

Retail Research	IPO Note
Sector: Auto & Auto Ancillary	Price Band (Rs): 85 - 90
19 th May 2025	

Belrise Industries Ltd.

Company Overview:

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 2Ws, 3Ws, 4Ws, CVs and Agri-vehicles. The company's product portfolio consists of metal chassis systems, polymer components, suspension systems, body-in-white components and exhaust systems. The products are largely agnostic to vehicle powertrain types, reflecting its ability in catering to both EV and ICE vehicles, thus positioning them favorable to adapt to the growing EV market. The company specializes in precision sheet metal pressing and fabrication, and is one of the top three players in India (in revenue terms) with the market share of 24% in the 2W metal components segment in India as of Mar'24.

Key Highlights:

1. Vertically integrated manufacturing facility: The company have 17 manufacturing facilities (as of Mar'25) across 10 cities in 9 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. Manufacturing facilities are strategically located in key automotive hubs in India such as Pune, Bhiwadi, Chennai and Karnataka which enables them to achieve cost savings in product distribution. This proximity supports implementation of a Just-In-Time inventory model that optimizes inventory levels and enhances the ability to meet OEM customers needs with agility. As of Dec'24, the company facilities have processed over 60,000 tons of steel annually, reflecting its extensive production capacity.

2. Long standing relationship with customers: The company has developed longstanding relationships with their customers, including global OEMs. As of Dec'24, the company had served a total of 29 OEMs globally. Notably, top three OEM customers collectively accounted 33.6% and 31.9% for 9MFY25 and FY24 respectively. The company's deep understanding of customer requirements allows them to develop complex products with quick turnaround time, while extensive testing and validation process required by customers purchasing automotive component products creates a significant barrier to entry for new market entrants. Some of the marquee customer include Bajaj Auto Ltd., Honda Motorcycle & Scooter India Private Ltd., TATA Motors Ltd., Jaguar Land Rover Ltd., Hero MotorCorp Ltd. and Royal Enfield Motors Ltd.

3. Technology-enabled and innovative driven development with process engineering capabilities: The company has an established track record in process engineering through the use of technology that enables them to maintain high level of manufacturing proficiency. The facilities are equipped with advance features such as real-time tracking, transparency in information with visualization and modularity in operations. The company utilize IoT and centralized monitoring systems for processes such as surface coating and cathodic electro-deposition plating, enabling them to proactively detect bottlenecks in production. The company has deployed a mistake-proofing mechanism known as 'poka-yoke' across key processes through the use of sensors and automatic detection tools, to improve quality control and increase fault detection.

Valuation: The company is valued at FY24 P/E multiple of 24.8x at post issue capital of upper price band. The company's Revenue/EBITDA/PAT achieved CAGR of 17.8%/10.7/9.0% to Rs 7,484 cr/Rs 925 cr/Rs 323 cr during FY22-FY24 period. The industry forecast indicates a decent growth for the 2W/3W industry (Domestic and Export) and is projected to expand at a CAGR of 8%/5%-7% during FY24-FY30E/FY25E-FY30E period respectively. Additionally, the company is likely to repay debt amounting to Rs 1,618 cr in FY26, thus lowering D/E below 1.0x.

Issue Details	
Date of Opening	21 st May 2025
Date of Closing	23 rd May 2025
Price Band (Rs)	85 - 90
Fresh Issue (Rs cr)	2,150
Issue Size (Rs cr)	2,150
No. of shares	29,63,54,709 – 29,04,46,837
Face Value (Rs)	5
Post Issue Market Cap (Rs cr)	7,683 – 8,009
BRLMs	Axis Capital, HSBC Securities & Capital Markets, Jefferies India, SBI Capital Markets
Registrar	MUFG Intime India Private Ltd.
Bid Lot	166 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Repayment/pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	1,618.1
General corporate purpose*^	-
Total proceeds from fresh issue	-

**The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

^To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	64,97,26,304	99.8
Public & Others	12,64,000	0.2
Total	65,09,90,304	100.0

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	64,97,26,304	71.9
Public & Others	25,42,05,176	28.1
Total	90,39,31,480	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	64,97,26,304	73.0
Public & Others	24,01,52,889	27.0
Total	88,98,79,193	100.0

Source: RHP, SSL Research

Note: SBI Capital Markets Limited is the BRLM to the issue and hence as per compliance led restrictions, SBI Securities Limited cannot assign any rating to the issue. IPO note can be used to understand the business model and decode the key operational and financial metrics.

Key Financials

Particulars (Rs cr)	FY22	FY23	FY24	9MFY25
Revenue from operations	5,397	6,582	7,484	6,013
EBITDA	755	875	924	745
Adj. PAT	262	314	323	245
EBITDA Margin (%)	14.0	13.3	12.4	12.4
Adj. PAT Margin (%)	4.9	4.8	4.3	4.1
RoE (%)	15.1	15.3	13.8	-
RoCE (%)	12.1	14.1	14.1	-
P/E (x)*	22.4	18.7	18.1	-

Source: RHP, SSL Research

*Note: Pre-issue P/E based on upper price band

Risk Factors

- **Regional risk exposure:** Out of seventeen manufacturing facilities, seven are located in the state of Maharashtra. This concentration poses potential for regional risk exposure, which may adversely affect the business and results of operations in the future.
- **Revenue concentration:** Revenue from 10 largest customers comprises a significant portion of the revenue from operations (63.8%/50.8% for 9MFY25 and FY24). Any failure to maintain relationship with these customers or any adverse changes affecting their financial condition will have an adverse effect on the business.
- **Related party transaction:** The company has entered into and may continue to enter into related party transactions. The company cannot assure that such transactions, individually or in the aggregate, will not have an adverse effect on the business.
- **Contract with OEMs:** The company's contractual arrangements with OEM customers are generally requirement contracts and any termination of such contracts or decline in the production requirements of any of the OEM customers may adversely affect the business and results of operations.
- **Raw material prices:** Fluctuations in the prices and disruptions in the availability of raw materials may have an adverse effect on the margins of the business impacting the profitability.

Growth Strategies

- Increase content per vehicle through new, high value and complex products and more integrated systems.
- Expanding portfolio of electric vehicle and renewable energy products.
- Build a portfolio of proprietary products, in-house and through collaborations.
- Diversifying 2W, 3W and CV customer base.
- Further grow aftermarket presence and exports through organic and inorganic initiatives.

Revenue from Operations

Particulars	FY22		FY23		FY24		9MFY25	
	Revenue from operations (Rs cr)	% of revenue from operations	Revenue from operations (Rs cr)	% of revenue from operations	Revenue from operations (Rs cr)	% of revenue from operations	Revenue from operations (Rs cr)	% of revenue from operations
Sheet Metal Division	4,221	78%	4,606	70%	5,300	71%	4,415	73%
Plastic and Polymer Division	364	7%	389	6%	211	3%	160	3%
Suspension Division	32	1%	38	1%	77	1%	33	1%
E-Mobility	0	0%	0	0%	2	0%	4	0%
Others*	780	14%	1,549	24%	1,893	25%	1,402	23%
Total	5,397	100%	6,582	100%	7,484	100%	6,013	100%

*Others includes white goods, trading by wholly-owned Material Subsidiary and other operational revenue.

Source: RHP, SSL Research

OEMs Customers

Vehicle type	Number of OEMs
2W	13
3W	3
4W (Passenger)	2
4W (CV)	6
Agri-vehicles	2
Battery	1
White goods	1
Others (Such as off-highway products)	1
Total	29

Source: RHP, SSL Research

4W Products



Source: RHP, SSL Research

2W Products



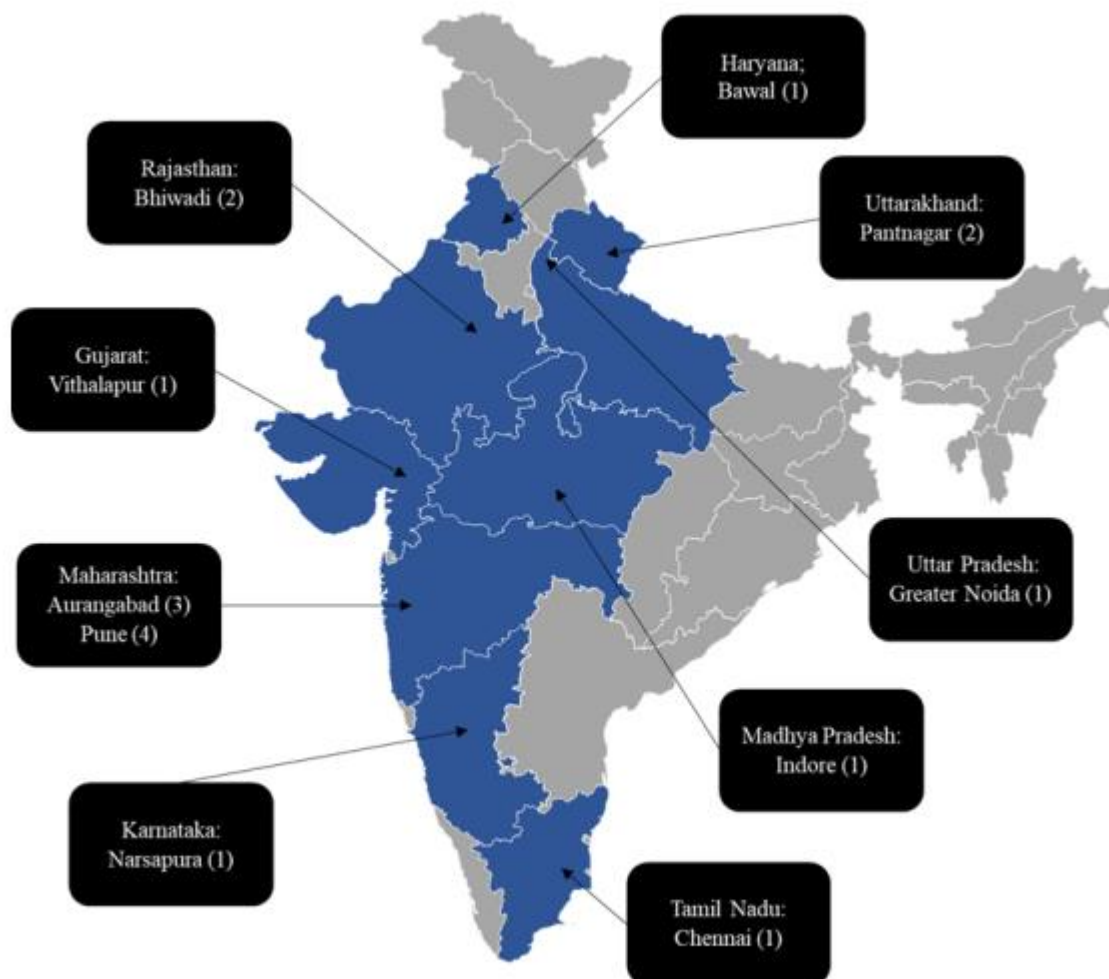
Source: RHP, SSL Research

Products List

Product Line	Product Supplied
2W	
Sheet metal based	Chassis, side and main stand, brake pedal/gear clutch lever, swing arm
Polymer based	Visor front, fenders, covers, cowls
Suspension systems	Rear suspension, front forks, steering column, helical springs
Braking systems	Braking assemblies for drum and disc brakes
4W	
Sheet metal based	Chassis
Polymer based	Centre grill, fog lap cover, battery container, lids
Suspension systems	Rear suspension for sports utility vehicles, front suspension for light commercial vehicle
Non-Automotive	
Polymer refrigerator parts	Fruit and vegetable tray, handles, base
Renewable parts	Solar panel components

Source: RHP, SSL Research

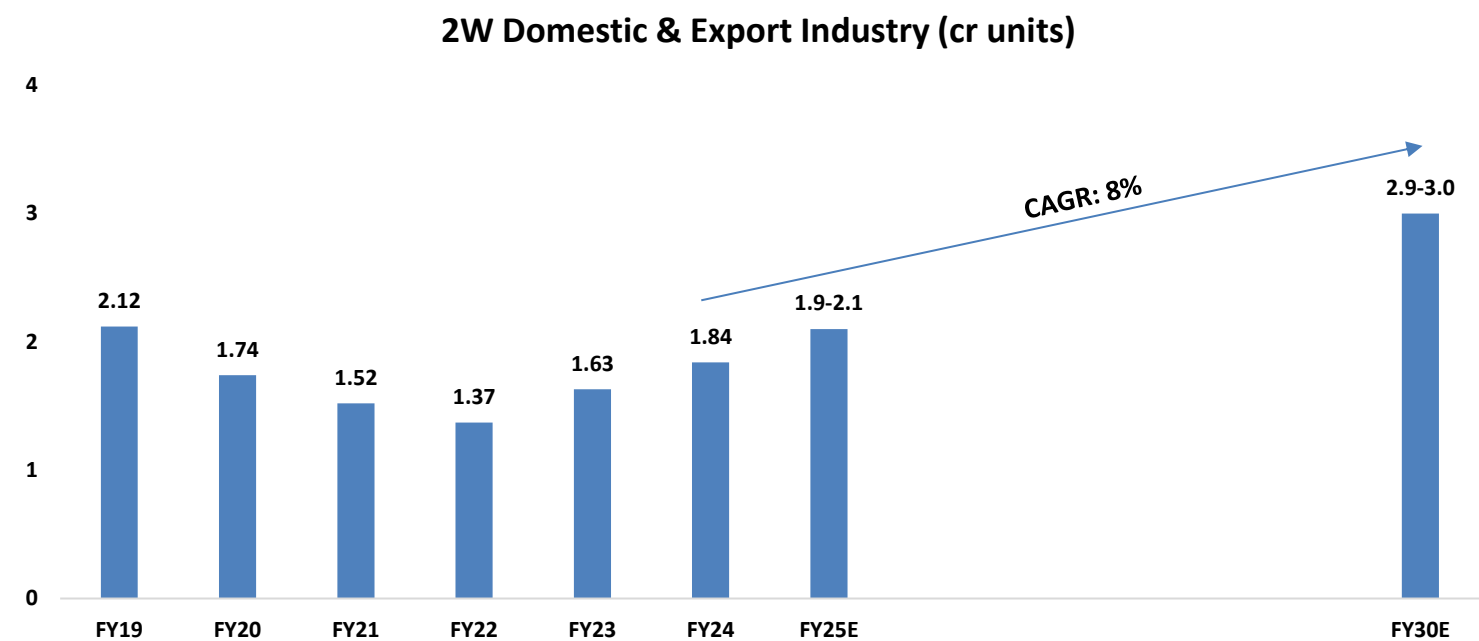
Manufacturing Facilities



Source: RHP, SSL Research

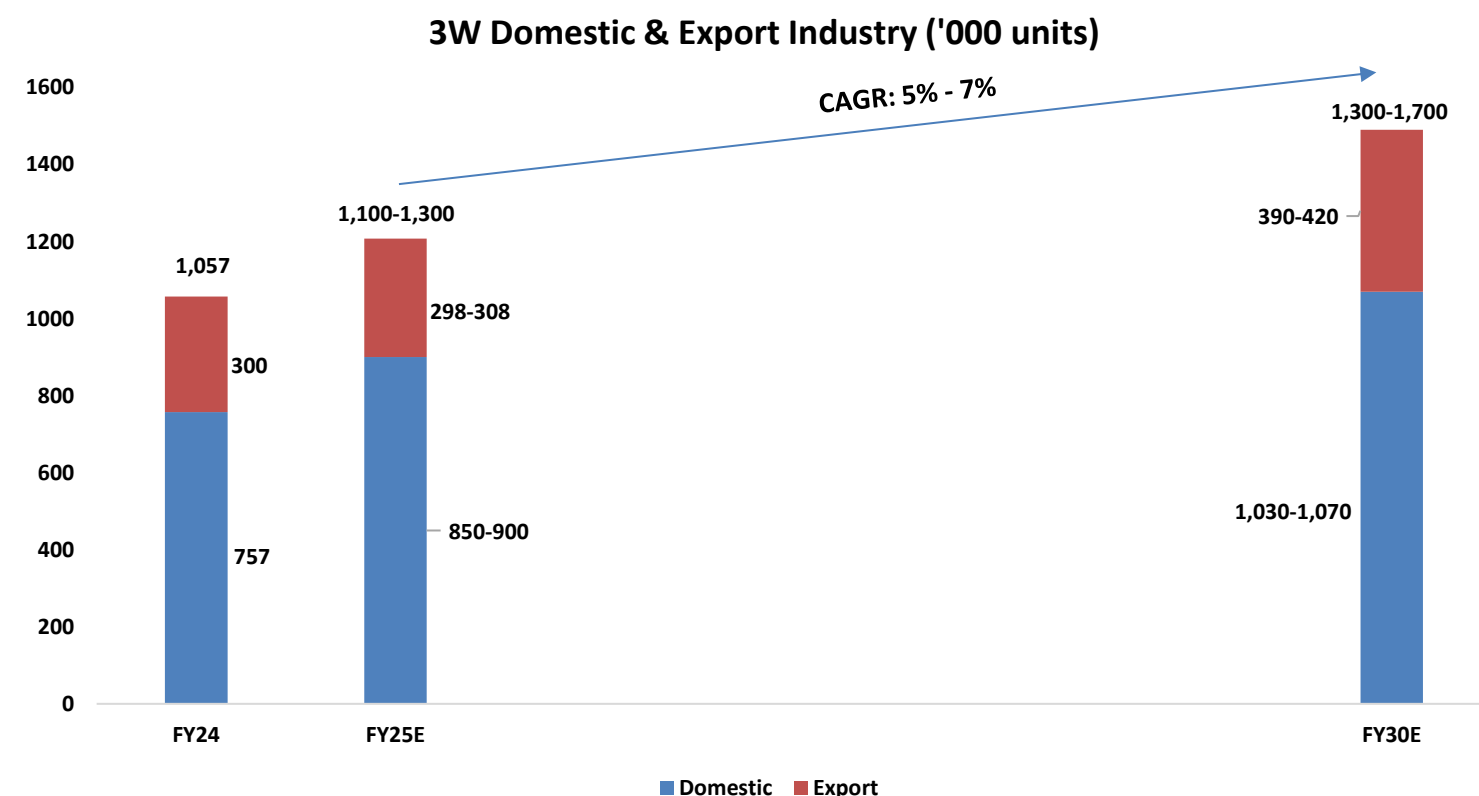
Industry Overview

2W domestic & export industry is expected to grow at a CAGR of 8% between FY24-FY30E



Source: RHP, SSL Research

3W domestic & export industry is expected to grow at CAGR of 5%-7% between FY25E-FY30E



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT				
(Rs cr)	FY22	FY23	FY24	9MFY25
Revenue from Operations	5,397	6,582	7,484	6,013
YoY growth (%)	-	22.0%	13.7%	-
Cost Of Revenues (incl Stock Adj)	4,220	5,253	6,028	4,862
Gross Profit	1,177	1,329	1,456	1,152
Gross margins (%)	21.8%	20.2%	19.5%	19.2%
Employee Cost	223	236	275	225
Other Operating Expenses	199	218	257	181
EBITDA	755	875	924	745
EBITDA margins (%)	14.0%	13.3%	12.4%	12.4%
Other Income	14	38	71	51
Interest Exp.	216	250	290	243
Depreciation	246	307	321	247
PBT	307	357	384	306
Exceptional item	-	-	12	-
Tax	45	43	61	61
PAT	262	314	311	245
PAT margin (%)	4.9%	4.8%	4.2%	4.1%
Adj. PAT	262	314	323	245
Adj. PAT margin (%)	4.9%	4.8%	4.3%	4.1%

BALANCE SHEET				
(Rs cr)	FY22	FY23	FY24	9MFY25
Assets				
Net Block	2,318	2,244	2,305	2,426
Capital WIP	120	80	179	223
Intangible Assets	0	0	1	1
Right of use assets	143	185	154	154
Other Non current Assets	348	229	247	392
Current Assets				
Current Investment	7	32	0	-
Inventories	461	554	597	658
Trade receivables	934	1,280	1,228	1,457
Cash and Bank Balances	75	141	250	76
Short-term loans and advances	1	115	193	273
Other Current Assets	790	820	888	929
Total Current Assets	2,268	2,942	3,156	3,392
Current Liabilities & Provisions				
Trade payables	551	921	789	947
Other current liabilities	126	231	243	286
Short-term provisions	1	1	2	2
Total Current Liabilities	678	1,153	1,033	1,235
Net Current Assets	1,589	1,789	2,122	2,157
Total Assets	4,518	4,526	5,008	5,353
Liabilities				
Share Capital	20	20	325	325
Reserves and Surplus	1,715	2,024	2,014	2,262
Total Shareholders Funds	1,736	2,045	2,340	2,588
Total Debt	2,598	2,271	2,441	2,600
Long Term Provisions	4	4	6	7
Lease Liabilities	34	82	63	62
Other Long Term Liabilities	87	87	143	88
Net Deferred Tax Liability	58	37	15	8
Total Liabilities	4,518	4,526	5,008	5,353

Particulars (Rs Cr)	FY22	FY23	FY24
Cash flow from Operating Activities	474	789	582
Cash flow from Investing Activities	(543)	(194)	(362)
Cash flow from Financing Activities	39	(530)	(141)
Free Cash Flow	(12)	624	145

RATIOS			
	FY22	FY23	FY24
Profitability			
Return on Assets (%)	5.0	5.5	5.3
Return on Capital Employed (%)	12.1	14.1	14.1
Return on Equity (%)	15.1	15.3	13.8
Margin Analysis			
Gross Margin (%)	21.8	20.2	19.5
EBITDA Margin (%)	14.0	13.3	12.4
Net Profit Margin (%)	4.9	4.8	4.3
Short-Term Liquidity			
Current Ratio (x)	1.4	1.4	1.5
Quick Ratio (x)	1.1	1.1	1.2
Avg. Days Sales Outstanding	63	71	60
Avg. Days Inventory Outstanding	40	38	36
Avg. Days Payables	43	59	44
Fixed asset turnover (x)	2.3	2.9	3.2
Debt-service coverage (x)	0.2	0.2	0.2
Long-Term Solvency			
Total Debt / Equity (x)	1.5	1.1	1.0
Interest Coverage Ratio (x)	2.4	2.4	2.3
Valuation Ratios*			
EV/EBITDA (x)	11.1	9.1	8.7
P/E (x)	22.4	18.7	18.1
P/B (x)	3.4	2.9	2.5
EV/Sales (x)	1.6	1.2	1.1
Mcap/Sales (x)	1.1	0.9	0.8

*Valuation ratios are based on pre-issue capital at the upper price band

Source: RHP, SSL Research

Peer Comparison - Financials

Particulars (Rs cr)	Belrise Industries	Bharat Forge	Uno Minda	Mothersons Sumi Wiring India	JBM Auto	Endurance Technologies	Minda Corporation
CMP (Rs)	90	1,263	990	58	726	2,197	503
Sales	7,484	15,682	14,031	8,328	5,009	10,241	4,651
EBITDA	924	2,562	1,585	1,013	584	1,328	517
Net Profit	323	910	925	638	194	680	227
Mkt Cap.	8,009	60,378	56,859	25,642	17,174	30,901	12,019
Enterprise Value	8,050	65,785	58,754	25,674	19,610	30,826	12,379
EBITDA Margin (%)	12.4	16.3	11.3	12.2	11.7	13.0	11.1
Net Profit Margin (%)	4.3	5.8	6.6	7.7	3.9	6.6	4.9
P/E (x)	24.8	24.1	59.5	7.5	17.7	53.6	12.3
EV/EBITDA (x)	8.7	25.7	37.1	25.3	33.6	23.2	23.9
RoE (%)	13.8	12.3	18.9	35.9	16.0	15.5	12.8
RoCE (%)	14.1	13.1	19.9	42.5	14.2	18.2	15.2
EV/Sales (x)	1.1	4.2	4.2	3.1	3.9	3.0	2.7

The data is based on FY24 financial data

For Belrise Industries Ltd. the Market cap, Enterprise value, P/E (x), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP as on 16th May 2025

Source: RHP, SSL Research

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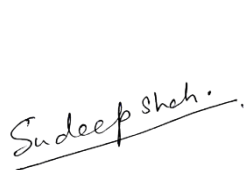
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