Retail Research	IPO Note
Sector: Iron & Steel Products	Price Band (Rs): 271 – 285
11th August 2026	Recommendation: SUBSCRIBE

Behari Lal Engineering Ltd.

Company Overview:

With over 2 decades of experience in the steel industry, **Behari Lal Engineering Ltd. (BLEL)** is an integrated iron and steel manufacturing company and ranks amongst India's largest metal rolls producers, meeting 10.0-11.5% of the country's demand in FY26. The company's product portfolio is broadly classified into four categories, namely, (i) Metal Rolls, (ii) Engineering Castings, (iii) Alloy Steel Products and (iv) Forging Ingots & Forged shafts/blocks. These precision engineered products find application across diverse industries such as automobile, steel, mining, infrastructure & construction, power, aerospace & defence and cement. BLEL operates 2 manufacturing facilities in Mandi Gobindgarh, Punjab, with a combined installed capacity of 1,19,690 Metric Tonnes (MT).

Key Highlights:

1. **Manufacturing capabilities:** The company's manufacturing capabilities comprises of 2 manufacturing facilities in Mandi Gobindgarh, Punjab which are spread across 7,90,000 sq.ft, with a combined installed capacity of 1,19,690 MT, comprising finished steel processing capacity of 54,690 MT and rolling mill capacity of 65,000 MT. Further, as part of its strategic growth plan, BLEL has recently commenced construction for its 3rd manufacturing facility at Mandi Gobindgarh. The company is also in process of establishing additional capacity to its existing facilities, in particular for engineering castings, metal rolls and ingots. Given the expected increase in power requirements post capacity expansions, the company plans to set up roof-top solar panels of 2 MW, along with a new grounded solar power plant under the framework of Punjab State Electricity Regulatory Commission.

2. **Strong customer base & order book:** As of Mar'26, the company catered to 1,825 customers, with exports to 21 countries. Owing to the broad industrial applications of its products, BLEL has over time built long term relationships with its customers with a customer base comprising Amba Shakti Industries, BMW Industries, Shyam Metalics, Vardhman Special Steels, among others. Further, as of FY26, the company's order book position stood at Rs 178.6 cr.

3. **Focus on higher value products:** At present, the company's product portfolio comprises of alloy steel products, metal rolls, engineering casting and forging ingots & forged shafts/blocks. Amongst these product segments, engineering casting and metal rolls and alloy steel grades such as valve steel, die steel and tool steel, are high value products garnering higher realizations. As of FY26, the share of high value products in the company's total sales mix stood at ~58%, compared to ~45% in FY24. In order to further strengthen its value-added offerings, the company plans to upgrade its melting and machining capacity to improve product mix.

View & Valuation: BLEL is one of India's largest metal rolls producers and met ~10.0%-11.5% of the country demand in FY26. Historically, the company has recorded Revenue/EBITDA/PAT CAGR of 9.4%/24.7%/34.4% respectively over the FY24-FY26 period. Going ahead, the company intends to utilize fresh proceeds to fund capex at its existing facilities and is in process of setting up the third manufacturing facility. The company continues to focus on expanding the share of higher-value products in its sales mix, which combined with the expanded capacities shall result in improved profitability with scale. At the upper price band of Rs 285, the issue is valued at FY26 P/E multiple of 18.7x based on post-issue capital. We recommend investors to SUBSCRIBE to the issue at the cut-off price.

Issue Details	
Date of Opening	12th August 2026
Date of Closing	14th August 2026
Price Band (Rs)	271 – 285
Offer for sale (Rs cr)	209
Fresh Issue (Rs cr)	93
Issue Size (Rs cr)	302
Total issue size	1,05,83,159 shares @UB
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	1,206 @upper price band
BRLMs	Emkay Global Financial Services Ltd, Systematix Corporate Services Ltd
Registrar	MUFG Intime India Pvt Ltd
Bid Lot	52 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue

Particulars (Rs cr)	Estimated utilization from net proceeds
Funding capex requirement at Manufacturing Facility 1	23.0
Funding capex requirement at Manufacturing Facility 2	40.1
Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the company	0.6
General corporate purposes*	-
Net proceeds from fresh issue*	-

**The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern

Pre-Issue	No. of Shares	%
Promoter & Promoter Group	3,45,53,485	88.5
Public & Others	44,85,840	11.5
Total	**3,90,39,325**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	2,99,66,239	70.8
Public & Others	1,23,36,244	29.2
Total	**4,23,02,483**	**100.0**

Selling shareholder via OFS	Classification	No. of shares
Rajesh Garg	Promoter	19,43,623
Lovlish Garg	Promoter	3,50,000
Yogita Garg	Promoter	21,43,623
Dinesh Kumar Garg HUF	Promoter	1,50,000
SG Tech Engineering Pvt Ltd	Public	27,32,755
Total	-	**73,20,001**

Source: RHP, SBICAP Securities Research

Key Financials & KPIs

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	446	508	534
EBITDA	57	73	89
EBITDA Margin (%)	12.8	14.4	16.6
PAT	36	53	65
PAT Margin (%)	8.0	10.4	12.1
EPS	9.2	13.6	16.6
RoE (%)	18.5	21.9	21.1
RoCE (%)	22.2	28.4	27.2
P/E (x)*	31.1	21.0	17.2
Installed Capacity (MT)	1,00,589	1,19,464	1,19,690
Capacity Utilization (%)	85.5	90.3	87.7
Sales volume (MT)	82,042	89,103	88,152
EBITDA/t (Rs)	7,434	9,126	11,495

Note: Pre-issue P/E based on upper price band
Source: RHP, SBICAP Securities Research

Risk Factors

- **Decline in steel prices:** A decline in steel prices could result in lower revenue, thereby negatively impacting the company’s business. Moreover, reductions in steel and steel product prices during periods of economic slowdown have not historically been offset by proportional price increases during subsequent economic recoveries. The cyclical nature of the steel industry can also lead to significant price volatility and any prolonged downturn or recurring weakness in the steel sector could adversely affect BLEL’s operations.

- **Slowdown in demand from automobile industry:** As of FY26, the company derived ~39% of its total revenue from sales to the Automobile industry. Thus, any adverse impact on the automobile industry or loss of customers could have an adverse effect on the company’s business.

- **Raw material risk:** The primary raw materials for BLEL’s operations are scrap and ferro alloys, which it sources from both domestic (primarily sourcing directly from industrial manufacturers) and international suppliers through purchase orders only. Thus, any delay or failure to procure necessary raw materials could have an adverse impact on operations and the company’s ability to meet customer obligations.

Growth Strategies

- Augmenting installed capacity in line with expected business growth.

- Optimizing product portfolio to cater more to higher value products and value-added products.

- Broaden end-user industries base and export market by capitalizing on growth in the metal rolls and engineering casting industry.

- Increasing wallet share with customers by introducing new products and grades.

Revenue Split by Product Verticals

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Alloy Steel Products	228	51.1%	258	50.8%	245	45.8%
Metal Rolls	113	25.4%	125	24.6%	141	26.4%
Engineering Castings	80	17.9%	90	17.7%	104	19.5%
Forging Ingots & Forged shafts/blocks	2	0.5%	12	2.3%	23	4.4%
Job Work Income	13	2.9%	13	2.6%	13	2.4%
Others*	10	2.3%	10	2.0%	8	1.6%
Total Revenue (TR)	**446**	**100.0%**	**508**	**100.0%**	**534**	**100.0%**

****includes high sea sales, traded goods and sale of by-products.***
Source: RHP, SBICAP Securities Research

Revenue Split by End-user Industries

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Automobiles	248	55.6%	248	48.7%	206	38.6%
Infrastructure	91	20.3%	94	18.5%	110	20.7%
Aggregate Crusher Manufacturer	75	16.8%	89	17.6%	98	18.4%
Engineering - Industrial Equipment	21	4.7%	67	13.1%	90	16.9%
Others*	12	2.6%	10	2.0%	29	5.5%
Total Revenue (TR)	**446**	**100.0%**	**508**	**100.0%**	**534**	**100.0%**

****includes aerospace and defence, cement, and thermal power plants.***
Source: RHP, SBICAP Securities Research

Export Presence

Source: RHP, SBICAP Securities Research

Order Book Split by Project Type

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Domestic	425	95.2%	486	95.7%	486	91.0%
Exports*	22	4.8%	22	4.3%	48	9.0%
Total Revenue (TR)	**446**	**100.0%**	**508**	**100.0%**	**534**	**100.0%**

**Includes deemed exports and export benefits*
Source: RHP, SBICAP Securities Research

Order Book Trend

Particulars	FY24	FY25	FY26
Order book (Rs cr)	85.5	93.0	118.3

Source: RHP, SBICAP Securities Research

Installed Capacity and Utilization Trends

Particulars	FY24		FY25		FY26	
	Installed Capacity (MT)	Utilization (%)	Installed Capacity (MT)	Utilization (%)	Installed Capacity (MT)	Utilization (%)
SMS and Foundry Division	35,589	85.5%	54,464	92.8%	54,690	94.5%
Rolling Mill Division	65,000	85.5%	65,000	88.2%	65,000	82.0%
Total	**1,00,589**	**85.5%**	**1,19,464**	**90.3%**	**1,19,690**	**87.7%**

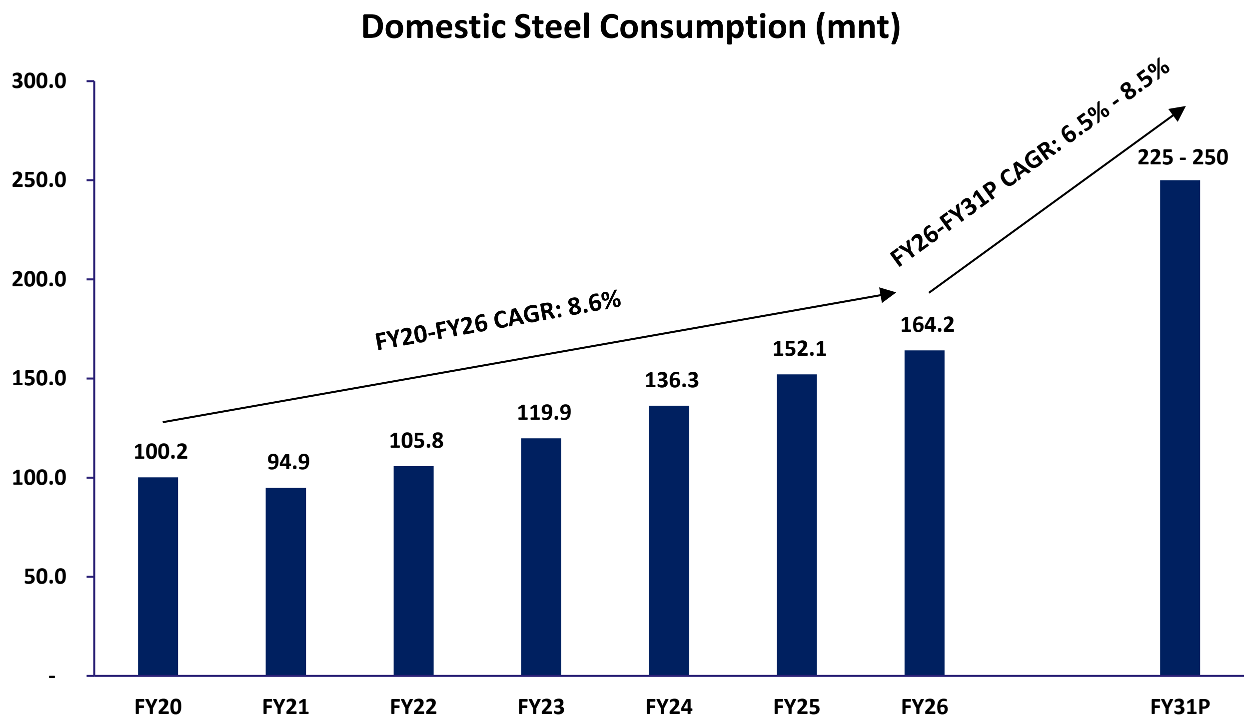
Source: RHP, SBICAP Securities Research

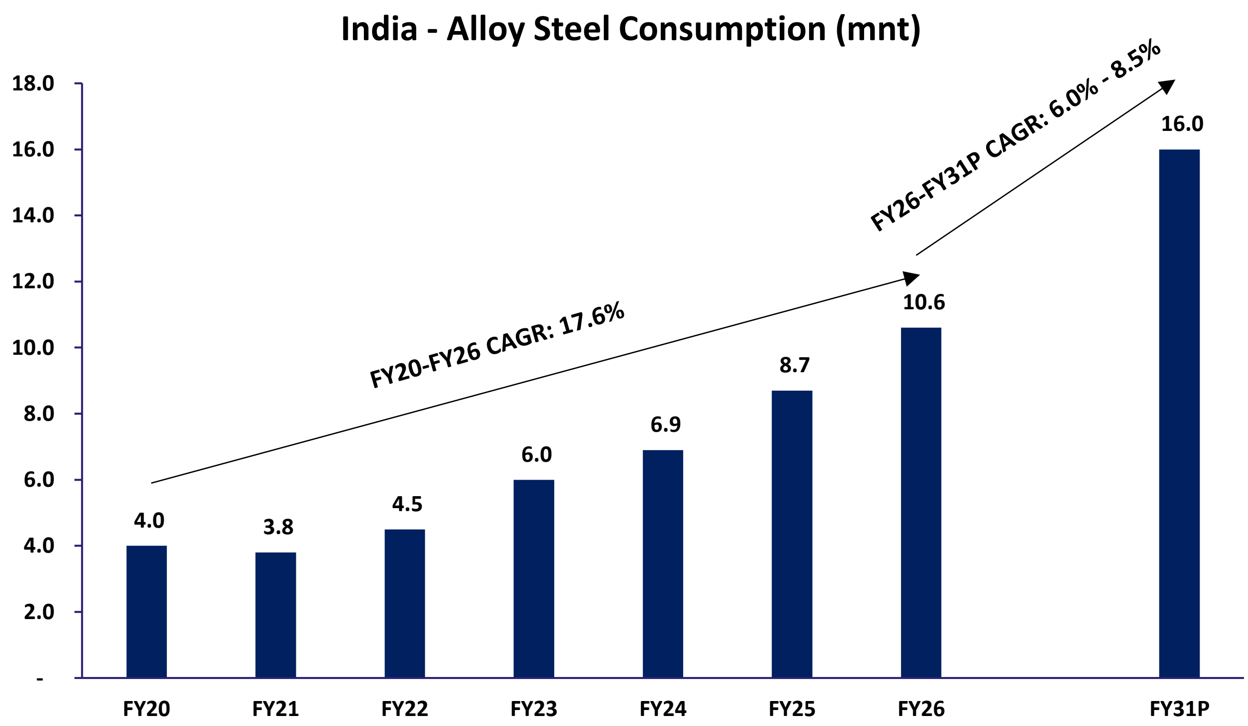
Share of High Value Products

Particulars	FY24		FY25		FY26	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
High value products*	199	44.6%	231	45.5%	309	57.8%
Others	247	55.4%	277	54.5%	225	42.2%
Total	**446**	**100.0%**	**508**	**100.0%**	**534**	**100.0%**

**High value products comprise engineering casting and metal rolls and alloy steel grades such as valve steel, die steel and tool steel.*
Source: RHP, SBICAP Securities Research

Industry Overview





Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**446**	**508**	**534**
YoY growth (%)	-	*13.9%*	*5.1%*
COGS (incl Stock Adj)	285	288	281
Gross Profit	**161**	**220**	**253**
Gross margin (%)	***36.2%***	***43.2%***	***47.4%***
Employee Cost	19	33	42
Other Operating Expenses	86	114	122
EBITDA	**57**	**73**	**89**
EBITDA margins (%)	***12.8%***	***14.4%***	***16.6%***
Other Income	4	8	12
Interest Exp.	2	1	1
Depreciation	9	11	13
PBT	**50**	**69**	**87**
Tax	14	16	22
PAT	**36**	**53**	**65**
PAT margin (%)	***8.0%***	***10.4%***	***12.1%***
EPS (Rs)	**9.2**	**13.6**	**16.6**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	67	82	95
Capital WIP	4	4	4
Intangible Assets	0	0	0
Other Non current Assets	13	12	17
Current Assets			
Inventories	62	81	104
Current Investment	3	-	-
Trade receivables	81	78	96
Cash and Bank Balances	29	33	43
Other Current Assets	2	5	8
Total Current Assets	**178**	**197**	**251**
Current Liabilities & Provisions			
Trade payables	11	24	20
Other current liabilities	12	20	20
Short-term provisions	0	1	1
Total Current Liabilities	**24**	**45**	**41**
Net Current Assets	**154**	**152**	**210**
Total Assets	**238**	**251**	**327**
Liabilities			
Share Capital	5	8	39
Reserves and Surplus	189	234	267
Total Shareholders Funds	**194**	**242**	**306**
Total Debt	41	8	18
Long Term Provisions	1	1	2
Net Deferred Tax Liability	2	1	1
Total Liabilities	**238**	**251**	**327**

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	37	62	28
Cash flow from Investing Activities	(52)	(20)	(38)
Cash flow from Financing Activities	14	(40)	9
Free Cash Flow	22	36	1

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Capital Employed	22.2%	28.4%	27.2%
Return on Equity	18.5%	21.9%	21.1%
Margin Analysis			
Gross Margin	36.2%	43.2%	47.4%
EBITDA Margin	12.8%	14.4%	16.6%
Net Profit Margin	8.0%	10.4%	12.1%
Short-Term Liquidity			
Current Ratio (x)	3.1	3.8	4.3
Quick Ratio (x)	2.0	2.2	2.5
Avg. Days Sales Outstanding	67	56	65
Avg. Days Inventory Outstanding	51	58	71
Avg. Days Payables	9	18	14
Fixed asset turnover (x)	6.7	6.2	5.6
Debt-service coverage (x)	1.2	7.9	4.6
Long-Term Solvency			
Total Debt / Equity (x)	0.2	0.0	0.1
Interest Coverage Ratio (x)	22.6	52.1	59.1
Valuation Ratios*			
EV/EBITDA (x)	19.7	14.9	12.2
P/E (x)	31.1	21.0	17.2
P/B (x)	5.7	4.6	3.6
EV/Sales (x)	2.5	2.1	2.0
Market Cap/Sales (x)	2.5	2.2	2.1

Valuation ratios are based on pre-issue capital at the upper price band
Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Behari Lal Engineering	Steelcast	Jayaswal Neco Industries	AIA Engineering	Vardhman Special Steel
CMP (Rs)	285	333	91	4,790	338
Mkt Cap.	1,206	3,343	9,064	44,682	3,261
Enterprise Value	1,088	3,326	10,894	44,458	3,295
Revenue	534	423	7,132	4,420	1,754
EBITDA	89	114	1,328	1,256	166
Adj. PAT	65	86	471	1,273	122
EBITDA Margin (%)	16.6	27.0	18.6	28.4	9.5
PAT Margin (%)	12.1	20.3	6.6	28.8	7.0
RoE (%)	21.1	21.8	16.6	15.9	9.5
RoCE (%)	27.2	29.4	21.1	20.3	12.8
P/E (x)	18.7	38.9	19.2	35.1	26.7
EV/EBITDA (x)	12.2	29.2	8.2	35.4	19.8
EV/Sales (x)	2.0	7.9	1.5	10.1	1.9

For Behari Lal Engineering Limited, the Market Cap, P/E(x), EV/EBITDA (x), and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP for peer companies is closing price as of 10th August, 2026

Source: RHP, Exchange Filings, SSL Research

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