VMS TMT Limited manufactures TMT Bars at its facility in Bhayla Village, near Ahmedabad, Gujarat, using a thirty-ton induction furnace to produce them from scrap and a reheating furnace for billets. The company recently completed a backward integration project to manufacture TMT bars from scrap, a project with a capital cost of approximately ₹ 1.17 crore. The facility has an annual production capacity of 216,000 MT for billets. The company sources its raw materials, which now are primarily scrap, both domestically and internationally, with a significant portion of purchases from suppliers in Gujarat. For logistics, the company uses a fleet of over 50 trucks from a third-party provider to offer doorstep delivery to its customers, primarily located in Tier II and Tier III cities. To manage

its power needs, the company sources 22 MW from Uttar Gujarat Vij Company Limited and is in the process of setting up a 15 MW solar power plant for its own consumption to reduce electricity costs.

Track record of growth in financial performance: MS TMT Limited has demonstrated a track record of improved financial performance, despite a slight decrease in total income and revenue from TMT bars in recent years due to a reduction in selling prices. From Fiscal 2023 to Fiscal 2025, the company's EBITDA grew at a CAGR of 44.16%, while its Profit After Tax (PAT) increased at a CAGR of 87.42%. This growth is reflected in improved margins, with the EBITDA margin rising from 2.48% in Fiscal 2023 to 5.91% in Fiscal 2025 and the PAT margin increasing from 0.48% to 1.91% over the same period. The company also saw its debt ratios improve from Fiscal 2023 to Fiscal 2024, though its debt-to-equity ratio remains high at 3.78 as of June 30, 2025, with total borrowings of ₹ 30.92 crore.

Startegy

Integration to Renewable Energy for Cost Optimization and Sustainability: VMS TMT Limited has recognized that its increased power requirement of 22 MW for its manufacturing facility has made electricity a significant operational expense. To counter this and to ensure sustainability, the company has initiated the development of a 15 MW solar power plant for captive consumption. The project, with an estimated cost of ₹ 0.46 crore, is being financed through internal accruals and bank loans. The company has already made an advance payment to Prozeal Green Energy Limited, the partner for this project, and has received provisional registration from the Gujarat Energy Transmission Corporation Limited. This strategic move aims to reduce reliance on the state power grid, lower electricity costs, and support the company's commitment to "green steel" production.

Backward Integration for Cost Efficiency and Supply Chain Optimization: VMS TMT Limited has undertaken a backward integration initiative to enhance its cost efficiency, raw material security, and production self-sufficiency. This project involved installing a Continuous Casting Machine (CCM) and a thirty-ton electric induction furnace at its facility in Bhayla Village, Ahmedabad, to enable in-house billet manufacturing from scrap. With an annual capacity of 216,000 MT, the new furnace ensures a steady and reliable supply of raw material, reducing the company's dependency on external suppliers and mitigating risks associated with price volatility and supply chain disruptions. This strategic move is expected to lead to cost savings, improved process efficiency, and enhanced quality control, strengthening the company's competitive position and aligning with its long-term vision for sustainable and efficient manufacturing.

Diversifying into Product Portfolio: VMS TMT Limited's growth strategy involves exploring opportunities to diversify and expand its operations, as evidenced by its past venture into manufacturing MS Pipes. The company aims to capitalize on synergies between its existing product lines and new business ventures, leveraging its established distribution network to reach a wider customer base. This approach focuses on optimizing sourcing strategies, improving operational efficiencies, and maintaining compliance with industry standards to ensure product quality and cost-effectiveness. The company's long-term vision is to reinforce its competitive position and achieve sustainable growth through a combination of operational efficiencies, strategic collaborations, and market-driven innovation.

Market Penetration and Expansion Plan for TMT Bars in Gujarat: VMS TMT Limited has a long-term growth strategy to expand its market share in Gujarat by leveraging the rising domestic demand for TMT bars, which is fueled by government-led infrastructure projects. The company plans to implement its expansion in a phased manner. The first phase involves using third-party manufacturing facilities through job work arrangements. This approach will allow the company to enter new market segments and establish customer relationships with minimal upfront investment. The final phase will involve a full-scale expansion of its in-house manufacturing capacity, which will further enhance efficiency, optimize costs, and strengthen its competitive position. This structured approach ensures that the company’s growth is aligned with market demand and maintains long-term sustainability and profitability.

Focus on Sustainability: VMS TMT Limited is committed to sustainability by prioritizing quality,

environment, health, and safety. The company has implemented quality systems throughout its business processes, from manufacturing to delivery, to ensure consistent product quality. A key part of this strategy is the plan to set up a 15 MW solar power plant to reduce electricity costs and decrease its reliance on fossil fuels, which will also contribute to a lower carbon footprint and a stronger position in the "green steel" market.

Risk Factor

- VMS TMT Limited relies on a non-exclusive retail license with Kamdhenu Limited for a significant portion of its revenue, and its termination could negatively impact its distributor and dealer network.
- VMS TMT's profitability is heavily reliant on the availability and cost of raw materials, with disruptions or price volatility potentially harming its financial stability.
- VMS TMT's revenue is highly concentrated, with its largest customer contributing up to 30.19% of total revenue, and losing any of its top customers could significantly impact the business.
- The lack of long-term agreements with customers, distributors, or dealers means that any termination of current arrangements could adversely affect the company's operations and financial condition.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Electrotherm(India) Limited	4115.37	442.15	189.28	5.56	-8.45	-124.60	10	1052.60	1341.31
BMW Industries Limited	628.62	75.05	3.02	15.94	1.48	32.50	1	48.15	1083.79
Kamdhenu Limited	747.49	60.87	1.10	26.45	3.28	8.88	1	28.82	810.95
Vraj Iron and steel limited	475.03	44.09	10.96	13.94	1.27	120.35	10	152.75	503.81
VMS TMT Limited	770.19	15.42	3.11	31.87	2.13	46.40	10	99.00	491.35

***Peer companies financials are TTM based**
****Shringar House of Mangalsutra Limited based on Actual FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs99, the stock is priced at pre issue P/E of 22.24x on FY25 EPS of Rs 4.45. Post issue, the stock is priced at a P/E of 31.87x on its EPS of Rs. 3.11. Looking at the P/B ratio at Rs.99 pre issue, book value of Rs.23.61 of P/Bvx 4.19x. Post issue, book value of Rs.46.40 of P/Bvx 2.13x.

Considering the P/E valuation, on the lower end of the price band of Rs.94, the stock is priced at pre issue P/E of 21.11x on FY25 EPS of Rs. 4.45. Post issue, the stock is priced at a P/E of 30.26x on its EPS of Rs. 3.11. Looking at the P/B ratio at Rs. 94 pre issue, book value of Rs. 23.61 of P/Bvx 3.98x. Post issue, book value of Rs.46.40 of P/Bvx 2.03x.

Industry Outlook

India's domestic consumption of TMT bars has been rising steadily, reflecting the strong momentum in the construction and infrastructure sectors. Consumption has expanded from about 41.6 million tons in FY 2021 to an estimated 62.5 million tons by FY 2025, registering a healthy CAGR of around 10.7% during this period. This sharp rise underscores the critical role of TMT bars in meeting the demand generated by large-scale infrastructure investments, rapid urbanization, and sustained growth in residential as well as commercial real estate projects. Domestic demand for TMT bars is anticipated to rise significantly, driven by the government's focused efforts on enhancing the nation's infrastructure.

Outlook

VMS TMT Limited is well-positioned to capitalize on the steady growth of the steel bar industry, backed by strong financial performance and strategic backward integration. The company's focus on renewable energy and cost optimization enhances sustainability. However, risks such as dependency on non-exclusive licenses and customer concentration could impact its stability and growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	17-September-25
BID/ISSUE CLOSES ON	19-September-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	22-September-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	23-September-25
Credit of Equity Shares to Demat Accounts of Allottees	23-September-25
Commencement of trading of the Equity Shares on the Stock Exchanges	24-September-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	212.26	770.19	872.96
Total expenditure	192.78	724.66	831.75
Operating Profit	**19.48**	**45.53**	**41.20**
OPM%	0.92	0.59	0.47
Other Income	1.13	1.22	0.21
Total Net Income	**20.62**	**46.74**	**41.41**
Interest	6.71	19.85	18.18
PBDT	**13.91**	**26.90**	**23.23**
Depreciation	2.43	6.81	3.93
PBT	**11.48**	**20.09**	**19.30**
Tax	2.90	4.67	5.83
PAT	**8.58**	**15.42**	**13.47**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Financial liabilities			
Property, Plant and Equipment	176.31	174.20	73.41
Right-of-use assets	0.28	0.29	0.34
Capital Work-in-progress	0.24	0.06	51.68
Other Intangible assets	0.01	0.01	0.01
Financial Assets			
Other Financial Assets	5.61	5.56	5.06
Other non-current assets	0.43	0.53	11.76
Toal Non-Current Assets	**182.87**	**180.65**	**142.26**
Current asset			
Inventories	192.12	151.95	109.37
Financial Assets	**0.00**		
Trade receivables	11.65	24.99	15.73
Cash and cash equivalents	0.35	0.89	8.09
Bank Balance other than cash and cash equivalents	11.30	10.13	0.00
Other Financial assets	1.12	1.12	0.50
Current Tax Asset (net)	0.00	0.00	0.00
Other Current Assets	49.93	42.31	8.29
Total current assets	**266.47**	**231.39**	**141.97**
Assets directly associated with assets classified as held for Sale	0.81	1.68	0.00
Total Assets	**450.15**	**413.73**	**284.23**
Non-current liabilities			
Financial Liabilities			
Borrowings	125.42	124.90	104.53
Lease liabilities	0.28	0.29	0.33
Other financial liabilities	0.00	0.00	0.00
Provisions	0.33	0.30	0.24
Deferred Tax Liabilities (Net)	7.44	6.77	5.28
Total Non- Current liabilities	**133.46**	**132.26**	**110.37**
Current liabilities			
Financial Liabilities			
Borrowings	183.76	150.82	93.33
Lease liabilities	0.04	0.03	0.03
Trades Payable - total outstanding dues of micro enterprises and small enterprises	0.95	0.64	2.38
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	30.21	40.45	9.77
Other financial liabilities	0.91	0.77	9.13
Other Current L;iabilities	2.77	3.46	8.32
Provisions	11.66	8.65	1.46
Current Tax liabilities (net)	3.80	1.79	2.93
Liabilities directly associated with assets classified as held for Sale	0.00	0.00	0.00
Total Current liabilities	**234.11**	**206.61**	**127.34**
Total	**367.57**	**338.87**	**237.72**
Net worth represented by:			
Equity Share Capital	34.63	34.63	13.34
Other equity	47.14	38.56	33.18
Net Worth	**81.77**	**73.19**	**46.51**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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