

BELRISE INDUSTRIES LIMITED**The Rising Star****LKP**
Since 1948**Trust • Invest • Grow**

The Pune based company Belrise Industries Limited (Belrise), primarily a 2W auto ancillary with largely powertrain agnostic products, is well placed for growth as it is adding OEMs and establishing new ties. The company is rolling out new products and improving CPV via premiumization. The company's 4W business (9% of topline in FY25) also should see a strong escalation on the back of strong order-book, improved technological capabilities through H-One acquisition, entry into Japanese OEMs and fresh ties with a leading Japanese PV OEM to reach 12-13% of topline by FY28. We believe increase in 4W share shall further improve the CPV and lead to re-rating of the stock. We anticipate Belrise to deliver ~34% PAT CAGR over FY25-28E as operating performance (13% EBITDA CAGR) is multiplied by de-leveraging impact. The planned and proposed transfer of related party entities should simplify group structure and thus be value accretive, adding to re-rating levers. Any occurrence of hiving off or reduction in the low margin Trading business would further drive profitability of the stock. We initiate with a BUY.

Sectoral tailwinds along with robust presence strengthens 2W business

Deepening relations with OEMs, a broader portfolio (suspension, steering columns, polymers, braking systems, cross car beams and air tanks) expanding client base, premiumization in 2Ws, electrification of scooters, powertrain agnostic products are great drivers for growth in the 2W segment. Sectoral tailwinds like tax reliefs, GST reduction, good monsoons, rural uptick shall further assist 2W business of Belrise.

Emphasis on 4Ws to drive profitability

Although the 4W business (CV + PV) are contributing just 9% to the topline and at a nascent stage, is poised for a major ramp up. It has broadened its product offerings and has secured multiple orders from leading CV/PV players. With these new order wins and business partners, improved technical expertise and access to Japanese OEMs via H-One and Mag-Filters acquisitions, we expect 4W revenue share to grow up to 13% in FY 28E.

New product launches to heighten CPV

Within the 2W segment, the maximum content per vehicle which the company is supplying to the leading customer/OEM is to the tune of ₹12,500 per vehicle, which the company is aiming to increase to ₹17,300 per vehicle over the next 18-24 months with the inclusion of more components like steering columns (₹1,500 per vehicle), filters (₹800 per vehicle) & brakes (₹2,500 per vehicle). In the PV segment, the current CPV of ~₹30K is expected to get a lift to ~₹45K on the back of new products such as high tensile steel, polymer, Air tanks, cross car beams, filtering systems, BIWs etc.

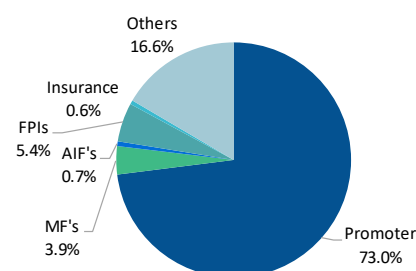
Key Financials (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Income	74,841	82,908	93,636	1,03,736	1,13,784
EBITDA	9,284	10,211	11,517	13,174	14,792
EBITDA margin (%)	12.4	12.3	12.3	12.7	13.0
EPS (₹)	5.0	5.5	6.3	8.0	9.6
P/E (x)	29.7	27.3	23.5	18.6	15.6
P/B (x)	4.1	3.6	2.5	2.2	1.9
EV/EBITDA (x)	12.8	12.2	11.9	10.2	8.8
RoE (%)	14.9	14.1	14.0	12.6	13.2
RoCE (%)	13.3	13.4	13.7	14.9	15.9

BUY

Current Market Price (₹)	154
12M Price Target (₹)	192
Potential Return (%)	25

Stock Data

Sector	: Auto Components
Face Value (₹)	: 5
Total MCap (₹ bn)	: 137
Free Float MCap (₹ bn)	: 26
52-Week High / Low (₹)	: 163 / 89
BSE Code / NSE Symbol	: 544405 / BELRISE
Bloomberg	: BELR.IN
Sensex / Nifty	: 82,160 / 25,202

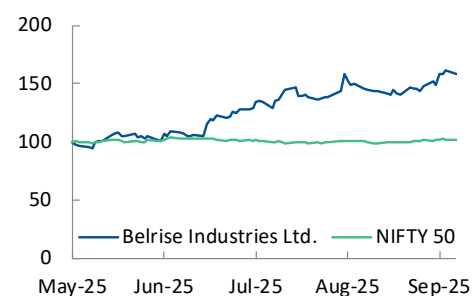
Shareholding Pattern (Jun-25)

Source: BSE

Price Performance

(%)	1M	3M	6M	12M
BELRISE	5.1%	51.0%	-	-
Nifty 50	1.3%	0.4%	-	-

* To date / current date : September 22, 2025

BELRISE vs Nifty 50

Any move of group structure simplification may unlock value in the stock

Belrise currently has a complex group structure involving multiple promoter-owned entities. Management plans to simplify this structure by merging all these entities. The company has already taken a move in this direction by increasing their stake in Badve Autocomp Pvt Ltd (BAPL), their biggest owned entity and is thus planning to consolidate BAPL further and all other entities as well by end of FY 26. Any move towards hiving off of the low margin Trading business should also lead to a rerating of the stock and trigger higher valuations.

Company Profile

Originally incorporated as 'Badve Engineering Pvt. Ltd.' in 1996, the company, founded by Shrikant Shankar Badve, began operating as a single product and a single customer company. At the age of 22, he began manufacturing nuts, bolts and washers for Bajaj Auto as a Tier II supplier with a turnover of less than ₹1 lakh annually. Over the decades, the business evolved to encompass a wide range of products and covet a significant leading position in the Indian automobile industry, two-wheelers in particular. Meanwhile, the two sons of the promoters, Sumedh Badve (29 years old, bachelor's degree in mechanical engineering, Purdue University & Master's degree in Business Administration, Harvard) and Swastid Badve (27 years old, Bachelor's degrees in Economics & Engineering, Wharton) and joined the business.

The company got rebranded as 'Belrise Industries Ltd.' in 2022 and has evolved as one of the leading auto-ancillary players in the country offering a diverse range of safety critical systems with over 1,000 products including chassis systems, exhaust systems, body-in-white components, polymer components, battery containers, suspension systems, steering columns, etc. Nearly ~73% of the manufacturing turnover was from power-train agnostic business products which are safeguarded from any major disruptions from the automobile electrification wave. Further, with continuous development of proprietary products in its offerings, the company is developing its capabilities to evolve into a tier-0.5 supplier.

The company operates through 17 facilities in 10 cities across 9 states, covering all the major auto-hubs of the country, supplying to thirty OEMs. The company has 3 more plants which are going to kickstart commercial production in the current fiscal. The company has emerged as Bajaj Auto's largest sheet metal and fabricated parts supplier. Meanwhile, added other customers such as Honda Motorcycles & Scooters India, Tata Motors, Jaguar Land Rover, Royal Enfield, VE Commercial Vehicles, Hero Motocorp, etc.

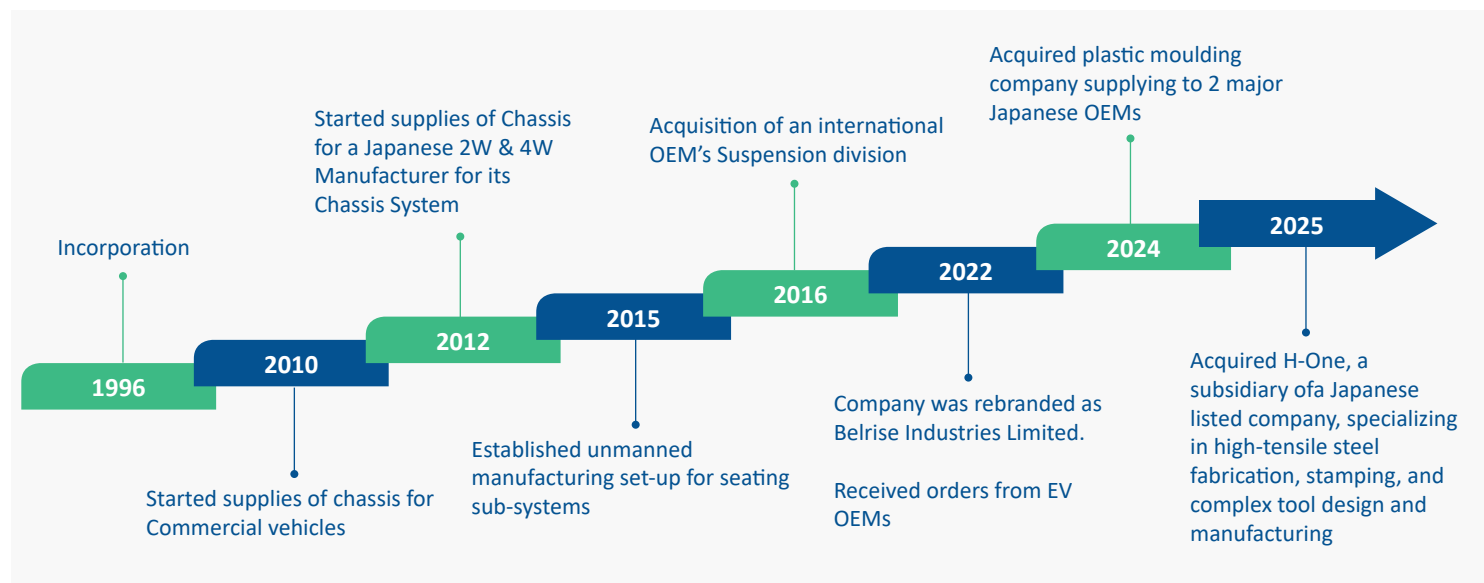
The company commands an annual production capacity of >60,000 MTPA Capacity for sheet metals and works with 450+ machines up to 1,200 tonnes of stamping capacity, 800+ robots for welding and sheet metal fabrication capacity along with 100+ machines up to 1,800 tonnes of plastic processing capacity.

In the recent past, the company has done acquisitions of H-One India and Mag Filters thereby, focusing on strengthening their presence in the four-wheelers, both passenger vehicles and commercial vehicles.

The company's exports stood at nearly ~6% of their turnover; the company has global presence with key markets including Austria, Slovakia, the UK, Japan, Morocco and Thailand. The net debt-equity stood at ~1x at the end of March 31, 2025, however, the company repaid the long-term debt of ~₹16.2 bn in the month of May 2025 following the proceeds from the IPO. The remaining funds will be allocated towards general corporate requirements, which primarily include working capital needs and capex.

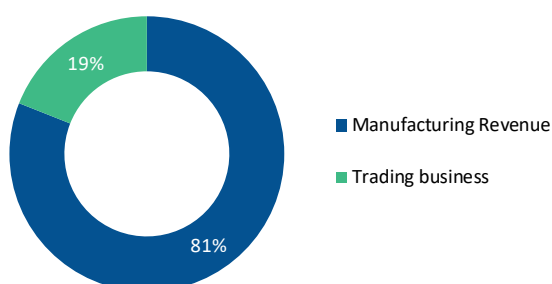
During May 2025, the company raised ₹21.5 bn by issuing fresh 238.9 mn shares at the price of ₹90 per share. The IPO was oversubscribed and there were 71.67 mn shares allotted to the anchor investors. The securities were listed at ₹98.50 on BSE and ₹100 on NSE, and the 90 days lock-in period got over on August 24, 2025. Additionally, during the recent MSCI August Review, the stock was included in MSCI Smallcap Index.

Belrise's Journey

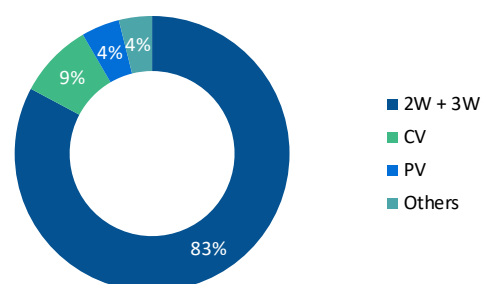


Source: Company, LKP Research

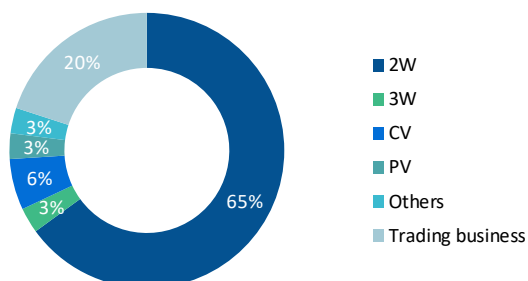
Revenue split by Manufacturing and other



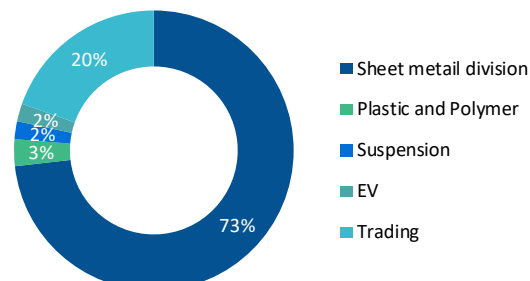
Revenue split by segment (as a % of Manufacturing revenue)



Revenue split by Segment (Consolidated)



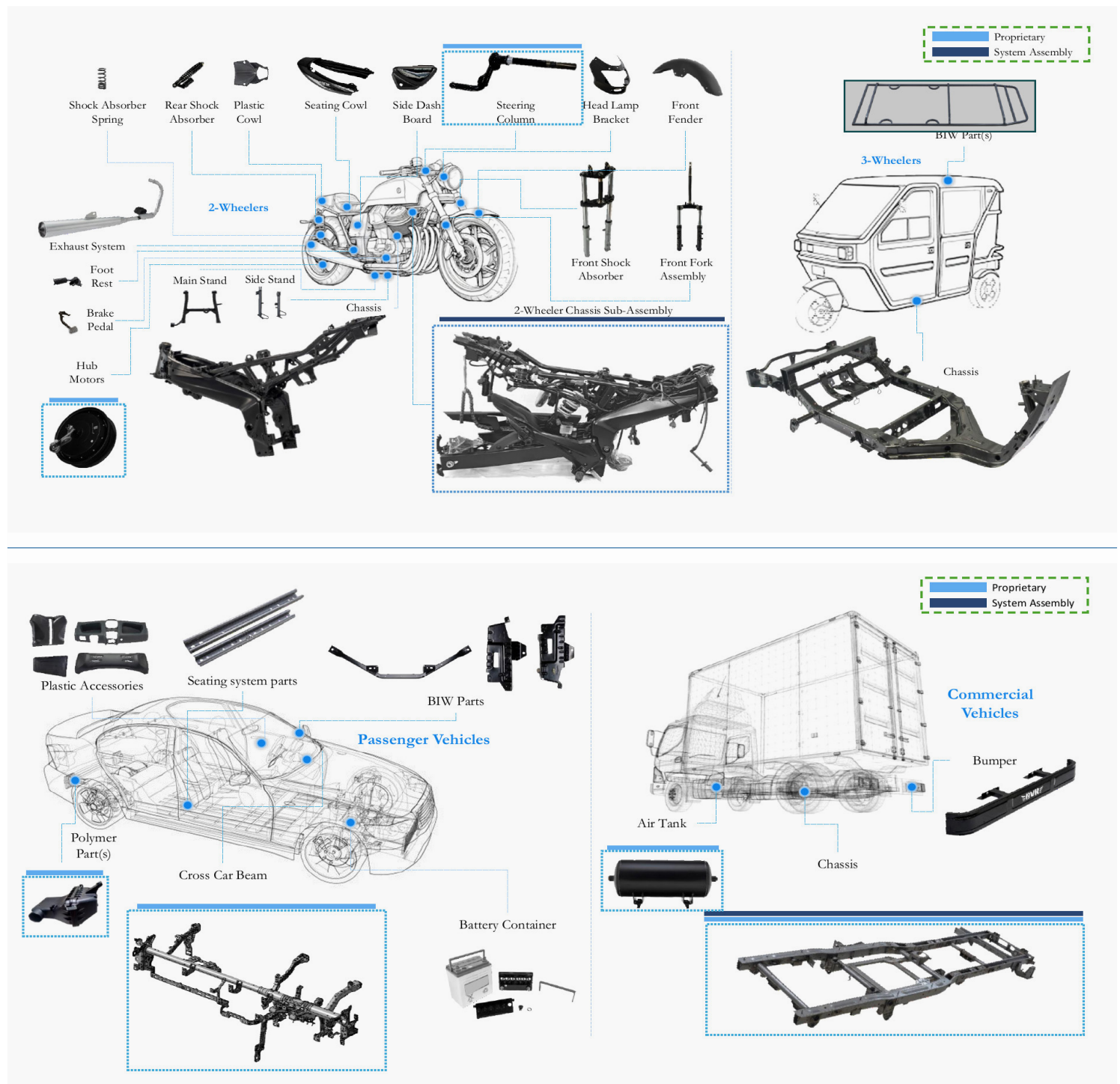
Revenue split by product



Source: Company, LKP Research

Products

Extensive, Powertrain-Agnostic Product Portfolio



Source: Company, LKP Research

Sector/product Line	Products supplied
Automotive - Two wheelers	
Sheet metal based	Chassis, side stand, main stand, brake pedal/gear clutch lever, swing arm
Polymer based	Visor front, fenders, cowls, covers
Suspension systems	Rear suspension, front forks, steering column, helical springs
Automotive - Four wheelers	
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: Company, LKP Research

Client Profile



EV Clients



Source: LKP Research

Key Management Personnel



Shrikant Shankar Badve
Managing Director

- 1st generation promoter
- Nominated to the Economic Advisory Council of Maharashtra (2023) and Brand Ambassador, Magnetic Maharashtra (2017) (Maharashtra State's Make in India initiative)



Supriya Shrikant Badve
Whole-time Director

- Responsible for overall business management
- Former Chairperson of Women Entrepreneurship
- Development Council & founding member of DCCIA's
- Women Entrepreneurs and Startups Committee



Sumedh Shrikant Badve
General Manager (Head – Strategy)

- Gordon Hall Scholarship in Mechanical Engineering from Purdue University
- MBA from Harvard Business School
- Responsible for group level business strategy and development



Swastid Shrikant Badve
Chief of Staff – MD Office

- Bachelor's degree in science in economics from the Wharton School and a bachelor's degree in science in engineering from University of Wharton
- Previously worked at McKinsey & Company



Rahul Shashikant Ganu
Chief Financial Officer

- 20+ years at Belrise
- Master in Business Administration from IME1, Pune
- Responsible for accounts, banking & finance functions



Sunil Govind Kulkarni
Chief Marketing Officer & VP

- Master's degree in management studies from University of Mumbai
- Responsible for business development functions
- Formerly at Endurance Technologies Limited

Source: Company, LKP Research

Industry

Metal Products

Metal products account for the majority of Belrise's revenues, playing a critical role in vehicle design, functionality, and overall performance. The company derives ~73% of its consolidated topline from this segment, which also carries a superior margin profile compared to trading revenues. Belrise commands ~24% market share in the 2W metal products market and is targeting a two-fold increase in revenues from 4W segment over the next 2–2.5 years.

Growth in the metal products market will be led by the 2W segment, followed by 3Ws and LCVs. Structural drivers such as GST reforms, supportive government policies, rising per capita income, greater credit penetration, and the ongoing shift toward premiumization and electrification are expected to underpin long-term demand. The metal products industry is expected to grow at a CAGR of ~9% in the period between FY 24 and FY 30E.

Key peers - Metalman Auto, SM Auto Engineering, Indo Autotech, and Autocomp Corporation Panse.

Metal products market size

₹ bn	FY24	FY25E	FY30P
2W	171.2	197-199	346-348
3W	14.5	15-17	27-29
LCV	21.3	21-23	35-37
PV	510.5	545-547	842-844

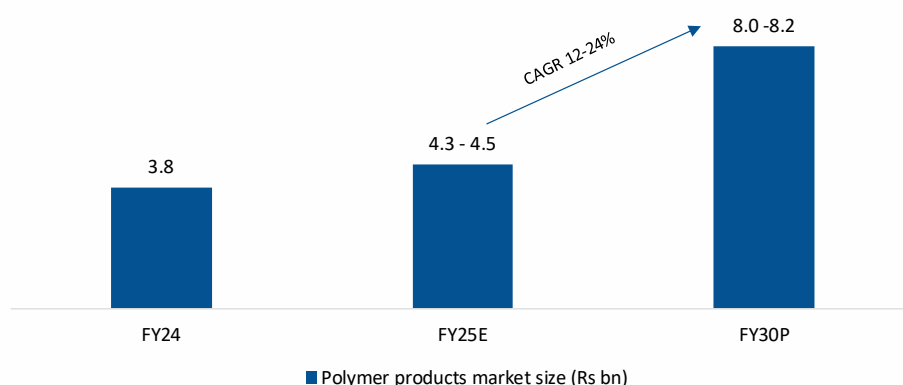
Source: Company, LKP Research

Polymer products

Polymer products, primarily plastic-moulded components, are integral to 2Ws, enhancing both aesthetics and functionality. Their lightweight, design flexibility, and cost efficiency make them preferable to metal, aiding affordability and light-weighting. This segment contributes ~3% revenue for the company. The segment covers components such as fenders, covers, and cowls across motorcycles, scooters, and mopeds. As of end of FY 24, Belrise market share stood at 12% by value.

Key peers - Varroc Engineering, Roop Polymers, and A.G. Industries

Polymer products market size



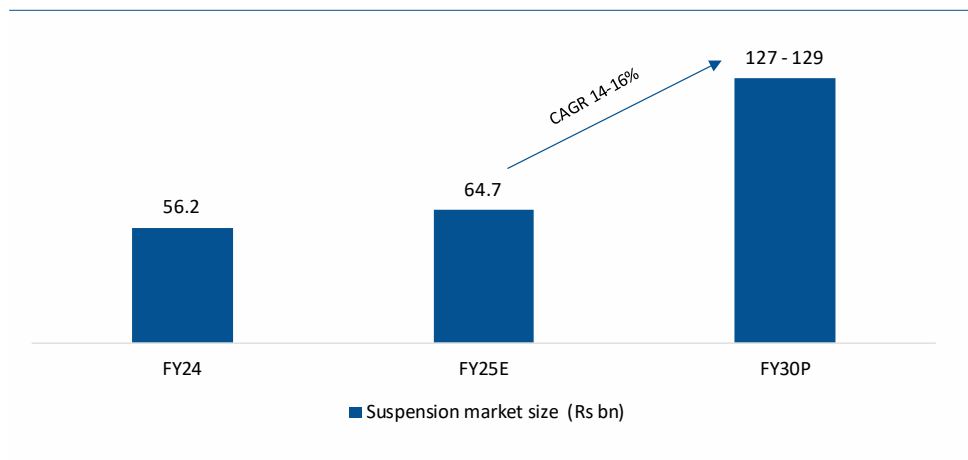
Source: Company, LKP Research

Suspension systems

Suspension systems are critical for balancing handling, ride comfort, and stability, with design playing a key role in ensuring a smooth riding experience. In 2Ws, telescopic forks remain the most widely used front suspension, offering a simple and effective solution for shock absorption and control. For 3Ws, where load-carrying capacity and diverse road conditions are key, the leading-link suspension system is commonly adopted to enhance stability and ride quality. The domestic suspension market was valued at ₹56.2 bn in FY24 and is projected to grow at a 14–16% CAGR to ₹127–129 bn by FY30.

Key peers - Endurance Technologies, Modern Automotives, Takshi Auto Components, Gabriel, and Munjal Showa.

Suspension market size



Source: Company, LKP Research

Investment Argument

Market leader in 2W metal components segment

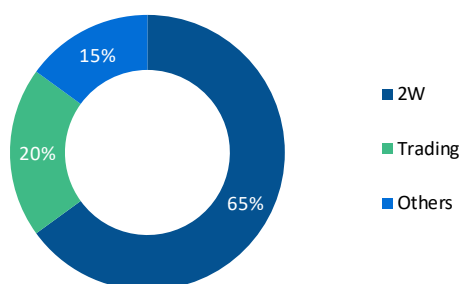
Metallic components contribute to the structural support, functionality, and aesthetics of vehicles. Metallic parts form part of structural components, engine components, transmission & drivetrain, suspension components, wheels, and brakes. Metal components are the backbones of automobiles that offer structural integrity, performance, and safety to various vehicles. Thus, metals are used from the chassis/frame that forms the vehicle's skeletal foundation to the exhaust system's silencer and play a pivotal role in the automotive ecosystem. Belrise has a stamping capacity of up to 1200 MT (with 450+ pressing machines, both hydraulic & mechanical), 800+ robots & many SPMs for welding, 5-axes & 3-axes CNC tube bending machines for tube diameters up to 60mm and slitting and cutting lines to process carbon/stainless steel. At the beginning of FY25, Belrise commanded a leading market share of ~24% in the overall two-wheeler metal components segment in the country.

The company manufactures a wide range of fabricated metal components, including chassis, exhaust systems, handlebars, swing arms, main and side stands, shock-absorbers, fork-assemblies, trims, frames, etc. Over the years, the company has enhanced manufacturing capabilities through both backward integration by engaging in tool making, tube bending & press operations, along with total sheet metal fabrication, and forward integration through coating, painting, and assembly.

Belrise is the largest sheet metal and fabricated parts supplier to Bajaj Auto and the first supplier to set up a cathodic electro-deposition plating facility, which is supplemented by an IoT system to enable real-time monitoring of production. The company has also been supplying Royal Enfield, Hero Motocorp, Honda Motorcycle & Scooters, and others. In the year FY25, the revenue from the two-wheelers segment was ~81% of the manufacturing revenue of the company or ~65% of the total turnover. The sheet metal segment FY25 turnover, nearly 88% of the total manufacturing revenue and ~71% of the total turnover, thereby making the biggest pie.

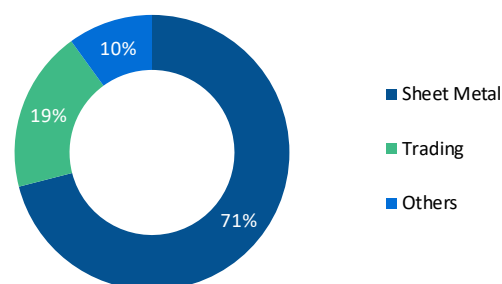
This segment has grown at a CAGR of 14% in the period between FY22-25 and attracts margins of 12-12.5%, with key clients like Bajaj Auto, Honda, Hero, Eicher, TaMo and Ashok Leyland. Its competitors are Some Captives, Metal man Auto, Indo Autotech, SM Auto Engg etc.

Strong 2W presence...



Source: Company, LKP Research

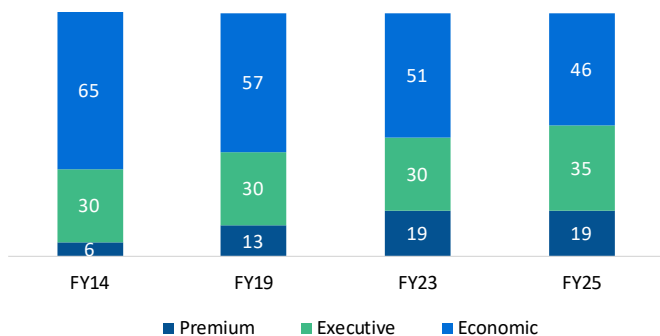
... Driven by Sheet Metals business



Premiumization to remain the key to rise in CPV of Belrise

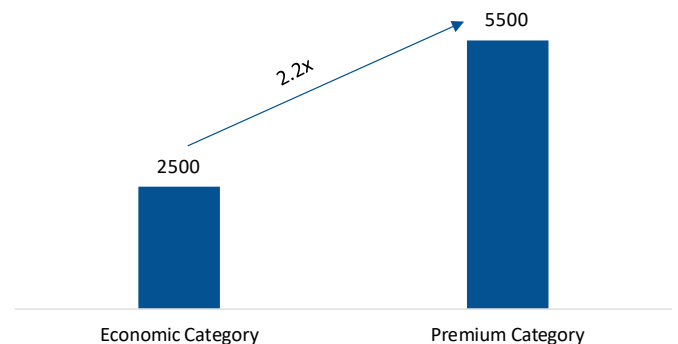
Belrise will also benefit from the growing share of premiumization in the Indian two-wheeler industry as the kit value of a chassis is significantly higher in the premium category as compared to the economy or the commuter category. According to the company, the value of the chassis increases from ₹2,500 in an economy two-wheeler to ₹5,500, nearly 2.2x in a premium two-wheeler. The Indian two-wheeler industry is currently undergoing a rapid shift towards the premium segment (>150-cc category), with the market share of premium motorcycles increasing from ~14% in FY19 to ~19% in FY25 and is expected to touch ~22% by 2030. Accordingly, the market share of economic motorcycles declined from ~62% to ~46% during the same time. Motorcycles usually make ~70% of the total two-wheeler production in India. Belrise's topline has a 70% contribution in motorcycles and 30% in scooters. Increasing contribution of scooters shall also lead to higher CPV according to us.

Rising share of premium motorbikes



Source: Company, LKP Research

More than double rise in 2W Metal products CPV



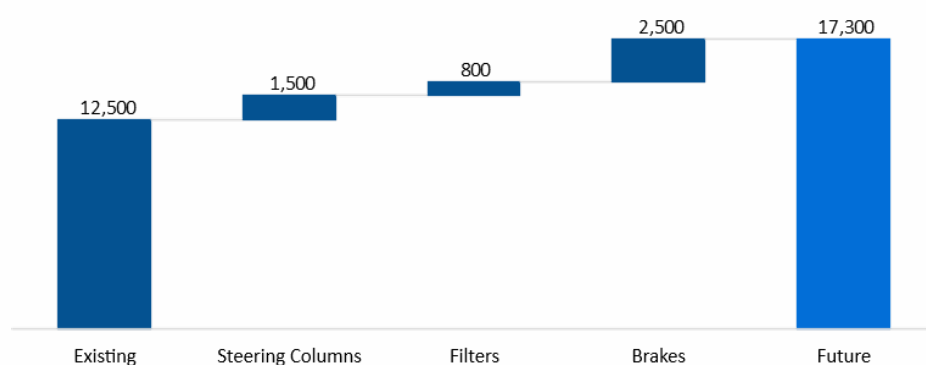
Source: Company, LKP Research

Product expansion – One of the prime levers for CPV expansion

The maximum content per vehicle which the company is supplying to the leading customer/OEM is to the tune of ₹12,500 per vehicle, which the company is aiming to increase to ₹17,300 per vehicle over the next 18-24 months with the inclusion of more components like steering columns (₹1,500 per vehicle), filters (₹800 per vehicle) and brakes (₹2,500 per vehicle). This can substantially drive topline growth, going forward. Additionally, there are customers/OEMs to whom the company is not even supplying content per vehicle to the tune of ₹12,500 but substantially lower as the association with these are not as old as the leading customer/OEM and can easily be scaled up in the coming years. The Management considers these as low-hanging fruits and is confident of taking some of these from much lower levels to ₹12,500 per vehicle and ₹17,300 per vehicle in the coming 2-3 years.

Regarding steering columns, the company recently forayed into manufacturing of steering columns, which increased its kit value by ₹1,500 (as mentioned above) and helped win orders from multiple leading 2W OEMs, which is quite encouraging. Moreover, it also had a breakthrough in 3W category, with order wins from a European OEM for steering columns. Belrise is the single source supplier for steering column to Chetak. The company has also started supplying suspension products to TVS where Belrise has low presence and has a good scope to expand there. Belrise has added New Age EVs in the form of Ola and Ather and have very good opportunity to grow there too.

New products leading to increased Content Per Vehicle



Source: Company, LKP Research

Polymer business to be driven by EV expansion

The polymer segment accounts for ~3% of total consol revenues for Belrise. Some of the key products supplied in the polymer segment are fenders, covers, cowls, and its content per vehicle is at ~₹2.5k. Unlike sheet metal, its presence here is restricted to Bajaj and Honda. Addition of new customers and continuation of the light-weighting trend should be major growth drivers for this business. Belrise has a market share of 12% in this business and supplies mainly to Bajaj Auto and Honda. This business has grown at a CAGR of 17% between FY22-25 and competes with the likes of Varroc Engg, Roop Industries and AG Industries.

Polymer product portfolio



Source: Company, LKP Research

Pan India manufacturing facilities, Capacity expansion on the cards

Belrise currently has 17 manufacturing facilities spanning across 9 states, encompassing all the major automobile clusters. These capacities are running at ~64-65% utilization, which the Management claims can be scaled up to ~73-74% levels in the coming 2-2.5 years. The utilization levels are also deliberately kept lower to some extent, provisioning some idle capacities for the festive seasons. Further, there are 3 more facilities scheduled to be commissioned in Pune, Bhiwadi and Chennai during the current fiscal. In addition, the company has surplus land available for further expansion. Over the last 4 years, the company has incurred a capex to the tune of ₹20 bn and intends to invest another up to ₹8 bn (outer limit) for facility expansion, asset upgrades, and infrastructure for new products/programs over the next 2 years. Most of the major investment for new plants has already been incurred by FY25. The Management stated that these 20 facilities are expected to suffice for medium-term growth.

Detailed capex plans

- Chennai, Tamil Nadu: The facility will cater to a 2W (RE) and a CV OEM (VECV). Commercial operations are underway at this facility and the company expects this plant to generate close to ₹2bn of revenue on full ramp-up.

- Bhiwadi, Rajasthan: This facility will cater to two PV OEMs and two 2W OEMs. The company expects this plant to start production by Q2 FY26.
- Pune, Maharashtra: This is a small facility where the company is piloting hub motors for electric vehicles. Trial production has commenced at this plant.

Manufacturing facilities



Source: Company, LKP Research

Scaling up the value chain shall give substantial incremental business

Belrise has actively worked on moving up the value-chain with sub-assembling of components, thereby transitioning from a tier-1 supplier to a tier-0.5 supplier or from a component supplier to a system supplier. The increase in complexity and magnitude of assembly for major customers allows the company to become an integral part of the development cycle of the customers and thus increases the stickiness of the business along with incremental business. Belrise has been sub-assembling a variety of vehicle models now for different OEMs. In 2023, Belrise was selected to fabricate a complete chassis system and provide a fully finished assembly for 100-cc model of one of the OEMs. For an Indian 2W OEM, Belrise currently supplies a subsystem comprising 200-250 unique components on a single-source basis. Belrise has become the first company to win a contract to design complete chassis from Honda which is a big achievement for the company.

Key metal components supplied to 2W customers



Source: Company, LKP Research

Sub-assemblying of complete chassis



Source: Company, LKP Research

4W expansion and exports expansion – key to growth

After being significant in 2W segment, Belrise is now focusing on expanding its presence in the four-wheeler space by increasing penetration with existing customers in new models by further focusing on design and development capabilities and increasing direct exports to European/American OEMs based on a proven relationship with Jaguar Land Rover. Further, continuous cross-selling of products to multiple four-wheeler and commercial vehicle OEMs is incrementally looking promising. The addition and increased sales penetration to Japanese OEMs following the acquisitions of H-One India and Mag-Filters will also help in expanding the company's reach in the four-wheeler segment.

Belrise has several products in this segment, including radiator grill assembly, upper stiffener, fog-lamp cover, central grill, rear suspension system for SUVs and LCVs. The company has recently begun manufacturing exhaust systems specifically designed for CNG-powered vehicles. Going forward, Belrise intends to further develop and commercialize exhaust systems for high-growth CNG-powered vehicles.

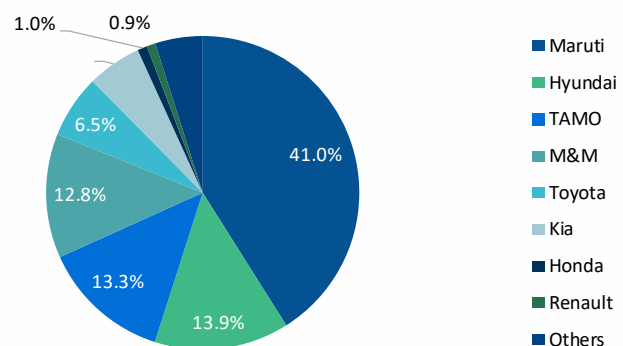
Going forward, the company plans to increase its sales of products for four-wheeler passenger vehicles to Japanese & Korean OEMs. In addition, by leveraging their recent acquisition of assets of a plastic molding company based in Delhi (which already supplies plastic components to one major Japanese OEM) plans to increase their presence with Japanese OEMs and to enter the proprietary plastic components business segment. Moreover, Belrise is constantly exploring other cross-selling opportunities to existing customers, including Ashok Leyland and VE Commercial Vehicles. During the last 3 years, the sales from 4W+CV segments grew at a CAGR of ~14%, largely driven by CV segment, which grew at a CAGR of ~21% in FY25. Going forward, Belrise aims to double the turnover of 4W+CV segments over the next 2-3 years.

To increase exports, Belrise is targeting manufacturing for other multinational passenger vehicle and commercial vehicle OEMs located in Europe, along with focusing on the indirect exports through the existing two-wheeler OEM customers, by targeting systems for more premium two-wheelers due to their higher acceptance overseas. During FY25, the company supplied 250+ different components to Jaguar Land Rover's overseas facilities in Austria, Slovakia & United Kingdom, as a single-source supplier.

The company has also contracted with Jaguar Land Rover to export an additional 60 products to these overseas facilities. Belrise apart from JLR supplies to the Moroccan plant of Stellantis and to the Far East. The company has no exposure to the US and thus is free of any movement in the tariffs. Belrise has also co-developed a complete chassis system for a domestic CV platform, an automated manufacturing line to produce PV seat slider system for a French auto component player.

Belrise has also won orders from M&M to supply Cross Car Beam for their two new EVs – BE6 and XEV9. Belrise can thus make further inroads into the company through supplying more of its whole host of components. Through Mag Filters acquisition, the company has got an entry into Maruti Suzuki for providing filtering systems, since Mag Filters was one of the vendors of Maruti Suzuki and was under stress. During FY22-25, BIL's exports have grown at a CAGR of ~7%, constituting 5.8% of their FY25 manufacturing turnover. Although Belrise has entered into Japanese 4W OEMs, their penetration is still low in terms of business. They are yet to penetrate into Korean OEMs, where the big opportunity lies to further ramp up its supplies and increase its wallet share. H-One acquisition should provide significant cross selling opportunities, and further support Belrise's technical capability, especially in high tensile steel manufacturing, which is suitable for light-weighting, which would assist capturing market share in 4W OEMs.

Japanese OEMs hold ~50% share in 4W domestic market as of FY25



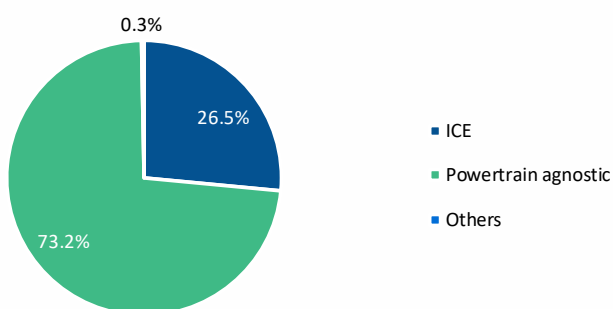
Source: Company, LKP Research

Changing as per times – Powertrain agnostic products contribution rising with EV proliferation

Belrise offers a wide range of products covering more than 1,000 products, the majority of which are powertrain agnostic, including chassis, suspension systems, steering columns, metal components like main-stands, side-stands, swing arms, and body-in-white components. These powertrain agnostic components make up more than 70% of the total manufacturing turnover. Further, the company has also added manufacturing of several components for electric vehicles, including motors and chargers, apart from the existing powertrain agnostic components. The exhaust systems which contributes meaningfully (21%) to the topline is the only product provided only to the ICE 2Ws. However, this product is primarily catering to the premium motorcycles, which is still not threatened by EV proliferation. Accordingly, a large part of the portfolio is safeguarded from the threat of rapid transition of the automobile industry from ICE to EVs.

Furthermore, the company has long-standing relationships with the leading OEMs, which they plan to leverage for cross-selling as they introduce more products and thereby increase their content per vehicle. At the beginning of 2025, the company was supplying to thirteen 2W OEMs, three 3W OEMs, two 4W OEMs, six CV OEMs, two agri-vehicles, and one each of battery, white goods, and others. The major customers were Bajaj Auto, Honda Motorcycles & Scooters India, Hero MotoCorp, Jaguar Land Rover, VE Commercial, Royal Enfield, etc. major customers were Bajaj Auto, Honda Motorcycles & Scooters India, Hero MotoCorp, Jaguar Land Rover, VE Commercial, Royal Enfield, etc.

Powertrain agnostic products



Source: Company, LKP Research

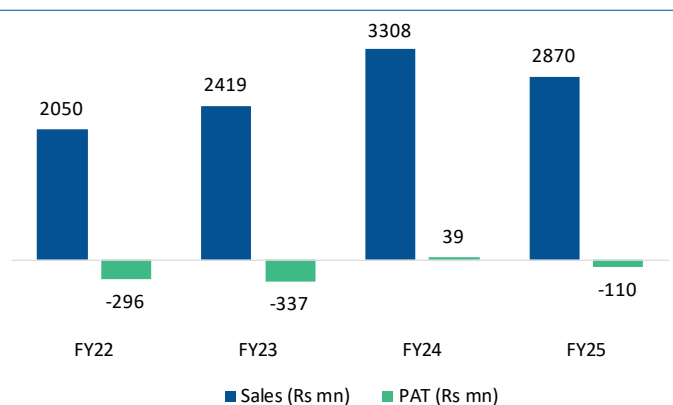
H-One acquisition to provide inroads into the Japanese OEMs

During March 2025, Belrise acquired 100% stake in H-One India Private Limited (H-One), the erstwhile subsidiary of H-One Company Ltd, a listed entity in Japan, for ₹2.3 bn. This acquisition of H-One added 2 manufacturing facilities – (i) Greater Noida, Uttar Pradesh, which added press lines and die manufacturing lines with various equipment such as numerous Okuma machines, trial press machine, and spotting press machine, among others. (ii) RIICO Industrial Area, Rajasthan, which added press lines, robotic welding lines with various machines such as nut/spot welding machines and metal insert gas welding machines, among others. On the robotic welding lines, numerous robots have been deployed to ensure low defect parts per million and high predictability. In total, Belrise gets access to 5 transfer press lines up to 1,500 MT, having an average lead time of 12-18 months, along with 65 high-speed robots.

This acquisition, which came along with a complete R&D set-up, has enhanced the company's capabilities in the four-wheeler metal stamping and fabrication industry, as H-One has expertise in high-tensile steel fabrication and stamping, as well as complex tool designing and manufacturing. This access to high-tensile steel manufacturing (<1,100 Mpa) leads to lightweighting and cost efficiency. The acquisition may result in the addition of one new Japanese 4W OEM, and higher penetration in two other Japanese 2W OEMs. This would also eventually an increase in Content Per Vehicle by ~50% i.e., ₹15,000 in 4W. H-One reported topline of Rs350 mn in Q1 of FY 26, while margins were subdued at 7%. However, these margins came on the back of low utilization rate of 40% and 5% expat cost with some royalty. While the latter two are expected to vanish soon, current low utilization levels are expected to improve going forward as the company plans to insource components and expand business with Japanese OEMs. With improvement in the utilization levels, the Management expects H-One EBITDA margins to reach the current levels of profitability in Belrise in the coming years.

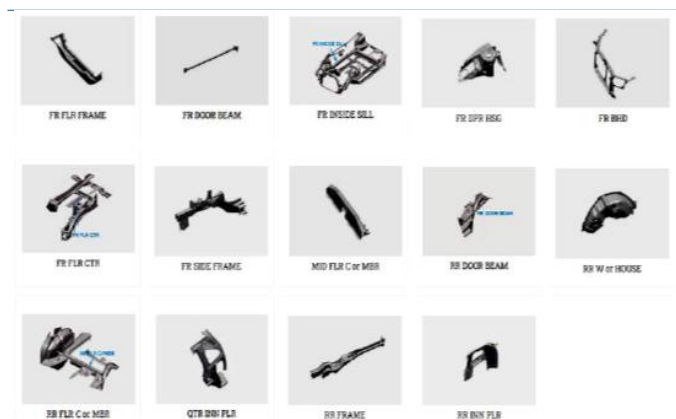
Belrise 4Ws business (~9% of revenue) should see a significant leg-up on the back of strong orderbook, improved tech capabilities (H-One acquisition), foot in the door in Honda and Maruti.

H-One: Financial



Source: Company, LKP Research

H-One: Products Profile



Mag Filters - Provides big opportunities, despite being a low ticket acquisition

During October 2024, Belrise acquired the plastic component manufacturing business of Mag filters for ₹1,650 mn, through which the company got access to the air filter segment catering to two-wheelers, three-wheelers, and passenger vehicles, thereby establishing a new vertical within its product portfolio. The air filter offering is backed by proprietary technology.

This acquisition, which added access to the design of proprietary filtration systems and plastic molding components, along with an in-house R&D set-up and 24 plastic molding up to 2,200 MT, will result into addition of 1 new Japanese 4W OEM, and increase in penetration in 1 other Japanese 2W OEM along with substantial potential for cross-selling of their existing offerings. The expected increase in content per vehicle is nearly ₹1,000. The Management stated that at full capacity utilization, the revenue potential from this acquisition can be up to ₹1,250 mn on an annual basis.

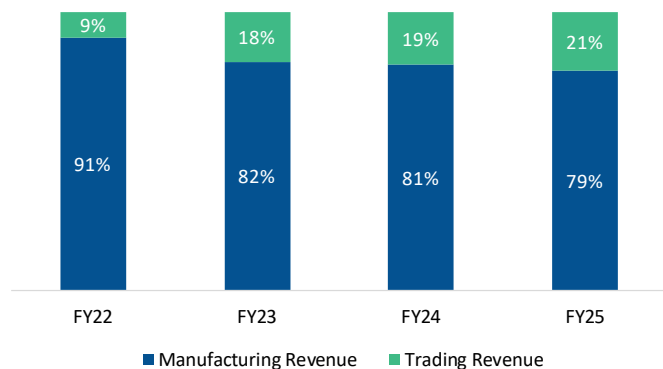
The above acquisitions will play a vital role in the company's strategies of expanding their presence in the four-wheelers, commercial vehicles, and increasing expansion in the Japanese OEMs along with cross-selling of existing product offerings to the new clients.

Trading business – a drag

Belrise, through its wholly owned overseas subsidiary "Badve Engineering Trading FZE", engages in trading of commodities such as welding electrodes, lithium-ion batteries in the Middle East and Asia Pacific markets. The trading business has scaled up ~3x over FY22-25 to ₹17bn, increasing its share to ~21% of consolidated revenues in FY25 versus 9% in FY22. That said, this business is a major drag on PAT given its poor margin profile (~5-6% EBITDAM versus average manufacturing margins of ~14%).

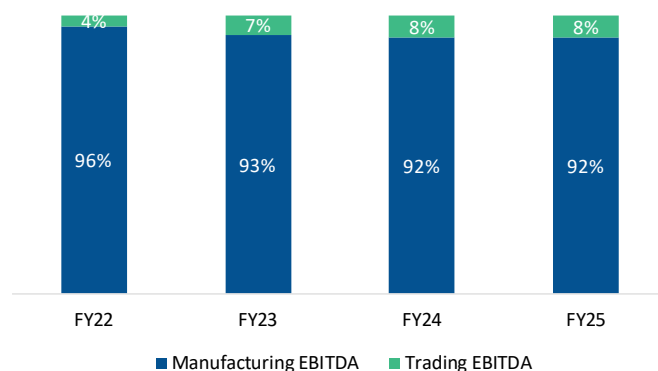
We are cautious on Belrise's trading arm: it dilutes margins and extends beyond core operations. A gradual scale-down would, in our view, lift group margins and meaningfully support valuation. We forecast the trading vertical to grow at 5% CAGR over FY25-28E.

Share of Trading revenues in total revenues has been increasing



Source: Company, LKP Research

Leading to lower contribution at EBITDA level



Source: Company, LKP Research

Simplification of group structure may lead to drive valuations

Belrise has a complex group structure involving multiple related parties owned by promoter groups, with whom it contracts to outsource manufacturing processes and sell certain products. Transactions with related parties are relatively large. Management is working on simplifying the group structure by merging various promoter owned related parties.

Belrise has entered into an agreement to acquire the entire shareholding of Badve Autocomps Private Limited by the end of FY26. As part of this process, the company has already acquired 14.03% stake. Badve Autocomps is the largest related party for Belrise, currently accounting for ~6/8% of total sales/purchases. Mgmt. has guided for consolidating most other group companies into the listed entity over medium term. Consolidation of related party entities would not only reduce quantum of related party transactions but would also be value accretive and will elevate valuations.

Initiatives to enter Non-Auto – A good move

Belrise is expanding its addressable market by leveraging on its underlying manufacturing capabilities in the auto segment to produce components for non-automotive categories like solar, defence & aerospace. Although subscale, these ventures offer ramp-up potential.

It currently supplies sheet metal structures for solar panels to a North American solar power company. However, recent tariff structure negatively impacts its competitiveness, which could potentially derail its ramp-up plans here.

Additionally, Belrise has established a wholly owned subsidiary to pursue opportunities in the defense and aerospace sectors. It has already secured orders from two Indian defense OEMs as well as one Israeli defense OEM for their armored vehicle platforms.

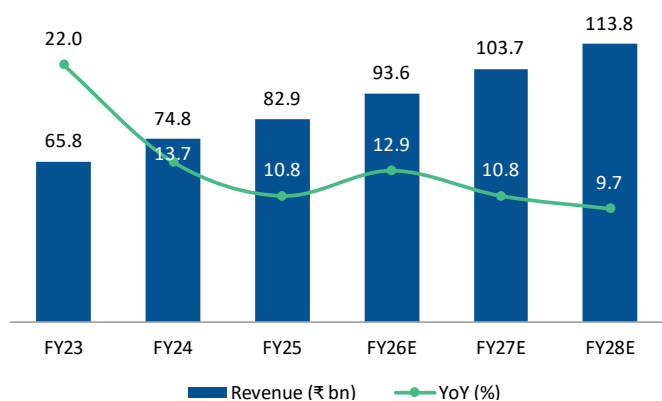
Outlook and Valuation

Belrise has emerged as the largest sheet metal supplier to the 2W industry and is expanding very well in other products and systems as well. The company has diversified its product portfolio into agnostic products which shield the company from EV wave. We forecast Belrise's earnings growth to accelerate to ~34% CAGR over FY25-28E versus 11% CAGR over FY22-25 driven by strong growth and balance sheet deleveraging. Sustained increase in wallet share, newer products, widening customer base and improving industry tailwinds underpin strong growth prospects. Its 4W business should also witness a sharp ramp up given its strong order book, improved tech capabilities and access to Japanese OEMs. Belrise currently has a complex group structure involving trade with multiple promoter-owned related parties which were ~27% of FY25 sales and ~37% of purchases. Management is working on merging all related group entities. Simplification in group structure would be value accretive and could drive a multiple rerating in our view. Strong operating performance coupled with controlled capex should generate higher cumulative FCF over FY25-28E. Moreover, ROCE (pre-tax) should increase to ~16% by FY28E vs 13.4% for FY25. We value the company at 24x FY 27E EPS, thus arrive at a target price of ₹192.

Key Risks

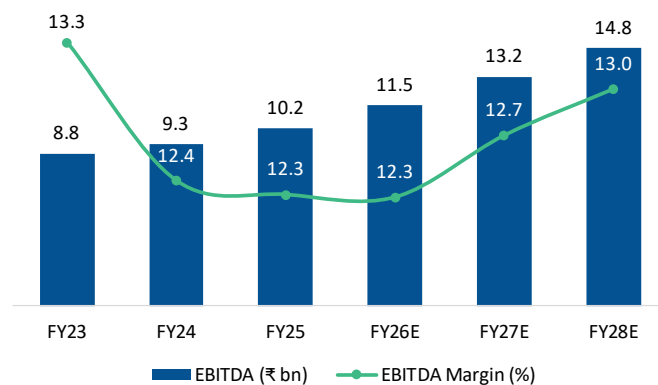
- Higher dependence on 2Ws and Bajaj Auto within it. Any slowdown in 2W demand may impact negatively. Loss of a business from key customer or any underperformance from them may be detrimental.
- The company has a complex group structure. Though management aims to simplify, any failure in this aspect may act adversely to our thesis.
- Belrise derives 21% from exhaust systems, which is purely an ICE component. EV adoption may pose a threat to this business. Though the company has plans to make inroads in EVs, there is no significant progress as of now.
- Increase in Trading business may cause a drag on overall margins.

Revenue



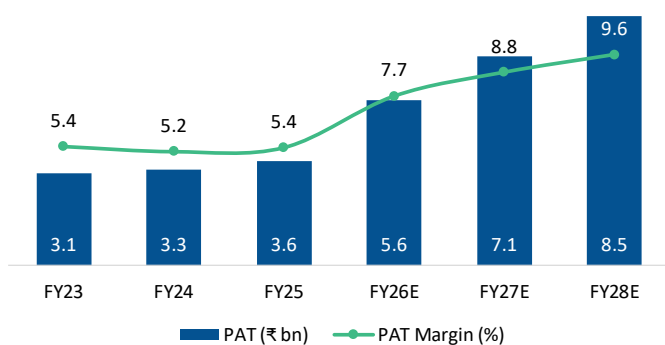
Source: Company, LKP Research

EBITDA



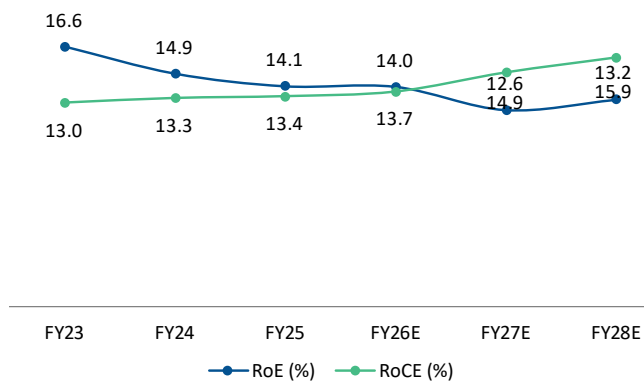
Source: Company, LKP Research

PAT



Source: Company, LKP Research

Return ratios



Source: Company, LKP Research

Income Statement

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income	65,825	74,841	82,908	93,636	1,03,736	1,13,784
<i>Change (%)</i>	22.0	13.7	10.8	12.9	10.8	9.7
RM Cost	52,531	60,254	67,116	76,126	84,233	92,052
Employee Cost	2,359	2,748	2,938	3,090	3,216	3,641
Other Expenses	2,181	2,555	2,643	2,903	3,112	3,300
EBITDA	8,755	9,284	10,211	11,517	13,174	14,792
<i>Margin (%)</i>	13.3	12.4	12.3	12.3	12.7	13.0
Depreciation	3,067	3,214	3,298	3,725	4,125	4,525
EBIT	5,688	6,070	6,914	7,792	9,049	10,267
Finance Cost	2,503	2,902	3,074	1,328	736	361
Other Income	383	714	616	750	800	1,000
PBT bef. EO Exp.	3,567	3,882	4,456	7,213	9,113	10,905
Exceptional Items	-	123	-	-	-	-
PBT after EO Exp.	3,567	3,760	4,456	7,213	9,113	10,905
Total Tax	430	622	901	1,587	2,005	2,399
Rep. PAT	3,137	3,138	3,554	5,626	7,108	8,506
Adj. PAT	3,137	3,261	3,554	5,626	7,108	8,506
<i>Margin (%)</i>	4.8	4.4	4.3	6.0	6.9	7.5

Balance Sheet

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	203	3,255	3,255	4,449	4,449	4,449
Reserves & Surplus	20,242	20,144	23,877	48,594	55,702	64,208
Total Networkth	20,445	23,399	27,132	53,044	60,152	68,658
Non-current Liabilities						
Long term debt	12,454	14,218	16,494	2,000	1,900	1,800
Other non curret liabilities	1,872	2,004	1,090	1,090	1,090	1,090
Total non-current liab & provs	14,326	16,222	17,583	3,090	2,990	2,890
Current Liabilities						
Trade payables	9,213	7,891	10,657	10,011	10,846	11,601
Short term provs+ borrowings	10,268	10,210	12,787	10,584	10,657	10,524
Other current liabilities	2,540	2,695	4,096	4,096	4,096	4,096
Total current liab and provs	22,020	20,796	27,540	24,691	25,600	26,221
Total Equity & Liabilities	56,792	60,417	72,255	80,824	88,741	97,769
Assets						
Net block	22,437	23,055	26,453	27,728	28,602	28,077
Intangible assets	1	6	10	10	10	10
Other non current assets	4,848	5,709	7,872	8,050	8,353	8,655
Total non current assets	27,287	28,769	34,336	35,788	36,966	36,742
Cash and cash equivalents	1,062	1,855	773	6,898	9,680	14,319
Inventories	5,535	5,971	7,697	7,925	9,231	11,349
Trade receivables	12,798	12,278	15,911	16,675	19,326	21,822
Other current assets	10,112	11,545	13,541	13,541	13,541	13,541
Total current Assets	29,506	31,650	37,922	45,039	51,778	61,030
Total Assets	56,792	60,417	72,255	80,824	88,741	97,768

Key Ratios

	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per Share (₹)						
Adj EPS	77.1	5.0	5.5	6.3	8.0	9.6
Cash EPS	152.5	9.9	10.5	10.5	12.6	14.6
BVPS	502.5	35.9	41.7	59.6	67.6	77.2
Valuation (x)						
P/E	1.9	29.7	27.3	23.5	18.6	15.6
P/BV	0.3	4.1	3.6	2.5	2.2	1.9
EV/Sales	0.4	1.6	1.5	1.5	1.3	1.1
EV/EBITDA	3.1	12.8	12.2	11.9	10.2	8.8
Return Ratios (%)						
RoE	16.6	14.9	14.1	14.0	12.6	13.2
RoCE	13.0	13.3	13.4	13.7	14.9	15.9
RoIC	7.3	7.2	6.8	9.3	10.3	11.1
Working Capital Ratios						
Fixed Asset Turnover (x)	2.9	3.3	3.3	3.5	3.7	4.0
Asset Turnover (x)	1.2	1.3	1.2	1.2	1.2	1.2
Inventory (Days)	35.3	34.9	37.2	38.0	40.0	45.0
Debtor (Days)	61.4	61.1	62.1	65.0	68.0	70.0
Creditor (Days)	51.2	51.8	50.4	48.0	47.0	46.0
Leverage Ratio (x)						
Current Ratio	1.3	1.5	1.4	1.8	2.0	2.3
Net Debt/Equity	1.0	0.9	1.0	0.1	0.0	0.0

Cash Flow

(₹ mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit/(Loss) before Tax	3,567	3,720	4,456	7,213	9,113	10,905
Depreciation	3,067	3,214	3,298	3,725	4,125	4,525
Interest & Finance Charges	2,503	2,902	3,074	1,328	736	361
Direct Taxes Paid	-604	-785	-980	-1,587	-2,005	-2,399
(Inc)/Dec in WC	-429	-2,518	-2,390	-1,638	-3,121	-3,859
Others	-209	-710	-414	-	-	-
CF from Operations	7,895	5,824	7,044	9,043	8,848	9,534
Capex	-2,340	-4,519	-8,677	-5,178	-5,303	-4,301
(Pur)/Sale of Investments	213	616	-993	-	-	-
Others	184	286	-141	-	-	-
CF from Investments	-1,943	-3,616	-9,811	-5,178	-5,303	-4,301
Inc/(Dec) in Debt	-3,266	1,696	4,587	-16,697	-26	-233
Interest Paid	-2,503	-2,902	-3,074	-1,328	-736	-361
Dividend Paid	-	-20	-	-	-	-
Others	474	-186	173	20,286	-	-
CF from Fin. Activity	-5,295	-1,413	1,685	2,260	-763	-594
Inc/Dec of Cash	657	794	-1,082	6,125	2,782	4,638
Opening Balance	405	1,062	1,855	773	6,898	9,680
Closing Balance	1,062	1,855	773	6,898	9,680	14,319

DISCLAIMERS AND DISCLOSURES

LKP Securities Limited (CIN-L67120MH1994PLC080039, www.lkpsec.com) herein after referred as “**LKP**” and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1994 and is a brokerage and distribution house. LKP is a registered Research Analyst (SEBI Regn.: INH00001758), corporate trading member (SEBI Regn.: INZ000216033) of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSEI) and Depository Participant (SEBI Regn.: IN-DP-705-2022) of CDSL and SEBI Registered Portfolio Management Services (SEBI Regn.: INH00001758). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking (SEBI Regn.: INM000002483), commodity broking, depository participant, insurance broking (IRDA Regn.: IRDA- CA0365) and services rendered in connection with distribution of primary market issues and financial products like mutual funds(ARN: 31751) etc. LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:- LKP or its associates or Research Officials employed by LKP or relatives of research officials may have financial interest in the subject company. LKP or its associates and Research Analyst or his/her relative's may have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of public appearance. LKP or its associates and Research officials or his/her relative's does not have any material conflict of interest in the subject company.

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12(twelve) months. LKP or its associates may have co-managed public offering of securities for the subject company in the past 12(twelve) months. LKP or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12(twelve) months. LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12(twelve) months. LKP or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. LKP or its associates may have received any compensation from the subject company in the past twelve months. Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report for the services provided by LKP or its associates. Research Officials has served as officer, director or employee of the subject company: (NO). The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company. LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.

Ashwin Patil

Assistant Vice President - Research

ashwin_patil@lkpsec.com