



Happy Steels Limited

Industrials

IPO Report

Neutral

SME IPO

Price Band: ₹62 to ₹66 per share
Bidding: 09 Jul to 13 Jul, 2026
Listing At: NSE SME
Listing Date: Jul 16, 2026

Details of the Issue

Lead Manager	Share India Capital Services Pvt.Ltd.
Registrar	Bigshare Services Pvt.Ltd.
Market Maker	Share India Securities Ltd.

Promoters Holding (%)

Pre-Issue	99.33
Post-Issue	72.99

Offer Structure

QIB	17,98,000 Shares
Retail	12,60,000 Shares
NII	5,40,000 Shares
Market Maker	1,90,000 Shares
Fresh Issue	37,88,000 Shares
Total Issue	₹25.00 Cr

Financial Summary (₹ in Lakhs)

Particular	FY26	FY25	FY24
Revenue	9,464.26	8,214.03	8,090.85
EBITDA	1,527.49	849.16	1,107.91
PAT	710.22	234.19	468.93

Minimum Application

Category	Lots	Shares	Amount
Retail	2	4,000	₹2,64,000
S-HNI	3-7	6,000-14,000	₹3,96,000-₹9,24,000
B-HNI	8	16,000	₹10,56,000

Customer concentration (% of Revenue)

Particulars	FY26	FY25	FY24
Top 1 customer	12.81	14.19	12.46
Top 5 customers	50.43	50.66	54.23
Top 10 customers	67.47	72.17	81.14

Valuations

NAV(FY26)	₹38.09
EPS(FY26)	₹6.77
P/E(Pre Issue)	9.75

Promoters

Mr. Parveen Kumar Garg, Mr. Abhishek Garg, Mr. Deepak Garg and Parveen Garg HUF.

Company Overview

Happy Steel Limited, incorporated in 1996, is an integrated manufacturer of safety critical forged and machined transmission and driveline components for on-highway, off-highway, electric vehicle (EV), and defence applications. Its product portfolio includes axles, long spline shafts, spindles, and other safety-critical components supplied to OEMs and Tier-I suppliers across India and international markets.

Object of the Issue

- Capital Expenditure towards purchase of additional plant and machinery for the existing manufacturing unit: ₹1,315.83 lakhs
- Repayment/ Prepayment of Term Loans to Bank: ₹498.15 lakhs
- General corporate purposes

Price Band Analysis

At the upper price band of ₹66, Happy Steel Limited is valued at a post-issue P/E of 13.28x and a P/B ratio of 1.73x. The issue is attractively priced compared to its listed peers, indicating a reasonable valuation at the offered price.

Peer Comparison (As of FY26)

CompanyName	EPS (₹)	P/E	RONW (%)	NAV (₹)
Happy Steels Limited	6.77	9.75	17.76	38.09
EMM Force Autotech Limited	5.88	19.39	9.04	44.52
Kross Limited	8.56	21.34	11.27	75.92
GNA Axles Limited	27.24	13.61	11.65	223.89

Risk Measures:

- The top 10 customers contributed 67.47% of revenue in FY26. As the company does not have long-term customer contracts, the loss of any key customer could adversely impact revenue and profitability.
- Approximately 60.39% of FY26 revenue was generated from Punjab, Haryana, and Tamil Nadu. Any adverse developments in these states could negatively affect the company's business and financial performance.
- The top 10 suppliers accounted for 91.73% of total purchases in FY26. The absence of long-term supply agreements increases the risk of supply disruptions, which could impact production and operating margins.

Investment Rationale:

- The IPO proceeds will be utilized towards capital expenditure, repayment/prepayment of certain borrowings, and general corporate purposes. The proposed capital expenditure is expected to enhance manufacturing capabilities and support future capacity expansion. The company also plans to utilize ₹498.15 lakh from the net proceeds towards repayment/prepayment of borrowings. However, considering the company's total outstanding fund-based borrowings of ₹4,759.65 lakh as of May 31, 2026, the proposed repayment represents a relatively small portion of its overall debt and may have a limited impact on its leverage position in the near term. The company's debt-to-equity ratio of 1.18x in FY26 remains higher than that of listed peers (0.11x-0.48x).
- The company has reported revenue growth over the years; however, its earnings have remained volatile. Profit after tax declined by 51.93% to ₹234.19 lakh in FY25 from ₹468.93 lakh in FY24, primarily due to the absence of a one-time gain on the sale of property, plant and equipment recorded in FY24, along with higher finance costs, depreciation, and operating expenses. The company's ability to improve profitability while managing its leverage and expanding operations will remain a key monitorable going forward.

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Financials (₹ in Lakhs, Except for Percentage & Ratios)

Particular	FY26	FY25	FY24
Revenue From Operations	9,464.26	8,214.03	8,090.85
EBITDA	1,527.49	849.16	1,107.91
EBITDA Margin (%)	16.14	10.34	13.69
PAT	710.22	234.19	468.93
PAT Margin (%)	7.50	2.85	5.80
Return on Equity (RoE%)	19.49	7.39	16.63
Return on Capital Employed (RoCE%)	20.89	13.07	20.11
EPS	6.77	2.23	4.47
Debt to Equity Ratio	1.18	1.04	1.17

Product Wise Revenue Bifurcation (₹ in Lakhs)

Particulars	FY26	FY25	FY24
Axle	6,324.64	5,276.75	5,722.13
Shaft	899.99	776.68	668.55
Rough Steel Forging	644.53	264.95	546.51
Spindle	489.84	224.24	125.15
Stub Axle	194.9	333.48	338.86
Knuckle, Case Diff, Stearing Arms	83.69	183.28	48.68
Scrap	652.45	568.09	424.63
Job Work	21.94	481.51	45.95
Others	152.27	105.05	170.38
Total	9,464.25	8,214.03	8,090.84

About The Founder



Mr. Abhishek Garg is the Promoter and Managing Director of Happy Steel Limited. He holds a Bachelor of Business Administration degree from Devry University, Ohio (2006), and has over 20 years of experience in manufacturing axles, shafts, and related components. He oversees the Company's overall management, strategic planning, business development, operations, financial oversight, and governance, playing a key role in its growth and operational excellence.

FINANCIAL HIGHLIGHTS

