



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 13 AUGUST 2026

Behari Lal Engineering Limited

Mainboard IPO — Research Note

Integrated Iron & Steel • Metal Rolls • Engineering Castings

ISSUE DATES	12 – 14 August 2026 • Listing 19 August 2026 (tentative)
PRICE BAND	₹271 – ₹285 per share (Face Value ₹10)
LOT SIZE	52 shares • Retail min ₹14,820
ISSUE SIZE	₹301.62 Cr (Fresh ₹93 Cr + OFS ₹208.62 Cr)
BOOK RUNNERS	Emkay Global Financial Services • Systematix Corporate Services

SECTOR Integrated Iron & Steel / Engineering	FINANCIALS Rev ₹547 Cr (FY26) • PAT ₹65 Cr • PAT CAGR ~34%
VALUATIONS P/E 18.7x • P/B 3.9x • RoNW ~21% • fairly priced	DEMAND Anchor ₹90 Cr (MFs 34%) • Day-2 ~5.3x • Retail 7.64x
GMP +₹74 (~26%) over ₹285 • as of 13 Aug 2026	RECOMMENDATION APPLY (listing gains)

I P O R E S E A R C H D E S K

2. Executive Summary

Behari Lal Engineering is a century-old, integrated iron-and-steel manufacturer out of Mandi Gobindgarh, Punjab — and, more usefully for the equity, India's largest producer of metal rolls, the consumable steel rolls that rolling mills wear out and replace. Around that core it runs engineering castings, alloy-steel products and forging ingots, serving roughly 1,825 customers with an export footprint across 21 countries. FY26 revenue was ₹547 Cr with ₹65 Cr of PAT — and unlike most of what lists these days, this is a genuinely profitable, cash-generative business. PAT has compounded ~34% over two years and EBITDA margin has widened from 13.6% to 18.5%.

The setup is a clean, small mainboard issue. It is fully priced but not expensive — 18.7x post-issue earnings for a 34% profit grower with a near-debt-free balance sheet and ~21% return on net worth. The knock is structure: this is an OFS-heavy issue, 69% of the money going to selling shareholders, and the book-runners (Emkay, Systematix) carry thin, patchy listing track records on our base. Offsetting that, the anchor book is respectable for the size — Whiteoak, Bandhan and Tata AIA anchored ₹90 Cr — and GMP has firmed near 26%.

The call: APPLY (listing gains) — but as a **second-priority** application behind the larger issues in the window, precisely because the small size makes the bHNI bucket tiny and allotment scarce. For BHNI, bid at ₹285 (top of the band), minimum 68 lots (3,536 shares / ₹10,07,760) per PAN, across all available PANs. We are positioned for a **listing-day gain in the 18-22% range**.

Recommendation	Listing-Day View	Momentum View (T+2-T+5)
APPLY (listing gains) — 2nd priority	18-22% listing-day gain expected	Hold only while momentum + volume hold

3. Company Overview & Business Model

Strip away the 100-years-of-excellence framing and this is a focused industrial franchise built on one very specific product: metal rolls. A rolling mill — steel, aluminium, whatever — grinds its rolls down as a consumable and must replace them continuously. Behari Lal makes those rolls, and by the company's own DRHP positioning it meets somewhere around 10–11.5% of Indian domestic demand, which makes it the largest domestic producer in a niche most investors have never heard of. That is the core, and it is a good place to sit: recurring replacement demand, an installed base of mill customers, and technical qualification that is hard for a new entrant to replicate quickly.

Around the rolls, the company runs two adjacent lines — an SMS (steel melting shop) and foundry operation producing engineering castings, alloy-steel products and forging ingots. This is a classic integrated iron-and-steel structure: melt, cast, machine, finish, in-house. Integration is the margin story — controlling the metal from melt to finished roll is what lets EBITDA margin sit at 18.5%, well above a pure trader or a single-stage caster. Revenue is order-driven and volume-linked rather than contracted, so the top line tracks industrial and steel-sector capex and utilisation.

This is a promoter-run, family business — the Sehgal family, with a long operating history and identifiable, concentrated ownership. For an IPO that cuts both ways: you get accountability and skin in the game that a dispersed cap table lacks, but you also inherit the governance and related-party questions that come with any closely-held industrial promoter. What could break the model is not demand — replacement rolls are sticky — but input cost. This is a steel business; scrap and metal prices, energy, and the industrial cycle set the margin, and none of those are in management's control.

4. Market Position & Client Base

The market position is genuinely differentiated — leadership in a niche is worth more than a marginal share of a commodity pool. As the largest domestic metal-rolls producer at ~10–11.5% of demand, Behari Lal has pricing and qualification advantages inside its niche that a generic steel-products maker does not. Rolls are a technical, application-specific consumable; once a mill qualifies a supplier, it does not casually switch. That is the moat: qualification plus a century of process know-how, not scale for its own sake.

The customer base is broad — roughly 1,825 customers — which is healthier than the top-heavy concentration you see in most industrial IPOs, though analysts have still flagged customer concentration as a watch item, so the revenue is not as evenly spread as the headline count suggests. The export footprint spans 21 countries, which diversifies the demand base but brings unhedged currency exposure into the P&L (see risks). The competitive frame is other domestic roll and casting makers plus imports; the defence is the integrated cost base and the switching friction of a qualified consumable.

The honest read: this is a quality niche leader, not a high-growth compounder. Revenue growth has been modest (~9% CAGR) even as profits jumped — the earnings story is margin, not volume. For a listing trade that is fine. For anyone underwriting it beyond the pop, the question is whether roll demand and steel-sector capex keep the utilisation high enough to hold the margin.

5. Revenue Model, Product Mix & Exports

Behari Lal earns across three linked product lines — metal rolls (the core), engineering castings, and alloy-steel/forging products — all fed by the same in-house melting and foundry base. Revenue is transactional and order-driven: there is no subscription or long-term contracted annuity, so the top line moves with order intake, roll-replacement cycles at customer mills, and the broader steel and engineering capex environment. The quality of the revenue comes from the integration — because the company controls the metal from melt to finished product, more of each sale rupee is retained as margin, which is why EBITDA margin has climbed to 18.5% even on single-digit revenue growth.

Exports across 21 countries broaden the demand base and lend some cyclicity diversification, but they introduce unhedged foreign-currency exposure that the company itself flags — a rupee move works directly through realisations. The domestic business remains the anchor. For the listing trade none of this is the swing factor; it matters for the durability of the 18.5% margin, which is the single most important number in the file and the one input the market is really paying 18.7x for.

The equity in one line: a niche market-leader with a genuinely good margin structure (18.5% EBITDA, ~21% RoNW, near-zero net debt), brought at a fair 18.7x — wrapped in an OFS-heavy issue with weak book-runners. You are buying the quality and the GMP, and applying around the structural caveats. For a listing trade that trade-off is acceptable; the caveats are why it ranks behind the larger names in the window.

6. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	93.00	30.8%
Offer for Sale (OFS)	208.62	69.2%
Total Issue Size	301.62	100%

Issue at upper band ₹285. Implied market capitalisation ≈ ₹1,206 Cr.



[PRIMARY CONCERN] OFS at 69% of the issue — read it as a signal.

Of the ₹302 Cr raised, ₹209 Cr goes to selling shareholders and only ~₹93 Cr (₹63 Cr net) reaches the company. When existing owners take more than two-thirds of the money off the table, that is a monetisation event dressed as a growth raise. It does not make the business bad — the financials are strong — but it caps how much you should pay up, and it is the first reason this issue ranks second in the window.

Use of Proceeds — Fresh Issue

Objective	Amount (₹ Cr)	% of Fresh (net)
Capital equipment at two manufacturing facilities	59.64	~94%
Solar power installation (captive)	6.80	~11%
Repayment of borrowings	0.57	~1%
Net Proceeds (approx.)	~63.61	balance = GCP

The fresh-issue use is sensible and productive — capacity and equipment upgrades at the two plants, a captive solar install to pull down power cost (a real margin lever for an energy-intensive melt business), and token debt repayment on an already near-debt-free balance sheet. This is growth capex, not balance-sheet repair. The problem is only how little of the total issue it represents: the company keeps under a third of the proceeds.

Allocation: QIB 46.99%, NII 15.90% (bHNI 10.60% + sHNI 5.30%), Retail 37.10% — a higher retail carve-out than the typical mainboard, which suits a small, retail-friendly issue. Book-running lead managers are Emkay Global Financial Services and Systematix Corporate Services; their track record is examined in Section 9.

7. Financial Performance Analysis

Profit & Loss (₹ Cr)

Particulars	FY24	FY25	FY26
Revenue	449.96	516.30	546.52
EBITDA	60.99	81.31	101.32
EBITDA Margin %	13.6%	15.7%	18.5%
PAT	35.79	52.95	64.64
PAT Margin %	8.0%	10.3%	11.8%

Balance Sheet Snapshot (₹ Cr)

Particulars	FY24	FY25	FY26
Net Worth	193.66	241.62	306.10
Total Debt	41.21	7.58	17.78
D/E (x)	0.21	0.03	0.06
RoNW %	~18%	~22%	~21%

This is the strongest part of the file, and it is a real contrast to most recent listings. Revenue grew a modest ~9% a year to ₹547 Cr, but profit compounded ~34% and EBITDA ~25% — the entire story is margin, not volume. EBITDA margin widened from 13.6% to 18.5% over two years. Some of that is operating leverage over a fixed melt-and-foundry cost base; some is mix, as higher-value rolls and alloy products carry better realisations than commodity castings. Either way, the direction is clean and the absolute level — 18.5% EBITDA, 11.8% PAT margin — is good for an integrated steel-products maker.

The balance sheet backs it up. The company de-levered hard — total debt fell from ₹41 Cr to under ₹18 Cr while net worth grew to ₹306 Cr, leaving a D/E near 0.06 and a business that essentially funds itself. Return on net worth sits around 21%. This is not a company that needs the IPO cash to survive; the fresh issue is a top-up for capacity, which is exactly why the promoters could structure it as a 69% OFS. What gives us pause is not the numbers but the durability: margins this good in a cyclical steel business invite the question of whether the current level is peak-cycle. We would want to see one soft steel year before calling 18.5% the new base.

8. Valuation

At ₹285 the company is valued at ~₹1,206 Cr, or 18.7x post-issue FY26 earnings and 3.9x book, with a ~21% return on net worth behind it. There is no clean listed pure-play in domestic metal rolls, so the peer frame is directional — broader special-steel, castings and engineering-products names trade across a wide 20–35x band depending on growth and margin.

Metric	Behari Lal (at ₹285)
P/E (post-issue, FY26)	18.7x
P/B	3.9x
RoNW	~21%
EBITDA Margin (FY26)	18.5%
Revenue / PAT CAGR (FY24–26)	9.4% / 34.4%
Special-steel / engineering peer band (indicative)	20–35x P/E

No pure listed peer in domestic metal rolls; peer band is directional, drawn from broader special-steel and engineering-products names. Analysts (SBI Securities) peg the post-issue P/E at ~18.7x.

Our read: fairly priced, leaning cheap for the quality. At 18.7x for a 34% profit grower with a 21% RoNW and a near-clean balance sheet, this is not an expensive issue — sell-side notes calling it 'fully priced' are pricing the modest revenue growth and the cyclicalities, not the multiple, and that is a fair hesitation. But relative to the special-steel peer band it sits at the low end, which is what leaves room for a listing pop. You are not paying up here; the valuation supports the trade rather than fighting it.

9. Demand, Anchor Quality & BRLM Track Record

9.1 Subscription Trajectory (× subscribed)

Category	Day 1 (12 Aug)	Day 2 (13 Aug)	Day 3 (14 Aug)
QIB	0.17x	0.73x	pending
NII (bHNI + sHNI)	0.79x	5.91x	building
Retail	1.24x	7.64x	building
Overall	0.85x	~5.3x	pending

Live BSE+NSE data; the Day-2 column is the latest confirmed read (13 Aug). Cumulative subscription only rises through the session — QIB and bHNI conventionally fill on the final day, and the small size means the book can move fast on the last afternoon. Overall is derived from the category prints.

Two days in, the demand has built strongly — retail is 7.64x, sHNI already 15.2x, and overall past 5x, with only QIB (0.73x) and bHNI (1.26x) still to make their last-day move. This is a healthy book for a small mainboard issue. The read that matters now is that final-day bHNI surge: with a bHNI bucket this thin (see below), even a modest flood of applications pushes the multiple — and the odds against any single application — sharply higher.

9.2 The bHNI Bid — quantity, price and why to spread PANs

Category	Reserved	Applied	Times
HNI — bHNI (> ₹10 L)	1,454	1,836	1.26x
HNI — sHNI (₹2–10 L)	727	11,052	15.20x
Retail (RII)	71,233	5,44,235	7.64x
Total Applications	—	5,57,123	—

Live Day-2 (13 Aug) BSE+NSE application-wise breakup. 'Reserved' = maximum full-lot allotment slots per category; 'Applied' = approximate number of applications; 'Times' = subscription multiple. bHNI minimum = 68 lots = 3,536 shares = ₹10,07,760 at ₹285; the bHNI 1.26x is pre-surge — this bucket fills on the final day.

For a bHNI desk the live demand above is the practical crux, not any modelled allotment table. The bHNI bucket here has room for only about 1,454 minimum-lot allotments — a very small ceiling, which is the whole reason this issue ranks second: the same capital wins fewer shares than in a larger book. bHNI money is the last to arrive and fills on the Day-3 afternoon; once that last-day flood hits so thin a bucket, NII allotment collapses to a draw-of-lots for the minimum lot. Given the size, we expect the final allotment odds to stretch to roughly 1-in-20 to 1-in-25 or worse per application — a single bid is unlikely to be allotted at all. The only lever that lifts those odds is more tickets: bid from as many PANs as possible in the HNI bucket, though as a second priority behind the larger issue in the window.

That is exactly why the efficient structure for a listing-gains play is many applications at the minimum bHNI ticket rather than a few large ones — each PAN is one more ticket in the same lottery, and per rupee a concentrated large bid earns nothing extra once the bucket is in draw-of-lots territory. The specific instruction: bid the minimum bHNI ticket of 68 lots — 3,536 shares — at ₹285 (the top of the ₹271–285 band; NII must bid at the top, not cut-off), a blocked ₹10,07,760 per PAN, spread across every available PAN. The one caveat is cost of carry: a small allotment against full interest on the

blocked amount means the ~18–22% expected listing gain has to hold to listing for a funded ticket to clear its cost. Live figures firm up only at the basis of allotment.

9.3 Grey Market Premium

GMP has firmed to ₹74 (~26% over the ₹285 band), implying an indicative listing near ₹359 as of 13 August 2026. Treat it as an unofficial, thinly-traded sentiment quote, not a price you can transact — and note that small-issue GMPs are especially prone to move in the last 24 hours as the HNI book firms. We use it as a directional confirm; it agrees with the anchor and the valuation read.

9.4 Anchor Quality — the backtest

₹90 Cr was placed with 11 anchors, 34% of it to three domestic mutual funds (Whiteoak, Bandhan, Dynasif) and ~10% to Tata AIA Life. For a ₹302 Cr issue that is a respectable, credible book. Against our seven-year anchor base:

Anchor	Prior Issues	Avg P/E bought	Avg Listing Gain
Bandhan MF	116	76.0x	+26.7%
Whiteoak Capital MF	64	62.5x	+18.8%
Tata AIA Life	31	39.0x	+29.6%
Pinebridge	44	50.2x	+22.5%
360 One	51	130.3x	+10.7%
Ikigai	6	58.2x	+31.1%

Source: IPO Research Desk 7-year anchor base (688 anchors, 2020–2026). Averages across each anchor's prior mainboard participation.

Read the valuation fit, and it is the interesting part. These anchors — Bandhan, Whiteoak, 360 One — habitually buy 60–130x P/E growth stories. Behari Lal is an 18.7x industrial. In other words, this issue sits well below the valuation band these houses usually pay up for, which reads as them reaching for a cheaper, higher-quality name rather than stretching for froth. Tata AIA and Whiteoak both carry solid listing-gain records (+30% and +19% averages). It is not a marquee, MF-heavy book on the scale of a large issue — only three MFs — but for the size it is a genuine institutional vote, and the value-oriented character of the book is a quiet positive.

9.5 BRLM Track Record — the backtest

Lead Manager	7-Yr IPOs	Hit Rate	Avg Listing Gain
Emkay Global Financial Services	5	40%	–9.9%
Systematix Corporate Services	7	14%	+15.4%

Source: IPO Research Desk 7-year lead-manager base (2020–2026).

This is the weakest link in the file and we will not dress it up. Neither book-runner has a track record you would call reassuring: Emkay is 40% positive on five issues with a negative average listing gain, and Systematix has landed just one of seven positive, though its handful of winners lifts the average. These are mid-tier houses, not the Kotak/Axis/BofA tier, and on the base data an issue in their hands lists well less often than one run by a top syndicate. We weight this as a real caution — it is the second reason,

alongside the OFS, that the name ranks behind the larger issues in the window. What carries the trade despite the BRLMs is the anchor quality, the fair valuation and the GMP; the underwriting reputation is not doing the work here. Strong anchor participation and a healthy GMP reduce listing risk. They do not eliminate it, and a weak book-runner tape is exactly the sort of thing that shows up on a soft market open.

10. Risk Factors

[PRIMARY CONCERN] OFS at 69% — existing owners are the main sellers.

More than two-thirds of the issue is selling shareholders cashing out; the company keeps under a third. The business is strong enough that this is monetisation, not distress — but a 69% OFS caps the upside you should pay for and is the single structural reason this issue is a second-priority apply rather than a top pick.

Small issue size — thin bHNI bucket, small-cap listing volatility.

At ₹302 Cr with a bHNI ceiling near 1,454 allotments, allotment is scarce and the post-listing float is small. Small mainboard issues swing harder intraday and can gap both ways on thin volume. The scarcity is why we apply from many PANs; the volatility is why we size it as a satellite, not a core, bet.

Weak book-runner track record.

Emkay (40% hit, negative average listing gain) and Systematix (14% hit) sit well below the top syndicate tier on our seven-year base. Issues run by weaker book-runners list positive less often; here the anchor and GMP have to carry what the underwriting reputation does not.

Listing Volatility.

Even with a credible anchor book and a healthy GMP, small mainboard issues in the current 2026 regime have swung sharply on the print and through the first sessions. A weak open, a broad-market gap-down, or thin follow-through into a small float can undo the setup regardless of how the book looked. A funded bHNI application carries a cost of carry that a flat or negative listing turns into a loss. We do not consider this a risk-free recommendation.

5. **Steel-cycle and input-cost exposure.** Margins depend on scrap, metal and energy prices and on steel-sector utilisation — all outside management's control. The current 18.5% EBITDA margin may be flattered by a favourable cycle; a soft steel year would test whether it is the new base or a peak.
6. **Customer concentration.** Despite ~1,825 customers, analysts flag concentration — revenue is less evenly spread than the headline count implies. Loss of a few large mill accounts would matter.
7. **Unhedged forex exposure.** Exports span 21 countries and the company flags unhedged currency exposure; a sharp rupee move works directly through export realisations and margin.
8. **Modest revenue growth.** The top line has grown only ~9% a year — the earnings story is margin, not volume. If margin normalises, there is little revenue momentum underneath to carry earnings.

9. **Promoter / related-party governance.** A closely-held, family-run industrial promoter brings the usual related-party and governance questions that accompany concentrated ownership; diligence the RPT schedule before underwriting beyond the trade.
10. **Capex execution.** The fresh proceeds fund new equipment at two plants; capacity additions in a cyclical business carry absorption risk if demand softens before the new lines ramp.

11. Investment Strengths & Positive Indicators

- 1. Genuinely profitable, high-quality financials.** ₹65 Cr PAT on ₹547 Cr revenue, PAT compounding ~34%, EBITDA margin widening to 18.5%. This is a real, cash-generative business — the profitability the market usually has to wait years for post-listing is already here.
- 2. Niche market leadership.** Largest domestic metal-rolls producer at ~10–11.5% of demand — leadership in a technical, qualification-gated consumable niche, which is worth more than marginal share in a commodity pool.
- 3. Near-debt-free balance sheet, ~21% RoNW.** De-levered to D/E ~0.06 with return on net worth around 21%. The company funds itself; the IPO is a top-up, not a rescue.
- 4. Value-oriented anchor book.** Whiteoak, Bandhan, Tata AIA and 360 One anchored ₹90 Cr — houses that usually buy 60–130x growth names reaching for an 18.7x industrial reads as a value call, not a momentum chase.
- 5. Fair-to-cheap valuation.** 18.7x post-issue for a 34% profit grower sits at the low end of the special-steel/engineering band — the multiple supports a listing pop rather than fighting it.
- 6. Healthy GMP.** ~26% grey-market premium two days into the book is a directional confirm that agrees with the anchor and valuation read.
- 7. Integrated, cost-controlled operations.** In-house melt-to-finish integration plus a captive solar install (from fresh proceeds) protect the margin structure that the whole thesis rests on.

12. Final Recommendation & Conclusion

RECOMMENDATION APPLY (listing gains) — 2nd priority

We are applying — but as a **second-priority application, not a first-priority one**, and it matters that the distinction is clear. Run the five pillars. Financial quality: **excellent** — profitable, **34% PAT growth, 18.5% EBITDA margin, ~21% RoNW, near-zero debt**. This is the rare listing where the quality is already on the page. Valuation: **fair-to-cheap at 18.7x**, low end of the peer band. GMP: **~26% and confirming**. Demand: a credible, value-oriented anchor book for the size. OFS: **69% — the one pillar firmly in the caution column**, and a loud one.

Four of the five pillars support the trade; the **69% OFS and the small-size / weak-BRLM structure** are exactly what keep this a **second-priority apply, behind Shiprocket in the same window — not a top pick**. This is a listing-and-momentum call: apply from **every available PAN at the minimum bHNI ticket**, take the pop on listing day, and trail into the T+2–T+5 tape only while volume and momentum hold. We carry no long-term view. Profitability here is a tailwind, not a question; what tempers the trade is structure, not quality.

Expectation. On this setup — a quality niche leader at a fair multiple, a value-oriented anchor book, and GMP near 26% — we are positioned for a **listing-day gain in the 18–22% range**. Given the small issue size and scarce bHNI allotment (**odds ~1-in-20 to 1-in-25**), treat it strictly as a **second-priority, satellite application** — bid **68 lots @ ₹285 = ₹10,07,760 per PAN, across all available PANs**. Apply for the print, take the pop on listing day, trail into T+2–T+5 only while momentum confirms.

bHNI Application Guidance

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	APPLY (listing gains) — 2nd priority	Satellite weight — apply from all available PANs, minimum 68 lots (3,536 sh / ₹10,07,760) per PAN at ₹285 (top of band)	Listing day; trail to T+5 only if momentum holds

Bid at ₹285 — the top of the ₹271–285 band (NII bids at the top, not cut-off). Minimum bHNI ticket 68 lots per PAN; the small bucket makes spreading across as many PANs as possible the only real allotment lever.

13. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.