IPO REVIEW

Behari Lal Engineering IPO

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- The company is one of the leading global players in an integrated iron and steel manufacturing having specialization in customized engineering solution.
- The company posted steady growth in its top and bottom lines for the reported periods.
- Its order book stood at Rs. 178.57 cr. as of May 31, 2026.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term.

About the Company

Behari Lal Engineering Ltd. (BLEL) is an integrated iron and steel manufacturing company specializing in customized engineering solutions. According to CRISIL, it is one of India's largest metal rolls producers and a leading player in the metal rolls meeting 10.00-11.5% of the country's demand in Fiscal 2026.

Its precision engineered components for critical industrial applications comprise:

• Metal Rolls – it manufactures metal rolls for rolling mills across various grades including alloy cast steel rolls, alloy steel base adamite rolls, graphitic steel rolls, S. G. Iron Pearlitic Rolls, S. G. Iron Bainitic/Acicular Rolls, alloyed indefinite chill rolls, forged rolls etc. Metal rolls are used in rolling processes to produce finished steel products such as TMT Rebar, Structural Steel etc.

• Engineering Castings – the company manufactures engineering castings in special grades with per unit weight ranging from 500 kilograms (Kg) to 20 metric tonnes (MT) in various grades for industries like steel, iron, mining and aggregate crushers, power, sugar etc.

• Alloy Steel Products – BLEL manufactures carbon, alloy steel, and stainless steel bars in various sections such as rounds, round corner square, flats and hex, with different sizes and widths 6 millimeter (mm) to 230 mm. It has also recently introduced tool steel and valve steel.

• Forging Ingots and Forged Shafts/ Blocks – Forging ingots are semi-finished steel products cast into specific shapes and sizes, primarily used as raw material for open die or closed die forging applications.

These ingots are designed to withstand high compressive forces and are ideal for producing critical components requiring superior mechanical properties, structural integrity, and grain refinement. Forging ingots are available in round, square, rectangular, and custom shapes and weights ranging from 500 kg to 15 tons across various grades such as carbon steels, alloy steels, stainless steels, and special tool steels. These find application in industries such as automotive, aerospace, oil & gas,

energy, and heavy engineering.

With over 2 decades of experience in the steel industry, it has over the years honed its product development capabilities which combined with a modern and fully integrated digital steel melting shop with ladle refining furnace (LRF), vacuum degassing (VD), foundry, heat treatment, machine shops, rolling mills and a skilled workforce, enable it to provide customized components tailored to meet the specific needs of customers. Its precision engineered products find application across diverse industries such as automobile, steel, mining, infrastructure and construction, power, aerospace and defence and cement.

The broad range of industrial applications has also enabled it to cater to a large number of domestic and international customers and it has, as of March 31, 2026, catered to 1825 customers. Since April 1, 2024, in addition to domestic customers it has exported its precision engineered components across 5 continents and in 21 countries viz., Afghanistan, Brazil, Finland, France, Germany, Ireland, Mexico, Nepal, Nigeria, South Africa, Tanzania, Togo, Uganda, UAE, USA, Kenya, Ghana, Mozambique, Cote D’ Ivoire, Zimbabwe and Djibouti.

The company has over the time built long term relationships with customers and its wide customer base includes Amba Shakti Industries Limited, BMW Industries Limited, Embross Autocomp Limited, Shyam Metallics And Energy Limited, Forge Auto International Limited, Hailstone Innovations Private Limited, Jai Balaji Industries Limited, KL Rathi Steels Limited, Laxcon Steels Limited, MSP Steel & Power Limited, Maithan Steel & Power Limited, Metso India Private Limited, Orissa Metallurgical Industry Private Limited, Preet Brothers Limited, Propel Industries Private Limited, SPS Steels Rolling Mills Limited, SRMB Srijan Private Limited, Shri Bajrang Power & Ispat Limited, Shyam Steel Industries Limited, Shyam Sel & Power Limited and Vardhman Special Steels Limited.

As of May 31, 2026, the company had an order book worth Rs. 178.57 cr. Its overall revenue has contribution of alloy steel around 46%, metal rolls around 26%, engineering casting 20% and rest others for FY26. As of the said date, it had 667 employees on its payroll and additional 359 contract labourers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 301.62 cr. (approx. 10583159 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 93.00 cr. (approx. 3263158 equity shares) and an Offer for Sale (OFS) of 7320001 equity shares (worth Rs. 208.62 cr. at the upper cap). The company has announced a price band of Rs. 271 – Rs. 285 per equity shares of Rs. 10 each. The issue opens for subscription on August 12, 2026, and will close on August 14, 2026. The minimum application to be made is for 52 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.02% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 0.57 cr. for repayment/prepayment of certain borrowings, Rs. 63.04 cr. for

capex on new machineries/equipments, and installation of roof-top solar panels as both existing plants, and the rest for general corporate purposes.

The two Book Running Lead Managers (BRLMs) to this issue are Emkay Global financial Services Ltd., and Systematix Corporate Services Ltd., while MUFG Intime India Pvt. Ltd. is the registrar to the issue. Emkay Global Financial Services and Systematix Shares and Stocks (India) are syndicate members.

After issuing initial equity shares at par value, the company has issued/converted further equity shares in the price range of Rs. 42.00 - Rs. 448.26 between September 2011, and February 2025. It has also issued bonus shares in the ratio of 1 for 1 in March 2018, and 4 for 1 in May 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 1.12, Rs. 1.55, Rs. 1.66, Rs. 2.72, Rs. 3.46, Rs. 4.08, Rs. 5.18, and Rs. 89.65 per share.

Post-IPO, its current paid-up equity capital of Rs. 39.04 cr. will stand enhanced to Rs. 42.30 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 1205.62 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit of Rs. 449.96 cr. / Rs. 35.79 cr. (FY24), Rs. 516.30 cr. / Rs. 52.95 cr. (FY25), and Rs. 546.52 cr. / Rs. 64.64 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 5.49 cr. as of March 31, 2026.

For the last three fiscals, the company has posted an average EPS of Rs. 14.48 and an average RoNW of 20.94 %. The issue is priced at a P/BV of 3.63 based on its NAV of Rs. 78.41 as of March 31, 2026, and at a P/BV of 3.02 based on its post-IPO NAV of Rs. 94.34 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 18.65. Based on FY25 earnings, the P/E stands at 22.76. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 8.02% (FY24), 10.43% (FY25), 12.10% (FY26), and RoCE margins of 21.98%, 28.24%, 27.11% respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in April 2026, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Jayaswal Neco, AIA Engg., Steelcast, RHI Megnesita, Vardhman Spl., IFGL Refractories, and Kennametal India, as its listed peers. They are currently trading at a P/E of 15.7, 35.0, 37.0, 77.4, 23.1, 38.2, and 52.5 (as of August 07, 2026).

However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 8 IPOs in the last three fiscals out of which 6 issues closed below the issue price on the listing date.

Conclusion / Investment Strategy

BLEL is one of the leading global players in an integrated iron and steel manufacturing having specialization in customized engineering solution. The company posted steady growth in its top and bottom lines for the reported periods. Its order book stood at Rs. 178.57 cr. as of May 31, 2026. Based on its recent financial data, the issue appears fully priced. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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