



IPO Details	
Opening Date	Nov 29, 2023
Closing Date	Dec 01, 2023
Stock Exchange	BSE SME
Lot Size	1000 Shares
Issue Price	₹121 to ₹126 per share
Issue Size	Aggregating up to 34.80 Cr.
Fresh Issue	Aggregating up to 34.80 Cr.
Offer for Sale	-
Application Amount	₹ 1,26,000

IPO Objective	
Setting up of Manufacturing Facility.	
Funding the working capital requirements.	
General Corporate Expenses.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	60,56,010	78.38%
Public	16,70,400	21.62%

Promoter of the Company	
1	Girdhari Lal Chamaria
2	Anshul Chamaria
3	Manju Chamaria
4	Rashmi Chamaria

Competitive Strengths	
1	Experienced management & work force.
2	Integrated manufacturing facility.
3	Long standing relation with customers.
4	Quality Assurance and Control.

Company Background	
○	AMIC Forging Limited was originally Incorporated in the year 2007 and has its registered office in Kolkata, West Bengal, India.
○	The company is engaged in manufacturing of forged components catering to various industries.
○	The company manufactures precision machined components as per customer specifications and International Standards catering to the requirements of various industries.
○	The company has state-of-the-art forging facilities and machining capabilities to cater to the requirements of its domestic and international customers.
○	As of June 30, 2023, the company had 80 employees on its payroll. Out of which 56 are permanent employees and 24 are temporary labourers.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 97	₹ 132

Financial Summary (In Lacs)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23
Total Assets	1,622.08	3,163.87	6,107.99	6,367.84
Net Assets	680.69	767.28	1,983.75	2,338.43
Total Borrowings	436.50	1,071.32	385.17	287.38
Total Revenue	2,643.37	7,138.83	11,683.01	2,979.32
Profit After Tax	56.27	86.60	980.02	359.95

Tentative Timeline	
Opening Date	Nov 29, 2023
Closing Date	Dec 01, 2023
Basis of Allotment	Dec 06, 2023
Initiation of Refunds	Dec 07, 2023
Credit of Shares to Demat	Dec 08, 2023
Listing Date	Dec 11, 2023



Company Background and Analysis

The Company was originally incorporated on June 19, 2007. The company is primarily engaged in manufacturing of forged components catering to various industries. It manufactures precision machined components as per customer specifications and International Standard catering to the requirements of various industry such as Heavy Engineering, Steel Industry, Oil & Gas, Petrochemicals, Chemicals, Refineries, Thermal Power, Nuclear Power, Hydro Power, Cement Industry, Sugar and other related industries. The products are mainly manufactured in carbon steel, alloy steel, stainless steel, Nickel and Tools Alloys. As of June 30, 2023. The company has its registered office with a manufacturing facility at West Bengal, India.

The company's product portfolio is as follows –

1. Main Shaft for Wind Energy
2. Drum Tube Sheet
3. Casting Mold
4. Forged Shell
5. Tube Sheet
6. Channel Cover
7. Trunnion for Nuclear Power Plant
8. Forged Neck
9. Wheel
10. Nozzle for Oil & Gas

The Company's raw materials is as follows –

The raw material used in manufacturing of forged components are iron ore, coking coal, natural gas, etc. The company also has a manufacturing facility that has a forging unit with a 6 M/ton capacity Electro Hydraulic Hammer along with 1 M/ton capacity Pneumatic Hammer.

Bifurcation of Revenue from Operations for the Financial Year ended 2021, 2022, 2023, and the Period ended June 2023 are as follows –

(Amt. in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Jun-23	
	Amt	%	Amt	(%)	Amt	(%)	Amt	(%)
Revenue from Operations								
Domestic Sale of Forged Products	2,437.99	92.32	7,053.90	99.18	11,570.20	99.87	2,947.44	99.76
Forging charges	202.89	7.68	58.07	0.82	15.21	0.13	7.12	0.24
Total	2,640.88	100.00	7,111.97	100.00	11,585.41	100.00	2,954.56	100.00

To conclude, the company was incorporated in the year 2007. The company proposes to utilize this revenue towards setting up new manufacturing facility, Funding Working Capital Requirements of the Company, and for General corporate purposes.



Business Strategies

1. Focus on Increase in Volume of Sales-

The company believes that its growth in domestic and international market can fetch them new business expansion and opportunities. As a part of the company's growth strategy, it focuses on increasing sales volume through expansion, diversification and spread in geographical outreach.

2. Continue to strive for cost efficiency-

Company's present customer base comprises of Indian companies who are operating in plastic industry. Further it intends to grow its business continuously by adding new customers. Since the opportunities for growth in plastic industries has increased overtime, the company aims to tap these markets for further marketing & supply.

3. Focus on consistently meeting quality standards-

The company believes that high value added and technology driven components will provide them with early-mover advantages and higher profit margins, thus getting the opportunity to consolidate their position with its customers. The company strategizes to upgrade its product portfolio to meet every changing dynamic, to further improve the quality of its products and introducing technology-oriented products and to add new products to its portfolio.

4. Increase Brand awareness-

The company intends to enhance the brand recognition of its services through its presence in major cities. It also intends to focus on use of targeted marketing initiatives such as digital and print advertisements, as well as marketing through traditional channels such as outdoor advertising which would contribute to increase brand awareness, acquire new customers, drive customer traffic across its retail channels and strengthen their brand recall value.

5. Strategic Acquisition and Alliance Opportunities-

The company intends to explore and evaluate strategic acquisition and technology alliance opportunities to gain access to new clients and sectors, add new technology capabilities to its offerings that drive synergies with its existing business venture.



Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The company operates in a highly competitive sector, coupled with a large number of domestic and international players. The company has low entry barriers. The company does not face any significant threat from the competition. The bargaining power with the suppliers is low in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	AMIC Forging Limited	Maiden Forgings Limited	Ramkrishna Forgings Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	8%	5%	8%
EBITDA Margin	12%	10%	22%
Return on Capital Employed	53%	14%	13%
Return on Equity	49%	25%	19%
EPS (INR)	127.58	9.22	4.39

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	AMIC Forging Limited	Maiden Forgings Limited	Ramkrishna Forgings Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1%	1%	9%
EBITDA Margin	3%	6%	22%
Return on Capital Employed	9%	8%	10%
Return on Equity	11%	6%	18%
EPS (INR)	12.18	4.20	21.10

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	AMIC Forging Limited	Maiden Forgings Limited	Ramkrishna Forgings Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	2%	1%	2%
EBITDA Margin	6%	7%	17%
Return on Capital Employed	10%	9%	4%
Return on Equity	8%	7%	2%
EPS (INR)	9.10	3.24	0.20

Based on the above analysis, the company has performed better in terms of Profitability margins when compared to its peer companies for FY 2023. The company has performed good when compared to its peer companies in terms of RoCE, ROE, and EPS for the Financial Year 2023.

Industry Overview

Exhibit 1: Installed capacity in Forging Industry.

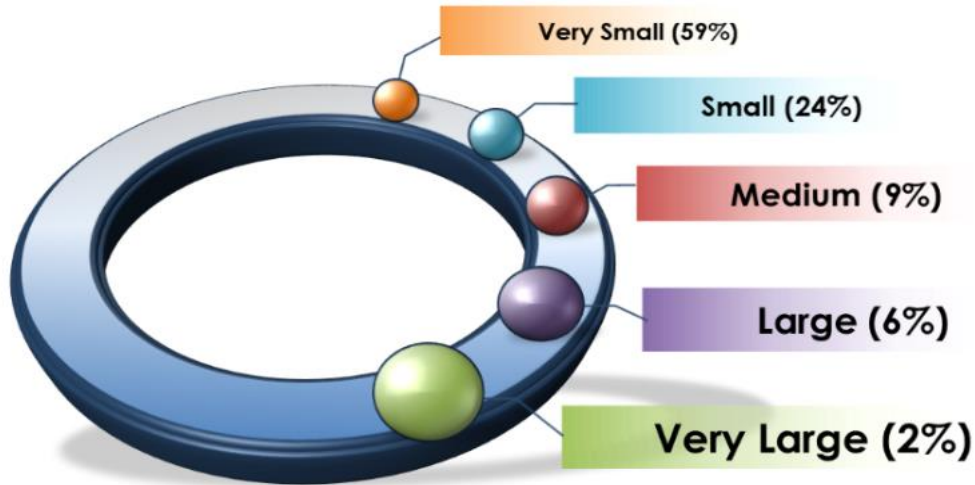
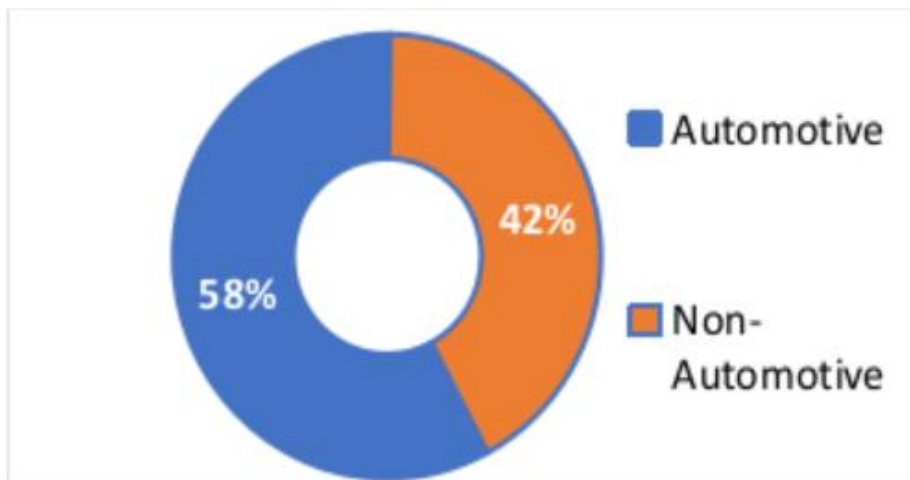


Exhibit 2: Total Forging production in Automotive sector.



(Source: ibef.org)



Indian Forging Industry-

Metal forging is a process of forming and shaping metal by compressive force. It is commenced at room temperature or at an elevated temperature, known as cold forging or hot forging respectively. Forged metal has a properly aligned grain structure, making the resultant metal component stronger, less brittle, and more durable. Such properties of the forged metal make it suitable for demanding and critical applications in industries such as automotive, aerospace, railways, marine, industrial machinery, and others.

The forging of metal has been a standard practice for metal forming and shaping for centuries. It is a suitable method for producing components that are to be used in challenging applications having high pressure, force, and temperature. The market for metal forgings is driven by a rise in the automotive industry, and a rise in energy sectors such as oil & gas refineries, and thermal power plants.

The technological advancements in the metal forging industry are expected to provide lucrative growth opportunities for players that operate in the metal forging market. Various companies involved in metal forging have adopted latest technologies coming under the umbrella term of 'Industry 4.0 technology'.

The metal forging market is divided into carbon steel, aluminium, stainless steel, and others. In 2022, the carbon steel segment dominated the metal forging market, in terms of revenue, and the stainless-steel segment is expected to grow with a higher CAGR during the forecast period. Carbon steel is widely used for making parts and components of machinery owing to its high strength and durability. In addition, with the hot forging method, shaping and forming carbon steel is easier. Industries such as automotive, railways, and industrial machinery manufacturers extensively utilize this metal in their products. Owing to such factors, the carbon steel segment accounted for a higher market share in 2022. Moreover, stainless steel has greater appearance, resistance to corrosion, and high strength, making it favourable material in the construction sector, automotive industry, machinery manufacturing, and others.

Indian Manufacturing Industry-

Manufacturing is emerging as an integral pillar in the country's economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Indian manufacturing industry generated 16-17% of India's GDP pre-pandemic and is projected to be one of the fastest growing sectors. The machine tool industry was literally the nuts and bolts of the manufacturing industry in India. Today, technology has stimulated innovation with digital transformation a key aspect in gaining an edge in this highly competitive market.

Exports: India has the capacity to export goods worth US\$ 1 trillion by 2030 and is on the road to becoming a major global manufacturing hub. With 17% of the nation's GDP and over 27.3 million workers, the manufacturing sector plays a significant role in the Indian economy. Through the implementation of different programmes and policies, the Indian government hopes to have 25% of the economy's output come from manufacturing by 2025. India now has the physical and digital infrastructure to raise the share of the manufacturing sector in the economy and make a realistic bid to be an important player in global supply chains.

(Source: prospectus)



Key Managerial Personnel

Girdhari Lal Chamaria, aged 68, is the Founder, Promoter and Managing Director of the Company. He holds a bachelor's degree in commerce from University of Calcutta. He has more than 45 years of experience. He primarily looks after the overall business operations of the Company. In a Company he is responsible for providing strategic advice and guidance to the members of the board, to keep them aware of developments within the industry and ensure that the appropriate policies are developed to meet the company's mission and objectives and to comply with all relevant statutory and other regulations.

Anshul Chamaria, aged 42, is one of the Promoters, Executive Director of the Company. He holds a bachelor's degree in commerce. He has been associated with company since almost a decade. His expertise has led the company grow. Currently, he is Director of the Company and operations head and oversees the execution of the company. His vast industry knowledge and experience has helped company to grow many folds.

Rashmi Chamaria, aged 43, is one of the Promoters, Non-Executive Director of the Company. She has a bachelor's degree in science from Jadavpur University. Her role in the company includes overseeing whether company's programmes are being executed in right direction as per its aim and objectives, recommending business policies to the board governing the company, establishing long-term business plans for supporting the vision and values of the company.

Pravin Poddar, aged 37 is an Independent Director of the company. He is a Chartered Accountant and has completed the examination of Chartered Accountancy from the Institute Chartered Accountant of India in the year 2011. He is guiding the Company with his Independent view and impartial opinion. He has experience in the area of keeping the company up to date with latest business trends, developing better business techniques and practices.

Parma Nand Gupta, aged 75 is an Independent Director of the company. He has completed his Postgraduate Diploma in Business Management from Xavier Labour Relations Institute, Jamshedpur in the year 1984. He is guiding the Company with his Independent view and impartial opinion.

To conclude, the company has 4 Promoters, and 3 Promoters are included in the management, they have good experience in which company operates. The Remaining Directors of the company have good knowledge and experience in their respective fields which helps in the overall growth of the company.



Financial Snapshot

Profit and Loss Statement				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	2,640.88	7,111.97	11,585.41	2,954.57
Other Income	2.49	26.86	97.60	24.75
Total Income	2,643.37	7,138.83	11,683.01	2,979.32
Expenses				
Cost of Materials Consumed	2377.61	6772.94	9,993.38	2353.4
Changes in inventories	49.69	9.90	0.00	0.00
Employee benefits expense	12.64	50.46	103.77	30.39
Finance costs	30.54	63.31	79.08	13.16
Depreciation and Amortization expense	44.77	58.74	60.35	17.05
Other expenses	49.01	59.49	131.30	75.00
Total Expenses	2,564.26	7,014.84	10,367.88	2,489.00
Earnings Before Interest, Taxes, Depreciation & Amortization	151.93	219.18	1,356.96	495.78
EBITDA Margin	6%	3%	12%	17%
Profit/(Loss) before exceptional items and tax	79.11	123.99	1,315.13	490.32
Prior Period Items-Gratuity	1.19	-	-	-
Profit/(Loss) before tax	77.92	123.99	1,315.13	490.32
Tax Expense				
Current Tax	19.27	35.48	327.65	124.35
Prior Period Tax	1.04	-	-	-
Deferred tax	1.34	1.91	7.46	6.02
Total Tax Expense	21.65	37.39	335.11	130.37
Profit/(Loss) for the year	56.27	86.60	980.02	359.95
Net Profit Margin	2.13%	1.21%	8.39%	12.08%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	71.07	71.07	85.85	85.85
(b) Reserves and surplus	609.62	696.21	1,897.90	2,252.58
Total Equity	680.69	767.28	1,983.75	2,338.43
2. Non-current liabilities				
Long Term Borrowings	392.19	962.54	425.12	387.39
Deferred Tax Liabilities (Net)	10.43	12.34	19.80	25.81
Long-Term Provisions	1.79	6.36	12.46	14.82
Total Non-current liabilities	404.41	981.24	457.38	428.02
3. Current liabilities				
(a) Financial Liabilities				
(i) Short-term borrowings	44.31	108.78	(39.95)	(100.01)
(ii) Trade payables				
Due to Others	463.14	1,250.10	2,914.74	2,139.23
(b) Other Current Liabilities	29.45	55.98	789.64	1,562.01
(c) Short-term provisions	0.08	0.49	2.43	0.16
Total Current liabilities	536.98	1,415.35	3,666.86	3,601.39



Balance Sheet				(In Lacs)
Total Liabilities	941.39	2,396.59	4,124.24	4,029.41
Total Equity and Liabilities	1,622.08	3,163.87	6,107.99	6,367.84
ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment				
(i) Tangible Assets	407.14	530.99	781.68	1,005.34
(b) Financial Assets				
(i) Non-Current Investments	150.00	250.00	765.34	765.09
(c) Long-term loans and advances	-	903.09	1,434.05	1,098.09
(d) Other Non-Current Assets	33.07	34.45	37.90	40.66
Total Non-Current assets	590.21	1,718.53	3,018.97	2,909.18
2. Current assets				
(a) Inventories	103.12	21.40	646.21	320.58
(a) Trade receivables	901.04	1,387.46	2,174.39	2,315.95
(b) Cash and cash equivalents	15.63	18.48	9.99	5.60
(d) Short-term loans and advances	-	-	32.56	41.69
(e) Other Current Assets	12.08	18.00	225.87	774.84
Total Current assets	1,031.87	1,445.34	3,089.02	3,458.66
Total Assets	1,622.08	3,163.87	6,107.99	6,367.84

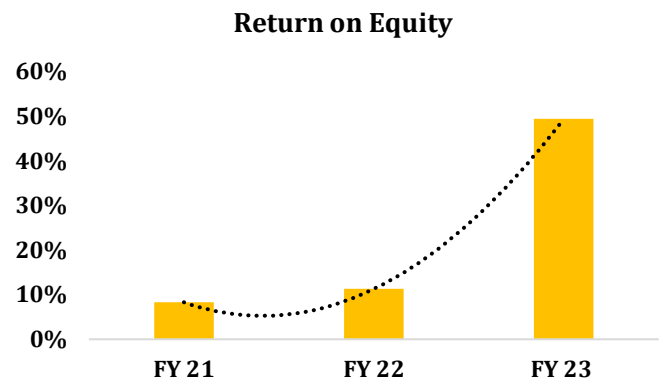
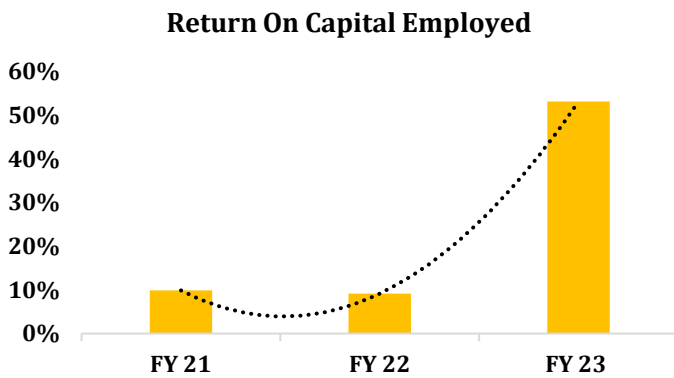
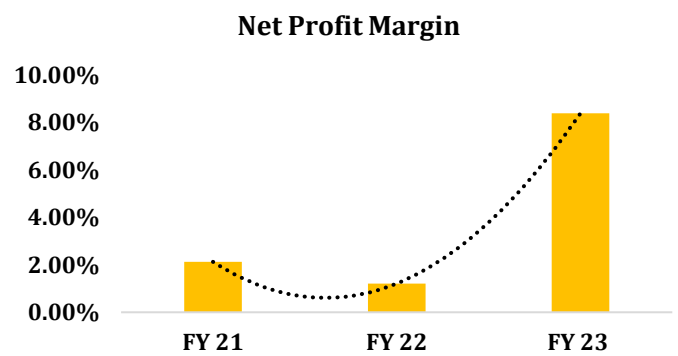
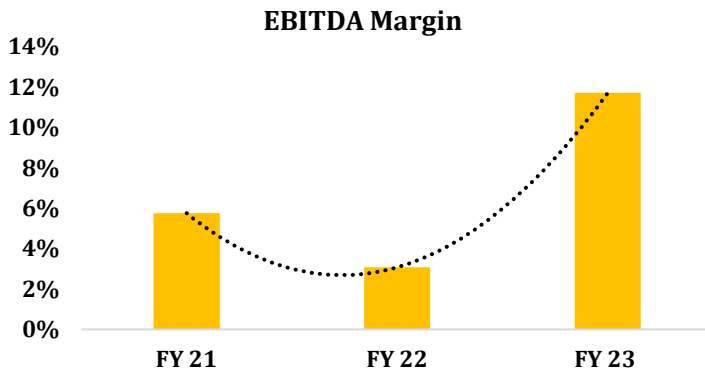
Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	-212.21	585.39	1,777.98	-9.85
Net Cash Flow from Investing Activities	-184.68	-1,158.87	-1,259.75	120.26
Net Cash Flow from Financing Activities	396.55	576.34	-526.73	-114.80

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
Per Share Data				
Diluted EPS	9.1	12.18	127.58	7.13
BV per share	6.49	7.32	18.91	59.23
Operating Ratios				
EBITDA Margins	5.75%	3.08%	11.71%	16.78%
PAT Margins	2.13%	1.21%	8.39%	12.08%
Inventory days	14.25	1.10	20.36	19.86
Debtor days	124.53	71.21	68.50	143.45
Creditor days	73.03	75.43	112.44	217.17
Return Ratios				
RoCE	10%	9%	53%	28%
RoE	8%	11%	49%	22%
Valuation Ratios (x)				
EV/EBITDA	7.25	8.30	1.74	3.45
Market Cap / Sales	5.00	1.86	1.14	1.12
P/E	13.85	10.34	0.99	9.03
Price to Book Value	19.41	17.22	6.66	2.01
Solvency Ratios				
Debt / Equity	0.64	1.40	0.19	0.12
Current Ratio	1.92	1.02	0.84	0.96
Quick Ratio	1.73	1.01	0.67	0.87
Asset Turnover	1.63	2.25	1.90	1.86
Interest Coverage Ratio	3.51	2.53	16.40	145.51



*Ratio sheet for Jun-23 is annualized.

Financial Charts



Key Risk Factors

1. The company has outstanding legal proceedings involving the Company, Promoters and Directors amounted to Rs. 3.87 lakhs. Any adverse decision in such proceeding may have a material adverse effect on the business, results of operations and financial condition.
2. The Company has a negative cash flow in its operating activities for the period ended on June 30, 2023 amounted to Rs. 9.85 Lakhs.
3. The company has contingent liabilities amounted to Rs. 0.69 lakhs.
4. The business largely depends upon its top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significantly adverse impact on the business.



Track Record of Lead Manager

The lead manager to the issue is Gretex Corporate Services Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times -

Gretex Corporate Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Kalyani Cast Tech Limited	30.11	139.00	November 17, 2023	354.00
2.	Transtel Seating Technologies Limited	49.98	70.00	November 06, 2023	98.00
3.	Shelter Pharma Limited	16.03	42.00	August 23, 2023	64.50
4.	Comrade Appliances Limited	12.30	54.00	June 13, 2023	140.00
5.	Innokaiz India Limited	21.17	78.00	May 11, 2023	108.00
6.	Retina Paints Limited	11.10	30.00	May 03, 2023	53.50
7.	Sudarshan Pharma Industries Limited	50.10	73.00	March 22, 2023	77.60
8.	ResGen Limited	28.20	47.00	March 13, 2023	71.00
9.	Reetech International Cargo Limited	11.71	105.00	October 10, 2022	42.00
10.	Steelman Telecom Limited	26.02	96.00	October 10, 2022	171.00

The company has had 18 mandates in the past three years including the current year.

*CMP for the above-mentioned companies is taken as of 24th November 2023.

As per the offer document, from the above-mentioned mandates 4 have opened at discount and remaining have opened at premiums on the listing date.



Recommendation

The company has been in the industry since 2007 and has good experience in the industry. The company has seen exponential growth in the top line of its financials. The company does not face any significant competition in this industry. The company's management overview is satisfactory.

The P/E on post-IPO basis is 13.48 times which seems to be fairly priced by looking at the performance of the company. The Sector P/E is 21.70 times.

The company has seen exponential growth in its revenues which will be difficult for the company to sustain going forward. However, the company has also recorded negative operating cashflows for FY 2021 and the period ended June 2023 which if continued may harm the financial condition and the financial outlook is not satisfactory. The company operates in a dynamic segment and has unique products to offer, but it is dependent on the performance of certain industries particularly commercial vehicles and equipment's, and heavy engineering industry. The management overview is good. At the given P/E, we recommend **Risk-Averse investors should Avoid and Risk-Seekers should Invest** to this IPO.



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