Behari Lal Engineering Ltd.

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IPO Note **11th Aug 2026**

Company Overview

Behari Lal Engineering Limited is an integrated manufacturer of steel and engineering products with over two decades of experience in the steel industry. The company manufactures a diversified portfolio of alloy steel products, metal rolls and engineering castings, catering to end-user industries including steel, mining, railways, construction, power, paper, rubber, cement and sugar. Its ability to manufacture customised products supports its presence across varied applications, while the diversified product mix reduces dependence on a single product segment. In FY26, alloy steel products, metal rolls and engineering castings contributed 45.8%, 26.4% and 19.5%, respectively, to revenue from operations. The company operates two manufacturing facilities in Mandi Gobindgarh, Punjab, spread across ~790,000 sq. ft., with a combined installed capacity of 119,690 MT, including 54,690 MT of finished steel processing capacity and 65,000 MT of rolling mill capacity. Capacity utilisation stood at 87.7% in FY26, indicating healthy utilisation of its existing manufacturing base. The company has also commenced construction of a third manufacturing facility at Village Salani, Mandi Gobindgarh, which is expected to augment capacity and support future business growth. The company has established relationships with a diversified domestic and international customer base, with repeat customers contributing 84.7% of FY26 revenue, providing relatively strong customer retention and revenue visibility. It has served customers across 21 countries spanning five continents. The company is focused on increasing the contribution of higher-value products, expanding its export and end-user markets, adding new product grades and improving wallet share with existing customers. Its in-house engineering and manufacturing capabilities, supported by advanced machinery and established quality certifications, provide a foundation for product customisation and capacity expansion.

Objects of the issue

The IPO comprises a fresh issue of up to Rs.93 crores and an Offer for Sale of up to Rs.209 crores. The net proceeds from the fresh issue are proposed to be utilized for the following purposes:

1. Funding capital expenditure towards purchase and installation of new equipment/machinery and rooftop solar panels at Manufacturing Facility 1 and Manufacturing Facility 2;
2. Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company;
3. General corporate purposes.

Investment Rationale

Strong customer retention and long-standing relationships supporting revenue visibility

The company has established a diversified customer base across a wide range of end-user industries, supported by its two decades of experience in supplying precision-engineered components. The total number of customers catered increased steadily from 1,544 in FY24 to 1,825 in FY26, while the number of customers retained from the previous financial year remained healthy at 364 in FY26, translating into a retention rate of 62.98%. Importantly, repeat customers contributed Rs.452.3 crores, or 84.7% of revenue from operations in FY26, indicating strong customer stickiness and a high degree of recurring business. The company also added 144 new customers in FY26, reflecting its ability to expand its customer base while retaining existing relationships. The company's customer relationships are further supported by stringent qualification and approval processes followed by global OEMs, which involve assessment of technical capabilities, audits, product testing and adherence to stringent quality and compliance standards. Such processes typically require long gestation periods and consistent execution, creating entry barriers and limiting the ability of new suppliers to penetrate these relationships. The company's design, engineering, assembly and testing capabilities, along with its ability to provide customised engineered components, strengthen its position as a qualified supplier for critical applications. Further, the presence of customers associated with the company for more than five years, including several relationships extending beyond a decade, underscores its established customer franchise and provides a foundation for sustained revenue visibility and long-term growth.

Flexible manufacturing platform with diversified product capabilities supporting efficient capacity utilisation

The company's manufacturing capabilities are differentiated by its ability to produce multiple product categories, including alloy steel products, engineering castings, metal rolls, forging ingots and forged shafts/blocks, unlike several competitors that remain focused on individual product segments. Its

Issue Details	
Offer Period	12th Aug 2026 - 14th Aug 2026
Price Band	Rs. 271 to Rs. 285
Bid Lot	52
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	1.05
Issue Size (Rs. in Cr.)	302
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NIB	15%
Retail	35%
BRLM	Emaky Global Financial Service Ltd., Systematix Corporate Service Ltd.
Registrar	MUFG Intime India Private Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	88.5%	70.8%
Public	11.5%	29.2%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

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overlapping and fungible manufacturing processes allow the company to dynamically allocate production capacity depending on product demand, enabling better utilisation of its manufacturing assets and improving delivery efficiency. This flexibility also allows the company to cater to a wider range of customer requirements without requiring completely separate production infrastructure for each product category. The company has also invested in automation and process-control systems to improve production efficiency, reduce downtime and maintain consistency in product quality. Its integrated physical, chemical and non-destructive testing capabilities, supported by dedicated laboratories and specialised testing equipment, enable quality checks across multiple stages of production. The combination of a diversified product mix, fungible manufacturing processes, automation and stringent quality controls provides operational flexibility, supports efficient capacity utilisation and strengthens the company's ability to scale its manufacturing operations in line with changing customer requirements.

Valuation

Behari Lal Engineering Limited is an established manufacturer of customised iron and steel products, with integrated capabilities across steel melting, foundry and rolling mill operations. Its diversified portfolio includes alloy steel products, metal rolls, engineering castings and forging ingots/forged shafts and blocks, catering to customers across multiple end-user industries. The company's integrated manufacturing capabilities, established customer relationships and presence across the steel value chain provide a strong foundation for growth. The Indian engineering and specialty steel industry offers structural growth opportunities, supported by infrastructure spending, industrial capex and rising demand for value-added steel products, which could support long-term growth for organised players such as Behari Lal Engineering. On the financial front, the company has demonstrated strong operating performance, with Revenue/EBITDA/PAT increasing from Rs.4461 mn/Rs.610 mn/Rs.358 mn in FY24 to Rs.5340 mn/Rs.1013 mn/Rs.646 mn in FY26, translating into CAGRs of approximately 9.4%/28.9%/34.4%, respectively. The improvement in profitability was supported by higher contribution from value-added products, while net debt declined from Rs.40.7 mn in FY24 to Rs.16.6 mn in FY26, indicating a strengthening balance sheet. The company's diversified product portfolio, integrated manufacturing capabilities, improving profitability and low leverage provide healthy long-term growth visibility. At the upper price band of Rs.285, the issue is valued at a P/E multiple of 17.2x based on FY26 diluted EPS of Rs.16.56. The valuation appears reasonable considering the company's strong earnings growth, improving financial position and favourable long-term outlook for infrastructure and industrial capex. **Accordingly, we recommend a "SUBSCRIBE" rating for the issue with a long-term investment horizon.**

Key Risks:

⇒ The company's operations depend on effective inventory management. Any inaccurate demand forecasts or delays in production and dispatches could lead to excess inventory, higher costs and impact profitability.

⇒ The company's business depends on meeting customer-specific quality requirements and delivery timelines. Any quality issues or delays could result in loss of customers, reputational damage and impact revenue growth.

⇒ The company's reliance on purchase orders rather than long-term contracts exposes it to customer concentration and order visibility risks. Any reduction or cancellation of orders could adversely impact revenue and business growth.

Behari Lal Engineering Ltd.

Income Statement (Rs. in Mn)

Particulars	FY24	FY25	FY26
Revenue:			
Revenue from operations	4,461	5,079	5,340
Total revenue	**4,461**	**5,079**	**5,340**
Expenses:			
Cost of materials consumed	2,745	2,716	2,807
Purchase of stock-in-trade	153	292	148
Changes in inventories of finished goods, work in progress and stock in	-51	-125	-145
Employee benefits expense	187	326	421
Other expenses	855	1,141	1,221
Total expenses	**3,890**	**4,350**	**4,452**
EBITDA	**571**	**729**	**888**
Depreciation & amortization	88	106	133
EBIT	**484**	**623**	**756**
Finance costs	23	14	15
Other Income	39	84	125
PBT	**499**	**694**	**866**
Current Tax	126	175	219
Deferred tax	16	-13	0
Tax relating to earlier years	0	2	0
Total tax	**141**	**164**	**219**
Net profit	**358**	**530**	**646**
Diluted EPS	**10.1**	**13.6**	**16.6**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Mn)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	371	619	275
Cash flow from investing activities	-524	-197	-376
Cash flow from financing activities	138	-402	87
Net increase/(decrease) in cash and cash equivalents	**-15**	**20**	**-13**
Cash and cash equivalents at the beginning of the period	**19**	**5**	**25**
Cash and cash equivalents at the end of the period	**5**	**25**	**11**

Source: RHP, BP Equities Research

Behari Lal Engineering Ltd.

Balance Sheet (Rs. in Mn)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant and equipment	670	825	955
Capital work-in-progress	36	40	41
Other Intangible assets	2	2	3
Other financial assets	129	87	150
Other non-current assets	5	37	19
Total Non Current assets	**843**	**991**	**1,167**
Current Assets			
Inventories	624	811	1,044
Financial Assets			
(i) Investments	32	0	0
(ii) Trade receivables	813	784	958
(iii) Cash and cash equivalents	5	25	11
(iv) Other bank balances	286	303	415
(v) Other financial assets	5	27	23
Current tax assets (net)	0	0	0
Other current assets	13	19	61
Total current assets	**1,778**	**1,969**	**2,512**
Total Assets	**2,621**	**2,960**	**3,679**
Equity and Liabilities			
Equity Share Capital	49	78	390
Other equity	1,861	2,338	2,671
Equity share capital to be issued scheme of Arrangement for Amalgamation	29	0	0
Total Equity	**1,939**	**2,416**	**3,061**
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowing	68	8	3
Provisions	7	10	17
Deferred Tax Liabilities (net)	24	11	11
Total Non-Current Liabilities	**100**	**28**	**30**
Current Liabilities			
Financial Liabilities			
(i) Borrowing	344	68	175
(ii) Trade Payables	110	244	202
(iii) Other financial liabiliies	49	128	133
Other current liabilities	57	66	63
Provisions	4	6	9
Current tax liabilities (net)	18	3	5
Total Current Liabilities	**582**	**516**	**587**
Total Liabilities	**681**	**544**	**618**
Total Equity and Liabilities	**2,621**	**2,960**	**3,679**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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