BELRISE INDUSTRIES LIMITED

May 20, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	**Auto ancillary**
Fresh Issue (Shares)	238,888,888
Net Offer to the Public	**238,888,888**
Issue Size (Rs. Cr.)	2030-2150
Price Band (Rs.)	85-90
Offer Date	21-May-25
Close Date	23-May-25
Face Value	5
Lot Size	166

Issue Composition

	In shares
Total Issue for Sale	238,888,888
QIB	119,444,444
NIB	35,833,333
Retail	83,611,111

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	99.81%	73.01%
QIB	0.00%	13.42%
NIB	0.19%	4.17%
Retail	0.00%	9.40%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

Repayment/pre-payment, in full or in part, of certain outstanding borrowings availed by the Company; and

General corporate purposes

Book Running Lead Manager

- Axis Capital Limited
- HSBC Securities and Capital Markets (India) Private Limited
- Jefferies India Private Limited
- SBI Capital Markets Limited

Name of the registrar

- MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)

About the company

Incorporated in 1988, Belrise Industries Limited manufactures Automotive Sheet Metal and casting parts, Polymer components, Suspension, and mirror systems specifically for Two-Wheel, Three-Wheel, and Four-Wheel Passenger and Commercial vehicles. The company is an automotive component manufacturing company in India offering a diverse range of safety critical systems. Belrise Industries is a manufacturing company in India that offers a diverse range of safety-critical systems and other engineering solutions for two-wheelers, three-wheelers, four-wheelers, commercial vehicles, and agri-vehicles. The company's product portfolio includes metal chassis systems, polymer components, suspension systems, body-in-white components, and exhaust systems. The company's customers include Bajaj, Honda, Hero, Jaguar Land Rover, Royal Enfield, VE Commercial Vehicles, Tata Motors, and Mahindra.

Strength

Market Leadership and Growth Prospects: The company is one of the top three companies with a market share of 24% in the overall two-wheeler metal components segment in India as of March 31, 2024, in terms of revenue. The two-wheeler metal products market size is projected to grow at a 11-13% CAGR over the next five years through Financial Year 2030. This enables to realize significant economies of scale and benefit from geographic diversification, including opportunities across multiple product component markets and mitigation of customer, product and regional risks. The global two-wheeler metal components market was valued at ₹1,453.85 billion in 2023, and is expected to be valued at ₹1,767.28 billion in 2029, growing at a CAGR of 3.29% between 2024 and 2029.

Technology and Innovation: The Company has an established track record in process engineering and through the use of technology, it endeavor to maintain high levels of manufacturing proficiency across all facilities. Its manufacturing facilities are equipped with several advanced features such as real-time tracking, information transparency and visualization and modularity in operations. It also develop and utilize special purpose machines to improve the quality and accuracy of certain critical business operations such as notching, boring and drilling. It utilize IoT and centralized monitoring systems across manufacturing facilities for processes such as surface coating and cathodic electro-deposition plating, thereby enabling to proactively detect bottlenecks in production in order to resolve them on a real-time basis. Further, the company also deploy a mistake-proofing mechanism known as 'poka-yoke' across key processes through the use of sensors (including cameras) and automatic detection tools (such as automated gauges), to improve quality control and increase fault detection. It is also proactive in integrating new technologies to align with the evolving technological demands of the automotive industry, with capability in designing the right fixtures, tools and gauges ensuring that products meet 'first-time right fitment' criteria during both development and mass production.

Vertically integrated manufacturing facilities: The Company specialized in precision sheet metal pressing and fabrication, progressively enhancing manufacturing capabilities through both backward integration (including tool making, tube bending and press operations) and forward integration (including system assembly and coating and painting). Over the years, it strategic expansion in these areas has led to higher value addition per product, reduced dependence on suppliers and enhanced quality control through stringent internal systems. Moreover, the company has strategically diversified its product offerings

to polymer components and suspension systems, thereby increasing the components it supply per vehicle and enhancing competitive positioning in the market. As of December 31, 2024, it has 15 manufacturing facilities across nine cities in eight states, with capabilities to produce over 1,000 distinct products across chassis systems, exhaust systems, body-in-white parts, polymer components, battery containers, suspensions, steering columns, among others. The company has acquired H-One in March 2025 and consequently, as of March 31, 2025, it operate 17 manufacturing facilities across 10 cities in nine states in India. Company's manufacturing facilities are strategically located in key automotive hubs in India such as Pune, Bhiwadi, Chennai and Narasapura, Karnataka, among others, which enables to achieve cost savings in product distribution.

Longstanding customer relationships: The Company has developed longstanding relationships with customers, including global OEMs. It offerings include metal chassis systems, exhaust systems, polymer components and body-in-white components. According to the CRISIL Report, OEMs prefer multi-product vendors as they 277 provide consistent quality standards and a rationalized supply chain network, further complicating the entry of new entrants into the market. As of December 31, 2024, it's service a total of 29 OEMs globally. Notably, its top three OEM customers collectively accounted for 33.58%, 30.45%, 31.91%, 34.64% and 44.20% of revenue from operations during the nine months period ended December 31, 2024 and 2023 and the Financial Years 2024, 2023 and 2022, respectively. The company is a key supplier to Bajaj Auto, Honda, Tata Motors, and Jaguar Land Rover. Collaborative facilities and dedicated production lines ensure long-term relationships.

Leadership: Led by Shrikant Badve (28+ years) and Supriya Badve (16+ years), with a seasoned management team, including Sumedh and Swastid Badve, the company is well-positioned for sustained growth.

Strategy

Expand portfolio of electric vehicle and renewable energy products: Electric vehicles are gaining global interest amidst the need to curb pollution, and growing awareness and concerns about environmental issues are likely to drive electrification in India. The electric two-wheeler penetration is expected to reach 33-37% by Financial Year 2031. Electric vehicle penetration in the three-wheeler segment is expected to reach and go above 30-34% by 2029. The key drivers of demand for electric vehicles include reduced environmental impact, government focus on promoting electric vehicles to consumers, lower operating costs, availability of charging infrastructure and competitive pricing. Further, the decline in prices of CNG in the Financial Year 2024 favor the transition towards greater use of CNG, reinforcing the long-term potential for its adoption in vehicles. Volatile fuel prices and potential government incentives for eco-friendly alternatives could also further stimulate demand for CNG-powered vehicles. Its commitment and focus towards ESG will continue increasing going forward as it plan to expand portfolio of electric vehicle and renewable energy products.

Build a portfolio of proprietary products, in-house and through collaborations: The Company intend to implement design, development and testing capabilities for intellectual property-protected products and build a portfolio of proprietary products that have IP-based barriers to entry and generate better profit margins. It expects to increase expenditure towards research and development, new product development and testing infrastructure, thereby enabling to develop products based on market gaps and enabling to adopt a 'push' approach towards OEMs.

Diversify two-wheeler, four-wheeler and commercial vehicle customer base: It intend to further diversify customer base for two-wheeler, four-wheeler and commercial vehicle manufacturers and also expand strategic relationships with multinational tier-1 suppliers based in Europe and North America that are seeking local manufacturers in India for their export markets. The Company currently work with a number of such tier-1 multinational suppliers. Further, for four-wheeler passenger vehicles business, it currently manufactures products for a number of Indian OEMs, and plan to increase sales of products for four-wheeler passenger vehicles to Japanese and Korean OEMs in the future. In addition, it intend to leverage recent acquisition of assets of a plastic moulding company based in Delhi, which supplies plastic components to two major Japanese OEMs, in order

to increase presence with Japanese OEMs and to enter into the proprietary plastic components business segment.

Further grow aftermarket presence and exports through organic and inorganic initiatives: Automotive components exports are projected to record a 7-9% growth in the Financial Year 2025, after posting an expected growth of 11-13% in Financial Year 2024. To capitalize on this growth opportunity in the aftermarket sector, the company is exploring the addition of new product lines, including polymer components and helmets, to broaden portfolio and increase visibility. Moreover, to 281 effectively capture a larger market share, it also plan to expand distribution network to over 150 points across India within the next two years.

In addition, the company plans to explore inorganic growth opportunities through mergers and acquisitions in Europe and North America, in order to increase reach across export markets. This acquisition included suspensions for a broad range of vehicle categories, such as motorcycles, scooters, cars and commercial vehicles, and has facilitated entry into a proprietary business with a diversified customer base, thereby enhancing market reach and product portfolio. In evaluating potential acquisitions in the future, it aim to focus on key metrics including the customer base, alignment with proprietary and advanced technology, opportunities for introducing new products, the addition of new manufacturing facilities and expansion into new geographic regions. These criteria will ensure that acquisitions enhance technological leadership and broaden market reach.

Risk factor

- It derives a significant portion of revenue from operations from ten largest customers, and thus it is dependent on these entities. As key customers are primarily OEMs in the automotive space, any adverse changes affecting the financial condition of OEMs in the automotive industry, including a decrease in demand for automotives or particular models of automotives which is the key customers sell, may have an adverse effect on business, results of operations, financial condition and cash flows.
- Fluctuations in the prices and disruptions in the availability of raw materials may have an adverse effect on business, results of operations, financial condition and cash flows.
- The manufacturing facilities are subject to periodic inspections and audits by regulatory authorities. It may be recipient of adverse observations from such visits which may damage business and reputation leading to an adverse effect on business, results of operations, financial condition and cash flows.
- Pricing pressure from customers may adversely affect profitability, which may in turn have an adverse effect on business, results of operations, financial condition and cash flows.
- The business requires significant capital expenditure. If it is unable to have access to capital, it may adversely affect business, results of operations, financial condition and cash flows.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Bharat Forge Ltd	15122.81	941.16	21.65	58.10	6.50	193.55	2.00	1257.80	60133.99
Uno Minda Ltd	16040.31	965.85	16.37	61.68	10.89	92.75	2.00	1009.75	57976.19
Motherson Sumi Wiring India Ltd	9271.58	605.86	1.37	41.82	14.91	3.84	1.00	57.29	25328.53
JBM Auto Ltd	5472.33	201.91	8.54	84.96	12.71	57.11	1.00	725.60	17160.02
Endurance Technologies Ltd	11560.81	836.36	58.80	38.40	5.55	406.46	10.00	2257.80	31758.86
Minda Corporation Ltd (Spark Minda)	4949.94	274.09	11.46	45.13	5.88	87.93	2.00	517.15	12363.99
Belrise Industries Limited	8017.90	327.29	5.03	24.47	1.66	54.16	5.00	90.00	8008.91

***Peer companies financials are TTM based**
*****Belrise Industries Limited is based on annualized FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.90, the stock is priced at pre issue P/E of 17.90 x on an Estimated Annualised FY25 EPS of Rs.5.03. Post issue, the stock is priced at a P/E of 24.47x on its EPS of Rs. 3.68. Looking at the P/B ratio at Rs. 90 pre issue, book value of Rs. 41 of P/Bvx 2.19x. Post issue, book value of Rs.54.16 of P/Bvx 1.66x.

Considering the P/E valuation, on the lower end of the price band of Rs.85, the stock is priced at pre issue P/E of 16.91 x on an Estimated Annualised FY25 EPS of Rs. 5.03. Post issue, the stock is priced at a P/E of 23.11x on its EPS of Rs. 3.68. Looking at the P/B ratio at Rs. 85 pre issue, book value of Rs. 41.00 of P/Bvx 2.07x. Post issue, book value of Rs.54.16 of P/Bvx 1.66x.

Industry Outlook

The Indian automotive industry is set for strong growth, fueled by favorable demographics, rising disposable incomes, and a rapidly expanding electric vehicle (EV) market, with new model launches in fiscal 2025 boosting EV adoption. India's status as a global automotive hub is reinforced by growing domestic demand and exports, despite challenges like regional concentration and OEM dependency. The two-wheeler sector is expected to sustain long-term growth due to positive economic conditions, rural demand, premiumization, shorter replacement cycles, and financing support, while the passenger vehicle (PV) market sees strong demand for SUVs, MPVs, and alternative fuel vehicles, which are gaining traction over conventional fuels. The commercial vehicle (CV) segment is projected to grow at a 3-5% CAGR from 2024 to 2029, led by light commercial vehicles (5-7% CAGR), with domestic sales dominating at ~93% of production. The auto component market is anticipated to grow at a 9-11% CAGR, reaching Rs. 12,000-13,000 billion by 2029, driven by robust OEM demand (10-12% CAGR) and replacement market growth, supported by production increases and OEM price hikes, despite export growth remaining flat at 5-7% CAGR.

Outlook

Belrise Industries Limited (BIL), a leading automotive component manufacturer, offers a diverse product portfolio and engineering solutions across vehicle variants, commanding a 24% market share in the two-wheeler segment. Despite top-line growth, BIL has faced pressure on its bottom line. The company anticipates improved earnings post-IPO due to reduced interest costs and a recent acquisition that strengthens its presence in the four-wheeler segment. Based on its financials, the IPO appears reasonably priced, making it an attractive option for investors with a medium- to long-term horizon.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	21-May-25
BID/ISSUE CLOSES ON	23-May-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	26-May-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	27-May-25
Credit of Equity Shares to Demat Accounts of Allottees	27-May-25
Commencement of trading of the Equity Shares on the Stock Exchanges	28-May-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-24 (9 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	6013.426	7484.241	6582.496
Total expenditure	5268.015	6559.779	5707.003
Operating Profit	**745.41**	**924.46**	**875.49**
OPM%	12.40	12.35	13.30
Other Income	51.337	71.433	38.287
Total Net Income	**796.75**	**995.90**	**913.78**
Interest	243.448	290.242	250.338
PBDT	**553.30**	**705.65**	**663.44**
Depreciation	246.944	321.354	306.738
Profit / (Loss) before exceptional items and tax	**306.36**	**384.30**	**356.70**
Exceptional items	0	-12.26	0
Restated loss before tax	**306.36**	**372.04**	**356.70**
Tax	60.889	61.16	43.041
Profit & Loss	**245.47**	**310.88**	**313.66**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	2425.67	2305.45	2243.71
Capital work-in-progress	222.69	178.88	79.55
Other Intangible assets	0.87	0.61	0.13
Right of use assets	153.86	153.97	184.79
Financial Assets			
Investments	59.04	9.36	8.84
Loans	37.22	64.83	66.05
Other financial assets	73.45	77.65	74.11
Other non-current assets	222.78	95.29	80.21
Total non-current assets	**3195.58**	**2886.03**	**2737.38**
Current asset			
Inventories	657.84	597.10	553.53
Financial Assets			
Investments	0.00	0.12	32.34
Trade receivables	1456.85	1227.81	1279.79
Cash and cash equivalents	11.86	185.54	106.17
Bank balances other than (iii) above	64.19	64.30	35.04
Loans and advances	272.62	192.92	115.09
Other current assets	1.04	1.02	0.01
Other current assets	927.72	886.80	819.82
Total current assets	**3392.12**	**3155.62**	**2941.78**
Total Assets	**6587.70**	**6041.65**	**5679.15**
Non-current liabilities			
Financial liabilities			
Borrowings	1391.21	1421.78	1245.39
Lease liabilities	33.84	36.32	58.49
Provisions	7.35	6.05	4.06
Deferred tax liabilities (net)	8.00	15.04	37.39
Other non-current liabilities	88.42	142.99	87.28
Total Non- Financial liabilities	**1528.82**	**1622.18**	**1432.61**
Current liabilities			
Financial Liabilities			
Borrowings	1208.59	1019.21	1026.02
Lease Liability	28.01	26.87	23.34
Trade payables- Total outstanding dues of micro and small enterprises	608.26	586.61	306.25
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	338.31	202.45	615.03
Other financial liabilities	181.35	78.41	55.58
Provisions	2.41	1.82	0.77
Current tax liabilities (net)	8.52	41.49	17.61
Other current liabilities	95.86	122.70	157.46
Total - Current Liabilities	**2471.31**	**2079.56**	**2202.04**
Total Liabilities	**4000.13**	**3701.73**	**3634.65**
Net worth represented by:			
Equity share capital	325.50	325.50	20.34
Other equity	2262.07	2014.43	2024.16
Net Worth	**2587.56**	**2339.92**	**2044.51**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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