

Behari Lal Engineering – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
12 August 2026	14 August 2026	₹271-285	Subscribe

Investment Summary

Behari Lal Engineering Limited is an integrated iron and steel manufacturer producing customized engineering products such as alloy steel items, metal rolls, engineering castings and forged components, catering to industries including automobile, infrastructure, engineering equipment, power, cement and defence. The company operates two manufacturing facilities in Mandi Gobindgarh, Punjab, with an installed capacity of **119,690 TPA** in FY26, and has a presence across 21 states and 6 Union Territories, along with exports to 21 countries. The company has strengthened its product mix towards higher-value offerings like metal rolls and castings. In FY26, it reported revenue of **₹534.03 Cr** and PAT of **₹64.64 Cr**, supported by healthy margins. The IPO comprises a **fresh issue aggregating up to ₹93 Cr** and an **Offer for Sale (OFS) of up to 73,20,001 lakh shares**. The proceeds will be used for capacity expansion, machinery installation, solar power setup, debt repayment and general corporate purposes. Growth is expected to be driven by capacity expansion, higher-value product mix, operational efficiency and export growth, including a new integrated metal rolls facility. Key risks include customer concentration, raw material price volatility, inventory and receivable intensity, and execution risks related to expansion plans.

Company Overview

Behari Lal Engineering Limited was originally incorporated as 'Behari Lal Ispat Private Limited' in 1995, later renamed in 2024 and converted into a public company as Behari Lal Engineering Limited. It is an integrated iron and steel manufacturer focused on customized engineering products for diversified industrial applications. The company operates two manufacturing facilities in Mandi Gobindgarh, Punjab, spanning ~790,000 sq. ft. with a total installed capacity of 119,690 MT, comprising finished steel processing and rolling mill operations. Its facilities are equipped with advanced machinery such as CNC lathes, boring machines, roll grinding machines and vertical turning lathes, enabling precision manufacturing. Its product portfolio includes alloy steel products, metal rolls, engineering castings, forging ingots and forged components, catering to industries such as automobile, infrastructure, engineering equipment, power, cement, railways and aerospace & defence. The company enjoys strong customer stickiness, with repeat customers contributing 84.69% of FY26 revenue. Behari Lal Engineering has a pan-India presence and exports to 21 countries, supported by certifications including ISO, BIS and ZED standards, reflecting its quality and compliance focus. The company is promoted by Parkash Chand Garg, Rajesh Garg, Dinesh Garg, Lovlish Garg and Bhuvnesh Garg, and is positioned to benefit from growing demand for specialized engineering steel products driven by infrastructure and industrial growth.

Business Model

A Behari Lal Engineering Limited operates an integrated iron and steel manufacturing model, procuring key raw materials such as scrap, ingots, billets and ferro alloys from domestic and international suppliers and processing them through its SMS & Foundry Division and Rolling Mill Division at Mandi Gobindgarh, Punjab. The company manufactures customized products including alloy steel products, metal rolls, engineering castings, forging ingots and forged shafts/blocks, which are supplied to customers across automobile, infrastructure, engineering equipment, aggregate crusher manufacturing, power, cement, railways and aerospace & defence sectors. Its manufacturing operations span melting, casting, rolling, machining, heat treatment and finishing, enabling the company to cater to customer-specific technical requirements and maintain control over product quality and delivery. Revenue is primarily generated through the sale of manufactured steel and engineering products, supplemented by job-work income and limited trading activities. The company operates largely on a purchase-order based model, supported by long-standing customer relationships and repeat business. Going forward, Behari Lal Engineering intends to expand manufacturing capacity, increase production of higher-value metal rolls and engineering products, improve operational efficiencies and widen its export presence. The proposed additional integrated metal rolls facility is expected to further enhance production capabilities and support growth across domestic and international markets.

Investment Rationale

Integrated Manufacturing Capabilities with Diversified Product Portfolio: Behari Lal Engineering operates **two manufacturing facilities** encompassing SMS, foundry and rolling mill operations, enabling it to manufacture alloy steel products, metal rolls, engineering castings, forging ingots and forged components under an integrated setup. This supports customization, quality control and operational flexibility across multiple product categories.

Strong Customer Relationships and Diversified End-User Exposure: The company caters to industries including automobile, infrastructure, aggregate crusher manufacturing, engineering equipment, power, cement, railways and aerospace & defence. **Repeat customers contributed 84.69%** of FY26 revenue, reflecting strong customer stickiness, while the gradual decline in automobile concentration indicates improving end-user diversification.

Healthy Capacity Utilisation and Expansion Potential: Aggregate capacity utilisation remained high at **87.71% in FY26**, demonstrating efficient use of existing facilities. The company is also setting up an **additional integrated metal rolls facility**, which is expected to expand production capabilities and support future growth in higher-value engineered products.

Improving Financial Performance and Low Leverage: Revenue from operations increased from **₹446.08 Cr in FY24 to ₹534.03 Cr in FY26**, while profitability improved meaningfully, supported by a richer product mix and operating efficiencies. The company also maintains a **low debt-to-equity ratio**, providing financial flexibility for future expansion.

Growing Export Presence and Favorable Industry Outlook: Behari Lal Engineering has supplied products to **21 countries across five continents**, providing opportunities to diversify beyond the domestic market. Rising infrastructure spending, industrial capex and demand for specialized steel and metal roll products are expected to support long-term growth for organized manufacturers with integrated capabilities and established customer relationships.

Key Risk Factors

Customer Concentration and Dependence on Repeat Business: The company derives a significant portion of revenue from key customers, with its **top 10 customers contributing 38.00% of FY26 revenue**. Further, repeat customers accounted for **84.69% of FY26 revenue**, making the business dependent on maintaining established customer relationships and order continuity.

Raw Material Availability and Price Volatility: Scrap, ingots, billets and ferro alloys are key raw materials, with **raw material costs** accounting for **61.02% of total expenses** in FY26. Any disruption in supply or sharp increase in raw material prices could adversely impact production, margins and profitability.

Dependence on Key Product Segments: Alloy steel products, metal rolls and engineering castings together contributed **over 90% of revenue from operations** in FY26. Any slowdown in demand for these products or adverse developments in their end-user industries could materially impact business performance.

Inventory and Working Capital Risk: Inventory increased to **₹104.39 Cr in FY26**, with inventory days rising to **57 days from 34 days in FY24**. Inefficient inventory management, delays in customer collections or increased working capital requirements may constrain cash flows and liquidity.

Operational and Capacity Utilisation Risk: Manufacturing operations are dependent on continuous functioning of plant and machinery. Equipment breakdowns, maintenance shutdowns or inability to sustain high capacity utilisation could affect production volumes, delivery schedules and profitability.

Execution Risk from Capacity Expansion: The company is setting up an additional integrated metal rolls facility. Delays in commissioning, regulatory approvals or lower-than-expected utilisation of expanded capacity could affect expected returns on capital expenditure and future financial performance.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	446.08	507.91	534.03
EBITDA	60.99	81.31	101.33
EBITDA Margin	13.67%	16.01%	18.97%
Profit After Tax (PAT)	35.79	52.95	64.64
PAT Margin	8.02%	10.43%	12.10%
Basic EPS (₹)	9.18	13.57	16.57

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Behari Lal Engineering Limited
IPO Issue Size	1,05,83,158 shares (agg. up to ₹302 Cr) Fresh Issue 32,63,157 shares (agg. up to ₹93 Cr) Offer for sale 73,20,001 shares of ₹10 (agg. up to ₹209 Cr)
Price Band	₹271 – ₹285 per share
Face Value	₹10 per share
IPO Opening Date	12 August 2026
IPO Closing Date	14 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~88.51% → Post-IPO: ~70.84%
Book Running Lead Managers	Emkay Global Financial Services Limited, Systematix Corporate Services Limited
Use of Proceeds	• ₹19.59 Cr towards purchase and installation of equipment/machinery and associated civil works at Manufacturing Facility 1 • ₹3.40 Cr towards rooftop solar panels at Manufacturing Facility 1 • ₹36.65 Cr towards equipment/machinery and associated civil works at Manufacturing Facility 2 • ₹3.40 Cr towards rooftop solar panels at Manufacturing Facility 2 • ₹0.57 Cr towards repayment/prepayment of certain borrowings

Valuation and Outlook

At the upper price band of **₹285**, Behari Lal Engineering is valued at a **P/E of ~18.65x** on its **FY26 EPS of ₹15.28**, based on a post-issue market capitalization of approximately **₹1,205.62 Cr**. The valuation is at a significant discount to leading listed peers such as AIA Engineering Ltd (34.43x), Steelcast Ltd (37.99x) and in line with Jayaswal Neco Industries Ltd (18.48x). Considering the company's integrated manufacturing capabilities, improving profitability, high capacity utilisation, diversified end-user exposure and planned capacity expansion, the valuation appears attractive relative to peers. We recommend a **Subscribe stance** for investors with a **medium- to long-term investment horizon**, while monitoring raw material price volatility, customer concentration and expansion execution risks.

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