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SHIVAM GUPTA

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	3,016
Fresh Issue (No. of Shares in Lakhs)	32.6
Offer for Sale (No. of Shares in Lakhs)	73.2
Bid/Issue opens on	12-August-26
Bid/Issue closes on	14-August-26
Face Value	₹ 10
Price Band	271-285
Minimum Lot	52

Objects of the Issue

- **Fresh Issue: ₹930 million**
- Funding working capital requirements of the company for manufacturing Facilities.
 - Pre-payment, or scheduled repayment, in full or part, of certain borrowings availed by the Company.
 - General Corporate Purpose
- **Offer for sale: ₹ 2,086 million**

Book Running Lead Managers	
Emkay Global Financial Services Limited	
Systematix Corporate Services Limited	
Registrar to the Offer	
MUFG Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	470
Subscribed paid up capital (Pre-Offer)	390
Paid up capital (Post - Offer)	423

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	88.5	64.4
Public	11.5	35.6
Total	100	100

Financials

Particulars (Rs. In Million)	FY26	FY25	FY24
Revenue from operations	5,340	5,079	4,461
Operating Expenses	4,451	4,350	3,890
EBIDTA	889	729	571
Other Income	125	84	39
Depreciation	133	106	88
EBIT	881	707	522
Interest	15	14	23
PBT	866	693	499
Tax Expense	219	164	141
Consolidated PAT	647	529	358
EPS	15.3	12.5	8.5
Ratios	FY26	FY25	FY24
EBITDAM	16.6%	14.4%	12.8%
PATM	12.1%	10.4%	8.0%
Sales growth	5.1%	13.9%	

Sector- Metals and Mining

Company Description

Behari Lal Engineering Limited is an integrated iron and steel manufacturing company based in Mandi Gobindgarh, Punjab, specializing in customized engineering solutions and precision-engineered components for critical industrial applications. The company manufactures metal rolls, engineering castings, alloy steel products, and forging ingots and forged shafts/blocks, catering to industries such as automobiles, steel, mining, infrastructure, power, aerospace and defence, and cement. Metal rolls represent a key product offering, with the company being one of India’s largest metal roll producers and accounting for approximately 10.0–11.5% of domestic demand in FY26. In FY26, alloy steel products contributed 45.8% of revenue, followed by metal rolls at 26.4% and engineering castings at 19.5%.

The company operates two manufacturing facilities in Mandi Gobindgarh, supported by an integrated manufacturing setup comprising steel melting, ladle refining, vacuum degassing, foundry, heat treatment, machining and rolling capabilities. Its in-house engineering, design, tooling and material development capabilities enable the production of customized products across different grades, specifications and applications. BLEL has also commenced construction of a third manufacturing facility to expand its manufacturing capabilities. The company had catered to 1,825 customers as of March 31, 2026, with its customer base spanning domestic and international markets. Since April 2024, the company has exported its products across five continents and 21 countries, although domestic customers continued to account for the majority of revenue.

It has developed long-standing customer relationships and follows stringent quality and qualification processes for supplying precision-engineered components to OEMs and their vendors. Its manufacturing facilities hold various quality, environmental and occupational safety certifications, while its products undergo customer inspections, process audits and testing. The company has increasingly focused on customized and value-added products, with customized products contributing 91.7% of FY26 revenue. Its emphasis on product development, manufacturing integration, quality control and technological capabilities provides a foundation for serving specialized industrial applications and expanding its presence across domestic and international markets.

Valuation

Behari Lal Engineering Limited has established a differentiated position within the specialised steel and engineering products industry through its focus on value-added alloy steel products, metal rolls, engineering castings and forgings, supported by integrated manufacturing capabilities and customised production. The company benefits from in-house engineering, design and material development capabilities, along with stringent quality and customer qualification processes that support its presence across critical industrial applications. Its integrated manufacturing setup enables it to serve diverse end-use industries, while long-standing customer relationships and a broad product portfolio provide a degree of business resilience. The company's emphasis on customised, precision-engineered and higher-value products, supported by product development capabilities and an expanding manufacturing base, provides a platform for sustained growth and potential improvement in profitability.

At the upper price band company is valuing at P/E of 18.6x and EV/EBITDA of 13.3x with to its FY26 earnings and market cap of Rs.12,056 million post issue of equity shares.

We believe that the IPO is fairly priced and recommend a “**Subscribe-Long Term**” rating to the IPO.

➤ **Description of Business:**

Behari Lal Engineering Ltd. is an integrated iron and steel manufacturing company focused on producing customized, precision-engineered products for critical industrial applications. According to CRISIL, the company is among India's largest producers of metal rolls and catered to 10.0–11.5% of India's metal rolls demand in FY26. Its diversified product portfolio comprises metal rolls, engineering castings, alloy steel products, and forging ingots and forged shafts/blocks, enabling it to address requirements across multiple industrial sectors. The company manufactures metal rolls for rolling mills across various grades, including alloy cast steel, adamite, graphitic steel, S.G. iron pearlitic, S.G. iron bainitic/acicular, alloyed indefinite chill and forged rolls. These products are used in rolling processes for manufacturing finished steel products such as TMT rebars and structural steel. Its engineering castings, ranging from 0.5 MT to 20 MT per unit, are supplied to the steel, iron, mining, power, sugar and aggregate-crusher industries. The company also manufactures carbon, alloy and stainless-steel bars in rounds, round-corner squares, flats and hexagonal sections, with sizes ranging from 6 mm to 230 mm. It has recently expanded its portfolio to include tool steel and valve steel. In addition, its forging ingots and forged shafts/blocks cater to demanding applications across the automotive, aerospace, oil & gas, energy and heavy engineering industries, supporting its positioning as an integrated supplier of specialized steel products. Set out below is a break-up of their revenue from different product verticals:

Particulars	FY26 Revenue (₹ million)	% of Revenue	FY25 Revenue (₹ million)	% of Revenue	FY24 Revenue (₹ million)	% of Revenue
Alloy Steel Products	2,446	45.8%	2,582	50.8%	2,278	51.1%
Metal Rolls	1,407	26.4%	1,248	24.6%	1,132	25.4%
Engineering Castings	1,043	19.5%	901	17.7%	797	17.9%
Forging Ingots & Forged Shafts / Blocks	235	4.4%	116	2.3%	21	0.5%
Job Work Income	126	2.4%	133	2.6%	129	2.9%
Others*	83	1.6%	99	2.0%	104	2.3%
Total	5,340	100.0%	5,079	100.0%	4,461	100.0%

*'Others' includes high sea sales, traded goods and sale of by-products

With over two decades of experience in the steel industry, Behari Lal Engineering Ltd. has developed capabilities across product development and precision engineering. Its integrated manufacturing setup includes a digital steel melting shop, ladle refining furnace (LRF), vacuum degassing (VD), foundry, heat treatment facilities, machine shops and rolling mills, supported by a skilled workforce. This integrated infrastructure enables the company to manufacture customized components tailored to specific customer requirements. Its products serve diverse industries, including automotive, steel, mining, infrastructure and construction, power, aerospace and defence, and cement. The company has built a diversified customer base across domestic and international markets. As of March 31, 2026, it had catered to 1,825 customers. Since April 1, 2024, the company has expanded its international presence by exporting precision-engineered components across five continents and 21 countries, including the USA, Germany, France, Brazil, Mexico, UAE, South Africa, Nigeria, Ghana, Kenya and Tanzania. The below map indicates their global geographical presence in terms of the countries in which they have supplied their products during the last 3 Fiscals.



Set out below are details of the revenue generated from their domestic and international customers in Fiscal 2026, Fiscal 2025 and Fiscal 2024, based on their Restated Financial Statements:

Particulars	FY26 Revenue (₹ million)	% of Revenue	FY25 Revenue (₹ million)	% of Revenue	FY24 Revenue (₹ million)	% of Revenue
Domestic Customers						
Alloy Steel Products	2,446	45.8%	2,582	50.8%	2,278	51.1%
Metal Rolls	1,286	24.1%	1,181	23.3%	1,050	23.5%
Engineering Castings	694	13.0%	753	14.8%	669	15.0%
Forging Ingots & Forged Shafts / Blocks	235	4.4%	116	2.3%	21	0.5%
Job Work Income	126	2.4%	133	2.6%	129	2.9%
Others*	74	1.4%	95	1.9%	99	2.2%
Sub-total (A)	4,860	91.0%	4,859	95.7%	4,245	95.2%
Overseas Customers						
Alloy Steel Products	0	0.0%	-	-	-	-
Metal Rolls	121	2.3%	67	1.3%	82	1.8%
Engineering Castings	350	6.5%	148	2.9%	128	2.9%
Forging Ingots & Forged Shafts / Blocks	0	0.0%	-	-	-	-
Job Work Income	0	0.0%	-	-	-	-
Others***	9	0.2%	5	0.1%	5	0.1%
Sub-total (B)	480	9.0%	220	4.3%	216	4.8%
Total (A + B)	5,340	100.0%	5,079	100.0%	4,461	100.0%

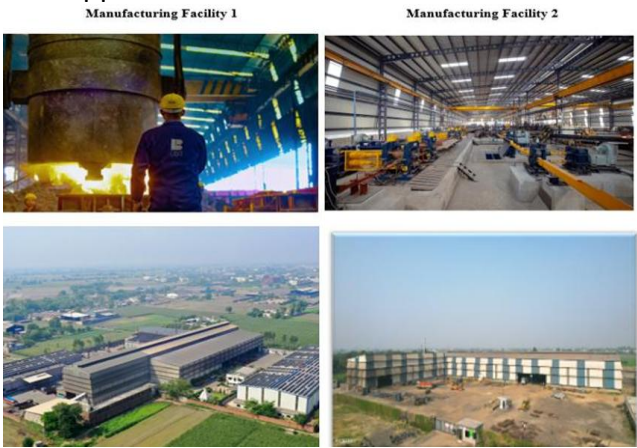
* Others includes high sea sales, traded goods, and sale of by-products ; ** Including deemed exports and export benefits ; ***Other Includes Export Benefits.

Behari Lal Engineering Ltd. has established long-term relationships with customers across the steel, automotive, engineering and industrial sectors, including BMW Industries, Shyam Metallics and Energy, Jai Balaji Industries, Metso India, Vardhman Special Steels and Shri Bajrang Power & Ispat. The company’s top 10 customers in FY26 had an average relationship tenure of six years, reflecting customer retention and repeat business. The number of repeat customers stood at 364 in FY26, compared with 378 in FY25 and 366 in FY24. As of May 31, 2026, the company had an order book of ₹1,786 million, providing revenue visibility for the near term. Set out below are details of their Order Book as on March 31, 2026, March 31, 2025, and March 31, 2024.

Particulars	As at March 31, 2026 (₹ million)	As at March 31, 2025 (₹ million)	As at March 31, 2024 (₹ million)
Order Book	1,183	930	855

Behari Lal Engineering Ltd. leverages advanced manufacturing technology and a dedicated product development team to manufacture high-precision, customized engineering components. Its manufacturing facilities are equipped with CNC lathes, heavy-duty all-g geared lathes, CNC boring machines, roll grinding machines, VTL and CNC VTL machines, radial drills, plano milling machines and CNC vertical milling machines. As a qualified supplier to global OEMs and their vendors, the company undergoes a stringent customer-led qualification process involving facility assessments, process audits and product testing before receiving purchase orders. Its products are manufactured to stringent quality standards and specifications, making consistent adherence to quality requirements essential for customer retention. The company’s long-standing customer relationships and repeat orders demonstrate the acceptance and reliability of its products.

Manufacturing Facility: Behari Lal Engineering Ltd. operates two manufacturing facilities in Mandi Gobindgarh, Punjab, with capabilities spanning product design, development, engineering, assembly and testing. The company has also commenced construction of a third manufacturing facility at Salani, Punjab, to expand its manufacturing capacity. Its quality management systems are supported by certifications including ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, covering quality, environmental and occupational health and safety management. The company also holds a BIS licence under ISO 14650:2023 and IS 2062:2011 and a Central Boilers Board certificate approving the manufacture of boiler-quality ingots up to 15 MT per piece across carbon, alloy and stainless steel grades. In addition, it has received a ZED (Zero Defect Zero Effect) certification, is compliant with PED 2014/68/EU, and has obtained green steel certifications for its manufacturing facilities. Regular customer inspections further support adherence to stringent quality requirements. The facilities are equipped with advanced machinery that enables the company to manufacture customized metal rolls, engineering castings and alloy steel products across diverse industrial applications.



It operates through two integrated manufacturing divisions: Steel Melting Shop (SMS) and Foundry Division and Rolling Mill Division, enabling the company to offer a broad range of alloy steel solutions across end-user industries. The SMS and Foundry Division has 12 MT fully digital medium-frequency induction furnaces with twin-shell configuration, along with ladle refining and vacuum degassing facilities for improved steel purity and alloying precision. Its foundry includes engineering and pattern development, continuous sand mixers, automated shakeout and sand reclamation systems, while its machine shops span over 100,000 sq. ft. and are equipped with CNC lathes, boring machines, roll grinders, VTLs and milling machines. Six PLC-integrated natural gas-fired furnaces support thermal processing. The Rolling Mill Division comprises 22-inch reversing, 16-inch intermediate & finishing and 12.5-inch continuous mills, supported by automated reheating, descaling, cutting, cooling and straightening systems. It can manufacture bars ranging from 8 mm to 125 mm and has three PLC-integrated natural gas-fired furnaces with polymer-quenching capability.

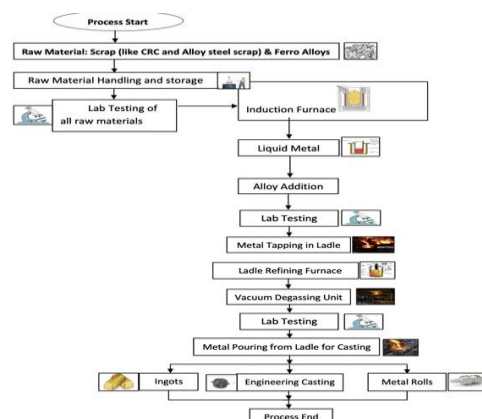
Set out below are the details of their revenue from sale of customised products during the last 3 Fiscals:

Particulars	FY26 Revenue (₹ million)	% of Total Revenue	FY25 Revenue (₹ million)	% of Total Revenue	FY24 Revenue (₹ million)	% of Total Revenue
Alloy Steel Products	2,446	45.8%	2,582	50.8%	2,278	51.1%
Metal Rolls	1,407	26.4%	1,248	24.6%	1,132	25.4%
Engineering Castings	1,043	19.5%	901	17.7%	797	17.9%
Total Sale of Customized Products	4,897	91.7%	4,731	93.1%	4,206	94.3%

It has developed in-house capabilities across engineering, design, tooling, material development, finishing and assembly, supported by continuous improvements in manufacturing and quality processes. The company is progressively automating its manufacturing operations through manufacturing execution systems (MES) to improve production efficiency, reduce manufacturing lead times and minimize downtime and idle capacity. Quality is monitored at multiple stages through dedicated engineering teams and advanced metrological equipment, including hardness testing and non-destructive testing (NDT) for internal flaw detection. Rolls and engineering castings undergo final machining followed by verification of hardness and dimensions against customer specifications before dispatch. The company has also undertaken measures to improve operational sustainability, including installation of approximately 2 MW of rooftop solar capacity, use of 100% recycled steel scrap, direct sourcing of raw materials and maintenance of a 4-acre green belt. The business is supported by an experienced management and engineering team with capabilities to develop customized precision-engineered products across industries.

To streamline operations and enhance manufacturing efficiency, the company completed the merger of Belco Special Steels Pvt. Ltd. (BSSPL) and Parkash Multimetals Pvt. Ltd. (PMPL) through a scheme of amalgamation. Following the consolidation, BSSPL's operations constitute the Rolling Mill Division, while PMPL's operations form part of the SMS and Foundry Division, with the consolidated entity operating as Behari Lal Engineering Ltd.

Manufacturing Process: The SMS and Foundry Division begins with sorting and processing scrap by grade, with internally generated machining and rolling scrap largely recycled into production, supporting cost efficiency and resource utilization. Scrap and ferro alloys are melted in induction furnaces, followed by vacuum degassing and ladle refining to achieve the required chemical composition and material properties. The refined steel is cast into customer-specific moulds to produce ingots, billets, rough rolls and complex castings, followed by heat treatment processes such as annealing, quenching, normalizing, hardening, tempering and stress relieving. The products are then machined through turning, boring, milling and grinding to achieve required dimensions and surface finish, followed by quality checks before dispatch. In the Rolling Mill Division, ingots or billets are reheated in natural gas-fired furnaces, descaled and processed through 22-inch reversing, 16-inch intermediate and 12.5-inch continuous mills. The rolled bars undergo cutting, controlled cooling, heat treatment, straightening and finishing operations before dispatch. The company also manufactures forged products and tool steels such as H-13 and DB-6, with in-house machining capabilities enabling supply of semi-finished and fully machined products.



Raw Materials and Consumables: The company's key raw materials and consumables comprise steel scrap, ferro alloys and ingots, while other inputs include billets, sand and oil. Raw materials are primarily procured through purchase orders placed with vendors, with the company generally not entering into long-term supply contracts or arrangements for procurement. This procurement model provides flexibility in sourcing; however, the absence of long-term contracts may expose the company to fluctuations in raw material prices and availability. Set out below are their expenses towards cost of materials consumed during Fiscal 2026, Fiscal 2025 and Fiscal 2024

Particulars	FY26 Amount (₹ million)	% of Total Expenses	FY25 Amount (₹ million)	% of Total Expenses	FY24 Amount (₹ million)	% of Total Expenses
Scrap Steel	2,121	46.1%	2,067	46.2%	1,455	36.4%
Ferro Alloy	129	2.8%	112	2.5%	142	3.6%
Ingots	525	11.4%	529	11.8%	1,145	28.6%
Billet	5	0.1%	2	0.1%	0	0.0%
Others^	26	0.6%	6	0.1%	4	0.1%
Total*	2,807	61.0%	2,716	60.8%	2,745	68.6%

* Total includes other raw materials and consumables not separately presented; ^ Others includes other raw materials and consumable

Suppliers: The company procures steel scrap and ferro alloys from both domestic and international suppliers, with a significant portion sourced directly from industrial manufacturers. Direct procurement enables the company to eliminate intermediaries, supporting cost efficiency while providing greater control over the quality and specifications of key raw materials. Set below are details of the suppliers.

Particulars	FY26 Amount (₹ million)	% of Total Expenses	FY25 Amount (₹ million)	% of Total Expenses	FY24 Amount (₹ million)	% of Total Expenses
Supplier 1	351	7.6%	230	5.1%	360	9.0%
Supplier 2	295	6.4%	223	5.0%	252	6.3%
Supplier 3	236	5.1%	193	4.3%	182	4.6%
Supplier 4	183	4.0%	158	3.5%	172	4.3%
Supplier 5	162	3.5%	147	3.3%	153	3.8%
Supplier 6	133	2.9%	95	2.1%	128	3.2%
Supplier 7	113	2.5%	94	2.1%	105	2.6%
Supplier 8	110	2.4%	87	2.0%	103	2.6%
Supplier 9	98	2.1%	84	1.9%	65	1.6%
Supplier 10	86	1.9%	74	1.7%	64	1.6%
Top 10 Suppliers	1,767	38.4%	1,385	31.0%	1,583	39.6%

Customers: Behari Lal Engineering Ltd. has a diversified customer base across both domestic and international markets, with 1,825 customers as of March 31, 2026. Since April 1, 2023, the company has expanded its export presence across five continents and 21 countries. Its customers operate across a broad range of end-user industries, including automotive, steel, mining, infrastructure and construction, power, aerospace and defence, and cement, reducing dependence on any single industry and providing diversified demand exposure. Set below are details of the top 3, top 5 and top 10 customers.

Customer Concentration	FY26 Revenue (₹ million)	% of Revenue	FY25 Revenue (₹ million)	% of Revenue	FY24 Revenue (₹ million)	% of Revenue
Top 3 Customers	942	17.6%	976	19.2%	845	18.9%
Top 5 Customers	1,361	25.5%	1,413	27.8%	1,243	27.9%
Top 10 Customers	2,029	38.0%	2,027	39.9%	1,687	37.8%

➤ **Key Strengths:**

- **Long standing relationships with a large number of customers spread across a wide array of end-user industries with stringent qualification processes:** Behari Lal Engineering Ltd. has built a broad and sticky customer base over more than two decades, supported by its customized precision-engineered products and stringent OEM qualification requirements. The number of customers catered to increased from 1,544 in FY24 to 1,825 in FY26, while 364 customers were retained in FY26, representing a 63.0% retention rate. Repeat customers contributed ₹4,523 million, or 84.7% of FY26 revenue, highlighting the recurring nature of its business. Global OEM qualification involves technical capability assessments, audits, product testing and compliance requirements, creating entry barriers and supporting customer stickiness. Several customers have been associated with the company for over a decade, including Madhav KRG (14 years), Mangala Ispat Jaipur (12 years), Shyam Metalics and Energy (12 years), Jai Balaji Industries (11 years) and Vardhman Special Steels (10 years). These relationships provide credibility, recurring business and greater revenue visibility.
- **Diversified product portfolio catering to varied application industries:** Behari Lal Engineering Ltd. has a diversified product portfolio comprising Metal Rolls, Engineering Castings, Alloy Steel Products, and Forging Ingots and Forged Shafts/Blocks. Its precision-engineered products cater to more than 10 industries, including aerospace and defence, aggregate crusher manufacturing, automotive, cement, engineering, finished steel manufacturing, infrastructure, power and railways. This broad product and end-market exposure enables the company to address varied industrial requirements and reduces dependence on any single application or sector, while its customized engineering capabilities support the development of products tailored to specific customer specifications. Set out below is a break-up of their product portfolio.

Metal Rolls



Engineering Castings



Alloy Steel Products



Forging Ingots and Forged Shafts / Blocks



They have a diverse product portfolio and have the ability to manufacture a vast array of products with the ability to customise products in accordance with the requirement of customers. Their precision engineered products cater to a wide variety of industrial applications and cater to a vast array of industries including automobile, steel, mining, infrastructure and construction, power, aerospace and defence and cement. Set out below is their revenue from operations from key end-user industries during Fiscal 2026, Fiscal 2025 and Fiscal 2024.

End-user Industry	FY26 Revenue (₹ million)	% of Revenue	FY25 Revenue (₹ million)	% of Revenue	FY24 Revenue (₹ million)	% of Revenue
Automobiles	2,064	38.7%	2,476	48.8%	2,481	55.6%
Infrastructure	1,105	20.7%	940	18.5%	907	20.3%
Aggregate Crusher Manufacturer	980	18.4%	894	17.6%	747	16.8%
Engineering – Industrial Equipment	900	16.9%	667	13.1%	210	4.7%
Others*	292	5.5%	102	2.0%	116	2.6%
Total	5,340	100.0%	5,079	100.0%	4,461	100.0%

*Others includes aerospace & defence, cement, finished steel manufacturing, power and railways.

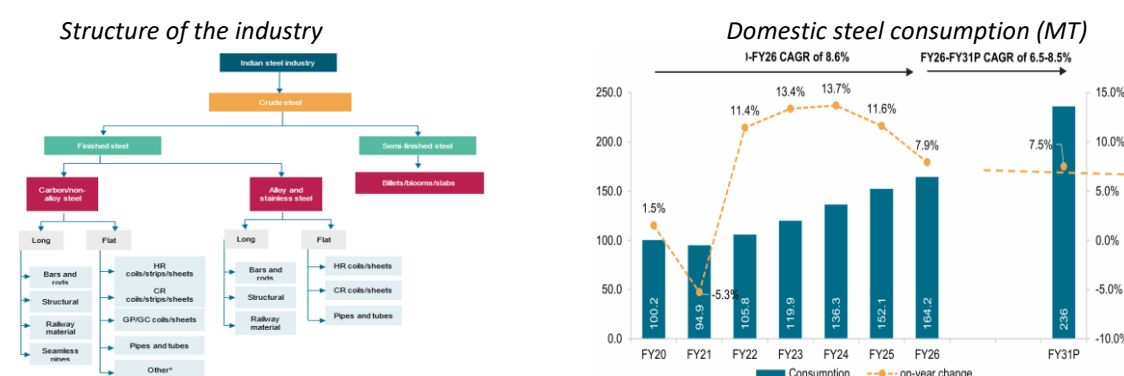
- **Strategically located Manufacturing Facilities with advanced equipment and robust overlapping processes which enables high capacity utilisation:** Behari Lal Engineering Ltd. operates two integrated manufacturing facilities in Mandi Gobindgarh, Punjab, spread across approximately 790,000 sq. ft., with combined installed capacity of 119,690 MT, including 54,690 MT of finished steel processing and 65,000 MT of rolling capacity. Mandi Gobindgarh is a major steel manufacturing hub with access to National Highway 44, two dry ports and Chandigarh International Airport, supporting efficient movement of raw materials and finished products. The company has also commenced construction of a third facility at Salani, Punjab. Its overlapping and fungible manufacturing processes enable production of alloy steel products, engineering castings, metal rolls, forging ingots and forged shafts/blocks, allowing flexible utilisation of capacity. In FY26, the company recorded 104,980 MT of production, translating into 87.7% overall capacity utilisation, with SMS and Foundry Division utilisation at 94.5%. Advanced machinery, automation, in-house testing facilities and stringent quality systems further support product quality and delivery efficiency. The facilities are certified under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and hold additional BIS, ZED, PED and green steel certifications.
- **Strong Industry Legacy and Experienced Management:** Behari Lal Engineering Ltd. has been operating in the steel industry since 1995, initially as a steel trader before transitioning into steel manufacturing. Over three decades of industry experience has enabled the company to develop established manufacturing processes and domain expertise, supported by regular customer inspections and stringent quality requirements. The business was founded by Parkash Chand Garg, Chairman and Promoter, who has been associated with the company's Board for around 30 years and has spearheaded its growth. Rajesh Garg, Vice Chairman, and Dinesh Garg, Managing Director, have approximately 28 years and 30 years, respectively, of experience as directors of the company. The experienced promoter-led management team provides significant industry knowledge and continuity, supporting the company's ability to develop customized steel products and expand across end-user industries.

➤ **Key Strategies:**

- Augmenting Installed Capacity in line with Expected Business Growth:** Behari Lal Engineering Ltd. plans to augment its manufacturing capacity in line with expected business growth and rising demand for specialized steel products. The company has acquired 6.47 acres of land at Salani, Punjab, of which approximately 2.07 acres is being developed for a new manufacturing facility. In parallel, it is expanding capacity at its existing Mandi Gobindgarh facilities, particularly for engineering castings, metal rolls and ingots, through upgrades to the casting, moulding and machine shops, including additional CNC and VTL machines and heat-treatment furnaces. The company proposes to utilize ₹233.9 million of IPO proceeds for process, equipment and machinery upgrades, including ₹109.7 million for rolls and castings machine shops. Power and fuel remains a significant cost, accounting for ₹351.5 million or 7.6% of total expenses in FY26. To manage rising power requirements and reduce energy costs, the company plans to install 2 MW of rooftop solar panels, for which ₹68.0 million of IPO proceeds is proposed to be utilized. It has also applied for connectivity for a new ground-mounted solar power plant under the PSERC Regulations, with the application currently pending. These initiatives are expected to improve energy cost efficiency and support sustainable manufacturing.
- Optimising their Product Portfolio to cater more to Higher Value Products and Value Added Products:** The company is focusing on increasing the contribution of higher-value products, particularly engineering castings, metal rolls and specialized alloy steel grades such as valve steel, die steel and tool steel. Revenue from high-value products increased from ₹1,992 million (44.7% of revenue) in FY24 to ₹3,086 million (57.8% in FY26), reflecting the company's focus on value-added products. The company plans to upgrade its melting and machining capabilities to manufacture more high-value rolls and castings, which is expected to support better margins and expand its customer base. It also plans to install a 1,600-ton hydraulic open-die forging press and a 2 MT hydraulic open-die forging hammer, with 7 MT and 5 MT manipulators, respectively, establishing annual forged-product capacity of 15,000 MT. The investment is expected to improve product quality, enable higher-value alloy steel grades and reduce dependence on outsourced forging. The company proposes to utilize ₹219 million of IPO proceeds towards forging press equipment and machinery.
- Broadening End-User Industries and Export Markets:** Behari Lal Engineering Ltd. is focused on diversifying its end-user and geographical markets by leveraging its capabilities in metal rolls and engineering castings. While automobiles remained the largest segment at ₹2,064 million (38.7% of FY26 revenue), the company is expanding its presence in infrastructure, aggregate crushers and engineering-industrial equipment, while targeting new industries such as automotive OEMs, plastic moulding, oil & gas, chemical processing and forging. It also aims to benefit from the China+1 strategy and growing global preference for alternative steel supply chains. Since April 2023, the company has exported to 21 countries across five continents, with export revenue increasing from ₹216 million in FY24 to ₹480 million in FY26, raising its contribution from 4.8% to 9.0% of revenue. With enhanced manufacturing capacity, the company intends to target higher-value tenders from large steel manufacturers and public-sector undertakings, including defence entities, while expanding its international customer base.
- Increasing Wallet Share Through New Products and Grades:** The company aims to increase its wallet share with existing customers by expanding its portfolio of higher-value rolls and specialized steel grades. The company plans to manufacture Indefinite Chilled Double Pour (ICDP) rolls and High-Speed Steel (HSS) rolls, which offer higher wear resistance, thermal stability, hardenability and longer pass-life, supporting their use in demanding rolling applications. According to CRISIL, ICDP rolls are currently produced in limited quantities, while HSS rolls are not presently manufactured in India, providing an opportunity for the company to address a niche domestic market. In addition, the company intends to manufacture High Temperature/Creep Resistant Grade Steels, designed for applications requiring exposure to temperatures of up to 650°C, with alloying elements such as chromium, molybdenum, tungsten and niobium enhancing high-temperature corrosion resistance. These specialized products are targeted towards injection moulding, defence, aerospace and cutting industries and command higher realizations than conventional grades. The shift towards differentiated, value-added products is expected to increase revenue per customer, improve product mix and support operating margins and profitability.

➤ **Industry Snapshot:**

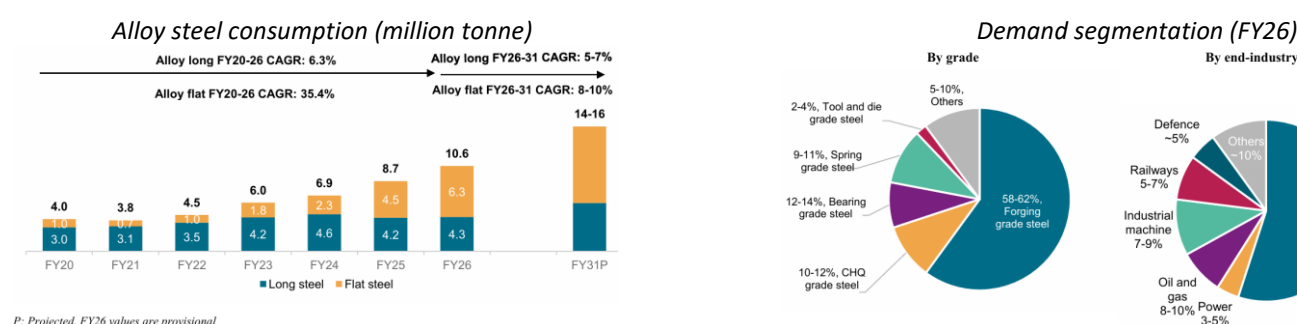
- Overview of India's steel industry:** India's finished steel demand grew at a robust 11.6% CAGR between FY22–FY26, reaching 164.2 MT in FY26, up 7.9% YoY from 152.1 MT in FY25, supported by automobile, infrastructure and construction activity. Domestic steel consumption is projected to reach 225–250 MT by FY31, implying a 6.5–8.5% CAGR, with building & construction, infrastructure & engineering, and packaging accounting for ~90% of demand. Infrastructure projects, housing and government initiatives such as PMAY and NIP are expected to remain key growth drivers for steel consumption through FY27–FY31.



- Steel consumption break-up by use:** Steel consumption is diversified across key end-use sectors, with building & construction accounting for 35–40%, followed by infrastructure at 22–26%, engineering and packaging at 12%, and automotive at 10.8%. Infrastructure is expected to remain a major growth driver, with demand projected to grow 8–10% CAGR through FY31, supported by roads, railways, metros, airports and ports. Building & construction demand is expected to grow 6–8%, driven by affordable housing, rural housing and urbanisation, while engineering and packaging are expected to grow 6–8%, supported by domestic manufacturing, Atmanirbhar Bharat and PLI initiatives. Automotive steel demand is expected to grow 6–7%, aided by rising vehicle production, rural recovery and

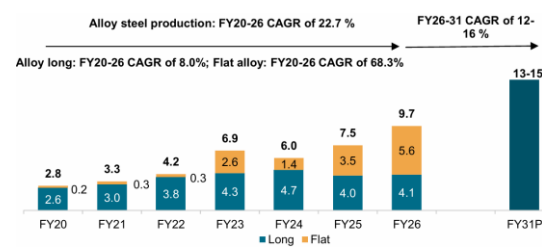
premiumisation. Overall, infrastructure currently contributes ~30% of domestic steel demand and is supported by higher government capex, with FY27 infrastructure allocation increasing 17.7% YoY, while Bharatmala and Smart Cities investments provide additional demand visibility.

- **Steel consumption break-up by category:** Indian steel consumption increased from ~100 MT in FY20 to ~169 MT in FY26, implying a 9.1% CAGR, led by infrastructure, construction and automotive demand. Long steel consumption reached 87.7 MT in FY26, growing at a 9.2% CAGR during FY20–26, compared with 81.1 MT for flat steel, with long steel accounting for ~54% of finished steel demand. Bars and rods were the key contributor, reaching 68.4 MT at a 9.7% CAGR. Going forward, flat steel demand is expected to grow 7–9% CAGR, while long steel is expected to grow 6–8% CAGR through FY31, supported by infrastructure, housing and urbanisation. Non-alloy flat steel consumption is projected to grow 9–11% CAGR, driven by automotive, construction and engineering applications.
- **India's finished steel production trend:** India's finished steel production increased from 102.6 MT in FY20 to 161.7 MT in FY26, registering a 7.9% CAGR, with long steel growing faster at 8.7% CAGR to 87.0 MT and its share rising to 53.8%. Non-alloy steel remained dominant, contributing ~91% of production, while alloy and stainless steel production grew significantly faster at 18.5% CAGR, reaching 14.1 MT in FY26 from 5.1 MT in FY20. Within non-alloy long steel, bars and rods remained the largest segment, reaching 67.8 MT in FY26, while structural steel reached 12.0 MT. Non-alloy flat steel production reached 66.1 MT, growing at 5.5% CAGR, led by HR coils/strips. Alloy steel production rose sharply at 22.7% CAGR to 9.7 MT, driven by automotive, infrastructure and manufacturing demand, and is expected to grow 12–16% CAGR through FY31.
- **Overview of the alloy steel industry:** India's alloy steel industry is an increasingly important segment of the steel market, with products offering superior strength, wear resistance and high-temperature performance for applications across automotive, construction, energy, defence and manufacturing. In FY26, India produced 14.1 MT of alloy and stainless steel, including 4.1 MT of alloy long steel, 5.6 MT of alloy flat steel and 4.4 MT of stainless steel. Alloy long steel consumption stood at 4.3 MT, while alloy flat steel consumption reached 6.3 MT, reflecting a sharp 35.4% CAGR during FY20–26, compared with 6.3% for alloy long steel. Alloy steel production involves melting, alloying, vacuum degassing, casting, rolling/forging, heat treatment and final machining, enabling precise control over chemical and mechanical properties. Going forward, alloy long steel consumption is expected to grow at 5–7% CAGR, while alloy flat steel is expected to grow faster at 8–10% CAGR through FY31, supported by infrastructure, rising vehicle production and advanced manufacturing.

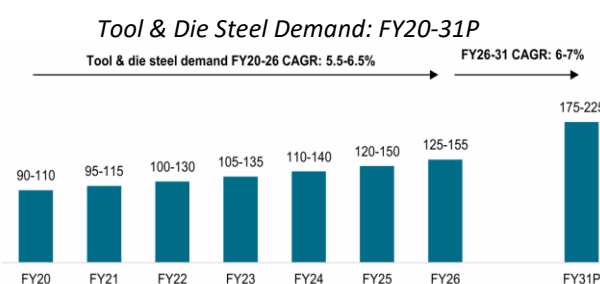


- **Applications across key end-use industries:** Alloy steel long products are widely used across key end-use industries owing to their superior strength, toughness, wear resistance and durability. Automotive is the largest application, accounting for ~60% of demand, driven by usage in crankshafts, gears, shafts, suspension and engine components. Oil & gas contributes 8–10%, with alloy steel used in drilling equipment, valves, fittings and pipelines, while industrial machinery accounts for 7–9% through gears, shafts, bearings, tools and dies. Railways and defence contribute 5–7% and ~5%, respectively, with applications including bearings, springs, chassis, armour and aerospace components. Infrastructure accounts for ~10% of demand, supported by structural components, reinforcement, valves, fasteners and bridge applications. Key grades include forging steel, CHQ steel, bearing steel, spring steel, tool steel and valve steel, with applications extending to power equipment and tractors.
- **Key growth drivers for alloy steel:** India's alloy steel demand is supported by infrastructure development, urbanisation and growth across key end-use sectors. Government initiatives such as PM Gati Shakti and Smart Cities are driving demand for high-strength materials, while construction is expected to grow 6–8% annually through FY31. Oil & gas demand is supported by 10–15% CAGR in natural gas demand and over 10,805 km of pipelines under development. Power demand is projected to grow 5–7% during FY27–31, supporting specialty steel demand in renewable and conventional energy projects. Defence manufacturing and exports are also expanding, with FY25 defence production at ₹1.26 lakh crore and exports at ₹23,622 crore. Tractor production growth of 22–24% in FY26 further supports demand. Export opportunities, sustainable construction and increasing adoption of high-performance materials provide additional structural tailwinds, with alloy steel production projected to grow at 12–16% CAGR through FY31.
- **India's alloy steel supply overview:** India's alloy steel production increased strongly from 2.8 MT in FY20 to 9.7 MT in FY26, registering a 22.7% CAGR, significantly outpacing non-alloy steel. Long alloy steel production grew at 8.0% CAGR to 4.1 MT, while flat alloy steel expanded at 68.3% CAGR to 5.6 MT, driven by automotive and manufacturing demand. The market remains moderately concentrated, with large and mid-sized players accounting for 60–65% share, supported by scale, technology and established distribution networks. Key players include JSW (2.20 MT), Jayaswal Neco (1.00 MT), Sunflag (0.50 MT), Saarloha (0.25 MT), RL Steels (0.18 MT), Sanyo Special Steel India (0.18 MT) and Behari Lal Engineering (0.04 MT). The fragmented nature of the remaining market provides smaller players opportunities to expand through product differentiation and value-added grades.

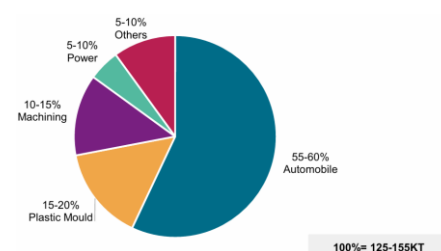
Alloy steel production: FY20-31P



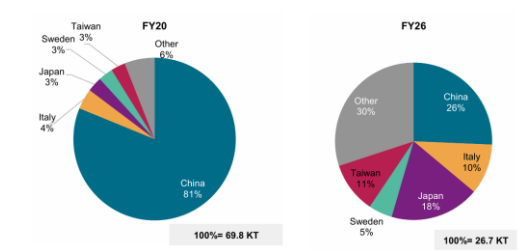
- Overview of Alloy Steel Players making Tool-and-Die and Valve Steel Products:** The Indian market for tool-and-die and valve steel is dominated by large and medium-sized players, accounting for over 60% of supply, with key suppliers including JSW, Sunflag Iron & Steel, Saarloha, Sanyo Special Steel India and Behari Lal Engineering. These players benefit from economies of scale, established distribution networks and the ability to offer a wider range of consistent-quality grades, while smaller players account for less than 40% of the market. Government initiatives such as PLI and Make in India have supported domestic special steel production and import substitution. Alloy long steel imports declined from 0.22 MT in FY25 to 0.17 MT in FY26, while alloy flat steel's trade deficit narrowed from 1.09 MT to 0.77 MT over the same period. However, the industry remains exposed to economic slowdowns, raw material price volatility, geopolitical disruptions and tighter environmental regulations, which could increase production costs and affect demand and profitability.
- Overview of Tool and Die Steel:** India's tool and die steel demand increased from 90–110 KT in FY20 to 125–155 KT in FY26, registering a 5.5–6.5% CAGR, and is projected to reach 175–225 KT by FY31, growing 6–7% CAGR. Automotive remains the largest end-use segment at 55–60%, followed by plastic moulds at 15–20%, machining at 10–15% and power at 5–10%. Imports declined sharply to 26.7 KT in FY26 from 85 KT in FY25, reflecting increasing import-substitution efforts, while China's share fell to 26% from 81% in FY20, with Japan, Taiwan, Italy and Sweden gaining share. Tool steel exports increased to 1.23 KT in FY26 from 0.72 KT in FY20, with Italy, the US and Germany emerging as key destinations. Demand growth is supported by expanding automotive, manufacturing and industrial activity, while premium pricing is sustained by the material's high hardness, wear resistance and temperature stability. However, demand and margins remain sensitive to industrial cycles and volatility in alloying material prices such as tungsten and vanadium.



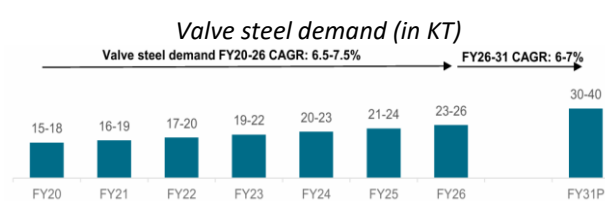
Demand by end-industry in fiscal 2026 (% share)



Tool and die steel imports by origin (% share)

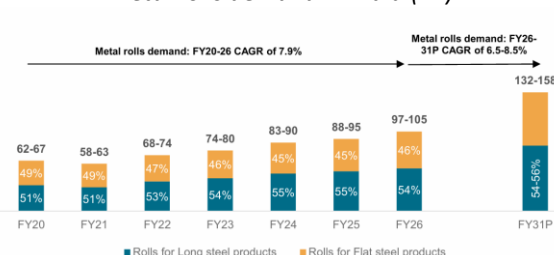


- Overview of Valve Steel:** Valve steel is a specialised alloy steel designed to withstand high temperatures, pressures, corrosion and wear, making it critical for automotive, oil & gas, power, chemical processing, water treatment and mining applications. Key grades include F9, F11, F22, F91 and F92 for industrial valves, while 21-4N and 23-8N are used in engine valves. Indian valve steel demand increased from 15–18 KT in FY20 to 23–26 KT in FY26, implying a 6.5–7.5% CAGR, and is expected to reach ~35 KT by FY31 at 6–7% CAGR. Automotive remains the largest end-use sector at 35–40%, followed by oil & gas at 25–30% and power at 15–20%. Import dependence has reduced sharply, with imports falling from 1.36 KT in FY20 to 0.15 KT in FY26, supported by domestic capacity expansion and PLI-led import substitution. At the same time, exports surged from 0.5 KT to 7.73 KT, with Poland emerging as the largest destination at 35%, highlighting India's improving competitiveness in specialty valve steel.



- Overview of the Metal Rolls Industry:** Metal rolls are critical consumables in rolling mills, used to shape, reduce thickness, improve surface finish and enhance the mechanical properties of steel products. They are manufactured from alloy steel, carbon steel, graphitic steel, cast iron and tungsten carbide through casting or forging, followed by heat treatment, machining and stringent quality testing. Major roll types include Alloy Cast Steel, Adamite, Graphite Steel, High Chrome Steel/Iron, Spheroidal Graphite Iron, Alloyed Indefinite Chill (AIC) and ICDP rolls, with grades selected based on the rolling application and required wear resistance, hardness and toughness. Long-product mills mainly use rolls for TMT bars, wire rods, structural sections and rails, while flat-product mills require specialised rolls for hot/cold rolling, plates and strips. India's metal-roll demand increased from ~62–67 KT in FY20 to ~97–105 KT in FY26, a 7.9% CAGR, broadly tracking finished-steel production. Long-steel roll demand grew faster at 8.7% CAGR to ~57 KT, while flat-steel roll demand reached ~49 KT at 7.0% CAGR. Demand is expected to grow 6.5–8.5% CAGR through FY31, reaching ~132–158 KT, supported by rising steel production, infrastructure, automotive, engineering and manufacturing investments.

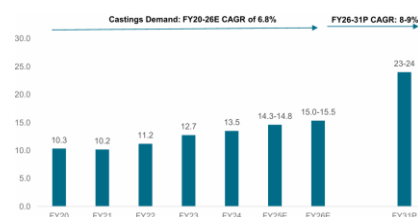
Metal rolls demand in India (KT)



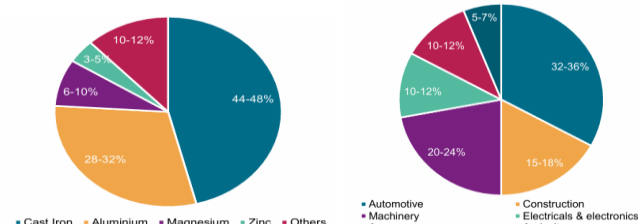
- Overview of the Engineering Castings & Aggregate Crushers Industry:** The Indian engineering castings and foundry industry is a critical part of the manufacturing ecosystem, supplying components to automotive, industrial machinery, construction, power, railways, agriculture, mining and defence. Globally, casting production was ~114 MT in 2023, with cast iron accounting for 44–48% and automotive being the largest end-use

segment. In India, engineering castings demand increased from 10.3 MT in FY20 to ~13.5 MT in FY24 and is estimated at ~15.0–15.5 MT in FY26, implying a 6.8% CAGR during FY20–26. Demand is expected to accelerate to 8–9% CAGR through FY31, reaching ~23–24 MT, supported by infrastructure spending, industrialisation, urbanisation, automotive growth and localisation of manufacturing. Automotive remains the largest consumer at 30–32% of FY26 demand, with ~4.6–4.9 MT of castings demand expected to grow at 6–7% CAGR to 6.3–6.7 MT by FY31. Industrial/high-precision machinery accounts for 9–10%, with demand of ~1.6–1.7 MT in FY26 projected to reach 2.0–2.4 MT by FY31. Growth is further supported by EV adoption, lightweighting, advanced casting technologies, Industry 4.0, Make in India and PLI initiatives, alongside increasing domestic sourcing and import substitution.

India's Engineering castings demand (in million tonne)

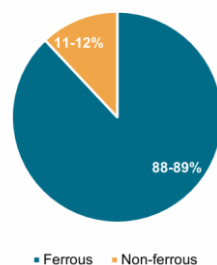
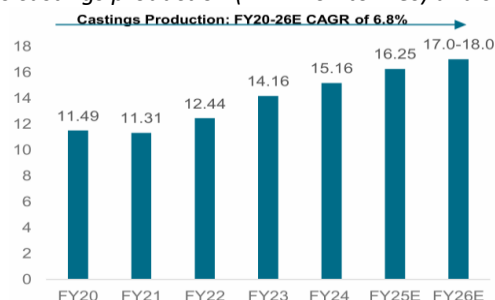


Global demand segmentation by castings material type and end use industry (2023E)

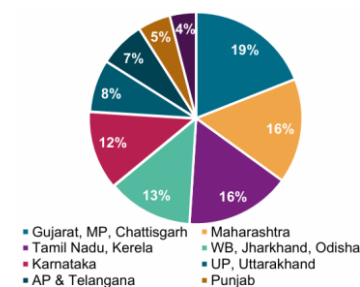


- Overview of Castings for Pipes & Fittings:** India's engineering castings industry is a critical component of the manufacturing ecosystem, supplying components to automotive, industrial machinery, construction, power, railways, cement, mining and heavy engineering sectors. India's casting demand increased from 10.3 MnT in FY20 to ~15.3 MnT in FY26, implying a 6.8% CAGR, and is expected to grow at 8–9% CAGR during FY26–31, reaching ~23–24 MnT, driven by infrastructure spending, industrial capex, automotive production, energy and defence demand. Automotive is the largest end-user, accounting for 30–32% of FY26 demand, followed by industrial/high-precision machinery at 9–10%, thermal & hydro power at 12–14%, agriculture machinery at 7–8%, and pipes & fittings at 9–10%. India is also the second-largest casting producer globally, with FY26 production estimated at 17–18 MnT, of which 88–89% is ferrous and 11–12% non-ferrous. The industry remains highly fragmented, with ~5,000 foundries, nearly 90% belonging to the MSME sector. Growth in domestic manufacturing, import substitution, localisation by OEMs, advanced casting technologies and rising export opportunities should support demand for higher-value and precision castings. Within heavy industries, demand is supported by applications such as kiln components, mill rollers, grinding media, turbine components, boiler parts and wear-resistant castings.

India's castings production (in million tonnes) and segmentation by type (for fiscal 2026)



State-wise dispersal of foundry/castings units in India



➤ Financial & Operational Performance Indicators

Particulars	Units	FY26	FY25	FY24
Financial Parameters				
Revenue from Operations	₹ million	5,340	5,079	4,461
EBITDA	₹ million	889	729	571
EBITDA Margin	%	16.6%	14.4%	12.8%
PAT	₹ million	647	529	358
PAT Margin	%	12.1%	10.4%	8.0%
Cash Profit	₹ million	794	624	484
Net Worth	₹ million	3,061	2,416	1,937
Net Debt	₹ million	166	51	407
Debt-Equity Ratio	x	0.06	0.03	0.21
ROCE	%	27.1%	28.2%	22.0%
ROE	%	23.6%	24.3%	22.8%
Operational Parameters				
Inventory Days	days	57	42	34
Debtor Days	days	60	56	67
Creditor Days	days	24	26	12
Cash Conversion Cycle	days	93	72	89
Fixed Asset Turnover Ratio	x	6.0	6.8	7.0
Sales Volume	MT	88,152	89,103	82,042
Sales Volume Growth	%	(1.1%)	8.6%	18.8%
EBITDA per Ton	₹	10,083	8,181	6,961
Debt / EBITDA	x	0.19	0.07	0.71

➤ **Comparison with listed entity**

Name of Company	Latest Financial Year	Face Value (₹/share)	P/E (x)	Basic EPS (₹)	Diluted EPS (₹)	RoNW (%)	NAV (₹/share)	EV/EBITDA (x)	Total Income (₹ million)
Behari Lal Engineering Limited	Standalone	10	18.6	16.6	16.6	21.1%	78.4	13.3	5,340
Key Listed Peers									
Jayaswal Neco Industries Limited	Standalone	10	18.5	4.8	4.8	16.4%	29.3	6.5	71,318
AIA Engineering Limited	Consolidated	2	34.4	136.1	136.1	15.5%	859.9	24.0	44,199
Steelcast Limited	Standalone	1	37.9	8.6	8.6	21.9%	39.0	22.5	4,232
RHI Magnesita India Limited	Consolidated	1	NA	(18.5)	(18.5)	(10.8%)	172.4	16.4	40,199
Vardhman Special Steels Limited	Consolidated	10	23.2	13.2	13.2	9.6%	132.1	13.1	17,544
IFGL Refractories Limited	Consolidated	10	43.5	4.8	4.8	7.9%	163.0	9.6	18,943
Kennametal India Limited	Standalone	10	62.0	46.8	46.8	13.7%	340.0	35.8	11,703

Financial information of the Company is derived from the Restated Financial Statements for the Fiscal Year ended March 31, 2026

➤ **Key Risks**

- Revenue from repeat customers accounted for 84.7% of FY26 revenue (₹4,522.8 million), indicating significant dependence on customer retention and the company derives a significant portion of its revenue from repeat customers, which accounted for 84.7% of FY26 revenue ; loss of repeat customers or lower demand could adversely impact operations.
- The company remains exposed to demand conditions across its key end-use industries, with automobiles, infrastructure, aggregate crushers and engineering equipment contributing 38.7%, 20.7%, 18.4% and 16.9% of FY26 revenue, respectively. Any industry slowdown or customer loss could adversely impact revenue and financial performance.
- The company remains heavily dependent on the domestic market, with Indian customers contributing 91.0% of FY26 revenue. Any adverse economic, political or regulatory developments in India could negatively impact its financial performance.
- Raw materials represent a significant cost component, with material consumption accounting for 61.0% of total expenses in FY26 (₹2,806.6 million). Any supply disruption, procurement delays or adverse price movements could impact production, customer deliveries and profitability.
- The company depends on third-party suppliers without long-term contracts, with its top 10 suppliers accounting for 38.4% of FY26 expenses (₹1,767.0 million). Supply disruptions or adverse pricing could impact operations and financial performance.
- Steel prices are influenced by market demand, industry cycles and broader economic conditions, while alloy steel products, metal rolls and engineering castings contributed over 90% of revenue in each of FY26, FY25 and FY24. Any sustained decline in steel prices could adversely impact realizations, margins, profitability and financial performance.
- The top 10 suppliers accounted for 49.00%, 38.05% and 47.65% of total purchases in FY26, FY25 and FY24, respectively, exposing the company to supplier concentration risks.
- The company is exposed to foreign exchange risk as it exports to 21 countries across 5 continents, including the USA, Germany, France, UAE and Canada, while importing raw materials and equipment from Canada, China and UAE; currency fluctuations could increase manufacturing costs and adversely impact margins.
- The business is working-capital intensive, with net working capital increasing from ₹1,196.40 million in FY24 to ₹1,924.50 million in FY26, while working capital days rose from 98 to 132 days. Any inadequate cash flows or funding availability could constrain operations and adversely impact financial performance.
- The alloy steel industry is exposed to economic slowdowns, raw material price volatility, stringent environmental regulations, high energy costs, skilled labour shortages and competition from low-cost markets such as China, which could adversely impact demand, costs, margins and profitability.
- The company's manufacturing operations are concentrated in Mandi Gobindgarh, Punjab, with all three facilities located in the same region, exposing operations to localized disruptions, natural calamities, labour issues and infrastructure constraints.

➤ **Valuation**

Behari Lal Engineering Limited has established a differentiated position within the specialised steel and engineering products industry through its focus on value-added alloy steel products, metal rolls, engineering castings and forgings, supported by integrated manufacturing capabilities and customised production. The company benefits from in-house engineering, design and material development capabilities, along with stringent quality and customer qualification processes that support its presence across critical industrial applications. Its integrated manufacturing setup enables it to serve diverse end-use industries, while long-standing customer relationships and a broad product portfolio provide a degree of business resilience. The company's emphasis on customised, precision-engineered and higher-value products, supported by product development capabilities and an expanding manufacturing base, provides a platform for sustained growth and potential improvement in profitability.

At the upper price band company is valuing at P/E of **18.6x** and EV/EBITDA of **13.3x** with to its FY26 earnings and market cap of Rs.12,056 million post issue of equity shares.

We believe that the IPO is fairly priced and recommend a “**Subscribe- Long Term**” rating to the IPO.

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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251 st company onwards)	>25%	0%-25%	Below 0%

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