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Belrise Ind. Ltd. – Strong as the Chassis

- Mid Cap. of ₹ 8,000 cr.
- Sector: Auto Components

- Date: 21st May 2025
- IPO is open from 21-23rd May, at ₹ 85-90/share
- The IPO to raise ₹ 2,150 cr. PE is 27 times.
- Opinion: BUY with a 2-3 year perspective



Why Belrise Industries: The Indian auto sector is growing impressively and India is a #1 in 2-wheelers and a leader in small cars globally. Belrise is one of India's largest auto component suppliers, with a diversified portfolio spanning sheet metal, suspension, plastic/polymer, and EV systems. It has a 24% market share in metal parts of Indian 2W segment, and is #3 here. It caters to leading OEMs such as Bajaj, Hero, TVS, and Tata Motors. With 15 mfg. plants in India, it benefits from proximity to OEMs. Belrise has pivoted towards EV parts like battery packs and electric chassis assemblies, this positions it well for the next phase of auto growth in India and abroad.

Why now in IPO: The IPO is a fresh issue, and will benefit the firm to repay debt and fund capex. At current valuations with PE of 27 times, it is reasonably among auto component peers, with significant upside potential as volumes scale in India and globally. Belrise is now focusing on CVs and 4W which provide higher volumes and revenue per vehicle.

Risks: 1) High dependence on a few OEM customers 2) RM price fluctuations can impact margins 3) Execution risk in scaling up EV and aluminium divisions 4) Supply chain disruptions or cost inflation 5) sector or economic downturn 6) Shift in OEM product design preferences 7) Regulatory risks around import-export policies and tariffs. 8) Location risk - 7/15 of plants are in Mah.

Opinion: BUY with a 2-3 year perspective.

Here is a note on Belrise Industries Ltd. (Belrise) IPO.

IPO highlights

- IPO application dates: 21 – 23rd May'25, with Price Band of ₹ 85 – 90 per share, FV: ₹ 5. Lot Size: Investors can bid for a minimum of one lot of 166 shares, and in multiples of this.
- IPO Size is ₹ 2,150 cr.; it's entirely a Fresh Issue of shares, no OFS.
- This IPO will expand the Equity Share Capital of Belrise as it is a Fresh Issue of shares.
- Objects of Issue: 1) ₹ 1,618 cr. will be used repay or prepay certain borrowings, reducing its debt burden, currently D/E is 1.01 2) A portion will fund capital expenditure to expand and modernize its mfg. facilities, especially for EV and aluminium components. Some funds will support working capital needs, while 3) the rest will go toward general corporate purposes.
- The IPO share quotas of QIBs: NIIs: Retail is 50:15:35. (Qualified, Non-Institutional Investors)
- The unofficial/ grey market premium of HMI is ₹ 18/share over the IPO price.
- IPO allotment is by 26th May, crediting shares/ refunds by 27th, and listing on BSE / NSE on May 28th.

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Introduction

- Belrise is a Tier-1 Automotive OEM Manufacturer in India specializing in Automotive Systems for the Two-Wheeler, 3-W and 4-W Passenger and Commercial vehicles based in Aurangabad, Mah.
- The FY24 Revenues, EBITDA and Profits were ₹ 7,556 cr., ₹ 969 cr. and ₹ 296 cr. resp. They have grown by 18.2%, 10.7% and 2.5% CAGR, over 3 yrs.; EPS rose from 3.18 ₹/sh. (FY22) to 3.33 (FY24).
- Established in 1988 with an investment of just ₹ 20,000, Belrise commenced its operations in a single shed as an Automotive Fastener mfg. firm.
- It now has 15 mfg. facilities in 7 states across India with a workforce of 15,000 people. See Fig 1a.
- The company is also a significant exporter to countries like USA, Japan, UK and China, making it a key player in India's auto parts exports.

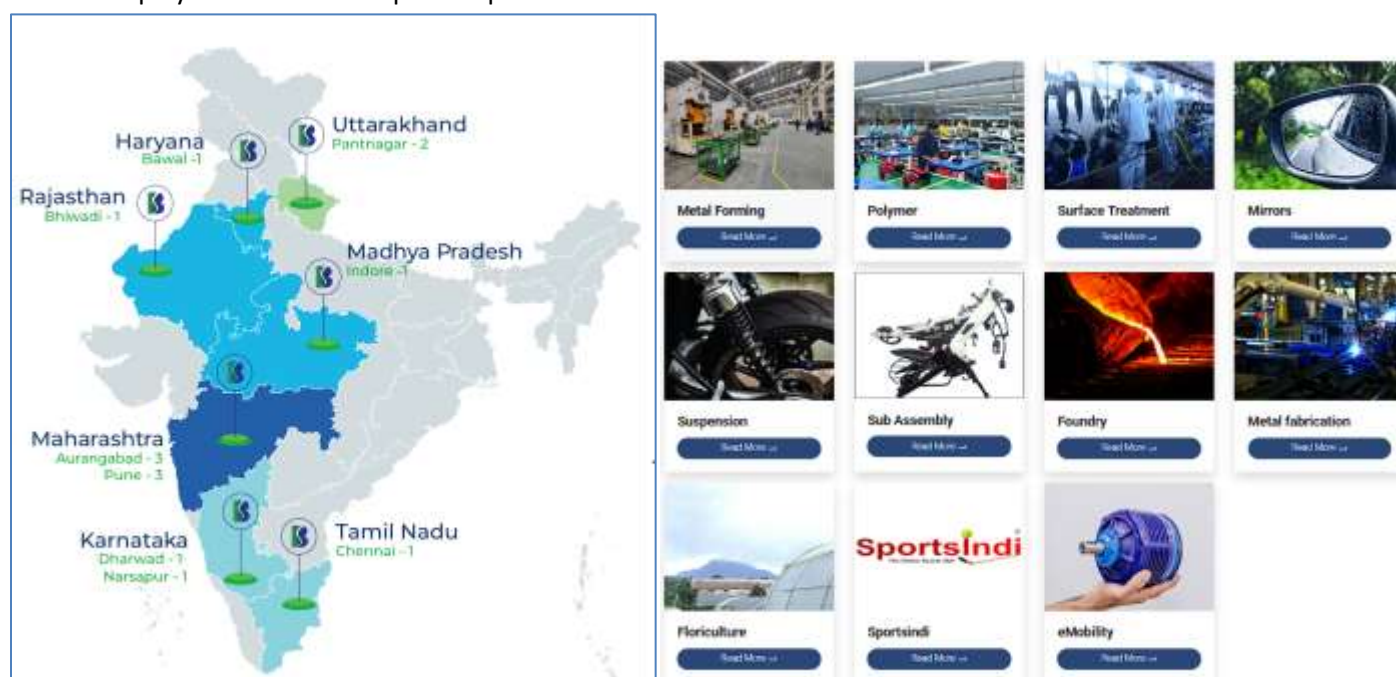


Fig 1a – Belrise Plant Location and Fig 1b – Product Profiles

- Belrise boasts a product portfolio spanning across automotive and non-automotive sectors. Their offerings include metal and polymer components such as chassis parts, exhaust systems, mirrors, and suspension systems for vehicles, as well as surface treatment solutions. It also makes foundry products, home appliance components, security hardware, and floriculture through rose plantations. See Fig 1b.

- Management – Shrikant S Badve (MD), Supriya Badve (ED) and Girish Kumar Ahuja (Audit Chairman).
- MD's children are Sumedh Badve, GM (Head-Strategy) and Swastid Badve, Chief of Staff - MD Office have taken senior roles. They appear to be in their late 20s.
- Belrise has over 25+ prestigious clients such as Jaguar, Land Rover, Volvo, Eicher, Ford, Honda, Royal Enfield, Tata, Suzuki, etc.
- Shareholding - The promoters Shrikant Badve, Supriya Badve and Sumedh together own 90.3%, and the Promoter group owns an additional 9.5%, so totally hold 99.8%, and post IPO this will reduce to 73.02%.
- Belrise's major revenue is from the Sheet Metal division with 71% contribution. Two-wheeler parts are the biggest contributor with 84% share in revenue. See Fig 1c and 1d for details.

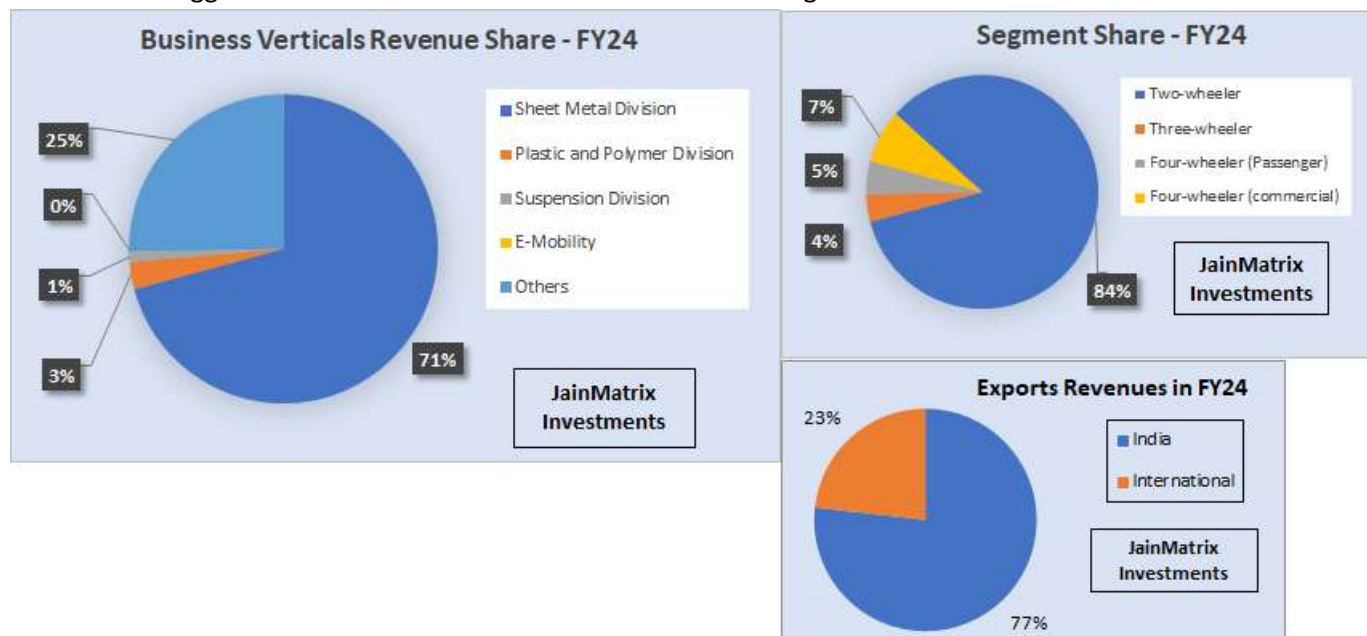


Fig 1c – Business Verticals Revenue Share, Fig 1d – Vehicle Revenue Shares and Fig 1e - Exports

Key Segments:

- **Sheet Metal Division:** This is Belrise's core division, manufacturing chassis assemblies, swingarms, fuel tanks, and other structural components. It serves major 2W, 3W, and PV OEMs and is known for precision metal forming, robotic welding, and large-scale assembly capabilities. See Fig 1c.
- **Plastic and Polymer Division:** Focused on aesthetic and functional vehicle components, this division produces parts like fenders, covers, and interior trims. It leverages advanced moulding techniques to cater to light weighting needs and high-volume requirements from OEMs.
- **Suspension Division:** This division supplies front forks, rear shock absorbers, and complete suspension assemblies primarily for 2W and 3W vehicles. It emphasizes performance, ride comfort, and durability, supported by in-house testing and R&D.
- **E-Mobility and Others:** A strategic growth area, this segment includes battery pack assemblies, electric chassis systems, and aluminium parts for EVs. It reflects Belrise's forward integration into the electric vehicle ecosystem, with investments in new-age mobility solutions and sustainable technologies.

News, Updates and Strategies

- It has strong domestic OEM linkages and growing export volumes. Exports contribute a smaller share to revenue but are rising, with plans to scale in EV and precision components, see Fig 1e.

- May'25 - Belrise IPO: GMP rises 14% ahead of subscription opening on Wednesday.
- Belrise's 15+ mfg. facilities in 7 states are strategically located close to OEM customers like Bajaj Auto, Hero MotoCorp, etc. ensuring logistical efficiency. The consistent YoY asset additions suggest ongoing expansion and modernization efforts.
- 20th May - Belrise has raised ₹ 645 cr. from several institutional investors on May 20, a day before the IPO opening. Marquee investors are Blackrock, Smallcap World Fund, Prudential Assurance Co., Pinebridge Global Funds, BNP Paribas, and Tocu Europe. Among other participants, ICICI Pru MF, HDFC MF, Nippon Life India, Valuequest India, Kotak Iconic Fund, Bajaj Allianz Life Insurance, Edelweiss, Mahindra Manulife MF, and Bharti Axa Life Insurance also invested in the company.
- Belrise is investing in EV-oriented infra and lightweight structures, including aluminum parts and electric chassis. It is positioning itself as a key enabler of the EV transition and aims to benefit from the shift in auto component demand toward electric powertrain and lightweight vehicle parts.
- Belrise makes a wide range of products such as chassis assemblies, exhaust systems, fuel tanks, swingarms, body components, and EV parts. The company caters to both 2W and 3W OEMs as well as PV and CV players, thus balancing its revenue streams across vehicle categories. New product additions like battery packs and electric chassis assemblies align with the EV growth narrative.
- Belrise has entered into JVs and tech collaborations to enhance R&D and mfg. capabilities in precision engineering, EV systems, and aluminium processing, allowing it to tap into future demand.
- As of Dec'24, its total assets were ₹ 6,587 cr., with equity of ₹ 2,588 cr. and retained earnings reflecting strong internal accruals.
- May'25 - Belrise is setting up 3 new mfg. facilities, including a plant in Pune for EV hub motors, one in Chennai and one in Raj., as it expands capacity and enters the EV market ahead of its upcoming IPO.
- Apr'25 - Belrise acquires H-One India to expand production capacity. H-One India is involved in the design and mfg. of high-tensile steel parts and high-tensile tool development for two and 4W.

Industry Overview

- The Indian Auto Component Industry is a vital and fast-evolving pillar of the automotive ecosystem, driven by domestic OEM demand, exports, and a structural shift toward electric mobility.

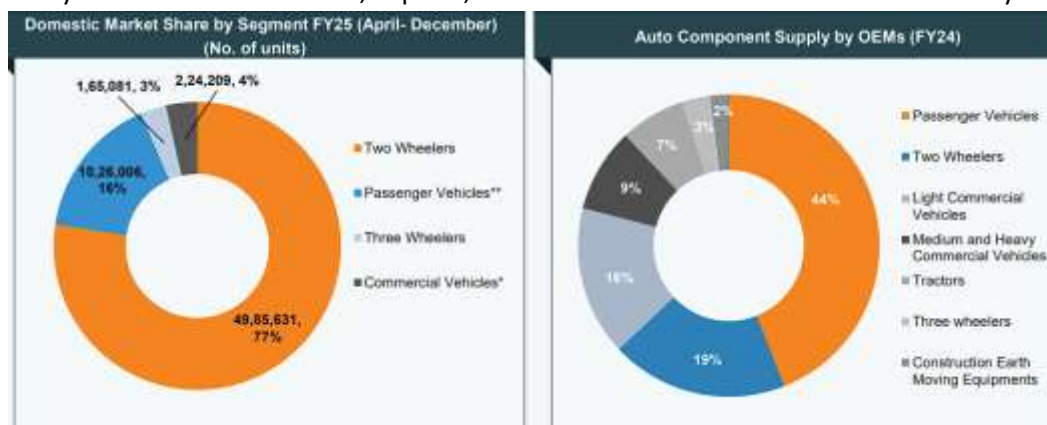


Fig 2a – Auto Component Domestic Market Share, Fig 2b – Auto Component Supply by OEMs

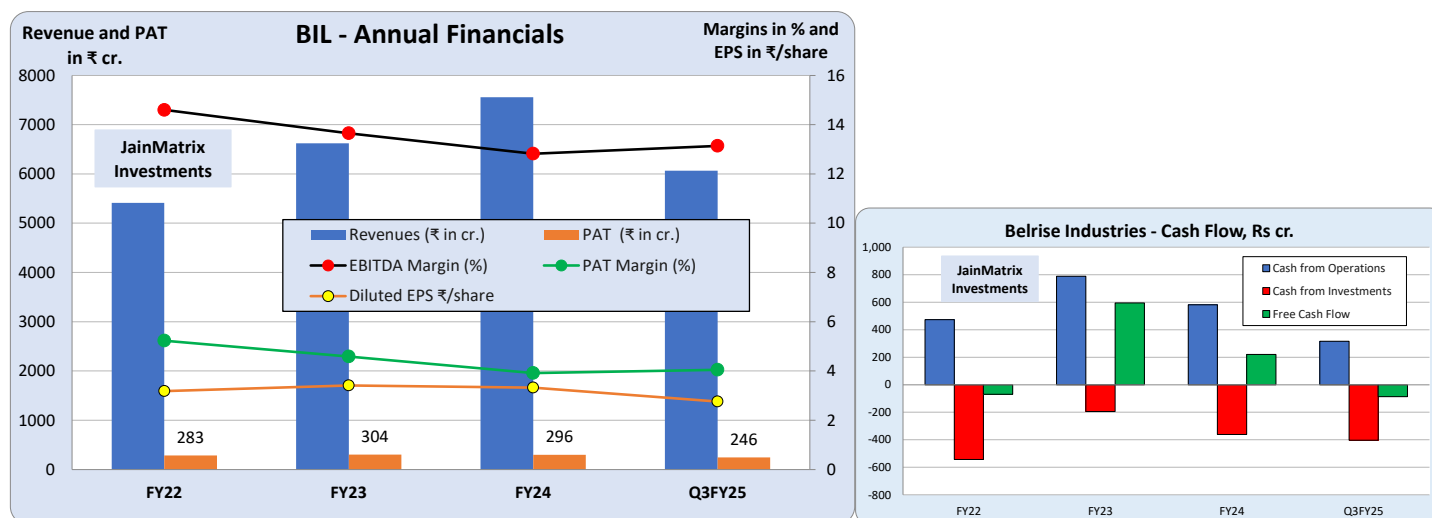
- The sector contributes approximately 2.3% of India's GDP directly and employs over 50 lakh people. With the Indian auto industry projected to reach US\$ 300 billion (₹25 lakh cr.) by 2026, auto component players are expected to play a major role in this growth, especially through innovation and localized mfg.

- By volume and value, the industry is primarily driven by the 2W and PV segments, which together form the core of Belrise's client base. This demand is supported by rising vehicle penetration in semi-urban and rural India, evolving preferences for safety and comfort, and rising export orders from developed markets seeking cost-efficient sourcing partners.
- India has emerged as a hub for global small car mfg. and auto component sourcing, due to its cost competitiveness, quality standards, and growing investments in R&D and technology. The shift toward EVs and lightweighting has also catalysed the need for advanced aluminium parts, electric chassis systems, and integrated assemblies—key areas of focus for Belrise.
- The ecosystem has matured with the integration of engineering services, IT, and digitization in mfg., fostering collaboration between OEMs and component suppliers like Belrise. Additionally, government incentives under schemes like PLI (Production Linked Incentive) and FAME-II are accelerating the shift toward EV-compatible components and green mfg. practices.

Market Trends:

- **EV Momentum & Lightweighting:** As the Indian automotive industry pivots towards EVs, there's increasing demand for lightweight parts like Al. chassis parts and battery enclosures, core areas for BIL.
- **OEM Localization Push:** With OEMs focusing on cost optimization and supply chain localization, tier-1 suppliers like Belrise are gaining more business for metal, plastic, and suspension assemblies.
- **2-W and 3W Market Leadership:** India remains the largest 2W market globally, which continues to drive Belrise volumes, especially for its suspension, exhaust, and chassis assemblies. The growth in affordable e-2Ws and e-3Ws also benefits its E-Mobility segment.
- As per industry-wide indicators, 2W and PVs have experienced a dip in Sep'24 due to inflationary pressures, delayed monsoon, and weak consumer sentiment. This may impact short-term order flow.
- With PV inventory touching 80–85 days, OEMs may temporarily slow down production, impacting component suppliers' off-take in Q3FY25. However, Belrise's diversified client base across 2W, 3W, and export markets provides some insulation.
- Continued growth in export orders for small vehicles and e-2Ws presents an opportunity for Belrise to expand its global supply contracts, particularly in EV-ready subassemblies and structural parts.

Financial Performance and Stock Evaluation



- Revenues grew by 18.2% over last 3 years. See Fig 3a. However in this period EBITDA and PAT Margin have reduced to 12.8% and 3.9%.
- We also track 3QFY25 data. Current data suggests a 7-10% rise in revenues in FY25.
- In FY24, FCF is positive but it is reduced since FY23 as Belrise is investing in facilities, and undertaking capital expenditure to set up its new facility in Pune and 3 more places. See Fig 3b.
- Dividend was paid in FY23 at an adjusted rate of ₹ 0.5 per share, but not in FY24 & 25.
- Belrise is valued at a P/E of 27.06 at upper end of IPO pricing based on FY24 earnings, indicating moderate pricing within the industry range at the IPO price bands, see Fig 4a.
- Belrise's BVPS stands at ₹30.42 post-IPO, compared to ₹39.75 pre-IPO, reflecting the impact of increased equity base at the upper price band.

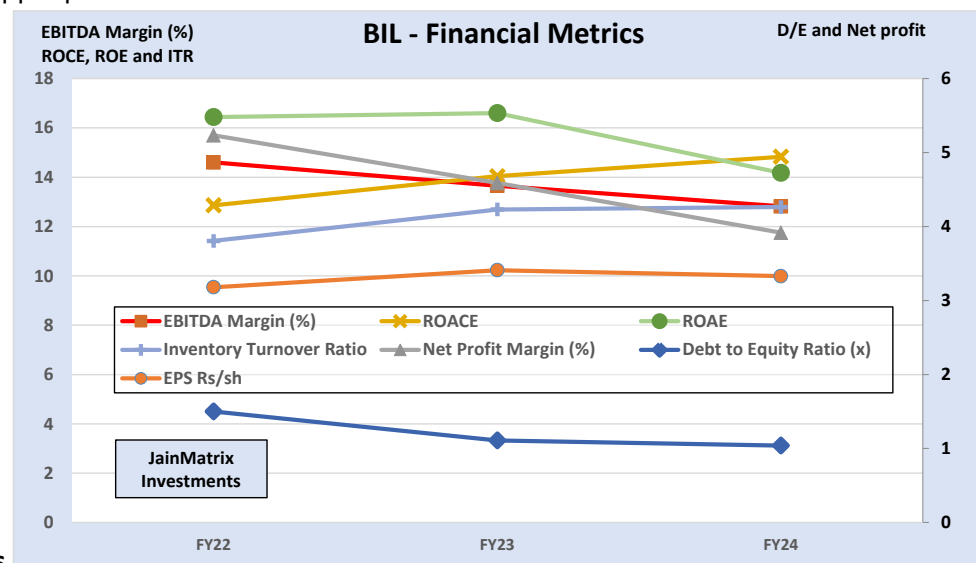


Fig 3c – Financial Metrics

- The Debt-to-Equity Ratio has seen a steady decline in FY24, showing a shift toward a more balanced capital structure and reduced reliance on external borrowing. The EBITDA Margin (%), slightly reduced in FY24, remains healthy, indicating good operational execution amid evolving market conditions. Net Profit Margin (%), has shown a declining trend, highlighting the need for tighter cost control or pricing power in a competitive landscape.
- Both ROACE and ROAE remain strong, with ROACE improvement, signalling better efficiency in the use of capital. While ROAE dip it still indicates a solid return on shareholders' equity. (A-Adjusted).
- The Inventory Turnover Ratio improved consistently, reflecting stronger inventory management and faster sales conversion.

Overall, Belrise financial performance reflects improved capital efficiency and controlled leverage, with strong operating returns, though some margin pressure trends warrant attention going forward.

Benchmarking

We compare Belrise with peers in India's automobile & components industry. See Fig 4a.

- Belrise's PE is low and attractive compared to peers. On PB ratio its cheapest, and on EV/EBITDA too it is available at a discount to most listed peers here, indicating reasonable pricing.
- Belrise has posted fair numbers on 3-year growth in sales and profit. Belrise operates in the fair range on Operating and profit margins.

- Belrise does have a high D/E ratio, but this may reduce post IPO. RoCE and RoE too are low. So Belrise has fair financials currently, which may improve post IPO due to raising of funds.

Particulars	Belrise Industries	Bharat Forge	Uno Minda	JBM Auto	Bosch	Sona BLW Precis.	Endurance Tech.	ZF Commercial	Samvardhana SAMIL
Sales (₹ in cr.) (FY24)	6,033	15,123	16,040	5,472	17,410	3,546	11,561	3,804	1,11,404
EBITDA (₹ in cr.) (FY24)	844	2,690	1,821	641	2,220	967	1,551	625	10,844
Profits (₹ in cr.) (FY24)	281	1,007	941	202	2,023	614	827	459	4,124
Market Cap (₹ in cr.)	8,009	60,072	57,945	17,149	93,087	33,343	31,086	25,755	1,04,137
PE (x)	27.06	59.61	61.53	85.00	46.05	54.27	37.60	56.16	25.31
3 Yr CAGR Sales (%)	14.61	13.07	30.09	19.67	19.84	18.51	15.26	14.36	19.82
3 Yr CAGR Profit (%)	17.24	2.90	61.46	9.05	23.68	20.42	20.85	52.45	38.98
Debt to equity ratio (x)	1	0.72	0.40	1.95	0	0.04	0.17	0.02	0.78
EBITDA Margin (%)	13.98	17.79	11.35	11.72	12.75	27.26	13.42	16.44	9.73
Net Profit Margin (%)	4.66	6.66	6.44	3.92	11.02	17.32	7.15	12.06	3.23
RoCE (%)	12.86	13.09	19.94	14.18	20.61	18.72	18.21	20.20	13.68
Return on Equity (%)	13.36	12.27	18.89	16.04	15.97	15.08	15.47	15.29	11.80
Dividend Yield (%)	0	0.7	0.2	0.10	1.18	0.55	0.39	0.13	0.55
Price to book value	2.96	6.51	10.88	12.71	7.30	6.07	5.44	8.04	3.19
EV/EBITDA	11.30	22.55	29.4	28.19	29.75	29.25	18.59	33.13	9.9

Fig 4a Benchmarking

SWOT Analysis

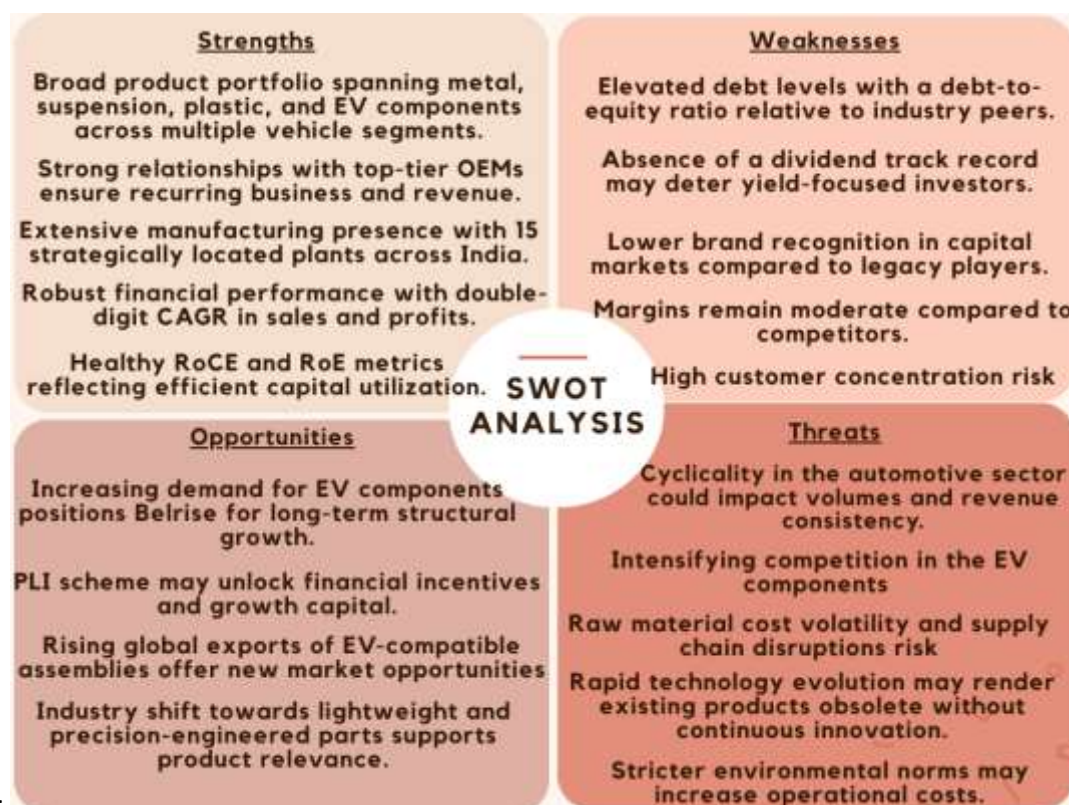


Fig 4b SWOT chart

Opinion, Outlook and Recommendation-

- **Why Belrise Industries:** The Indian auto sector is growing impressively and India is a #1 in 2-wheelers and a leader in small cars globally. Belrise is one of India's largest auto component

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- **Opinion:** BUY with a 2-3 year perspective.

Disclaimers and Disclosures

- Punit Jain discloses that he has no shareholding in BELRISE, or any group company. In addition, JainMatrix Investments Bangalore (JMI) and its promoters/ employees have no direct or financial interest in these companies, and no known material conflict of interest as on date of publication of this report.
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