



HAPPY FORGINGS LIMITED

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# HAPPY FORGINGS LIMITED

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**IPO NOTE**

*December 2023*

## ISSUE HIGHLIGHTS

- Happy Forging Limited (“HFL”) was incorporated on July 2, 1979. HFL is the 4<sup>th</sup> 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, through their vertically integrated operations, are engaged in engineering, process design, testing, manufacturing, and supply of a variety of components that are both margin accretive and value-additive.
- The company primarily caters to domestic and global original equipment manufacturers (“OEMs”) manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, they 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.
- With over 40 years of experience of manufacturing and supplying quality and complex components according to customers specifications, HFL has emerged as a leading player in the domestic crankshaft manufacturing industry with the 2<sup>nd</sup> largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India.
- HFL manufactures a wide range of heavy forged and machined products which include crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, suspension products and valve bodies across industries.
- HFL is among the few companies in India with the capability to manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries. As of March 31, 2023, they are only the 2<sup>nd</sup> company in India to have a 14,000-tonne forging press or higher forging press and are among the 4 companies in India that possess 8,000 tonne forging press or higher forging press.
- company’s focus on the high HP engine segment insulates them from any potential electric vehicle (“EV”) disruption as hydrogen, compressed natural gas (“CNG”) and liquified natural gas (“LNG”) combustion engine technologies are expected to become prominent alternate powertrain technologies in this segment and crankshaft as a product is compatible to such combustion engines with minimal/ no alterations.
- HFL is a supplier to each of the Top-5 Indian OEMs, by market share, in the medium and heavy commercial vehicle industry and 4 of the Top-5 Indian OEMs in the farm equipment industry by market share, in Fiscal 2023
- Company’s strength in machining and overall value addition to products has enabled them to achieve the highest EBITDA margin among the peers in the last 2 Fiscals. They recorded an increase in their revenue from operations by 104.55% from ₹584.96 crore in Fiscal 2021 to ₹1,196.53 crore in Fiscal 2023.

## BRIEF FINANCIAL DETAILS\*

(₹ IN Cr)

	As at Sep’30,		As at Mar’ 31,		
	2023 (06)	2022 (06)	2023 (12)	2022 (12)	2021 (12)
	Standalone	Consolidated	Consolidated	Consolidated	Standalone
Share Capital	17.90	17.90	17.90	17.90	8.95
Reserves	1,085.43	886.83	970.41	769.72	636.21
Net Worth	1,103.33	904.73	988.31	787.62	645.16
Revenue from Operations	672.90	599.80	1,196.53	860.05	584.96
Revenue Growth (%)	12.19%	-	39.12%	47.03%	-
EBITDA	195.21	181.86	340.94	230.89	158.75
EBITDA Margin (%)	29.01%	30.32%	28.49%	26.85%	27.14%
Profit before Tax	159.26	156.05	280.03	192.05	117.06
Net Profit for the period	119.30	116.40	208.70	142.29	86.45
Net Profit Margin (%)	17.73%	19.41%	17.44%	16.54%	14.78%
EPS – Basic & Diluted (₹)	13.33 <sup>^</sup>	13.01 <sup>^</sup>	23.32	15.90	9.66
RONW (%) as stated	10.81% <sup>^</sup>	12.87% <sup>^</sup>	21.12%	18.07%	13.40%
Net Asset Value (₹)	123.28	101.09	110.43	88.00	72.09

Source: RHP, \*Summary Statement, <sup>^</sup> not annualised

## Issue Details

**Fresh Issue of Equity Shares aggregating upto ₹400 Crore and Offer for Sale of 7,159,920 Equity Shares**

### Issue summary

**Issue size: ₹ 979 – 1,009 Cr**

**No. of shares: 12,110,415 – 11,865,802 Shares**

**Face value: ₹ 2/-**

**Price band: ₹ 808 - 850**

**Bid Lot: 17 Shares** and in multiple thereof

**Post Issue Implied Market Cap =**

**₹ 7,632 – 8,007 Cr**

**BRLMs: Axis Capital, JM Financial, Equirus Capital, Motilal Oswal**

**Registrar: Link Intime India Pvt Ltd**

**Issue opens on: Tuesday, 19<sup>th</sup> Dec’2023**

**Issue closes on: Thursday, 21<sup>st</sup> Dec’2023**

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	22-12-2023
Refunds/Unblocking ASBA Fund	26-12-2023
Credit of equity shares to DP A/c	26-12-2023
Trading commences	27-12-2023

### Issue break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@Upper	@Lower	@Upper	
QIB	6,055,206	5,932,900	489.26	504.30	50%
NIB	1,816,563	1,779,871	146.78	151.29	15%
-NIB2	1,211,042	1,186,580	97.85	100.86	-
-NIB1	605,521	593,291	48.93	50.43	-
RET	4,238,646	4,153,031	342.48	353.01	35%
<b>Total</b>	<b>12,110,415</b>	<b>11,865,802</b>	<b>978.52</b>	<b>1008.59</b>	<b>100%</b>

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	17 Shares	238 Shares	1,190 Shares
Minimum Bid Lot Amount (₹)	₹ 14,450 <sup>^</sup>	₹ 2,02,300 <sup>^</sup>	₹ 10,11,500 <sup>^</sup>
Appl for 1x	2,44,296 Applications	2,493 Applications	4,986 Applications

### Listing: BSE & NSE

### Shareholding (No. of Shares)

Pre-issue	Post issue <sup>^</sup>	Post issue#
89,499,000	94,449,495	94,204,882

<sup>^</sup>@Lower price Band #@ Upper Price Band

### Shareholding (%)

	Pre-Issue	Post-Issue
Promoter	88.24%	78.60%
Public – Other Selling S/h	11.76%	8.80%
Public - Others	0.00%	12.60%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The Company was incorporated as 'Happy Forgings Private Limited' on July 2, 1979. The Promoters of the company are Paritosh Kumar, Ashish Garg, Megha Garg, Ayush Capital & Financial Services Pvt Ltd, Garg Family Trust, Paritosh Kumar Garg (HUF) and Ashish Garg & Sons (HUF). Currently, the Promoters collectively hold 78,970,000 Equity Shares, representing 88.24% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

### Brief Biographies of Directors

**Paritosh Kumar** is one of the promoters and Chairman and Managing Director of the company. He has been associated with the company since incorporation and accordingly has over 44 years of experience in the industrial sector.

**Ashish Garg** is a one of the promoters and Managing Director of the company. He has approximately 17 years of experience in the industrial sector.

**Megha Garg** is one of the promoters and Whole-time Director of the company. She has approximately 8 years of experience in the industrial sector.

**Narinder Singh Juneja** is the Chief Executive Officer and Whole-time Director of the company. He has over 35 years of experience in the industrial sector. Prior to joining the company, he served as the assistant engineer with Krishna Forgings.

**Prakash Bagla** is the Nominee Director of the company. He has 18 years of experience in the finance and private equity sector. He joined MO Alternates in 2007 and is responsible for deal sourcing, investing, monitoring, and managing exits. He represents India Business Excellence Fund-III, on the Board of the company. He is also on the board of other companies namely VVDN Technologies Pvt Ltd, Simpolo International Pvt Ltd, Simpolo Vitrified Pvt Ltd, Nexion International Pvt Ltd, Magicrete Building Solutions Pvt Ltd and Glass Wall Systems (India) Pvt Ltd. He is currently designated as managing director at MO Alternates.

**Satish Sekhri** is an Independent Director of the company. He has experience in the field of sales and marketing and the industrial sector. He is currently on the board of Harita Fehrer Ltd, JK Files and Engineering Ltd and Rico Auto Industries Ltd.

**Vikas Giya** is an Independent Director of the company. He has over 17 years of experience in the finance sector. He has been serving as a full-time partner in Anup Kumar Jain and Co., Chartered Accountants since December 15, 2005.

**Ravindra Pisharody** is an Independent Director of the company. He has over 18 years of experience in marketing. Prior to joining the company, he served as an executive director on the board of Tata Motors Ltd, and as a marketing director with BP India Pvt Ltd.

**Rajeswari Karthigeyan** is an Independent Director of the company. She has over 30 years of experience in the credit ratings sector. Prior to joining the company, she served as an associate director of CRISIL Ratings Ltd.

**Atul Behari Lall** is an Independent Director of the company. He has more than 29 years of experience in the electronics manufacturing services industry. He is currently a managing director on the board of Dixon Technologies (India) Ltd.

**Pankaj Kumar Goyal** is the Chief Financial Officer of the company. He has been associated with the company since April 1, 2013. He has over 10 years of experience in the finance sector.

**Bindu Garg** is the Company Secretary and Compliance Officer of the company. She has been associated with the company since November 2, 2021. She has over 18 years of experience in the finance and secretarial sector.

## OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
• Purchase of equipment, plant, and machinery;	171.13*
• Prepayment of all or a portion of certain outstanding borrowings availed by the company	152.76
• General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

\* This does not include certain portions of the cost, amounting to ₹2.66 crore which will be borne by the company through internal accruals.

## OFFER DETAILS

Fresh Issue	No. of Shares	WACA per Equity Share (₹)
Fresh Issue (₹ 400 Cr)	Upto 4,950,495 <sup>~</sup> - 4,705,882 <sup>^</sup> Equity Shares	-
<b>The Offer for Sale by:</b>	<b>Upto 7,159,920 Equity Shares</b>	
<b>The Promoter Selling Shareholders:</b>		
Paritosh Kumar Garg HUF	Upto 4,922,445 Equity Shares	2.02
<b>The Investor Selling Shareholders:</b>		
India Business Excellence Fund-III	Upto 2,237,475 Equity Shares	189.95

(<sup>~</sup> at lower price band and <sup>^</sup> upper price band; ) WACA = Weighted Average Cost of Acquisition

## SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue and Offer for Sale Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	78,970,000	88.24%	4,922,445	74,047,555	78.60%
<b>Total for Promoter and Promoter Group</b>	<b>78,970,000</b>	<b>88.24%</b>	<b>4,922,445</b>	<b>74,047,555</b>	<b>78.60%</b>
Public – Investor Selling Shareholders	10,529,000	11.76%	2,237,475	8,291,525	8.80%
Public – Other	0	0.00%	4,705,882	11,865,802	12.60%
<b>Total for Public Shareholders</b>	<b>10,529,000</b>	<b>11.76%</b>	<b>6,943,357</b>	<b>20,157,327</b>	<b>21.40%</b>
<b>Total Equity Share Capital</b>	<b>89,499,000</b>	<b>100.00%</b>	<b>11,865,802</b>	<b>94,204,882</b>	<b>100.00%</b>

(<sup>^</sup> at upper price band)

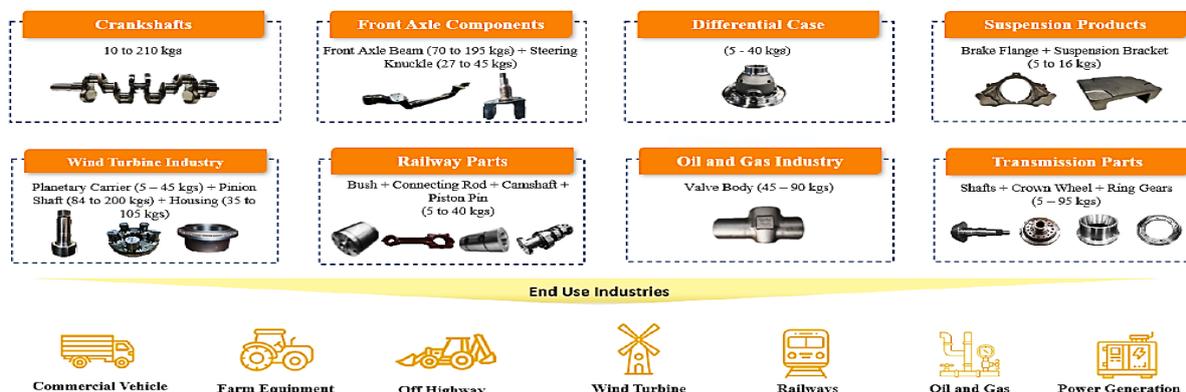
## BUSINESS OVERVIEW

Happy Forgings Limited (“HFL”) is the 4<sup>th</sup> 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, through their vertically integrated operations, are engaged in engineering, process design, testing, manufacturing, and supply of a variety of components that are both margin accretive and value-additive. They primarily cater to domestic and global original equipment manufacturers (“OEMs”) manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, they 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.

With over 40 years of experience of manufacturing and supplying quality and complex components according to customers specifications, HFL has emerged as a leading player in the domestic crankshaft manufacturing industry with the 2<sup>nd</sup> largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India. Their revenue from sale of machined products has increased from ₹399.20 crore in Fiscal 2021 (representing 72.88% of their revenue from sale of products in such Fiscal) to ₹839.23 crore in Fiscal 2023 (representing 78.66% of the revenue from sale of products in such Fiscal), at a CAGR of 44.99% which demonstrates their increased focus on machined products.

Company’s strength in machining and overall value addition to products has enabled them to achieve the highest EBITDA margin among the peers in the last 2 Fiscals (i.e., Fiscal 2022 and 2023). They recorded an increase in their revenue from operations by 104.55% from ₹584.96 crore in Fiscal 2021 to ₹1,196.53 crore in Fiscal 2023 and EBITDA in Fiscal 2023, 2022, 2021 and the 6 months ended September 30, 2022 and 2023, was ₹340.94 crore, ₹230.89 crore ₹158.75 crore, ₹181.86 crore and ₹195.21 crore respectively, and the EBITDA margin was 28.49%, 26.85%, 27.14%, 30.32% and 29.01%, respectively.

HFL manufactures 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.



HFL is among the few companies in India with the capability to manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.

The revenue from sale of products to automotive and non-automotive sectors for the years/ periods indicated:

Sector	6 months ended Sep' 30, 2023 (Standalone)		6 months ended Sep' 30, 2022 (Consolidated)		CAGR (Fiscal 2021 to Fiscal 2023)	Financial Year 2023 (Consolidated)		Financial Year 2022 (Consolidated)		Financial Year 2021 (Standalone)	
	₹ in Cr	% of Revenue from Sale of Products	₹ in Cr	% of Revenue from Sale of Products		₹ in Cr	% of Revenue from Sale of Products	₹ in Cr	% of Revenue from Sale of Products	₹ in Cr	% of Revenue from Sale of Products
Automotive Sector	246.81	40.38%	220.13	41.74%	50.57%	465.68	43.65%	335.56	42.72%	205.41	37.50%
Non-Automotive Sector	364.35	59.62%	307.24	58.26%	32.53%	601.27	56.35%	450.01	57.28%	342.33	62.50%
<b>Revenue from the Sale of Products</b>	<b>611.16</b>	<b>100.00%</b>	<b>527.37</b>	<b>100.00%</b>	<b>39.57%</b>	<b>1,066.95</b>	<b>100.00%</b>	<b>785.57</b>	<b>100.00%</b>	<b>547.74</b>	<b>100.00%</b>

The critical application of company's products, along with their heavy weight, closed tolerance and stringent quality requirements of OEMs serve as entry barriers for new players to qualify as suppliers or in their ability to replace them in supplying precision products they manufacture. Further, **company's focus on the high HP engine segment insulates them from any potential electric vehicle ("EV") disruption as hydrogen, compressed natural gas ("CNG") and liquified natural gas ("LNG") combustion engine technologies are expected to become prominent alternate powertrain technologies in this segment and crankshaft as a product is compatible to such combustion engines with minimal or no alterations.**

## KEY CUSTOMERS

HFL is a supplier to each of the Top-5 Indian OEMs, by market share, in the medium and heavy commercial vehicle industry and 4 of the Top-5 Indian OEMs in the farm equipment industry by market share, in Fiscal 2023. Their long-standing relationships with their customers has positioned them as a trusted supplier for several Indian and global OEMs.

### Some of the Key Customers includes:

- AAM India Manufacturing Corporation Pvt Ltd;
- Ashok Leyland Ltd;
- Bonfiglioli Transmissions Pvt Ltd;
- Dana India,
- IBCC Industries (India) Pvt Ltd;
- International Tractors Ltd;
- JCB India Ltd;
- Liebherr CMCTec India Pvt Ltd;
- Mahindra & Mahindra Ltd;
- Meritor HVS AB,
- Meritor Heavy Vehicle Systems Cameri SPA,
- SML ISUZU Ltd;
- Swaraj Engines Ltd;
- Same Deutz Fahr India Pvt Ltd;
- Tata Cummins Pvt Ltd;
- Watson & Chalin India Pvt Ltd (Hendrickson India Commercial Vehicle Systems),
- Yanmar Engine Manufacturing India Pvt Ltd.

As of March 31, 2023, 2022, 2021 and as of September 30, 2023 and 2022, their customers who have been associated with HFL for more than 10 years which indicates the depth of their relationships with them.

The revenue from customers, segregated on the basis of the years of relationship with such customers:

Period of Customer Relationship	6 months ended September 30, 2023			6 months ended September 30, 2022			Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Standalone			Consolidated			Consolidated			Consolidated			Standalone		
	No. of Customers	Revenue from such Customers (₹ Cr)	% of Revenue from Sale of Products	No. of Customers	Revenue from such Customers (₹ Cr)	% of Revenue from Sale of Products	No. of Customers	Revenue from such Customers (₹ Cr)	% of Revenue from Sale of Products	No. of Customers	Revenue from such Customers (₹ Cr)	% of Revenue from Sale of Products	No. of Customers	Revenue from such Customers (₹ Cr)	% of Revenue from Sale of Products
More than 10 years	14	446.57	73%	14	437.99	83%	19	810.64	76%	17	623.53	79%	18	441.87	81%
More than 5 years but less than 10 years	4	46.99	8%	4	55.26	10%	8	191.57	18%	8	125.79	16%	6	69.12	13%
5 years and less	41	117.60	19%	35	34.12	6%	39	64.75	6%	32	36.25	5%	31	36.75	7%
<b>Total</b>	<b>59</b>	<b>611.16</b>	<b>100%</b>	<b>53</b>	<b>527.37</b>	<b>100%</b>	<b>66</b>	<b>1,066.95</b>	<b>100%</b>	<b>57</b>	<b>785.57</b>	<b>100%</b>	<b>55</b>	<b>547.74</b>	<b>100%</b>

As of September 30, 2023, HFL served customers across 9 countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom, and the United States of America. The total revenue from contract with customers:

Period of Customer Relationship	6 months ended September 30, 2023		6 months ended September 30, 2022		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Standalone		Consolidated		Consolidated		Consolidated		Standalone	
	Amount (₹ Cr)	% of Revenue from Contract with Customers Out-side India	Amount (₹ Cr)	% of Revenue from Contract with Customer Out-side India	Amount (₹ Cr)	% of Revenue from Contract with Customer Out-side India	Amount (₹ Cr)	% of Revenue from Contract with Customers Out-side India	Amount (₹ Cr)	% of Revenue from Contract with Customers Out-side India
Brazil	3.86	3.02%	7.89	12.57%	12.89	9.31%	5.92	6.82%	1.75	3.64%
Italy	20.88	16.33%	11.79	18.80%	26.25	18.97%	20.31	23.40%	10.35	21.52%
Spain	15.56	12.16%	11.45	18.26%	21.84	15.78%	11.33	13.05%	0.00	0.00%
Sweden	17.37	13.58%	17.66	28.16%	34.60	25.01%	22.43	25.83%	15.47	32.15%
Turkey	13.78	10.77%	11.73	18.72%	27.50	19.88%	25.96	29.90%	8.58	17.83%
Japan	-	-	0.00	0.00%	-	-	0.03	0.03%	0.23	0.49%
USA	3.09	2.41%	2.03	3.23%	8.63	6.23%	0.56	0.65%	11.72	24.37%
United Kingdom	53.30	41.69%	0.16	0.26%	6.65	4.81%	-	-	-	-
Germany	0.05	0.04%	-	-	-	-	0.27	0.32%	-	-
<b>Revenue from Contract with Customers Outside India</b>	<b>127.88</b>	<b>100.00%</b>	<b>62.71</b>	<b>100.00%</b>	<b>138.35</b>	<b>100.00%</b>	<b>86.81</b>	<b>100.00%</b>	<b>48.11</b>	<b>100.00%</b>

HFL has received numerous certificates and awards over the years, including the “Supplier Excellence Award” for delivery performance at the AAM India Supplier Event 2023, certificate of appreciation under the strategic theme “Business Excellence Process/ Digitalisation” in 2023 from Escorts Kubota Ltd, “Outstanding Contribution in Overall Performance Excellence” award in 2017 from VE Commercial Vehicles Ltd, a joint venture of the Volvo Group and Eicher Motors, “Overall Excellence in Cost Delivery and Quality” award at Partners Meet 2016 organised by Escorts Kubota Ltd, “Proactive Cost Competitiveness” award for the year 2015-16 at Supplier Summit 2016 organised by Ashok Leyland and the “Best Supplier (Forging)” from a gear manufacturer in 2015.

The company is dedicated to continuously investing in machinery and equipment to expand their forging and machining capacity to seize opportunities for growth in the market. As of March 31, 2023, they are only the 2<sup>nd</sup> company in India to have a 14,000-tonne forging press or higher forging press and are among the 4 companies in India that possess a 8,000 tonne forging press or higher forging press, allowing them to manufacture heavier and complex products with greater precision and accuracy, thereby better serving their customers. They are also among the few players in the Indian forging industry that have a forging capacity of about 107,000 MT as of March 31, 2023. In Fiscal 2023, 2022, 2021 and the 6 months ended September 30, 2023 and 2022, their additions to the cost of property, plant and equipment were ₹277.80 crore, ₹77.59 crore, ₹176.04 crore, ₹50.68 crore and ₹89.04 crore, respectively. Around 39.13% of their gross block (i.e., cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development), as of March 31, 2023, was a result of their capital expenditure made between Fiscal 2022 and Fiscal 2023.

Further, the installation of their new 14,000 tonne press enables them to forge heavier and safety critical parts up to 250 kilograms using the close die forging process, which expands their capabilities to cater to different industries. The upgrades they have undertaken to their manufacturing facilities, infrastructure, machines, equipment, and technology have enabled them to offer a diverse product, reduce operating costs, drive productivity and will enable them to capitalise on future growth.

Currently HFL owns and operate 3 manufacturing facilities, of which 2 are located at Kanganwal in Ludhiana, Punjab and 1 is located at Dugri in Ludhiana, Punjab. The annual aggregate installed capacity for forging and machining has increased from 67,000 MT and 29,500 MT, respectively, as of March 31, 2021 to 107,000 MT and 46,100 MT as of March 31, 2023 and further to 120,000 MT and 47,200 MT as of September 30, 2023, respectively.

The company focuses on reducing waste in manufacturing processes, weight optimisation through simulation trials, value engineering and cost optimisation in machining and automation and re-lay outing to increase production efficiency. They have automated certain processes in their manufacturing lines by using robots to reduce manpower costs and increase productivity. As of September 30, 2023, they had **10 robots** installed across all their manufacturing facilities. Their vertically integrated manufacturing facilities are equipped to undertake a variety of processes, including engineering, and designing, hammer and press forging, metallurgical testing, heat treatment, machining, and dimensional testing among others, enabling them to

manufacture a wide range of products weighing majorly between 3 kilograms to 250 kilograms. Company’s engineering capabilities that have evolved over last 40 years, enable them to offer quality, complex, high precision, and safety critical components, allowing them to cater to a wide array of industries and bespoke customer requirements.

HFL has established a track of consistent revenue growth and profitability. Their revenue from operations increased from ₹584.96 crore in Fiscal 2021 to ₹1196.53 crore in Fiscal 2023 at a CAGR of 43.02% while the restated profit for the year increased from ₹86.45 crore in Fiscal 2021 to ₹208.70 crore in Fiscal 2023 at a CAGR of 55.38%.

## REVENUE FROM OPERATIONS

(₹ in Cr)

Particulars	For the half year ended September 30, 2023	For the half year ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Standalone	Consolidated	Consolidated	Consolidated	Standalone
<b>Revenue from contract with customer</b>	<b>616.24</b>	<b>528.31</b>	<b>1,073.52</b>	<b>793.70</b>	<b>548.67</b>
Sale of finished goods	611.16	527.37	1,066.95	785.57	547.74
Sale of services	5.08	0.94	6.57	8.13	0.92
- Dye design and preparation charges	5.08	0.94	6.56	8.07	0.77
- Job work charges	-	0.00	0.01	0.06	0.15
<b>Other Operating revenue</b>	<b>56.67</b>	<b>71.50</b>	<b>123.01</b>	<b>66.34</b>	<b>36.29</b>
- Sale of manufacturing scrap	49.60	42.87	87.42	64.39	34.48
- Government Grants	7.06	28.63	35.59	1.95	1.68
- Others	-	-	-	0.01	0.14
<b>Total</b>	<b>672.90</b>	<b>599.80</b>	<b>1,196.53</b>	<b>860.05</b>	<b>584.96</b>

### The revenue from sale of products from forging and machining

Particulars	6 months ended September 30, 2023		6 months ended September 30, 2022		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Standalone		Consolidated		Consolidated		Consolidated		Standalone	
	Amount (₹ Cr)	% of Revenue from Sale	Amount (₹ Cr)	% of Revenue from Sale	Amount (₹ Cr)	% of Revenue from Sale	Amount (₹ Cr)	% of Revenue from Sale	Amount (₹ Cr)	% of Revenue from Sale
Revenue from Sale of Forged Products	96.73	15.83%	120.37	22.82%	227.72	21.34%	193.52	24.63%	148.54	27.12%
Revenue from Sale of Machined Products	514.43	84.17%	407.00	77.18%	839.23	78.66%	592.05	75.37%	399.20	72.88%
<b>Revenue from Sale of Products</b>	<b>611.16</b>	<b>100.00%</b>	<b>527.37</b>	<b>100.00%</b>	<b>1,066.95</b>	<b>100.00%</b>	<b>785.57</b>	<b>100.00%</b>	<b>547.74</b>	<b>100.00%</b>

## FEATURES OF COMPANY PRODUCTS



HFL manufactures and supply a wide range of heavy forged and high precision machined components with closed tolerances (as low as 0.0005 to 0.2 millimetre) that are critical for engine, transmission suspension, braking and chassis for the commercial vehicles in the automotive sector. They also manufacture and supply a wide range of precision components for non-

automotive sector, particularly for the manufacturers of farm equipment, off-highway vehicles and industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.

The products manufacture for various end-use industries in the automotive and non-automotive sectors:

End-Use Industry	Products Supplied
<b>Automotive</b>	
<b>Commercial Vehicles</b>	Brake Flange, Crankshaft, Crown Wheel, Differential Case, Front Axle Beam, Pinion Shaft, Ring Gear, Shafts, Steering Knuckle and Suspension Bracket
<b>Non-Automotive</b>	
<b>Farm equipment</b>	Crankshaft, Crown Wheel, Differential Case, Pinion Shaft, Ring Gear, Shafts and Suspension Bracket
<b>Off-highway</b>	Crankshaft, Crown Wheel, Differential Case, Housing, Planetary Carrier, Pinion Shaft, Shaft and Suspension Bracket
<b>Industrial*</b>	Bush, Camshaft, Connecting Rod, Crankshaft, Crown Wheel, Differential Case, Housing, Planetary Carrier, Pinion Shaft, Shafts, Suspension Bracket and Valve bodies

\*Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways, and wind turbine industries.

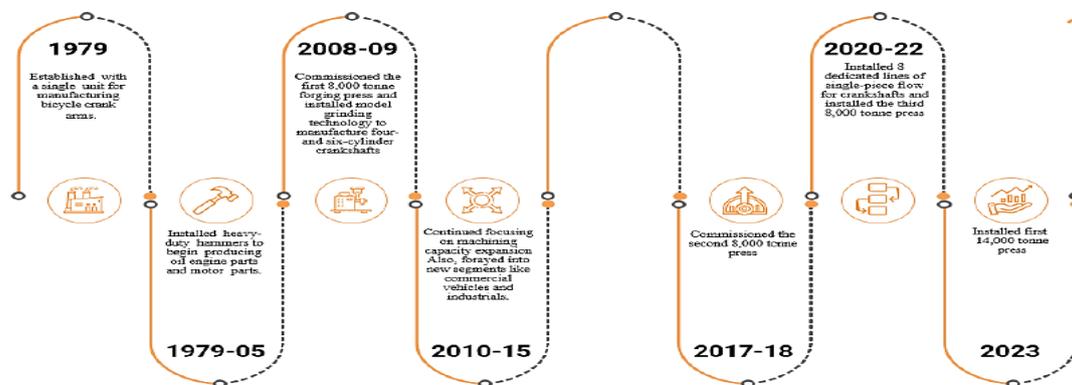
Details of some of their products that the company manufactures:

- Crankshaft:** The crankshaft is a critical part in an engine's assembly that is connected to the piston on one side and the flywheel on the other. A crankshaft converts reciprocating motion of the pistons into rotational motion for the flywheel, which is in turn connected to the axles to put the vehicle in motion. The company offers customization to meet the specific needs of their clients. They leverage their manufacturing capabilities and technology to deliver single cylinder to 6-cylinder crankshafts with a weight range of 10 Kgs to 210 Kgs for commercial vehicles, farm equipment, off-highway vehicles and power generation industries.
- Differential case:** A differential is a case of gears that sits between the axles in the front or rear of a vehicle. Differentials divide the power from the engine between the axles, allowing each wheel to be driven. Differentials allow the wheels to turn at different speeds, which is critical for safety and vehicle longevity. The company forges and machine differential cases with a weight range of 5 Kgs to 40 Kgs per piece and maintaining its wall thickness within specified parameters.
- Front Axle Beam:** The front axle beam is a crucial component of a vehicle's suspension system. It is responsible for supporting the weight of the front end of the vehicle and connecting the front wheels to the vehicle's frame. The front axle beam is typically made of steel and is drop-forged to give it the necessary strength to withstand the weight of the vehicle and the stresses of driving. HFL forges front axle beams with a weight range of 70 Kgs up to 195 Kgs.
- Steering Knuckle:** A steering knuckle is a part of the front suspension system in a vehicle that contains the wheel hub or spindle and attaches to the suspension and steering components. HFL forges steering knuckles with a weight range 27 Kgs to 45 Kgs.
- Planetary Carrier:** A planetary carrier is a part of an automatic transmission or other gear reduction system that helps control how power is transmitted from the engine to the wheels. It's like a hub with arms that hold smaller gears called planet gears. The planetary carrier helps to change the gear ratio, which affects how fast the wheels turn in relation to the engine's speed. Use cases for planetary carriers include automatic transmissions in cars, trucks, and other vehicles, gearbox for windmill, as well as gear reduction systems in industrial equipment, such as conveyor belts and cranes. HFL forges and machine planetary carrier with a weight range of 5 Kgs to 45 Kgs per piece.
- Pinion Shaft:** The pinion shaft is a component that connects to the wind turbine rotor and transmits the rotational energy to the gearbox, enabling optimal performance of the wind turbine. Company's pinion shafts are manufactured using processes such as spline cutting, ensuring precise and accurate design. They forge pinion shafts with a weight range of 84 Kgs to 200 Kgs per piece.
- Housing:** The housing is a protective casing that encloses and supports the internal components of the gearbox, safeguarding them against environmental factors and ensuring optimal performance. They use advanced machines to achieve accuracy through broaching and spline cutting processes. They forge housing products with a weight range of 35 Kgs to 105 Kgs per piece.
- Suspension Brackets and Brake Flanges:** HFL manufactures suspension products, including forged brake flanges and rear axle suspension brackets. Suspension brackets play a crucial role in maintaining stability, absorbing bumps and vibrations, and providing a smooth ride for the vehicle whereas brake flanges are responsible for providing a stable

and secure attachment for the braking components, allowing them to rotate smoothly and safely. HFL forges and machine suspension brackets with a weight range of 5 Kgs to 16 Kgs per piece.

- **Transmission Parts:** HFL manufactures a wide range of high-quality transmission components, including crown wheel, ring gears and shaft. They offer components suitable for both manual and automatic transmissions. They forge transmission products with a weight range of 5 Kgs to 95 Kgs per piece.
- **Valve Body:** A valve body is a critical component of a valve that controls the flow of fluid or gas through a pipeline. Company's valve body is designed to withstand the harsh conditions of the oil and gas industry, including high pressures, temperatures, and corrosive environments. They use stainless steel to forge their valve bodies, which ensures that they can withstand extreme environmental conditions. Use cases for their valve bodies include oil and gas pipelines, chemical processing plants, and other industrial applications where the control of fluid or gas flow is critical. HFL forges valve bodies with a weight range of 45 Kgs to 90 Kgs per piece.
- **Railway Parts: Bush, Camshaft, Connecting rod and Piston Pin:**
  - Bush: A type of bearing used to support a rotating shaft to absorb shock and reduce wear between moving parts. The purpose of a bush in railway engineering is to prevent metal-to-metal contact, reduce wear and tear, and ensure smooth and efficient operation of railway components.
  - Camshafts: It is a rotating shaft located inside the engine cylinder head. They control the opening and closing of the valves in an internal combustion engine.

## MANUFACTURING UNITS



### The production volume of the machined and forged products

Actual Production (in MT)

Products	6 months ended Sep'30, 2023	6 months ended Sep'30, 2022	Financial Year 2023	Financial Year 2022	Financial Year 2021
<b>Machined Products</b>					
Crankshaft	10,154.34	8,282.40	17,227.00	13,299.00	11,574.00
Others*	10,845.43	8,699.41	17,637.00	14,482.00	9,244.00
<b>Total</b>	<b>20,999.77</b>	<b>16,981.81</b>	<b>34,864.00</b>	<b>27,781.00</b>	<b>20,819.00</b>
<b>Forged Products<sup>^</sup></b>					
	<b>35,237.43</b>	<b>29,812.46</b>	<b>59,187.00</b>	<b>54,516.00</b>	<b>40,451.00</b>

\* Others include machining of products such as front axle beam, steering knuckle, differential case, brake flange, suspension bracket, planetary carrier, pinion shaft, housing, bush, connecting rod, camshaft, piston pin, valve body, shafts, crown wheel and ring gears.

<sup>^</sup> Forged products include forging of brake flange, bush, camshaft, crankshaft, connecting rod, crown wheel, differential case, housing, planetary carrier, pinion shaft, piston pin, ring gear, shafts, steering knuckle, suspension bracket and valve body. Also includes forging of products which underwent machining subsequently.

### The annual installed capacity, annual average available capacity, actual production, and capacity utilisation for Forging:

Facility	As of/ For the 6 months ended							
	September 30, 2023				September 30, 2022			
	Annual Installed Capacity (MT)	Average Available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)
Kanganwal-I	14,000	7,000	3,490.11	49.85%	14,000	7,000	5,624.19	80.34%
Kanganwal-II	53,000	26,500	19,809.23	74.75%	53,000	26,500	18,620.11	70.26%
Dugri	53,000	20,000	11,938.09	59.69%	14,000	7,000	5,568.16	79.54%
<b>Total</b>	<b>1,20,000</b>	<b>53,500</b>	<b>35,237.43</b>	<b>65.86%</b>	<b>81,000</b>	<b>40,500</b>	<b>29,812.46</b>	<b>73.61%</b>

Facility	As of/ For the year ended											
	March 31, 2023				March 31, 2022				March 31, 2021			
	Annual Installed Capacity (MT)	Average Available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)
Kanganwal-I	14,000	14,000	11,397	81.41%	14,000	14,000	10,284	73.46%	14,000	14,000	10,230	73.07%
Kanganwal-II	53,000	53,000	36,421	68.72%	53,000	53,000	34,049	64.24%	53,000	53,000	30,221	57.02%
Dugri	40,000	27,000	11,369	42.11%	14,000	14,000	10,183	72.74%	-	-	-	-
<b>Total</b>	<b>107,000</b>	<b>94,000</b>	<b>59,187</b>	<b>62.96%</b>	<b>81,000</b>	<b>81,000</b>	<b>54,516</b>	<b>67.30%</b>	<b>67,000</b>	<b>67,000</b>	<b>40,451</b>	<b>60.37%</b>

The annual installed capacity, annual average available capacity, actual production, and capacity utilisation for machining:

Facility	As of/ For the 6 months ended							
	September 30, 2023				September 30, 2022			
	Annual Installed Capacity (MT)	Average Available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)

#### Kanganwal Facility I

Crankshaft	16,000	8,000	6,644.18	83.05%	16,000	8,000	6,002.21	75.02%
Others	13,500	6,750	6,156.21	91.20%	13,500	6,750	5,081.18	75.27%
<b>Total</b>	<b>29,500</b>	<b>14,750</b>	<b>12,800.39</b>	<b>86.78%</b>	<b>29,500</b>	<b>14,750</b>	<b>11,083.39</b>	<b>75.14%</b>

#### Durga Facility

Crankshaft	6,000	4,000	3,510.16	87.75%	6,000	2,700	2,280.19	84.45%
Others	11,700	5,120	4,689.22	87.68%	8,600	4,000	3,618.23	90.45%
<b>Total</b>	<b>17,700</b>	<b>9,120</b>	<b>8,199.38</b>	<b>89.90%</b>	<b>14,600</b>	<b>6,700</b>	<b>5,898.42</b>	<b>88.03%</b>
<b>Total</b>	<b>47,200</b>	<b>23,870</b>	<b>20,999.77</b>	<b>87.97%</b>	<b>44,100</b>	<b>21,450</b>	<b>16,981.81</b>	<b>79.16%</b>

Facility	As of/ For the year ended											
	March 31, 2023				March 31, 2022				March 31, 2021			
	Annual Installed Capacity (MT)	Average Available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Annual Installed Capacity (MT)	Average available Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)
<b>Kanganwal Facility I</b>												
Crankshaft	16,000	16,000	12,485	78.03%	16,000	16,000	10,639	66.49%	16,000	16,000	11,574	72.34%
Others	13,500	13,500	10,302	76.31%	13,500	13,500	13,034	96.54%	13,500	13,500	9,244	68.48%
<b>Total</b>	<b>29,500</b>	<b>29,500</b>	<b>22,787</b>	<b>77.24%</b>	<b>29,500</b>	<b>29,500</b>	<b>23,673</b>	<b>80.25%</b>	<b>29,500</b>	<b>29,500</b>	<b>20,819</b>	<b>70.57%</b>
<b>Durga Facility</b>												
Crankshaft	6,000	5,800	4,742	81.76%	4,000	4,000	2,660	66.49%	-	-	-	-
Others	10,600	8,700	7,335	84.31%	2,000	2,000	1,448	72.41%	-	-	-	-
<b>Total</b>	<b>16,600</b>	<b>14,500</b>	<b>12,077</b>	<b>83.29%</b>	<b>6,000</b>	<b>6,000</b>	<b>4,108</b>	<b>68.46%</b>	-	-	-	-

## COMPETITIVE STRENGTHS

- **4<sup>th</sup> largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India**

With over 40 years of experience of manufacturing and supplying quality and complex components, HFL is well established within the industries and customers they cater to. In terms of forging capacity as of Fiscal 2023, they are the 4<sup>th</sup> largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined component in India. They are focused on developing heavier high precision critical and value added products for multiple end-use industries, which typically have extremely closed tolerance. As a result of increased focus on manufacturing machined products, in Fiscal 2023, the company recorded one of the highest revenue contributions from the sale of machined products in the overall product sales in comparison to peers.

- **Integrated manufacturing operations coupled with in-house product and process design capabilities resulting in a diverse product portfolio with increasing value addition**

The company expanded their capabilities to manufacture complex and safety critical parts, resulting in a diverse product portfolio of machined parts such as crankshaft, transmission parts, suspension products and other products for commercial vehicles, farm equipment, and off-highway vehicles. In addition, they also expanded their capabilities to manufacture and

supply components with applications in industries including oil and gas, power generation, railways and wind turbines. As of March 31, 2023, they are only the 2<sup>nd</sup> company in India to have a 14,000 tonne forging press or higher forging press and are among 4 companies in India that possess a 8,000 tonne forging press or higher forging press. In the last 3 Fiscals, they started manufacturing and supplying certain new products such as planetary carriers and pinion shafts for wind turbine gearboxes, crankshafts for gensets, valves for oil and gas industry, and front axles for electric buses. They have invested in computer-aided design (“CAD”) and computer aided manufacturing (“CAM”) packages which help them create 3D models of the dies and they also have simulation software which enables them to simulate and manufacture their dies with higher accuracy.

- ***Diversified business model, well placed to take advantage of potential alternative engine technologies***

Company’s business model is well diversified by end use industry and customer base. In automotive sector, they derive their revenues from OEMs of commercial vehicles. Within the non-automotive sector, they manufacture and supply a wide range of precision components to OEMs of farm equipment, off-highway vehicles, and industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.

- ***Long-standing relationships with customers across industries***

HFL has a diversified customer base and they have served 66 customers in Fiscal 2023 and 59 customers in the 6 months ended September 30, 2023. As of September 30, 2023, they served customers in over 9 countries. They have established long-standing relationships with several Indian and global customers across industries. They have long-standing relationships, on average, of more than 14 years with their Top-10 customers (in terms of revenue from sale of products in Fiscal 2023) as of March 31, 2023. They also extend their existing product offerings to the counterparts of their existing customers located in different geographical regions which helps them improve volumes of such products which in turn helps them better leverages.

- ***Track record of consistently building capabilities and infrastructure, with focus on capital efficiency***

Currently, the company operates 3 manufacturing facilities in Ludhiana. The strategic location of their manufacturing provides them with cost and logistical advantages. As of March 31, 2023, the annual aggregated installed capacity for forging and machining was 107,000.00 MT and 46,100.00 MT, respectively and the capacity utilisation was 62.96% and 79.24% in Fiscal 2023, respectively. Over the years they have invested in expanding and upgrading their manufacturing facilities which are equipped to undertake a variety of processes. The installation of their new 14,000 tonne press is a significant investment in their infrastructure, making them the only 2<sup>nd</sup> company in India to have such press or higher forging press.

- ***Experienced Promoters and senior management team***

The company promoter, Chairman and Managing director Paritosh Kumar founded the company in 1979 and continues to provide guidance and oversees overall performance of the company. The company benefits from the experience of their management team which has extensive knowledge in the precision components’ manufacturing industry, including operations, business development and customer relationships. Their relationships with the institutional investor **MO Alternates** through its fund **India Business Excellence Fund-III**, has supported them with capital allocation and strategic business advice.

- ***Track record of healthy financial performance***

The company has the highest EBITDA margin among peers in the last 2 Fiscals (i.e., Fiscal 2022 and 2023). They recorded the highest ROCE among peers in Fiscal 2023. They have utilized their resources prudently, and that their operational and financial performance will allow them to take advantage of the growth opportunities in the industry.

## **KEY BUSINESS STRATEGIES**

- ***Leverage in-house engineering and product development capabilities to grow product portfolio and tap growing business opportunities in the industrial markets***

The company has a track record of developing complex and precision-engineered components for both automotive and non-automotive sectors over several decades. With this experience, they can leverage their engineering and product development capabilities to manufacture forged and precision-machined components that have industrial applications and advance their position in the value chain, with a particular focus on industries.

In Fiscal 2023, they started supplying various components including crankshafts for power generation industries, planetary carriers and pinion shafts for wind turbines gearboxes and front axles for electric bus. Further, their customer base of the industrial market increased from 19 customers in Fiscal 2021 to 24 customers in Fiscal 2023. In Fiscal 2022 and 2023, some of the new customers who they served are **Tata Cummins Pvt Ltd, Bongfiglioli Transmissions Pvt Ltd, IBCC Industries (India) Pvt Ltd** and **Liebherr CMCTec India Pvt Ltd**.

- **Foray into lightweight forging and machining with introduction of aluminium components**

The use of lightweight materials is a growing trend in various industries. The automotive industry, in particular, is driving this trend due to the increasing demand for fuel-efficient vehicles. The aerospace and defence industries are also adopting lightweight materials to improve performance and reduce costs. HFL intends to diversify their product portfolio by entering into the market of lightweight forging and machined components. In particular, they aim to introduce aluminium forging and machined components to cater to the growing demand for lightweight materials in various industries such as automotive, aerospace, and defence.

- **Increase the wallet share and acquire new business by leveraging existing OEM relationships and adding new customers**

The company endeavours to deliver quality products and services to their existing customers to establish themselves as a trusted supplier and increase their wallet share by selling across multiple products. They recently started supplying 195 Kgs front axle beams to an Indian automotive manufacturing company for their electric buses.

- **Capitalise on increasing demand from international markets to grow exports**

India is poised to become a global hub for manufacturing, driven by a confluence of factors such as the China plus one strategy, the Ukraine-Russia crisis, high production costs in Europe, and the India's status as the lowest-cost producer in the world after China. HFL recognizes the immense opportunity presented by this rapidly evolving landscape and they are committed to leverage their engineering and machining strengths to tap into this opportunity. They aim to leverage the increasing demand from international markets to enhance their exports.

- **Expand capacity of existing manufacturing facilities**

The company proposes to purchase new machineries and equipment to build up additional capacity for their forging and machining operations from the Net Offer Proceeds. Some of these new machineries will allow them to provide contingent backup to existing customers who they serve with their 8,000 and 14,000 tonne presses. The installation of new machinery and equipment will enable them to increase their production capacity, scale their operations and onboard new customers.

- **Continue to reduce operating costs and improve operational efficiencies**

- *Line automation and robotics:* HFL has invested in line automation and robotics to replace human workers in performing repetitive tasks, leading to a reduction in labour costs and an increase in production efficiency.
- *Installation of solar panels:* HFL has installed solar panels in their manufacturing facilities to reduce their reliance on traditional sources of energy.
- *Reduction in lead-time in manufacturing processes:* HFL has implemented measures to reduce lead-time in their manufacturing processes,
- *Leveraging the sourcing networks:* HFL has leveraged their sourcing networks to control raw material costs through bulk purchases, leading to a reduction in material costs and an increase in production efficiency.
- *Improving inventory management:* HFL has improved their inventory management to optimize transportation costs and streamline raw materials procurement and product delivery.
- *Controlling consumption and wastages:* HFL has implemented effective supervision of manufacturing processes to control consumption and wastage, leading to a reduction in material costs and an increase in production efficiency.

- **Grow inorganically through strategic acquisitions and alliances**

In terms of strategic acquisitions, the company intends to explore and consider opportunities that can create synergies between the target companies and them and are in line with their growth strategy. In 2008, they purchased and relocated a crankshaft production line from an automotive manufacturer from Sweden through a trading firm to manufacture crankshafts for various applications. Similarly in 2022, they purchased and relocated machineries used to manufacture crankshaft from another automotive manufacturer from Germany through another trading firm.

## COMPETITION

HFL faces competition, both domestically and internationally, in relation to their products. Technology, price, design, quality, delivery, and engineering capabilities are the primary elements of competition in the forging and machining industry.

Category	Key Competitors
Forging and machining industry	<b>Bharat Forge, Sona BLW Precision Forgings, Uno Minda, CIE Automotive, Craftsman Automation, Ramkrishna Forgings, Sansera Engineering, MM Forgings, Endurance and Cummin India</b>
Sale of machined products	Bharat Forge, Craftsman Automation, RK Forging, Thyssenkrupp, American Axle & Manufacturing, Tianrun Crankshaft and Guilin FUDA



## COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2023)

Name of the Company	Consolidated / Standalone	Face Value	Closing price as at Dec'7, 2023 (BSE)	Revenue from Operations (₹ in Cr)	EPS		NAV	P/E	RoNW (%)
					Basic	Diluted			
Happy Forgings Ltd	Consolidated	2	-	1196.53	23.32	23.32	110.43	[ • ]	21.12%
Bharat Forge Ltd	Consolidated	2	1,164.85	12,910.26	11.35	11.35	144.02	102.63	7.88%
Craftsman Automation Ltd	Consolidated	5	5,163.75	3,182.60	117.56	117.56	651.68	43.92	18.04%
Ramkrishna Forgings Ltd	Consolidated	2	761.65	3,192.90	15.52	15.43	82.67	49.36	18.77%
Sona BLW Precision Forgings Ltd	Consolidated	10	577.50	2,655.01	6.76	6.75	39.12	85.56	17.26%

Source: RHP

### Comparison with listed industry peers

Metric	6 months ended September 30, 2023					6 months ended September 30, 2022				
	Happy Forgings	Bharat Forge	Craftsman Auto-mation	Ram-krishna Forgings	Sona BLW Preci-sion Forgings	Happy Forgings	Bharat Forge	Craftsman Auto-mation	Ram-krishna Forgings	Sona BLW Precision Forgings
Revenue from Operations (₹ Cr)	673	7,651	2,217	1,874	1,519	600	5,928	1,453	1,524	1,237
Growth in revenue from operations (%)	12%	29%	53%	23%	23%	NA	32%	44%	52%	15%
Gross Profit (₹ Cr)	378	401	1,045	886	848	329	3319	734	752	660
Gross Margin (%)	56%	52%	47%	47%	56%	55%	56%	50%	49%	53%
EBITDA (₹ Cr)	195	1218	452	398	414	182	854	337	325	299
EBITDA Margin (%)	29%	16%	20%	21%	27%	30%	14%	23%	21%	24%
Profit After Tax (₹ Cr)	119	429	185	161	236	116	302	119	119	168
Return on Equity ("RoE") (%)^	11%	6%	12%	10%	9%	13%	5%	10%	10%	8%
Return on Capital Employed ("RoCE") (%)^	12%	7%	11%	9%	12%	14%	4%	12%	9%	10%
Debt/Total Net Worth (in times)	0.23	1.01	0.86	0.99	0.12	0.29	0.94	0.59	1.17	0.08
Cash Conversion Cycle (days)	174	124	74	97	91	169	151	85	129	116
Gross Fixed Assets Turnover Ratio (in times)	0.74	Na	Na	Na	Na	0.90	Na	Na	Na	Na

Metric	For the Fiscal Year 2023					For the Fiscal Year 2022				
	Happy Forgings	Bharat Forge	Craftsman Auto-mation	Ram-krishna Forgings	Sona BLW Preci-sion Forgings	Happy Forgings	Bharat Forge	Craftsman Auto-mation	Ram-krishna Forgings	SonaBLW Precision Forgings
Revenue from Operations (₹ Cr)	1,197	12,910	3,183	3,193	2,655	860	10,461	2,217	2,320	2,110
Growth in revenue from operations (%)	39%	23%	44%	38%	26%	47%	65%	42%	80%	35%
Gross Profit (₹ Cr)	645	695	1,553	1,582	1,435	472	6,245	1,183	1,160	1,164
Gross Margin (%)	54%	54%	49%	50%	54%	55%	60%	53%	50%	55%
EBITDA (₹ Cr)	341	1,722	684	692	672	231	2,108	534	517	551
EBITDA Margin (%)	28%	13%	21%	22%	25%	27%	20%	24%	22%	26%
Profit After Tax (₹ Cr)	209	508	251	248	395	142	1,077	163	198	362
Return on Equity ("RoE") (%)^	21%	8%	17%	19%	17%	18%	16%	14%	18%	18%
Return on Capital Employed ("RoCE") (%)^	24%	8%	18%	19%	21%	19%	13%	18%	13%	22%
Debt/Total Net Worth (in times)	0.22	1.02	0.80	0.99	0.09	0.31	0.85	0.63	1.48	0.04
Cash Conversion Cycle (days)	167	137	80	120	105	187	134	82	131	118
Gross Fixed Assets Turnover Ratio (in times)	1.40	1.41	1.06	Na	2.38	1.47	1.37	0.91	1.10	2.76

^not annualized

#### AXIS CAPITAL LIMITED

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