

Belrise Industries – Recommended Stock -Target Price Raised

Dear Investors,

We are pleased to share that **Bajaj Capital's Research Team**—recommended stock, **Belrise Industries (BIL)**, has successfully achieved its first target price of **185** on **29 December 2025**, significantly ahead of the original 12-month investment horizon. The stock has delivered a return of **22.6%** within just two months from the recommendation price of **155** on **12 November 2025** and further strengthened to **190** on **2 January 2026**. The early achievement of the target reflects strong business momentum, a robust earnings trajectory and a supportive regulatory and policy environment for the automotive and auto ancillary sector.

Future-Ready Portfolio and Segment Leadership: BIL has successfully insulated its business model against powertrain transitions, with ~73% of its portfolio remaining agnostic across ICE and EV platforms. As a top-three player in the two-wheeler (2W) metal components space, BIL is leveraging its dominance in the 2W/3W segments—which account for 81% of manufacturing revenue—to capture gains from industry premiumization and EV penetration. The shift toward premium models offers a significant tailwind, providing approximately 2.2x higher content per vehicle. This high-value trajectory is further supported by a favourable regulatory environment, including the GST rate cut on sub-350cc cycles, positioning BIL to outperform as demand recovers and per-unit realizations climb.

Strategic Pivot into Defence and Global Supply Chains: A pivotal growth catalyst was formalized on December 23, 2025, through an exclusive three-year Strategic Agreement with Plasan SASA, Israel. This partnership marks BIL's aggressive entry into the Indian defence sector, targeting Ministry of defence (MoD) and paramilitary tenders. Beyond domestic opportunities, the collaboration integrates BIL into Plasan's global supply chain as a prime supplier of sub-systems and focuses on the ATEMM (All-Terrain Electric Mission Module) platform. By localized manufacturing of these advanced electric mission solutions, BIL is not only diversifying its revenue streams but also enhancing its technical capabilities in high-precision, mission-critical defence hardware.

Aggressive 4W Expansion and Financial Strengthening: BIL is executing a focused strategy to double its four-wheeler (4W) revenues within the next 2–2.5 years, underpinned by the strategic acquisitions of H-One and Mag Filters. These moves provide BIL with essential high-tensile steel capabilities and critical access to Japanese OEM ecosystems. The company's growth outlook is bolstered by a strengthening balance sheet; recent deleveraging efforts are expected to significantly reduce interest costs, enhancing net margins. Coupled with robust Q2FY26 performance and management's optimistic outlook on a potential Commercial Vehicle (CV) cycle revival, BIL presents a compelling case for sustained earnings growth driven by expanded content per vehicle and a broadening multi-sector footprint.

We have revised our target price upward to 207, implying an upside potential of ~12.5% from the CMP of 184 over the next 6 months and continue to maintain a positive stance on the stock. While Belrise Industries is trading at a premium but not frothy valuation of ~36x P/E and ~14.4x EV/EBITDA on a TTM basis, we believe this is justified by strong demand momentum, a healthy balance sheet, strategic OEM partnerships and improving earnings visibility.

We expect H2FY26 earnings growth to be in the higher double-digit range. Although early signs of a CV cycle revival are emerging after nearly six years, visibility remains limited given the short observation period and the possibility that recent performance reflects GST rationalisation benefits and a low base. Overall, **we remain constructive on Belrise Industries' short- to medium-term outlook and recommend a HOLD for existing shareholders, while advising a fresh BUY for new investors with a six-month horizon, preferably accumulating on declines.**

Happy Investing!

Thank you and best regards,

On behalf of Research Team