



IPO INSIGHTS



HAPPY FORGINGS LIMITED

Happy Forgings Limited

Issue Dates - Opens: 19-12-2023 | Closes: 21-12-2023

IPO Note	<ol style="list-style-type: none"> Happy Forgings Limited is an Indian manufacturer specializing in designing and manufacturing heavy forgings and high-precision machined components. The Company manufactures, designs and tests various products such as crankshafts, front axle carriers, steering knuckles, differential housings, transmission parts, pinion shafts, suspension products and valve bodies for different industries and customers.
Rating	★★★ (Good)

IPO SNAPSHOT

Issue Size	₹ 1008.59 Crores
Issue Type	Book Built Issue IPO
Fresh Issue	₹ 400 Crores
Offer for Sale	₹ 608.59 Crores
Face Value Per Share	₹ 2
Price Band Per Share	₹808 to ₹850
Minimum Lot Size	17 shares
Listing On	BSE, NSE
Registrar to the Issue	Link Intime India Private Ltd

IPO SNAPSHOT – Happy Forgings Limited

About the Company

- Incorporated in 1979
- The Company is the fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India as of Fiscal 2023 in terms of forgings capacity
- They primarily cater to domestic and global original equipment manufacturers (“OEMs”) manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, we cater to manufacturers of farm equipment, off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.
- They have emerged as a leading player in the domestic crankshaft manufacturing industry with the second largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India.
- The Company has served customers in various regions including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom and the United States of America.
- They manufacture a wide range of heavy forged and machined products which include crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, pinion shafts, suspension products and valve bodies across industries for a diversified base of customers.

Competitive Strengths

- Fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India
- Integrated manufacturing operations coupled with in-house product and process design capabilities resulting in a diverse product portfolio with increasing value addition
- Diversified business model, well placed to take advantage of potential alternative engine technologies
- Long-standing relationships with customers across industries
- Track record of consistently building capabilities and infrastructure, with focus on capital efficiency
- Experienced Promoters and senior management team and track record of healthy financial performance.

Financials (₹ in Crores)

Particulars	31-3-2021	31-3-2022	31-03-2023	Y-o-Y
Revenue	584.96	860.05	1196.53	39%
EBITDA	158.75	230.89	340.94	48%
EBITDA Margin	27.1%	26.8%	28.5%	
PAT	86.45	142.29	208.70	47%
PAT Margin	14.8%	16.5%	17.4%	

Valuation

- Attributing Annualized FY23 Earnings asking P/E = 36.45

Peers

Company Name	P/E ratio
Bharat Forge Limited	105.59
Craftsman Automation Limited	44.08
Ramkrishna Forgings Limited	48.45
Sona BLW Precision Forgings Limited	82.71

Note : P/E ratio is calculated as closing share price as on December 14, 2023.

Promoters

- Paritosh Kumar & Paritosh Kumar Garg (HUF)
- Ashish Garg & Ashish Garg & Sons (HUF)
- Megha Garg
- Ayush Capital & Financial Services Private Limited
- Garg Family Trust

Objects of the issue

- Purchase of equipment, plant and machinery.
- Prepayment of all or a portion of certain outstanding borrowings availed by the Company
- General Corporate purposes

DISCLAIMER

The information provided by or in this newsletter is generally from the press reports, electronic media, research websites and other media. It also includes information from interviews conducted, analysis, views expressed by our research team. Investors should not rely solely on the information contained in this publication and must make their own investment decision based on their specific objectives and financial positions and using such independent advisor as they believe necessary. The material and the information provided herein are not and should not be construed as an advice to buy or sell any of the securities named in this newsletter. SIHL may or may not hold positions in any of the securities named in this newsletter as a part of its business. Past performance is not necessarily an indication of future performance. SIHL does not assure for accuracy and correctness of information of reports in this newsletter.

