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IPO Report

20th May '25

Snapshot

Belrise Industries Ltd is an automotive component manufacturing company based in India offering a diverse range of safety critical systems and other engineering solutions for two-wheelers, three-wheelers, four-wheelers, commercial vehicles and agri-vehicles. Company's product portfolio includes metal chassis systems, polymer components, suspension systems, body-in-white components and exhaust systems, among others. Company's products are largely agnostic to vehicle powertrain types, reflecting its ability in catering to both electric vehicles and internal combustion engine vehicles, thus positioning company favorably to adapt to the growing electric vehicle market.

VALUATION

Company is bringing the issue at price band of Rs 85-90 per share at p/s multiple of approx. 24x on post issue annualized FY25E PAT basis.

Company is distinguished market leader in the high-growth field of precision sheet metal pressing and fabrication within a large and growing automotive component industry . company has technology-enabled, innovation driven development and process engineering capabilities . Also, company is vertically integrated manufacturing facilities offering a diverse range of products along with longstanding customer relationships developed through years of collaboration and value addition . With largely EV-agnostic product portfolio, strategically positioned to scale in tandem with burgeoning electric vehicle market in India along with its experienced promoters and management team Hence we recommend "Subscribe" to this ipo.

| | |
|----------------------------------|----------------------------------|
| Price Band (Rs./Share) | 85-90 |
| Opening date of the issue | 21st May '2025 |
| Closing Date of the issue | 23rd May '2025 |
| No of shares pre issue | 65,09,90,304 Eq Shares |
| Fresh Issue | Rs 2150 Cr |
| No OF shares | 25,29,41,176-23,88,88,888 Shares |
| Issue Size | Rs 2150 Cr |
| Face Value (Rs/ share) | Rs 5/share |
| Bid Lot | 166 |

| | |
|--------------------------------|---|
| BIDDING DETAILS | |
| QIBs (Including Anchor) | 50% of the offer (Approx 11,94,44,443 Eq Shares) |
| Non-Institutional | 15% of the offer (Approx 3,58,33,334 Eq Shares) |
| Retail | 10% of the offer (Approx 8,36,11,111 Eq Shares) |
| Employee Reservation | Up to 1,00,000 Equity Shares |
| Lead managers | Axis Capital, HSBC Securities, Jefferies India, SBI Capital Markets |
| Registrar to the issue | MUFG Intime India Pvt Ltd |

WHAT WE LIKE

Distinguished market leader in the high-growth field of precision sheet metal pressing and fabrication within a large and growing automotive component industry

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 company 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.

Longstanding customer relationships developed through years of collaboration and value addition

As of December 31, 2024, company service a total of 29 OEMs globally. Notably, company's top three OEM customers collectively accounted for 33.58%, 30.45%, 31.91%, 34.64% and 44.20% of its revenue from operations during the nine months period ended December 31, 2024 and 2023 and the Financial Years 2024, 2023 and 2022, respectively.

Largely EV-agnostic product portfolio, strategically positioned to scale in tandem with burgeoning electric vehicle market in India

Company's product portfolio includes chassis systems, body-in-white components, polymer components and suspension systems, and is agnostic to powertrain types, placing company in a strong position to capitalize on the growth of electric vehicles while continuing to meet the demands of company's internal combustion engine OEM customers. During the Financial Year 2024, products suitable for both electric vehicles and internal combustion engine applications constituted 56.00% of its revenue from operations.



COMPANY BACKGROUND

Company specialize in precision sheet metal pressing and fabrication (i.e., the process of joining sheet metal components to create unified structures for assembling vehicle subsystems and bodies), and it 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 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. Further, company also specialize in precision sheet metal pressing and fabrication for three-wheelers. India is the largest three-wheeler (3W) market in the world, with domestic sales of 0.75 million units in Financial Year 2024 .

The overall 3W industry expected to grow by 5-7% CAGR between Financial Years 2025E and 2030. Similarly, company also specialize in precision sheet metal pressing and fabrication for four-wheelers (passenger vehicles as well as commercial vehicles. As per CRISIL Intelligence, depending on India's GDP growth to be between 6% to 8% for the next 5 years, the India PV industry is expected to grow at a CAGR of 4.5% to 6.5% respectively between 2024 and 2029. The commercial vehicle industry is also expected to grow at a CAGR of 3% to 5% between 2024 and 2029 . As a large and well-established precision sheet metal pressing and fabrication company in India, company is well-positioned to capitalize on the growing two-wheeler, three-wheeler and four-wheeler markets in India and internationally.

Over the course of nearly three decades of operations, company have expanded company's operational capabilities to include precision sheet metal pressing and fabrication, the manufacturing of polymer components, the design and production of suspension systems, along with coating and painting services. Consequently, company have consistently increased the value and complexity of the components company supply per vehicle. This strategic expansion is not only limited to company's home state of Maharashtra but also extended to other Indian states where prospective customers establish their manufacturing facilities, with company's facilities designed for future scalability. Company have also implemented a 'just-in-time' inventory model that optimizes its inventory levels and enhances its ability to meet its OEM customers' needs with agility. According to the CRISIL Report, the adoption of the just-in-time model within the automotive component industry has fostered a profound understanding of customer needs, enabling the development of intricate products with rapid turnaround times. Company's automotive product portfolio comprises over 1,000 distinct products across chassis systems, exhaust systems, body-in-white parts, polymer components, battery containers, suspensions and steering columns, among others. Company's product portfolio is diverse and designed to meet the varying requirements of OEMs across multiple vehicle types, including two-wheelers, three-wheelers, four-wheelers, commercial vehicles and agri-vehicles. As of December 31, 2024, company market its products both domestically and internationally, with operations extending to several key global markets including Austria, Slovakia, the United Kingdom, Japan and Thailand.

Since the commencement of company's operations, company have cultivated long standing relationships with customers, including prominent multinational OEMs such as Bajaj Auto Limited, Honda Motorcycle & Scooter India Private Limited, Hero MotoCorp Limited, Jaguar Land Rover Limited and Royal Enfield Motors Limited, among others. As of December 31, 2024, company service a total of 29 OEMs globally, for a range of critical automotive components. Company also engage actively with its vendors to improve its supply chain processes. In 2023, company also initiated the 'Belrise Annual Vendor Conference' to discuss performance, future outlook and growth opportunities for its suppliers. Company engage in a collaborative business model, strategically establishing company's manufacturing facilities close to the locations of its customers. This proximity allows company to also work closely with its customers to design, engineer and manufacture products tailored to their specific needs as well as work in collaboration with them to enhance its products together with evolving trends and technologies. Over the years, company have gained a deep understanding of its customers' requirements, enabling it to develop complex products with quick turnaround times. Company also assist in the validation and supply of products across various commodities and categories, positioning company as a preferred multi-product vendor. According to the CRISIL Report, OEMs prefer multi-product vendors as they provide consistent quality standards and a rationalized supply chain network, further complicating the entry of new entrants into the market.

Company have customized engineering capabilities and an extensive product range, developed in close coordination with its customers and supported by its pan-India presence. Company have established 15 manufacturing facilities across nine cities in eight states, as of December 31, 2024 and expanded company's manufacturing capabilities through both backward and forward integration. Company acquired H-One India Private Limited ("H-One"), the erstwhile subsidiary of H-One Company Limited, a listed entity in Japan, in March 2025 and consequently, as of March 31, 2025, company operate 17 manufacturing facilities across 10 cities in nine states in India. Company's backward integration includes tool making, tube bending and press operations, while its forward integration encompasses system assembly, along with coating and painting. Annually, company's facilities process over 60,000 tons of steel, reflecting company's extensive production capacity. Company's acquisition of H-One added two manufacturing facilities situated Greater Noida, Uttar Pradesh ("Greater Noida Facility I") and RIICO Industrial Area, Rajasthan ("Bhiwadi Facility I"), both equipped to serve a large four-wheeler OEM. The Greater Noida Facility I has press lines and die manufacturing lines with various equipment such as numerous Okuma machines, trial press machine and spotting press machine, among others. Further, the manufacturing facility at Bhiwadi Facility I has press lines and robotic welding lines with various machines such as the nut/spot welding machines and metal insert gas (MIG) welding machines, among others. On the robotic welding lines, numerous robots have been deployed to ensure low defect parts per million and high predictability. This acquisition has enhanced company's capabilities in the four-wheeler metal stamping and fabrication industry, as HOne has expertise in high-tensile steel fabrication and stamping, as well as complex tool-designing and manufacturing.



INVESTMENT RATIONALE

Technology-enabled, innovation driven development and process engineering capabilities

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

Experienced promoters and management team

Company is led by experienced first-generation promoters and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance. Shrikant Shankar Badve, it Managing Director, has over 28 years of experience in the automotive industry and provides company’s leadership team with the vision to steer the long-term strategic direction of company’s business. Mr. Badve has received numerous awards over the course of his career including from the former Hon’ble Prime Minister of India. Mr. Badve was also appointed as the brand ambassador for Magnetic Maharashtra (Maharashtra state’s Make in India initiative) in 2017 and nominated to the Economic Advisory Council (“EAC”) of Maharashtra in 2023 as part of the EAC’s initiative to grow the economy of Maharashtra. Supriya Shrikant Badve, company’s whole-time director, has over 16 years of experience in the automotive industry. Ms. Badve currently serves as the national chairperson for the Women Entrepreneurs Development Council and Startups at Deccan Chamber of Commerce Industries and Agriculture. Ms. Badve served as the chairperson for the Women Entrepreneurs Development Council for the period between August 1, 2021 to July 31, 2023. Sumedh Shrikant Badve, its General Manager (Head – Strategy), graduated with a bachelor of science in mechanical engineering from Purdue University in 2018 and received the Gordon Hall Scholarship of mechanical engineering for his course of study. Sumedh Shrikant Badve also graduated with an MBA from Harvard Business School in 2024. Swastid Shrikant Badve, company’s Chief of Staff to the Managing Director’s Office, graduated with a bachelor’s degree in science in economics from the Wharton School, University of Pennsylvania and a bachelor’s degree in science in engineering from University of Pennsylvania.



OBJECTS OF OFFER

The Issue comprises a fresh issue, aggregating up to ₹ 21,500 million by company. Net Proceeds Company intends to utilise the Net Proceeds from the Issue towards funding the following objects (the “Objects”):

1. Repayment/pre-payment, in full or in part, of certain outstanding borrowings availed by company; and
2. General corporate purposes

RISKS

Seven out of company’s 17 manufacturing facilities are located in the state of Maharashtra. This concentration poses potential for regional risk exposure, which may adversely affect company’s business, results of operations, financial condition and cash flows.

Source:RHP

INDUSTRY OVERVIEW

Review and outlook on the Indian Automotive Components industry

Growth and current market size over fiscals 2019 to 2024

Auto component production (which includes sales to OEMs, exports and the replacement market) has increased at 8.7% CAGR to Rs 7,881 billion in fiscal 2024 from Rs 5,196 billion in fiscal 2019. While domestic sales are more volatile due to various factors such as regulations, fuel prices, economic cycles, etc. that impact short-term demand, exports and the aftermarket help buffer overall growth in auto component production from similar fluctuations.

Auto component production revenue increased at 8.7% CAGR between fiscals 2019 and 2024, helped by the economic recovery, buoyant demand from the OEM and replacement markets as well as increase in exports. CRISIL estimates domestic auto component production revenue to increase 9-11% in fiscal 2025.

Production of automotive components depends on consumption by different end-user segments, such as OEMs, exports and the replacement market. OEM demand can be further segregated based on various vehicle segments. In fiscal 2024, OEMs accounted for almost 65.8% of auto component production by value. Among OEMs, cars and utility vehicle manufacturers remain the largest consumers.

The domestic auto components industry largely consists of small and medium enterprises. The industry is composed of 780+ organized players and 5,800 unorganized players. In terms of revenue, however, the organized segment dominates the industry. Auto Component Manufacturers Association (ACMA) members represent 85% of the overall industry turnover. Over the past few years, more and more auto component companies have been registering as members of the ACMA. OEMs prefer multi-product vendors as they provide consistent quality standards and a rationalized supply chain network, further complicating the entry of new players into the market. The extensive testing and validation process required by customers for purchasing auto components such as chassis systems and air tanks, suspensions and high-precision steering columns creates a significant barrier to entry for new market entrants, making it difficult for them to establish relationships. Since attributes are not easily replicable by other automotive component manufacturers, customer loyalty and retention simultaneously get enhanced.

Related Party Transactions (RPTs) are prevalent within India's automotive component sector, attributed to a variety of factors. These include vertical integration, characterized by the presence of related entities involved in the procurement of raw materials, logistics, or other essential services. Additionally, collaborations and Joint Ventures (JVs) play a significant role, where manufacturers of automotive components engage in partnerships or JVs with other entities. This would facilitate the streamlining of supply chains, thereby reducing costs, enhancing access to labor, expanding capacity, and improving overall efficiency. For example, Bosch Limited purchases from Bosch Germany, Bosch Automotive Electronics India Private Limited, MOTHERSON SUMI SYSTEMS LIMITED with group companies of Samvardhana MOTHERSON Automotive Systems Group, Minda Industries Limited with group companies such as Uno Minda, Minda Corporation etc.



Consolidated Financials

(Rs in Mn)

| Financials | FY22 | FY23 | FY24 | 9M FY 2025 |
|-------------------------|-------------|-------------|-------------|-------------------|
| Total Revenue (A) | 53968.54 | 65824.96 | 74842.41 | 60134.26 |
| Total Expenditure (B) | 46421.04 | 57070.03 | 65597.79 | 52680.15 |
| EBIDTA | 7547.50 | 8754.93 | 9244.62 | 7454.11 |
| EBIDTA Margin | 13.98 | 13.30 | 12.35 | 12.40 |
| Other Income | 138.27 | 382.87 | 714.33 | 513.37 |
| Depreciation | 2456.84 | 3067.38 | 3213.54 | 2469.44 |
| EBIT | 5228.93 | 6070.42 | 6745.41 | 5498.04 |
| Interest | 2156.48 | 2503.38 | 2902.42 | 2434.48 |
| PBT | 3072.45 | 3567.04 | 3842.99 | 3063.56 |
| Share of profit in Asso | 0.00 | 0.00 | 0.00 | 0.00 |
| PBIT | 3072.45 | 3567.04 | 3842.99 | 3063.56 |
| Exceptional | 0.00 | 0.00 | 122.60 | 0.00 |
| PBT | 3072.45 | 3567.04 | 3720.39 | 3063.56 |
| Tax | 453.97 | 430.41 | 611.60 | 608.89 |
| PAT | 2618.48 | 3136.63 | 3108.79 | 2454.67 |
| NPM | 4.85 | 4.77 | 4.15 | 4.08 |
| ROE% | 15.09 | 15.34 | 13.29 | 9.49 |
| EPS | 4.02 | 4.82 | 4.78 | 3.77 |
| Eq Cap | 203.43 | 203.43 | 3,254.95 | 3,254.95 |
| Net Worth | 17,356.51 | 20,445.07 | 23,399.22 | 25,875.60 |

(Source: RHP)

Peer Comparison

| Company Name | Face Value | EPS | P/E | ROE % | NAV |
|-------------------------------------|-------------------|-------------|------------|--------------|--------------|
| Belrise Industries Limited | 5.00 | 4.78 | -- | 13.33 | 35.94 |
| Peers | | | | | |
| Bharat Forge Ltd | 2.00 | 20.43 | 58.94 | 13.84 | 153.90 |
| Uno Minda Ltd | 2.00 | 15.36 | 62.19 | 21.68 | 91.71 |
| Motherson Sumi Wiring India Ltd | 1.00 | 1.44 | 39.42 | 42.45 | 3.79 |
| JBM Auto Ltd | 2.00 | 15.12 | 45.52 | 22.21 | 98.75 |
| Endurance Technologies Ltd | 10.00 | 48.38 | 44.76 | 16.24 | 353.86 |
| Minda Corporation Ltd (Spark Minda) | 2.00 | 9.65 | 51.32 | 13.99 | 82.84 |

(Source: RHP)



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