BEHARI LAL ENGINEERING LTD

IPO NOTE | 11th AUGUST, 2026

Canara Bank Securities Ltd
canmoney.in

ABOUT THE COMPANY: Incorporated in 1995, Behari Lal Engineering Ltd. is an integrated iron and steel manufacturing company specializing in customized engineering solutions. The company manufactures precision-engineered components for critical industrial applications, including metal rolls, engineering castings, alloy steel products, forging ingots and shafts.

KEY BUSINESS INSIGHTS: The company is an integrated iron and steel manufacturer specializing in customized engineering solutions. It is one of India's largest metal roll producers, catering to approximately 10.0–11.5% of domestic metal roll demand in FY26. The company manufactures customized products such as alloy cast steel rolls, adamite rolls, forged rolls, engineering castings, alloy steel bars, forging ingots, tool steel, and valve steel. These products require stringent customer approvals, technical expertise, and long qualification periods, creating high entry barriers and customer stickiness. Revenue is well diversified across end-user industries, with Automobiles contributing 38.7%, Infrastructure 20.7%, Aggregate Crushers 18.4%, and Engineering Equipment 16.9% in FY26. The company serves over 1,825 customers and maintains long-standing relationships with several leading industrial customers, reducing concentration risk. The company manufactures four major product categories Alloy Steel Products (45.8% of FY26 revenue), Metal Rolls (26.4%), Engineering Castings (19.5%), and Forging Ingots & Forged Shafts (4.4%). Its products serve a wide range of industries including automotive, steel, mining, aggregate crushers, infrastructure, power, cement, aerospace & defence.

OUR VIEWS: Behari Lal Engineering has evolved from a traditional steel manufacturer into a specialty steel and precision engineering solutions provider, with a growing focus on high-value products such as metal rolls, engineering castings, tool steel, valve steel, and forged components. The company enjoys strong competitive positioning in niche segments, particularly metal rolls where it caters to approximately 10–11.5% of domestic demand, supported by decades of manufacturing expertise, customer approvals, and integrated operations. At upper price that stock appear to be undervalued at P/E, P/B of 17.21X,3.63X respectively compared to industry average of 33.79X,4.73X respectively, hence we give a **"SUBSCRIBE"** for long term investment.

ISSUE DETAILS	
Price Band (in ₹ per share)	271.00-285.00
Issue size (in ₹ Crore)	302.00
Fresh Issue (in ₹ Crore)	93.00
Offer for Sale (in ₹ Crore)	209.00
Issue Open Date	12-08-2026
Issue Close Date	14-08-2026
Tentative Date of Allotment	17-08-2026
Tentative Date of Listing	19-08-2026
Total Number of Shares (in lakhs)	1,05,83,158
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE/BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	52	₹14,820
Retail (Max)	13	676	₹1,92,660
S-HNI (Min)	14	728	₹2,07,480
S-HNI (Max)	67	3484	₹9,92,940
B-HNI (Min)	68	3536	₹10,07,760

BRLMs: Emkay Global Financial Services Ltd, Systematix Corporate Services Ltd.

PROMOTERS: Rajesh Garg, Lovlish Garg, Yogita Garg, Dinesh Kumar Garg HUF, SG Tech Engineering Private Limited

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	FY26	FY25	FY24
Share Capital*	39.03	7.80	4.85
Net Worth	306.09	241.61	193.94
Revenue from Operation	534.02	507.91	446.08
EBITDA	101.33	81.31	60.99
EBITDA Margin (%)	18.54	15.75	13.55
Profit/(Loss) After Tax	64.63	52.95	35.79
Debt Equity Ratio	0.06	0.03	0.21
P/E#	17.21	NA	NA
P/B#	3.63	NA	NA

**Restated consolidated financials; #Calculated at upper price band*

OBJECTS OF THE OFFER

- Funding capital expenditure requirement for purchase and installation of new equipment / machinery (including computers, printers and computer peripherals) along with civil work for such installation at Manufacturing Facility 1 Est Amt *(₹ Cr.) 19.59*
- Purchase and installation of new roof-top solar panels at Manufacturing Facility 1 Est Amt *(₹ Cr.) 3.40*
- purchase and installation of new equipment / machinery along with civil work for such installation at Manufacturing Facility 2 Est Amt *(₹ Cr.) 36.65*
- Purchase and installation of new roof-top solar panels at Manufacturing Facility 2 Est Amt *(₹ Cr.) 3.40*
- Repayment and/ or pre-payment, in full or part, of certain borrowings availed by
- General Corporate Purposes

FINANCIAL STATEMENTS

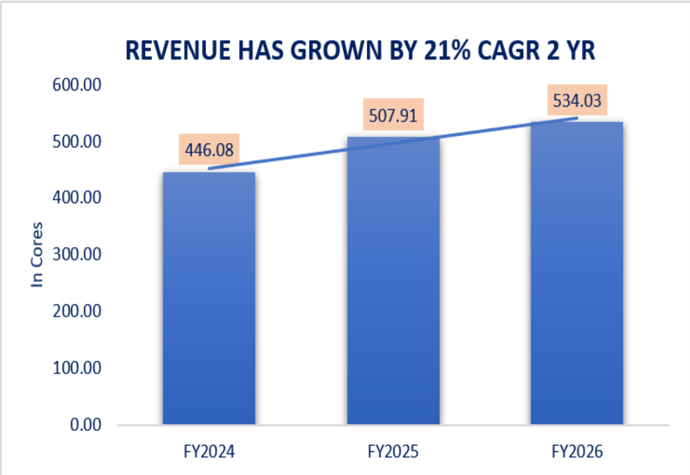
Profit & Loss Statement			
Particulars (In Crores)	**FY2024**	**FY2025**	**FY2026**
INCOME			
Revenue from operations	446.08	507.91	534.03
Other Income	3.87	8.39	12.49
Total Income	**449.96**	**516.30**	**546.52**
YoY Growth (%)	-	13.86%	5.14%
Cost of Materials Consumed	274.52	271.65	280.66
Cost of Materials Consumed -% of Revenu	61.54%	53.48%	52.56%
Purchase of Stock in Trade	15.30	29.19	14.79
Changes in inventories of finished goods	-5.09	-12.54	-14.45
Employee benefit expenses	18.73	32.61	42.14
Employee Expenses-% of Revenue	4.20%	6.42%	7.89%
Other expenses	85.51	114.08	122.05
EBIDTA (Calculated)	**60.99**	**81.31**	**101.33**
EBIDTA Margin (%)	13.55%	15.75%	18.54%
Depreciation and amortisation expense	8.76	10.59	13.25
EBIT	52.23	70.72	88.07
EBIT Margin (%)	11.71%	13.92%	16.49%
Finance cost	2.31	1.36	1.49
Profit before TAX	**49.92**	**69.36**	**86.58**
Tax expenses			
Current tax	12.55	17.55	21.90
Tax pertaining to earlier years	1.56	-1.35	0.03
Deferred tax	0.02	0.22	0.02
Total tax expenses	**14.13**	**16.41**	**21.95**
Profit for the year	**35.79**	**52.95**	**64.64**
PAT Margin (%)	8.02%	10.43%	12.10%
Earnings per share			
Basic earnings per share (₹)	50.33	67.82	16.56

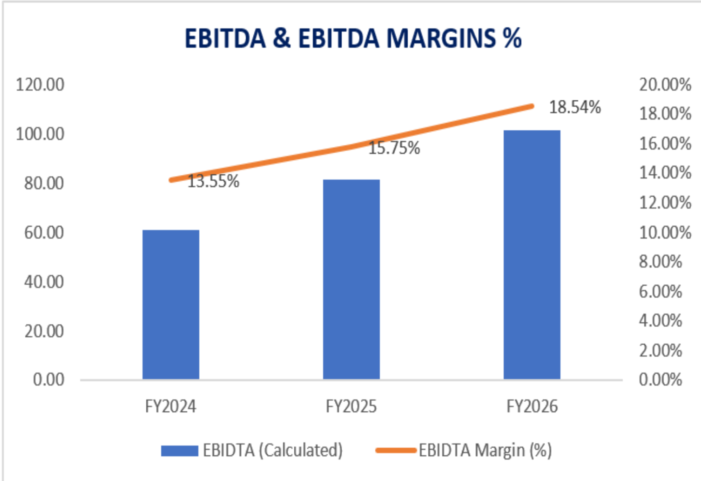
Particulars (In Crores)	FY2024	FY2025	FY2026
Net cash generated from/(used in) operating activities	37.14	61.89	27.54
Net cash generated from/(used in) investing activities	-52.38	-19.68	-37.57
Net cash generated from/(used in) financing activities	13.77	-40.22	8.71
Net increase/(decrease) in cash and cash equivalents	**-1.47**	**1.99**	**-1.32**
Cash and cash equivalents at the beginning of the year	1.94	0.47	2.46
Cash and cash equivalents at the end of the year	**0.47**	**2.46**	**1.14**

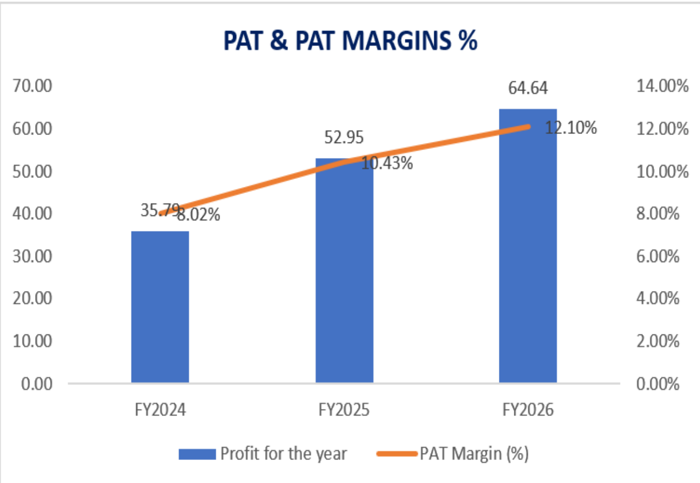
Balance Sheet			
Particulars (In Crores)	**FY2024**	**FY2025**	**FY2026**
ASSETS			
Non-current assets			
Property, Plant and Equipment	67.05	82.50	95.45
Capital work-in-progress	3.55	3.99	4.05
Other Intangible assets	0.21	0.21	0.28
Financial assets	0.00	0.00	0.00
Other financial assets	12.93	8.66	14.97
Other non-current assets	0.53	3.70	1.95
Total non-current assets	**84.27**	**99.05**	**116.69**
Current assets			
Inventories	62.37	81.10	104.39
Financial assets	0.00	0.00	0.00
Investments	3.19	-	-
Trade receivables	81.34	78.39	95.77
Cash and cash equivalents	0.47	2.46	1.14
Bank balances other than (iii) above	28.62	30.32	41.45
Other financial assets	0.48	2.72	2.32
Current tax assets (net)	0.00	0.00	0.00
Other current assets	1.34	1.95	6.11
Total current assets	**177.81**	**196.92**	**251.18**
TOTAL ASSETS	**262.08**	**295.98**	**367.87**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4.86	7.81	39.04
Other equity	186.13	233.81	267.06
Scheme of Arrangement for Amalgamation	2.95	0.00	0.00
Total equity	**193.94**	**241.62**	**306.10**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	6.82	0.76	0.30
Provisions	0.72	0.97	1.69
Deferred tax liabilities (net)	2.44	1.08	1.06
Total non-current liabilities	**9.97**	**2.81**	**3.04**
Current liabilities			
Financial liabilities			
Borrowings	34.40	6.82	17.48
Trade payables	0.00	0.00	0.00
Total outstanding dues of micro enterprises and small enterprises	1.90	1.56	0.71
Total outstanding dues of creditors other than micro enterprises and small enterprises	9.08	22.85	19.46
Other financial liabilities	4.85	12.77	13.32
Other current liabilities	5.69	6.58	6.30
Provisions	0.45	0.63	0.95
Current tax liabilities (net)	1.80	0.34	0.51
Total current liabilities	**58.17**	**51.56**	**58.73**
TOTAL EQUITY AND LIABILITIES	**262.08**	**295.98**	**367.87**

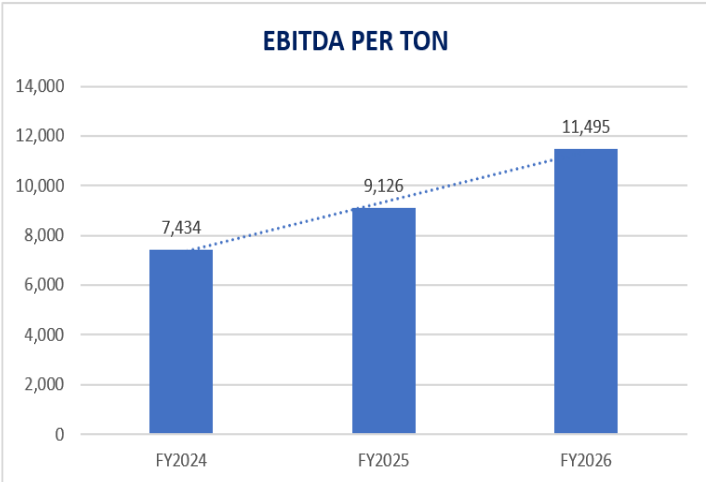
Source: RHP

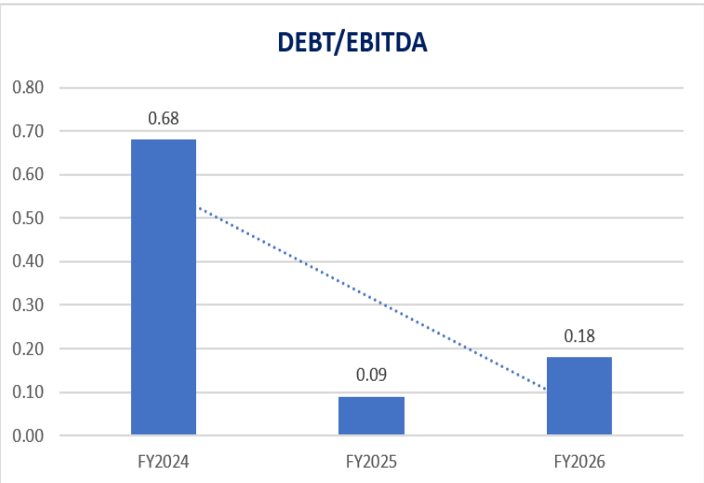
PERFORMANCE THROUGH CHARTS

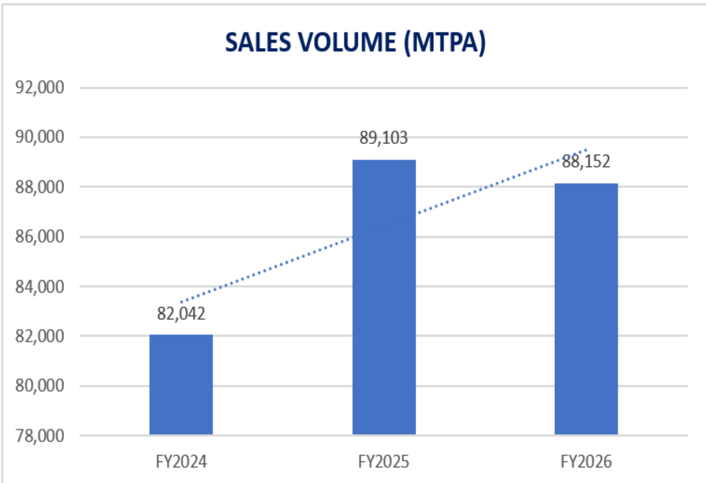












INDUSTRY OVERVIEW

Consumption trend of finished steel

- The domestic steel demand has logged a significant 11.6% CAGR between fiscals 2022 and 2026. In fiscal 2021, the industry logged a 5.3% on-year decline in demand owing to the pandemic. Demand rebounded in fiscal 2022, growing 11.4% on-year, with a revival of industrial activities, release of pent-up demand and growth inducement in key end-use sectors.
- Steel demand rose 7.9% to 164.2 million tonne in fiscal 2026 from 152.1 million tonne (MT) in fiscal 2025, owing to the aggregate effect of growth in the end-use sectors of steel—such as automobile, infrastructure and construction—and the market volatility faced during the period owing to geopolitical uncertainty. Demand is expected to accelerate to 225-250 MT by fiscal 2031 at a CAGR of 6.5-8.5%.

Infrastructure to drive steel demand

- The infrastructure sector is poised to be a significant driver of domestic steel demand; it currently accounts for ~30% of the demand. Over the next five years, this sector is expected to log a CAGR of 8-10%.

Overview of the alloy steel industry

- Alloy steel long products, encompassing a diverse range of structural shapes, bars, rods and wires, play a vital role in the Indian steel industry, with the incorporation of alloying elements such as chromium, nickel, molybdenum and vanadium, enhancing their mechanical properties and rendering them ideal for various applications.

Tool and die steel

- Tool steel is engineered for exceptional hardness, toughness and wear resistance. This steel maintains its hardness at the elevated temperatures generated during cutting operations.
- It is commonly used in drill bits, milling cutters and saw blades. Designed for applications involving hot metal processing, this steel retains strength at high temperatures. Such materials are used in casting dies and hot forging tools.

Valve steel

- Valve steel is a class of high-performance materials engineered to excel in extreme environments, such as those in oil refineries, power plants and petrochemical facilities, where high temperatures, corrosive conditions and significant pressure fluctuations are prevalent.
- This specialized steel exhibits a unique combination of properties, including high-temperature resistance, corrosion resistance and high tensile strength, rendering it an ideal choice for valve components in high-pressure systems.

Metal rolls industry

- Rolls are a critical component of rolling mills, which are machines used to shape metal by passing it through a pair of rolls.
- The rolls apply pressure to the metal, causing it to deform and take on the desired shape and size. Its desired metallographic structure and mechanical properties are achieved through selective measures such as controlled alloying, casting, and heat treatment.
- Rolls can be further classified based on their surface texture, hardness, and material composition. The choice of roll type and design depends on the specific rolling application, the type of metal being rolled, and the desired product characteristics. Rolls are designed to withstand high temperatures, pressures, and wear, making them essential for metal forming, rolling, and shaping processes.

COMPETITIVE STRENGTHS OF THE COMPANY

Long standing relationships with a large number of customers spread across a wide array of end-user industries with stringent qualification processes.

- Their wide product basket and customized engineered components enable them to service a broad spectrum of customers and are key to their ability in maintaining long term relationships with their customers.
- Their expertise built over the years and their design, engineering, assembly and testing capabilities helps them supply critical engineered equipment to their long-standing customer base.

Diversified product portfolio catering to varied application industries

- Their diversified product portfolio is broadly classified into the four categories viz., Metal Rolls, Engineering Castings, Alloy Steel Products and Forging Ingots and Forged shafts/blocks and their precision engineered products find application in over 10 industries including aerospace and defense, aggregate crusher manufacturing, automobile, cement, defense, engineering, finished steel manufacturing, infrastructure, power and railways.

Strategically located Manufacturing Facilities with advanced equipment and robust overlapping processes which enables high-capacity utilization

- Their Manufacturing Facilities comprises 2 manufacturing facilities in Mandi Gobindgarh, Punjab which are spread across 790,000 square feet (approx.) with a combined installed capacity of 119,690 MT, comprising finished steel processing capacity of 54,690 MT and rolling mill capacity of 65,000 MT
- Their locational advantage is furthered by their ability to source their raw material directly from domestic manufacturers and international suppliers. This direct procurement eliminates middlemen, ensuring cost efficiency and quality control.

Robust presence in the steel manufacturing industry leveraging on the legacy and experience of their Promoters and strong domain expertise of their management team

- Their experience of over 2 decades in the steel industry has helped them develop robust manufacturing processes which regularly withstand the inspections conducted by, and the scrutiny, of their discerning customers.

RISK FACTORS

They generate significant revenues from their top 10 customers; they do not enter into long term contracts with their customers and the loss of such customers or a significant reduction in their revenue from such customers will have a material adverse impact on their business and financial condition.

- Their business is based on purchase orders placed on them by their customers. They do not enter into long term contracts with their customers primarily due to volatility in the steel price. Further, the purchase order-based model enables their Company to decide whether credit can be extended to their customers based on their financial health.
- Their business, results from operations, and financial condition are dependent on maintaining relationship with their customers and they have over the time built long term relationship with their customers.
- They cannot assure you that they will continue to be able to generate revenues from these customers at these levels or at all, or that they will be able offset any reduction in revenue from these customers through sales to other customers or by obtaining new customers.

A substantial proportion of their sales is concentrated in India and sales to customers in India

- Loss of all or a substantial portion of sales to any of their customers from India, for any reason (including due to any material adverse social, political or economic development, civil disruptions, or changes in the policies of the state government or local government) could have an adverse effect on their business results of operations, financial conditions, cash flows and future business prospects in India.

They have dues which are outstanding to their creditors. Any failure in payment of these dues may have a material adverse effect on their reputation, business and financial condition.

- Any failure to make payments to their creditors in a timely manner in accordance with the terms and conditions of the agreements or purchase orders with them, or at all, may lead to their creditors not providing them with materials in future or to disassociate their relationship with them. In addition, delay or failure in payment of dues to their creditors may also result in creditors initiating legal proceedings including insolvency proceedings against them.

They are reliant on raw materials that are procured from third party suppliers with whom they do not have long term contracts.

- Some of their key raw materials are scrap and ferro alloy i.e. iron combined with other metals and ingots. The other raw materials used in their manufacturing process include billets and sand. They procure these raw materials from third party suppliers who are neither related parties nor related to their Company.

The pricing in the steel industry is subject to market demand, volatility and economic conditions. Reduction in steel prices may have a material adverse impact on their business, results of operations, and financial conditions.

- The volatility of business cycles affecting the price of steel and steel products may become unpredictable, and the recurrence of downturns in the steel industry may have a material adverse impact on their business, results of operations, financial condition and prospects.
- While there has been no adverse impact on their Company in the past due to fluctuation in the price of steel, there can be no assurance that the occurrence of such an event in the future will not impact their business, results of operations and financial conditions.

Source: RHP

PEER COMPARISON

Name of the company	TOTAL INCOME (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoNE (%)	P/E*	P/B*
Behari Lal Engineering Limited	534.02	10.00	16.56	78.41	21.12	17.21	3.63
Jayaswal Neco Industries Limited	7131.82	10.00	4.77	29.26	16.39	19.10	3.11
AIA Engineering Limited	4419.86	2.00	136.11	859.98	15.53	35.18	5.57
Steelcast Limited	423.16	1.00	8.58	39.03	21.89	38.78	8.53
RHI Megnesita India Limited	4019.94	1.00	-18.54	172.42	(10.81)	0.00	2.45
Vardhman Special Steel Limited	1754.43	10.00	13.15	132.11	9.59	25.14	2.50
IFGL Refractories Limited	1894.25	10.00	4.81	163.00	7.93	47.06	1.39
Kennametal India Limited	1170.30	10.00	46.82	340.02	13.70	71.29	9.82

**P/E & P/B ratio based on upper price and of IPO, financial details consolidated audited results as of FY25. We have taken closing price of 10th August 2026.*

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