

MIX OF FRESH ISSUE OF SHARES AND OFS

Happy Forgings Plans Up to ₹1,200-cr IPO

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Mumbai: Ludhiana-based auto ancillary company Happy Forgings is planning to enter the primary market with a Rs 1,000-1,200-crore public issue, a person with direct knowledge of the matter told ET. The IPO will be a mix of fresh issue of shares and sales by existing shareholders, and funds from the fresh issue will be used for debt repayment, expansion and developing new products, the person said.

The company is in talks with JM Financial Services and Motilal Oswal Investment Advisor for the IPO, the person said.

Happy Forgings, JM Financial Services, and Motilal Oswal Investment Advisor did not respond to ET's queries as of press time.

Established in 1979 by Paritosh Kumar Garg and Ashish Garg, Happy Forgings produces forged and machined transmission and engine components for the automotive sector. It reported a turnover of

Rs 860 crore for the financial year ended March 2022, a growth of 47% over the FY21 revenue of Rs 585 crore. Its net profit jumped 65% to Rs 142 crore in FY22.

The company had total debt of Rs 240 crores as of March 31, 2022, due to its ongoing capex programme and an increased blockage of funds in working capital requirements.

Motilal Oswal Private Equity Fund had invested about Rs 200 crore in Happy Forgings in October 2018, acquiring a stake of 11.76%.

Happy Forgings is now the largest supplier of forged and machined components to the automotive industry's commercial vehicles and tractor segments. Together, these two segments constitute 75% of its total revenues.

The company is in the midst of a capacity expansion programme with capex outlay of about Rs 450-500 crore, where the forging and machining capacities would increase to 1,00,000 TPA and 60,000 TPA levels, respectively, according to a rating rationale by ICRA.