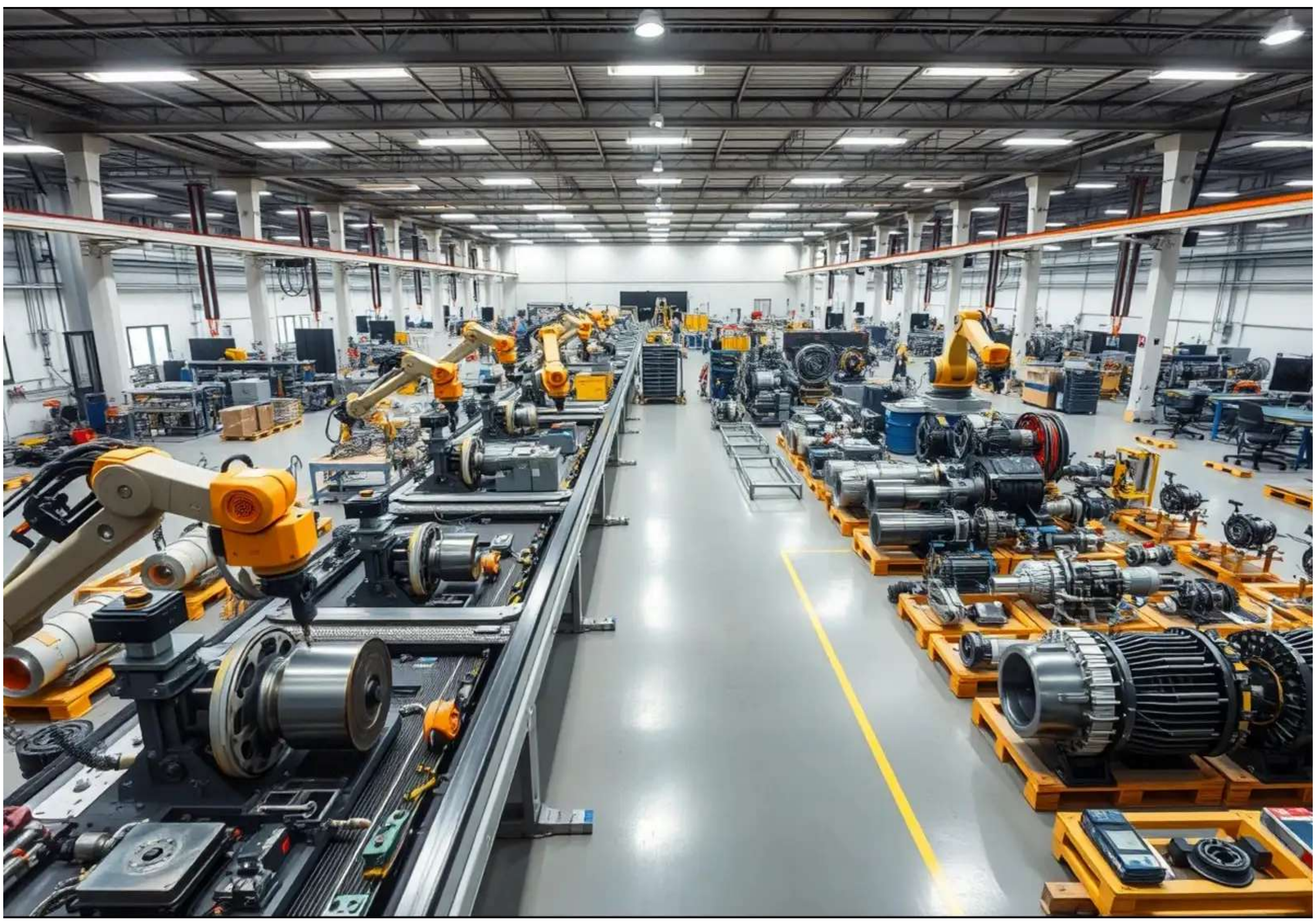
Behari Lal Engineering

IPO Note



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One of India's Largest Metal Rolls Manufacturers

Behari Lal Engineering Limited, originally incorporated in 1995 (as Behari Lal Ispat Private Limited) and converted to its present name in 2024, is an integrated iron and steel manufacturer specialising in customised engineering solutions. Per CRISIL, it is one of India's largest metal rolls producers, meeting 10–11.5% of domestic demand in FY26. Its product suite spans metal rolls, engineering castings, alloy/carbon/stainless steel bars, and forging ingots & forged shafts, serving the automobile, infrastructure, aggregate-crusher, power, and industrial equipment sectors. The Behari Lal Group has over 79 years of legacy in the steel business, with promoter Parkash Chand Garg carrying 31 years of industry experience.

The company sits in the specialized/precision steel components value chain, where demand is underpinned by import substitution in critical rolling-mill and casting components, continued infrastructure and manufacturing capex in India, and rising qualification standards among OEMs that favor established, technically-proven domestic suppliers over unorganized players.

Its operating model is manufacturing and customization-led, built around a fully integrated steel melting shop, foundry, heat treatment and rolling facilities, with long-standing relationships across 1,825 customers (as of Mar-26) and export reach into 21 countries since FY25. Customer concentration is comparatively low for the sector — top 10 customers contributed 38.00% of FY26 revenue, and repeat customers INR 84.69% — though both manufacturing facilities are located in the same cluster (Mandi Gobindgarh, Punjab), and raw material cost (steel scrap/alloys) forms INR 61% of total expenses, exposing margins to commodity swings. Key strengths: scale leadership in metal rolls, a diversified end-user/customer base, steady margin expansion, and a multi-decade promoter track record.

Financially, revenue grew from INR 446.08 crore in FY24 to INR 534.03 crore in FY26, while PAT rose from INR 35.79 crore to INR 64.64 crore — a revenue CAGR of INR 9.4% and PAT CAGR of INR 34.4%, with EBITDA margin expanding from INR 13.7% to INR 18.97% and ROE at 23.60%/ROCE at 27.11% in FY26.

The IPO comprises a fresh issue of up to INR 93.00 crore and an Offer for Sale of up to 73,20,001 equity shares by promoters/promoter group (Rajesh Garg, Lovlish Garg, Yogita Garg, Dinesh Kumar Garg HUF) and investor selling shareholder SG Tech Engineering Pvt Ltd — price band and hence issue value/market cap are not yet disclosed in this RHP. Of the fresh issue, INR INR 63.0 crore is earmarked for capex (machinery + roof-top solar across both facilities), INR 0.57 crore for debt repayment, and the balance (capped at 25% of gross proceeds) for general corporate purposes.

Industry	Metals/Steel

Scrip Details	
Listing	BSE &NSE
Open Date	Aug 12, 2026
Close Date	Aug 14, 2026
Price Band	INR 271 – 285
Face Value	INR 10
Market Lot	52 Shares
Minimum Lot	1

Issue Structure	
Issue Size (INR cr)	301.62
Issue Size (Shares Cr)	1.05
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre Issue sh. (cr)	3.90
Post Issue sh. (cr)	4.23
Post Issue Market Cap (cr)	1205.62

Shareholding	Pre (%)	Post (%)
Promoter	88.51	70.84
Public	11.49	29.16
TOTAL	**100.0**	**100.0**

Key Consolidated Financial Data (INR Cr, unless specified)

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS (INR)	BVPS (INR)	ROE (%)	RoIC (%)	P/E (X)	EV/EBITDA (X)
FY23	462.9	45.0	28.8	9.7	6.2	6.8	28.3	24.1	16.6	41.9	29.1
FY24	446.1	57.2	35.8	12.8	8.0	8.5	45.8	18.5	17.0	33.7	22.7
FY25	507.9	73.0	53.0	14.4	10.4	12.5	57.1	21.9	18.8	22.8	17.7
FY26	534.0	89.2	64.6	16.7	12.1	15.3	72.4	21.1	19.7	18.7	14.4

Source: Ventura Research & Company update

Issue Structure and Offer Details

Behari Lal Engineering IPO is a book build issue of INR 301.62 crores. The issue is a combination of fresh issue of 0.33 crore shares aggregating to INR 93.00 crores and offer for sale of 0.73 crore shares aggregating to INR 208.62 crores.

Issue Structure

Investor Category	Allocation
QIB	**Not more than 50.00% of the Net Offer**
NII (HNI)	**Not less than 15.00% of the Net Offer**
Retail	**Not less than 35.00% of the Net Offer**

Number of shares based on a higher price band of INR 285

Source: Company Reports

Objects of the Issue:

The Company proposes utilizing the Net Proceeds from the Offer towards the following objects:

1. Fresh Issue – INR 93.00 Cr towards the following objects

- Capex at Manufacturing Facility 1: machinery/equipment (INR 19.59 Cr) + roof-top solar (INR 3.40 Cr)
- Capex at Manufacturing Facility 2: machinery/equipment (INR 36.65 Cr) + Roof-top solar (INR 3.40 Cr)
- Repayment/prepayment of existing borrowings (INR 0.57 Cr)
- General corporate purposes

2. Offer for Sale – INR 208.62 Cr

- Proceeds go to the existing investors.

Financial Summary

Fig in INR Cr (unless specified)	FY23	FY24	FY25	FY26
Income Statement				
Revenue	462.9	446.1	507.9	534.0
YoY Growth (%)		*(3.6)*	*13.9*	*5.1*
Raw Material Cost	327.1	284.7	288.3	281.0
RM Cost to Sales (%)	*70.7*	*63.8*	*56.8*	*52.6*
Employee Cost	16.6	18.7	32.6	42.1
Employee Cost to Sales (%)	*3.6*	*4.2*	*6.4*	*7.9*
Other Expenses	74.3	85.4	114.0	121.7
Other Exp to Sales (%)	*16.1*	*19.1*	*22.4*	*22.8*
EBITDA	45.0	57.2	73.0	89.2
Margin (%)	*9.7*	*12.8*	*14.4*	*16.7*
YoY Growth (%)		*27.3*	*27.6*	*22.2*
Depreciation & Amortization	7.7	8.8	10.6	13.3
EBIT	37.2	48.5	62.4	75.9
Margin (%)	*8.0*	*10.9*	*12.3*	*14.2*
YoY Growth (%)		*30.3*	*28.8*	*21.7*
Other Income	4.5	3.9	8.4	12.5
Finance Cost	3.5	2.4	1.5	1.9
Fin Charges Coverage (X)	10.6	20.0	43.0	40.9
Exceptional Item	0.0	0.0	0.0	0.0
PBT	38.2	49.9	69.4	86.6
Margin (%)	*8.3*	*11.2*	*13.7*	*16.2*
YoY Growth (%)		*30.6*	*39.0*	*24.8*
Tax Expense	9.4	14.1	16.4	21.9
Tax Rate (%)	*24.7*	*28.3*	*23.7*	*25.3*
PAT	28.8	35.8	53.0	64.6
Margin (%)	*6.2*	*8.0*	*10.4*	*12.1*
YoY Growth (%)		*24.3*	*47.9*	*22.1*
Min Int/Sh of Assoc	0.0	0.0	0.0	0.0
Net Profit	28.8	35.8	53.0	64.6
Margin (%)	*6.2*	*8.0*	*10.4*	*12.1*
YoY Growth (%)		*24.3*	*47.9*	*22.1*
Balance Sheet				
Share Capital	4.0	4.9	7.8	39.0
Total Reserves	115.6	189.1	233.8	267.1
Shareholders Fund	119.6	193.9	241.6	306.1
Long Term Borrowings	30.4	6.8	0.8	0.3
Deferred Tax Assets / Liabilities	0.9	2.4	1.1	1.1
Other Long Term Liabilities	0.0	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	0.0
Long Term Provisions	0.5	0.7	1.0	1.7
Total Liabilities	151.4	203.9	244.4	309.1
Net Block	60.0	67.3	82.7	95.7
Capital Work in Progress	5.3	3.6	4.0	4.1
Intangible assets under developmer	0.0	0.0	0.0	0.0
Non Current Investments	2.9	0.0	0.0	0.0
Long Term Loans & Advances	3.3	3.5	6.7	6.3
Other Non Current Assets	0.0	10.0	5.6	10.6
Net Current Assets	79.9	119.6	145.4	192.5
Total Assets	151.4	203.9	244.4	309.1

Fig in INR Cr (unless specified)	FY23	FY24	FY25	FY26
Per share data & Yields				
Adjusted EPS (INR)	6.8	8.5	12.5	15.3
Adjusted Cash EPS (INR)	8.6	10.5	15.0	18.4
Adjusted BVPS (INR)	28.3	45.8	57.1	72.4
Adjusted CFO per share (INR)	3.2	8.8	22.0	22.0
CFO Yield (%)	1.1	3.1	7.7	7.7
Adjusted FCF per share (INR)	(1.3)	5.7	16.1	16.1
FCF Yield (%)	(0.5)	2.0	5.7	5.7
Solvency Ratio (X)				
Total Debt to Equity	0.9	0.6	0.5	0.4
Net Debt to Equity	0.9	0.5	0.4	0.3
Net Debt to EBITDA	2.3	1.6	1.2	0.9
Return Ratios (%)				
Return on Equity	24.1	18.5	21.9	21.1
Return on Capital Employed	12.4	10.9	13.1	13.2
Return on Invested Capital	16.6	17.0	18.8	19.7
Working Capital Ratios				
Payable Days (Nos)	9	9	18	14
Inventory Days (Nos)	47	51	58	71
Receivable Days (Nos)	52	67	56	65
Net Working Capital Days (Nos)	90	109	97	123
Net Working Capital to Sales (%)	24.7	29.8	26.6	33.7
Valuation (X)				
P/E	41.9	33.7	22.8	18.7
P/BV	10.1	6.2	5.0	3.9
EV/EBITDA	29.1	22.7	17.7	14.4
EV/Sales	2.8	2.9	2.6	2.4
Cash Flow Statement				
PBT	38.2	49.9	69.4	86.6
Adjustments	(22.4)	55.9	73.1	55.8
Change in Working Capital	5.7	(54.6)	(27.2)	(27.2)
Less: Tax Paid	(9.4)	(14.1)	(16.4)	(21.9)
Cash Flow from Operations	13.4	37.1	93.2	93.2
Net Capital Expenditure	(21.6)	(14.8)	(26.0)	(26.4)
Change in Investments	0.4	(37.5)	6.3	(11.2)
Cash Flow from Investing	(21.3)	(52.4)	(19.7)	(37.6)
Change in Borrowings	12.8	(22.3)	(38.8)	10.6
Less: Finance Cost	(3.5)	(2.4)	(1.5)	(1.9)
Proceeds from Equity	0.0	38.5	0.0	0.0
Buyback of Shares	0.0	0.0	0.0	0.0
Dividend Paid	0.0	0.0	0.0	0.0
Cash flow from Financing	9.3	13.8	(40.2)	8.7
Net Cash Flow	1.4	(1.5)	33.3	64.3
Forex Effect	0.0	0.0	0.0	0.0
Opening Balance of Cash	4.6	1.9	0.5	2.5
Closing Balance of Cash	1.9	0.5	2.5	1.1

Source: Company Reports

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