KRChoksey | RESEARCH by DEVEN CHOKSEY

HAPPY FORGINGS LIMITED

IPO

Happy Forgings Ltd.

Issue Opens On	Issue Closes On	Price Band (INR)	Issue Size (INR Mn)	Rating
December 19, 2023	**December 21, 2023**	**808-850**	**9588--10086**	**SUBSCRIBE**

Happy Forgings Limited is a leading Indian forging and machining company, incorporated in July 1979. It specializes in designing and manufacturing heavy forgings and high-precision machined components offering a wide range of solutions in the heavy commercial vehicles, farm equipment, off-highway construction and industrial equipment and machinery for oil and gas, power generation, railways, and wind turbine industries. With over 40 years of experience in manufacturing and supplying quality and complex components, the Company is well established within the industries and customers its caters to. The Company 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 FY 2023.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	11.9
No. of shares under fresh issue (Mn)	4.7
Offer for sale (# shares) (Mn)	7.2
Offer for sale (INR Mn)	6086
Price band (INR)	808-850
Post issue MCAP (INR Mn)	76118-80074

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	Thursday, December 21, 2023
Finalization of Basis of Allotment with Stock Exchange	Friday, December 22, 2023
Initiation of Refunds	Tuesday, December 26, 2023
Credit of Equity Shares to Demat accounts	Tuesday, December 26, 2023
Commencement of Trading of Eq.shares on NSE	Wednesday, December 27, 2023

Source: IPO Prospectus

Objects of the Offer: The net proceeds will be utilized for the following purpose

1. Capacity Expansion
2. Pre Payment of all or portion borrowings
3. General corporate purpose

Issue	%
QIB	50%
NIB	15%
Retail	35%
Net Offer	100%

Source: IPO Prospectus

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	88.24%	78.60%
Others	11.76%	21.40%
Total	**100.0%**	**100.0%**

Source: IPO Prospectus

Particulars (In INR Mn)	FY21	FY22	FY23
Revenue	5,850	8,600	11,965
Adj EBITDA	1,587	2,309	3,409
PAT	864	1,423	2,087
PAT Margin	15%	17%	17%
Net Worth	6,452	7,876	9,883
RONW	13%	18%	21%

Source: IPO Prospectus, Restated Statement, consolidated numbers

RESEARCH ANALYST
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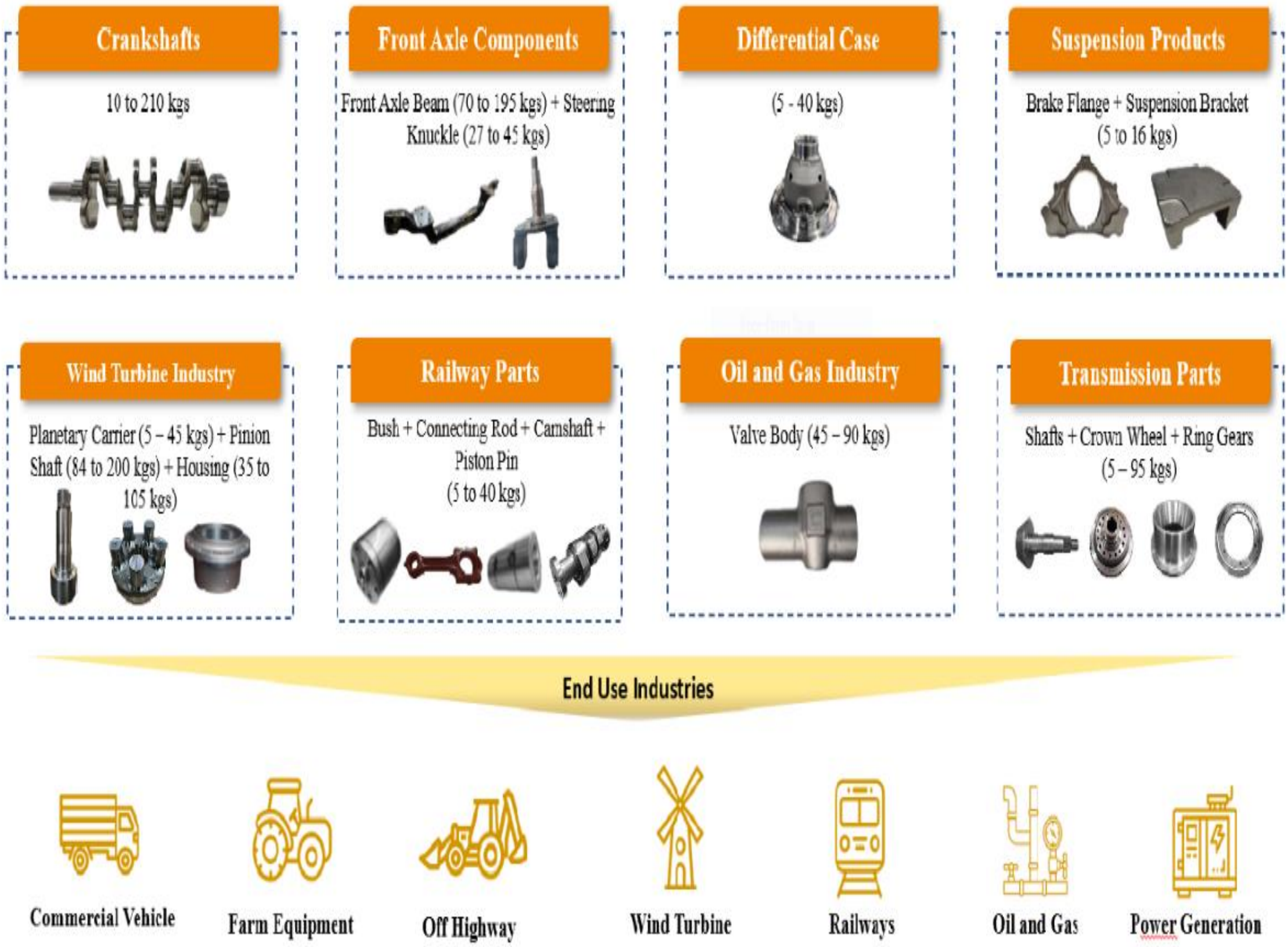
Happy Forgings Ltd.

Company Overview

Happy Forgings Limited (HFL) is fourth largest manufacturer of complex and safety critical heavy forged and high precision machined components in India as of FY23 in terms of forging capacity. The company is engaged in engineering, process design, testing, manufacturing and supply of a variety of components for domestic and international original equipment manufacturers ("OEMs"). The company manufactures parts and components for commercial vehicles in the automotive sector, while in the non automotive sector the company caters to manufacturers of farm equipment, off-highway vehicles, and manufacturers of equipment and machinery for oil & gas, power generation and railways. The company generated revenue of 10,669 for FY23, 7855 for FY22 and 5477 INR mns for FY21, generating a 3 year CAGR of ~40%.

Product Portfolio



Source: IPO Prospectus, KR Choksey Research

The company derives ~45% of its revenue from crankshafts, with balance 55% coming from front axle beam, steering knuckle, differential case, brake flange, suspension bracket, planetary carriers, pinion shaft, housing bush, connecting rods, camshaft, piston pin, valve body, shafts, crown wheels and ring gears.

Happy Forgings Ltd.

Company Overview

Manufacturing Facilities

The company has three manufacturing facilities all based out of Ludhiana, Punjab. The three facilities of the company are Kanganwal I , Kanganwal II & Dugri with installed forging capacity of 14000 MT, 53000 MT and 53,000 MT respectively totaling to 1,20,000 MT as on 30th Sep'23. The company has machining capacities of 29,500 MT and 16,600 at Kanganwal I & Dugri respectively totaling to 47,200 MTPA as on 30th Sep'23.

	As on 30th Sep'23 (MTPA)		Capacity Utilization %			
	Annual Installed Capacity	Average Available Capacity	H1FY24	FY23	FY22	FY21
Forging						
Kanganwal I	14000	7000	49.85%	81.41%	73.46%	73.07%
Kanganwal II	53000	26500	74.75%	68.72%	64.24%	57.02%
Dugri	53000	20000	59.69%	42.11%	72.74%	NA
Total	120000	53500	65.86%	62.96%	67.30%	60.37%
Machining						
Kanganwal I	29500	14750	86.78%	77.24%	80.25%	70.57%
Dugri	17700	9120	89.90%	83.29%	68.46%	NA
Total	47200	23870	87.97%	79.24%	78.25%	70.57%

Source: Company Information, KR Choksey Research

Customer Base

The company primarily supplies to OEMs of commercial vehicles and off-highway equipment manufacturers. The company has long-standing relationships with its top clients. The end-use industry for the customers of the company range from commercial vehicles, farm equipment, off-highway vehicles, oil & gas, power generation, railways and wind turbine industries. As on FY23 the company had serviced 66 customers with 8 new customers added during the year.

Happy Forgings Ltd.

Industry Overview

Dynamics of Crankshaft market

The crankshaft, essential for converting linear to rotational motion in combustion engines, is made from durable materials like alloy steel, with manufacturers and OEMs favoring lighter, forged designs for efficiency and reliability.

The Global and Domestic Growth Prospects in Crankshaft market

The global crankshaft market, a crucial component in the automotive industry, has witnessed significant growth and transformation in recent years. In 2014, the production of crankshafts stood at approximately 156.8 million units, valued at US$ 30.4 billion. From 2014 to 2018, this market growth was primarily driven by the escalating demand for automobiles in key countries such as the United States, India, and China. The market size expanded to US$ 34.1 billion in value and 162.4 million units by 2018.

On a global scale, post-2023 projections indicate a positive trajectory for the crankshaft market. This growth is anticipated to be driven by governmental emphasis on infrastructure expenditure, along with a recovery in consumer demand and business activities. Beyond 2023, the market is expected to benefit from heightened investments in powertrain technologies by major Original Equipment Manufacturers (OEMs) and a projected boom in the construction industry, particularly in Southeast Asian countries.

From 2014 to 2022, the crankshaft market experienced a moderate growth rate. However, projections from 2023 to 2029 indicate a more robust expansion, with the market expected to reach US$ 47.1 billion, growing at a Compound Annual Growth Rate (CAGR) of approximately 5.6%. This growth is anticipated to be driven largely by the automotive sector and farm tractors.

The Indian crankshaft market is set for substantial growth by 2029, showcasing significant development across various sectors. The automotive vertical is projected to reach 30.7 million units, while the farm equipment sector is expected to hit 1.5 million units, and the off-highway segment is anticipated to rise to 0.1 million units. This expansion equates to an overall volume Compound Annual Growth Rate (CAGR) of 6.4% from Fiscal 2024 to 2029. In terms of value, the market is poised to grow from US$ 4.92 billion in Fiscal 2023 to US$ 7.73 billion by Fiscal 2029, achieving a CAGR of 8.3%.

This domestic growth trajectory is largely driven by the rising demand in the Commercial Vehicle (CV) and off-highway segments, especially for medium and heavy forged crankshafts, a trend significantly influenced by the burgeoning investments in the construction sector.

The rising opportunity in Indian & Global Automotive Crankshaft Market

In India, the automotive crankshaft market experienced a Compound Annual Growth Rate (CAGR) of 3.4% from 2014 to 2023 in terms of value. By Fiscal Year 2023, the market was valued at US$ 3.88 billion. As of Fiscal 2023, Two-Wheelers (2W) held approximately 40% of the overall market share by value. This was followed by Passenger Vehicles (PV) with roughly 33%, and Commercial Vehicles (CV) with about 23%. Looking ahead from Fiscal Year 2024 to 2029, the automotive crankshaft market is projected to reach a value of US$ 6.14 billion, growing at a CAGR of 8.8%. This growth is anticipated to be propelled by a sharp increase in the passenger vehicle market, expected to grow at a CAGR of 8.8% during this period. The Two-Wheeler segment is forecasted to expand at a rate of 8.5%, while the Commercial Vehicle segment is projected to experience a growth rate of 8.1%.

The global automotive crankshaft market is poised for significant growth during the same period, although the rate of expansion is expected to be somewhat slower than that of the Indian market, with a Compound Annual Growth Rate (CAGR) of 5.6% from Fiscal Year 2024 to 2029. The global market's growth is projected to be led by a 5.7% CAGR in the passenger vehicle crankshaft market and a 5.5% rise in the commercial vehicle crankshaft market, in terms of value. The market value of passenger vehicle crankshafts globally is expected to climb from $13.5 billion to $18.1 billion by 2029, while the commercial vehicle crankshaft market is anticipated to reach a value of $10.2 billion by the end of the 2029 from $7.4 billion in 2023.

Happy Forgings Ltd.

Industry Overview

Dynamics of Front Axle Component

The front axle beam is a vital part of a vehicle's suspension system, designed to support the front end's weight and connect the front wheels to the frame. Made typically of steel, it is drop-forged for the necessary durability to bear the vehicle's weight and driving stresses. The front axle not only supports the vehicle's weight but also facilitates steering and absorbs shocks, distributing the front portion's load to the road through the wheels and housing the steering and suspension mechanisms to manage road surface irregularities.

The market for front axle beams and steering knuckles is closely linked to the automotive industry. In 2014, the market size reached 159.2 million units, with a value of US$ 37.8 billion. Between 2015 and 2017, the market experienced growth, increasing to 169.9 million units, driven by a rise in automotive production that included both Passenger Vehicles (PV) and Commercial Vehicles (CV). The market value is projected to grow from US$ 41.2 billion in 2023 to US$ 56.1 billion by 2029, with an expected Compound Annual Growth Rate (CAGR) of 5.3%. This growth is supported by a 5.7% CAGR in the US market and a 5.4% CAGR in the European market. However, the most rapid growth is anticipated in the Indian market, with an expected CAGR of 8.3% during the same timeframe.

Dynamics of Wind Turbine Gearbox Market

The gearbox of a wind turbine is a complex assembly composed of various integral parts. This includes planetary gears, carriers for these gears, pinion shafts, ring gears, and differential gears. These parts are constructed through a forging process to achieve the required strength and are then machined to achieve the precision necessary for efficient operation. Additionally, the housing for these gears is created through a casting process to obtain the precise dimensions needed for the gearbox assembly. After the machining process, these components are carefully assembled, resulting in a functional gearbox designed to meet the demanding requirements of wind turbine operation.

The global market for wind turbine gearboxes was valued at US$ 21.7 billion in 2022 and is projected to reach US$ 33.5 billion by 2029, growing at a Compound Annual Growth Rate (CAGR) of 7% during the forecast period of 2023-2029. This growth is largely driven by the expansion of the wind energy industry, which relies on gearboxes as crucial components within wind turbines to significantly increase the rotational speed of the rotor.

Dynamics of Machining Market

Machining is a broad term for a variety of processes that remove material from a workpiece to achieve a desired shape, using power-driven machine tools such as lathes, mills, and drills. Essential for creating precise and intricate parts, machining is critical in industries like automotive, aerospace, electronics, and medical, producing everything from engine components to structural elements. It's pivotal in manufacturing, with around 70% of automotive parts being machined.

Global production of machined products like Axle Beams, Steering Knuckles, and Crankshafts grew from $ 46.3 billion in 2014 to $53.2 billion in 2019, driven by automotive demand in the US, India, and China. Post-2023, growth is expected as investments in powertrain technologies and Southeast Asian construction spur exports from India, China, the US, and Europe. The global automotive machining is expected to grow at 5.2% CAGR from FY23 to FY29.

During the same period, the global automotive machining market is anticipated to grow from $39.2 billion in FY23 to $53.2 billion, with a significant portion of this incremental growth stemming from the passenger vehicle segment. Meanwhile, the Indian automotive machining market is projected to expand at an even faster pace, with a CAGR of 8.3%, increasing from $3.64 billion in FY23 to $5.76 billion by FY29, driven by robust growth in the two-wheeler, commercial vehicle, and passenger vehicle sectors. The global machining market is experiencing growth driven by industrial expansion, increased precision component demand, and technological innovation, particularly influenced by the burgeoning oil and gas sector in rapidly urbanizing countries like China and India.

Happy Forgings Ltd.

Key Strengths:

Happy Forgings has become a significant player in the Indian crankshaft market, specializing in the areas of farm equipment, industrial, construction, and CV. Happy Forgings' well-diversified business model is one of its core competences. It has evolved over time from a player in forging to a leading manufacturer of machined components in India.

- **Robust product lines:** The company has an integrated manufacturing process with in house product design capabilities. With initial experience gained into forged and machined components they forayed into manufacturing of complex and safety critical parts which has resulted into 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. It is the second company in India to have a 14,000 tonne forging press or higher forging press and are among four companies in India that possess a 8,000 tonne forging press or higher forging press. They are also one of the few companies in the Indian forging industry with a forging capacity of approximately 107,000 MT as of March 31, 2023.

- **Leveraging machining capabilities for export opportunities:** Among its competitors, Happy Forgings experienced one of the highest revenue contributions from machined product sales specifically machined components which accounted for 79% of the company's total product sales revenue. The company has an increased focus on export opportunities as 60% of the incremental sales are coming for the export business according to the management.

- **Continued focus on capacity expansion:** The company has a track record of strategically increasing capacity and commitment to capital efficiency which has led to the greatest ROCE amongst its peers. Additionally, the business has increased its capacity to produce and deliver components for businesses application including wind turbines, power plants, oil and gas, and railroads. Owing to its superior machining capabilities and ability to add value to their products overall, they have outperformed peers in terms of EBITDA margins in the last two fiscals 2022 and 2023. To increase margins and profit realizations, the company strives to assess new business and expand its line of value-added products.

- **Customer-Focused Solutions:** The company has a long-standing relationship with a diversified customer base across industries and countries. They have served 66 customers in FY 2023. Their vast product line and ongoing attempts to develop new products have enabled them to service a variety of clients and industries, which has improved their capacity to attract new clients. They are one of the few Indian businesses that produce and provide top OEMs with highly precise, safety-critical components.

Happy Forgings Ltd.

Key Risks

Steel Cost Volatility and Supply Risk : The company's dependency on steel as a primary raw material is substantial, with costs of steel accounting for 94.30% of raw material expenses in Fiscal 2023. This reliance exposes the company to risks associated with steel's price volatility and supply disruptions. The cost of raw materials and components consumed represents a significant portion of total expenses, amounting to 59.39% in Fiscal 2023. An increase in the price of steel not only impacts the company's results of operations and cash flows but also necessitates a higher working capital investment. The company's financial condition could be adversely affected by the timing gap between steel procurement and the ability to pass through these costs to customers. Moreover, a decrease in steel prices could lead suppliers to reduce market capacity, causing supply interruptions that could exacerbate the cost pressures and impact the business's overall sustainability.

Market Shift Risk in Crankshaft Sales: The company's financial stability is notably contingent upon the sales of crankshafts, which form a significant portion of its revenue - 45.29% in Fiscal 2023. The dependency on these sales is particularly pronounced given that crankshafts are not used in battery-electric vehicles (EVs). According to the Ricardo Report, the necessity for more power in heavy-duty vehicles, such as trucks and off-highway vehicles, implies a sustained demand for Internal Combustion Engines (ICEs) or alternative technologies that utilize crankshafts. However, a substantial shift in the commercial vehicle market towards EVs could shrink the crankshaft market and consequently, impair the company's financials and operational outcomes. Despite no material impact from EV penetration to date, future market trends could potentially lead to a decline in crankshaft sales. Additionally, challenges in transitioning manufacturing facilities for new product lines could disrupt production rates and efficiency, further impacting the company's business health. The inability to achieve market acceptance for newly introduced products poses an inherent risk, threatening the company's ongoing profitability and cash flow.

International Market Concentration Risk: The company's revenue from international in Fiscal 2023 is notably concentrated in a few key global markets, with Sweden, Turkey, and Italy contributing 25.01%, 19.88%, and 18.97%, respectively. This concentration signifies a heightened vulnerability to geopolitical and economic shifts within these regions. Any adverse changes in trade policies, such as increased import duties or renegotiated trade agreements, could disproportionately affect the company's revenue, which relies on these countries for a substantial 10.94% of its total revenue. Such market-specific dependencies underscore the risk that any regional instability, economic downturn, or competitive disadvantage arising from new trade deals could have a material adverse effect on the company's financial health and its ability to maintain and grow its international customer base.

Industry Performance Dependency Risk : The company's operations are significantly reliant on the commercial vehicle, farm equipment, and off-highway vehicle sectors, which collectively contribute to a notable share of its revenue, particularly in Fiscal 2023 where commercial vehicles accounted for 43.65%, farm equipment for 36.79%, and off-highway vehicles for 15.86% of revenue from product sales. This dependency underscores a vulnerability to sector-specific downturns and market fluctuations. Adverse conditions in these industries, such as regulatory changes, shifts in consumer demand, economic factors, or supply chain disruptions, could directly impact the company's financial health. Although the company has not observed a material adverse effect from industry performance fluctuations in the last three fiscal years and the six months ended September 30, 2023, there is no guarantee that a future decline in demand or adverse market changes, including those related to vehicle electrification or changes in government policies and economic conditions, will not negatively affect its business, operational results, and cash flows.

Dependence on Top Customers: The company's financial stability is significantly influenced by its top 10 customers, who contributed 70.08% of the company's total revenue in Fiscal 2023. This heavy reliance on a small group of key clients, including eight Indian and two international entities, such as Dana India, VE Commercial Vehicles Limited, various gear manufacturers, Ashok Leyland Limited, AAM India Manufacturing Corporation, Meritor HVS AB, JCB India Limited, and Mahindra & Mahindra Limited, is both a strength and a vulnerability. The company's long-standing relationships with these customers, ranging from 10 to 21 years, underscore the importance of these accounts. However, this dependency also poses significant risks, as fluctuations in sales due to changes in these customers' demands, manufacturing strategies, or growth plans could adversely impact the company. The company faces challenges like decreased demand, termination of contracts, changes in outsourcing strategies, competition, new product introductions, or price reduction demands from these key clients.

Happy Forgings Ltd.

Peer Analysis

Over the years, Happy Forgings Limited has developed a strong competitive edge by concentrating on margin-accretive value-added products. The contribution of machined products has risen from 72.88% in FY21 to 84.17% in H1FY24. This focus on machining and value addition has resulted in the company achieving the highest EBITDA margin among its peers. Additionally, Happy Forgings has maintained the highest PAT margin at 17% in FY23, along with the highest ROE at 21% and the highest ROCE at 24.12% compared to its peers. The company's operational efficiency, combined with a continuous emphasis on value-added products, provides a solid competitive advantage within its industry.

Particulars	Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited
Revenue -FY23 (INR Million)	11965	129103	31826	31929
EBITDA -FY23 (INR Million)	3409	17217	6836	6923
EBITDA Margin%	28%	13%	21%	22%
PAT -FY23 (INR Million)	2087	5084	2510	2481
PAT Margin (%)	17%	4%	8%	8%
Return on Equity (%)	21%	8%	17%	19%
Return on Capital Employed (%)	24%	8%	18%	19%
Cash Conversion Cycle (days)	167	137	80	120
Total Capacity (MTPA)-FY23	153100	750126	55000	187100
No of Shares in Million	94.2	465.6	21.1	160.8
Net Profit attributable to Owners-FY23 (INR Million)	2007	5284	2491	2472
EPS-FY23	21.30	11.35	117.89	15.37
CMP	850	1197	5327	760
P/E	39.9	105.5	45.2	49.5
EV (INR Million)	82256	619907	124419	150381
EV/EBITDA	24.1	36.0	18.2	21.7

Source: IPO Prospectus, KRChoksey Research.

-P/E and EV/EBITDA have been calculated as on the financials of March'2023.

-CMP has been taken as on 15th Dec'2023.

-CMP of Happy Forgings has been considered as INR 850/share i.e. upper threshold of the price band.

Outlook and Valuation

Happy Forgings' IPO is sized at INR 9,588-10,086 million, with a price band of INR 808-850 per share. The INR 4000 million fresh issue will be used to purchase plant and machinery, aiding future capital expenditures as the company targets capacity expansion. Additionally, there are plans to prepay all or a portion of certain outstanding borrowings availed by the company. **Excluding Happy Forgings, industry peers have a highest P/E ratio of 105.5x based on FY23 EPS and a lowest of 45.2x, with an average of 66.7x. At the upper price band of INR 850 per share, Happy Forgings is valued at 39.9x based on FY23 adjusted EPS.** The company's foray into lightweight forging and machining, with the introduction of aluminum components, and an increased focus on export opportunities set against the backdrop of continued efforts to reduce operating costs and improve operational efficiencies, are likely to keep the company on its growth trajectory. **Therefore, we recommend a 'SUBSCRIBE' rating for Happy Forgings Limited.**

Happy Forgings Ltd.

Financials:

Consolidated Profit & Loss Statement

Particulars	2021	2022	2023
Revenue from operations	**5,850**	**8,600**	**11,965**
Expenses			
Cost of raw materials consumed	2,573	4,358	5,477
Change in inventories	-57	-475	33
Employee benefits expense	490	687	878
Other expenses	1,256	1,721	2,168
Total expenses	**4,262**	**6,292**	**8,556**
EBITDA	**1,587**	**2,309**	**3,409**
Depreciation and amortisation	358	377	542
EBIT	**1,230**	**1,931**	**2,868**
Finance costs	118	72	125
Other income	59	61	57
Profit before Tax and share of associates	**1,171**	**1,920**	**2,800**
Share of JV		0.05	0.05
Profit before Tax	**1,171**	**1,921**	**2,800**
Current tax	316	469	685
Adjustments	0	2	-1
Deferred tax charge/(credit)	-10	27	29
Total Tax	**306**	**498**	**713**
PAT	**864**	**1,423**	**2,087**
EPS	**9.7**	**15.9**	**23.3**

Source: IPO Prospectus, KR Choksey Research.

Consolidated Cash Flow Statement

Particulars	2021	2022	2023
Net Cash Generated From Operations	498.53	802.94	2,094.58
Net Cash Flow from/(used in) Investing Activities	-586.85	-1,656.80	-1,724.54
Net Cash Flow from Financing Activities	96.72	825.20	-370.10
Net Inc/Dec in cash equivalents	8.40	-28.66	-0.06
Opening Balance	20.46	28.86	0.20
Closing Balance Cash and Cash Equivalents	28.86	0.20	0.13

Source: IPO Prospectus, KR Choksey Research

Happy Forgings Ltd.

Financials:

Consolidated Balance Sheet

Particulars	2021	2022	2023
Assets			
Non-current assets			
Property, plant and equipment	4,145	4,546	6,770
Capital work-in-progress	394	2,123	748
Intangible assets	1	16	15
Intangible assets under development	10		
Investment in Joint Venture		4	
Financial assets			
Other financial assets	72	75	315
Non-current tax assets (net)	2	2	
Other non-current asset	766	278	515
Total Non current assets	**5,390**	**7,043**	**8,362**
Current assets			
Inventories	1,216	1,840	1,696
Financial assets:			
Trade receivables	1,658	2,220	3,081
Cash and cash equivalents	29	0	0
Bank balance	249	14	3
Loans	1	2	3
Other financial assets	22	31	7
Current tax assets	-	-	2
Other current assets	194	142	102
Assets held for sale	6	6	6
Total current assets	3,374	4,256	4,900
TOTAL ASSETS	**8,764**	**11,299**	**13,262**
EQUITY AND LIABILITIES			
Equity share capital	90	179	179
Other equity	6,362	7,697	9,704
Total equity	**6,452**	**7,876**	**9,883**
Non-current liabilities			
Financial liabilities:			
Borrowings	300	740	582
Deferred tax liabilities (net)	202	229	230
Total non-current liabilities	**502**	**970**	**812**
Current liabilities			
Borrowings	1,235	1,663	1,603
Financial liabilities			
Trade payable			
Total outstanding dues of micro enterprises and small enterprises	64	53	61
Total outstanding dues of micro enterprises and small enterprises	315	389	417
Other financial liabilities	73	205	260
Other current liabilities	85	55	78
Provisions	19	27	38
Liabilities for current tax	19	61	110
Total current liabilities	1,811	2,453	2,566
Total liabilities	2,312	3,422	3,379
Total equity and liabilities	**8,764**	**11,299**	**13,262**

Source: IPO Prospectus, KR Choksey Research.

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Happy Forgings Ltd.

ANALYST CERTIFICATION:

•I, Unnati Jadhav (MMS, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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