

Metalic Technoforge IPO

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- The company is engaged in the business of manufacturing of closed die forged and precision machined components for user industries.
- It posted growth in its top and bottom lines, but the scaled up margins from FY25 onwards raise eyebrows and sustainability going forward as it is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed investors may park moderate funds for long term.

About the Company

Metalic Technoforge Ltd. (MTL) is engaged in the business of manufacturing of closed die forged and precision machined components. Its product portfolio comprises a wide range of complex and safety critical forged and precision machined products, including big rings, small rings, ball studs, gear blanks with broaching, gears, coupling assemblies and other critical components catering to diverse end-use industries. The company primarily serves domestic and global original equipment manufacturers (“OEMs”) across automotive and non-automotive industries. In automotive sector, its OEM customers include manufacturers of automobiles, tractors and commercial vehicles, and in non-automotive sector, OEM customers include manufacturers of agricultural equipment, hydraulic equipment, construction machinery and general engineering products.

MTL’s operations include die manufacturing, forging, heat treatment, shot blasting, precision machining, testing and quality assurance processes. Its products are manufactured using primary raw materials such as carbon steel, alloy steel and stainless steel, as well as non-ferrous metals including aluminum, brass and copper, depending on customer specifications and application requirements. Company’s focus on delivering quality products to customers is supported by adherence to internationally recognized standards and management systems. It holds certifications including IATF 16949 for the manufacture of forged and machined metal components, ISO 14001:2015 for environmental management systems, ISO 45001:2018 for occupational health and safety management systems, PED-2014/68/EU & AD 2000 W0 for pressure equipments manufacture and ZED Bronze Certificate.

As of the date of this Red Herring Prospectus, the Company operates a manufacturing facility located in Rajkot, Gujarat, comprising four units. Out of these, three units are operational and used for its existing business operations, while one unit (Unit- IV) is presently vacant and proposed to be used for the upcoming capital expansion pursuant to the Objects of the Issue.

Further to reduce its carbon footprint, the company has also established a solar power plant with an installed capacity of 1 MW, spread across 4 acres of land (approximately 16,575 Square meters) owned by it. The solar power plant is located at New Revenue Survey No. 176, Village Navalgadh, Sub-District Dhrangadhra, District Surendranagar, Gujarat – 363320, and currently supports approximately 40%–60% of its total energy requirements. The installation of the solar power plant enables it to partially source renewable energy for its operations and reduce dependence on conventional power sources.

Company undertook a scale-up of its manufacturing capabilities and invested in advanced machinery and equipment including CNC gear hobbing machines, precision measuring and inspection systems, gear shaping machines and additional CNC/VMC infrastructure, which enabled it to operationalize its gear manufacturing line and enhance capabilities for high-precision and value-added components. These investments were undertaken as part of its focus on product diversification and improvement in manufacturing efficiencies. As of June 30, 2026, it had 191 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 6488000 equity shares of Rs. 10 each to mobilize Rs. 49.96 cr. at the upper cap. The company has announced a price band of Rs. 72 - Rs. 77 per share. The minimum application to be made is for 3200 shares and in multiples of 1600 shares thereon, thereafter. The IPO opens for subscription on July 21, 2026, and will close on July 23, 2026. The IPO constitute 27.05% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 30.81 cr. for capex on setting up new manufacturing unit IV, and upgradation of existing units, Rs. 6.72 cr. for repayment/prepayment of certain outstanding, and the rest for general corporate purposes.

The IPO is jointly lead managed by Smart Horizon Capital Services Pvt. Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Shreni Shares Ltd., is the market maker as well as a syndicate member. Maashitla Securities Pvt. Ltd., is the RTA to the company.

After issuing initial equity capital at par value, the company issued further equity shares at Rs. 1250 per share in May 2025. It also issued bonus shares in the ratio of 16 for 1 in March 2026. The average cost of acquisition of shares by the promoters is Rs. 2.50 per share. The proper working of average cost with full details not available on the offer document.

Post-IPO, company's current paid-up equity capital of Rs. 17.50 cr. will stand enhanced to Rs. 23.98 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 184.68 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 51.50 cr. / Rs. 4.26 cr. (FY24), Rs. 75.64 cr. / Rs. 9.03 cr. (FY25), Rs. 97.98 cr.

/ Rs. 12.36 cr. (FY26). Bumper profits from FY25 onwards appears inflated one and may not sustain going forward.

For the reported period, the company has reported an average EPS of Rs. 7.07, and an average RoNW of 45.00%. The issue is priced at a P/BV of 4.03 based on its NAV of Rs. 19.10 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.92, and based on FY25 earnings, the P/E stands at 20.48. The issue appears aggressively priced.

For the reported periods, the company has posted PAT margins of 8.39% (FY24), 12.14% (FY25), 12.94% (FY26), and RoCE margins of 37.01%, 31.88%, 30.38%, respectively, for referred periods.

Dividend Policy

The company has not paid any dividend for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Amic Forgings, Tirupati Forge, Paramount Speciality Forgings, as its listed peers. They are currently trading at a P/E of 74.0, 137.0, and 14.7 (as of July 16, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 26th mandate from Smart Horizon Capital in the last three fiscals (including the ongoing one). From the last 10 listings, 2 listed at discount, 2 at par and the rest with premium ranging from 0.03% to 10.00 % on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

MTL is engaged in the business of manufacturing of closed die forged and precision machined components for user industries. It posted growth in its top and bottom lines, but the scaled up margins from FY25 onwards raise eyebrows and sustainability going forward as it is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. Well-informed investors may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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