HAPPY FORGINGS LIMITED

July 01, 2025

To,

BSE Ltd, Corporate Relationship Department, Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001 **Scrip Code: 544057**	National Stock Exchange of India Ltd. Listing Department, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051 **Svmbol: HAPPYFORGE**

Dear Sir/Ma'am,

Sub: Submission of Annual Report of the Company for the Financial Year 2024-2025.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time, we hereby submit the 46th Annual Report of the Company for the financial year ended March 31, 2025 comprising of, inter-alia, Notice of the 46th AGM of the Company, Board's Report along with its annexures, Management Discussion & Analysis Report, Report on Corporate Governance, Business Responsibility and Sustainability Report, Independent Auditors' Report, Audited Financial Statements (Standalone & Consolidated) , including Cash Flow Statements on Standalone and Consolidated basis and relevant Notes attached thereto.

The Annual Report for the Financial Year 2024-25 is also being uploaded on the Company's website at www.happyforgingsltd.com

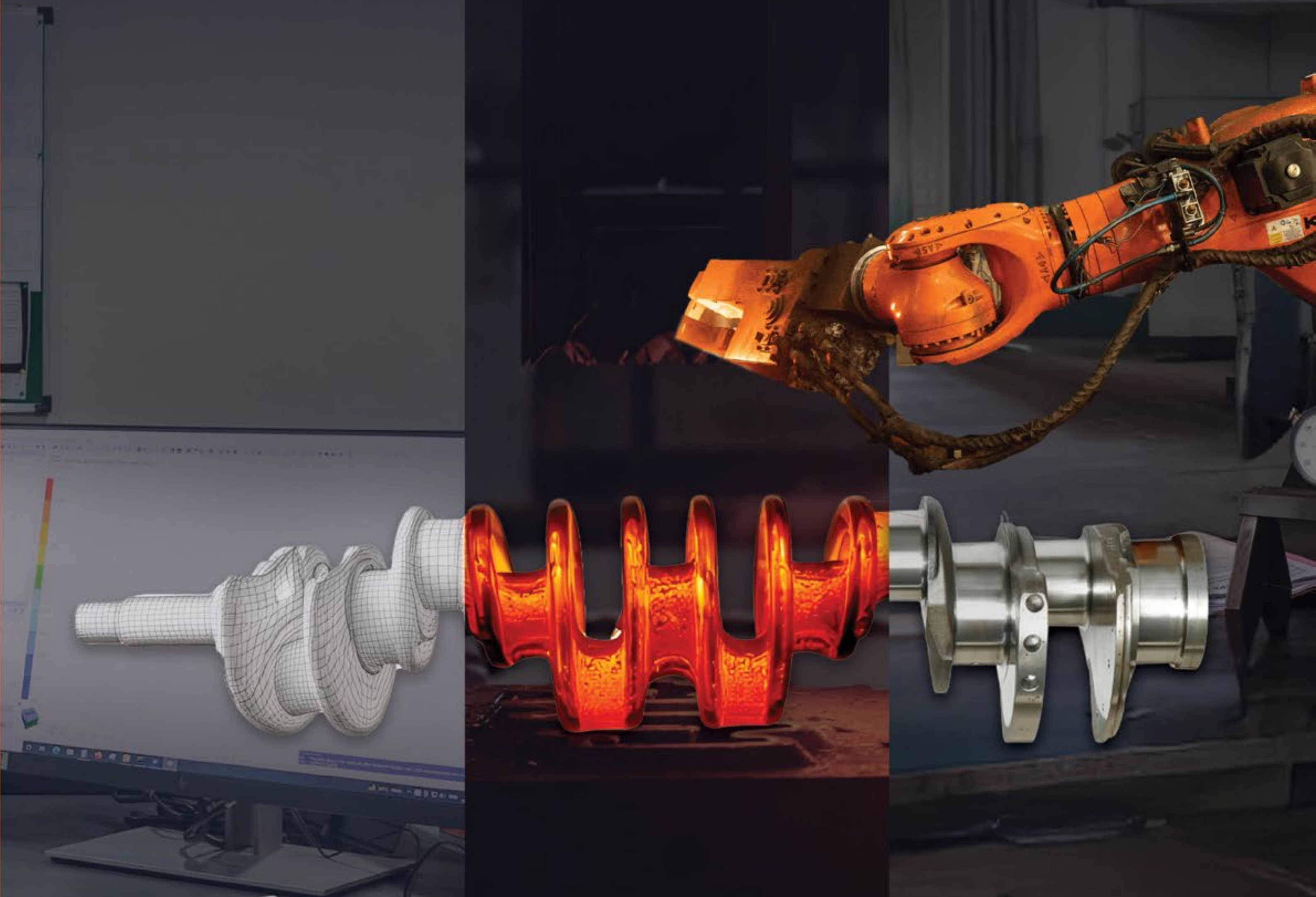
Kindly take the above information on record.

FOR HAPPY FORGINGS LIMITED

Bindu Garg
Digitally signed by Bindu Garg
Date: 2025.07.01 16:56:42 +05'30'

BINDU GARG
Company Secretary &
Compliance Officer
Membership No.: F6997
BXXIX-2254/1, Kanganwal Road
P.O. Jugiana,
Ludhiana, Punjab, 141120

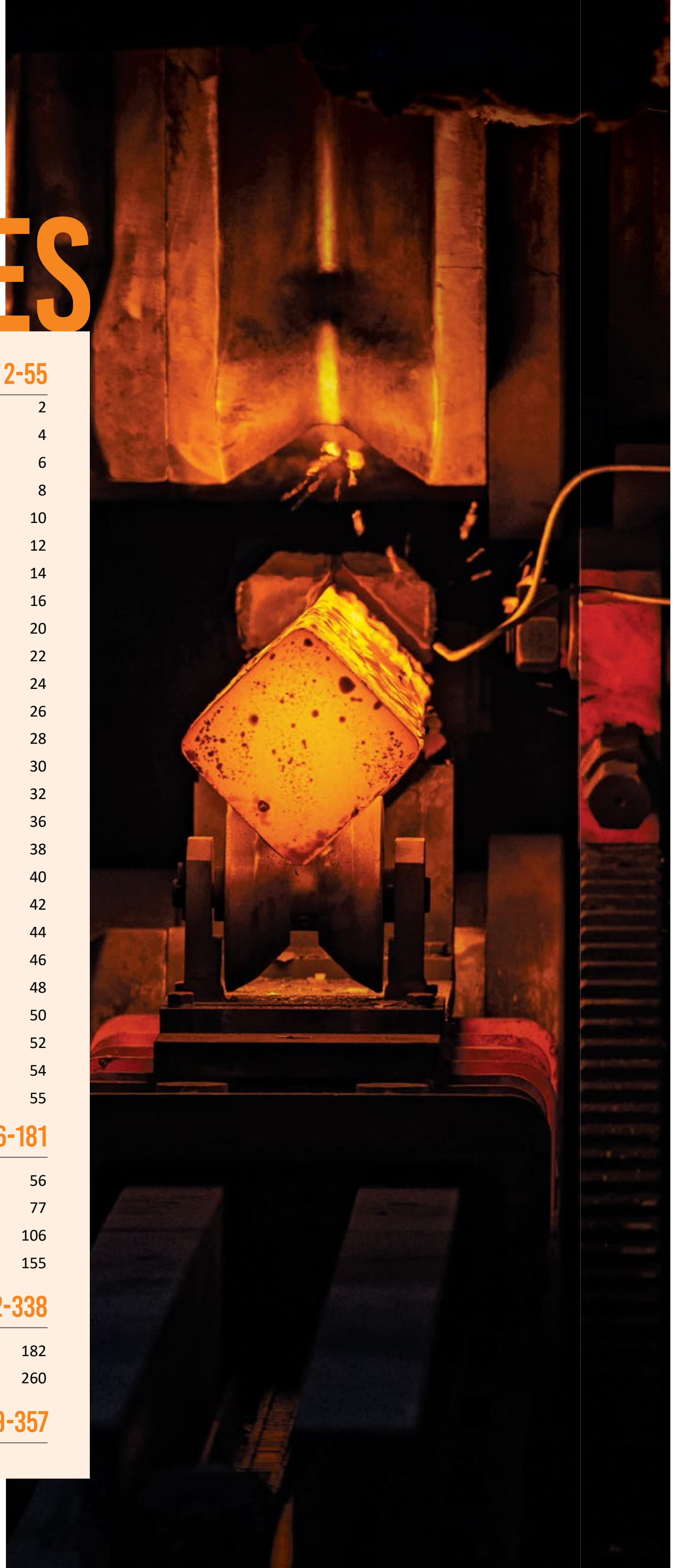
HAPPY FORGINGS LIMITED
Annual Report **2024-25**



ENGINEERING THE WAY FORWARD

BUILDING THE FOUNDATION FOR RESILIENT AND SUSTAINABLE GROWTH

ACROSS THE PAGES



INVESTOR INFORMATION

Market Cap.	₹ 7,415 Cr. (NSE Ltd.) ₹ 7,404 Cr. (BSE Ltd.)
CIN	L28910PB1979PLC004008
BSE Code	544057
NSE Symbol	HAPPYFORGE
Bloomberg Code	HAAPYFOR IN
Proposed Dividend	₹ 3.00 per Share
AGM Date	29th July, 2025
AGM Mode	Virtual

For detailed investor-related information, please visit the 'Investors' section on our website.

https://happyforgingsltd.com/

Disclaimer

This document contains statements about expected future events and financials of Happy Forgings Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

HOW TO NAVIGATE THROUGH AND READ THIS REPORT?

To navigate this report effectively, readers are invited to consider the following key questions:

CORE QUESTION TO ASK

What are the Company's strategic priorities, and how do they align with long-term goals?

WHERE TO LOOK?

- Message from the Chairman
- Message from the MD
- Strategic Priorities
- Operating Landscape
- Operational Excellence

WHAT WILL YOU FIND?

- Broad overview of the Company's current position and future direction
- The Company's strategic approach towards value creation
- The Company's approach to macro developments, opportunities and risks
- Strategic priorities of the Company for long-term value creation

CORE QUESTION TO ASK

Who governs the Company and how do they approach the evolving market dynamics?

WHERE TO LOOK?

- Message from the Chairman
- Message from the MD
- Diversity of the Board and Management
- Director's Report
- Corporate Governance

WHAT WILL YOU FIND?

- The experience and competence of the Board and leadership
- In-depth review of the governance and control framework

CORE QUESTION TO ASK

What are the material issues and risks to the Company and how is it addressing them?

WHERE TO LOOK?

- Materiality Assessment
- Risk Assessment

WHAT WILL YOU FIND?

- Identification of material issues and mitigation measures
- Evolution of risk identification and management techniques
- Risk mitigating tools and techniques

CORE QUESTION TO ASK

How does the Company create value for all its stakeholders?

WHERE TO LOOK?

- Business Model
- Stakeholder Engagement
- Management Discussion and Analysis

WHAT WILL YOU FIND?

- Key components of the Company's business model that make it possible to transform resources
- The Company's approach towards stakeholder communication
- Details of the industry context, outlook and the Company's performance

CORE QUESTION TO ASK

How does the Company integrate sustainability and ESG principles into its core strategy?

WHERE TO LOOK?

- Message from the MD
- Corporate Governance
- Strategic Priorities
- Environment
- Social: People
- Social: Communities

WHAT WILL YOU FIND?

- Sustainability strategies for a sustainable business
- Environmental initiatives for a better future
- The approach on how the Company engages with its people and communities

ENGINEERING THE WAY FORWARD

BUILDING THE FOUNDATION FOR RESILIENT AND SUSTAINABLE GROWTH

The industrial world is moving through a period of accelerated change. Supply chains are more interconnected yet fragile. Expectations around sustainability are no longer optional but essential. Technology continues to compress timelines, widen capability gaps, and reshape what customers demand. In this environment, strength lies not in reacting faster but in building better from the ground up.

Happy Forgings met this moment with intent. We did not wait for clarity; we engineered it. This year, we committed to entering the heavyweight components space, a decisive step that expands our relevance across high-performance industries. This is not simply a growth move. It is a deliberate extension of our engineering depth into sectors where durability, complexity, and reliability are critical.

At the same time, we strengthened the foundation that supports everything we do. We brought clean energy deeper into our operations. We invested in systems that drive efficiency with precision. We remained disciplined in how we deployed capital, always balancing ambition with stability. Every decision we made this year was grounded in a belief that resilience is not something one finds; it's something one designs. And sustainability, to endure, must be built into the structure, not added later.

This is how we are Engineering the Way Forward: by aligning long-term growth with long-term responsibility and creating a foundation strong enough to support both.

How are We 'Engineering the Way Forward'?

Our Capex Plan

Read more on page 20

Strategic Priorities

Read more on page 40

2024-25 Highlights

PROGRESSING WITH PRECISION & PURPOSE

Happy Forgings achieved growth by focussing on targeted asset investment and ensuring their optimal utilisation. This foundation has supported the expansion of our customer reach and the continuous refinement of our business model, helping us retain our competitive edge.

FINANCIAL

₹ 1,409 Cr.
Total Revenue
5%* ▲

₹ 407 Cr.
EBITDA
7%* ▲

₹ 263@ Cr.
PAT
11%*@ ▲

28.9%
EBITDA Margin
73 bps* ▲

18.6%@
PAT Margin
108 bps*@ ▲

** After adjusting for higher realisations on one order in 2024-25. @ After excluding a non-recurring income in 2025-26*

INDUSTRY-WISE REVENUE SPLIT

38%
Commercial Vehicles

4%
Passenger Vehicles

32%
Farm Equipment

12%
Off-Highway Vehicles

14%
Industrials

RETURNS

18.8%@
RoCE

15.2%@
RoE

₹ 28.37
EPS (Diluted)
6% ▲

@After excluding a non-recurring income in 2025-26

ENVIRONMENTAL

6.5 MW
Green Power Generating Capacity

~105,500 tCO_2e
Total GHG Emissions (Scope 1 and 2)

4.0 GJ/Lakh ₹ of Turnover
Energy Intensity

~10,000
Saplings Planted

SOCIAL

₹ 4.8 Cr.
CSR Expenditure

0.37
Lost Time Injury Frequency Rate

~13,300 Hours
Cumulative Employee Training Hours

GOVERNANCE

~30+* Years
Average Experience of Directors in Our Company

4*
Independent Directors

** As of March 31, 2025*

Prelude

INSPIRING WITH COURAGE & CONVICTION

The story of Happy Forgings Limited did not begin in a boardroom or an industrial park. It began in the small, dusty workshops of Ludhiana in the 1970s, when a young man, Paritosh Kumar, made a decision that was neither glamourous nor conventional; he stepped away from the family's seasonal hosiery business and entered the unfamiliar world of forging.

> Forging wasn't a glamorous choice—it was a practical one. Ludhiana needed bicycle parts, and we saw an opportunity to serve that need with commitment and a focus on quality.
>
> PARITOSH KUMAR

IN 1979,

Happy Forgings Limited's journey officially began with a single unit manufacturing bicycle pedals. There were no large contracts or financial cushions, just a clear belief in the opportunity and a commitment to meet it with quality. As Ludhiana transformed from a bicycle cluster into an emerging automotive base, Paritosh saw possibility where others saw disarray.

HE OFTEN RECALLED

> When I started out, steel was ₹ 1,200 a tonne. Today, it's ₹ 60,000-70,000. I've seen this entire journey unfold.

Those words were not just about numbers; they carried a history of risks taken, machines bought without orders, capital raised through personal connections at 18% interest, and instincts followed when data offered no direction.

ONE SUCH MOMENT OCCURRED WHEN HE INVESTED

in a 5-tonne Polish hammer without a single customer in sight. His partners chose to walk away. He chose to stay. That decision changed not just the business but the course of a family's future. The machine got installed. Punjab Tractors became the first marquee client. JCB and Eicher followed.

Happy Forgings Limited continued to grow but never lost sight of what it wanted to build.

IN 2006,

Ashish Garg returned from Warwick University with a degree in manufacturing systems and finance and an urge to learn the business from the ground up. His early days were spent on the shop floor, not behind a desk. He chose to understand the heat of the machines, the rhythm of operations, and the people who made it all run.

> If you don't know your own business, even your workers won't respect you.
>
> ASHISH GARG

A JOURNEY DEFINED BY TIME & TENACITY

In 2006, a setback hit when a machine acquired from a General Motors plant arrived in India without hard drives. The sender had turned uncooperative and sent incomplete equipment, blocking capital and delaying operations. For many, it might have ended there. For Ashish, it sparked a two-year legal battle in the International Court of Justice. After a hard-fought battle and securing a favourable injunction, a 24-year-old Ashish watched the machine come alive that winter.

Those early years tested everything. With a 5:1 debt-equity ratio, rising interest costs, underutilised capacity, and global market disruptions, progress was far from easy.

> There was a time we sold our private land, my father invested his entire provident fund, and my mother dipped into her personal savings. We had our backs to the wall, but we never gave up.
>
> - Ashish Garg

What followed was not a return to normal; it was a complete rebuild, driven by resolve.

Ashok Leyland opened its doors after the team offered to bear the cost of sample development. Crankshafts were reverse engineered without drawings. Each success was hard won. Every customer was retained through sheer delivery discipline.

THEN CAME 2019

and Happy Forgings Limited took a decision to commission a 14,000-tonne press, one of India's largest. This was not simply a capex milestone. It was the culmination of 40 years of belief. This press would open the gates to Europe, the US, and new industries demanding components upto 250 kg.

> We're not the largest or the oldest, said Ashish, but we make our machines go the extra mile, and they take us further in the end.

What remains constant is the ethos that guides every step, whether crafting tractor crankshafts or precision components for windmill gearboxes. The evolution from forging alone to fully integrated machining reflects a commitment to seamless excellence. Moving from operating on borrowed funds to building strong liquidity shows financial discipline. The journey has not been linear, yet it has always moved forward with clear purpose and direction.

Happy Forgings Limited started by challenging conventions. Today, we define new ones.

In Ashish's words,

> **We are riding into the future in the vehicle my father created 50 years ago. And it feels like we've just begun.**

Corporate Snapshot

LEADING WITH LEGACY & LEADERSHIP

Happy Forgings Limited (referred to as 'Happy Forgings', 'Our Company', or 'We') is recognised as India's leading manufacturer of complex, safety-critical, heavy-duty forged and precision-machined components. As of 2024-25, our Company ranks fourth in India by installed capacity, with a forging capability of 127,000 tonnes and machining capacity of 57,000 tonnes.

Our Company's capabilities are rooted in deep expertise across process engineering, product development and advanced manufacturing. We operate vertically integrated facilities in Ludhiana, bringing together forging, die design, metallurgical testing, heat treatment, precision machining, and quality assurance. This end-to-end approach enables control over every aspect of performance, cost and reliability.

Happy Forgings caters to a diverse base of marquee OEMs in both domestic and global markets. In the automotive sector, we supply critical components such as crankshafts, differential cases, axle components and suspension systems for commercial and passenger vehicles. Beyond automotive, we serve key segments like farm equipment, off-highway vehicles, oil & gas, power generation, wind energy, and rail, delivering forged and machined solutions tailored for high-load, high-performance use.

With 87% of revenues generated from machined components, a growing contribution from exports, and a steadily expanding industrial product portfolio, we continue to strengthen our role in mission-critical applications. Our Company's planned entry into the heavyweight component segment through the commissioning of one of Asia's most advanced forging facilities reflects its long-term ambition to support global infrastructure, energy, and mobility markets with precision and scale.

OUR VISION

To be amongst the top 10 forging and machining companies globally.

OUR VALUES

- Stay at the forefront of technology
- Deliver more than promised
- Respect and encourage people
- Inspire innovation and creativity
- Care for the environment and society

HAPPY FORGINGS' DEFINING QUALITIES

Specialised in manufacturing high-precision and heavy components weighing up to 250 kg, establishing a strong presence in India's industrial landscape.

Streamlined production processes combined with in-house capabilities in product and process design, resulting in a broad and continuously evolving portfolio.

A flexible business model, positioning Happy Forgings to respond and capture potential opportunities across diverse industry segments.

Customer relationships with 60+ distinguished clients, that span multiple industries, creating a business network that is both diverse and resilient.

A consistent focus on expanding capabilities and infrastructure, while maintaining capital efficiency.

Experienced leadership guided by a respected Board of Directors and a seasoned management team.

A strong and proven track record of financial performance, built on execution and operational discipline.

46 Years
of Engineering Excellence

1,27,000 Tonnes
Forging Capacity (Installed)

2ND Largest
Producer of Commercial Vehicle and High Horsepower Industrial Crankshafts in India

LONG-STANDING RELATIONSHIPS Years
With Top Customers

3
Manufacturing Facilities

57,000 Tonnes
Machining Capacity (Installed)

4TH Largest
Engineering-led Manufacturer of Complex and Safety-Critical, Heavy-Forged and High-Precision Machined Components in India

AA/STABLE
CRISIL and ICRA Credit Ratings

DIVERSIFIED CUSTOMER BASE
Across Indian & Global OEMs

CLIENTELE

SAME DEUTZ-FAHR, HENDRICKSON, Bonfiglioli, SML ISUZU, LIEBHERR, IGW, TATA MOTORS, JCB, YANMAR, ASHOK LEYLAND, Kubota (Escorts Kubota Limited), AAM, DANA, mahindra

** Indicative list*

Product Portfolio

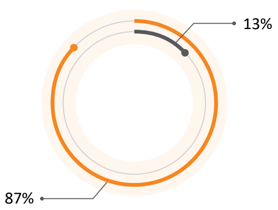
DELIVERING WITH INNOVATION & INSIGHT

Our expertise lies in manufacturing an extensive range of heavy forged and precision-machined components that are critical to both performance and safety across various industries. The products we offer include crankshafts, front and rear axle components, differential cases, suspension systems, pinion shafts, crown wheels, planetary carriers, housings, bucket links, cap end covers, and components for railways, all tailored for applications requiring high load capacity and exacting precision.

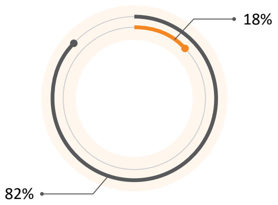
We serve prominent OEMs in sectors like commercial and passenger vehicles, agricultural machinery, off-highway vehicles, and industrial equipment. Our reach also extends to power generation, oil & gas, wind energy, and railway sectors. With machining representing 87% of our product mix, we consistently deliver enhanced value and maintain strict quality standards throughout the entire supply chain.

Among the few in India capable of forging and machining components up to 250 Kg with tolerances within 5 to 10 microns, we meet the rigorous requirements of global OEMs. This advanced technical expertise, together with a growing export footprint and a critical role in OEM supply chains, creates strong barriers to competition and affirms our status as a dependable partner in precision manufacturing.

REVENUE MIX BY PRODUCT (%)



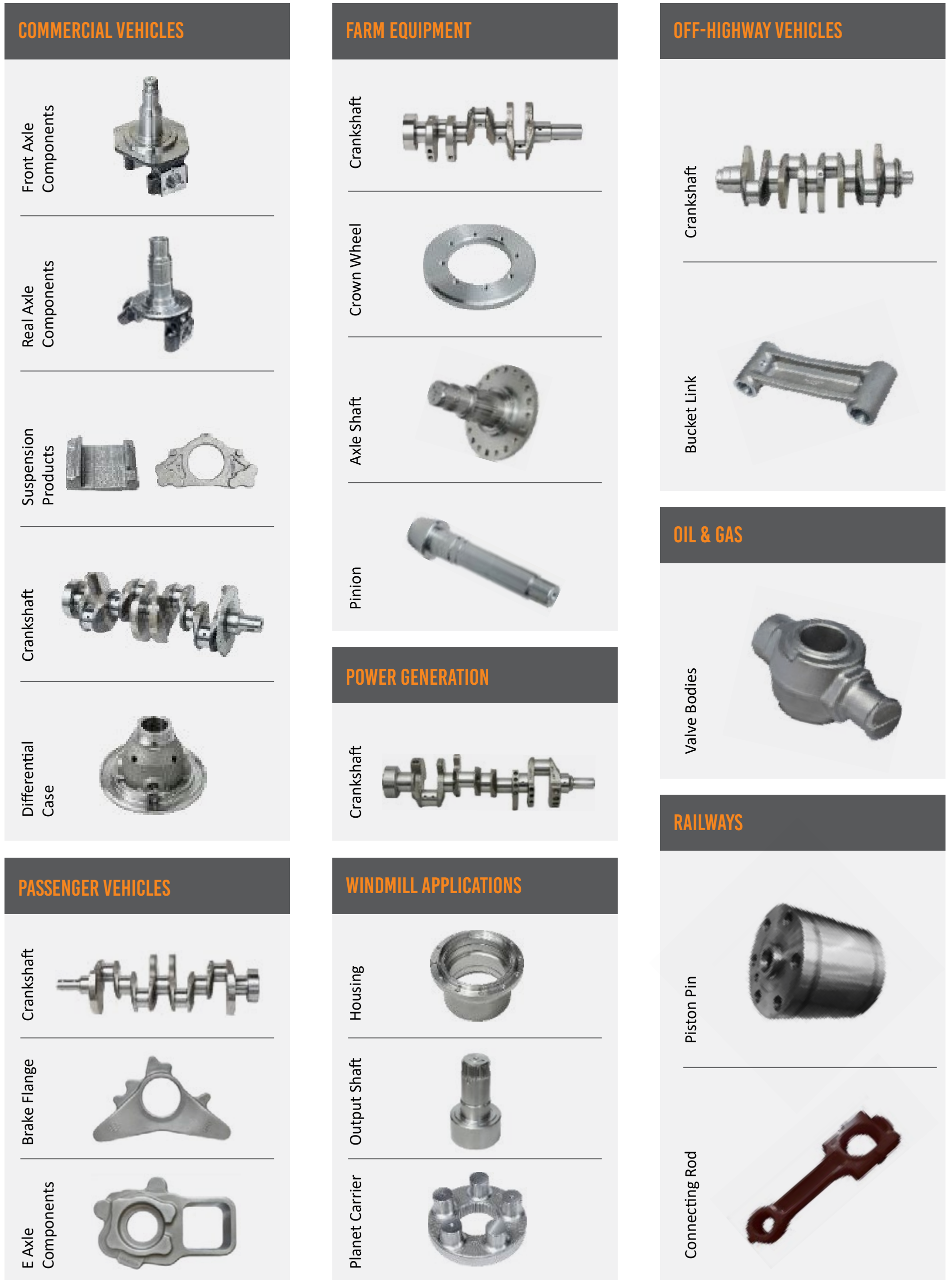
REVENUE MIX BY GEOGRAPHY (%)



INDUSTRIES SERVED

Commercial Vehicles	Passenger Vehicles
Farm Equipment	Off-Highway Vehicles
Wind Turbines	Power Generation
Railways	Oil and Gas

PRODUCT PORTFOLIO



Our Journey

ACCELERATING WITH FOCUS & FORTITUDE

Ongoing investment in our manufacturing capabilities enables us to operate with precision at scale. Our facilities are equipped to manage the entire value chain, including engineering, forging, metallurgical testing, heat treatment, machining, and final dimensional checks, all designed to support high-efficiency, high-integrity production.

This comprehensive infrastructure enables us to manufacture components ranging from 3 kg to 250 kg, supporting a diverse customer base across industrial sectors. The range and reliability of our processes allow us to adapt quickly to varied requirements, while maintaining exacting quality standards.

Journey

1979

Established with a single unit for manufacturing bicycle pedals.

2005

Installed heavy-duty hammers.

Began manufacturing oil engine and motor parts.

2006

Commenced operations at Kanganwal Facility II.

2007

Crossed ₹ 100 Cr. in revenue.

2008

Commissioned the first 8,000-tonne forging press.

Installed model grinding technology for crankshaft manufacturing.

2010-15

Focussed on expanding machining capacity and entered new segments like commercial vehicles and off-highway applications.

2017

Commissioned the second 8,000-tonne forging press.

2018

Crossed ₹ 500 Cr. in revenue.

Secured funding through the financial sponsor route from the India Business Excellence Fund III.

2021

Commenced operations at the Dugri facility.

Installed the third 8,000-tonne forging press line.

2022

Installed eight dedicated crankshaft manufacturing lines.

Commissioned the first 14,000-tonne forging press line.

2023

Crossed ₹ 1,000 Cr. in revenue.

Completed IPO and public market listing.

2024

Commenced supply of crankshafts for SUVs.

2025

Installed and began operations of the 6,300-tonne press along with expansion in machining capacity.

HAPPY FORGINGS LIMITED

Operational Excellence

EXECUTING WITH EFFICIENCY & EXCELLENCE

The industry we operate in continues to evolve, calling for higher precision, faster delivery, and better material efficiency. At Happy Forgings, we meet these shifts through steady investment in advanced technologies and continuous process innovation, ensuring we remain ahead of shifting industry benchmarks.

Our operations span three integrated manufacturing facilities in Ludhiana, Punjab: two in Kanganwal and one in Dugri. While Kanganwal I is dedicated to forging, the other two combine forging with precision machining. This configuration creates a flexible and efficient production ecosystem that caters to a wide spectrum of components.

With core processes such as die design, heat treatment, and machining carried out in-house, our vertically integrated model gives us tight control over quality, cost, and delivery timelines. This end-to-end approach enhances product reliability and sharpens our responsiveness to customer needs.

Strategically located near the inland container depot and directly connected to the Dedicated Freight Corridor linking Ludhiana to Mumbai and Dankuni, our plants benefit from high logistical efficiency. Elevated asset utilisation and strict focus on uptime continue to drive our performance and capital efficiency, reinforcing our position as a process-led manufacturing partner.

INSTALLED CAPACITY OVERVIEW

Installed Capacity

1,27,000 MT
Forging

57,000 MT
Machining

CAPITAL EFFICIENCY AT THE CORE

Installed Capacity: Forging (in MT)

Year	Installed Capacity	Utilisation
2024-25	1,27,000	57%
2023-24	1,20,000	58%
2022-23	1,07,000	63%
2021-22	81,000	67%
2020-21	67,000	60%

Installed Capacity: Machining (in MT)

Year	Installed Capacity	Utilisation
2024-25	57,000	83%
2023-24	51,000	87%
2022-23	46,100	79%
2021-22	35,500	78%
2020-21	29,500	71%

Note: Represents the installed capacity as of the last date of the relevant fiscal year. Capacity utilisation is based on the average available capacity for the period.

BIG NUMBERS

Gross Block and Capex

₹ 1,349 Cr.
Gross Block (incl. CWIP and Intangibles)

₹ 932 Cr.
Cumulative Capex (2021-25)

MANUFATURING LOCATIONS & OPERATIONAL SPACES

Kanganwal I, Ludhiana (Started in 1995)

1,84,765 sq. ft.
Area

Kanganwal II, Ludhiana (Started in 2006)

4,39,128 sq. ft.
Area

Dugri, Ludhiana (Started in 2021)

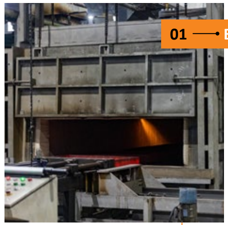
17,71,208 sq. ft.
Area

DRIVING RESULTS WITH STREAMLINED OPERATIONAL PROCESSES

Covered Raw Material Yard → Billet Cutting Section → Metallurgical Testing Lab → Forging → Control Cooling → Heat Treatment → Machining → Standard Room → Final Inspection → Packaging & Dispatch

STRENGTHENING EFFICIENCY THROUGH INNOVATION

Operational excellence at Happy Forgings is built on the discipline of continuous refinement. In 2024-25, we focussed on process-level upgrades and structural enhancements that contributed to measurable gain in sustainability, productivity, and cost competitiveness.



01 Electrification of Heat Sources

We completed the transition from oil-fired furnaces to induction billet heaters across all forging lines, completely eliminating the use of furnace oil. Our heat treatment systems now run on LPG, improving thermal efficiency and process stability.

02 Solar Power Capacity Expansion

Our solar power capacity reached 6.5 MW in 2024-25, including 1.7 MW of rooftop installations. This shift meaningfully reduced grid dependency and moved us closer to our 2030 target of halving Scope 1 and 2 emissions.

03 Compressor Layout Redesign and Energy Optimisation

Redesigning our compressed air layout allowed us to reduce compressor usage, while maintaining output. Additionally, the deployment of a 1,600 kVAR Hybrid APFC panel helped minimise energy losses and improve power factor reliability

04 Cutting Oil Recovery Systems

We installed squeezing presses to recover cutting oil from grinding residue, significantly reducing hazardous waste and input material costs, combining environmental value with operational savings.

05 Process Efficiency and Waste Minimisation

Refined process controls, real-time monitoring, and strengthened 5S practices improved material yields and lowered rejection rates. These updates support consistent delivery with tighter tolerance adherence.

06 Smart Inventory and Sourcing Discipline

By improving digital tracking and enhancing our supplier engagement model, we optimised inventory times, reduced inventory buffers, and maintained consistent material flow even during demand variability.

07 Increased Focus on Automation

With a continued rise in labour intensity, we extended automation across multiple lines. Robotic arms and CNC upgrades are now in place to maintain dimensional precision and improve throughput.

Each of these actions brings tangible impact, whether in power usage, process time, or product quality, and reaffirms our commitment to scale with precision, responsibility, and intent.

MANAGING RAW MATERIALS EFFICIENTLY

Steel remains the most critical input across the value chain. Managing its flow with precision is essential for product quality, cost control, and uninterrupted production. Our sourcing and inspection processes are built for agility without compromising quality.

Our procurement model allows steel purchases through flexible purchase orders, avoiding binding long-term contracts. This structure gives us pricing agility, reinforced by a rigorous supplier qualification framework and robust inbound quality checks.

Each batch of steel is subjected to thorough metallurgical testing and must meet exacting specifications. Deviations are rejected, and corrective accountability is maintained through supplier performance controls.

In 2025-26, we will start formal supplier assessments to elevate compliance. These evaluations will go beyond quality to include ethical sourcing, ESG alignment, and performance, reinforcing the credibility of our entire sourcing ecosystem.

Our raw material strategy is supported by:

- Ongoing partnerships with reputed steel manufacturers, which ensure a steady supply, responsive issue resolution, and consistency in metallurgical standards.
- A fully integrated raw material yard, designed to protect inventory from environmental exposure and preserve input quality across seasons.
- In-house metallurgical laboratories, enabling immediate quality validation and quicker decision-making to avoid production delays.

This structured and responsive approach allows us to maintain material integrity, streamline costs, and strengthen the reliability of our production processes.

QUALITY MANAGEMENT

At Happy Forgings, quality is deeply embedded across every stage of our operations. For components that are safety-critical and precisely engineered, even the slightest deviation can affect performance and trust. That's why our approach to quality is structured, real-time, and supported by advanced technology.

Our inspection and metrology rooms are equipped with the most advanced tools that validate critical parameters such as dimensional accuracy, surface finish, and metallurgical properties. These systems allow us to consistently achieve tolerance levels of up to 0.005 mm, essential for components.

We maintain multi-layered quality assurance through:

- In-line and end-of-line inspections across forging, machining and packaging.
- Metallurgical testing for every steel batch, covering composition, hardness, gain structure, and fatigue resistance.
- Certifications across all facilities: ISO 9001:2015 and IATF 16949:2016 for forged and machined components.

To eliminate rework and trace defects, we have implemented single-piece flow systems across key machining lines. This also enhances traceability and reduces cycle time. Our heat treatment processes are precisely calibrated to ensure mechanical consistency and long-term durability. Regular audits by OEMs and Tier-1 customers further validate our quality systems.

IN 2024-25, OUR CONSISTENT FOCUS ON EXCELLENCE EARNED US MULTIPLE INDUSTRY RECOGNITIONS:

- Special Appreciation Award – Mahindra & Mahindra Supplier Excellence Awards
- Best Quality Award from Escorts Kubota
- Quality Performance Award from Ashok Leyland
- Supplier Excellence Award from American Axle & Manufacturing
- Next Level Quality Award from Generac

A specialised team of quality engineers oversees continuous monitoring, process upgrades, and preventive action. Their scope includes root-cause analysis, compliance with customer requirements, and alignment with evolving standards.

This discipline, maintained over years of execution, defines how we deliver precision and performance, earning trust across the global OEM space.

IATF:16949:2016

Quality Management System Certification for Automotive Suppliers

ISO 9001:2015

Quality Management System

ISO 14001:2015

Environment Management System

ISO 45001:2018

Occupational Health & Safety Management System

Our Capex Plan

EXPANDING WITH STRATEGY & STRENGTH

We are investing in the future by reimagining what lies ahead. In 2024–25, we initiated one of the most transformative projects in our journey, a capital investment that sets the stage for our next era of growth, leadership, and global relevance.

A LANDMARK INVESTMENT

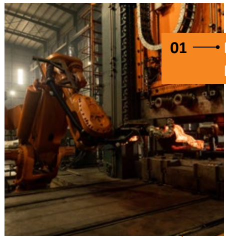
₹ 650 Cr.

An investment of ₹ 650 Cr. is underway to build one of the world's most advanced forging and machining facilities for heavyweight components. With the capability to manufacture components ranging from 250 kg to 3,000 kg, this facility places us in a rare league, where scale meets precision, and expertise becomes a differentiator.

ASIA'S FIRST. WORLD'S SECOND-LARGEST.

This facility will be the first of its kind in Asia and only the second globally with such a depth of forging capability. More than infrastructure, it represents a durable competitive moat.

STRATEGIC PILLARS OF THE CAPEX PLAN



01 Purpose-Built for High-Value Industries

This facility is being developed with a sharp focus on future-facing sectors, offering critical components for:

- Power generation, including backup systems for data centres
- Marine and offshore equipment
- Mining and material handling
- Wind energy and oil & gas
- Aerospace, defence, and nuclear applications
- High-horsepower agricultural machinery

02 Seamless Integration Across Processes

Our investment covers both forging and machining capabilities, enabling customers to work with a single partner across the full production lifecycle. This drives efficiency and elevates consistency and accountability in every component we deliver.

03 Strong Financial Backbone

- Funded primarily through internal accruals
- No significant impact on balance sheet strength
- Short-term financial discipline maintained
- Long-term value creation prioritised

EXPECTED IMPACT AT FULL POTENTIAL

₹ 600-800 Cr.	2026-27	OPTIMUM UTILISATION
Annual Revenue Addition	Commissioning Timeline	Within 2–3 years post-commissioning

BACKED BY VISIBILITY AND DEMAND

We are already co-developing specialised components with customers for this new facility, which are tailored to highly specific and advanced applications. These partnerships affirm our confidence in building a meaningful order pipeline well ahead of commissioning.

The demand landscape is robust, supported by infrastructure expansion, clean energy transitions, and the rising importance of strategic sectors. This spread of end-markets also acts as a buffer against industry cyclicality, helping us build a stable and long-term revenue stream.

A STRATEGIC MOVE THAT REFLECTS OUR LEGACY

This investment reflects more than just scale. It carries the weight of over four decades of earned trust, engineering mastery, and consistent execution. As global OEMs seek capable and dependable partners for their most critical needs, we are ready to meet that expectation with clarity and control.

LAYING THE FOUNDATIONS, **TODAY.**

FOR A STRONGER, **TOMORROW.**

Investment Opportunity

ADVANCING WITH FOCUS & FORESIGHT

Happy Forgings stands among India's most efficient and high-performing names in the forging and precision machining space. Our robust financial performance is a reflection of a sharp strategic lens, disciplined execution, and a deeply integrated business model that has been honed over time. These core drivers continue to shape our journey as we create sustained value for every stakeholder.

OUR INVESTMENT CASE RESTS ON

- **Consistent Profitability**

  A strong and steady profit record, underpinned by a balanced business mix, a rising share of value-added offerings, and a culture grounded in operational excellence.

- **Sustained Growth**

  We continue to grow across regions, customer segments, and industries through product innovation, prudent capacity investments, and a solid financial engine that enables reinvestment without diluting capital strength.

STRATEGIC EXPANSION

Our expansion strategy is defined by clarity and purpose. We focus on identifying the right markets, building the right capacities, and delivering value at scale. Rather than chasing volume alone, we invest in infrastructure that is aligned with future demand, customer partnerships, and long-term trends.

From entering new end-markets and geographies to scaling high-value component manufacturing, every step we take is backed by deep engineering insight, strong customer engagement, and sound financial judgement. This ensures that we continue to meet complex needs while maintaining profitability and capital efficiency.

7,000 MT
Forging Capacity Added in 2024-25

6,000 MT
Machining Capacity Added in 2024-25

INDUSTRY LEADERSHIP

Happy Forgings has steadily become a benchmark for precision, efficiency, and reliability within India's forging industry. This standing is the outcome of advanced manufacturing expertise, sharp engineering capabilities, and a strong financial foundation.

Long-standing customer relationships and a growing global footprint give us the confidence to expand across high-value sectors. As we enter the domain of heavyweight components and complex industrial applications, our growth journey reflects a shift towards shaping what's next in precision manufacturing.

2ND LARGEST
Manufacturer of Commercial Vehicles and High Horsepower Industrial Crankshafts in India

4TH LARGEST
Engineering-led Manufacturer of Complex, Safety-critical, Heavy forged and High-precision Machined Components in India

DIVERSIFIED REVENUE STREAMS

We have built a robust and well-diversified business model, with revenue contributions spread across multiple end-use industries. This strategic balance reduces the impact of sectoral cycles and enables us to pursue opportunities across both domestic and global markets.

With ₹ 650 Cr. capex directed towards the industrial segment and strong traction in the passenger vehicle and export market, we expect further revenue diversification. This positions us to remain stable through market fluctuations and to maintain consistent growth.

Commercial Vehicles	38%
Farm Equipment	32%
Off-Highway Vehicles	12%
Industrials	14%
Passenger Vehicles	4%

ROBUST FINANCIAL PROFILE

A disciplined financial framework enables us to maintain an optimal capital structure while consistently investing in growth. Strong internal accruals, prudent capital deployment, and minimal reliance on debt place us among the most financially sound companies in the industry.

As we expand our portfolio and deepen value addition, our cash flows are expected to strengthen. This will support further investments, reduce leverage, and enhance our return profile, reinforcing our commitment to sustained value creation.

AA/STABLE
CRISIL and ICRA Credit Rating

0.1x
Debt/Equity

28.9%
EBITDA Margin in 2024-25 compared to 28.5% in 2023-24 (28.1% on an adjusted basis in 2023-24)

INNOVATION-DRIVEN GROWTH

Innovation is a central pillar of our growth strategy. We continue to broaden our product range across commercial vehicles, farm equipment, off-highway, industrials, and passenger vehicle segments, staying aligned with the evolving needs of our customers.

Our ability to co-develop complex, high-performance components, often with limited or without customer-provided drawings, reflects our engineering strength and flexibility. As we venture into heavyweight components, we are enhancing our innovation capabilities to serve next-generation industrial applications on a global scale.

Chairman & Managing Director's Message

BUILDING THE FOUNDATION FOR RESILIENT AND SUSTAINABLE GROWTH

> Growth at Happy Forgings has never been about chasing momentum. It is about making deliberate choices that create value over the long term.
>
> PARITOSH KUMAR

Dear Shareholders,

It gives me great pleasure to address you at the close of a year that tested the strength of industries around the world and reaffirmed the power of enterprises driven by clarity and long-term conviction. At Happy Forgings, we did not hold back or play it safe; we moved forward with purpose. We backed our conviction with strategic investments, steady execution, and a real commitment to building something that lasts.

BALANCE IN A MOVING FRAME

The year 2024-25 played out in a world shaped by uncertainty. Geopolitical friction, rising protectionism, tariff hikes, and financial market swings disrupted supply chains and shook business confidence. For manufacturing-driven businesses, the year was a test of staying adaptable without losing sight of the bigger picture.

At Happy Forgings, we stayed focussed. We strengthened our systems, made deliberate, resilient choices, and made sustainability part of how we work. While others waited to see which way the wind would blow, we chose to move. *Engineering the Way Forward* reflects how we approach our work: with direction, conviction, and the confidence to invest when it matters the most.

SCALING WHAT COUNTS

Growth at Happy Forgings has never been about chasing momentum. It is about making deliberate choices that create value over the long term. The year 2024-25 was a defining point in that journey. We committed ₹ 650 Cr. to establish one of the most advanced forging and machining facilities in the world for heavyweight components, capable of manufacturing parts between 250 and 3,000 kg.

This facility will be the first facility of its kind in Asia and only the second in the world at this scale and level of complexity. It signals our readiness to serve demand across wind energy, marine, oil & gas, defence, nuclear, and power generation.

This investment is part of a broader strategy. We are deepening our capabilities, enhancing product complexity, and expanding into industries where quality is critical and competition is limited. The move is backed by strong internal accruals, disciplined capital planning, and early customer engagement that ensures long-term utilisation.

We are not pursuing growth for its own sake. We are growing where our expertise adds real value, where our capital delivers enduring returns, and where engineering capabilities give us a clear advantage

HOLDING STEADY IN A STORMY CYCLE

The year 2024-25 was a demanding year for the global forging and machining industry. Volatile input prices, fluctuating freight costs, and a slowdown in capital spending, driven by rising interest rates, fading post-pandemic demand, and policy uncertainty, hit key markets hard. Commercial vehicles, off-highway machinery, and farm equipment witnessed volume declines in Europe and North America, making every decision more complex and every execution more critical.

Against this backdrop, we stood firm. Strategic focus and disciplined execution delivered results. On an adjusted basis, revenue from operations rose 4.7%, EBITDA grew 7.4% and profit after tax jumped 11.2%. Our profitability reached new heights with a gross margin of 58.0%, EBITDA margin of 28.9% and PAT margin of 18.6%, underscoring our ability to maintain profitability in a demanding market. These numbers reflect more than resilience; they show we have built a business that can hold up under pressure.

This performance was achieved while maintaining a solid financial position. Operating cash flows, after working capital and tax adjustments, stood at ₹ 292 Cr. We ended the year with a liquidity buffer of ₹ 356 Cr. and a conservative debt-to-equity ratio of 0.1 times. With low leverage and strong internal accruals, we are well-positioned to pursue future investments without compromising financial stability.

What sets this performance apart is its quality. There were no shortcuts, no one-time gains. Just consistent operations, a strong mix of high-margin products, and a focus on the basics. In a volatile year, we proved that staying disciplined, sticking to what we know, and making clear choices leads to lasting value.

OPERATING WITH SUSTAINABILITY AS A PRIORITY

Sustainability at Happy Forgings isn't a statement. It is a blueprint. It is how we design our systems, make decisions, and define progress. Growth means nothing if it leaves people behind or takes more than it gives back. In 2024-25, we formalised our ESG roadmap through a detailed materiality assessment and structured engagement with stakeholders. Moreover, to keep us on track, we formed a cross-functional ESG Committee to align priorities, ensure internal accountability, and monitor progress across clearly defined metrics.

And we moved fast. Every forging line was transitioned to induction billet heaters, eliminating furnace oil use to zero. Our green energy capacity expanded to 6.5 megawatts. We switched heat treatment operations to LPG-based systems, improving efficiency and reducing our footprint. These advances bring us closer to our goal of halving Scope 1 and 2 emissions by 2030.

But our approach to sustainability does not stop at operations. It includes people and communities. Over the year, we continued to invest in skill development, health and safety, and access to healthcare. Our CSR efforts focussed on education, medical care, and support for the differently abled, staying true to our belief that growth must create value beyond business outcomes.

STRATEGIC PRIORITIES

Looking forward, our strategy centres on purposeful moves that strengthen our foundation and broaden our market impact.

Emphasis on High-Precision, Machined Components

Roughly 87% of our revenue now originates from machined components, underlining our decisive pivot towards high-precision, value-added engineering.

Sector Diversification Aligned with Core Strengths

The ₹ 650 Cr. capital investment is directed at segments where our technical depth and manufacturing scale will position us in a niche, high-value market segment with limited competition, enabling us to serve stationery power generation, clean energy, defence, marine, and critical infrastructure sectors.

Exports as a Calibrated Growth Engine

As global supply chains diversify, our ability to co-develop precision-engineered components and deliver consistently high quality has reinforced our credibility as a dependable supplier. The rising contribution of exports in our revenue mix reflects long-term traction, not short-term ambition.

Efficiency as a Built-in Advantage

We continue to embed process innovation, energy efficiency, and automation across facilities. These are not reactive cost levers, but foundational shifts that enhance scalability and equip us to serve complex, high-spec applications with speed and assurance.

NEXT STEPS

We are clear on where we are going. We will invest where it sharpens our core. We will scale where we know we can lead. And we will keep growing with purpose, grounded in the principles that have brought us this far.

As we look ahead, I have full confidence in what we are building, a platform defined by the precision of our engineering, the strength of our balance sheet, the depth of our commitment to sustainability, and the ambition we share to lead with purpose.

Thank you for your trust and continued support. We are not simply making. We are building what comes next in precision manufacturing.

Warm regards,

Paritosh Kumar
Chairman & Managing Director

HAPPY FORGINGS LIMITED

Managing Director's Message

FORGING AHEAD WITH FOCUS

> We responded with agility, adapting quickly, maintaining our investment momentum, and staying sharply focussed on winning new business to offset pressures in existing segments.

ASHISH GARG

Dear Shareholders,

The year 2024-25 was a year where discipline met action. While the world around us shifted, we kept our eyes on the priorities that mattered and delivered steady, dependable results across the business. Our ability to adapt quickly, manage complexity, and keep operations running smoothly helped us steer through uncertainty with clarity and control.

The global market posed challenges in the form of demand slowdown across key segments, fluctuating logistics costs due to geopolitical tensions, and softer raw material prices impacting revenue and scrap realisations. We responded with agility, adapting quickly, maintaining our investment momentum, and staying sharply focussed on winning new business to offset pressures in existing segments. By optimising processes, upholding quality standards, and ensuring dependable delivery, we continued to strengthen our reputation as a reliable and responsive supplier.

We boosted our machining output, developed new products in passenger vehicles and industrial sectors, and kept our plants running at high asset utilisation levels. Our investments in automation and capacity expansion were game changers. They sped up throughput, reduced takt times, and made sure we delivered on time, every time. Through all of this, our focus stayed crystal clear: run lean, serve better, and execute flawlessly where it matters most: on the shop floor.

DRIVING OPERATIONAL STRENGTH ACROSS SEGMENTS

Our manufacturing operations stood strong, powering a growing network of both domestic and global OEMs. From our three vertically integrated facilities in Ludhiana, we controlled every step of the process: forging, heat treatment, machining, and inspection, giving us a clear edge in quality and reliability, particularly for parts where safety cannot be compromised.

We maintained strong relationships with India's leading OEMs in commercial vehicles, farm equipment, and off-highway segments. Machined components accounted for 87% of our total revenue, reflecting our focus on delivering complete, value-added solutions that improve both cost and operational advantages for our customers. The passenger vehicle segment also saw strong momentum, supported by the ramp-up of SUV crankshaft lines.

Forging capacity reached 1,27,000 metric tonnes, while machining capacity stood at 57,000 metric tonnes. Both remained well-utilised, helped by tighter planning and improved cycle-time efficiency.

In terms of segments, the industrial portfolio continued to grow and now contributes 14% of total revenue, driven by components for wind energy and power generation. The farm equipment segment also remained stable. While commercial vehicles and off-highway markets were softer in India and overseas, we stayed disciplined on throughput and delivery times.

Exports accounted for 18% of revenues, with healthy demand from global customers in drivetrain and energy sectors even as North America and Europe slowed. Throughout the year, our focus never wavered: make the most of our new capacity, keep deliveries consistent, and deepen our role in global supply chains.

DRIVING PROGRESS ACROSS SEGMENTS

Our segment-wise performance in 2024-25 reflects the strength of our core businesses and the growing momentum in emerging verticals. Despite shifts in market conditions, we delivered consistently across key segments.

- Commercial vehicles remained our largest revenue contributor at 38%. The segment witnessed a mid single digit decline, driven by a slowdown in domestic M&HCV production and weaker export markets.
- Farm equipment contributed 32% of revenue. A good monsoon, higher rabi output, and an overall positive rural sentiment supported demand. Orders from long-standing OEM partners remained steady throughout the year.
- Industrials saw strong growth and now accounts for 14% of our revenue. Demand from wind energy, power generation, and oil & gas drove this expansion. Rising product complexity and a growing customer base are helping this segment play a larger role in our diversification efforts.
- Off-highway held steady at 12% of revenue. Global demand was soft, while domestic construction equipment sales volumes remained stable.
- Passenger vehicles made up 4% of revenue, supported by the ramp-up of our SUV crankshaft lines. We are now supplying at scale for newly launched models in this space.

Our diverse segment mix helped us maintain stable output, while expanding into applications that align with long-term, structural demand trends.

EXECUTING WITH FOCUS AND PRECISION

In 2024-25, we moved forward on several initiatives closely aligned with our long-term strategic priorities. Each was aimed at strengthening capabilities, improving operational reliability, and positioning our product portfolio for high-growth, future-ready applications.

Strengthening Engineering and Product Innovation

We expanded our forging and machining infrastructure, addressing demand for heavy-duty parts in energy and industrial sectors. New product lines were commissioned for crankshafts, axle beams, planetary carriers, and pinion shafts. These were backed by in-house engineering, die design, and testing capabilities. Precision remains a core strength, with select components manufactured to exacting tolerances of 5 to 10 microns.

Building Export Momentum

Exports contributed 18% of revenue this year, double the share in 2020-21. Despite broader industry headwinds and tariff-related disruptions, we see further room for growth. Our fully integrated model and ability to deliver ready-to-fit, fully machined components have strengthened our position within global supply chains.

Expanding Capacity with Focus

We operationalised our 6,300-tonne press and scaled machining capacity to 57,000 metric tonnes. These additions were integrated into production by mid-year, enabling us to serve increasing demand from industrial and mobility sectors. Preparations for our upcoming 10,000-tonne line are progressing well and will further enhance our capability to manufacture larger, more complex components.

Refining Workflow Precision

We completed the transition to induction billet heaters, eliminating the use of furnace oil, and redesigned our compressed air systems to reduce energy consumption. Automation on high-run lines improved takt times and dimensional accuracy. These initiatives have translated into higher throughput, tighter cost control, and better compliance with customer specifications.

Across each of these strategic areas, our focus remained on execution and measurable outcomes, ensuring that strategic intent was consistently translated into progress on the ground.

BUILDING STRENGTH FROM WITHIN

None of this progress would have been possible without the people who power it. At Happy Forgings, our teams continue to show up with purpose: focussed, adaptable, and deeply invested in what they do. Over the course of the year, we invested in structured upskilling programmes, reinforced safety practices, and prepared the organisation to support expanded production lines and automation-driven workflows.

In total, our team completed over 13,300 hours of training. Automation and robotics were deployed to improve precision and repeatability in high-volume production. These initiatives helped boost productivity and reinforced a culture of continuous learning and process rigour.

We maintained a zero-fatality workplace and recorded a Lost Time Injury Frequency Rate (LTIFR) of 0.37. Our compliance systems were further strengthened through grievance redressal mechanisms, regular audits, and full coverage of all statutory benefits.

THE JOURNEY FORWARD

Looking ahead, we will methodically expand our capacity, strengthen our foothold in the industrial and SUV segments, and ensure steady, reliable delivery despite an unpredictable environment. The insights we have gained from customer demand, combined with measured progress on our investment plans, give us a clear line of sight for the near future.

I want to express my heartfelt thanks to our customers, partners, employees, and shareholders for their persistent support. As we enter this next chapter, we carry with us sharper focus, more resilient systems, and a tighter-knit team ready to meet what's ahead.

Warm regards,

Ashish Garg

Managing Director

Financial Highlight

DELIVERING WITH DISCIPLINE & DIRECTION

Our financial performance in 2024-25 reflects the effectiveness of our integrated business model, strategic focus, and operational discipline. With strong operational outcomes, careful capital management, and a healthy balance sheet, we have enhanced shareholder value and positioned our Company for long-term global expansion.

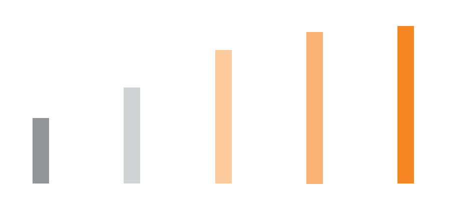
Strong financial fundamentals remain central to our strategy. They provide the foundation to pursue high-value opportunities, weather market cycles, and invest confidently in capabilities for the future. Our commitment extends beyond profitability to creating a sustainable, resilient business that benefits all stakeholders.

By aligning performance with purpose, we strengthen our role as a responsible growth leader in the forging and machining industry.

2020-21 2021-22 2022-23 2023-24 2024-25

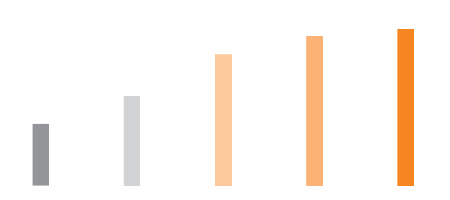
Revenue from Operations (₹ in Cr.)

2020-21	2021-22	2022-23	2023-24	2024-25
585	860	1,197	1,358	1,409



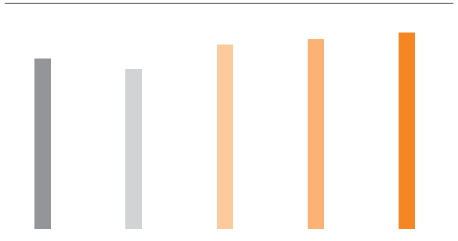
EBITDA (₹ in Cr.)

2020-21	2021-22	2022-23	2023-24	2024-25
159	231	341	388	407



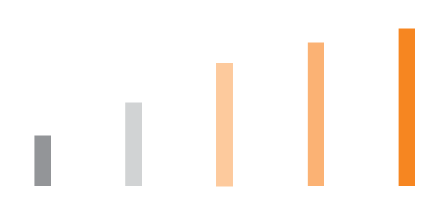
EBITDA Margin (in %)

2020-21	2021-22	2022-23	2023-24	2024-25
27.1	26.8	28.5	28.5	28.9



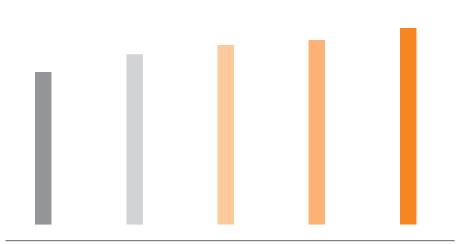
Profit after Tax (₹ in Cr.)

2020-21	2021-22	2022-23	2023-24	2024-25
86	142	209	243	267



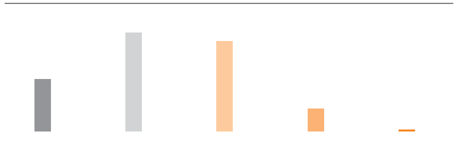
PAT Margin (in %)

2020-21	2021-22	2022-23	2023-24	2024-25
14.8	16.5	17.4	17.9	19.0



Net Debt (₹ in Cr.)

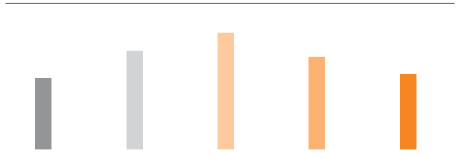
2020-21	2021-22	2022-23	2023-24	2024-25
126	239	218	21	2*



* After including short-term mutual fund investments and short-term fixed deposits along with cash & bank balances

ROE (in %)

2020-21	2021-22	2022-23	2023-24	2024-25
14.4	19.9	23.5	18.7	15.2*



* After excluding non-recurring income

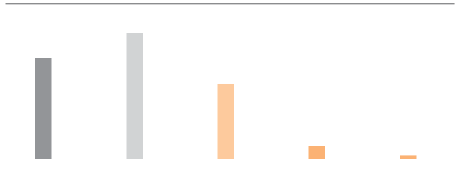
ROCE (in %)

2020-21	2021-22	2022-23	2023-24	2024-25
17.5	21.8	26.2	22.7	18.8*

* After excluding non-recurring income

Net Debt to EBITDA (X)

2020-21	2021-22	2022-23	2023-24	2024-25
0.8	1.0	0.6	0.1	0.0*

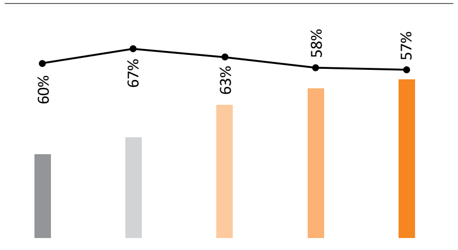


* After including short-term mutual fund investments and short-term fixed deposits along with cash & bank balances

OPERATIONAL PERFORMANCE

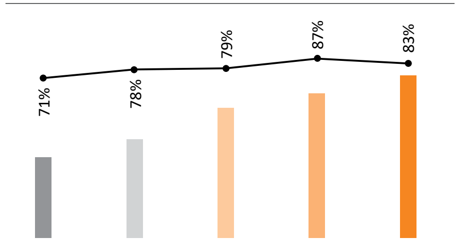
Forging Capacity and Utilisation (in MT)

2020-21	2021-22	2022-23	2023-24	2024-25
67,000	81,000	1,07,000	1,20,000	1,27,000



Machining Capacity and Utilisation (in MT)

2020-21	2021-22	2022-23	2023-24	2024-25
29,500	35,500	46,100	51,000	57,000



Business Model

OPERATING WITH CLARITY & CONFIDENCE

Happy Forgings' value creation journey represents a transformative approach that integrates innovation, expertise, and sustainable practices. Through vertically integrated operations and advanced technologies, we convert multiple forms of capital into lasting value for all stakeholders.

Capitals Engaged	Inputs	Delivering Value to Our Stakeholders
Financial Capital Our robust investment approach guarantees operational continuity and excellence. These resources sustain the business, allowing us to address challenges, seize opportunities, and deliver value to stakeholders. Prudent allocation of capital strengthens our foundation and supports growth in a dynamic business environment.	- Equity: **₹ 19 Cr.** - Reserves: **₹ 1,831 Cr.**	**Financial Capital** - Revenue: **₹ 1,409 Cr. (YoY growth of 4.7%*)** - EBITDA: **₹ 407 Cr. (YoY growth of 7.4%*)** - Profit after Tax: **₹ 263 Cr.^ (YoY growth of 11.2%*^)** - EPS (Basic): **₹ 28.39** - Return on Capital Employed: **18.8%^** - Proposed Dividend: **₹ 3.0 per Share** * After adjusting for higher realisations on one order in 2023-24. ^ After excluding a non-recurring income in 2024-25
Manufactured Capital Our manufacturing facilities and physical assets are central to our operations. By utilising them effectively, we aim to maximise output, control costs, and realise their full potential.	- Property, Plant, and Equipment: **₹ 1,218 Cr.** - Manufacturing Facilities: **3** - Capital Work-in-Progress: **₹ 116 Cr.** - Capital Expenditure (2021-25): **₹ 932 Cr.**	**Manufactured Capital** - World-class standards in operational excellence and performance. - Strategically located plant and improved capacity utilisation to meet demand. - Optimum capacity utilisation.
Intellectual Capital We strengthen our market leadership through innovation built on proprietary knowledge and market insights. Staying aligned with industry trends and consumer needs allows us to develop solutions that create strong value and keep us ahead of the competition.	- Proven ability to manufacture machined components with tolerances as tight as 5-10 microns. - Engineering expertise that ensures efficient use of assets and resources.	**Intellectual Capital** Share of revenues from crankshafts **where tolerance ranges between 5-10 microns across applications - ~51%**
Human Capital Our team's skill, insight, passion, and professionalism form the foundation for achieving and advancing our business ambitions. Their dedication and professionalism turn our vision into results and drive the organisation forward.	- Total Employees: **3,171** - Total Hours of Training: **~13,300**	**Human Capital** - Lost Time Injury Frequency Rate (LTIFR): **0.37** - Fatality: **None** - Highly Motivated Employees
Social & Relationship Capital Our relationships with key stakeholders and communities are central to our social responsibility. Through active engagement, we build trust and gain support, helping us operate effectively and strengthen our reputation.	- CSR Expenditure: **₹ 4.8 Cr.**	**Social & Relationship Capital** - Positively impacted patients, children, girls, differently abled individuals, senior citizens, and the broader community in and around Ludhiana through CSR activities - Internal Training Hours: **~13,300 hours** - Long-Term Customer Relationships
Natural Capital We ensure that every natural resource at Happy Forgings is used efficiently in creating value-added products. Our core business priority is to minimise waste across processes and maximise resource performance.	- GHG Emissions Intensity: **~105,500 tCO_2e/MT** - Environment Initiatives: **Additional 1.7 MW Solar Plant installed during the year** - Efficient Use of Natural Resources	**Natural Capital** - Water Recycled: **36,156 KLPD**

Value Creation Paradigm

Manufacturing Process

1. Raw Materials
2. Billet Cutting Section
3. Metallurgical Testing Lab
4. Forging
5. Control Cooling
6. Heat Treatment
7. Machining
8. Standard Room
9. Final Inspection
10. Packaging and Dispatch

SDGs Impacted

Stakeholder Engagement

ENGAGING WITH INTENT & INTEGRITY

We believe that meaningful progress is built through honest, consistent dialogue. Engaging with stakeholders is a responsibility we approach with care, shaped by respect, transparency, and the desire to build something lasting. From investor briefings to community outreach, each conversation helps us understand evolving expectations and align our goals with a broader sense of purpose. The spirit of connection runs through everything we do. Our Environmental, Social, and Governance (ESG) principles represent the values that shape our decisions and actions. By fostering collaboration and maintaining open communication, we focus on creating long-term value that reflects a thoughtful approach to growth and a commitment to a more inclusive future.

Stakeholders

Our People

Our people form the essence of our business. By fostering a space where communication flows freely, we enable individuals to navigate complexities together and turn challenges into opportunities for progress.

Purpose and Scope of Engagement

- Employee welfare and workplace safety
- Diversity, inclusion, and transparent communication
- Career growth, learning, and development opportunities
- Health, safety, and environmental standards
- Effective grievance redressal mechanisms
- Increase retention rate

Engagement Motto

- Implementing smart recruitment strategies
- Improving retention and succession planning
- Strengthening employee engagement programmes

Modes of Engagement

- Open forums and focus group discussions
- Training programmes for engineers and management trainees
- Fun-at-work initiatives to foster creativity and engagement
- Continuous improvement of workplace experience
- Leadership development programmes

Frequency

Regular and ongoing

SDGs Impacted

Stakeholders

Customers

We collaborate with leading national and international companies, including many well-established names in the industry. These partnerships allow us to focus on long-term outcomes for both our business and customers by creating space for the development of innovative, sustainable solutions. The distinct value we bring strengthens customer relationships and drives continued repeat business.

Purpose and Scope of Engagement

- High-quality service and responsible sourcing
- Sustainable packaging
- Product innovation and sustainable solutions

Engagement Motto

- Developing technology roadmaps based on emerging trends
- Increasing investment in innovation
- Adhering to high manufacturing and environmental standards

Modes of Engagement

- Regular customer satisfaction surveys
- Collaborative product innovation initiatives
- Industry events and exhibitions

Frequency

Ongoing

SDGs Impacted

Stakeholders

Shareholders

We are committed to maintaining transparent communication with our shareholders, ensuring they have a clear view of our Company performance across all areas, from strategic and financial results to environmental, social and governance practices.

Purpose and Scope of Engagement

- Strategic and financial performance
- Consistency in returns
- ESG priorities and governance

Engagement Motto

- Ensuring strong governance mechanisms and Board leadership
- Ensuring greater focus on ESG with disclosures
- Delivering consistent financial performance

Modes of Engagement

- Regular investor interactions and transparent disclosures
- Timely response to shareholder queries

Frequency

Quarterly results, quarterly earnings conference calls, and meetings as and when required

SDGs Impacted

8, 9, 12, 16

Stakeholders

Supply Chain Partners

We have developed a robust network of suppliers worldwide. From the quality of raw material sourcing, addressing social and environmental challenges and maintaining a seamless supply chain to various other issues, we discuss various solutions. Our objective is to build a relationship of trust and mutual support with all of them.

Purpose and Scope of Engagement

- Responsible sourcing and local procurement
- Quality, service, and timely payments
- Health, safety, and environmental standards
- Cost rationalisation and risk mitigation

Engagement Motto

- Ensuring integrated business planning
- Conducting supplier training and capacity building programmes
- Consolidating supplier base for quality enhancement

Modes of Engagement

- Workshops and meetings with suppliers
- Compliance and risk assessments
- Discussions on procurement standards

Frequency

As and when required

SDGs Impacted

5, 9, 12

Stakeholders

Community

We aim to contribute meaningfully to society and enhance our positive impact on the communities around us. Our efforts are focussed on the areas where we operate, with direct investments in education, healthcare and sanitation, community development and environmental sustainability.

Purpose and Scope of Engagement

- Employment and enterprise support
- Health, sanitation, and environmental sustainability
- Local infrastructure investments

Engagement Motto

- Reviewing regularly
- Carrying out initiatives for marginalised community upliftment

Modes of Engagement

- Periodic community needs assessments
- Targeted interventions in education, health, and environment

Frequency

Ongoing

SDGs Impacted

2, 3, 4, 5, 8, 12, 16

Stakeholders

Government Regulators and Authorities

We engage with national and local governments, as well as regulators, to communicate our objectives, understand their concerns and priorities, and work towards solutions that serve both sides. We fully comply with all applicable regulations in every region where we operate and regularly assess our performance to stay ahead of evolving requirements.

Purpose and Scope of Engagement

- Regulatory compliance and governance
- Ethical business conduct
- Environmental stewardship and community engagement

Engagement Motto

- Ensuring adherence to national and international standards
- Maintaining compliance with whistleblower and governance policies
- Guaranteeing proactive guidance on government schemes and initiatives

Modes of Engagement

- Regular meetings and facility inspections
- Policy development discussions
- Transparent regulatory filings

Frequency

As mandated by the regulatory authorities

SDGs Impacted

8, 13, 16, 17

HAPPY FORGINGS LIMITED

Materiality Assessment

PRIORITISING WITH PURPOSE & PRECISION

We believe integrating environmental, social, and governance (ESG) factors into our core strategy is essential for sustainable value creation. Embracing a materiality-driven approach, we align business objectives with stakeholder expectations, allowing us to focus on the most critical ESG issues that affect both our performance and those we serve. This focus enables focussed action and clear, transparent reporting.

MATERIALITY ASSESSMENT PROCESS

During 2024-25, in partnership with external experts, we undertook a comprehensive materiality assessment aimed at identifying and prioritising the ESG issues most relevant to our business and stakeholder landscape. This methodical process unfolded through four distinct stages, including:

Peer Benchmarking

We evaluated ESG practices across a spectrum of industry peers, representing diverse levels of ESG maturity, to ground our assessment in relevant context.

Framework Alignment

Topics were carefully shortlisted based on their correspondence with established global ESG frameworks, including GRI, TCFD, SASB, BRSR, and the United Nations' Sustainable Development Goals.

Stakeholder Relevance and Business Impact

Each topic underwent evaluation for its significance to our stakeholders as well as its strategic influence on Happy Forgings' operational and long-term objectives.

Validation and Prioritisation

The final list was reviewed and validated by senior leadership alongside the ESG working group, which crystallised the foundation of our ESG roadmap.

This thorough assessment culminated in the development of a formal ESG roadmap, directing our focus towards the most consequential ESG priorities.

MATERIAL TOPICS IDENTIFIED

Through this process, we identified **14 essential material topics**, carefully segmented under the environmental, social, and governance dimensions.

Topic	Key Aspects Covered	Stakeholders Impacted	GRI Alignment	SDGs Impacted
Environment				
Energy Management	Oversight of energy consumption, fuel usage, initiatives to enhance energy efficiency, and related targets.	Customers	302	7, 13
Emissions Management	Emissions inventory, reduction roadmaps, and associated targets.	Customers	305	7, 12, 13
Climate Strategy & Governance	Assessments of risks, governance structures, strategic climate planning and target setting.	Investors and Customers	Across Several KPIs	9, 13, 17
Waste Management & Product Stewardship	Circularity measures, renewable packaging, product lifecycle analysis, waste disposal & recovery, SOPs, and targets.	Regulators	306 (Effluents & Waste)	12, 13
Water Management	Zero liquid discharge, recycling, exposure and risk assessments, SOPs and targets.	Regulators & Communities	306 (Effluents & Waste)	6, 12, 13
Social				
Labour Practices	Employee development, retention, benefits, and well-being programmes.	Employees	401, 402	3, 8
Health & Safety	Systems, governance, SOPs and trainings and targets.	Employees	403	3, 8
Human Rights	POSH, equal opportunity, management oversight, grievance handling, assessments, systems and targets.	Employees	406, 407, 408, 409, 410, 411	8, 16
Diversity & Inclusion	Rural workforce, small towns, gender participation in workforce, leadership positions, goals and targets.	Employees and Investors	405	4, 5, 8
Community Relations	CSR programmes, needs assessments, and impact assessments, among others.	Communities	413	16, 17
Governance				
ESG/Corporate Governance	Board committees, composition, diversity, and ESG oversight, among others.	Investors	General Disclosures	12, 16, 17
Supply Chain Management	Critical suppliers, identification of risks, local sourcing, ESG awareness and engagement and targets.	Suppliers and Customers	308, 414	8, 12, 17
Risk Management	Integration of ESG risk management with ERM, data protection, and business continuity, among others.	Investors and Customers	General Disclosures	6, 9, 12, 13
Data Protection & Security	Integration of data protection and security with ERM, compliance, cybersecurity, and incident response.	Customers, Employees	General Disclosures, 410	9, 16

Risk Management

ADAPTING WITH VIGILANCE & VISION

At Happy Forgings, our philosophy around risk is neither defensive nor reactionary. We regard it as an integral part of decision-making that empowers us to act with clarity, protect stakeholder value, and navigate uncertainty with composure. By adopting a comprehensive, enterprise-wide approach, we are able to identify, evaluate, and address exposures across strategic, operational, financial, and compliance spheres.

As complexity becomes the norm and transformation accelerates, our commitment to anticipating risk enables us to sustain momentum, preserve trust, and navigate forward with precision. Risk, in our lens, is not merely something to avoid but something to understand, manage, and, when aligned with purpose, embrace. It is through this lens that we build strength and lead responsibly.

OUR FRAMEWORK ENCOMPASSES

1. Identification and analysis of known and emerging risks.
2. Strategic controls designed to neutralise potential disruption.
3. Continuous tracking and early warning systems.
4. Insight-driven reviews and disclosures that support agile governance.

KEY RISKS AND MITIGATION STRATEGIES

Business Risk

Impact

A concentrated customer portfolio and reliance on select product lines increase sensitivity to order fluctuations and contract renewals. Exposure to cyclical industries heightens revenue volatility, while rising input costs may compress margins and challenge profitability.

Mitigation

Happy Forgings is actively diversifying its customer base, broadening its product portfolio, and expanding into new end-use industries to mitigate concentration risks. Geographic expansion and a strategic focus on high-margin, value-added components provide greater revenue consistency and cushion against cost inflation and economic cyclicality.

Operational Risk

Impact

Supply chain bottlenecks and transportation delays have the potential to affect operations, escalate costs, and undermine customer confidence. Falling short of rigorous quality standards could expose us to liability risks and tarnish our reputation.

Mitigation

A well-diversified and closely monitored supplier network ensures consistent material availability, while contingency planning, predictive maintenance, and a broader range of logistics options strengthen both delivery reliability and operational resilience. Alongside this, we uphold strong quality assurance systems, provide continuous employee training, and maintain product liability insurance to ensure reliability at every stage.

Financial Risk

Impact

High leverage, increasing borrowing costs, or mismatches in cash flow can strain liquidity, limit the ability to invest, and put long-term financial stability at risk. Additional pressure may arise from interest rate volatility and sensitivity to changes in credit ratings.

Mitigation

With a low debt-to-equity ratio of 0.1x and healthy internal accruals, Happy Forgings maintains a solid and stable balance sheet. Careful management of working capital and disciplined capital allocation allow us to support our growth with limited reliance on external debt, strengthening our ability to withstand financial pressures.

ESG Risks

Impact

Failure to comply with environmental regulations, slow progress on reducing emissions, or lapses in governance can lead to regulatory penalties, loss of customers, or damage to reputation. As ESG performance becomes a key factor in vendor selection, customers are placing greater weight on responsible and transparent business practices.

Mitigation

An ESG Committee, chaired by a Whole-time Director, oversees Happy Forgings' sustainability agenda. The ESG roadmap covers decarbonisation, efficient resource use, compliance monitoring, and social responsibility programmes, all aligned with international standards. This structured approach helps reduce regulatory, reputational, and commercial risks linked to ESG performance.

Technological Risk

Impact

Operational disruptions caused by IT system failures, cyber threats, or insufficient adoption of emerging technologies can affect data security and erode customer trust. Additionally, fast-paced technological advancements in manufacturing or end-use sectors may pose challenges to our adaptability, efficiency, and ability to remain competitive.

Mitigation

Happy Forgings has established a secure, scalable IT infrastructure supported by robust cybersecurity measures and comprehensive disaster recovery systems. At the same time, continued investment in advanced manufacturing technologies and diversification across industry segments help reduce exposure to potential disruptions.

Competition and Pricing Pressure Risk

Impact

Intensifying competition and price negotiations from OEMs can put pressure on gross margins and overall profitability. In addition, regulatory changes such as the introduction of tariffs or adjustments to cost subsidies can influence our competitive position and limit pricing flexibility.

Mitigation

Happy Forgings is committed to delivering strong value through precision engineering, high quality, and reliable performance. We manage costs through initiatives like value engineering, streamlined supply chain operations, and efficient, scale-driven production. At the same time, strategic pricing and a focussed, customer-oriented approach help safeguard both our margins and market position.

ADDRESSING WHAT MATTERS MOST

In 2024-25, we conducted a comprehensive overhaul of our enterprise risk framework, strengthening our focus on building a resilient, adaptive, and strategically driven business. This initiative centred on identifying both emerging and operational risks requiring enhanced vigilance, particularly in the context of business expansion, technological advancements, and increasingly complex supply chain dynamics.

The revised framework delivers greater clarity on risk concentration across core areas like manufacturing operations, resource planning, and customer fulfilment. This proactive approach has enhanced our early-warning systems, improved response protocols, and integrated risk accountability across all functional levels.

Key risks evaluated during the assessment included fire and plant safety, power supply disruptions, raw material price and availability fluctuations, equipment downtime, and rising customer expectations regarding quality and delivery timelines. These risks are actively monitored through defined control systems, structured audit processes, and clear escalation mechanisms to ensure operational continuity and maintain stakeholder trust.

At Happy Forgings, risk management is integrated into our strategic decision-making process. It is a practical and integral part of how we operate, not a compliance requirement. By promoting clear ownership, early anticipation, and consistent preparedness, we continue to safeguard our operations and support stable, sustainable, long-term growth.

Strategic Priorities

STRATEGISING WITH INSIGHT & IMPACT

In a dynamic industrial landscape shaped by intensifying global competition, evolving demand trajectories, and heightened imperatives for sustainability and precision, Happy Forgings has strategically positioned itself to lead with clarity and conviction. Our strategy draws strength from our deep-rooted engineering acumen, prudent capital allocation, and enduring partnerships that collectively reinforce our reputation as a trusted, value-generating manufacturing partner.

With India gaining ground as a preferred manufacturing destination, we are strengthening our footprint across critical domestic and global markets. Through the seamless integration of innovation, efficiency, and customer insight, we carry forward our legacy: delivering solutions that are resilient, responsive, and ready for what lies ahead.

KEY STRATEGIES

- S1 Driving innovation through advanced technology and engineering excellence
- S2 Evolving with industry dynamics
- S3 Tapping into international markets
- S4 Progressing with new capacity
- S5 Ensuring operational efficiency for a sustainable tomorrow
- S6 Synergising towards new possibilities

S1

DRIVING INNOVATION THROUGH ADVANCED TECHNOLOGY AND ENGINEERING EXCELLENCE

Our strength in innovation and precision engineering forms the basis of our market advantage. At Happy Forgings, our journey up the value curve is marked by thoughtful investments in state-of-the-art technologies and the manufacture of complex, mission-critical components that demand a convergence of advanced metallurgy, precision tolerance, and process excellence. Our solutions are never one-size-fits-all. We design with purpose, tailored to the operating realities of the sectors we serve: from mobility and agriculture to energy and heavy industry. Whether it's for commercial vehicles or electric drivetrains, our engineering adapts with intent. With our foray into heavyweight components, the blueprint remains unchanged. We adopt the most advanced technology and customise it to serve across applications, ensuring each investment is agile, cross-functional, and calibrated to deliver efficient, long-term returns.

Our Progress

In 2024-25, we leveraged our newly installed 14,000-tonne press to scale up product development in heavyweight applications. This included large crankshafts for gensets and marine engines, front axles for electric buses, pinion shafts and planetary carriers for wind turbine gearboxes, and forged flanges and axles for oil & gas systems. We also upgraded our machining capabilities to handle components of up to 250 kg. On the automotive front, we expanded supplies for the SUV segment, including high-precision crankshafts for SUV engines. These initiatives reflect our ongoing focus on product innovation across both industrial and mobility segments.

S2

EVOLVING WITH INDUSTRY DYNAMICS

Our ability to anticipate industry shifts and act decisively underpins our constrained performance. At Happy Forgings, we have developed a flexible operating model that capitalises on enduring OEM partnerships alongside diversified forging and machining expertise. This agility empowers us to respond promptly to shifts in customer preferences, regulatory frameworks, and global economic fluctuations. By aligning our core competencies with emerging trends from clean mobility to industrial electrification, we continue to strengthen our position across both cyclical and counter-cyclical sectors.

Our Progress

In 2024-25, we deepened our collaboration with a prominent Indian OEM by supplying 195 kg front axle beams for electric buses and SUVs, strengthening our foothold in the expanding e-mobility space. Our passenger vehicle segment grew to represent 4% of total revenues, with plans to scale further via dedicated crankshaft production lines for SUVs. Meanwhile, the industrials segment witnessed its revenue share climb to 14%, supported by new customers in the wind energy domain. These advances underscore our agility in responding to shifting market demands and expanding our presence across both emerging and established sectors.

S3

TAPPING INTO INTERNATIONAL MARKETS

Our ambition to broaden international horizons is evidenced by our targeted focus on markets traditionally reliant on European and Chinese suppliers. By delivering advanced, high-value components to multi-site OEMs, each adhering to global quality benchmarks, we are positioning ourselves to significantly boost export revenues while balancing risks tied to domestic market fluctuations.

Our Progress

In 2024-25, exports comprised 18% of our revenue, marking a twofold rise since 2020-21. This trajectory reflects our expanding role in global supply chains, and particularly through our partnerships with OEMs in wind energy, oil & gas, and off-highway equipment. By delivering intricately engineered crankshafts, gears, and pinion shafts, we continue to build our reputation as a dependable source for mission-critical components on a global stage.

S4

PROGRESSING WITH NEW CAPACITY

To meet the rising demand across both core sectors and evolving frontiers, we are scaling our capacity with advanced forging and machining assets. Our capacity expansion aims to address opportunities in heavier, more complex components used in infrastructure, renewable energy, and high-horsepower vehicles.

Our Progress

In 2024-25, we brought our new 6,300-tonne press into operation and advanced commissioning preparations for a 10,000-tonne line, significantly expanding our capacity to meet rising demand for heavyweight components. These additions are central to our strategy of entering high-value industrial segments. At the same time, we increased utilisation of our 14,000-tonne press, as momentum built in the industrials segment and new CV crankshaft developments moved steadily towards full-scale production.

S5

ENSURING OPERATIONAL EFFICIENCY FOR A SUSTAINABLE TOMORROW

We are advancing operational excellence by embedding automation, energy efficiency, and lean manufacturing across our facilities. This approach integrates engineering precision with environmental responsibility, supporting sustained cost efficiency and strengthening our competitive position over the long term.

Our Progress

In 2024-25, we increased our solar power capacity to 6.5 MW and completed the transition from furnace oil systems to induction heating and LPG-based alternatives. Key initiatives also included the installation of 1,600 kVAR APFC panels to enhance power factor, the redesign of compressor layouts to lower electricity consumption, and extensive automation across our forging and machining lines. Together, these measures have reduced energy intensity and strengthened the foundation of our sustainability strategy.

S6

SYNERGISING TOWARDS NEW POSSIBILITIES

Our long-term vision focusses on strategic opportunities that add complementary capabilities, technologies, or customer bases. This encompasses both organic investments and inorganic actions such as acquisitions or asset relocations. Additionally, these initiatives are aimed at supporting product diversification and expanding our global reach.

Our Progress

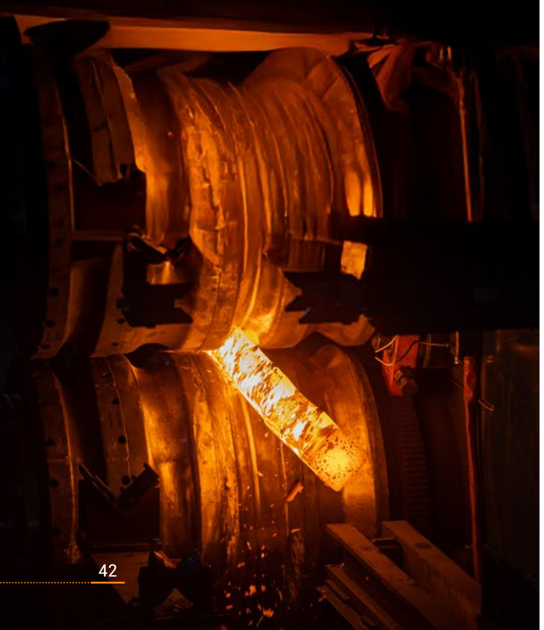
We advanced preparations for a significant strategic shift into ultra-heavy components by committing ₹ 650 Cr. capital expenditure for forging and machining infrastructure designed for parts weighing 250 to 3,000 kg. This investment positions us to enter niche global segments such as power generation, marine, mining, defence, and nuclear. We are actively collaborating with new customers to co-develop specialised products that will drive future capacity utilisation.

Our ESG Approach

GROWING WITH RESOLVE & RESPONSIBILITY

As we expand our scale and strengthen our reputation, we remain equally committed to responsible growth. ESG has become a guiding force in this journey, influencing our decisions, investments, and company culture. With a clear sense of responsibility and urgency, we are aligning our business goals with global sustainability imperatives to create lasting value for all stakeholders.

We understand that building a sustainable future takes more than operational success; it requires thoughtful leadership, inclusive progress, environmental care, and transparent governance. With this in mind, in 2024-25, we formalised our commitment by establishing a five-member, cross-functional ESG Committee led by our Whole-Time Director, tasked with devising and implementing a comprehensive ESG framework for our Company.



1 OUR ESG ROADMAP

We have developed a forward-looking ESG roadmap built around five key pillars: strategy, governance, measurement, implementation, and disclosure. This roadmap was shaped through a thorough gap analysis, peer benchmarking, and active stakeholder engagement, ensuring it is both comprehensive and practical. Key milestones along this path include:

- Establishing an ESG Committee to oversee integration and ongoing monitoring.
- Conducting a materiality assessment to identify critical focus areas and risks.
- Aligning internal systems to achieve data readiness for accurate ESG disclosures.
- Preparing for assurance to enable credible, audit-ready reporting.
- Setting long-term targets across environmental, social, and governance dimensions.

Each milestone aligns with applicable global frameworks like ISO 14064, GRI, TCFD, and CDP, ensuring our roadmap is globally benchmarked and locally actionable.

2 OUR ESG FOCUS AREAS

Through our materiality assessment, we identified priority ESG topics that guide our focus and efforts:

- **Environmental Stewardship:** Managing energy and emissions, reducing water use and waste.
- **Social Responsibility:** Enhancing occupational health and safety, employee well-being, and fostering inclusive hiring.
- **Ethical Governance:** Integrating ESG risks, promoting board diversity, ensuring transparency, and conducting supplier due diligence.

We approach these areas as interconnected, blending environmental care, social progress, and governance oversight, because we understand that sustainability is about maintaining a balanced and holistic approach.

3 ESG STRATEGIES AND TARGETS

To translate our commitments into concrete results, we have set clear, time-bound ESG goals that demonstrate our accountability and ambition:

ENVIRONMENT

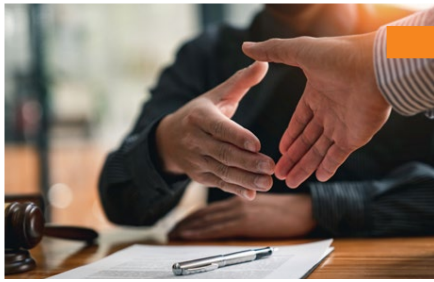
- Reduce Scope 1 and Scope 2 emissions by 50% by 2030*
- Achieve 100% Zero Liquid Discharge implementation across all sites
- Lower freshwater consumption by 35% by 2031-32*
- Install a 20 MW solar plant by 2028
- Reduce non-hazardous waste by 30%*
- Participate in CDP Climate Change disclosure

** From baseline*

SOCIAL

- Cover 100% of our workforce with skill development programmes
- Lower LTIFR by 50% by 2030*
- Provide human rights and safety training to all raw material suppliers
- Conduct impact assessments for at least five CSR projects

** From baseline*



GOVERNANCE

- Link ESG performance to Board evaluation KPIs
- Introduce an ESG risk management framework
- Screen suppliers for sustainability alignment
- Strengthen policies on ethical conduct and compliance

Together, these strategies embody our belief that sustainability must be integrated into everything we create: our components, our Company, and the future we build.

Environment

LEADING WITH STEWARDSHIP & STRATEGY

At Happy Forgings, sustainability is a responsibility we carry with care and clarity. It is embedded in the way we think and operate, guided by technology, discipline, and a long-term vision. As we continue to manufacture high-performance components that support industries worldwide, we remain equally focussed on minimising the environmental impact of our work.

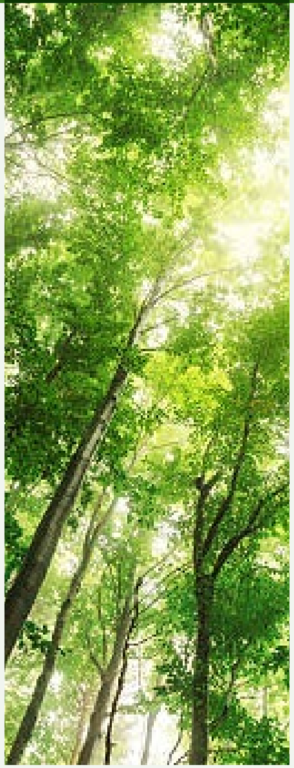
Our efforts include a shift towards cleaner energy, implementing circular waste systems, and strengthening water conservation. Several of our facilities are ISO 14001:2015 certified, underscoring our alignment with global standards for environmental management. We have also set a clear target: to reduce Scope 1 and 2 emissions by 50% by 2030. Every action is part of a larger intention: to create with purpose, responsibility, and care for the future.

REPLACED
All Halogen Lights with High-Efficiency LED Lighting

1,600 kVAR
Hybrid APFC Panels Installed to Reduce Energy Losses

10,000 Trees
Planted to Create Carbon Sinks

REAL-TIME
Energy and Water Monitoring Systems



GREEN ENERGY INITIATIVES

Green energy has moved from a distant vision to a present reality at Happy Forgings. During 2024-25, we expanded our rooftop solar capacity by 1.7 MW, generating cleaner power right on site. Our total 6.5 MW solar array now enables us to prevent generation of carbon emissions to the tune of ~4,000 tonnes annually and is pushing us closer to reducing our reliance on traditional grid energy.

These efforts are not only cost-effective but also lay the foundation for a sustainable energy future.

6.5 MW
Installed Green Energy Capacity

GREEN ENERGY
Directly Integrated into Production Processes

EMISSIONS MANAGEMENT

We are changing the way we think about energy: how we use it and where it comes from. By switching entirely from furnace oil to induction heaters and LPG lines, we have made major strides in reducing direct emissions. We have also redesigned compressor systems, introduced automated cooling towers, and installed temperature regulation systems. These changes work together to improve energy efficiency and limit pollution.

The outcome is clear: lower carbon output, cleaner air, and a manufacturing process that delivers with precision, while protecting the planet.

8,771 tCO_2e
Total GHG Emissions (Scope 1)

96,761 tCO_2e
Total GHG Emissions (Scope 2)

1.28 tCO_2e
GHG Intensity per MT of Output

WATER STEWARDSHIP

Our approach to water management is built on efficiency and accountability. We treat every drop as a resource to be respected. With sewage and effluent treatment plants (STPs and ETPs) in place, all water used in our operations is carefully treated and reused by providing tertiary treatment through reverse osmosis (RO) and reused in manufacturing processes.

We have set our sights on an ambitious goal: 100% wastewater recycling by 2025. Every step we take brings us closer to a closed-loop system that conserves water and protects the environment.

2,60,263 KL
Water Consumption

3.1 KL
Water Intensity per MT of Output

36,156 KL
Treated Water Reused

WASTE MANAGEMENT

Our approach to waste is shaped by mindful use and creative recovery. Guided by the principles of reduce, reuse, and recycle, we have introduced initiatives that recover cutting oil, repurpose sludge from our effluent treatment plants, and reuse packaging materials across facilities. These steps help reduce waste footprint while making operations more cost-efficient and environmentally sound.

As we look to the future, we have made a clear commitment to completely phase out wood-based and non-recyclable packaging materials by 2030.

27,342 MT
Total Waste Generated

0.33 MT
Waste Intensity per MT of Output

19.9 MT
Hazardous Waste

CLIMATE RISK READINESS

Climate change is bringing new challenges to the manufacturing world, and at Happy Forgings, we are preparing with care and foresight. We have begun conducting climate risk assessments across all our plant locations, taking into account risks like water shortages, rising temperatures, and potential disruptions to logistics.

We are also building resilience into our infrastructure. This includes selecting materials that can withstand heat-sensitive environments, setting up backup systems for water and power, and developing emergency response protocols tailored to each site.

These efforts are not just about protecting our operations; they reflect our commitment to transparency, evolving customer needs, and investor expectations. Our climate strategy is being shaped in line with recognised frameworks like TCFD and ISO 14090, ensuring that we grow responsibly and keep climate risks in view.

Social: People

ADVANCING WITH PASSION & PARTNERSHIP

At Happy Forgings, our people are the reason we succeed. Their hard work turns our goals into reality, keeps things running smoothly, and drives us forward. We want to create a place where ambition meets real opportunity, learning is part of everyday life, safety is always a priority, and everyone feels respected and empowered to contribute.

Our HR framework is designed to help people grow and find new chances to develop. We also have established policies that set clear expectations and address issues fairly, so everyone can work in a positive, supportive environment.

WORKFORCE OVERVIEW

We are growing with purpose and a commitment to inclusivity, building a workforce that reflects both strong skills and solid character. By thoughtfully balancing full-time employees with skilled contract workers, we ensure the flexibility and scale needed to adapt and thrive. At the same time, we actively encourage diversity and nurture a culture grounded in respect, collaboration, and shared accountability. This approach builds a workforce that is resilient, responsive, and well-equipped for the future.

631
Permanent Employees

2,540
Permanent Workers

391
Contract Workers

5
Differently Abled Workers

~34 Years
Average Age of Employees

TALENT DEVELOPMENT AND LEARNING

Capability-building sits at the core of our talent strategy, shaping how we grow and support our people. We view learning not as a one-time effort but as an ongoing process, and we invest accordingly to foster a culture where skill development and professional growth are part of everyday work. It begins with structured onboarding for new team members and extends to advanced training tailored for our technical teams, each step designed to sharpen competence and drive innovation. To complement this, we actively draw on the experience of retired professionals, engaging them in advisory and retainership roles, ensuring that valuable knowledge is preserved and continues to drive our progress.

2,236
Workers Trained

440
Employees Trained

51%
Employees Received Career Development Review

70
No. of Workers Received Career Development Review

100%
New Hires Completed Structured Induction Programmes

HEALTH AND OCCUPATIONAL SAFETY

We see a safe and healthy workplace as essential to doing business responsibly. Our systems are built to anticipate risks, follow international best practices, and fully comply with ISO 45001:2018 standards. But safety isn't only about avoiding harm; it is also about supporting people. That's why we offer wellness programmes, routine medical care, and accessible support when it is needed. It is a way of thinking that runs through everything we do, not just a set of rules to follow.

0.37
Lost Time Injury Frequency Rate (LTIFR) Reduced from 0.55 Compared to the Previous Year

ZERO
Fatalities

REGULAR SAFETY
Toolbox Talks, Mock Drills, and Safety Audits Conducted

100% Workforce
Medical Coverage

DIVERSITY AND INCLUSION

We are committed to building a workplace where every individual, regardless of gender, background, or ability, is treated with dignity and has an equal chance to succeed. Acknowledging the male-dominant nature of our industry, we are advancing meaningfully to shift that balance by increasing female representation, strengthening diversity at the Board level, and ensuring our infrastructure is accessible to all. These efforts are supported by clear policies that prioritise inclusive hiring, uphold zero tolerance for discrimination, and promote a culture where everyone feels they belong.

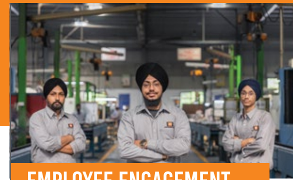
26 Women
Employed Across Roles and Levels

2/7*
Board Directors are Women

5
Differently Abled Workers Employed

100%
Accessibility Compliance at Plant Locations

EMPLOYEE ENGAGEMENT AND GRIEVANCE REDRESSAL



Our approach to employee engagement is built on a foundation of transparency and trust, fostering open, two-way communication at every level. Although we operate in a non-unionised setting, we have established clear and structured channels where employees can voice their concerns, resolve conflicts, and participate in shaping policies. This ensures that issues are handled promptly and fairly, with the Chief Human Resources Officer personally overseeing the grievance process to guarantee both effectiveness and accountability.

GRIEVANCE MIS
Reviewed Monthly by CHRO

100%
Grievance Closure Rate in 2024-25

REGULAR
Engagement Sessions and Feedback Forums Instituted

COMPENSATION AND BENEFITS

Our compensation and welfare framework extends well beyond legal requirements, reflecting a genuine commitment to the well-being and dignity of our employees. By providing financial security, emergency assistance, and healthcare support, we aim to protect not only our people but also their families. In doing so, every investment we make in our workforce strengthens a culture rooted in both performance and purpose.

100%
Employees Covered Under PF, ESI, and Gratuity

0.25%
Of Annual Revenue Allocated to Employee Well-being

*As on March 31st, 2025

Social: Communities

EMPOWERING WITH UNITY & UNDERSTANDING

Progress, as we see it at Happy Forgings, does not stop at our production lines. It lives in the impact we make in our communities. Our progress is deeply rooted in responsibility, to do right by the people and place around us. We know that a business is only as strong as the society it stands in, which is why we invest in initiatives that enable growth, build resilience, and uplift those who need it most.

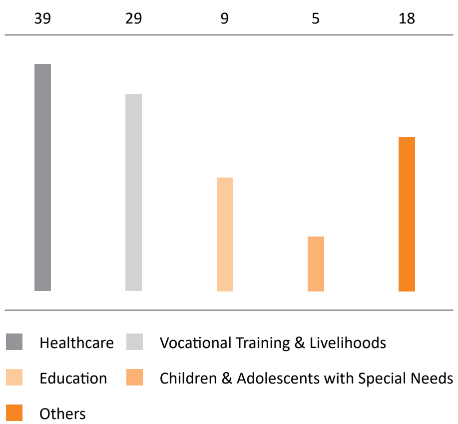
Our Corporate Social Responsibility (CSR) efforts focus on what truly matters: education, healthcare, skill development, environmental care, and building strong community infrastructure. Each initiative is carefully designed to respond to local needs, close existing gaps, and promote long-term resilience. These efforts support a vision of inclusive growth, where everyone has the opportunity to succeed and contribute to a stronger, more connected society.

We view social impact as inseparable from economic progress. In pursuing both, we stay true to our values and help shape a future that's fair and inclusive for all. By aligning our CSR initiatives with the UN Sustainable Development Goals (SDGs), we ensure our actions contribute meaningfully at, both local and global levels.

₹4.8 Cr.

Total CSR Expenditure

CSR EXPENDITURE DISTRIBUTION FOR 2024-25 (%)



TRANSFORMING LIVES THROUGH EDUCATION

Education opens the door to a better life, and we are committed to bringing that door within reach for those who have been left out. Whether it is constructing a government primary school, supporting educational NGOs, or working with vocational institutes, our efforts cover everything from early learning for the differently abled to skill-building for the future. These initiatives do more than teach; they help build confidence, unlock potential, and create pathways to dignified, sustained livelihoods.

CONSTRUCTION

Of Primary School, Umedpur

FUNDED

Noble Foundation for Education of Underprivileged Kids

FUNDED 'WOMEN NEXT DOOR'

For the Education of Slum Children

ADVANCING ACCESS TO QUALITY HEALTHCARE

We believe equality is a right, not a privilege. Our initiatives address both infrastructure gaps and vital medical services in underserved regions. Through donations of dialysis machines, supporting diagnostic services, and funding charitable hospitals, we bring critical care closer to communities with limited access. Guided by compassion and a commitment to inclusivity, our healthcare efforts rest on the conviction that timely medical support can transform lives.

DIALYSIS MACHINES

Donated

700

Dialysis Procedures Funded for Patients in Need

7

Vehicles Donated for Administration of Emergency/Support Health Services

ESTABLISHED

Operation Theatre at Civil Hospital

EMPOWERING THE DIFFERENTLY ABLED THROUGH EDUCATION AND INCLUSION

True inclusion begins by opening the door to opportunity. Our commitment to differently abled individuals is driven by a genuine belief in their talents and potential, not mere obligation. Through focussed investments in education and vocational rehabilitation, we empower people with visual, hearing, or motor disabilities to live with independence, contribute meaningfully in the workforce, and participate fully in every aspect of society. These initiatives are a reflection of our core values: respect, equity, and universal access.

FUNDED

Ludhiana Education Society for the Education and Vocational Training of Children with Hearing Impairments

VOCATIONAL REHABILITATION CENTRE

Benefitted 93 Visually Impaired Students

'EKJOT VIKLANG BACHHON KA SCHOOL' ESTABLISHED

Sponsored Sports and Other Activities for Visually Impaired Students

STRENGTHENING COMMUNITY INFRASTRUCTURE

A strong community is built on public infrastructure that is reliable, accessible, and welcoming to all. Through our CSR investments in infrastructure, we seek to elevate quality of life, strengthen social bonds, and promote sustainable living. Whether it is creating green spaces and walkways, powering mega kitchens with solar energy, or providing shelters for the Border Security Force, our efforts enrich daily lives while affirming our commitment to environmental care and national service.

SOLAR PANELS

Installed at a Mega Kitchen of Jagannath Food For Life

2

Bio-compost Machine Installed in Leh for the Indian Army

ANIMAL WELFARE

Funding Support to Dhyan Foundation & Krishan Balram Gaushala

SUPPORTING THE VULNERABLE AND PROMOTING WELFARE

We focus our efforts on the most vulnerable in society, including senior citizens, animals, and frontline service providers through dedicated and targeted support programmes. Driven by genuine compassion and a deep sense of community responsibility, we work to restore dignity to the elderly, ensure the protection of animal welfare, and equip police and defence personnel with critical resources. Our commitment is firm: to stand as a reliable and enduring partner in safeguarding those who often go unnoticed.

Governance

LEADING WITH TRUST & TRANSPARENCY

At Happy Forgings, our strong foundation in governance is central to our ongoing success. We are guided by a capable management team with deep industry knowledge, upholding the highest ethical standards to protect stakeholder interests and ensure transparency and accountability in every aspect of our operations.

This commitment has consistently earned us the trust of investors and strong credit ratings that reflect our financial stability and operational discipline. We strengthen this further by engaging a reputable external audit firm and an independent internal auditor, affirming our dedication to regulatory compliance and industry-leading practices.

GOVERNANCE PILLARS

Experienced Leadership: A skilled management team with extensive domain expertise.

Strong Board Oversight: A seasoned Board committed to best-in-class governance.

Esteemed Investors: Reputed institutional shareholders strengthen governance oversight.

Transparent Operations: Trusted audit practices and independent internal reviews.

Accountability at All Levels: A robust multi-tiered monitoring framework.

Harmonious Workforce: Sound employee practices with no history of lockouts or labour unrest.

ROBUST GOVERNANCE PRACTICES

Our corporate governance framework reflects a culture of layered accountability that upholds transparency, ethical conduct, and efficient decision-making. Integral to this structure are our key Board committees, including the CSR Committee, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, and Risk Management Committee, along with periodic meetings of Independent Directors. Each plays a vital role in reinforcing our commitment to compliance, principled conduct, and responsible business practices.

EMPLOYEE-CENTRIC INITIATIVES

We are committed to fostering an environment where respect, inclusivity, and safety are of paramount importance. Our Grievance Redressal Framework ensures that concerns receive immediate and effective attention. The Prevention of Sexual Harassment (POSH) Committee takes proactive measures to maintain a secure workplace, ensuring complaints are addressed promptly with meaningful outcomes.

We instil an ethical culture within our organisation through comprehensive training on our Code of Conduct and a stringent Anti-corruption Policy. These initiatives underscore our dedication to integrity and accountability at all levels.

WORKFORCE STABILITY & HARMONY

Our close-knit workforce of roughly 3,200 individuals is the foundation of our harmonious labour relations. A culture enriched by mutual respect and inclusiveness has kept disruptions at bay and enabled a thriving organisational spirit. By faithfully honouring these commitments, Happy Forgings demonstrates strong corporate governance, inspires trust, and creates sustainable value for all stakeholders.

Board of Directors

GUIDING WITH EXCELLENCE & EXPERIENCE

At the core of our governance lies a Board of Directors whose depth of experience and breadth of perspective are vital to steering our Company. Comprising accomplished professionals from varied disciplines, they bring the essential skills and insight required to provide strategic direction to our Company. The Board convenes quarterly to meticulously review our performance and offer valuable guidance that propels our future growth.

Paritosh Kumar
Chairman & Managing Director

Holds a bachelor's degree in arts from S.C. Dhawan Government (Evening) College, Ludhiana, Punjab University.

Brings over 45 years of experience in the industrial sector.

Plays a key role in strategic decision-making at Happy Forgings, overseeing our Company's business operations, capital expenditure and expansion projects, and establishing governance standards.

CSRC

AC | CSRC | SRC | RMC

Ashish Garg
Managing Director

Holds a bachelor's degree in science (accounting and finance) and a master's degree in science (manufacturing systems engineering) from the University of Warwick, the UK.

Possesses approximately 18 years of experience in the industrial sector.

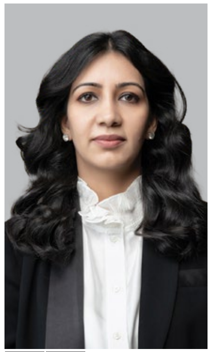
Responsible for managing our Company's business operations, financial performance, growth strategies and investments across various functions and product developments.

Megha Garg
Whole-Time Director

Holds a bachelor's degree in science (economics) from the University of Nottingham, the UK.

Has approximately 9 years of experience in the industrial sector.

Responsible for managing digital marketing to engage prospects and capture leads, as well as for leading ESG initiatives.



SRC | RMC

NRC | AC | CSRC

Satish Sekhri*
Independent Director

Holds a bachelor's degree in science (mechanical engineering) from the University of Delhi, and a master's degree in business administration from the Department of Commerce and Business Management, Punjab University.

Has around 50 years of experience in sales, marketing, and the industrial sector.

Served on the Boards of Harita Fehrer Limited, JK Files and Engineering Limited, and Rico Auto Industries Limited.

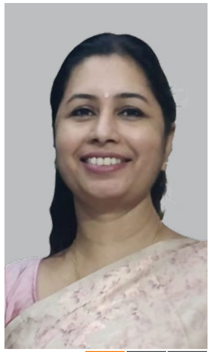
* Ceased to be a Director and member of committees with effect from the close of business hours on 3rd May, 2025.

Atul B. Lall
Independent Director

Holds a master's degree in management studies from Birla Institute of Technology and Science, Pilani.

Has over 29 years of experience in the electronics manufacturing services industry.

Currently serves as the Managing Director and Board member of Dixon Technologies (India) Limited, a listed company in India.



AC | RMC | NRC

Rajeswari Karthigeyan
Independent Director

Holds a bachelor's degree in commerce from the University of Madras, a diploma in systems management from the Academic Council of National Institute of Information Technology, and an independent director's certificate programme from the Indian Institute of Management, Bengaluru.

Brings over 30 years of experience in credit ratings, particularly in the auto sector.

Ravindra Pisharody
Independent Director

Holds a bachelor's degree in technology (electronics and electrical communication engineering) from Indian Institute of Technology, Kharagpur, a postgraduate diploma in management from the Indian Institute of Management, Calcutta, and a postgraduate programme in executive coaching from Coaching Foundation India Limited.

Has a total work experience of 38 years.

Has served on the Boards of Tata Motors Limited and was a Marketing Director with BP India Private Limited.

AC | CSRC | NRC | SRC

Audit Committee	AC
CSR Committee	CSRC
Stakeholders' Relationship Committee	SRC
Risk Management Committee	RMC
Nomination and Remuneration Committee	NRC

**Committee composition as on 31st March, 2025.*

Chairman	C
Member	M

Leadership Team

LEADING WITH VISION & VIGOUR

Chairman	C
Member	M

Audit Committee	AC
IPO Committee	IPOC
CSR Committee	CSRC
Stakeholders' Relationship Committee	SRC
Risk Management Committee	RMC
Nomination and Remuneration Committee	NRC

**Committee composition as on 31st March, 2025.*

Narinder Singh Juneja
Chief Operating Officer

Has over 50 years of experience in the industrial sector.

Holds a postgraduate diploma in mechanical engineering (machine tools operation and maintenance) from Y.M.C.A. Institute of Engineering, State Board of Technical Education, Haryana.

Sushant Pustake
Chief Operating Officer

Has over 40 years of experience in high-tech manufacturing & operations, green field project management, operational excellence and productivity improvement.

Holds a bachelor's degree in metallurgical engineering from College of Engineering, Pune (C.O.E.P.).

Patwinder Singh
Chief Operating Officer

Holds a bachelor's degree in science from Guru Nanak Dev University and a master's degree in business administration from CSM Institute of Graduate Studies.

Brings 29 years of experience in operations and marketing.

Joined Happy Forgings in 2016 and oversees production and operational functions.

Mangesh Shantaram Purandare
Chief Marketing Officer

Holds a bachelor's degree in engineering (industrial) and a master's degree in business administration from the University of Pune.

Has ~30 years of experience in marketing, primarily in the auto components sector.

Joined Happy Forgings in 2019 and is responsible for new business development in both international and domestic markets.

Pankaj Kumar Goyal
Chief Financial Officer

Holds a bachelor's degree in commerce and is a fellow member of the Institute of Chartered Accountants of India.

Brings 23 years of experience in financial management within the manufacturing sector.

Associated with Happy Forgings since 2013, he is responsible for overall financial management and strategy, financial reporting, fundraising, fund deployment, risk management and tax planning, among others.

G. S. Sandhu
Chief Human Resources Officer

Holds a master's degree in business administration (HR) and is an alumnus of the Indian School of Business, where he completed the 'Future CHRO Programme'.

Has over 29+ years of experience, working with leading organisations in HR Management, Industrial Relations and Organisation Development.

Joined Happy Forgings in 2019 and is responsible for employee practices, leadership development, and managing daily IR and PR operations.

Bindu Garg
Company Secretary & Compliance Officer

Holds a master's degree in commerce, is a fellow member of the Institute of Company Secretaries of India and is also a qualified Cost and Management Accountant.

Has over 22 years of extensive experience in corporate laws, and legal and taxation matters.

Joined Happy Forgings in 2021 and has plays a key role in strengthening and upholding our Company's corporate governance standards.

CORPORATE PROFILE

Board of Directors

Mr. Paritosh Kumar
Chairman & Managing Director

Mr. Ashish Garg
Managing Director

Ms. Megha Garg
Whole-time Director

Mr. Satish Sekhri*
Independent Director

Mr. Atul Behari Lall
Independent Director

Ms. Rajeswari Karthigeyan
Independent Director

Mr. Ravindra Pisharody
Independent Director

** Ceased to be a Director w.e.f. the close of business hours on 3rd May, 2025.*

Key Managerial Personnel

Mr. Pankaj Kumar Goyal
Chief Financial Officer

Ms. Bindu Garg
Company Secretary & Compliance Officer

Statutory Auditors

S. R. Batliboi & Co. LLP
Chartered Accountants

Internal Auditors

SCV & Co. LLP
Chartered Accountants

Cost Auditors

Rajan Sabharwal & Co.

Secretarial Auditors

Chandrasekaran Associates

Principal Bankers

HDFC Bank Limited

ICICI Bank Limited

Yes Bank Limited

Registrar and Share Transfer Agent

MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)

C, 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W) Mumbai – 400 083, Maharashtra, india

Registered Office

B-XXIX 2254/1, Kanganwal Road, PO, Jugiana Ludhiana – 141 120, Punjab, India

Plant 1

B-XXIX 2254/1, Kanganwal Road, PO, Jugiana, Ludhiana – 141 120, Punjab, India

Plant 2

Opposite Hindustan Tyres (Adjoining Waryam Steels), Kanganwal Road, PO, Jugiana, Ludhiana – 141 120, Punjab, India

Plant 3

Along Sidhwan Canal Expressway, near Mount Litera Zee School, Ludhiana – 141 421, Punjab, India

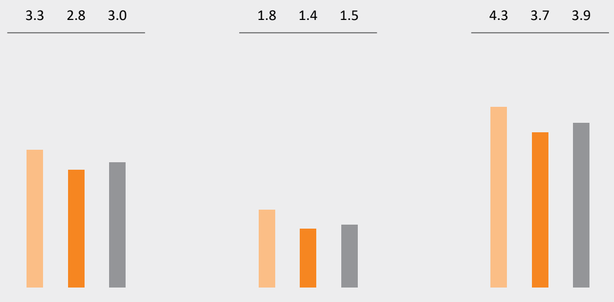
MANAGEMENT DISCUSSION & ANALYSIS

The global economy recorded a modest growth rate of 3.3% in 2024, reflecting a phase of relative stability amid ongoing macroeconomic headwinds. However, as 2025 progresses, this stability is increasingly under strain. Countries are reassessing their policy priorities in response to rising geopolitical tensions, economic fragmentation, and evolving global challenges, leading to a more uncertain and uneven outlook.

A key trigger for this shift has been the resurgence of protectionist trade policies. The United States introduced a sweeping set of new tariffs, prompting immediate retaliatory measures from major trading partners. This escalation culminated in the near-universal imposition of tariffs on April 2, 2025, driving effective tariff rates to levels not seen in over a century. The resulting trade disruption has significantly weakened global growth momentum and introduced fresh volatility into financial and commodity markets.

The pace and unpredictability of these policy changes have further amplified economic uncertainty. As a result, many traditional forecasting models have become less reliable, making it increasingly difficult for businesses and policymakers to base decisions on historical patterns or stable assumptions.

Economic Growth Projections (in %)



P – Projected

Emerging markets are witnessing a tempered growth outlook as economies such as Mexico, South Africa, and Argentina contend with elevated debt burdens, currency volatility, and constrained policy manoeuvrability. The environment is further shaped by tighter global financial conditions and cautious investor sentiment, adding layers of complexity to recovery pathways. While financial systems are gradually adapting to these dynamics, central banks remain focussed on striking a delicate balance between inflation management and financial stability. Strengthened multilateral coordination and structured debt resolution mechanisms will be pivotal in mitigating systemic risks and fostering a more stable and resilient recovery across these regions.

OUTLOOK

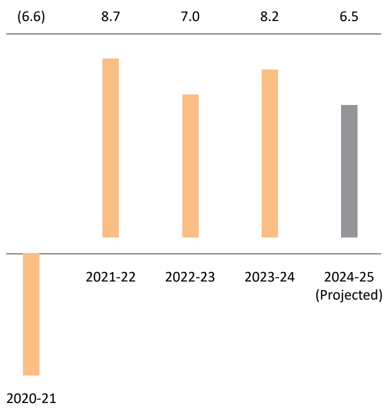
Despite persistent global headwinds, the current landscape also offers an opportunity to reinforce economic resilience and lay the foundation for sustainable long-term growth. Navigating these macroeconomic challenges will require cohesive policy alignment, timely structural reforms, and effective debt resolution frameworks. With clear monetary direction, disciplined fiscal policies, and strengthened financial systems, economies can restore stability and accelerate recovery. Continued global collaboration will remain essential to addressing systemic vulnerabilities, supporting emerging markets, and fostering a more balanced and inclusive trajectory for global growth.

(Source: https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025)

INDIAN ECONOMIC OVERVIEW

India's economy is on solid ground, with a growth rate of 6.5% estimated in 2024-25. It's a clear sign of how well the country is holding up, even as the global economy faces turbulence. This steady pace is being driven by a mix of smart policy decisions and strong internal fundamentals. Big investments in infrastructure, tech breakthroughs, and reform efforts are keeping the engine running. Government support continues to play a key role, while improving job markets and steady consumer demand add to the momentum. Moreover, agriculture and services stand tall as pillars of strength, balancing the rhythm of private consumption with macroeconomic stability.

GDP Growth Trajectory (in %)



Forecasts signal a promising rebound in the agricultural sector, with growth anticipated to reach 3.8% for 2024-25, a significant rise from 1.4% observed in 2023-24. This recovery is largely attributed to higher agricultural yields, spurred by favourable monsoon conditions, sustained rural demand, and targeted government interventions. Initiatives such as the Kisan Credit Card and e-National Agriculture Market have significantly improved financial accessibility for farmers, fostering competitive pricing. Additionally, the government's substantial ₹ 1.52 tn budget allocation continues to drive productivity and support the long-term sustainability of agricultural practices.

As of April 2025, India's manufacturing sector growth for the fiscal year 2024-25 has been revised downward to 5.3%, a notable decrease from the 9.9% growth recorded in 2023-24. This slowdown is primarily attributed to weakened global demand, subdued corporate investments, and persistent inflationary pressures, which have collectively dampened industrial activity. Weaker manufacturing exports, driven by reduced demand from key markets and aggressive trade policies by major trading partners, have been a significant factor. Additionally, an above-average monsoon had mixed effects—while it replenished water resources and supported agriculture, it disrupted operations in mining, construction, and certain manufacturing segments. The timing of festivals between September and October also varied across consecutive years, leading to slight growth moderation.

India's economy is on solid ground, with a growth rate of 6.5% estimated in 2024-25. It's a clear sign of how well the country is holding up, even as the global economy faces turbulence.

Despite this annual deceleration, India's manufacturing sector sustained strong momentum through 2024-25, with the PMI consistently above the 50-mark, signalling steady expansion. The year began on a high note with a PMI of 58.8 in April 2024, dipped slightly mid-year due to seasonal factors and weak global demand, but regained pace with 58.1 in March and a 10-month high of 58.2 in April 2025.

This resilience was underpinned by robust domestic demand and a sharp rise in export orders, one of the fastest in over a decade by shifting global trade flows. Despite temporary headwinds, the sector closed the year on a strong footing, reinforcing its role as a key growth driver for the Indian economy.

Investor sentiment remains optimistic towards manufacturing stocks, as seen in the Nifty India Manufacturing Index closed at 13,098 points, reflecting a significant increase from the previous year's close of 12,240 points. This positive shift is fuelled by better corporate earnings, an increase in foreign investment, and technological advancements that have enabled manufacturers to sustain profitability, despite the rising costs, particularly in consumer goods, chemicals, and pharmaceuticals.

(Source: Trading Economics)

Alongside domestic economic expansion, India's external sector has demonstrated remarkable strength and stability, supported by robust export growth and controlled imports during the first half of 2024-25. India's total exports reached a record US$ 820.93 Bn in 2024-25, marking a 5.5% increase over the previous year's US$ 778.13 Bn, with dynamic services exports propelling India to claim the seventh-largest share in global services exports, underscoring its international competitiveness. The positive contribution of net exports to real GDP growth reflects the effectiveness of macroeconomic policies, including inflation management, fiscal discipline, and monetary interventions such as the recent rate adjustment. These measures have reinforced macroeconomic stability, fostering a favourable environment for sustained growth and resilience across both domestic and external sectors.

OUTLOOK

As India edges into 2025-26, the economic outlook is laced with a quiet caution. The global stage remains turbulent, shaped by shifting geopolitical alliances, disrupted trade corridors, and unpredictable swings in commodity prices. Back home, the priorities are clear: keep private investment moving, lift consumer spirits, and make sure corporate salaries grow in a way that reflects economic ambition. In the countryside, recovery is beginning to show. As agriculture steadies and inflation finds its footing, rural demand is expected to gather pace. To build lasting strength, India will need to clear the underbrush of outdated regulations and let enterprise breathe, especially at the local level. A more enabling regulatory and business climate will be critical to translating macroeconomic stability into widespread, durable growth.

(Source: Economic Survey 2024-25)

AUTOMOTIVE SEGMENT

COMMERCIAL VEHICLES

India

Segments	Production Growth (YoY)	Domestic Sales Growth (YoY)
Commercial Vehicles	(3.3%)	(1.2%)
Goods Carriers	(4.4%)	(3.2%)
M&HCVs	*(4.2%)*	*(4.0%)*
LCVs	*(4.5%)*	*(2.8%)*
Passenger Carriers	5.2%	14.8%
M&HCVs	*25.9%*	*23.4%*
LCVs	*(10.5%)*	*5.9%*

Table: YoY Growth in Production and Domestic Sales of Commercial Vehicles in India for 2024-25

(Source: SIAM)

India's commercial vehicle (CV) sector witnessed a subdued performance in 2024-25, marked by contrasting trends across its two primary subsegments: goods carriers and passenger carriers. Overall, both production and domestic sales declined, driven by a year-on-year contraction of 3.3% in production and 1.2% in domestic sales.

Goods Carrier segment registered a decline of 4.4% and 3.2% in production and domestic sales respectively. The Medium and Heavy Commercial Vehicle (M&HCV) goods carrier segment was impacted by weak demand in the first half of the fiscal, due to election-related disruptions, fewer project awards, and delayed infrastructure spending. Although activity picked up in the second half with the rollout of previously stalled projects, the overall performance remained muted. The Light Commercial Vehicle (LCV) goods carrier segment faced headwinds from elevated financing costs, subdued e-commerce activity, and a growing preference for pre-owned vehicles as the total cost of ownership continued to rise. Erratic monsoons further weighed on rural demand, though momentum improved in the post-monsoon period alongside a gradual economic recovery.

In contrast, the passenger carrier segment recorded a year-on-year increase of 5.2% in production and 14.8% in domestic sales. This growth was supported by the mandatory scrappage of old government vehicles, strong replacement demand from public transport operators, supportive policy measures, and renewed investments in mass mobility infrastructure.

Looking ahead, the domestic CV sector is projected to grow by 3-5% in 2025-26. This growth will be driven by a post-election infrastructure push, economic stability, and continued replacement demand. While truck volumes are expected to register modest growth, the bus segment is likely to sustain steady single-digit expansion.

(Source: ICRA)

COMMERCIAL VEHICLES

Europe

Segments	YoY Growth
Trucks (3.5 Tonne+)	~(9%)
Buses (3.5 Tonne+)	~11%
Vans (Upto 3.5 Tonne)	~1%
TOTAL	**~(1%)**

Table: YoY Growth in New Registrations in EU+UK+EFTA for the period April 2024 to March 2025

(Source: ACEA (European Automobile Manufacturers' Association))

The European commercial vehicle market experienced a mixed performance through 2024 and into early 2025. The van and bus segments demonstrated resilience during 2024, supported by steady fleet replacement cycles and improving service sector activity. Van registrations increased across all major markets, while the bus segment benefitted from continued investments in public transportation, particularly in Italy and Spain.

In contrast, the truck segment faced headwinds from subdued freight demand and elevated operating costs, leading to a decline in sales. This downward trend intensified in the first quarter of 2025, with both truck and bus sales falling further amid ongoing economic sluggishness, reduced order backlogs, and growing regulatory complexity. Germany and France were particularly affected, recording sharp declines in commercial vehicle demand.

(Source: ACEA (European Automobile Manufacturers' Association))

USA

The US commercial vehicle market remained largely stable in 2024, with total Gross Vehicle Weight (GVW) 1–8 registrations holding flat at 2.8 Mn units. However, notable shifts emerged across segments. Class 8 registrations declined significantly by 11%, reflecting broader freight-related and macroeconomic pressures. In contrast, Class 4 and 5 segments recorded moderate growth of 7% and 9%,, respectively. Registrations for cargo vans and tractor trucks continued to correct following pandemic-driven highs, declining by 2% and 18% compared to 2023.

Despite overall stability, the market remains approximately 2,00,000 units below pre-pandemic 2019 levels, underscoring continued softness in the heavy-duty and last-mile delivery segments.

The outlook for 2025 across the US and European CV markets remains cautious, shaped by rising economic pressures and regulatory uncertainty. In Europe, demand is expected to stagnate as stricter emission standards, tariff risks, and political volatility dampen consumer sentiment and influence OEM strategies. The US market is projected to experience modest growth, although this will likely be constrained by affordability challenges, inflationary trends, and policy ambiguity under a new administration.

As regulatory pressure for electrification intensifies and global trade tensions persist, medium and heavy commercial vehicle (M&HCV) demand in both regions is expected to remain subdued. Prospects for improvement hinge on fiscal stability, clearer regulatory direction, and improved operating conditions in key end-use sectors.

(Source: S&P Mobility)

PASSENGER VEHICLES

PASSENGER VEHICLES

India

Table: YoY Growth in Production and Domestic Sales of Passenger Vehicles in India for 2024-25

Segment	Production Growth (YoY)	Domestic Sales Growth (YoY)
Passenger Cars	(12%)	(13%)
Utility Vehicles	14%	11%
Vans	8%	1%
TOTAL	**3%**	**2%**

(Source: SIAM)

India's passenger vehicles (PV) segment achieved record-breaking sales in 2024-25, surpassing 4.3 Mn units and registering 2% year-on-year sales growth, despite the impact of a high base from the previous fiscal. This growth was largely driven by sustained demand for utility vehicles, which now account for 65% of total PV sales.

Consumer preference for advanced features, modern design, and enhanced driving experience aligned well with a wave of new model launches. Additionally, attractive discounts and targeted promotional campaigns bolstered retail momentum. On the global front, PV exports reached an all-time high of 0.77 Mn units, reflecting a 14.6% increase, supported by strong demand from Latin America, Africa, and select developed markets.

Looking ahead, India's passenger vehicle industry holds strong long-term growth potential. Rising income levels, expanding infrastructure, and growing consumer inclination towards personal mobility are expected to fuel continued demand. The utility vehicle segment is anticipated to remain the primary growth driver, supported by evolving lifestyle needs, increased rural and urban penetration, and a robust pipeline of new product offerings.

(Source SIAM)

This growth was largely driven by sustained demand for utility vehicles, which now account for 65% of total PV sales.

PASSENGER VEHICLES

USA and Europe

Table: YoY Growth in Registrations and Production of Passenger Vehicles in Calendar Year 2024

(Source: ACEA (European Automobile Manufacturers' Association))

YoY Growth in CY 2024	Registrations	Production
USA	3.1%	(3.5%)
Europe	3.9%	(4.6%)

In calendar year 2024, passenger vehicle sales in the United States rose by 3.1%, reaching 12.7 Mn units. This growth was primarily supported by a strong fourth quarter, despite policy uncertainty surrounding electric vehicle incentives. However, domestic production declined by 3.5% to 7.4 Mn units. The decline highlights a cautious manufacturing approach in response to evolving consumer behavior and a shifting regulatory environment.

The European passenger vehicle market expanded by 3.9% in 2024, with total sales reaching 16.1 Mn units. However, growth within the European Union remained modest at 0.8%. While the United Kingdom and Spain posted sales increases of 2.6% and 7.1% respectively, key markets such as France, Germany, and Italy experienced either stagnation or marginal declines. Despite the overall recovery, volumes remained 18.4% below pre-pandemic levels from 2019.

On the production front, Europe registered a 4.6% decline in 2024. This was primarily attributed to weaker industry sentiment and the normalisation of demand following a surge in order fulfilment during 2023.

(Source: ACE) (European Automobile Manufacturers' Association)

Production declined both in the USA and Europe during CY 2024

NON-AUTOMOTIVE SEGMENT

FARM EQUIPMENT

India

Particulars	YoY Growth
Tractor Production	6%
Tractor Domestic Sales	8%

Table: YoY Growth in Production and Domestic Sales of Tractors in India in 2024-25

(Source: Tractor and Mechanisation Association (TMA))

The Indian tractor industry staged a strong recovery in 2024-25, with domestic sales rising by 8% year-on-year to 9,39,713 units. This performance brought the segment close to its all-time high of 9,45,311 units recorded in 2022-23. Total production reached 10,07,660 units, reflecting a 6% increase over the previous year and marking the second-highest annual output on record.

The recovery was supported by a favourable agricultural environment, including healthy rabi and kharif seasons, robust reservoir levels, and improved terms of trade for farmers. These factors contributed to a positive shift in rural sentiment, driving demand across key farming regions.

Looking ahead, the Indian tractor industry is expected to maintain its growth momentum, with domestic sales projected to surpass the 1 Mn unit mark in 2025-26. A strong rabi harvest, favourable monsoon outlook, and seasonal demand during the festive period are likely to support robust first-quarter performance. While cost pressures may emerge due to the implementation of TREM V emission norms, the overall industry outlook remains optimistic. According to ICRA, domestic sales are expected to grow by 4% to 7% in 2025-26, assuming normal monsoon conditions.

(Source: Tractor and Mechanisation Association (TMA))

Total production reached 10,07,660 units, reflecting a 6% increase over the previous year and marking the second-highest annual output on record.

FARM EQUIPMENT

Europe and USA

Particulars	YoY Growth
Europe (CY 2024)	(8%)
USA (April 2024 - March 2025)	(13%)

Table: YoY Growth in Tractor registration and sales in Europe and USA

(Source: CEMA – European Agricultural Machinery Association and AEM – Association of Equipment Manufacturers)

Europe

In calendar year 2024, agricultural tractor registrations in Europe declined by 8.1% compared to the previous year, reaching their lowest level since at least 2014. This marks the third consecutive year of decline, with overall registrations down by 20% from the peak recorded in 2021.

Several structural and cyclical factors contributed to this downturn.

Weakening farm profitability, reduced government support for machinery investments, and widespread adverse weather conditions negatively impacted farmer sentiment and purchasing capacity. Additionally, falling agricultural commodity prices and rising input costs further compressed farm incomes, discouraging capital expenditure across key markets in the region.

The short-term outlook for the European tractor market remains challenging. Capital investment in agricultural machinery is expected to remain subdued, with recovery contingent on improvements in farm profitability, policy support, and weather stability across the continent.

(Source: CEMA – European Agricultural Machinery Association)

USA

The U.S. tractor industry experienced a sharp decline in 2024-25, with total tractor sales (2WD and 4WD combined) falling by 13% year-on-year. This contraction reflects broader weakness in the agricultural economy, shaped by elevated input costs, high interest rates, and persistent global trade uncertainties. In response to these pressures, farmers adopted a conservative approach, conserving working capital and deferring equipment purchases.

Manufacturers, anticipating the slowdown, proactively scaled back production and optimised workforce levels to align with the reduced demand environment.

Despite these near-term headwinds, the outlook for the U.S. tractor industry remains cautiously optimistic. Projections of higher overall farm income in 2025, supported in part by government disaster relief measures, could help lift demand modestly. However, farmers continue to prioritise sustained commodity price strength over short-term subsidies, which may limit the pace of recovery.

While industry leaders remain confident in the long-term fundamentals, short-term demand trends are expected to remain volatile amid continued economic and policy uncertainty.

(Source: AEM – Association of Equipment Manufacturers)

OFF-HIGHWAY

India

India's construction equipment sector recorded a modest 3% growth in domestic sales volumes in 2024-25, following a robust 24% increase in the previous fiscal. Growth was largely driven by the dominant earthmoving equipment segment, which continued to perform well despite broader market headwinds. Other sub-segments witnessed a decline due to subdued project awarding and execution in the first half of the year, impacted by the General Elections and prolonged monsoon-related disruptions.

Additional pressures emerged from input cost inflation, a constrained financing environment, and emission norm transitions, which led to supply chain realignments and temporary production adjustments.

Given the sector's inherent cyclicality and the elevated base—having surpassed 1,00,000 units annually for three consecutive years at a compound annual growth rate of approximately 18% from 2021-22 to 2024-25—volume growth is expected to moderate to a range of 2% to 5%. This reflects current market saturation and tepid demand momentum.

However, the outlook holds upside potential. An acceleration in domestic project awarding, improved execution timelines, and a rebound in export demand could support stronger growth. Timely policy intervention and clarity on post-election infrastructure priorities will be critical in reviving momentum and unlocking the sector's next phase of expansion.

(Source: ICEMA and ICRA)

Timely policy intervention and clarity on post-election infrastructure priorities will be critical in reviving momentum and unlocking the sector's next phase of expansion.

Europe and North America

In calendar year 2024, the construction equipment market witnessed a broad-based decline across both Europe and North America. Equipment sales in Europe fell by 17%, with major markets such as Germany and France experiencing significant contractions. In North America, sales declined by 5%, marking a more moderate correction following three consecutive years of record-high demand. The recent surge in fleet renewals left equipment relatively new, reducing the immediate need for replacement.

Several leading original equipment manufacturers (OEMs) operating in these regions reported double-digit sales declines during the calendar year 2024, with similar trends extending into the first quarter of calendar year 2025.

The near-term outlook remains subdued. In Europe, only a marginal improvement is expected, constrained by low business confidence and ongoing geopolitical instability. In North America, demand is projected to decline at a sharper pace, as the market continues to normalise. This downturn is further compounded by inflationary tariffs and persistent policy uncertainty.

(Source: Off-Highway Research)

INDUSTRIALS

Wind Energy

The global wind energy market remained largely flat in calendar year 2024, with new capacity installations increasing marginally by 0.3% year-on-year. Despite this limited growth, total new installations reached an all-time high of 117 gigawatts, reflecting continued momentum in select regions.

The Asia-Pacific region led global additions, accounting for 75% of new capacity, driven predominantly by China, which alone contributed 68%. Installations increased in Asia-Pacific and the Africa and Middle East regions, while North America, Latin America, and Europe recorded year-on-year declines. Europe remained the second-largest regional market, despite a 10% reduction in new installations.

Looking ahead, the global wind energy market is projected to expand at a compound annual growth rate of 8.8% through 2030. This outlook is supported by strong policy frameworks, heightened energy security considerations, and long-term climate commitments. Continued growth in China, supportive regulations in Europe, and the advancement of emerging technologies such as floating wind are expected to play a central role in driving the sector's sustained expansion.

(Source: Global Wind Report 2025 – GWEC (Global Wind Energy Council))

Stationary Power Generators

The global gensets market was valued at US$ 24.5 Bn in 2024, according to Frost & Sullivan, and is positioned for steady growth driven by rising power requirements across commercial, industrial, and residential sectors. Increased outage frequency and severity, coupled with above-average hurricane forecasts, are expected to fuel demand for backup power solutions.

Growth is further supported by expanding energy needs in data centres, healthcare facilities, and commercial office spaces. The adoption of 5G networks and edge computing infrastructure is also contributing to the surge in demand. In parallel, advancements in genset technology—such as remote monitoring capabilities and predictive maintenance features—are enhancing reliability and operational efficiency, particularly in high-capacity systems above 300 kW.

COMPANY OVERVIEW

Happy Forgings Limited (referred to as 'Happy Forgings', or 'the Company'), headquartered in Ludhiana, brings 45+ years of engineering distinction to the forging and machining landscape. Founded in 1979, the Company has earned a reputation for manufacturing intricate, high-precision components that serve a breadth of industries. Ranked as the fourth-largest engineering-led manufacturer in India, the Company specialises in high-precision, heavy-duty, and safety-critical forged components. Happy Forgings' portfolio caters to key sectors, including Commercial Vehicles, Passenger Vehicles, Agricultural and Off-Highway Equipment, Oil & Gas, Power Generation, Railways, and Wind Turbines. With three vertically integrated manufacturing facilities located in Ludhiana, the Company retains comprehensive oversight across its production lifecycle, ensuring superior quality and operational efficiency.

Happy Forgings is gearing up for a phase of significant expansion. The Company's roadmap includes investing in expansion and manufacturing infrastructure, aimed at enhancing its capabilities to broaden the product portfolio and address the evolving needs of diverse market segments, particularly in the heavier components segment, which is highly capital intensive, has a limited number of capable suppliers, and presents an attractive opportunity for profitable growth for the Company. This forward-thinking approach keeps Happy Forgings firmly positioned at the forefront of the forging and machining space, both in India and internationally.

CAPEX PLAN

As part of its growth blueprint, Happy Forgings is set to invest ₹ 650 Cr to enhance its capabilities, broaden its revenue base, and enter high-value industrial segments. This capital outlay will support the creation of a cutting-edge facility for forging and machining heavyweight components between 250 kg and 3,000 kg. Once commissioned, it will be Asia's first and the world's second-largest facility of its kind by capacity, significantly enhancing the Company's positioning in the global industrial components landscape.

The ₹ 650 Cr capital infusion will be phased across a three-year window, starting 2024-25 through 2026-27. Production at the new facility is projected to kick off by the close of 2026-27. The facility is expected to generate ₹ 600–800 Cr. in annual turnover, on achievement of optimal utilisation levels, propelled by strong tailwinds from high-growth sectors such as wind power, oil & gas, marine, defence, aerospace, nuclear energy, and heavy industrial machinery.

With this expansion, the Company steps into a high-stakes segment where expertise is rare, investment steep, and quality non-negotiable. It's a space few global manufacturers can access. With an exceptional track record spanning over four decades and solid financial footing, the Company holds a rare edge in this elite circle of manufacturers.

Covering the full gamut from forging to machining and a broad spectrum of component weight ranges, this investment will position the Company as a formidable player in the forging and machining industry—distinguished by its proven track record, deep engineering expertise, and robust production capabilities to deliver a wide and complex portfolio of components. Funded largely through internal cash accruals and prudent capital management, the plan may call for limited short-term credit support, though the broader impact on the balance sheet will be modest and tightly controlled.

This capital deployment goes beyond topline impact, aligning closely with Happy Forgings' objective of insulating the business through well-calculated diversification. As exports and non-automotive verticals gain traction, the Company anticipates stronger returns and reduced earnings turbulence over time. As a result of this investment, proportion of export and non-automotive business is also set to increase, thereby elevating profitability while buffering against income fluctuations in the long term.

The Company is proactively engaging in discussions with key customers and anticipates securing a solid roster of orders. This expansion mirrors Happy Forgings' long-term vision to invest in sophisticated, future-facing opportunities that deepen business strength and value creation.

PERFORMANCE OVERVIEW

In 2024-25, Happy Forgings delivered a resilient performance amid a challenging macroeconomic environment that affected underlying user industries and weighed on topline growth due to declining steel prices. Despite these headwinds, the Company reported stable growth across key financial metrics, reflecting the strength of its diversified and value-added business model.

Revenue grew by 4.7% year-on-year, while gross profit, EBITDA, and profit after tax (PAT) increased by 9.1%, 7.4%, and 11.2% respectively on an adjusted basis. This performance led to the Company's highest-ever profitability, with a gross margin of 58.0%, EBITDA margin of 28.9%, and PAT margin of 18.6% (on an adjusted basis). Realisations on finished goods improved to ₹ 248 per Kg, supported by a favourable product and machining mix, despite softening steel prices.

The domestic business, accounting for 82% of total revenues, grew by 6.2% year-on-year, driven by continued strength in end-user segments. Export revenues increased by 1.8% (on adjusted basis), impacted by weakness in the commercial vehicle, farm equipment, and off-highway segments across global markets.

Cash flow conversion remained strong. The Company generated ₹ 292 Cr. in operating cash flows (post-working capital and tax adjustments), maintaining a robust liquidity position of ₹ 356 Cr., which includes cash balances, fixed deposits, and liquid mutual fund investments. With a conservative leverage profile—Debt-to-Equity of 0.1x and near-zero Net Debt-to-EBITDA—the balance sheet remains exceptionally strong and well-positioned to fund future growth initiatives.

Segmental Performance

Commercial Vehicles

Accounted for 38% of revenues but recorded a mid-single digit decline due to reduced domestic M&HCV production and volume contractions across Europe and North America.

Passenger Vehicles

Contribution increased to 4% of revenues, with strong momentum from the ramp-up of dedicated production lines and robust growth in the domestic SUV segment.

Farm Equipment

Comprising 32% of revenues, delivered mid-single digit growth. Growth in domestic tractor sales offset international softness in this segment.

Off-Highway

Contributed 12% and remained flat, reflecting weak global demand despite stable construction equipment activity in India.

Industrials

Rose to 14% of revenues, supported by strong growth in the wind energy sector and the addition of new customers.

ANALYSIS OF FINANCIAL PERFORMANCE

Figures in ₹ Cr. (Except per Share Data)		
Particulars	**For the Year Ended 31st March, 2025**	**For the Year Ended 31st March, 2024**
Revenue from Operations	1,408.89	1,358.24
Gross Profit	817.23	761.64
Employee Costs	124.82	114.46
Other Expenses	285.71	259.64
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	406.70	387.54
Depreciation	77.06	64.73
Earnings before Interest & Tax (EBIT)	329.64	322.81
Finance Costs	7.53	11.78
Other Income	37.45	13.35
Profit before Tax	359.55	324.39
Profit after Tax	267.44	242.98
EPS (Basic) (In ₹)	28.39	26.78
EPS (Diluted) (In ₹)	28.37	26.75

Key Financial Ratios		
Particulars	**2024-25**	**2023-24**
Gross Margin	58.0%	56.1%
EBITDA Margin	28.9%	28.5%
PAT Margin	19.0%	17.9%
Return on Equity (RoE)	15.4%	18.7%
Return on Capital Employed (RoCE)	19.2%	22.7%
Debt/Total Net Worth	0.1x	0.1x
Net Debt/EBITDA	0.2x	0.1x
Gross Fixed Assets Turnover	1.1x	1.3x
Inventory Turnover	2.6x	3.0x
Trade Receivables Turnover	3.6x	4.0x
Trade Payable Turnover	14.4x	14.8x

RISK MANAGEMENT

At Happy Forgings, risk management is integral to strategic decision-making and operational execution. Our robust risk governance framework proactively identifies, assesses, and mitigates potential threats while safeguarding long-term value creation for stakeholders. As we continue expanding our scale and reach, we remain vigilant of both internal and external risk exposures and committed to maintaining resilience through agility, foresight, and continuous improvement.

Business Risk

Impact The Company's reliance on key customers and specific product segments exposes it to fluctuations in order volumes and contract renewals. Dependency on cyclical industries increases growth volatility, while rising input costs may compress margins and strain profitability.

Mitigation Happy Forgings is strategically diversifying its customer base, product mix, and end-use industry exposure to reduce concentration risk. It is also expanding its geographic footprint and focussing on high-margin, value-added components. These efforts enhance revenue stability and create buffers against cyclical slowdowns and input cost pressures.

Operational Risk

Impact Operational disruptions due to supplier constraints, or logistics delays may affect business continuity, escalate costs, and erode customer confidence. Failure to meet stringent quality benchmarks may lead to liability claims and reputational damage.

Mitigation A diversified and monitored supplier network ensures material availability, while contingency planning, predictive maintenance, and expanded logistics options reinforce delivery reliability and operational resilience. The Company maintains robust quality assurance systems, employee training programmes, and product liability insurance.

Financial Risk

Impact High leverage, rising borrowing costs, or cash flow mismatches can undermine liquidity, affect investment capacity, and jeopardise long-term financial stability. Interest rate fluctuations and credit rating sensitivity may add further pressure.

Mitigation With a low debt-to-equity ratio of 0.1x and strong internal accruals, Happy Forgings maintains a sound balance sheet. Efficient working capital management and prudent capital allocation enable the Company to fund growth with minimal external debt exposure, enhancing resilience to financial shocks.

ESG Risks

Impact Non-compliance with environmental regulations, insufficient progress on emissions reduction, or weak governance practices may invite regulatory penalties, customer attrition, or reputational loss. Increasingly, customers are prioritising ESG performance in vendor selection.

Mitigation An ESG Committee led by a Whole-time Director governs the Company's sustainability agenda. The ESG roadmap includes decarbonisation, resource optimisation, compliance tracking, and social responsibility initiatives—all aligned with global standards. These structured actions mitigate regulatory, reputational, and commercial ESG risks.

Technological Risk

Impact Disruptions from IT system failures, cyber threats, or inadequate adoption of evolving technologies may impact operations, data security, and customer trust. Rapid technological changes in manufacturing or end-use industries could challenge adaptability, efficiency, and competitiveness.

Mitigation The Company has implemented a secure and scalable IT infrastructure with strong cybersecurity protocols and disaster recovery systems. Investments in modern manufacturing technology and diversifying business across industry segments also reduces disruption exposure.

Competition and Pricing Pressure Risk

Impact Competitive intensity and price negotiations from OEMs may impact gross margins and profitability. Regulatory shifts, such as tariffs or cost subsidies can alter competitive positioning and pricing flexibility.

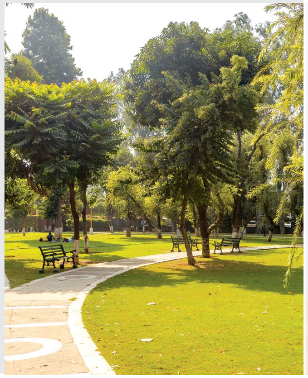
Mitigation Happy Forgings focusses on delivering superior value through precision engineering, quality, and performance. Initiatives such as value engineering, supply chain efficiency, and scale-based production help manage costs. Strategic price adjustments and customer-centric engagement further protect margins and market share.

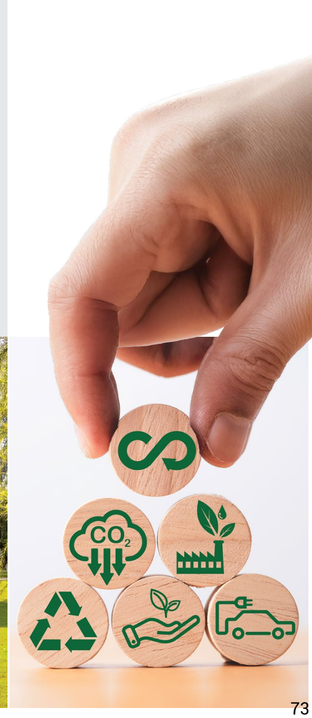
ESG INITIATIVES DURING THE YEAR

Happy Forgings made meaningful strides in embedding ESG principles across its operations through a structured, insight-driven approach. Supported by external experts, the Company undertook a comprehensive materiality assessment, ESG gap analysis, and benchmarking exercise, culminating in the development of a well-defined ESG strategy and roadmap.

At the core of this strategy lies the materiality assessment, which identified 15 priority topics spanning environmental, social, and governance pillars. These include critical focus areas such as energy and emissions management, climate strategy, labour practices, health and safety, diversity and inclusion, and corporate governance. Each topic was mapped against leading global frameworks including, GRI, SDGs, TCFD, and SASB, ensuring alignment with stakeholder expectations and industry best practices.

Building on these insights, the Company developed an ESG roadmap with clearly articulated goals, measurable targets, and time-bound implementation plans, prioritising actions with the highest potential for positive impact. Following the gap assessment and peer benchmarking, internal systems were strengthened to support ESG data capture and reporting in alignment with global standards. As part of its journey towards enhanced transparency, the Company also evaluated assurance readiness and instituted robust processes to facilitate continuous monitoring and timely, credible ESG disclosures.





SUSTAINABLE PROGRESS

Happy Forgings continues to prioritise environmental responsibility through resource efficiency, emissions reduction, and compliance. In 2024-25, energy consumption totalled 5,61,699 GJ, including 17,852 GJ from renewables. Energy intensity was 3.99 GJ per Lakh rupees of turnover, supported by 6.5 MW of solar capacity, including new rooftop installations.

A key milestone was the complete phase-out of furnace oil, replaced by induction billet heaters. A 1.7 MW solar plant was commissioned during the year, and an LPG-based heat treatment facility was adopted, resulting in combined Scope 1 and 2 GHG emissions of 1,05,532 tCO_2e.

In water management, total withdrawal stood at 2,60,263 KL and 36,156 KL treated and reused. ZLD systems, RO plants, and rainwater harvesting support sustainable water use. Additionally, through a 3R (Reduce, Reuse, Recycle) waste strategy and hazardous waste reduction efforts, Happy Forgings is steadily reducing its environmental footprint.

HUMAN RESOURCES

Happy Forgings places immense value on its human capital, recognising the distinct potential within each individual. As of 31st March 2025, the Company had a workforce of 631 employees and 2,540 workers, underscoring its strong manufacturing footprint and operational scale. With the belief that its people are its most important asset, the Company is deeply committed to supporting their well-being, development, and engagement.

631
Permanent Employees

2,540
Permanent Workers

To this end, a comprehensive suite of initiatives has been institutionalised:

Learning & Development

Over **440 employees** and **2,236 workers** received training in 2024-25 on skills upgradation, and **215 employees** and **669 workers** received training on health & safety measures. Career development reviews were also conducted for over **51% of the employee base**, ensuring consistent feedback and growth alignment.

Employee Welfare & Engagement

The Company ensures full coverage under key social security schemes, including **PF, ESI, gratuity, Welfare Fund, Group Mediclaim Health Policy and Group Personal Accident Insurance** and accident insurance. It also provides **maternity benefits** and facilitates well-being through periodic health check-ups and tie-ups with hospitals for off-site emergencies. Welfare benefits are extended to immediate families in the unfortunate event of a fatality. As a routine practice, the Company arranges health awareness sessions in its facilities on frequent intervals.

Diversity & Inclusion

Happy Forgings promotes an inclusive workplace and is committed to improving gender diversity. As of 2024-25, women comprised **4.1% of employees**, with **28.6% representation on the Board** and **50% among KMPs**. The Company has also adopted the **Equal Opportunity Policy** in line with the Rights of Persons with Disabilities Act, 2016, and maintains fully accessible workspaces.

Grievance Redressal & Human Rights

A multi-tiered grievance mechanism ensures that employees and workers have multiple channels to raise concerns. The Company maintains a **zero-tolerance approach to harassment**, supported by awareness sessions and a dedicated Internal Complaints Committee under the POSH Act. No complaints were reported in 2024-25, reflecting the strength of its proactive safeguards.

Occupational Health & Safety

Certified under **ISO 45001:2018**, the Company has institutionalised rigorous safety protocols, including daily toolbox talks, mock drills, HIRA assessments, and near-miss reporting. **The Lost Time Injury Frequency Rate (LTIFR)** stood at **0.37** for workers, and **zero** for employees—testament to the robust culture of safety.

The Company also maintains a detailed HR Policy Manual, which serves as the cornerstone for consistent, transparent, and fair people practices. These policies embody the Company's core values—discipline, integrity, collaboration, and care—and are periodically reviewed to remain aligned with evolving employee needs and regulatory expectations.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY

At Happy Forgings, strong internal financial control are in place to keep everything on track. The Board of Directors has developed clear and thorough policies to guide how the business runs. These measures help the Company follow its rules, protect its assets, and spot or prevent any errors or fraud. They also make sure financial records are accurate and that reliable information is available on time.

In its commitment to strengthening internal controls, the Company enlists both internal and external auditors to provide independent evaluations, vitalising its in-house capabilities. Continuous system upgrades are executed to ensure adherence to leading industry standards. Regular review of reports and identified discrepancies by the Management Committee guarantee timely corrective actions. Furthermore, the Independent Audit Committee of the Board vigilantly monitors and evaluates the adequacy and efficiency of the Company's financial control framework.

CAUTIONARY STATEMENT

The financial statements appearing above are in conformity with the accounting principles generally accepted in India. The statements in the Management Discussion and Analysis Report, which may be considered forward-looking statements, within the meaning of applicable laws and regulations, have been based on current expectations and projections about future events. The actual results could differ from those expressed or implied. Important factors that could influence the Company's operations include global geopolitical shifts, economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors, such as industrial relations. The Management cannot, however, guarantee that these forward-looking statements will be realised or achieved.

BOARD'S REPORT

Dear Shareholders,

Your Board of Directors take pleasure in presenting the 46th Annual Report of Happy Forgings Limited ("The Company") on the business and operations of the Company, together with the Audited Financial Statements, prepared in compliance with Ind AS Accounting Standards, for the year ended 31st March, 2025.

STATE OF COMPANY'S AFFAIRS

FINANCIAL SUMMARY & PERFORMANCE HIGHLIGHTS

The Audited Financial Statements for the Financial Year ended 31st March, 2025, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standard (hereinafter referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Necessary disclosures with regard to Ind-AS reporting have been made under the Notes to Financial Statements. The Company's performance during the financial year under review as compared to the previous financial year is summarised below:

In ₹ Lakhs (except per share data)

Particulars	2024-25		2023-24	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations	1,40,889.47	1,40,889.47	1,35,823.58	1,35,823.58
Other Income	3756.81	3,745.01	1,335.54	1,335.49
Total Income	**1,44,646.28**	**1,44,634.48**	**1,37,159.12**	**1,37,159.07**
Profit before Finance Cost, Depreciation, and Tax	44,426.85	44,414.78	40,089.59	40,089.17
Finance Cost	753.33	753.33	1,177.59	1,177.59
Depreciation	7,706.11	7,706.11	6,472.76	6,472.76
Share of Profit/(Loss) of Subsidiary			-	
Profit Before Tax (PBT)	**35,967.41**	**35,955.34**	**32,439.23**	**32,438.83**
Current Tax	8,481.90	8,483.65	7,483.91	7,483.81
Deferred Tax	728.05	728.06	656.65	656.65
Net Profit After Tax (PAT)	**26,757.46**	**26,743.63**	**24,298.67**	**24,298.37**
Other Comprehensive Income	150.40	150.40	614.44	614.44
Total Comprehensive Income for the Year	**26,907.86**	**26,894.03**	**24,913.11**	**24,912.81**
Earnings per equity share (In ₹)				
Basic earnings per share	28.40	28.39	26.78	26.78
Diluted earnings per share	28.39	28.37	26.75	26.75

Note:

1. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Standalone:

During the year under review, the revenue from operations and other income stood at ₹ 1,44,646.28 Lakhs as compared to the last year's revenue of ₹ 1,37,159.12 Lakhs. The Company has achieved Profit Before Tax of ₹ 35,967.41 Lakhs and Profit After Tax of ₹ 26,757.46 Lakhs as on 31st March, 2025 as against previous year's Profit Before Tax of ₹ 32,439.23 Lakhs and Profit After Tax of ₹ 24,298.67 Lakhs.

The Company achieved a total Comprehensive Income of ₹ 26,907.86 Lakhs as against previous year's Comprehensive Income of ₹ 24,913.11 Lakhs. The EPS on financials for the year ended on 31st March, 2025 was ₹ 28.40 (Basic) and ₹ 28.39 (Diluted).

Consolidated:

During the year under review, the revenue from operations and other income stood at ₹ 1,44,634.48 Lakhs as compared to the last year's revenue of ₹ 1,37,159.07 Lakhs. The Company has achieved Profit Before Tax of ₹ 35,955.34 Lakhs and Profit After Tax of ₹ 26,743.63 Lakhs as on 31st March, 2025 as against previous year's Profit Before Tax of ₹ 32,438.83 Lakhs and Profit After Tax of ₹ 24,298.37 Lakhs. The Company achieved a total Comprehensive Income of ₹ 26,894.03 Lakhs as against previous year's Comprehensive Income of ₹ 24,912.81 Lakhs. The EPS on financials for the year ended on 31st March, 2025 was ₹ 28.39 (Basic) and ₹ 28.37 (Diluted).

More details on the financial statements of the Company along with various financial ratios are available in the Management Discussion & Analysis Report forming part of this report.

DIVIDEND & APPROPRIATIONS

The Board of Directors of your company has decided to recommend final Dividend of ₹ 3 per share of Face value of ₹ 2/- each fully paid for the financial year ended 31st March, 2025 subject to the approval of shareholders in the ensuing Annual General Meeting.

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has formulated Dividend Distribution Policy taking into account the parameters prescribed in the said Regulations. The Dividend Distribution Policy is available on Company's website at

https://happyforgingsltd.com/wp-content/uploads/2025/02/Dividend-Distribution-Policy.pdf

There is no dividend which was required to be transferred to Investor Education and Protection Fund during the year ended 31st March, 2025.

TRANSFER TO RESERVES

The Directors do not propose to transfer any amounts to the general reserves of the Company, instead have recommended to retain the entire profits for the financial year ended 31st March, 2025 in the profit and loss account. There is no dividend which was required to be transferred to Investor Education and Protection Fund during the year ended 31st March, 2025.

SHARE CAPITAL

a) Authorised Share Capital

During the year under review, there was no change in the Authorised Share Capital of the Company.

As on March 31, 2025, the Authorised Share Capital of the Company is 15,00,00,000 Equity Shares of ₹ 2/- each amounting to ₹ 30,00,00,000 (Rupees Thirty crores only).

b) Issued, Subscribed and Paid-up Share Capital

During the year under review, the paid-up capital has increased from 9,42,04,882 shares of FV ₹ 2/- each to 9,42,42,200 shares of FV of ₹ 2 each pursuant to the allotment of two lots of ESOPs during the year.

After the first ESOP allotment of 19,943 equity shares of ₹ 2 each on 31st December, 2024, the paid-up capital increased from 9,42,04,882 of FV ₹ 2 each amounting to ₹ 18,84,09,764 to 9,42,24,825 of FV ₹ 2 each amounting to ₹ 18,84,49,650.

After the second ESOP allotment of 17,375 equity shares of ₹ 2 each on 12th February, 2025, the paid-up capital increased from 9,42,24,825 of FV ₹ 2 each amounting to ₹ 18,84,49,650 to 9,42,42,200 of FV ₹ 2 each amounting to ₹ 18,84,84,400.

As on March 31, 2025, the Issued, Subscribed and Paid-up Share Capital of the Company is 9,42,42,200 Equity Shares of FV ₹ 2/- each amounting to ₹ 18,84,84,400 (Rupees Eighteen crores eighty-four Lakhs eighty-four thousand four hundred only).

c) Utilisation of Proceeds of IPO

Pursuant to the Regulation 32 of the Listing Regulations, there was no deviation(s) or variation(s) in the use of proceeds of IPO till 31st March, 2025.

The proceeds of IPO were utilised for the objects as disclosed in the Prospectus. Details as on 31st March, 2025 are as follows:

Sl. No.	Name of the Object	Amount as proposed in Offer Document (₹ in Cr.) Amount utilised (₹ in Cr.)	Amount utilised (₹ in Cr.)	Total unutilised Amount (₹ in Cr.)
1	Repayment and/ or pre-payment in full or part of certain borrowing availed by company	152.76	152.76	NIL
2	Purchase of equipment, plant and machinery	171.13	41.95	129.17
3	General Corporate purposes	53.94	53.94	NIL
	Total	**377.82**	**248.65**	**129.17**

The Company has appointed ICRA as a monitoring agency to monitor the utilisation of the funds. The report issued by ICRA states that there is no deviation in the utilisation of the funds.

There was no deviation / variation in the utilisation of the funds as certified by Mr. Pankaj Kumar Goyal, Chief Financial Officer of the Company. Necessary disclosures have been made to the Stock Exchanges in the Statement of Deviation/Variation Report issued quarterly along with the Financial Statements.

DETAILS OF SUBSIDIARY, JOINT VENTURES AND ASSOCIATES/CONSOLIDATED FINANCIAL STATEMENTS

The Company has a wholly owned subsidiary i.e. M/s HFL Technologies Private Limited.

The consolidated financials of the Company and its subsidiary have been prepared in the same form and manner as mandated by Companies Act 2013 and shall be laid before the forthcoming Annual General Meeting of the Company. Statement containing salient features of the financial statements of subsidiaries, associates and joint ventures in form AOC-1 is annexed as annexure 1.

Further, there is no other company which has ceased to become a Subsidiary/Joint Venture/Associate Company during the year under review.

DIRECTORS & KEY MANAGERIAL PERSONNEL

DIRECTORS

The Company's Board of Directors is duly constituted in accordance with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). As on the date of this report, the Board comprises of a balanced mix of Executive, Non-Executive and Independent Directors including Women Director. The Directors hold extensive experiences and specialised knowledge in sectors covering law, finance, accountancy and other relevant areas.

As on 31st March, 2025, the Board consists of 7 (Seven) directors comprising of four Non-Executive Independent Directors and three Executive Directors including two women directors, namely, Ms. Rajeswari Karthigeyan and Ms. Megha Garg. The Chairman of the Company is an Executive Director. The profile of all the Directors is available in the Annual Report of the Company.

None of the Directors of the Company are disqualified from being appointed as Directors in terms of Section 164(1) and (2) of the Companies Act, 2013 and are not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. Your Company has also obtained a certificate from a Company Secretary in practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by Securities Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") or any such statutory authority. The afore mentioned certificate forms part of this Annual Report annexed with Corporate Governance Report. In the view of the Board, all the Directors possess the requisite skills, expertise, integrity, competence, as well as experience considered to be vital for business growth.

The composition of Board of Directors and detailed analysis of various skills, qualifications and attributes as required and available with the Board has been presented in the Corporate Governance Report.

The composition of the Board and its functioning reflect the Company's commitment to sound corporate governance principles.

Directors retiring by rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Megha Garg (DIN: 07352042), Whole-time director of the Company is liable to retire by rotation at the ensuing 46th AGM of the Company.

She being eligible has offered herself for reappointment as Director of the Company. Resolution for her reappointment is being proposed at the 46th AGM and her profile is included in the Annexure to Notice of the 46th AGM.

Change in Board of Directors

During the financial year under review, the following changes occurred in the Board of Directors.

a. Mr. Prakash Bagla (DIN: 03043874), Nominee director resigned from the directorship of Company with effect from close of business hours on 24th May, 2024.

b. The term of Mr. Narinder Singh Juneja, DIN: 00393525, CEO and Whole-time Director of the Company was completed with effect from close of business hours on 31st December, 2024.

c. The second term of Mr. Vikas Giya, DIN:01399764, Independent Director of the Company was completed with effect from close of business hours on 30th January 2025.

KEY MANAGERIAL PERSONNEL

As on 31st March, 2025, the following persons are Key Managerial Personnel ("KMP") of the Company pursuant to the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

S.N.	Name	Designation
1.	Mr. Paritosh Kumar	Chairman and Managing Director
2.	Mr. Ashish Garg	Managing Director
3.	Ms. Megha Garg	Whole Time Director
4.	Mr. Pankaj Goyal	Chief Financial Officer
5.	Ms. Bindu Garg	Company Secretary & Compliance Officer

DECLARATION BY INDEPENDENT DIRECTORS

There were four Independent Directors on the Board of the Company as on 31st March, 2025. The Company received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) & 25 of SEBI LODR Regulations.

The Independent Directors have also submitted a declaration confirming that they have registered their names in the databank of Independent Directors as being maintained by the Indian Institute of Corporate Affairs (IICA) in terms of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act along with the Code of Conduct for Directors and Senior Management Personnel formulated by the Company as per Listing Regulations. The directors further confirmed that they have complied with the Code of Conduct as per SEBI (Prohibition of Insider Trading) Regulations.

The Company has obtained declaration from all the Independent Directors of the Company undertaking that they do not have any pecuniary relationship or transactions with the Company.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The Company has in place a 'Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) and Senior Management', which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs, Senior Management and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR Regulations. The Remuneration paid to the Directors is in line with the Remuneration Policy of the Company.

The Nomination and Remuneration policy is available on the website of the Company at https://happyforgingsltd.com/wp-content/uploads/2023/09/Nomination-and-Remuneration-Policy.pdf

NUMBER OF MEETINGS OF THE BOARD

Your Board meets at regular intervals to discuss and decide on business strategies/policies and review the Company's financial performance. During the Financial Year 2024-25, 6 Board Meetings were held. The meetings were held in accordance with the applicable provisions of the Act. The details relating to Board Meetings and attendance of Directors in each Board Meeting held during 2024-25 has been separately provided in the Corporate Governance Report. The interval between any two Board Meetings was well within the maximum allowed gap of 120 days. During the year, some of the business were considered by the Board by passing resolutions by circulation.

COMMITTEES OF THE BOARD

The constitution of the Board Committees is in acquiescence of provisions of the Act and the relevant rules made thereunder and Listing Regulations of the Company. The Board has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee to deal with specific areas/activities that need a closer review and to have an appropriate structure for discharging its responsibilities.

The composition, terms of reference, attendance of directors at the meetings of all the above Committees has been disclosed in the Corporate Governance Report.

There has been no instance where the Board has not accepted any of the recommendations of the Audit Committee.

BOARD EVALUATION

The Nomination and Remuneration Committee of the Company had approved a Nomination and Remuneration policy containing the criteria for performance evaluation, which was approved and adopted by the Board of Directors.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the performance of its committees, and that of the individual Directors.

The evaluation process was conducted through a structured questionnaire covering various aspects such as the composition and structure of the Board and its Committees, effectiveness of Board processes, information flow, functioning, decision-making, and the performance of individual Directors, including Independent Directors and the Chairperson.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The Nomination and Remuneration Committee also reviewed the performance of the Board, its committees, and individual Directors. The feedback from the evaluation was discussed at the Board meeting and noted for further improvement and action, wherever required.

The Board's assessment was discussed with the full Board evaluating, amongst other things, the full and common understanding of the roles and responsibilities of the Board, contribution towards development of the strategy and ensuring robust and effective risk management, understanding of the operational programs being managed by the Company, receipt of regular inputs, receipt of reports by the Board on financial matters, budgets and operations services, timely receipt of information with supporting papers, regular monitoring and evaluation of progress towards strategic goals and operational performance, number of Board meetings, committee structures and functioning, etc.

The outcome of the evaluations conducted by the Nomination and Remuneration Committee and the Independent Directors at their respective meetings was presented to the Board, for assessment and development of plans/suggestive measures for addressing action points that arise from the outcome of the evaluation. The Directors expressed their satisfaction on the parameters of evaluation, the implementation and compliance of the evaluation exercise done and the results/outcome of the evaluation process.

MEETING OF INDEPENDENT DIRECTORS

During the Financial Year under review, a separate Meeting of the Independent Directors was held on 26th March, 2025 without the attendance of Non-Independent Directors and the Management of the Company. The Independent Directors discussed and reviewed the performance of the Non-Independent Directors and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors of the Company, based on representation from the management and after due enquiry, confirm that:

(i) in the preparation of the Annual Accounts for the year ended 31st March, 2025, the applicable accounting standards have been followed and there are no material departures from the same.

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company as of 31st March, 2025 and of the profit of the Company for the year ended on that day.

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

(iv) the Annual Accounts for the year ended 31st March, 2025 have been prepared on a "going concern" basis.

(v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively throughout the financial year ended 31st March, 2025.

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively throughout the financial year ended 31st March, 2025.

RISK MANAGEMENT

The Company has in place a robust Risk Management framework to identify, evaluate, and manage various risks associated with its business operations. This framework is designed to ensure appropriate risk management practices across all levels of the organisation, thereby safeguarding the Company's assets, reputation, and stakeholders' interests.

In accordance with the provisions of Section 134(3)(n) of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee comprising members of the Board and senior executives. The Committee periodically reviews the risk exposure and the measures taken to mitigate key risks.

Key risks identified include operational risks, Governance and regulatory risks, financial risks, cyber risks, Environment risks, Sector/Industry risks, Social risks The Company continuously monitors these risks through appropriate control measures and timely corrective actions.

The Company has also formulated and implemented a Risk Management Policy which is approved by the Board of Directors to identify and monitor business risk and assist in measures to control and mitigate such risks. The Policy is reviewed regularly and updated as necessary to align with the changing business environment and regulatory landscape The Policy is available on the Website of the Company at

https://happyforgingsltd.com/wp-content/uploads/2025/02/Risk-Management-policy.pdf

The other details in this regard are provided in the Corporate Governance Report, which forms part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

The internal financial controls include well-documented policies and procedures, clearly defined roles and responsibilities, standard operating procedures, risk control matrices, and robust IT systems. These are tested periodically for design and operating effectiveness through internal audits conducted by a reputed firm of internal auditors.

The Company has established and maintained adequate internal financial controls with reference to the financial statements, commensurate with the size, scale, and complexity of its operations. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws.

The Audit Committee actively oversees and reviews the adequacy and effectiveness of the internal control systems and suggests improvements as needed.

The Company's internal control systems are routinely tested and certified by Statutory as well as Internal Auditors. Further there were no letters of internal control weaknesses issued by the Internal Auditor or the Statutory Auditors during the financial year under review.

The Company believes that strengthening of internal controls is an ongoing process and there will be continuous efforts to keep pace with changing business needs and environment.

Necessary certification by the Statutory Auditors in relation to Internal Financial Control u/s 143(3)(i) of the Act forms part of the Audit Report.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee. The composition, role, and responsibilities of the Committee are in line with the statutory requirements.

The Company has adopted a CSR Policy, which outlines the guiding principles and activities to be undertaken in line with Schedule VII of the Act. The policy is available on the Company's website at

https://happyforgingsltd.com/wp-content/uploads/2023/09/CSR-Policy-revised-Happy-Forgings-Limited.pdf.

During the financial year under review, the Company has spent ₹ 480.26 Lakhs towards CSR initiatives in the local communities where it operates through projects focused on education, healthcare, environment sustainability, skill development etc. Apart from that, the Company has utilised ₹ 124.03 Lakhs from unspent CSR account for 2023-24 on the long-term project of construction of Vocational college under Bal Vikas Trust, Ludhiana which was started in FY 2023- 24.

The CSR activities were implemented either directly or through approved implementing agencies.

A detailed report on CSR activities in the prescribed format, as required under Rule 8 of the Companies (CSR Policy) Rules, 2014, is annexed to this Report as **Annexure 2.**

The Company remains committed to contributing positively to society and creating long-term social value through its CSR initiatives.

The Company firmly believes that businesses are responsible not only for generating financial returns but also for contributing to the betterment of society. It is committed to making a meaningful impact in the areas of education, healthcare, environment & community development and remains committed to fulfilling its social obligations with integrity and purpose.

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during the financial year ended 31st March, 2025, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in "Annexure- 2 " to this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all the transactions entered by the Company with related parties were in compliance with the applicable provisions of the Act and the Listing Regulations, details of which are annexed to this report as "Annexure-3". All related party transactions are entered into only after receiving prior approval of the Audit Committee. Further, in terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, all contracts'/arrangements/ transactions entered by the Company with its related parties, during the financial year under review, were in ordinary course of business and on arm's length and not material as per the Related Party Transaction policy.

In line with the requirements of the Act and the Listing Regulations, the Company has also formulated a Policy on dealing with Related Party Transactions ('RPTs') and the same is available on the website of the Company at

https://happyforgingsltd.com/wp-content/uploads/2025/04/Policy-on-Related-Party-Transactions-1.pdf

Further, the Company has not entered any contracts/ arrangements/transactions with related parties which are material in nature in accordance with the Related Party Transactions Policy of the Company nor any transaction has any potential conflict with the interest of the Company at large.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act and Regulation 34 read with Schedule V of the SEBI Listing Regulations form part of the Notes to the financial statements of the Company provided in this Annual report.

PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time in respect of Directors/ employees of the Company and a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to- time forms part of this Board Report as "Annexure- 4" to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 for year ended 31st March, 2025 is attached as "Annexure -5"

AUDITORS & AUDIT REPORTS

Statutory Auditors and Auditor's Report

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company approved the appointment of M/s S R Batliboi & Co LLP, Chartered Accountants (Firm's Registration No. 301003E/E300005) as the Statutory Auditors of the Company for a period of 5 (five) consecutive years to hold office with effect from FY 2020-21 until the conclusion of the 46th AGM of the Company to be held in the calendar year 2025. The Company has received certificate from the said auditors that they are not disqualified and are eligible to hold the office as Auditors of the Company.

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Reports on the Financial Statements both standalone and consolidated for the Financial Year 2024-25 and the Reports are self-explanatory. The said Auditors' Reports for the Financial Year ended March 31, 2025, on the Financial Statements of the Company forms part of this Annual Report.

Re-appointment of SR Batliboi & CO. LLP

The Audit Committee and the Board of Directors in their respective meetings held on May 17, 2025 have approved and recommended the re-appointment of M/s. S R Batliboi & Co., LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of 5 (Five) consecutive financial years, from the conclusion of the 46th Annual General Meeting to be held in the year 2025 until the conclusion of the 51st Annual General Meeting to be held in the year 2030 subject to the approval of the shareholders at the 46th Annual General Meeting.

Internal Auditors

The Company has in place an adequate internal audit framework to monitor the efficacy of the internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the Company's processes. The Internal Auditor reports directly to the Chairman of the Audit Committee.

M/s. S C V & Co, LLP were appointed as the Internal Auditors of the Company in accordance with the provisions of Section 138 of the Act read with the Companies (Accounts) Rules, 2014 for 2024-25.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board at its meeting held on 24th May, 2024, had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries as Secretarial Auditor of the Company for the financial year 2024-25. The Secretarial Audit Report for 2024-25 in form MR 3 is annexed to this report as **"Annexure- 6".**

Pursuant to provisions of Regulation 24A of Listing Regulations, the Company has undertaken an audit for the 2024-25 for all applicable compliances as per SEBI Rules, Regulations, Circulars, Notifications, Guidelines etc. issued thereunder.

The Secretarial Audit Report and the Annual Secretarial Compliance Report for the financial year ended 31st March, 2025 are unmodified i.e. they do not contain any qualification, reservation, or adverse remark.

Appointment of M/s Chandrasekaran Associates, Practicing Company Secretaries as Secretarial Auditor

Pursuant to the amended provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') vide SEBI Notification dated 12th December, 2024 and provisions of Section 204 of the Companies Act, 2013 ('Act') and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Audit Committee and the Board of Directors at their meetings held on May 17, 2025 have approved and recommended the appointment of M/s Chandrasekaran Associates, Peer Reviewed Firm of Company Secretaries in Practice (Firm Registration No. P1988DE002500) as Secretarial Auditor of the Company to hold office for a period of 5 (Five) consecutive financial years, from the conclusion of the 46th Annual General Meeting to be held in the year 2025 until the conclusion of the 51st Annual General Meeting to be held in the year 2030 subject to the approval of the shareholders at the 46th Annual General Meeting.

Cost Auditors and Cost Audit Report

Pursuant to Section 148(1) of the Companies Act, 2013 the Company is required to maintain cost records as specified by the Central Government and accordingly such accounts and records are made and maintained. Pursuant to Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is also required to get its cost accounting records audited by a Cost Auditor. Accordingly, the Board, at its meeting held on 8th June, 2024 has on the recommendation of the Audit Committee, re-appointed M/s. Rajan Sabharwal & Associates, Cost Accountants to conduct the audit of the cost accounting records of the Company for 2024-25 on remuneration of ₹ 1,00,000 plus out of pocket expenses and applicable taxes. The remuneration is subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is being accordingly placed before the Members for ratification. The cost audit report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

M/s Rajan Sabharwal & Associates were appointed as the Cost Auditors of the Company for 2024-25.

The Company has received consent from M/s. Rajan Sabharwal & Associates, cost auditors for appointment as Cost Auditors of the Company for FY 2025-26 which was approved by the Board of Directors in their meeting held on 17th May, 2025.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, none of the auditors have reported any instances of fraud committed against the Company by its officers or employees to the Audit Committee as required to be reported under Section 143 (12) of the Act.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company believes in promoting a culture of honesty, transparency, and accountability. The Vigil Mechanism ensures that adequate safeguards are provided against victimisation of the whistle blower, who can raise concerns through designated channels, including anonymous reporting. All concerns reported under this mechanism are investigated promptly and thoroughly, and appropriate action is taken based on the investigation outcome.

In accordance with the provisions of Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism and adopted a Whistle Blower Policy to provide a framework for directors and employees to report genuine concerns or grievances regarding unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct.

The Audit Committee of the Board oversees the functioning of the vigil mechanism and reviews the findings, if any. The Policy also provides access to the Chairperson of the Audit Committee in exceptional cases.

The details of this Policy are explained in the Corporate Governance Report which forms a part of this Annual Report and also hosted on the website of the Company at

https://happyforgingsltd.com/wp-content/uploads/2025/02/Whistle-Blower-Policy.pdf

There were no instances of reporting under vigil mechanism during the financial year ended 31st March, 2025.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in Form MGT-7 for financial year 2024-25 is available on the website of the Company at

https://happyforgingsltd.com/investors/regulation-46-disclosures/

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of Sections 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. As the Company has not accepted any deposit during the financial year under review there is no noncompliance with the requirements of Chapter V of the Act.

CREDIT RATING

The credit rating of the Company is as below:

CRISIL has reaffirmed "CRISIL AA/Stable" rating for various bank facilities.

ICRA has assigned long-term rating of [ICRA] AA and short-term is [ICRA] A1+. The outlook on the long-term rating is Stable.

Details of the same are provided in the Corporate Governance Report.

CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from M/s Chandrasekaran Associates, Practicing Company Secretaries confirming compliance with the same has been disclosed under the Corporate Governance Report section of this Annual Report.

A certificate of the Managing Director and Chief Financial Officer of the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed. Also, a declaration signed by the Managing Director stating that members of the board and senior management personnel have affirmed the compliance vide Code of Conduct of the Board and senior management is attached to the report on corporate governance.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report in compliance with Regulation 34(2)(e) of Listing Regulations is provided in a separate section and forms an integral part of this report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of SEBI LODR Regulations and with effect from the financial year 2022–23, the top 1,000 listed companies based on market capitalisation shall submit a Business Responsibility and Sustainability Report describing the initiatives taken by the Company from an environmental, social and the governance perspective. The BRSR report is annexed as "Annexure-7" to this Report.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company believes in promoting a workplace environment that encourages innovation, collaboration, and continuous learning. Various employee engagement programs, training sessions, and health and wellness initiatives were conducted during the year to enhance employee satisfaction and productivity The management continues to work closely with employees and labour representatives to ensure a positive and transparent working environment. A section on Human Resources/ Industrial relations is provided in the Management Discussion and Analysis Report which forms part of the Annual Report.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby acting as a retention tool.

The Company had formulated Happy Forgings ESOP Scheme 2023 pursuant to the resolution passed by the shareholders on 31st July, 2023, and approved maximum of 1,342,485 options under the ESOP Scheme. As on the date of this report, 392,687 options have been granted by our Company under the ESOP Scheme. As on financial year ended on 31st March, 2025, the Company has one Employee's Stock Option Plan, namely, Happy Forgings ESOP Scheme 2023.

Further, during the financial year, ESOPs were allotted twice. The details are given below:

Date of Allotment	Number of Shares allotted
31st December, 2024	19,943
12th February, 2025	17,375

The ESOP plan of the Company is in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB and Sweat Equity Regulations") as amended from time to time. The Nomination & Remuneration Committee monitors the ESOP Scheme in compliance with the Act, SEBI SBEB and Sweat Equity Regulations and SEBI LODR Regulations. A Certificate from Secretarial Auditors of the Company, confirming that the above ESOP Scheme has been implemented in accordance with the SEBI (SBEB and Sweat Equity Regulations) as amended from time to time and are as per the resolutions passed by the Members of the Company will be available for the inspection of the Members of the Company. Disclosure

Board's Report (Contd.)

on various plans, details of options granted, shares allotted upon exercise, etc. as required under SEBI SBEB and Sweat Equity Regulations and Companies (Share Capital and Debentures) Rules, 2014 is enclosed as Annexure -8".

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at workplace and is committed to provide a safe and secure working environment for all employees.

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder, the Company has constituted an Internal Complaints Committee (ICC) to look into complaints, if any, relating to sexual harassment.

The policy on prevention of sexual harassment at workplace can be accessed through the below link:

https://happyforgingsltd.com/wp-content/uploads/2023/09/Prevention-of-Sexual-Harassment-at-Workplace-Policy-Happy-Forgings-Limited.pdf

During the year under review, no cases were filed under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

S.N.	Particulars	Remarks
(a)	No. of complaints received during the year	Nil
(b)	No. of complaints disposed of during the year	Nil
(c)	No. of complaints pending as on 31st March, 2025	Nil

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

During the Financial Year 2024-25, the Company has complied with all the relevant provisions of the applicable mandatory Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively issued by the Institute of Company Secretaries of India, and notified by Ministry of Corporate Affairs.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN COMPANY'S SECURITIES

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has complied and formulated a Code of Conduct for Prevention of Insider Trading Policy, which prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and following link

https://happyforgingsltd.com/wp-content/uploads/2025/02/Policy-on-Prohibition-of-Insider-Trading.pdf

The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons. Ms. Bindu Garg, Company Secretary and Compliance Officer of the Company is authorised to act as Compliance Officer under the Code.

The code is applicable to all directors, designated persons and their immediate relatives and connected persons who have access to unpublished price sensitive information .

Further, the Company has maintained a Structural Digital Database (SDD) pursuant to provisions of regulations 3 (5) and (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

GENERAL DISCLOSURES

Your directors state that:

1. No material changes and commitments affecting the financial position of the Company have occurred from the close of the financial year ended 31st March, 2025 till the date of this report.
2. There was no change in the nature of business of the Company during the financial year ended 31st March, 2025.
3. During the Financial Year under review no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
4. During the financial year under review no disclosure or reporting is required with respect to issue of equity shares with differential rights as to dividend, voting or otherwise, issue of Sweat equity shares and Buyback of shares.
5. During the Financial Year under review, the Company neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
6. The Company serviced all the debts & financial commitments as and when they became due with the bankers or Financial Statements.

Board's Report (Contd.)

7. The Company does not have any holding company. Further, the subsidiary company has not paid any commission/ remuneration to the Managing Directors and Whole Time Directors of the Company.
8. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: Not applicable

ACKNOWLEDGEMENT

Your directors, place on records their sincere appreciation for the continued co-operation and support extended to the Company by all the stakeholders. Your directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels, amidst the challenging time.

The Directors are thankful to the esteemed shareholders for their support and the confidence reposed in the Company and its management and thank the Company's vendors, investors, business associates, Central/State Government and various departments and agencies for their support and co-operation.

For and on behalf of Board of Director
For Happy Forgings Limited

	(Paritosh Kumar)	**(Ashish Garg)**
Date: May 17, 2025	Chairman and Managing Director	Managing Director
Place: Ludhiana	DIN: 00393387	DIN: 01829082

ANNEXURE-1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies

(Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A – Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Sl. No.	Particulars	HFL Technologies Private Limited
1.	The date since when subsidiary was acquired	Incorporated on 16th March, 2024
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as that of holding company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Since subsidiary company is an Indian Company, this clause is not applicable
4.	Share capital	10.00
5.	Reserves and surplus	(1.05)
6.	Total assets	79.23
7.	Total Liabilities	79.23
8.	Investments	10.00 (invested in HFL Technologies P Ltd, Wholly Owned Subsidiary by Happy Forgings Limited in the form of share capital)
9.	Turnover	0
10.	Profit before taxation	(1.05)
11.	Provision for taxation	0
12.	Profit after taxation	(1.05)
13.	Proposed Dividend	0
14.	Extent of shareholding (in percentage)	100% by Happy Forgings Limited (WOS)

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: HFL Technologies Private Ltd.
2. Names of subsidiaries which have been liquidated or sold during the year: NIL

Part B – Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures- NIL as on 31st March, 2025

Name of Associates or Joint Ventures	NA
1. Latest audited Balance Sheet Date	NA
2. Date on which the Associate or Joint Venture was associated or acquired	NA
3. Shares of Associate or Joint Ventures held by the Company on the year end	NA
(a) No. of Shares held	NA
(b) Amount of Investment in Associate/Joint Venture	NA
(c) Extent of holding %	NA
4. Description of how there is significant influence	NA
5. Reason why the associate/joint venture is not consolidated	NA
6. Net worth attributable to shareholding as per latest audited Balance Sheet	NA
7. Profit or Loss for the year	NA
i. Considered in Consolidation	NA
ii. Not Considered in Consolidation	NA

Notes:

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year- NIL

For and on behalf of Board of Directors

(Paritosh Kumar)
Chairman and Managing Director
DIN:00393525

(Ashish Garg)
Managing Director
DIN 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
M.N 500863

(Bindu Garg)
Company Secretary & Compliance Officer
M.N F6997

Date: 17th May, 2025
Place: Ludhiana

Board's Report (Contd.)

ANNEXURE-2

ANNUAL REPORT ON CSR (2024-25)

1. **Brief outline on CSR Policy of the Company.**

This policy, which encompasses Happy Forgings Limited's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community as large, is termed as the "HAPPY FORGINGS LIMITED CSR POLICY". This policy shall apply to all CSR initiatives and activities taken up at the various work centers and locations of Happy Forgings Limited.

The Company strongly believes that sustainable community development is essential for harmony between the community and the industry. The Company endeavors to make a positive contribution especially to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Detailed CSR Policy of the Company has been uploaded on the website of the Company and can be viewed at below mentioned link

https://happyforgingsltd.com/wp-content/uploads/2023/09/CSR-Policy-revised-Happy-Forgings-Limited.pdf

2. **Composition of CSR Committee :**

S.N.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Paritosh Kumar	Chairman (Chairman and Managing Director)	3	3
2.	Mr. Ashish Garg	Member (Managing Director)	3	3
3.	Mr. RavindraPisharody	Member (Independent Director)	3	3
4.	Mr. Prakash Bagla*	Member (Non- Executive Director)	3	1*
5.	Mr. Satish Sekhri**	Member (Independent Director)	3	3

*Mr. Prakash Bagla ceased to be a director in the Company with effect from the end of business hours on 24th May, 2024. Consequently, he ceased to be a member of the CSR Committee and was entitled to attend only 1 CSR committee meeting during the year.

**Mr. Satish Sekhri ceased to be a director in the Company with effect from the end of business hours on 3rd May, 2025. Consequently, he ceased to be a member of the CSR Committee.

Ms. Rajeswari Karthigeyan , Independent Director , became member of CSR committee w.e.f. 10th May, 2025 .

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.**

CSR Committee:

https://happyforgingsltd.com/wp-content/uploads/2025/05/CSR-Committee-Composition.pdf

CSR Policy:

https://happyforgingsltd.com/wp-content/uploads/2023/09/CSR-Policy-revised-Happy-Forgings-Limited.pdf.

CSR projects:

https://happyforgingsltd.com/wp-content/uploads/2025/05/CSR-Projects-FY-2024-25.pdf

4. **Provide the Executive summary along with web- link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 if applicable :**

Not Applicable

5. (a) **Average net profit of the Company as per section (5) of section 135:** ₹ 26,690.43 Lakhs
   (b) **Two percent of average net profit of the Company as per section 135(5):** ₹ 533.81 Lakhs
   (c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil
   (d) **Amount required to be set off for the financial year, if any:** Nil
   (e) **Total CSR obligation for the Financial Year [(b)+(c)-(d)]:** ₹ 533.81 Lakhs

Board's Report (Contd.)

6. (a) **Amount spent on CSR projects (both ongoing project and other than ongoing project):**

Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in the scheduled VII to the Act	Local area (Yes / No)	Location of the project		Amoun t spent for the project (In ₹ In Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Promoting Education-construction of primary school building, Umedpur	ii) Education	Yes	Punjab	Ludhiana	₹ 32.24	Yes	-	-
2.	Promoting Education-construction of vocational college for women	(ii) Education	Yes	Punjab	Ludhiana	₹ 124.03 from unspent CSR account for FY 2023-24 ₹ 136.45 from the current financial year i.e 2024-25	No	Bal Vikas Trust	CSR00018625

DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ in lacs)	Mode of Implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Environmental sustainability	(iv) Environmental sustainability, ecological balance, protection of flora and fauna	Yes	Punjab	Ludhiana	8.24	Yes	-	-
2.	Environmental sustainability	iv) Environmental sustainability, ecological balance, protection of flora and fauna	No	Ladakh	Leh	5.04	Yes	-	-
3.	Environmental sustainability	(iv) Ensuring environmental sustainability	Yes	Punjab	Ludhiana	15.20	No	Jagannath Food for life welfare society	CSR00027941
4.	Education – Support for education to poor students	(ii) Education	Yes	Punjab	Ludhiana	10.00	No	Noble Foundation	CSR00001728
5.	Education development	(ii) Education	Yes	Punjab	Ludhiana	5.00	No	Vocational Rehabilitation Training Regd for Blind	CSR00046053

Board's Report (Contd.)

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in ₹ in lacs)**	**Mode of Implementation - Direct (Yes/ No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR Registration number**
6.	Education-Support for education to deaf children	(ii) Education	Yes	Punjab	Ludhiana	12.50	No	Ludhiana Educational Society	CSR00023999
7.	Education-Support for education to poor students	(ii) Education	Yes	Punjab	Ludhiana	0.96	Yes	-	-
8.	Education-Support for education to Slum children	(ii) Education	Yes	Punjab	Ludhiana	1.00	No	Women Next Door	CSR00049645
9.	Skill development	(ii) Employment enhancing vocational skills among differently abled children	Yes	Punjab	Ludhiana	6.20	No	Ek Jot Viklang Bachon Ka School	CSR00039988
10.	Livelihood generation	(ii) Livelihood enhancement projects	Yes	Punjab	Ludhiana	2.50	No	Indian Red Cross Society	CSR00016840
11.	Livelihood generation	(ii) Livelihood enhancement projects	Yes	Punjab	Ludhiana	1.14	Yes	-	-
12.	Promoting Healthcare	(i) Promoting health care including preventive health care	Yes	Punjab	Ludhiana	73.57	Yes	-	-
13.	Promoting Healthcare	(i) Promoting health care including preventive health care	Yes	Punjab	Ludhiana	19.00	No	Shri Nav Durga Mandir Trust	CSR00024839
14.	Promoting Healthcare	(i) Promoting health care including preventive health care	Yes	Punjab	Ludhiana	22.30	Yes	-	-
15.	Promoting Healthcare	(i) Promoting health care including preventive health care	Yes	Punjab	Ludhiana	68.00	No	Helpful NGO Welfare Society	CSR00052073

Board's Report (Contd.)

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in ₹ in lacs)**	**Mode of Implementation - Direct (Yes/ No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR Registration number**
16.	Promoting Healthcare	(i) Promoting health care including preventive health care	Yes	Punjab	Ludhiana	3.92	No	Saarthi Welfare Society	CSR00036593
17.	Animal Welfare	(iv) Animal welfare	Yes	Punjab	Ludhiana	5.00	No	Dhyan Foundation	CSR00003498
18.	Animal Welfare	(iv) Animal Welfare	Yes	Punjab	Ludhiana	2.00	No	Krishan Balram Gaushala Trust	CSR00024610
19.	Construction & purchasing land to forward objectives specified under Schedule VII	(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	Yes	Punjab	Ludhiana	50.00	No	Shri Sat Parkash & Smt. Kanta Jain Charitable Trust	CSR00081455

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: NA

(d) Total amount spent for the Financial Year[(a)+(b)+(c)]: ₹ 480.26 Lakhs (apart from ₹ 124.03 Lakhs spent from Unspent CSR account 2023-24)

(e) **CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (in ₹ Lakhs)	Amount Unspent (In ₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to section as per second proviso to sub-section (5) of section 135		
	Amount (in ₹ Lakhs)	Date of Transfer	Name of the fund	Amount	Date of Transfer
480.26	60.00	10th April, 2025	NIL		

(f) **Excess amount for set off, if any:** Nil

Sl. No.	Particular	Amount (in ₹ Lakhs)
i	Two percent of average net profit of the Company as per section 135(5)	533.81
ii	Total amount spent for the Financial Year	480.26
iii	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years[(iii)-(iv)]	Nil

7. (a) **Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (in ₹ Lakhs)	Balance amount in unspent CSR account under sub section (6) of section 135 (in ₹ Lakhs)	Amount spent in the Financial Year (in ₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to the sub section (5) of section 135, if any			Amount remaining to be spent in succeeding financial years. (in ₹ Lakhs)	Deficiency. If any
					Name of the Fund	Amount (₹ in Lakh)	Date of transfer.		
1.	2021-22	NIL	NIL	NIL	NIL	NIL	NIL	-	-
2.	2022-23	₹ 60.00*	-	NIL	NIL	NIL	NIL	-	-
3.	2023-24	124.03**	NIL	124.03	NIL	NIL	NIL	-	-

*against obligation of ₹ 56.99 Lakhs

**against obligation of ₹ 124.03 Lakhs

8. **Whether any capital asset have been created or acquired through Corporate Social Responsibility amount spent in the financial year:** Yes

S. N.	Short particular of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (In ₹ Lakhs)	Details of entity / authority /beneficiary of registered owner		
					CSR Registration No.	Name	Registered Address
1.	Construction of Government Primary School, (Umedpur, Ludhiana, Punjab)	141120	Construction started in 2024-25	32.24 (under construction)	NA	Government Primary School	Umedpur, Ludhiana, Punjab, 141120
2.	Construction of Vocational college (Bal Vikas Trust, Dugri, Near Jain Mandir, 200 feet Road, Ludhiana, Punjab)	141006	Construction started in 2023-24	324.65 (under construction)	CSR00018625	Bal Vikas Trust	18- G, Kitchlu Nagar, Ludhiana (Punjab)-141001
3.	Dialysis Machines (Helpful NGO, Jawadi, Near Pancham Hospital, Ludhiana (Punjab)	141002	March, 2025	68.00	CSR00052073	Helpful NGO Welfare Society	Shalimar Park, Himmat Singh Nagar, Dugri , Ludhiana-141002
4.	Mahindra Bolero Neo to the Police Commissionerate (Ludhiana, Punjab)	It's a movable property	October 2024	73.57	NA	Police Department	Ludhiana
5.	Color Doppler Machines installed at Shri Nav Durga Mandir Charitable Hospital (Sarabha Nagar, Ludhiana, Punjab)	141001	December 2024	19.00	CSR00024839	Shri Nav Durga Mandir Trust	J Block, Sarabha Nagar, Ludhiana, Punjab, 141001
6.	Solar Power Panels installed for Mega Kitchen (K-10 Tower, SCO 22-23, Feroze Gandhi Market, Ludhiana, Punjab)	141002	March, 2025	15.20	CSR00027941	Jagannath Food for life welfare society	K-10 Tower, SCO 22-23, Feroze Gandhi Market, Ludhiana, Punjab, 141002
7.	Lock stitch Machines set up at Polytechnic College (Rishi Nagar, Ludhiana, Punjab)	141001	January 2025	1.14	NA	Government Polytechnic College	Rishi Nagar Ludhiana, Punjab, 141001
8.	Operation theatre (Civil Hospital, Old Jail Road, Field Ganj Ludhiana, Punjab)	141008	March, 2025	22.30	NA	Civil Hospital	Old Jail Road, Field Ganj Ludhiana, Punjab, 141008

S. N.	Short particular of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (In ₹ Lakhs)	Details of entity / authority /beneficiary of registered owner		
					CSR Registration No.	Name	Registered Address
9.	Eye Machine installed at Saarthi Charitable Clinic (New Kirti Nagar, Opposite Vardhman Petrol Pump, Chandigarh Road, Ludhiana, Punjab	141010	March, 2025	3.92	CSR00036593	Saarthi Welfare Society	House no.4082, Shri Durga Mandir, street Shivaji Nagar Ludhiana, Punjab 141008
10.	Purchase of land to forward the objectives under Schedule VII Shri Sat Prakash & Smt Kanta Jain Charitable Trust Kurar Imbrahimpur Tahsil and District Sonepat Near Hawai Adda Restaurant, Haryana		March, 2025	50.00	CSR00081455	Shri Sat Parkash & Smt Kanta Jain Charitable Trust	2581, Industrial Area A, Ludhiana, Punjab, 141003
11.	Bio Composite Machines installed at Leh, Ladakh	926127	September 2024	5.04	NA	127 Light Air Defense Regiment	Leh, Ladakh, 926127

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).:

NA

For Happy Forgings Limited

(Paritosh Kumar)
Chairman, CSR Committee
DIN: 00393387

For Happy Forgings Limited

(Ashish Garg)
Managing Director
DIN: 01829082

Date : 17th May, 2025
Place: Ludhiana

ANNEXURE-3

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A.
b)	Nature of contracts/arrangements/transaction	N.A.
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e)	Justification for entering into such contracts or arrangements or transactions'	N.A.
f)	Date of approval by the Board	N.A.
g)	Amount paid as advances, if any	N.A.
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

2. Details of contracts or arrangements or transactions at Arm's length basis

SL. NO.	PARTICULARS	Details
a.)	Name of the related party & nature of relationship	HFL Technologies Private Limited (Wholly owned subsidiary company)
b)	Nature of contracts/arrangements/transaction	1. Lease rent
c)	Duration of contracts/arrangements/transaction	2024-25
d)	Salient terms of the contracts or arrangements or transactions	The approved and actual amount of transactions during the year was ₹ 0.36 Lakhs (plus applicable taxes)
e)	Date of approval by the Board	9th February, 2024
f)	Amount paid as advances, if any	Nil

3. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Happy Steels Private Limited. (Private company in which a director's relative is a member or Director
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials, job work
c)	Duration of the contracts/arrangements/ transaction	2024-25
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was ₹ 50 Lakhs, but the actual amount of transaction during 2024-25 was ₹ 42.62 Lakhs
e)	Date of approval by the Board	9th February, 2024
f)	Amount paid as advances, if any	nil

4. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NORTH STAR AUTO COMP PRIVATE LIMITED (Private company in which a director's relative is a member or Director)
b)	Nature of contracts/arrangements/transaction	Sale, purchase or supply of any goods or materials, job work
c)	Duration of the contracts/arrangements/ transaction	2024-25
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was ₹ 50 Lakhs, but the actual amount of transaction during 2024-25 was ₹ 6.03 Lakhs
e)	Date of approval by the Board	9th February, 2024
f)	Amount paid as advances, if any	NIL

5. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	BONFIGLIOLI TRNASMISSION PRIVATE LIMITED (Private company in which a director is a Director)
b)	Nature of contracts/arrangements/transaction	Sale of goods
c)	Duration of the contracts/arrangements/ transaction	2024-25
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was ₹ 4,000 Lakhs, but the actual amount of transaction during 2024-25 was ₹ 2,736 Lakhs
e)	Date of approval by the Board	9th February, 2024
f)	Amount paid as advances, if any	Nil during the year 2024-25

Particulars of loans/advances, etc. pursuant to Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are giver in Note 45 of the notes to Financial statements for 2024-25.

For and on behalf of the Board of Directors
For Happy Forgings Limited

Date: 17th May, 2025
Place: Ludhiana

Paritosh Kumar
DIN : 00393387
Chairman and Managing Director

Ashish Garg
DIN : 01829082
Managing Director

ANNEXURE-4

INFORMATION PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. Ratio of remuneration of each director to the median remuneration of employees:

Name of the Director	Designation	Ratio
Mr. Paritosh Kumar	Chairman and Managing Director	190
Mr. Ashish Garg	Managing Director	159
Ms. Megha Garg	Whole Time Director	34
Mr. Narinder Singh Juneja*	CEO & Whole Time Director	35
Mr. Satish Sekhri	Independent Director	4.2
Mr. Vikas Giya**	Independent Director	NIL
Mr. Ravindra Pisharody	Independent Director	4.2
Ms. Rajeswari Karthigeyan	Independent Director	4.2
Mr. Atul B. Lall	Independent Director	4.2
Mr. Prakash Bagla***	Nominee Director	NIL

* Mr. Narinder Singh, CEO & Executive Director's term ended on 31st December, 2024

** Mr. Vikas Giya, Independent Director's second term ended on 30th January 2025

*** Mr. Prakash Bagla, Non – Executive Director resigned from the Company w.e.f. close of business hours on 24th May, 2024

2. The percentage increase in remuneration of each Director, Chief Financial Officer, CEO, Manager, Company Secretary in the financial year.

Name of the Directors, Chief Financial Officer, Company Secretary	Designation	% Increase
Mr. Paritosh Kumar	Chairman and Managing Director	0%
Mr. Ashish Garg	Managing Director	0%
Ms. Megha Garg	Whole Time Director	0%
Mr. Narinder Singh Juneja	CEO & Whole Time Director till 31.12.2024. Appointed as COO w.e.f. 8th February, 2025	10%
Mr. Satish Sekhri	Independent Director	80%
Mr. Vikas Giya	Independent Director	NA
Mr. Ravindra Pisharody	Independent Director	80%
Ms. Rajeswari Karthigeyan	Independent Director	80%
Mr. Atul B. Lall	Independent Director	111.76%
Mr. Prakash Bagla	Nominee Director	NA
Mr. Pankaj Kumar Goyal	Chief Financial Officer	9%
Ms. Bindu Garg	Company Secretary & Compliance Officer	9%
3. The percentage increase in the median remuneration of employees in the financial year		8.23%
4. The number of permanent employees on the rolls of company		3,171 (as on 31.03.2025)
5. Average percentile increase already made in the salaries of employees other than the managerial personnel (KMP) in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		8.23%
6. Affirmation that the remuneration is as per the remuneration policy of the Company		Yes

Commission payable to Independent Directors for 2024-25 is considered as remuneration for Independent Directors.
Note: Sitting fees paid to the Directors have not been considered as remuneration.

Information as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and also Top 10 employees in terms of remuneration drawn during the year 2024-25:

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Location	Remuneration in 2024-25 (In ₹ Lakhs)	Previous employment	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule(2) of rule 5 of companies (Appointment and remuneration of managerial personnel) rules,2014
Paritosh Kumar	Chairman and Managing Director	Graduation	69	45	1st February, 2016	Ludhiana	430.44	NA	9.5
Ashish Garg	Managing Director	Masters degree in Science	39	18	1st December, 2015	Ludhiana	364.04	NA	13.74
Narinder Singh Juneja	CEO & Whole Time Director till 31.12.2024. Appointed as COO w.e.f. 8th February, 2025	Post Diploma in Mechanical Engineering	71	51	1st October, 1997	Ludhiana	110.01	Sadhu Forgings	0.00
Megha Garg	Whole Time Director	Bachelors degree in Economics	39	9	10th December, 2015	Ludhiana	84.64	NA	2.57
Patwinder Singh	Chief Operating Officer	MBA (marketing)	50	23	1st August, 2016	Ludhiana	68.68	Guru Nanak Auto Enterprises Limited	NIL
Mangesh Shantaram Purandare	Chief Marketing officer	MBA (marketing)	52	28	17th December, 2019	Pune	54.19	Metaloist Forgings Limited	NIL
Pankaj Kumar Goyal	Chief Financial Officer	B.Com, FCA	48	21	1st April, 2013	Ludhiana	52.07	S T Cotex , Ludhiana	0.00
Gurjinder Singh Sandhu	Chief Human Resources Officer	MBA (HR)	54	28	22nd July, 2019	Ludhiana	39.83	Rockman Industries Limited, Ludhiana	0.00
Vitthal Konde	VP (operation)	B.Sc. B.S. Manufacturing Engineering	52	29	2nd November, 2022	Ludhiana	36.07	Bharat Forge Ltd	NIL
Bindu Garg	Company Secretary & Compliance Officer	M.Com, FCS, CMA	49	22	2nd November, 2021	Ludhiana	33.20	Rockman Industries Limited, Ludhiana	0.00

Notes:

(1) The nature of employment for the aforementioned employees is contractual.

(2) Apart from Mr. Paritosh Kumar, Mr. Ashish Garg, Ms. Suman Garg and Ms. Megha Garg, all employees mentioned above are neither relatives of any directors of the Company, nor hold 2% or more of the paid-up equity share capital of the Company as per Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(3) Remuneration includes salary and allowances and employer share of Provident Fund .The value of stock incentives is not included.

For and on behalf of the Board of Directors
For Happy Forgings Limited

Paritosh Kumar
DIN : 00393387
Chairman and Managing Director

Ashish Garg
DIN : 01829082
Managing Director

Date: 17th May, 2025
Place: Ludhiana

ANNEXURE-5

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

Energy efficiency is a cornerstone for positive impact on environment and sustainable growth. The Company continued to improve across all facets of energy management. Dedicated teams are working on enabling the Company to continually improve energy performance. Energy conservation initiatives were the top focus of your Company during Financial Year 2024-25 as it brings benefit to bottom-line and to the climate. Some of key energy initiatives undertaken during the year are as under:

Power Saving projects in FY2024-25

- Installed Automatic Power Factor Control panel in forging section of Kanganwal plant to improve power factor. Achieved power factor of 0.99 from 0.97.
- Removed Inefficient compressor in Kanganwal plant's machining division and replaced with Latest Kaeser compressor model.
- Installed supporting compressor in MCD-2 shed of Duburji plant to balance the compressed air network to reduce wastage due to air drop.

(ii) Steps taken by the Company for utilising alternate sources of energy:

Started installation of 1.7 MW Solar power plant with capital investment of ₹ 3,61,77,000 during the year in addition to 5 MW in Kanganwal and Duburji plant. This will become operational in FY 2025-26.

- Use of Renewable energy - 4,959,133 KWh used in 2024-25 through roof top solar panels.

(iii) Capital Investment on energy conservation equipment: ₹ 1,34,35,801/-

Technology Absorption

(i) Efforts made towards technology absorption: NA

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution: NA

(iv) In case of imported technology (imported during last three years reckoned from the beginning of the financial year): NA

- Details of Technology Imported
- Year of Import
- Whether the technology been fully absorbed
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof

(v) The expenditure incurred on Research and Development: NIL

Foreign Exchange Earnings and Outgo

Total Foreign exchange outflow and inflow

(In ₹ Lakhs)

		2024-25	2023-24
a)	FOB Value of Exports	23,909.86	23,905.77
b)	Expenditure in Foreign Currency	13,550.10	14,102.94
c)	Foreign Exchange earned	23,171.03	21,652.98
d)	Value of Import on CIF basis	11,121.69	7,490.23

For and on behalf of the Board of Directors
For Happy Forgings Limited

Paritosh Kumar
DIN : 00393387
Chairman and Managing Director

Ashish Garg
DIN : 01829082
Managing Director

Date: 17th May, 2025
Place: Ludhiana

ANNEXURE -6

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

To,
The Members
Happy Forgings Limited
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Sanehwal,
Ludhiana-141120, Punjab

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **Happy Forgings Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2025 (**'Audit Period'**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 (**"period under review"**) according to the provisions of:

(i) The Companies Act, 2013 (**'the Act'**) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made thereunder.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;

(d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable;

(e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **Not applicable to the Company during the audit period**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not applicable to the Company during the audit period**

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not applicable to the Company during the audit period**

(vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:

a) Standards of Weights & Measures (Enforcement) Act, 1985

b) Hazardous Wastes (Management and Handling) Rules, 1989

c) Environment Protection Act, 1986 and Environment Impact Assessment Notification S.O 60(E), dated 27-01-1994

d) Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) Rules, 1982

e) Water (Prevention & Control of Pollution) Act, 1974 & Water (Prevention and Control of Pollution) Rules, 1975

We have also examined compliance with the applicable clauses/Regulations of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs;

ii) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women director. The changes, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board/Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that no major events have occurred during the audit period, which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. applicable upon the Company.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 6689/2025

Name: Lakhan Gupta
Designation : Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682G000330615

Date: 17th May, 2025
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A to this Report and forms an integral part of this report.

Annexure-A

To,
The Members
Happy Forgings Limited
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Sanehwal,
Ludhiana-141120, Punjab

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company and for which we relied on the report of statutory auditor.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

FRN: P1988DE002500
Peer Review Certificate No.: 6689/2025

Name: Lakhan Gupta
Designation : Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682G000330615

Place: Delhi
Date: 17th May, 2025

ANNEXURE - 7

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L28910PB1979PLC004008
2.	Name of the Listed Entity	Happy Forgings Limited
3.	Year of incorporation	1979
4.	Registered office address	BXXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana-141120
5.	Corporate address	Happy Forgings Ltd., H.B. No. 220, P.O. Rajgarh, Village Dugri, Ludhiana-141421
6.	E-mail	complianceofficer@happyforgingsltd.co.in
7.	Telephone	+0161 521 7162
8.	Website	www.happyforgingsltd.com
9.	Financial year for which reporting is being done	2024-25
10.	Name of the Stock Exchange(s) where shares are listed	Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE)
11.	Paid-up Capital	₹ 18.84 Cr.
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Megha Garg, +0161 521 7162 email ID: complianceofficer@happyforgingsltd.co.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone
14.	Name of assurance provider	Not assured
15.	Type of assurance obtained	Not applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Metal & Metal Products	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Steel Forgings Finished Machined Crankshafts	25910	92%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3	2*	3
International	-	-	-

*Offices are located within plant premises

Business Responsibility and Sustainability Report (Contd.)

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	10

b. What is the contribution of exports as a percentage of the total turnover of the entity?

18%

c. A brief on types of customers

HFL is the fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in the country selling its products to domestic and international OEMs in commercial vehicles, farm equipment, off-highway, industrials (wind, oil & gas and railways) and passenger vehicles industry segments. More details on our products and their applications are available at: https://happyforgingsltd.com/ under the products tab. The major customers of HFL are Tata Motors, JCB, Mahindra, Yanmar, Ashok Leyland, Escorts Kubota, American Axle & Manufacturing, Dana, Liebherr, IGW, Same Deutz Fahr, Hendrickson Holdings, Bonfiglioli and SML Isuzu.

IV. Employees

20. Details as at the end of Financial Year (2024-25)

a. Employees and workers (including differently abled)

2024-25						
S. No.	Particulars	Total (A)	Male No. (B)	Percentage % (B / A)	Female No. (C)	Percentage % (C / A)
EMPLOYEES						
1	Permanent (D)	631	605	95.9%	26	4.1%
2	Other than Permanent (E)	8	8	100.0%	0	0.0%
3	**Total employees (D + E)**	**639**	**613**	**95.9%**	**26**	**4.1%**
WORKERS						
4	Permanent (F)	2,540	2,540	100%	0	0.0%
5	Other than Permanent (G)	391	391	100%	0	0.0%
6	**Total workers (F + G)**	**2,931**	**2,931**	**100%**	**0**	**0.0%**

b. Differently abled Employees and workers

2024-25						
S. No.	Particulars	Total (A)	Male No. (B)	Percentage % (B / A)	Female No. (C)	Percentage % (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1	Permanent (D)	0	0	-	0	-
2	Other than Permanent / Contractual / Third Party (E)	0	0	-	0	-
3	Total differently abled employees (D + E)	0	0	-	0	-
DIFFERENTLY ABLED WORKERS						
4	Permanent (F)	5	5	100%	0	0.0%
5	Other than Permanent / Contractual / Third Party (E)	0	0	-	0	-
6	**Total differently abled workers (F+G)**	**5**	**5**	**100%**	**0**	**0.0%**

21. Participation/Inclusion/Representation of women

Representative Stakeholder	Total (A)	No. and percentage of Females (B)	
		No. (B)	% (B / A)
Board of Directors	7	2	28.6%
Key Management Personnel	2	1	50.0%

22. Turnover rate for permanent employees and workers[1]

	2024-25 (Turnover rate in current FY)			2023-24 (Turnover rate in previous FY)			2022-23 (Turnover rate in prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Turnover rate for Permanent Employees (%)	10.1%	9.1%	10.1%	16.3%	2.1%	18.4%	15.9%	1.1%	17.0%
Turnover rate for Permanent Workers (%)	26.0%	0.0%	26.0%	25.1%	0.0%	25.1%	32.1%	0.0%	32.1%

The turnover rate has been calculated by dividing the total number of permanent employees/workers who left the company by the average number of employees/workers in the company for FY 2024-25.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity?| (Yes/No)
1	HFL Technologies Private Limited	Subsidiary	100%	No

VI. CSR details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes, CSR is applicable to HFL as per Section 13 of the Companies Act, 2013. The Company, in line with their values and the legal mandate, embraces its responsibility to give back to society, fostering inclusive growth and sustainable development.

(ii) Turnover (in ₹) – ₹ 1,409 Cr.

(iii) Net worth (in ₹) – ₹ 1,850 Cr.

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	2024-25			2023-24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks (e.g., categorisation of grievances if available)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	The Company has both formal and informal channels for addressing the grievances of all the communities. These are addressed by the top management and senior leadership teams.	NIL	NIL	NA	NIL	NA	NA
Investors and Shareholders	HFL has appointed M/s. MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) to discharge investor service functions and to handle all share related matters including transmission, transposition, nomination, dividend, change of name/address/ signature, registration of mandate/Power of Attorney, replacement/ split/ consolidation of share certificate/ demat/ remat of shares, issue of duplicate certificates, etc. https://happyforgingsltd.com/investors/investor-contacts/	5	0	NA	2,042	0	Investors' grievances were filed between 19th December, 2023 to 31st March, 2024 i.e. at the time of listing and post listing of the Company. All the complaints were resolved at the close of 2023-24
Employees and workers	Yes, HFL has instituted a robust grievance redressal mechanism ensuring the voice of the workforce is heard with dignity and their concerns addressed promptly.	740	0	NA	910	0	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	2024-25			2023-24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks (e.g., categorisation of grievances if available)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers	Yes, HFL maintains a steadfast commitment to the customers and maintains a responsive customer-centric grievance system, dedicated to resolving issues with transparency. https://happyforgingsltd.com/contact-us/	NIL	NA	NA	NIL	NA	NA
Value Chain Partners (upstream & downstream)	Yes, HFL ensures a well-structured grievance redressal system to foster trust and ensure collaboration across the value chain. https://happyforgingsltd.com/contact-us/	NIL	NA	NA	NIL	NA	NA
Other (Please specify)	Yes, for all other stakeholders, HFL has facilitated an open and accessible grievance framework. https://happyforgingsltd.com/contact-us/	NIL	NA	NA	NIL	NA	NA

The turnover rate has been calculated by dividing the total number of permanent employees/workers who left the company by the average number of employees/workers in the company for 2024-25.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy Management	Opportunity	Energy management planning assists in setting up renewable energy targets.	In order to better manage energy consumption in the organisation and work towards its ambition for energy efficiency, HFL has undertaken numerous initiatives that contribute to energy savings and reduced dependence on fossil fuels. In 2024-25, HFL has undertaken the installation of 1.7 Mega Watts solar rooftop power for its electricity needs taking total installed capacity to 6.5 Mega Watts. Additionally, halogen lights have been replaced with LED lights to ensure a reduction in electricity use. As a result, 1.2 Kilowatts are consumed as opposed to 1.5 Kilowatts per bulb. These initiatives align with SDG 7 (Affordable and Clean Energy) by promoting the use of renewable energy sources and enhancing energy efficiency. They also support SDG 13 (Climate Action) by reducing greenhouse gas emissions and mitigating the impact of climate change.	**Positive** (These initiatives help in achieving significant cost savings and reducing carbon emissions. These efforts enhance the organisation's reputation and environmental credentials, leading to more business.)
2	Emissions Management	Opportunity	Reducing GHG emissions offers distinct operational and energy supply opportunities.	By replacing all oil-fired furnaces on forging lines with induction billet heaters, we eliminated the use of furnace oil. Additionally, we invested in advanced technology and invested in LPG based heat treatment facility in the new plant. We also installed a 6.5 MW solar power plant at our three manufacturing facilities and a 1,600 kVAR Hybrid APFC panel to improve the power factor, thereby reducing energy wastage. Furthermore, we redesigned the layout of compressors and controlled leakages, which enabled us to use only half the compressors, resulting in substantial electricity savings.	**Positive** (These efforts will reduce the operational costs through energy savings and fuel efficiency. These initiatives not only lower expenses but also enhance sustainability, making HFL more competitive and appealing to clients.)

Business Responsibility and Sustainability Report (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				Temperature controllers were installed in the cooling towers of each manufacturing facility to further conserve electricity. We have also initiated work on Science Based Target Initiatives, aiming to achieve a 50% reduction in Scope 1 and 2 emissions by 2030, 100% recycling or reuse of effluent by 2025, and a 50% reduction in wood-based disposable packaging by 2030. These initiatives align with SDG 7 (Affordable and Clean Energy) by promoting the use of renewable energy sources and enhancing energy efficiency. They also support SDG 13 (Climate Action) by reducing greenhouse gas emissions and mitigating the impact of climate change. Additionally, our efforts contribute to SDG 12 (Responsible Consumption and Production) by improving resource efficiency and reducing waste.	
3	Climate Strategy & Governance	Opportunity	Opportunity to mitigate risks, enhance sustainability, and drive long-term value creation by aligning business practices with environmental goals	HFL is developing comprehensive strategies to manage the multifaceted impacts of climate change, with a particular focus on enhancing the resilience of its infrastructure. Its commitment extends to establishing robust policies and frameworks that not only guide climate action but also ensure accountability and foster meaningful collaboration among all stakeholders. In addition, HFL is diligently conducting thorough climate change risk assessments for all its plant locations, enabling it to proactively address potential vulnerabilities and safeguard operations against future climate-related challenges. Through these concerted efforts, HFL aims to create a sustainable and resilient future for itself and the communities it serves.	**Positive** (Implementing climate impact strategies, such as improving infrastructure resilience and conducting risk assessments, can reduce future costs and disruptions. Establishing robust policies and fostering stakeholder collaboration enhances accountability and efficiency, leading to long-term financial stability and sustainability.)

Business Responsibility and Sustainability Report (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				These initiatives align with SDG 13 (Climate Action) by addressing climate change impacts and enhancing resilience. They also support SDG 9 (Industry, Innovation, and Infrastructure) by developing robust infrastructure and policies. Additionally, the focus on stakeholder collaboration contributes to SDG 17 (Partnerships for the Goals), fostering meaningful partnerships for sustainable development.	
4	Waste Management & Product Stewardship	Opportunity	Identifying Waste Management & Product Stewardship as key areas helps reduce environmental impact and compliance costs, while enhancing operational efficiency and brand reputation.	HFL has issued a Standard Operating Procedure (SOP) for adopting waste management practices, demonstrating its commitment to environmental stewardship. HFL has implemented the 3R process of 'Reduce, Recycle, and Reuse' to minimise its environmental impact. Additionally, HFL has increased the use of reusable packaging materials by identifying new suppliers and developing a comprehensive feasibility report. Through these initiatives, HFL continues to lead by example in promoting sustainable practices and reducing its ecological footprint. Further, the Company has installed a squeezing press to recover cutting oil from grinding residue enabling reuse of the oil in machining process thereby reducing hazardous waste generation. These initiatives align with SDG 12 (Responsible Consumption and Production) by promoting sustainable waste management practices and reducing environmental impact. They also support SDG 13 (Climate Action) by minimising waste-related emissions and enhancing resource efficiency.	**Positive** (Increasing the use of reusable packaging materials lowers procurement expenses and enhances sustainability. These measures present opportunities for clients to achieve cost savings and improve their environmental footprint.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Water Management	Opportunity	Identifying water management as a key area helps reduce operational costs and ensures sustainable resource use, mitigating risks and enhancing environmental stewardship.	HFL has taken a significant step towards environmental sustainability by installing a Reverse Osmosis (RO) plant to recycle effluent from its Effluent Treatment Plant (ETP). This initiative underscores HFL's dedication to reducing its ecological footprint and promoting responsible water management practices. By implementing this advanced technology, HFL not only ensures the efficient reuse of water but also demonstrates its unwavering commitment to preserving natural resources and fostering a greener future for all. These initiatives align with SDG 6 (Clean Water and Sanitation) by promoting the efficient reuse of water and ensuring sustainable water management. They also support SDG 12 (Responsible Consumption and Production) by reducing waste and enhancing resource efficiency. Additionally, these efforts contribute to SDG 13 (Climate Action) by minimising the environmental impact and promoting sustainability.	**Positive** (These initiatives can lead to substantial cost savings by reducing water extraction and waste disposal expenses. This initiative enhances resource efficiency and sustainability, offering clients a financially beneficial and environmentally responsible solution.)
6	Labour Practices	Opportunity	Helps in ensuring fair treatment and compliance, reducing turnover and enhancing workforce stability and productivity.	HFL offers a comprehensive compensatory package for both employees and workers under various insurance schemes. These benefits include a Funeral Benefit under the Employee State Insurance (ESI), an Insurance (EDLI) Benefit under the Employees' Provident Fund (EPF), and a pension for immediate family members. Additionally, HFL provides a Gratuity Benefit, an Ex Gratia Benefit, and a Funeral Benefit under Labour Welfare. These measures reflect HFL's unwavering commitment to the well-being and security of its workforce, ensuring that they and their families are supported during challenging times.	**Positive** (These measures reduce turnover costs and improve workforce stability, presenting a financial opportunity for clients to maintain a motivated and loyal workforce.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				These initiatives align with SDG 3 (Good Health and Well-being) by ensuring access to essential health services and financial support during critical times. They also support SDG 8 (Decent Work and Economic Growth) by promoting decent work conditions and providing social protection for employees and their families.	
7	Health & Safety	Risk	It is crucial to prevent accidents, ensure compliance with regulations, and promote a safe working environment, which can enhance productivity and employee well-being.	HFL is deeply committed to the well-being of its workforce, as evidenced by its comprehensive health and safety policy. This policy ensures a safe and healthy working environment for all employees. Additionally, HFL conducts annual health checkups for all its employees, demonstrating its proactive approach to maintaining their health and well-being. Through these initiatives, HFL not only prioritises the safety of its employees but also fosters a culture of care and responsibility within the organisation. These initiatives align with SDG 3 (Good Health and Well-being) by promoting a healthy working environment and ensuring regular health checkups for employees. They also support SDG 8 (Decent Work and Economic Growth) by ensuring safe and secure working conditions, which are essential for decent work and economic productivity.	**Positive** (These measures can reduce workplace accidents and health-related absences. This leads to lower insurance premiums and increased productivity, presenting a financial opportunity for clients to maintain a healthier and more efficient workforce.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Human Rights	Risk	Human rights risks and opportunities is essential to uphold ethical standards, prevent abuses, and foster a fair and inclusive environment, which can enhance reputation and stakeholder trust.	HFL is steadfast in its commitment to upholding human rights, as evidenced by its comprehensive human rights policy. Additionally, HFL has implemented a robust Grievance Redressal Policy that encompasses all employees and addresses a wide range of grievances, including those related to human rights issues. As part of this policy, designated HR personnel regularly visit the shop floor to engage with employees and workers, attentively noting their grievances and communicating them to the respective process owners for resolution. The Welfare Officer meticulously maintains a monthly Management Information System (MIS) report, which is reviewed by the Chief Human Resources Officer (CHRO) on a monthly basis, with the register also being signed by the CHRO. Through these diligent efforts, HFL ensures that the voices of its employees are heard, and their concerns are promptly addressed, fostering a supportive and respectful work environment. These initiatives align with SDG 8 (Decent Work and Economic Growth) by promoting fair labor practices and ensuring a safe and supportive work environment. They also support SDG 16 (Peace, Justice, and Strong Institutions) by upholding human rights and providing mechanisms for grievance redressal, ensuring accountability and justice within the organisation.	**Positive** (Initiatives like these can enhance employee satisfaction and trust. This leads to reduced turnover and absenteeism, lowering recruitment and training costs. Additionally, addressing grievances promptly improves workplace morale and productivity, presenting a financial opportunity for clients to maintain a stable and motivated workforce.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Diversity & Inclusion	Opportunity	Diversity and inclusion risks and opportunities is vital to create an equitable workplace, enhance innovation through varied perspectives, and improve employee satisfaction and retention.	HFL is dedicated to fostering an inclusive and supportive work environment, as demonstrated by its comprehensive maternity leave and benefit policy, as well as its equal opportunity policy. These policies ensure that all employees are treated fairly and have access to the support they need. Additionally, HFL organises extensive training programs for its employees, covering crucial topics such as Environmental, Social, and Governance (ESG) principles, human rights, and the Prevention of Sexual Harassment (POSH). Through these initiatives, HFL not only promotes a culture of equality and respect but also empowers its employees with the knowledge and skills necessary to uphold these values in their daily work. These initiatives align with SDG 5 (Gender Equality) by ensuring fair treatment and support for all employees, particularly in terms of maternity leave and equal opportunities. They also support SDG 8 (Decent Work and Economic Growth) by promoting a safe, inclusive, and supportive work environment. Additionally, the training programs contribute to SDG 4 (Quality Education) by providing employees with essential knowledge and skills related to ESG principles, human rights, and POSH.	**Positive** (These initiatives help reduce turnover and recruitment costs, while promoting a diverse and knowledgeable workforce. This creates a financial opportunity for clients by fostering a supportive and inclusive work environment.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10	Community Relations	Opportunity	It is crucial to build trust, foster positive engagement, and ensure social license to operate, which can enhance local support and long-term sustainability.	HFL is deeply committed to fostering open communication and addressing concerns from both the community and external stakeholders. Anyone from the community can easily register a complaint or grievance using the contact information provided on our website. For external stakeholders, HFL has established a comprehensive Stakeholder Management Policy, which outlines the process for registering complaints or grievances. This policy ensures that stakeholders can use the provided contact information and email addresses, available both in the policy document and on our website, to voice their concerns. Through these measures, HFL demonstrates its dedication to transparency, accountability, and maintaining strong, positive relationships with all its stakeholders. These initiatives align with SDG 16 (Peace, Justice, and Strong Institutions) by promoting transparent and accountable practices and ensuring that grievances are addressed effectively. They also support SDG 17 (Partnerships for the Goals) by fostering strong, positive relationships with the community and external stakeholders, encouraging collaboration and mutual trust.	**Positive** (Providing accessible channels for community and stakeholder grievances can enhance trust and transparency, reducing potential conflicts and associated costs. This proactive approach fosters positive relationships and improves our reputation, presenting a financial opportunity for clients to build stronger community and stakeholder engagement.)
11	ESG / Corporate Governance	Opportunity	It is essential to ensure ethical management, enhance transparency, and build investor confidence, which can drive long-term value and sustainability.	HFL has established an Environmental, Social, and Governance (ESG) council comprising six dedicated members from various departments, reflecting its commitment to sustainability and ethical practices. Although there is currently no specific budget allocated for ESG at the organisational level, each department has the flexibility to allocate a portion of their budget for ESG-related activities. Additionally, any expenditure that needs to be incurred at the central or organisational level is approved by senior management on a case-by-case basis. Through these efforts, HFL ensures that ESG considerations are integrated into its operations, fostering a culture of responsibility and sustainability across HFL. These initiatives align with SDG 12 (Responsible Consumption and Production) by promoting sustainable practices and resource efficiency across departments. They also support SDG 16 (Peace, Justice, and Strong Institutions) by establishing robust governance structures and ensuring accountability. Additionally, the collaborative approach to ESG aligns with SDG 17 (Partnerships for the Goals) by encouraging cross-departmental cooperation and stakeholder engagement.	**Positive** (This approach can lead to cost-effective ESG initiatives, presenting financial opportunities for clients through improved sustainability practices.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12	Supply Chain Management 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Opportunity	Identifying supply chain management risks and opportunities is vital to ensure seamless operations, reduce vulnerabilities, and enhance adaptability, leading to cost efficiency and higher customer satisfaction.	HFL has established a comprehensive Supplier Code of Conduct, underscoring its commitment to ethical and sustainable business practices throughout its supply chain. Starting from October 2024, HFL initiated raw material supplier assessments to ensure compliance with these standards. This proactive approach not only reinforces HFL's dedication to maintaining high ethical standards but also fosters strong, responsible partnerships with its suppliers, contributing to a more sustainable and accountable business ecosystem. These initiatives align with SDG 12 (Responsible Consumption and Production) by promoting sustainable practices and resource efficiency throughout the supply chain. They also support SDG 8 (Decent Work and Economic Growth) by ensuring fair labor practices and ethical standards among suppliers. Additionally, these efforts contribute to SDG 17 (Partnerships for the Goals) by fostering strong, responsible partnerships with suppliers and encouraging collaboration for sustainable development.	**Positive** (Implementing a supplier code of conduct and initiating supplier assessments can enhance supply chain transparency and efficiency. These measures help identify and mitigate risks, reduce compliance costs, and improve supplier performance.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
13	Risk Management 6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Risk	Recognising risks and opportunities in risk management is essential for proactively mitigating potential threats, improving decision-making processes, and bolstering organisational resilience, ensuring long-term stability and success.	HFL is dedicated to environmental stewardship through a series of proactive measures. HFL aims to reduce water consumption via process control and recycling, and minimise pollutant generation by adopting alternative fuels, oils, and technologies. Additionally, HFL is committed to reducing smoke emissions through the use of alternative fuels, oils, lubricants, and electricity. To ensure continuous improvement, HFL has established a procedure for performance monitoring and measurement, providing guidelines to evaluate and enhance its Environmental, Health, and Safety (EHS) performance. This procedure helps identify and prevent potential issues before they arise, aligning with HFL's EHS policy, objectives, and targets by controlling and minimising significant aspects, hazards, and risks. Furthermore, HFL has implemented a procedure for compliance obligations, other requirements, and evaluation of compliance. This procedure offers guidelines for identifying and understanding applicable legal, regulatory, and other EHS-related requirements, ensuring protection from hazards and risks associated with ongoing activities and products. Through these comprehensive efforts, HFL demonstrates its unwavering commitment to sustainability and responsible business practices. These initiatives align with SDG 6 (Clean Water and Sanitation) by promoting responsible water management and recycling practices. They also support SDG 12 (Responsible Consumption and Production)	**Positive** (Establishing procedures for performance monitoring and compliance ensures adherence to EHS standards, minimising risks and potential fines. These initiatives present financial opportunities for clients by enhancing operational efficiency and sustainability.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				by minimising pollutant generation and enhancing resource efficiency. Additionally, the efforts to reduce smoke emissions and adopt alternative fuels contribute to SDG 13 (Climate Action) by mitigating environmental impact and promoting sustainability. The procedures for performance monitoring and compliance obligations align with SDG 9 (Industry, Innovation, and Infrastructure) by fostering innovation and ensuring robust environmental, health, and safety standards.	
14	Data Protection & Security	Opportunity	Recognising data protection and security as a material topic is essential for mitigating reputational and regulatory risks, enhancing stakeholder trust, and ensuring operational resilience in an increasingly digital world. Prioritising secure and ethical data practices supports compliance with evolving legal frameworks, strengthens institutional accountability, and safeguards individual rights.	To ensure data protection & security, HFL has implemented robust data protection measures like deployment of multilayered security systems and applications across its network and is in the process of setting up a dedicated Security Operations Centre (SOC). HFL's Information Technology and Cyber Security Policy safeguards its data and infrastructure, with regular reviews conducted to adapt to evolving technologies. These proactive initiatives reflect HFL's commitment to responsible digital governance and align with the United Nations Sustainable Development Goals, particularly SDG 9 (Industry, Innovation and Infrastructure) and SDG 16 (Peace, Justice and Strong Institutions), by promoting resilient infrastructure and fostering secure, inclusive digital environments.	**Positive** (Monitoring data protection and security expenditures and aligning them with budget forecasts helps organisations manage costs effectively and allocate resources strategically. Ensuring compliance with data privacy regulations through robust cybersecurity frameworks minimises the risk of financial penalties and operational disruptions. This proactive approach not only safeguards sensitive information but also enhances financial resilience, offering businesses opportunities to strengthen trust, improve efficiency, and maintain a competitive edge in a data-driven economy.)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Description	This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

S No.	Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Policy and management processes									
1	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	• Whistle Blower Policy, • Anti-Corruption Policy, • Code of Conduct for PIT regulations	• Environment Policy	• Equal Opportunity Policy, • Human Rights Policy	• Stakeholder Management Policy	• Human Rights Policy, • Equal Opportunity Policy	• Environment Policy	• Policy of Responsible Advocacy	• CSR Policy	• IT and Cyber Security Policy,
		https://happyforgingsltd.com/corporate-governance/								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	HFL has obtained the following certifications reflecting their unwavering dedication to quality, safety and sustainability. These stand as a testament to their adherence to globally benchmarked standards. • IATF 16949:2016 for Manufacturing of Forged & Machined Components • ISO 14001:2015 Environment Management System • ISO 45001:2018 Occupational Health & Safety Management System • ISO 9001:2015 Quality Management System • ISO 14064 – Part 1								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	HFL has laid down clear and forward-looking commitments across its operational and sustainability landscape. • 50% reduction in Scope 1 & Scope 2 emissions by 2030 • 100% recycling and reuse of wastewater by 2025 • Reduction of wood based disposable packaging by 50% by 2030 • Target to plant 10,000 trees by March 2025 • 20MW solar plant installation by 2028 • Eliminate the use of LSFO (Low Sulphur Fuel Oil) by 2027 • Discontinue the use of furnace oil by March 2025								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	• Installed 1.7 MW rooftop solar power plant during FY 2025 • Planted 10,000 trees (eucalyptus and poplar) during FY 2025 • Discontinued use of Furnace Oil by replacing oil fired furnaces with induction billet heater								

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Description		This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.								
S No.	Disclosure Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Governance, leadership, and oversight									
7	Statement by director responsible for the business responsibility report, high-lighting ESG related challenges, targets, and achievements	We are at a crucial juncture in our organisation's growth, dedicated to implementing robust frameworks and procedures that transform our core values into tangible actions with measurable goals, demonstrating our commitment to delivering sustainable value to all stakeholders. To enhance our governance standards, we have prioritised diversity within our Board, ensuring a broad range of expertise, perspectives, and demographic representation to maintain transparency and accountability across our operations. We have established an ESG committee to develop a comprehensive strategy and execution plan, overseeing our progress against set targets and milestones. Mindful of our environmental impact, we have pledged to halve our Scope 1 and Scope 2 carbon emissions by 2030 and achieve 100% wastewater recycling by 2025. Our initiatives include increasing the proportion of renewable energy usage and implementing effective resource management practices such as rainwater harvesting and groundwater recharging. Additionally, we are committed to reducing wood-based disposable packaging by 50% by 2030, planting 10,000 trees by 2025, installing a 20MW solar plant by 2028, discontinuing the use of CBFS by 2027, and discontinuing the use of furnace oil by 2025. We strive to create a safe and supportive working environment for our employees, aiming to increase women's participation in our workforce and enhancing employee skills through expanded training and development programs. Additionally, we are boosting our investments in a wide range of CSR efforts focused on empowering vulnerable and marginalised sections of society. As a responsible organisation, we are committed to developing and adopting best practices in ESG, aspiring to become a leader in our sector.								
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy / (ies).	Board of Directors Ms. Megha Garg Whole Time Director (DIN – 07352042)								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, pro-vide details.	Yes Ms. Megha Garg Whole Time Director								

10 Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	The policies are assessed at required intervals by ESG core committee. The effective implementation is assessed, and requisite modification/ amendments are done with the approval of the Board.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	HFL is compliant with the statutory requirements relevant to the principles. HFL diligently upholds statutory requirements reflecting a commitment to lawful and ethical operations.																	

		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes, policies on Quality, Health & Safety & Environment are subject to internal and external audits as a part of ISO Systems Certification. Other policies are periodically evaluated for their efficacy through the internal and external audit mechanism.								

12 If answer to question (1) under Policy and Management Processes is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or / human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programs on any of the principles during the financial year.

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	1	POSH	33.0%
Key Managerial Personnel	1	POSH	50.0%
Employees other than BoD and KMPs	57	Basic ESG Awareness, Communication Skills, HFL Code of Conduct (Human Rights, ABAC, Anti Money Laundering, Core Values, Ethics Policy, POSH, Human Slavery & Child Labour, Working rules), POSH, Safety, Environment Aspect & Impact, HIRA, Occupational Hazards & Use of PPEs, Supervisory Skills, Advanced Excel, Team Building & Motivation	46.6%
Workers	148	Basic ESG Awareness, EHS, Communication Skills, HFL Code of Conduct (Human Rights, ABAC, Anti Money Laundering, Core Values, Ethics Policy, POSH, Human Slavery & Child Labor, Working rules), Human Rights, POSH, Safety, Occupational Hazards & Use of PPEs, HIRA, Supervisory Skills, Advanced Excel Team Building & Motivation	52.9%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

	Monetary				
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In ₹)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Not applicable as no penalties or fines were observed by the Company				
Settlement	Not applicable as no settlements were faced by the Company				
Compounding fee	Not applicable as no compounding fees was levied for the Company				
	Non-Monetary				
	NGRBC Principle	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In ₹)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	Not applicable as no penalties or fines were observed by the Company				
Punishment	Not applicable as no penalties or fines were observed by the Company				

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case details	**Name of the regulatory / enforcement agencies / judicial institutions**
Not applicable as no such cases were faced by the Company	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

HFL has a robust anti-bribery and anti-corruption policy and is available in the public domain (https://happyforgingsltd.com/corporate-governance/). HFL practices zero-tolerance approach to bribery and corruption. It guides all the stakeholders to act professionally, fairly and with utmost integrity. The scope of the policy covers all employees and all third parties of HFL. As per the policy, third party means any individuals or organisation who has business dealings with HFL.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	2024-25 (Current Financial Year)	**2023-24 (Previous Financial Year)**
Directors	No disciplinary action was taken by any law enforcement agency against any of HFL's Director, KMP, employees or workers for charges of bribery or corruption.	No disciplinary action was taken by any law enforcement agency against any of HFL's Director, KMP, employees or workers for charges of bribery or corruption.
KMPs		
Employees		
Workers		

6. **Details of complaints regarding conflict of interest:**

	2024-25 (Current Financial Year)		**2023-24 (Previous Financial Year)**	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of conflict of interest of the directors	No complaints about conflict of interest in the reporting period.		No complaints about conflict of interest in the reporting period.	
Number of complaints received in relation to issues of conflict of interest of the KMPs				

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Regulatory Action	**2024-25 (Current Financial Year)**				
	Incident description	**Number**	**Incident type**	**Corrective action**	**Attachment of MOM**
	Not Applicable				

Regulatory Action	**2023-24 (Previous Financial Year)**				
	Incident description	**Number**	**Incident type**	**Corrective action**	**Attachment of MOM**
	Not applicable				

8. **Number of days of accounts payables (Accounts payable * 365) / Cost of goods / Services procured) in the following format.**

	2024-25 (Current Financial Year)	**2023-24 (Previous Financial Year)**
Number of days of accounts payables	25	27

9. **Open-ness of business**

Provide details of concentration of purchase and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format;

Parameter	**Metrics**	**2024-25 (Current financial Year)**	**2023-24 (Previous financial Year)**
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	15.3%	NA
	b. Number of trading houses where purchase is made from	475	NA
	c. Purchase from top 10 trading houses as % of total purchase from trading houses	38.8%	NA
Concentration of Sales	a. Sales to dealers / distribution as % of total sales	0.3%	NA
	b. Number of dealers / distributions to whom sales are made	4	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	100%	NA
Share of RPTs in	a. Purchases (Purchases with related parties / total purchases)	0.0%	0.0%
	b. Sales (Sales to related parties / total sales)	0.0%	0.0%
	c. Loans & Advances (Loans & Advances given to related parties / total loans & advances)	0.2%	1.0%
	d. (Investments in related parties / total investments made)	0.1%	100.0%

LEADERSHIP INDICATORS

1. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same.**

Yes, HFL has processes to avoid and manage conflicts of interest involving Board members. These processes are managed through the Company's Code of Conduct for Directors & Senior Management as well as the terms outlined in the directors' appointment letters.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	2024-25	2023-24	Details of improvements in environmental and social impacts
R&D	0%	0%	
Capex	2.3%	0.35%	1 Induction Billet Heater wherein the Company shifted from the use of furnace oil to electric furnaces. 2 Scrap Bricketing Press unit – The Company invested in this to extract cutting oil from waste which can then be reused in the process thereby reducing waste generation 3 Scrap Bundling Machines – This significantly reduced the volume of scrap generated and made it easier to manage our footprint on natural resources. 4 Robotic crankshaft washing machine - Reduced human intervention thereby reducing the risk of injuries and ensuring health and safety of our workforce. 5 Filter press unit aided in reduction of Sludge 6 Battery operated forklift instead of fossil-fuels. 7 Oil skimming machine used to extract oil from wastewater which is then transferred to recycler

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   In FY 2025, all raw material suppliers of HFL were in possession of EMS and OHS&MS certificates and had valid licenses and consent to operate.

   b. **If yes, what percentage of inputs were sourced sustainably?**

   100% of raw materials

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   Given that the product is directly supplied to Original Equipment Manufacturers (OEMs), HFL has limited opportunities to reclaim it at the end of its life cycle. Nevertheless, HFL has implemented a comprehensive waste management Standard Operating Procedure (SOP) to ensure the safe handling of recyclable packaging, e-waste, and hazardous waste. This SOPs include detailed guidelines for waste classification, handling procedures, storage requirements, and disposal methods, ensuring that all waste is managed safely and in compliance with regulatory standards. To facilitate the responsible disposal of such waste, HFL has established agreements with authorised recyclers and diligently files annual returns with the appropriate statutory bodies. These agreements ensure that all recyclable and hazardous waste is processed by certified facilities, minimising environmental impact and promoting sustainability.

   Our operational ethos is guided by the principles of the 3 Rs—Reduce, Reuse, and Recycle. We actively practice reusing and recycling wherever feasible to minimise our impact on the local environment and drive operational cost savings. For instance, we have significantly reduced the use of single-use packaging by transitioning to reusable materials and have implemented stringent e-waste management protocols to ensure safe disposal and recycling of electronic components. These initiatives align with SDG 12 (Responsible Consumption and Production) by promoting sustainable waste management practices and enhancing resource efficiency. They also support SDG 11 (Sustainable Cities and Communities) by ensuring proper waste disposal and reducing the environmental impact of urban waste. Additionally, our efforts contribute to SDG 13 (Climate Action) by minimising waste-related emissions and fostering a culture of sustainability.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   No. Extended Producer Responsibility (EPR) is not applicable to HFL. The nature of the Company's operations does not fall within the scope of EPR obligations as defined under the regulations.

LEADERSHIP INDICATORS

1. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	2024-25 Current Financial Year	2023-24 Previous Financial Year
Treated water	10%	15%

2. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	2024-25 Current Financial Year			2023-24 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable as all packaging is provided to our customers who further consume the packaging material. Therefore, ascertaining the end-of-life use does not fall under our operations.					
E-waste						
Discarded containers						
Waste & residues containing oil						
MS scrap/ scale/ bur						

3. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Since the product is directly supplied to the OEMs, HFL has limited scope for reclaiming it at the end of its life cycle.	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. **a. Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	605	605	100.0%	605	100.0%	-	-	-	-	-	-
Female	26	26	100.0%	26	100.0%	26	100.0%	-	-	-	-
Total	**631**	**631**	**100.0%**	**631**	**100.0%**	**26**	**4.1%**	**-**	**-**	**-**	**-**
Other than Permanent Employees											
Male	8	8	100.0%	8	100.0%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**8**	**8**	**100.0%**	**8**	**100.0%**	**0**	**0.0%**	**-**	**-**	**-**	**-**

b. **Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total (A)	Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% E/A)	Number (F)	% (F/A)
Permanent workers											
Male	2,540	2,540	100.0%	2,540	100.0%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**2,540**	**2,540**	**100.0%**	**2,540**	**100.0%**	**0**	**0.0%**	**-**	**-**	**-**	**-**
Other than Permanent workers											
Male	391	391	100.0%	391	100.0%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**391**	**391**	**100.0%**	**391**	**100.0%**	**0**	**0.0%**	**-**	**-**	**-**	**-**

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.**

	2024-25 Current Financial Year	2023-24 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the Company	0.25%	0.13%

2. **Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	2024-25			2023-24		
	No. of employees covered as a % of total employees*	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.6%	100.0%	Yes	99.0%	100.0%	Yes
Gratuity	100.0%	100.0%	Yes	100.0%	100.0%	Yes
ESI	14.4%	91.9%	Yes	19.0%	94.6%	Yes

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, HFL's premises and offices are accessible to differently abled employees and workers, in compliance with the Rights of Persons with Disabilities Act, 2016. Our office and factory units include accessibility features such as ramps, lifts, and handrails in stairwells to ensure seamless mobility for differently abled individuals. Additionally, we offer transportation facilities to ease the commute for all employees. Any future requirements will be promptly addressed.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

HFL ensures equal opportunities for all our employees and all qualified job applicants. We adhere to a strict non-discrimination policy and cultivate an inclusive workplace that promotes diversity and equal opportunity. We are committed to ensuring a work environment free from discrimination against persons with disabilities. In line with the Rights of Persons with Disabilities Act, 2016, we are committed to maintaining a discrimination-free work environment for persons with disabilities. We provide necessary facilities and arrangements to help them perform their duties effectively. Medical assistance is available as needed, and a Grievance Officer ensures the required provisions are in place. We ensure that no one is denied opportunities based on disability and protect employees from any form of coercion, intimidation, or retaliation for filing complaints or aiding investigations under the Act. The policy is available on the HFL's Website at the following link: https://happyforgingsltd.com/corporate-governance/ (Equal Opportunity Employer Policy)

5. **Return to work[2] and Retention rates[3] of permanent employees and workers that took parental leave.**

During the reporting period, no permanent employees or workers availed parental leave.

Sl. No.	Particulars	Permanent Employees			Permanent Workers		
		Male	Female	Total	Male	Female	Total
1	Returned to work rate	-	-	-	-	-	-
2	Retention rate	-	-	-	-	-	-

[2]The entity shall use the following formulas to calculate return to work rate, for each category of employee (male / female / others): (Total number of employees that did return to work after parental leave in the reporting period * 100)/ (Total number of employees due to return to work after taking parental leave in the reporting period) = Return to work rate

[3]Retention rate determines who returned to work after parental leave ended and were still employed 12 months later. It shall be calculated using the following formula:

(Total number of employees retained 12 months after returning to work following a period of parental leave * 100)/
(Total number of employees returning from parental leave in the prior reporting period)

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)	Details of mechanism
Permanent Workers	Yes	HFL has established a Grievance Policy to provide employees with a platform to voice their employment-related concerns. This policy ensures that grievances are addressed promptly, fairly, and impartially by a Grievance Committee, in accordance with other policies of HFL. We have a comprehensive Grievance Redressal Policy that addresses all types of employee grievances, including those related to human rights issues. Designated HR personnel visit the shop floor to meet with employees and workers, document their grievances, and communicate them to the respective process owners for resolution. The Welfare Officer maintains a monthly MIS, which is reviewed by the CHRO, who also signs the register on a monthly basis. To further enhance the effectiveness of our grievance redressal process, we have implemented a multi-tiered approach that includes regular training for HR personnel on conflict resolution and human rights. This ensures that our team is well-equipped to handle a wide range of issues with sensitivity and professionalism. Additionally, we have established anonymous reporting channels to encourage employees to voice their concerns without fear of retaliation.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Not Applicable, since there is no registered trade union under the Industrial Disputes Act 1947.

Category	2024-25			2023-24		
	Total employees / workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	0	0	-	0	0	-
Male	0	0	-	0	0	-
Female	0	0	-	0	0	-
Total Permanent Workers	0	0	-	0	0	-
Male	0	0	-	0	0	-
Female	0	0	-	0	0	-

8. **Details of training given to employees and workers**

Category	2024-25					2023-24				
	Total (A)	On Health and Safety Measures		On Skills upgradation		Total (D)	On Health and Safety Measures		On Skills upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	605	208	34.4%	419	69.3%	506	134	26.5%	395	78.1%
Female	26	7	26.9%	21	80.8%	17	1	5.9%	12	70.6%
Total	**631**	**215**	**34.1%**	**440**	**69.7%**	**523**	**135**	**25.8%**	**407**	**77.8%**
Workers										
Male	2,540	669	26.3%	2,236	88.0%	2,494	855	34.3%	2,094	84%
Female	0	0	-	0	-	0	0	-	0	-
Total	**2,540**	**669**	**26.3%**	**2,236**	**88.0%**	**2,494**	**855**	**34.3%**	**2,094**	**84%**

9. **Details of performance and career development reviews of employees and workers**

	2024-25			2023-24		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
Employees						
Male	605	313	51.7%	506	93	18.4%
Female	26	7	26.9%	12	2	11.8%
Total	**631**	**320**	**50.7%**	**523**	**95**	**18.2%**
Workers						
Male	2,540	70	2.8%	2,494	49	1.7%
Female	0	0	-	0	0	-
Total	**2,540**	**70**	**2.8%**	**2,494**	**49**	**1.7%**

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?**

Yes, HFL has successfully implemented the Health and Safety Management System (ISO 45001:2018) across 100% of its operations and sites. This system outlines the requirements for an occupational health and safety (OH&S) management system and provides comprehensive guidance to ensure the creation of safe and healthy workplaces. By preventing work-related injuries and illnesses and proactively enhancing OH&S performance, HFL demonstrates its unwavering commitment to employee well-being.

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ISO 45001:2018 plays a crucial role in establishing, maintaining, and implementing an effective OH&S management system. It aims to improve occupational health and safety, eliminate hazards, and minimise OH&S risks, including system deficiencies. Additionally, it helps HFL seize OH&S opportunities and address any non-conformities associated with its activities, thereby fostering a culture of safety and continuous improvement.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

In alignment with ISO standards ISO 14001:2015 and ISO 45001:2018, HFL consistently implements measures to enhance employee well-being and healthcare. A robust hazard identification and risk management system has been established to ensure continuous improvement in occupational health and safety. Hazard Identification Risk Assessment is conducted regularly at all levels through a meticulous six-step process, overseen by a highly skilled process owner or a qualified safety coordinator who is thoroughly knowledgeable about all activities and safety standards. Through these diligent efforts, HFL demonstrates its unwavering commitment to maintaining a safe and healthy workplace.

1. Pre-assessment preparations.
2. Pre-assessment meeting with HSE Leaders.
3. Conducting interviews.
4. Walk-around tour/Quantification of hazards.
5. Evaluation of Hazard/Person/Severity factors.
6. Post evaluation activity.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, we have implemented a process for reporting work-related hazards in accordance with the ISO 45001:2018 Occupational Health & Safety Management System. We encourage all employees and workers to actively engage in maintaining a safe work environment. They participate in identifying hazards and reporting unsafe conditions or behaviors. Additionally, they are empowered to implement control measures to prevent and mitigate risks or withdraw from hazardous situations if necessary, including stopping unsafe activities. Employees receive regular training on hazard identification and reporting. We set proactive EHS objectives, reports on progress, provides necessary PPE, and ensures its use. Additionally, it integrates ergonomic policies and collaborates with various sectors to support EHS regulations and research.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, periodic health checkups and preventive health checkups are arranged from time to time other than the mandatory requirement of The Factories Act 1948. We also have tie-ups with leading hospitals nearby which can be accessed by the employees and their family members in case of off-site emergencies.

11. **Details of safety related incidents, in the following format:**

Safety incident/ numbers	Categories	2024-25	2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.37	0.55
Total recordable work-related injuries	Employees	0	0
	Workers	5	5
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

HFL ensures a safe and healthy workplace by complying with ISO 45001 standards and performing regular Hazard Identification and Risk Assessment (HIRA) evaluations. Additionally, we have implemented several measures such as daily safety talks, comprehensive training, a work permit system, regular safety audits, safety committee meetings, mock drills, near-miss reporting, 5S audits, and regular health checkups to ensure a safe and productive environment which are detailed below;:

1. **Daily Safety Talks:** HFL conducts daily safety talks with employees and workers to reinforce safety protocols and awareness. These talks cover various safety topics, including the proper use of personal protective equipment (PPE), emergency procedures, and safe work practices. By engaging employees in regular safety discussions, HFL fosters a culture of safety and vigilance.
2. **Safety Training and Job-Specific Training:** HFL provides comprehensive safety training and job-specific training to equip employees with the necessary skills and knowledge for their roles. This includes training on hazard recognition, safe operating procedures, and emergency response. By ensuring that employees are well-trained, HFL minimises the risk of accidents and injuries.
3. **Work Permit System:** HFL has implemented a work permit system to control and monitor high-risk activities. This system requires employees to obtain permits before performing tasks such as hot work, confined space entry, and electrical work. The work permit system ensures that all necessary precautions are taken to mitigate risks associated with high-risk activities.
4. **Regular Safety Audits:** HFL conducts regular safety audits to identify and rectify potential hazards. These audits involve thorough inspections of the workplace, equipment, and processes to ensure compliance with safety standards. By proactively identifying and addressing hazards, HFL maintains a safe working environment.
5. **Safety Committee Meetings:** HFL holds safety committee meetings to discuss and address safety concerns. These meetings provide a platform for employees to voice their safety-related issues and for management to share updates on safety initiatives. The safety committee plays a crucial role in promoting continuous improvement in safety practices.
6. **HIRA:** HFL takes necessary measures based on HIRA and Aspects and Impacts Assessment. This involves systematically identifying potential hazards, assessing their risks, and implementing control measures to mitigate them. HIRA ensures that all significant hazards are effectively managed.
7. **Mock Drills:** HFL performs mock drills to prepare employees for emergency situations. These drills simulate various emergency scenarios, such as fire, chemical spills, and natural disasters, to test the effectiveness of emergency response plans. Mock drills help employees become familiar with emergency procedures and improve their readiness to respond to real emergencies.
8. **Near-Miss Incident Reporting:** HFL identifies and addresses near-miss incidents to prevent future accidents. Employees are encouraged to report near-miss incidents, which are then investigated to determine their causes and implement corrective actions. By addressing near-misses, HFL proactively prevents potential accidents.
9. **5S Audit Compliance:** HFL maintains compliance with the 5S audit to ensure a clean and organised workplace. The 5S methodology (Sort, Set in order, Shine, Standardise, Sustain) promotes workplace organisation, cleanliness, and efficiency. Regular 5S audits help HFL maintain a safe and productive work environment.
10. **Regular Health Checkups:** HFL conducts regular health checkups for employees and workers to monitor their well-being. These checkups include medical examinations, health screenings, and wellness programs. By prioritising employee health, HFL ensures a healthy and productive workforce.

13. Number of Complaints on the following made by employees and workers.

	2024-25			2023-24		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	No complaints were made by any employee or worker regarding the working conditions and health & safety.	0	0	No complaints were made by any employee or worker regarding the working conditions and health & safety.
Health & Safety	0	0		0	0	

14. Assessments for the year.

	2024-25	
	No. of plants and office assesses (by entity or statutory authorities or third parties)	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	3	100.0%
Working Conditions	3	100.0%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

HFL has established a comprehensive corrective and preventive action procedure to address any anticipated impacts or issues. HFL is deeply committed to the well-being of its workforce. While no major incidents were reported, the Company continues to be proactive in its efforts to ensure proper safety protocols are followed.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, a compensatory package is available for both Employees & Workers under various insurances. Compensatory Benefits are:

- Funeral benefit under ESI
- Insurance (EDLI) benefit under EPF
- Pension to immediate family members
- Gratuity benefit
- Ex Gratia benefit & funeral benefit under labour welfare

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

HFL maintains regular communication with contractual labor providers on matters such as PF, ESI, GST, and wages. All agreements with labor service providers are thoroughly detailed to ensure compliance with statutory norms. The Supplier Code of Conduct is in place and all supply chain partners must adhere to it in order to support business responsibility principles and ideals of transparency and accountability.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Total no. of affected employees/ workers		
	2024-25	2023-24
Employees	0	0
Workers	0	0

No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment		
	2024-25	2023-24
Employees	0	0
Workers	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Yes, we hire employees and workers under Retainership Agreements. Any employee or worker possessing critical or highly specialised skills is retained on a retainership basis, adhering to all rules and regulations, with mutual understanding and agreement as per the Exit Policy (Retirement Case). There is also a provision for renewal. Furthermore, all employees, regardless of their tenure, are offered capacity-building and skill-upgradation training sessions. These initiatives not only enhance their skills but also improve their employability in the event of termination.

5. **Details on assessment of value chain partners:**

	Total No. of value chain partners	No. of value chain partners that were assessed	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	HFL plans to undertake the assessment for its value chain partners from FY 2025-26		
Working conditions			

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   HFL plans to undertake the assessment for its value chain partners from FY 2025-26.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   HFL values stakeholder engagement to understand their needs, minimise risks, and build trust. Our stakeholders include employees, investors, customers, suppliers & service providers, government & regulatory authorities and communities. Key stakeholders are identified based on their material impact or influence on our activities. We actively engage with all stakeholders to understand and address their needs and feedback, continuously adapting its business operations and processes to align with these insights.

   Our comprehensive Stakeholder Management Policy is accessible on our website.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder group	Vulnerable/ Marginalised Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagements
Employees	No	• Workshops • Employee Surveys	Periodically	Provide employees with a safe working environment, enhancing their skills through training and providing opportunities for professional growth. Soliciting employee feedback and resolving their issues to ensure their well-being and providing an enabling environment.
Investors	No	• Annual report • Investor presentations • Corporate website • Quarterly & Annual results	Periodically	Protect and increase shareholder value and focus on sustainable growth and profitability.
Customers	No	• Personal Visits • Digital communications • Plant visits	Periodically	To ensure that we are consistently able to deliver high-quality products meeting customer's specifications and timelines to establish ourselves as a trustworthy supplier/business partner for safety critical components.
Suppliers & Service providers	No	• Email Communications • Supplier & Vendor meet • Policies • Official communication letters	Periodically	To establish and maintain mutually beneficial relationships that support the efficient and effective operation of the business. Collaborating with suppliers and service providers to ensure timely delivery of quality goods and service.
Government and Regulatory Bodies	No	• Officials communication channels • Regulatory audits/ inspections • Environmental compliance • Policy intervention • Good governance	Periodically	Adhere to the regulatory framework and ensure compliances. Liaise with Govt. authorities for Govt. schemes and incentives.
Communities	No	• CSR initiatives and community outreach efforts by our implementation partners	Periodically	To enable sustainable and equitable development of society at large by focusing on the needs of vulnerable and marginalised sections of the society.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   HFL established an ESG Committee of the Board in the reporting period, which is tasked with focusing on HFL's ESG initiatives. This committee is required to inform and update the Board of Directors about ESG initiatives, targets, projects and the progress made thereof. The committee is responsible for engaging with stakeholders and developing procedures for consultations and interactions with stakeholders and updating the Board on key issues on a periodic basis.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   HFL is committed to enhancing our sustainability efforts by engaging with stakeholders to identify and manage environmental and social topics. By incorporating stakeholder inputs, we aim to develop more effective policies and activities that address key issues, fostering stronger community relationships and promoting sustainable growth.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   HFL through its diverse CSR projects, is dedicated to achieving positive outcomes for vulnerable and marginalised communities, ensuring equitable development. HFL's CSR initiatives primarily focus on:

   a) Enhancing healthcare facilities by installing diagnostic machines and medical equipment to provide affordable healthcare access and donating vehicles to Police for administration of emergency health support/response services.

   b) Adopting a government school and investing in its physical infrastructure to create a conducive learning environment for underprivileged students.

c) Providing financial support to educational and vocational training institutes for differently-abled children and underprivileged girls.

d) Maintaining public parks and increasing green cover.

e) Various other initiatives aimed at animal welfare, supporting defense forces, and caring for senior citizens. (Other initiatives focusing on animal welfare, creation and maintenance of facilities for defense forces and providing care for senior citizens).

PRINCIPLE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	2024-25			2023-24		
	Total (A)	No. employees / workers covered (B)	% (B / A)	Total (C)	No. employees / workers covered (D)	% (D / C)
Employees						
Permanent	631	92	14.6%	523	69	13.2%
Other than permanent	8	0	0.0%	6	0	0.0%
Total Employees	**639**	**92**	**14.4%**	**529**	**69**	**13.0%**
Workers						
Permanent	2,540	633	24.9%	2,494	113	4.5%
Other than permanent	391	248	63.4%	151	28	18.5%
Total Workers	**2,931**	**881**	**30.1%**	**2,645**	**141**	**5.3%**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	2024-25					2023-24				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No.(C)	% (C / A)		No. (E)	% (E/D)	No. (F)	% (F /D)
Employees										
Permanent										
Male	605	0	0.0%	605	100.0%	506	0	0.0%	506	100.0%
Female	26	0	0.0%	26	100.0%	17	0	0.0%	17	100.0%
Other than Permanent										
Male	8	0	0.0%	8	100.0%	6	0	0.0%	6	100.0%
Female	0	0	-	0	-	0	0	-	0	-
Workers										
Permanent										
Male	2,540	77	3.0%	2,463	97.0%	2,494	147	5.9%	2,347	94.1%
Female	0	0	-	0	-	0	0	-	0	-
Other than Permanent										
Male	391	336	85.9%	55	14.1%	151	148	98.0%	3	2%
Female	0	0	-	0	-	0	0	-	0	-

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/ wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	2	31,25,996 p.m.	1	6,06,428 p.m.
Key Managerial Personnel	1	4,10,479 p.m.	1	2,56,355 p.m.
Employees other than BoD and KMP	602	29,527 p.m.	24	23,446 p.m.
Workers	2,540	14,000 p.m.	0	N/A

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	2024-25	2023-24
Gross wages paid to females as % of total wages – (B/A)	1.2%	1.7%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Chief Human Resources Officer (CHRO) is the designated focal point responsible for addressing human rights impacts or issues caused or contributed to by the business. The CHRO leads our Human Rights Committee, which includes representatives from various departments to ensure a comprehensive approach to human rights. This committee is tasked with monitoring, addressing, and mitigating human rights risks across our operations and supply chains. We regularly review and update our policies to reflect best practices and stakeholder feedback.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HFL has a comprehensive Grievance Redressal Policy that addresses all types of employee grievances, including those related to human rights issues. Designated HR personnel regularly visit the shop floor to engage with employees and workers, documenting their grievances. These grievances are then communicated to the respective process owners for resolution. The Welfare Officer maintains a monthly Management Information System (MIS) report, which is reviewed by the CHRO on a monthly basis. The CHRO also signs off on the register to ensure accountability and follow-up.

6. Number of Complaints on the following made by employees and workers:

	2024-25			2023-24		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labor	0	0	-	0	0	-
Forced Labor/Involuntary Labor	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	2024-25 Current Financial Year	2023-24 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0	0
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   HFL has implemented a "Prevention of Sexual Harassment at Workplace (POSH) Policy." We have established an Internal Complaint Committee (ICC) in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Under the POSH Policy, the ICC is obligated to ensure the confidentiality of the complainant's identity. We are committed to handling matters of sexual harassment with the utmost sensitivity and confidentiality throughout the redressal process. Additionally, regular awareness sessions are conducted for employees and workers.

   There are certain other policies pertaining to Whistle Blowing, Equal Opportunities etc. These contain provisions to ensure anonymity and prevent any consequences for the complainant in the future.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   Yes, HFL's human rights requirements are an integral part of our business agreements and contracts. Our Supplier Code of Conduct mandates adherence to the highest ethical standards, including human rights and compliance with labor laws. These requirements ensure that all our business dealings uphold these essential principles.

10. **Assessment for the year**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	0%

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

    No risks/concerned were identified during the assessment hence, not applicable.

LEADERSHIP INDICATORS

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

   Nil

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

   Human rights due diligence assessments have been conducted as part of our ISO 45001 audit. This process ensures that our operations and supply chain adhere to the highest ethical standards, including compliance with human rights and labor laws. The audit covers all aspects of our business to identify and mitigate potential human rights risks.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes, HFL's office and factory units are accessible to differently abled visitors, in compliance with the Rights of Persons with Disabilities Act, 2016. Our premises include accessibility features such as ramps, lifts, and handrails in stairwells to ensure seamless mobility for differently abled individuals. These measures demonstrate our commitment to creating an inclusive environment for all visitors.

4. **Details on assessment of value chain partners:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual harassment	HFL plans to undertake assessment for its value chain partners from FY 2025-26.
Discrimination at workplace	
Child labor	
Forced/involuntary labor	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Not applicable as HFL has planned to undertake the assessment of value chain partners in the FY 2025-26.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Units	2024-25	2023-24
From renewable sources			
Total electricity consumption (A) (Solar)	GJ	17,852	11,078
Total fuel consumption (B)	GJ	0	0
Energy consumption through other sources (C)	GJ	0	0
Total energy consumed from renewable sources (A+B+C)	GJ	17,852	11,078
From non-renewable sources			
Total electricity consumption (D)	GJ	4,24,803	4,11,707
Total fuel consumption (E)	GJ	1,19,043	1,34,764
Energy consumption through other sources (F)	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	5,43,846	5,46,471
Total energy consumed (A+B+C+D+E+F)	GJ	5,61,699	5,57,549
Energy intensity per rupee of turnover (Total energy consumption / revenue in Crore rupees)		3.99 GJ/Lakh Rupees	4.10 GJ/Lakh Rupees
Energy intensity per rupee of turnover adjusted for Purchasing Power (Total energy consumed / Revenue from operations adjusted for PPP[4])		-	-
Energy intensity in terms of physical output		6.8 GJ/MT	7.0 GJ/ MT
Energy intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/ evaluation/assurance has been undertaken.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	Units	2024-25	2023-24
Water withdrawal by source (in kiloliters)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	2,60,263	2,27,605
(iii) Third party water	KL	0	0
(iv) Seawater / desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	KL	2,60,263	2,27,605
Total volume of water consumption (in kiloliters)	KL	2,60,263	2,27,605
Water intensity per rupee of turnover (Water consumed / revenue in Crore rupees)		1.59KL/Lakh Rupees	1.68KL/Lakh Rupees
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)		-	-
Water intensity in terms of physical output		3.1KL / MT	2.8KL / MT

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

4. **Provide the following details related to water discharged:**
(BRSR Core Attribute 2: Water footprint)

Parameter	2024-25 Current Financial Year	2023-24 Previous Financial Year
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others		
- No treatment	0	-
- With treatment – please specify level of treatment	36,156 Secondary and Tertiary Treatment Level	24,015 Secondary and Tertiary Treatment Level
Total water discharged (in kiloliters)	36,156	24,015

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Water conservation and management are key ESG priorities for HFL. To minimise water consumption, we have established comprehensive systems and protocols. By closely monitoring water usage across various applications, we implement recycling and reuse initiatives wherever possible. We have installed Sewage Treatment Plant and Effluent Treatment Plant at its manufacturing facilities. Furthermore, we have strategically invested in rainwater harvesting to replenish groundwater in accordance with MIDC guidelines.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	2024-25	2023-24
NOx	mg/Nm³	28.6	N.A.
SOx	mg/Nm³	13.1	8.7
Particulate matter (PM)	mg/Nm³	63.3	51.0
Persistent organic pollutants (POP)	mg/Nm³	0.0	0.0
Volatile organic compounds (VOC)	mg/Nm³	0.0	0.0
Hazardous air pollutants (HAP)	mg/Nm³	0.0	0.0
Others – please specify	mg/Nm³	0.0	0.0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	2024-25	2023-24
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	8,771	8,318
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	96,761	93,778
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and scope 2 GHG emissions / Revenue from operations)		0.75MT/Lakh Rupees	0.75MT/Lakh Rupees
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		-	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output		1.28tCO_2e/MT	1.27tCO_2e/MT
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

By replacing all oil-fired furnaces on forging lines with electric heating systems, we significantly reduced the use of furnace oil. Additionally, we redesigned our heat treatment facility by switching from low sulfur fuel oil to LPG lines. We also installed a 5 MW solar power plant at our three manufacturing facilities and a 1,600 kVAR Hybrid APFC panel to improve the power factor, thereby reducing energy wastage. Furthermore, we redesigned the layout of compressors and controlled leakages, which enabled us to use only half the compressors, resulting in substantial electricity savings.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	2024-25	2023-24
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	0	0
E-waste **(B)**	0	0
Bio-medical waste **(C)**	0.06	0.05
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	0	0
Radioactive waste **(F)**	NA	NA
Other Hazardous waste. Please specify, if any. **(G)**	19.9	6.55
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	27,322	27,248
Total **(A+B+C+D+E+F+G+H)**	27,342	27,255
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.19 MT/Lakh Rupees	0.20 MT/Lakh Rupees
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	-	-
Waste intensity in terms of physical output	0.33	0.34
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

Parameter	2024-25	2023-24
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycle	0	0
(ii) Re-used	0	0
(iii) 2Other recovery operations	0	0
Total	0	0
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	**0**	**0**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HFL prioritises waste management by integrating the 3R (Reduce, Reuse, Recycle) principles into its decision-making processes, aligning with SDG 12 (Responsible Consumption and Production). By leveraging the solid waste management hierarchy, we encourage its teams to innovate and divert waste effectively, contributing to SDG 11 (Sustainable Cities and Communities) by reducing the environmental impact of urban waste. HFL is committed to reducing both hazardous and non-hazardous waste at its manufacturing sites, which supports SDG 13 (Climate Action) by minimising waste-related emissions.

Throughout the year, we have implemented measures such as recycling waste oil through alternative disposal pathways to reduce hazardous waste, thereby promoting SDG 12.4 (responsible management of chemicals and waste). Additionally, HFL has focused on recycling ETP sludge to minimise landfill disposal, further supporting SDG 12.5 (substantially reduce waste generation through prevention, reduction, recycling, and reuse). These initiatives not only demonstrate our commitment to sustainability but also drive operational cost savings and foster a culture of environmental responsibility.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

In all areas of its activities, HFL is dedicated to regulatory Environmental compliance and ethical conduct. Since we operate in industrial areas/estates, its influence on biodiversity is very modest.

S.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	NA	NA	NA

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

In all areas of its operations, HFL is in compliance with the regulatory and environmental laws.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

HFL is in compliance with all applicable environmental laws.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Details of fines / penalties / action	Corrective action taken, if any
Not applicable					

LEADERSHIP INDICATORS

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area:

(ii) Nature of operations:

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	Units	2024-25	2023-24
Water withdrawal by source (in kiloliters)			
(i) Surface water	KL	Not applicable, as we do not have any operations in areas of water stress.	Not applicable, as we do not have any operations in areas of water stress.
(ii) Groundwater	KL		
(iii) Third party water	KL		
(iv) Seawater / desalinated water	KL		
(v) Others	KL		
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	KL		
Total volume of water consumption (in kiloliters)	KL		
Turnover			
Water intensity per rupee of turnover (Water consumed /turnover)	KL/₹		
Water intensity (optional) – the relevant metric may be selected by the entity			
Water discharge by destination and level of treatment (in kilolitres)			
(i) Into Surface water	KL	Not applicable, as we do not have any operations in areas of water stress.	Not applicable, as we do not have any operations in areas of water stress.
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
(ii) Into Groundwater	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
iii) Into Seawater	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
iv) Sent to third-parties	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
(v) Others	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
Total water discharged (in kilolitres)	KL		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

   HFL is committed to maintaining regulatory environmental compliance and upholding ethical conduct across all its operations. Given that we operate within industrial areas and estates, its impact on biodiversity remains minimal.

3. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

   No

4. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes, HFL recognises the importance of business continuity in its business and has put in place policies to ensure mission-critical operations continue in the event of an interruption. HFL has a well-articulated Business Continuity and Disaster Management Plan in place, designed to ensure resilience in the face of unforeseen disruptions. The plan safeguards both operations and stakeholder interests with foresight and diligence.

5. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

   To be undertaken in 2025-26.

6. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   NA

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   HFL is affiliated to 4 trade and industry chambers/ associations.

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)	Remarks (if any)
1	Confederation of Indian Industries (CII)	National	
2	Association of Indian Forging Industry (AIFI)	National	
3	Ludhiana Management Association (LMA)	State	
4	Entrepreneurs' Organisation	Global	

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
There were no incidents of anti-competitive behavior involving the Company during the reporting period		

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link, if available
HFL puts forward a number of suggestions both directly and through trade bodies with respect to the industry					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain. (Yes / No)	Relevant Web link
Not applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
HFL does not have ongoing Rehabilitation and Resettlement (R&R) during the reporting period.						

3. **Describe the mechanisms to receive and redress grievances of the community.**

   HFL's CSR team has implemented a community feedback mechanism for all its CSR projects. We hold meetings with community members and conduct periodic interactions to understand their concerns and gather feedback. Individuals or groups can voice their grievances during the annual feedback exercise or whenever necessary. Communication channels include verbal discussions, emails, phone calls, and meetings. The CSR Team promptly addresses and resolves grievances as they arise. All grievances are taken seriously, and there is a transparent process for communicating resolutions both externally and internally to key stakeholders. The policy for grievance redressal has been duly approved by the Board. The complaints can directly be sent to the Email IDs and the contact numbers provided on HFL's website. The web link for contact details for registering any complaints is as follows: www.happyforgingsltd.com/contact-us/

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	2024-25	2023-24
Directly sourced from MSMEs/ small producers	-	-
Directly from within India	100%	100%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

   (BRSR core attribute 7: Enabling Inclusive Development)

Location	2024-25	2023-24
Rural	42.6%	34.5%
Semi-urban	0.0%	0.0%
Urban	0.0%	0.0%
Metropolitan	57.4%	65.5%

Place to be categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan): Data for 2023-24 has been restated as computation has changed from original domicile to place of employment.

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No	State	Aspirational District	Amount spent (in ₹)
No project was undertaken in aspirational districts in 2024-25			

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

No

(b) **From which marginalised /vulnerable groups do you procure?**

Not Applicable

(c) **What percentage of total procurement (by value) does it constitute?**

Not applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not applicable

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not applicable				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved**

Not applicable

Name of authority	Brief of the Case	Corrective action taken
Not applicable		

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	Total no. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Environment (Maintenance of park and planting of trees)	Community at large	NA
2	Environment (Bio compost machines for decomposition of leftover food)	Community at large	NA
3	Environment (Solar power panels installed at mega kitchen)	Community at large	100%
4	Livelihood generation (Indian Red cross society)	Community at large	100%
5	Education (Ludhiana Educational Society)	80 students	100%
6	Education (Noble Foundation for underprivileged children)	192 students	100%
7	Education (Vocational Rehabilitation center for blind)	93 visually impaired children	100%
8	Healthcare (Mahindra Bolero)	Community at large	NA
9	Skill enhancement and education (Ek jot viklang bachon ka school)	350 handicapped people	100%
10	Education (Women Next Door)	252 students	100%
11	Healthcare (Color doppler machine at Shri Nav Durga Charitable Hospital)	364 patients	100%
12	Healthcare (OT at Civil Hospital, Ludhiana)	Community at large	100%
13	Education (Lock stitch machines at polytechnic college)	Students enrolled in a Fashion designing course at polytechnic college, Ludhiana	100%
14	Healthcare (Dialysis machines at Helpful NGO)	Under installation	Mostly vulnerable and marginalised

S. No.	CSR Project	Total no. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
15	Healthcare (Saarthi Welfare Society)	445 patients	Mostly vulnerable and marginalised
16	Healthcare (Sat Parkash & Smt. Kanta Jain Charitable Trust)	Under construction	NA
17	Animal Welfare (Dhyan Foundation)	Community at large	NA
18	Animal Welfare (Krishan Balram Gaushala)	Community at large	NA
19	Education (Vocational college under Bal Vikas Trust)	Under construction	100%
20	Education (Construction of Govt. school in village Umedpur)	Under construction	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

To effectively address and respond to consumer complaints and feedback, HFL has implemented a comprehensive Stakeholder Management Policy. External stakeholders can register their complaints or grievances using the contact information and email address provided in the policy or available on our website. For more details on how to register complaints, grievances, or feedback, please visit: https://happyforgingsltd.com/contact-us/.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	HFL manufactures and supplies forged and machined steel components to OEMs and Tier-1 suppliers, who integrate these into final products such as vehicles or machinery. Since HFL's components are not end-use consumer goods, it is not practicable to label them with information on environmental or social parameters, safe usage, or disposal.
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints in respect of the following:**

	2024-25			2023-24		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	Not applicable
Forced recalls	0	Not applicable

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   A cyber security policy has been established to provide support, management direction, and documentation on how information security is managed across HFL. This policy outlines the necessary measures to ensure the secure and reliable flow of information both internally and externally.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not applicable

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches**

      Nil

   b. **Percentage of data breaches involving personally identifiable information of customers**

      Nil

   c. **Impact, if any, of the data breaches**

      NA

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All information can be found on the Company's website: https://happyforgingsltd.com/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We provide our products to OEMs, who then integrate and assemble them into final products for consumers. Therefore, we do not have the means to directly inform and educate end users about the safe and responsible use of these products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   HFL does not offer any essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes. Our products feature information such as the manufacturer name, heat code, process number, dispatch number, and part number. We regularly gather customer feedback, and some customers also evaluate our performance based on various parameters using their internal scoring systems.

ANNEXURE -8

SECTION 62(1) (B) READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES 2014

The Brief details of the Employees Stock Options Scheme 2023 are detailed as below:

S. No.	Particulars		ESOP 2023 Scheme
(a)	Options granted during the year (No.)		NIL
(b)	Options vested at the end of the year (No.)		98,569
(c)	Options exercised during the year (No.)		37,318
(d)	The total number of shares arising as a result of exercise of option (including options that have been exercised but not allotted)		37,318 shares
(e)	Options lapsed/ cancelled during the year (No.)		14,453
(f)	The exercise price (₹)		190/-
(g)	Variation of terms of options		No
(h)	Money realised by exercise of options during the year (₹)		70,90,420/-
(i)	Total no. of options in force at the end of the year		3,00,188
(j)	Employees wise details of options granted to: (Name/ Designation/ No. of options)		
	(i)	Key managerial personnel	No fresh options were granted during the year 2024-25
	(ii)	Any other employees who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year;	No
	(iii)	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	No

DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AS ON MARCH 31, 2025

Significant changes/ modifications in the ESOP 2023 Scheme during 2024-25

Shareholders of the Company in the Extra Ordinary General Meeting held on 31st July, 2023 had approved ESOP scheme 2023 to comply with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Pursuant to the resolution passed by the Shareholders' dated 31st July, 2023, the Company had set up the Happy Forgings ESOP Scheme 2023. The aggregate number of options that can be granted under the ESOP 13,42,485 Equity Shares. In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014 no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any schemes formulated prior to its Initial Public Offering ("IPO") and prior to the listing of its equity shares ("Pre-IPO Scheme") unless:

(i) such Pre-IPO Scheme is in conformity with the SEBI SBEB Regulations; and

(ii) such Pre-IPO Scheme is ratified by its Shareholders subsequent to the IPO.

Further, as per proviso to Regulation 12(1) of the SEBI SBEB Regulations, the ratification under clause (ii) may be done any time prior to grant of new options under such Pre-IPO Scheme. ESOP Scheme 2023 is compliant with the SEBI SBEB Regulations except for a clause for which amendment was proposed ad duly passed by the shareholders.

The amendment to ESOP Scheme was not in any way detrimental to the interest of the employees and the provisions as per Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The amendments made to the Happy Forgings ESOP Scheme 2023 were :

14.3 Resignation, Retirement and Company Termination

(i) If an Employee should, with the written consent of the Company, resign from the employment of the Employer Company, or if the employment of the Employee is terminated by the Employer Company other than for misconduct (as specified in Article 14.2 above) the Unvested Options, shall lapse.

" in case of retirement , even if voluntary retirement " is deleted from clause 14.3 (i)

Inserted new clause 14.3 (ii)

In case of retirement or voluntary retirement under any scheme of Voluntary Retirement approved by the Board, the unvested options shall continue to vest as per the vesting schedule.

Deleted clause 16 .1 (ii)

any provision for mandatory transfer of shares in the event of resignation/retirement /termination of an employee.

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regards from time to time.

Refer Note No 43 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.

Refer Note no 28 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

C. Details related to ESOP

(i) A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including -

S. No.	Description	ESOP 2023 Scheme
1	Date of Shareholder's Approval	29th July, 2024 by passing Special Resolution in Annual General Meeting in terms of Regulation 12(1) of the SEBI SBEB Regulations
2	Total Number of Options approved under the plan	13,42,485
3	Vesting Requirements	Generally between 1 year to 5 years
4	Maximum Term of Options Granted	5 years
5	Exercise price or pricing formula	190
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	No

(ii) Method used to account for ESOS - Intrinsic or fair value.

Refer Note No. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(iii) Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.

Refer Note No. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report

(iv) Option movement during the year under ESOP 2023 Scheme:

Particulars	ESOP 2023 Scheme
Number of options outstanding at the beginning of the year	3,51,959
Number of options granted during the year	NIL
Number of options forfeited, cancelled / lapsed during the year	14,453
Number of options vested during the year	98,569
Number of options exercised during the year	37,318
Number of shares arising as a result of exercise of options (including options that have been exercised but not allotted)	37,318
Money realised by exercise of options during the year (H), if scheme is implemented directly by the Company	70,90,420
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	3,00,188
Number of options exercisable at the end of the year	61,251

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

Refer Note no. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

(a) senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

No fresh options were granted during the year 2024-25.

(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;

No employee was granted options, amounting to 5% or more of the options granted

(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

No employee was granted option, equal to or exceeding 1% of the issued capital of the Company

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(b) the method used and the assumptions made to incorporate the effects of expected early exercise;

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility;

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. In the instinct case, the Volatility of the Company is calculated using the historical stock volatility of its comparable companies.

(d) whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.

The Company has applied Black Scholes Model to stimulate equity value of the Company for options granted to 93 employees which are subject to achievement of certain milestones.

Disclosures in respect of grants made in three years prior to IPO under each ESOS

Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.

There were no options granted in three years prior to IPO, so no details are being furnished here.

For and on behalf of the Board of Directors
For Happy Forgings Limited

Paritosh Kumar
DIN : 00393387
Chairman and Managing Director

Ashish Garg
DIN : 01829082
Managing Director

Date: 17th May, 2025
Place: Ludhiana

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your company 's focus is always on ensuring good conduct and governance by being transparent, fair, ethical and in dealing with all stakeholders like shareholders, customers, vendors, employees, regulatory bodies, and community at large.

Your Company strongly believes that good corporate governance is essential for achieving long-term corporate goals and enhancing stakeholder value.

Effective corporate governance requires separation of roles at each level and have a clear understanding of the roles of the Board, its Committees and the Senior Management Team. The Company conducts its business and discharges its responsibilities towards its stakeholders through well-defined policies and processes .

We understand the importance of protecting and respecting the rights of our stakeholders. The Company strives to uphold highest ethical standards throughout the organisation and all the directors, employees and the management are committed to demonstrate integrity, professionalism and transparency in all their dealings with the stakeholders. The Company strives to achieve optimum performance at all levels by adhering to good Corporate Governance practices.

We are committed to long term sustainability and social responsibility, and besides financial parameters equal focus is on creating environment and social impact and delivery to the society.

Further, your Company has complied in all respects with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as applicable, with regard to Corporate Governance.

2. BOARD OF DIRECTORS

a. COMPOSITION OF BOARD:

The Composition of the Board of Directors is the optimum composition of the Executive and Non-Executive Directors and meets the requirement of provisions of Corporate Governance. The Board is headed by the Executive Chairman Mr. Paritosh Kumar.

As on 31st March, 2025, the strength of the Board of Directors was 7 which includes three Executive-Promoter Directors, four Independent Directors in terms of the SEBI LODR Regulations. Board represents a balanced mix of professionalism, knowledge and expertise.

Ms. Megha Garg (Executive Director) and Ms. Rajeswari Karthigeyan (Independent Director) are the two Women Directors on the Board of the Company. The composition of the Board of Directors is in conformity with Regulation 17 of the listing regulations of SEBI (LODR).

b. DETAILS OF BOARD MEETINGS:

The Board oversees management performance so as to ensure that the Company adheres to the highest standards of Corporate Governance. The Board provides leadership and guidance to the management and evaluates the effectiveness of management policies. Board Meeting dates are finalised in consultation with all the Directors and Agenda of the Board Meetings are circulated well in advance before the date of the meeting. Board Members express opinions and bring up matters for discussions at the meetings. Compliance Report in respect of various laws and regulations applicable to the Company are tabled at Board Meetings. The Board periodically reviews the items required to be placed before and in particular reviews and approves Quarterly/ Half yearly Un-audited Financial Statements and the Audited Annual Financial Statements, Business Plans, Annual Budgets and Capital Expenditure. The agenda for the Board Meetings covers items set out as guidelines in SEBI LODR Regulations to the extent these are relevant and applicable. All agenda items are supported by the relevant information, documents and presentations to enable the Board to take informed decisions. Company's Board met 6 times during the Financial Year under review on 24th May, 2024, 8th June, 2024, 7th August, 2024, 7th November, 2024, 6th January, 2025 and 7th February, 2025. The Company ensured that at least one Board Meeting was being held in each quarter and the gap between any two Board meetings was not more than One Hundred and Twenty days as prescribed under the SEBI LODR Regulations. Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/Chairmanships of Board Committees (only Audit Committee and Stakeholders Relationship Committee) as on 31st March, 2025 are as follows:

Name of the Director	Category of Directorship	Board Meeting during 2024-25						Total	AGM
		24th May, 2024	8th June, 2024	7th August, 2024	7th November, 2024	6th January, 2025	7th February, 2025		29th July, 2024
Mr. Paritosh Kumar	Promoter-Executive	P	P	P	P	P	P	6	P
Mr. Ashish Garg	Promoter-Executive	P	P	P	P	P	P	6	P
Ms. Megha Garg	Promoter-Executive	P	P	P	P	P	P	6	P
Mr. Prakash Bagla*	Non-Independent Non- Executive	P	-	-	-	-	-	1	-
Mr. Narinder Singh **	CEO & Executive	P	P	P	P	-	-	4	P
Mr. Vikas Giya***	Independent Non- Executive	LA	P	P	P	P	-	4	LA
Mr. Satish Sekhri	Independent Non- Executive	P	P	p	P	P	P	6	P
Mr. Ravindra Pisharody	Independent Non- Executive	P	P	LA	P	P	P	5	P
Ms. Rajeswari Karthigeyan	Independent Non- Executive	P	P	P	P	P	P	6	P
Mr. Atul B. Lall	Independent Non- Executive	P	P	P	P	P	P	6	P

L.A. means Leave of Absence

*Mr. Prakash Bagla , Non – Executive Director resigned from the Company w.e.f. close of business hours on 24th May, 2024

**Mr. Narinder Singh , CEO & Executive Director's term ended on 31st December 2024

***Mr. Vikas Giya, Independent Director's second term ended on 30th January, 2025

As on 31st March, 2025, none of the Directors are related to each other except Mr. Paritosh Kumar who is father of Mr. Ashish Garg, Managing Director and Ms. Megha Garg, who is wife of Mr. Ashish Garg.

Number of Directorships & Committee Memberships/Chairmanships in Public Companies as on 31st March, 2025 (excluding Private & Foreign Companies):

	No. of directorship (listed Companies) and Committee membership(s)/ chairmanship(s) in Indian Public Companies including the Company as on 31st March, 2025			Directorship in other listed entities as on 31st March, 2025 (category of directorship)
	Number of directorship	Committee membership*	Committee Chairmanship*	
Mr. Paritosh Kumar	1	0	0	NIL
Mr. Ashish Garg	1	2	0	NIL
Ms. Megha Garg	1	1	0	NIL
Mr. Satish Sekhri	1	2	0	NIL
Mr. Ravindra Pisharody	3	4	1	1. Savita Oil & Technologies Limited # 2. Muthoot Finance Limited #
Ms. Rajeswari Karthigeyan	2	4	1	1. Craftsman Automation Limited #
Mr. Atul B. Lall	3	1	0	1. Dixon Technologies (India) Limited $ 2. Max Estates Limited @

*Committee positions only of the Audit Committee and Stakeholders Relationship Committee in Public Limited Companies including Happy Forgings Limited have been considered.

#Independent, Non-Executive

$Executive Director

@Non-Independent Non- Executive

The information has been given for the directors who hold directorship in the Company as on 31st March, 2025. While considering directorship in listed companies, debt listed companies have not been considered.

Disclosures regarding appointment or re-appointment of Directors:

Ms. Megha Garg (DIN 07352042) will retire by rotation at the ensuing 46th Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

The brief resume and other information of the above retiring Director, as required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

(i) Shareholding of Directors as on 31st March, 2025 is as under:

Name of Director	Number of Shares
Mr. Paritosh Kumar	89,49,900
Mr. Ashish Garg	1,29,46,200
Ms. Megha Garg	24,19,900
Ms. Rajeswari Karthigeyan	NIL
Mr. Satish Sekhri	160
Mr. Ravindra Pisharody	NIL
Mr. Atul B. Lall	NIL

*Narinder Singh Juneja, who was CEO & Whole Time Director of Company has exercised 2,111 options on 31/12/2024.

Independent Directors

In the opinion of the Board of Directors, each Independent Director fulfills the conditions specified in Section 149(6) of the Act and Listing Regulations, and each of the Independent Director is independent of the Management of the Company. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at https://happyforgingsltd.com/wp-content/uploads/2023/09/ID-appointment-letter.pdf

A certificate from practicing Company Secretary that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by SEBI /Ministry of Corporate Affairs or any such Statutory Authority is enclosed with this report.

Pursuant to a Notification dated 22nd October, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have valid registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

During the year 2024-25, 1 (one) meeting of Independent Directors was held on Wednesday, 26th March, 2025 without the presence of any Non-Independent Director. The Independent Directors, inter alia, reviewed the performance of Non-Independent Directors and the Board as a whole. The outcome of the meeting was presented to the Board along with the course of actions to be taken for implementing the suggestions received from the Independent Directors.

All new Independent Directors inducted to the Board are introduced to our Company by the Managing Director, other Executive Directors and senior management provide an overview of operations. Plant visits are another way to familiarise the new directors to get familiar with the Company and its operations. They are also introduced to the organisation structure, Board procedures and business strategy. The details of familiarisation program for the Independent Directors are available on the website of the Company and can be accessed at the link:

https://happyforgingsltd.com/wp-content/uploads/2025/04/familiarisation-program-cumulative_updated.pdf

None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons other than those provided by them is not applicable.

Chart/Matrix setting out the skills/expertise/competence of the Board of Directors

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

Skills/Expertise/Competencies		Director who possess such skills/ expertise/ competencies
Strategic Leadership	Significant leadership experience and ability to provide strategic oversight and direction.	All Directors
Business Operations	Experience and/or knowledge of the industry in which the Company Operates.	Mr. Paritosh Kumar Mr. Ashish Garg Mr. Satish Sekhri Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan
Financial Expertise	Qualification and/or experience in accounting and/ or finance coupled with ability to analyse key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	Mr. Paritosh Kumar Mr. Ashish Garg Mr. Satish Sekhri Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall
Governance, Risk and Compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	All Directors
Technology	Knowledge of anticipating technological trend, create new business models	Mr. Paritosh Kumar Mr. Ashish Garg Ms. Megha Garg Mr. Satish Sekhri Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall

3. BOARD COMMITTEES:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following Committees viz:

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Corporate Social Responsibility Committee;

d) Stakeholders Relationship Committee; and

e) Risk Management Committee

The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Each of these Committees has been mandated to operate within a given framework. Minutes of the meetings of each of these Committees are tabled regularly at the succeeding Board Meeting.

a) AUDIT COMMITTEE:

The Company has constituted an Audit Committee in line with the provisions of Regulation 18 of Listing regulations and section 177 of the Companies Act 2013. This Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. The very purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for Internal financial controls, governance and reviewing the Company's Statutory and Internal Audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and the SEBI LODR Regulations.

The terms of reference of the Audit Committee cover the matters specified for Audit Committee in the SEBI LODR Regulations, Section 177 of the Companies Act, 2013 and other Regulations are as under:

Brief description of Terms of Reference:

a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, reappointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;

c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3) of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications / modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the monitoring agency report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

i) Approval or any subsequent material modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under the SEBI Listing Regulations. Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;

Explanation: The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.

j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

k) Scrutiny of inter-corporate loans and investments;

l) Undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;

m) Evaluation of internal financial controls and risk management systems;

n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

o) To review and monitor key performance indicators (KPIs);

p) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

q) Discussion with internal auditors of any significant findings and follow up there on;

r) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

s) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

t) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

u) Recommending to the board of directors the appointment and removal of the external auditor fixation of audit fees and approval for payment for any other services;

v) Reviewing the functioning of the whistle blower mechanism;

w) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

x) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

y) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for Directors and employees to report their genuine concerns or grievances;

z) Considering and commenting on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

aa) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

bb) Carrying out any other functions and roles as required to be carried out by the Audit Committee as may be decided by the Board as per the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(i) The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;

c) Internal audit reports relating to internal control weaknesses;

d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

e) Statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
- annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice, certified by the statutory auditors of the Company, in terms of Regulation 32(7) of the SEBI Listing Regulations; and

f) Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s); and

The Audit Committee supervises the Financial Reporting & Internal Control process and ensures the proper and timely disclosures to maintain the transparency, integrity and quality of financial control and reporting. The Company continues to derive benefits from the deliberations of the Audit Committee Meetings as the members are experienced in the areas of Finance, Accounts, Taxation and the Industry.

During Financial Year 2024-25, Four(4) Audit Committee Meetings were held on 24th May, 2024, 7th August, 2024, 7th November, 2024, and 7th February, 2025. Necessary quorum was present in all the meetings. The time gap between any two consecutive Committee Meetings was not more than one hundred and twenty days. As on 31st March, 2025, following are the members of the Audit Committee with Ms. Rajeswari Karthigeyan , being the Chairperson of the Audit Committee .

1. Ms. Rajeswari Karthigeyan	Chairperson
2. Mr. Ashish Garg	Member
3. Mr. Satish Sekhri	Member
4. Mr. Ravindra Pisharody	Member

Meeting and Attendance during the year:

Name of the Member / Chairperson	Category	24th May, 2024	7th August, 2024	7th November, 2024	7th February, 2025
Ms. Rajeswari Karthigeyan–Chairperson	Independent	P	P	P	P
Mr. Ashish Garg	Managing Director	P	P	P	P
Mr. Satish Sekhri	Independent	P	P	P	P
Mr. Ravindra Pisharody	Independent	P	P	P	P
Mr. Vikas Giya	Independent	LA	P	P	NA
Mr. Prakash Bagla	Non- Independent Non- Executive	P	NA	NA	NA

- Mr. Vikas Giya was member of the Audit Committee till the completion of his term on 30th January, 2025.
- Mr. Prakash Bagla was member of the Audit Committee till the close of business hours on 24th May 2024.

All the members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

Statutory Auditors, Internal Auditors and their representatives are invited to the Audit Committee Meetings. They have attended the Meetings whenever required during the year under review. The Whole-Time Director, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

Ms. Bindu Garg, Company Secretary and Compliance Officer of the Company acts as the Secretary of the Committee.

b) NOMINATION AND REMUNERATION COMMITTEE:

The terms of reference of the Nomination and Remuneration Committee cover the matters specified in SEBI LODR Regulations and Section 178 of the Companies Act, 2013 are as under:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that

(i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;

(c) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(i) use the services of an external agencies, if required;

(ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and

(iii) consider the time commitments of the candidates.

(d) Devising a policy on Board diversity;

(e) Identifying persons who are qualified to become Directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the Company's policy on specific remuneration packages for Executive Director including pension rights and any compensation payment, and determining remuneration packages of such Directors;

(h) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Director;

(k) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(l) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws ("ESOP Scheme")

(i) Determining the eligibility of employees to participate under the ESOP Scheme;

(ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;

(iii) Date of grant;

(iv) Determining the exercise price of the option under the ESOP Scheme;

(v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;

(vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

(vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;

(viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;

(x) The grant, vest and exercise of option in case of employees who are on long leave;

(xi) Allow exercise of unvested options on such terms and conditions as it mya deem fit;

(xii) The procedure for funding the exercise of options;

(xiii) Forfeiture/ cancellation of options granted;

(xiv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

- the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action; and
- the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.

(m) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(n) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended form time to time, including:

(a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

(b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and

(c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by the Company and its employees, as applicable;

(o) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;

(p) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Composition, Name of Members and Chairperson of Nomination and Remuneration Committee as on 31st March, 2025 is as follows:

1. Mr. Satish Sekhri	Chairman
2. Mr. Ravindra Pisharody	Member
3. Ms. Rajeswari Karthigeyan	Member

Meeting and Attendance during the year.

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meeting held on 24th May, 2024	Attendance at the Nomination and Remuneration Committee Meeting held on 7th November, 2024	Attendance at the Nomination and Remuneration Committee Meeting held on 7th February, 2025
Mr. . Satish Sekhri - Chairman	Independent	P	P	P
Mr. Ravindra Pisharody	Independent	P	P	P
Ms. Rajeswari Karthigeyan	Independent	P	P	P
Mr. Vikas Giya	Independent	LA	P	NA
Mr. Prakash Bagla	Non-Executive-Non- Independent	P	NA	NA

- Mr. Vikas Giya was member of the Nomination and Remuneration Committee till the completion of his term on 30th January, 2025.
- Mr. Prakash Bagla was member of the Nomination and Remuneration Committee till the close of business hours on 24th May 2024. .

PERFORMANCE EVALUATION CRITERIA:

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the SEBI Regulations, the Company has a framework for performance evaluation of Independent Directors, Board, committees and other Directors, which include criteria for performance evaluation of the Non-Executive Directors and Executive Directors. The evaluation of the Independent Directors was carried out by the Board, excluding the Director being evaluated, and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning, such as composition of the Board and committees, experience and competencies, etc. The performance was reviewed on the basis of the criteria, such as contribution of the individual Director to the Board and committee meetings, like preparedness on the issues to be discussed, quality and value of the contributions at Board meetings, well informed on the latest developments in the areas in which company operates etc.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required under applicable law, the following:

(a) redressal of all security holders' and investors' grievances such as complaints related to transfer/transmission of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, general meetings etc., and assisting with quarterly reporting of such complaints;

(b) reviewing of measures taken for effective exercise of voting rights by shareholders;

(c) investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(d) giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

(e) reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

(f) reviewing the adherence to the service standards by the Company with respect to various services

rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;

(g) considering and specifically looking into various aspects of interest of shareholders, debenture holders or holders of any other securities;

(h) formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

(i) to approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board from time to time;

(j) to monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and other securities of the Company;

(k) to further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s) or agent(s);

(l) carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or the SEBI Listing Regulations, or by any other regulatory authority; and

(m) such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Composition, Name of Members and Chairperson as on 31st March, 2025 :

1. Mr. Ravindra Pisharody – Chairperson with effect from 31st January, 2025
2. Mr. Ashish Garg – Member
3. Ms. Megha Garg – Member

Ms. Bindu Garg, Company Secretary and Compliance Officer acts as Secretary of the Committee.

Meetings and attendance during the year.

Name of the Member / Chairman	Category	Attendance at the meeting held on 28th March, 2025
Mr. Ravindra Pisharody - Chairperson	Non- Executive Independent	P
Mr. Ashish Garg	Executive	P
Ms. Megha Garg	Executive	P

- Mr. Vikas Giya was member of the Stakeholders Relationship Committee till the completion of his term on 30th January, 2025.
- Mr. Prakash Bagla was member of the Stakeholders Relationship Committee till the close of business hours on 24th May, 2024.

Number of Shareholders' complaints received during the Financial Year 2024-25:

The Committee ensures that the Shareholders'/Investors' grievances and correspondences are attended and resolved expeditiously.

During the period under review, only 5 complaints were received in quarter ended 30th June 2024 i.e Q1 and all were resolved. There is no outstanding complaint as on 31st March, 2025.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

In compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors of the Company has constituted a CSR Committee. The Committee is governed by its Charter. The terms of reference of the Committee inter alia comprises of the following:

- To review, formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company specified in Schedule VII of the Companies Act, 2013 and Rules made thereunder;
- To provide guidance on various CSR activities and recommend the amount of expenditure to be incurred on the activities;
- To monitor the CSR Policy from time to time and may seek outside agency advice, if necessary.

The Composition of the Corporate Social Responsibility Committee as on 31st March, 2025 and the details of members participation at the Meetings of the Committee are as under:

Composition, Name of Members and Chairperson of Corporate Social Responsibility as on 31st March, 2025:

1.	Mr. Paritosh Kumar	Chairman
2.	Mr. Ashish Garg	Member
3.	Mr. Ravindra Pisharody	Member
4.	Mr. Satish Sekhri	Member

Meeting and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Corporate Social Responsibility Committee Meetings held on		
		24th May, 2024	7th November, 2024	7th February, 2025
Mr. Paritosh Kumar - Chairman	Executive	P	P	P
Mr. Ashish Garg	Executive	P	P	P
Mr. Prakash Bagla	Non- Executive Non- Independent	P	NA*	NA*
Mr. Ravindra Pisharody	Independent	P	P	P
Mr. Satish Sekhri	Independent	P	P	P

- Mr. Prakash Bagla was member of the CSR Committee till the close of business hours on 24th May, 2024.

e) RISK MANAGEMENT COMMITTEE:

SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 has amended the Regulation 21 of SEBI LODR Regulations making it compulsory to have Risk Management Committee for top 1,000 listed companies. The Company had constituted the risk management committee in the Board meeting held on 31st July, 2023.

Corporate Risk Evaluation and the methods to control the same is an ongoing process within the Organisation. The Company has a well-defined Risk Management framework to identify, monitor and minimising/mitigating risks as also identifying business opportunities. The terms of reference of the Committee inter alia comprises of the following:

(i) To formulate a detailed risk management policy which shall include:

- framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the committee;
- measures for risk mitigation including systems and processes for internal control of identified risks; and
- business continuity plan.

(ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(iii) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(v) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

(vi) The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

(vii) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

(viii) Laying down risk assessment and minimisation procedures and the procedures to inform Board of the same;

(ix) Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security, as may be delegated by the Board; and

(x) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

The Composition of Risk Management Committee and its meeting and attendance during the year are as under:

Name of the Member/Chairman	Category	Attendance at the Risk Management Committee Meetings held on	
		7th August, 2024	1st February, 2025
Mr. Ashish Garg- Chairperson	Executive	P	P
Ms. Rajeswari Karthigeyan	Non- Executive Independent	P	P
Ms. Megha Garg	Executive	P	P
Ms. Bindu Garg	Member	P	P
Mr. Pankaj Goyal	Member	P	LA

Further, Mr. Pankaj Kumar Goyal, CFO of the Company and Ms. Bindu Garg, Company Secretary and Compliance officer of the Company who are members of Risk Management Committee responsible for day-today oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting.

INDEPENDENT DIRECTORS' MEETING:

As per Secretarial Standard (SS) 1 issued by the Institute of Company Secretaries of India and relevant provisions of the Companies Act, 2013 and Rules made thereunder, the Independent Directors should meet once in a year.

During the year under review, the Independent Directors met on 26th March, 2025, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeline of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

4. SENIOR MANAGEMENT

The Company had defined the following persons as Senior Management of the Company as on 31st March 2025.

Mr. Narinder Singh Juneja – Chief Operating officer (w.e.f. 8th February, 2025)

Mr. Patwinder Singh - Chief Operating Officer

Mr. Gurjinder Singh - Chief Human Resources Officer

Mr. Mangesh Shantaram Purandare - Chief Marketing Officer

Mr. Pankaj Kumar Goyal - Chief Financial Officer

Ms. Bindu Garg - Company Secretary & Compliance Officer

All the senior management persons are well qualified and have rich experience in their respective fields and contributing to the growth of the Company. There were no change in Senior management personnel at the close of financial year as on 31st March, 2025 except for Mr. Narinder Singh Juneja who after completion of his term as CEO & Whole Time Director became the Chief operating officer of the Company.

5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:

The Nomination and Remuneration Committee has adopted a Policy which, inter alia, deals with the manner of Selection of Board of Directors and their remuneration.

i. **Criteria for Selection of Non -Executive Directors:**

1. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

2. In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself with regard to the independence nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

3. Nomination and Remuneration Committee ensures that the candidate identified for appointment / reappointment as an Independent Director is not disqualified for appointment / re-Appointment under Section 164 of the Companies Act, 2013.

4. Nomination and Remuneration Committee considers the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:

   a. Qualification, expertise and experience of the Directors in their respective fields;

   b. Personal, professional or business standing;

   c. Diversity of the Board.

   Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

ii. **Remuneration:**

(a) Directors with pecuniary relationship or business transaction with the Company.

The Executive Directors receive salary, perquisites, allowances and other benefits in accordance with their terms of appointment, while all the Non-Executive Directors/ Independent Directors receive sitting fees for attending the Board meetings, reimbursement of travelling expenses and commission. It is also to be noted that the transactions with other entities where Chairman & Managing Director/ other Directors are interested are being carried out by the Company in its ordinary course of business and on arm's length basis,

(b) Criteria for making payment to Non-Executive Directors:

The Non-Executive Directors (Independent Directors) shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses, if any, and commission as detailed hereunder:

i. A Non-Executive Director shall be entitled to receive sitting fees for each of the meeting of Board or Committee of the Board attended by him as approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. A Non-Executive Director may be paid Commission of such sum as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. The total remuneration by way of commission payable to the Non-Executive Directors (including Independent Directors) shall not exceed 1% per annum of the Net Profit of the Company subject to the approval of the members of the Company;

iii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company pursuant to the provisions of Companies Act, 2013 and SEBI LODR Regulations.

c) Criteria for making payments to executive directors:

As per the Nomination & Remuneration Policy of the Company, the Board, on the recommendation of the Nomination and Remuneration Committee, reviews and approves the remuneration payable to Executive Directors. The Board and the committee considers the provisions of the Companies Act, 2013, the limits approved by the shareholders, and the individual and corporate performance in recommending and approving the remuneration of Executive Directors. The remuneration/sitting fees, as the case may be, paid to Non-Executive/Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force, or as may be decided by the committee/ Board/ shareholders.

The details of remunerations paid to the Directors during the Financial Year 2024-2025 is given below:

(₹ In Lakhs)

Name of the Director and Designation	Relationship with the director *	Salary and perquisite	Sitting fee	Commission **	Total
Mr. Paritosh Kumar, CMD	Father of Mr. Ashish Garg	430.44	NA	NA	430.44
Mr. Ashish Garg, MD	Son of Mr. Paritosh Kumar Husband of Ms. Megha Garg	364.04	NA	NA	364.04
Ms. Megha Garg, Whole Time Director	Wife of Mr. Ashish Garg	84.64	NA	NA	84.64
Mr. Narinder Singh Juneja, CEO & Whole Time Director***	None	98.10	NA	NA	98.10
Mr. Vikas Giya	None	NA	0.40	NA	0.40
Mr. Satish Sekhri	None	NA	6.00	9.00	15.00
Mr. Ravindra Pisharody	None	NA	5.00	9.00	14.00
Ms. Rajeswari Karthigeyan	None	NA	6.00	9.00	15.00
Mr. Atul B. Lall	None	NA	6.00	9.00	15.00

Mr. Prakash Bagla resigned from the directorship of the Company with effect from close of business hours on 24th May, 2024

*Reported as per Section 2(77) of the Companies Act, 2013

**Commission proposed and payable after approval of accounts by the shareholders in ensuing AGM

*** Mr. Narinder Singh Juneja was CEO & Whole Time Director till 31st December 2024, so his salary from 1st April 2024 to 31st December 2024 has been reported here.

The Company makes all travel and other arrangements for Directors for their participation in the Board and other committee meetings or reimburses such expenses, if any.

6. GENERAL BODY MEETINGS:

Annual General Meeting:

The particulars of the last three Annual General Meetings held are given hereunder:

Location, date and time for last 3 Annual General Meetings were:

Financial Year	Date	Venue	Time
2023-24	29th July, 2024	Through Video Conferencing , deemed venue is registered office of the Company : B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	11.52 AM
2022-23	8th August, 2023	Registered office of the Company: B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	5.00 PM
2021-22	29th September, 2022	Registered office of the Company: B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	11.00 AM

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on 29th July, 2024 :

1. To consider and approve continuation of Mr. Satish Sekhri as Non- Executive independent director of the Company for his remaining term beyond 75 years of age.
2. To consider and ratify the Happy Forgings ESOP scheme 2023

Extra-Ordinary General Meeting held during Financial Year 2023-24

Special Resolution passed in EGM held on 31st July, 2023:

1. Reappointment of Mr. Narinder Singh Juneja, DIN 00393525 for the period from 1st January, 2024 to 31st December 2024 as CEO & WTD of the Company
2. Approval of "Happy Forgings ESOP Scheme 2023".

Special Resolution passed in EGM held on 2nd December 2023:

1. Amendment to the Articles of Association.

Annual General Meeting held on 8th August, 2023 :

1. Appointment of Ms. Suman Garg, to the office or place of profit
2. Adoption of updated Articles of Association
3. Raising of capital through IPO (Initial Public offering)

Annual General Meeting held on 29th September, 2022:

No special resolution was passed in AGM held on 29th September, 2022

POSTAL BALLOT:

During the year under review, no resolution was passed/ proposed through Postal Ballot and no Extra ordinary General Meeting was held during the year 2024-25.

7. MEANS OF COMMUNICATION:

(a) The un-audited quarterly results for each of the quarters during 2024-25 were announced within forty-five days of the close of the quarter.

(b) The approved financial results are sent to the stock exchanges forthwith and published in "Financial Express" (English newspaper) and "Jagbani" (local language Punjabi newspaper) within forty-eight hours of approval thereof. The Company's financial results and official press releases are displayed on the Company's website: www.happyforgingsltd.com.

(c) Investor presentations, official press releases and other general information are sent to the stock exchange(s) and are also displayed on the Company's website: www.happyforgingsltd.com

(d) Management Discussion and Analysis report forms a part of the annual report.

(e) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the stock exchanges, viz. BSE Limited and National Stock Exchange of India Limited are filed electronically.

(f) A separate dedicated section under "Investors", on the Company's website gives information about the financials, disclosure under regulation 46, shareholders' information, Annual reports, corporate governance and investor contacts

(g) SEBI processes investor complaints in a centralised web-based complaints redressal system, i.e. SCORES and Smart ODR. Through this system a shareholder can lodge a complaint against the Company for redressal of his grievance. The Company uploads the action taken report on the complaint, which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

(h) The Company has designated an email-ID for investor services, i.e. complianceofficer@happyforgingsltd.co.in and investor.relations@happyforgingsltd.co.in and the same is available on the Company's website, i.e. www.happyforgingsltd.com

8. GENERAL SHAREHOLDERS' INFORMATION:

Day, Date and Time of 46th AGM	Tuesday, 29th July, 2025 at 11:30 AM.
Venue of AGM	Through Video Conferencing/ OAVM
Financial Year	1st April, 2024 to 31st March, 2025
Book Closure Date	Wednesday, 23rd July, 2025 to Tuesday, 29th July, 2025 (both days inclusive)
Registered Office Address	B-XXIX- 2254/1, Kanganwal Road, P O Jugiana, Ludhiana (PB) 141120
Dividend Payment Date	Will be paid within 30 days from the date of approval at the 46th AGM
Compliance Officer	Ms. Bindu Garg, Company Secretary Email for redressal of Investors' Complaints: complianceofficer@happyforgingsltd.co.in
Website	www.happyforgingsltd.com

Financial Calendar (subject to change) for Financial Year 2025-26:

First Quarter Results	On or before 14th August, 2025
Second Quarter/Half Yearly Results	On or before 14th November, 2025
Third Quarter Results	On or before 14th February, 2026
Audited Results for the Financial Year 2025-26	On or before 30th May, 2026

(a) Listing on Stock Exchanges:

Name and Address of the Stock Exchange

BSE Limited

25th Floor, P.J. Towers, Dalal Street, Fort,

Mumbai – 400 001

National Stock Exchange of India Limited, Exchange

Plaza, Bandra- Kurla Complex, Bandra (E),

Mumbai – 400 051

Stock Code BSE : 544057

NSE : HAPPYFORGE

ISIN : INE330T01021

The listing fees for the Financial Year 2025-26 have been paid to both the Stock Exchanges.

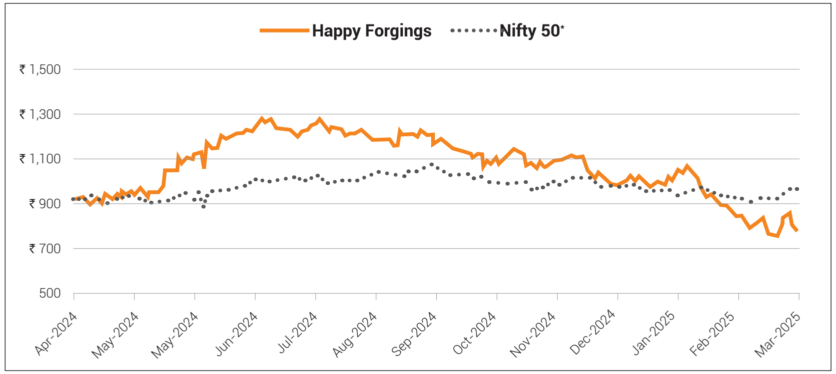
(b) Market Price Data:

The securities of the Company have been listed on BSE and NSE. The stock market prices were as under:

	NSE			BSE		
Month	**High (₹)**	**Low (₹)**	**Monthly Volume**	**High (₹)**	**Low (₹)**	**Monthly Volume**
Apr-24	980.0	884.0	2,811,853	992.7	840.1	147,297
May-24	1,140.0	916.9	3,517,866	1,130.9	915.1	254,570
Jun-24	1,251.0	1,028.0	1,577,869	1,250.1	1,033.3	137,116
Jul-24	1,300.0	1,136.7	1,106,777	1,299.0	1,156.5	65,040
Aug-24	1,289.5	1,170.1	911,855	1,289.5	1,166.0	44,063
Sep-24	1,250.8	1,139.0	789,364	1,249.0	1,139.4	39,924
Oct-24	1,197.9	1,035.1	540,616	1,197.8	1,033.9	31,451
Nov-24	1,191.1	1,041.0	388,303	1,188.1	1,002.1	22,470
Dec-24	1,134.8	970.2	834,633	1,134.9	970.0	44,558
Jan-25	1,069.0	925.0	755,484	1,069.0	928.9	3,975,328
Feb-25	1,068.9	819.1	736,604	1,065.0	819.3	45,032
Mar-25	870.0	754.2	1,002,599	888.0	751.3	74,623

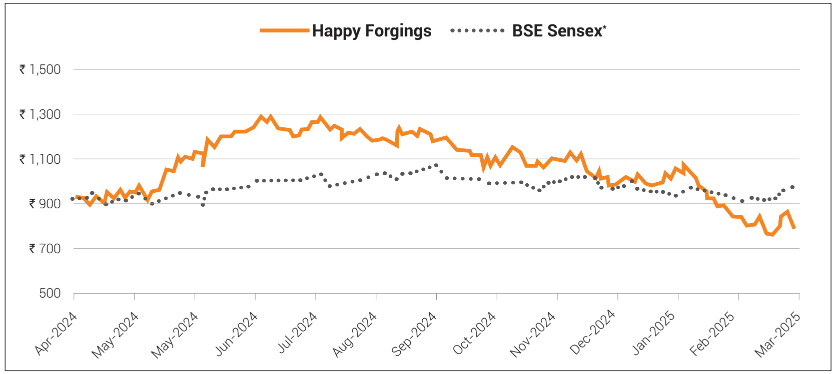
(c) **Performance in comparison to broad-based indices**

Chart A: Happy Forgings Limited's Share Performance vs. NSE Nifty 50



* Nifty 50 rebased to Happy Forgings Ltd share price

Chart B: Happy Forgings Limited's Share Performance vs. BSE SENSEX



* BSE Sensex rebased to Happy Forgings Ltd share price

(d) **Registrar & Transfer Agents:**

MUMBAI OFFICE:

MUFG Intime India Private Limited

C 101, 247 Park, L B S Marg,

Vikhroli (W),

Mumbai 400 083

Phone No. 022-49186270 Fax No. 022-49186060

E-mail: ashok.shetty@in.mpms.mufg.com

(e) **Share Transfer System / Dividend and other related matters:**

i. **Share Transfers**

The Company's registrar and share transfer agent is M/s. MUFG Intime India Private Limited (formerly known as Link Intime India Pvt. Ltd.), Registrar and Share Transfer Agent for dealing with the equity shares listed on NSE and BSE. All the requests relating to transfer, transmission, splitting of Share certificates, dematerialisation and re-materialisation processing, payment of dividends etc. are done by the share transfer agent. Pursuant to the SEBI master circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024 securities of the Company shall be issued in dematerialised form only while processing service requests in relation to the issue of duplicate securities certificates, renewal/exchange of securities certificates, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. The Company's equity shares are traded on the Stock Exchanges compulsorily in the Demat mode segment. The Company has constituted stakeholders Relationship Committee to deal with matters concerning the securities of the Company. As per Regulation 40 of the Listing Regulations, as amended, securities of listed entities can be transferred only in dematerialised form, with effect from 1st April, 2019.

Further, one of the shareholder has rematerialised its shareholding into physical form during the year 2024-25 and holding 1 (one) share in physical form as on 31st March, 2025.

ii. **Physical Shareholding:**

The Company hereby informs the Members that as per SEBI Circular, effective from 1st April, 2019 physical shares will not be transferred unless and until they are dematerialised.

iii. **Dividend:**

a. Payment of dividend through National Electronic Clearing Services (NECS)/ National Automated Clearing House(NACH):

The Company provides facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS/NACH, members who hold Shares in demat mode should inform their Depository Participant and such of the members holding Shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue Dividend Warrants to the Members.

b. **Unclaimed Dividends:**

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. There was no such amount to be transferred to Investor Education and Protection Fund.

iv. **Reconciliation of Share Capital Audit:**

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the Issued and Listed Capital of the Company. The Practicing Company Secretary's Certificate with regard to this is submitted to BSE Limited and the National Stock Exchange of India Limited and was placed before Stakeholders Relationship Committee and the Board of Directors.

Report on Corporate Governance (Contd.)

(f) Distribution of Shareholding:

(i) Shareholding pattern as on 31 March, 2025:

Category	No. of Shares held		Total No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	7,40,47,555	7,40,47,555	78.5715
Alternate Invst Funds - I	-	39,10,222	39,10,222	4.1491
Alternate Invst Funds - III	-	8,64,669	8,64,669	0.9175
Body Corporate - Ltd Liability Partnership	-	1,062	1,062	0.0011
Clearing member	-	6	6	0.000
FPI (Corporate) - I	-	18,15,013	18,15,013	1.9259
FPI (Corporate) - II	-	2,47,615	2,47,615	0.2627
Hindu Undivided Family	-	84,309	84,309	0.0895
Insurance Companies	-	3,11,538	3,11,538	0.3306
Mutual Funds	-	1,09,96,189	1,09,96,189	11.6680
Non Resident (Non Repatriable)	-	10,276	10,276	0.0109
Non Resident Indians	-	17,024	17,024	0.0181
Other Bodies Corporate	-	1,46,892	1,46,892	0.1559
Public	1	17,89,829	17,89,830	1.8992
Total	**1**	**9,42,42,199**	**9,42,42,200**	**100**

(ii) Distribution of Shareholding as on 31 March, 2025:

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	64,671	99.5000	15,63,758	1.6593
501 to 1000	161	0.2477	1,21,266	0.1287
1001 to 2000	60	0.0923	84,737	0.0899
2001 to 3000	18	0.0277	47,486	0.0504
3001 to 4000	10	0.0154	35,006	0.0371
4001 to 5000	6	0.0092	26,789	0.0284
5001 to 10000	22	0.0338	1,58,549	0.1682
10001 & above	48	0.0739	9,22,04,609	97.8379
Grand Total	64,996	100	9,42,42,200	99.9999
Shareholders in Physical Mode	1	0.0015	1	0.0001
Shareholders in Electronic Mode				

(g) Dematerialisation of Shares & Liquidity:

The Shares of the Company are compulsorily traded in DEMAT form on the Stock Exchanges where they are listed. The Shares can be dematerialised with any one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

As on 31st March, 2025, 9,42,42,199 Equity Shares are in Dematerialised form representing 99.999% of the total 9,42,42,200 Equity Shares of the Company. The ISIN allotted to the Company's scrip is INE330T01021. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

(h) Outstanding GDRs / ADRs /Warrants or any Convertible Instruments, conversion date and likely Impact on Equity:

The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

(i) Commodity Price Risk/Foreign Exchange Risk and Hedging:

In the ordinary course of business, the Company is exposed to risks resulting from exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. The Company's risk management activities are subject to the management direction and control of Treasury Team of the Company under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board. The Company ensures appropriate financial risk governance framework through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(j) Plant Locations:

1. B-XXIX-2254/1, Kanganwal Road, P O Jugiana, Ludhiana (Punjab)-141120
2. Opposite Hindustan Tyres,(adjoining Waryam Steels), Kanganwal Road, P O Jugiana, Ludhiana (Punjab)- 141120
3. HB No. 220, Post Office Rajgarh, Village Dugri ,Ludhiana (Punjab)- 141421

(k) Address for Correspondence:

a) For Transfer / Dematerialisation of Shares, change of address of members and other queries:

MUFG Intime India Private Limited (formerly Link Intime India Private Limited)

C 101, 247 Park, L B S Marg,

Vikhroli (W),

Mumbai 400 083

Phone No. 022-49186270 Fax No. 022-49186060

E-mail : ashok.shetty@in.mpms.mufg.com

b) Any query relating to Dividend, Annual Reports etc

Ms. Bindu Garg, Company Secretary & Compliance Officer.

Registered Office:

Happy Forgings Limited

B-XXIX-2254/1, Kanganwal Road, P O Jugiana Ludhiana- 141120

Phone No. 161- 5217162

complianceofficer@happyforgingsltd.co.in

c) **Corporate Office:**

HB No. 220

Post Office Rajgarh

Village Dugri, Ludhiana (Punjab)- 141121

Phone No. 161-5217162

Investors' related query E-mail : investor.relations@happyforgingsltd.co.in

(l) CREDIT RATINGS :

ICRA has re-affirmed long-term rating of [ICRA] AA and short-term is [ICRA] A1+.The outlook on the long-term rating is Stable.

CRISIL has reaffirmed rating of CRISIL AA / stable for bank facilities of ₹ 485 Cr.

9. OTHER DISCLOSURES:

(a) RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under Section 188 of the Companies Act, 2013 and of SEBI LODR Regulations during the Financial Year 2024-25 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the Notes to the Financial Statements. The Company has also formed a Policy on Related Party Transactions which has been placed at the website of Company

https://happyforgingsltd.com/wp-content/uploads/2025/04/Policy-on-Related-Party-Transactions-1.pdf

The Company has not entered into any transaction with related parties i.e. Directors or Management, or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee / Board regularly. The details of Related Party Transactions are disclosed in Financial Section of this Annual Report.

(b) COMPLIANCE BY THE COMPANY:

The Company has complied with all the mandatory requirements of the SEBI LODR Regulations after the regulations became applicable to the Company. Further, during the year ended 31st March, 2025, no penalties were imposed or strictures were passed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

(i) **CODE OF CONDUCT:**

Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company and can be accessed through following link

https://happyforgingsltd.com/wp-content/uploads/2023/12/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel.pdf

The Code lays down the standard of conduct which is expected to be followed by the Board Members and the Senior Management of the Company in particular on matters relating to integrity at the work place, in business practices and in dealing with Stakeholders.

All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A declaration signed by Mr. Ashish Garg, Managing Director to this effect is enclosed at the end of this report.

(ii) **PROHIBITION OF INSIDER TRADING:**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has framed a Code of Conduct to avoid insider trading. The Code of Conduct is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

(c) **VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

In compliance with Section 177 of the Companies Act, 2013, the Company has formulated a Vigil Mechanism/Whistle Blower Policy (Mechanism) for its Stakeholders, Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

This Mechanism also provides for adequate safeguards against victimisation of Director (s) / Employee (s) / Stakeholders who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee.

The Policy is available on the website of the Company. Any Stakeholder, who comes across any instances of unethical matters, can report the same by sending an email and by sending letters to the address mentioned in the said Policy.

During the year under review, no person was denied access to the Chairperson of the Audit Committee. The policy is available on the website of the Company at

https://happyforgingsltd.com/wp-content/uploads/2025/02/Whistle-Blower-Policy.pdf

DISCLOSURE OF ACCOUNTING TREATMENT:

These Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The previous year figures have been regrouped/reclassified or restated as per Ind AS, so as to make the figures comparable with the figures of current year. The significant Accounting Policies which are consistently applied have been set out in the Notes to the Financial Statements.

(d) **Compliance with mandatory requirements**

The Company is in compliance with all mandatory requirements under the listing regulations.

MD /CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31 March, 2025 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI LODR Regulations. The certificate is enclosed with this report.

Report on Corporate Governance (Contd.)

(e) **Web link where policy for determining 'material' subsidiaries is disclosed**

The wholly owned subsidiary of the Company does not fall under material subsidiary but the Company has formed policy for determining material subsidiaries. The link of the policy is

https://happyforgingsltd.com/wp-content/uploads/2024/06/Policy-for-Determining-Material-Subsidiaries.pdf

(f) **Web link where policy on dealing with related party transactions is disclosed:**

The Company has also formed a Policy on Related Party Transactions which has been placed at the website of Company

https://happyforgingsltd.com/wp-content/uploads/2025/04/Policy-on-Related-Party-Transactions.pdf

(g) **Disclosure of commodity price risks and commodity hedging activities**

The Company does not have any commodity price risks and hence was not required to undertake any hedging activities during the Financial Year 2024-25.

(h) **Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).** - The Company has not raised funds through preferential allotment or qualified institutions placement during the year.

(i) **Certificate from PCS regarding non disqualification of Directors:**

A certificate has been received from M/s. Chandrasekaran & Associates, Company Secretaries, New Delhi, a firm of Company Secretaries in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such statutory authority. The said certificate is annexed to this report.

(j) There were no such instances when the Board had not accepted any recommendation of any committee of the Board during 2024-25

(k) The total fee to be paid to the Statutory Auditors of the Company during the year under review is ₹ 62.66 Lakhs only

(l) **Disclosure in relation to sexual harassment at work place:**

The Company is committed to create a healthy and conducive working environment that enables women employees to work with freedom and equality. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a "Policy on Protection of Women against Sexual Harassment at Work Place" and formed a Committee as prescribed in the Regulation. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at work place and thereby provide mechanism for redressal of complaints related to matters connected therewith or incidental thereto. The committee meets time to time. During the year, no complaint was received under the Policy.

(m) **Loans and Advances to Firms/Companies in which directors are interested**

The details of loans and advances given during the year as well as outstanding as on the year ended March 31, 2025 are covered under Note No. 45 under the head 'Loans and advances in the nature of loans given to subsidiaries/associates and firms/Companies in which directors are interested', forming part of Notes to Standalone Financial Statements.

(n) The Company had no material subsidiaries during the 2024-25. However, a wholly owned subsidiary was incorporated on 16th March, 2024 registered with ROC, Punjab and Chandigarh. The statutory auditor, M/s B D Bansal was appointed as first auditor on 27th March, 2024

10. DETAILS OF NON- COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE

There has been no instance of non-compliance of any requirement of corporate governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Company.

11. NON-MANDATORY REQUIREMENTS:

a) **Shareholders' Rights**

As the Quarterly financial results after the word quarterly published in leading Newspapers having Nation-wide circulation, the same are not sent to the Shareholders of the Company individually.

However, the Quarterly Financial Results for the period ended 31st March, 2025 are uploaded on the Website of the Company.

b) **Unmodified opinion in audit report.** The Statutory Auditors of the Company have issued Audit Report on Audited Financial Results for year ended 31st March,2025 with unmodified opinion. A declaration has been submitted to the stock exchanges as per Regulation 33(3)(d) of the Listing regulations.

c) **Reporting of Internal Auditor:** In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee which reviews the audit reports and suggests necessary action.

12. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT

(i) The Company has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub- regulation (2) of regulation 46 of Listing Regulations as applicable. Further, the securities of the Company have not been suspended for trading at any point of time during the Financial Year ended March 31, 2025

(ii) Compliance certificate by Practicing Company Secretary- Certificate from M/s Chandrasekaran & Associates, Company Secretaries, New Delhi, a firm of Company Secretaries in Practice, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this report.

13. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

There are no shares which are lying in demat suspense account/unclaimed suspense account.

14. DISCLOSURE OF AGREEMENTS, IF ANY, BINDING THE COMPANY

In terms of Regulation 30A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, there are no such agreements entered which will impact the management or control of the Company.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Happy Forgings Limited
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Sanehwal,
Ludhiana-141120, Punjab

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Happy Forgings Limited and having CIN: L28910PB1979PLC004008 and having registered office at BXXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Sanehwal, Ludhiana-141120, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and based on the declarations received from respective Directors, we hereby certify that as on Financial Year ended March 31, 2025, none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director	DIN	Date of appointment in Company
1	Mr. Ashish Garg	01829082	2nd December, 2015
2	Ms. Megha Garg	07352042	7th December, 2015
3	Mr. Paritosh Kumar	00393387	11th February, 2016
4	Mr. Satish Sekhri	00211478	4th May, 2020
5	Mr. Ravindra Pisharody	01875848	16th June, 2022
6	Ms. Rajeswari Karthigeyan	10051618	30th May, 2023
7	Mr. Atul Behari Lall	00781436	31st July, 2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 6689/2025

Name : Lakhan Gupta
Designation : Partner
Membership No. F 12682
Certificate of Practice No. 26704
UDIN: F012682G000330571

Date: 17th May, 2025
Place: Delhi

CEO/ MANAGING DIRECTOR / CFO CERTIFICATION

To
The Board of Directors
HAPPY FORGINGS LIMITED
LUDHIANA-141120

We, the undersigned, in our capacities as the Managing Director and Chief Financial Officer of Happy Forgings Limited ("the Company") to the best of our knowledge and belief certify that:

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31 March, 2025 and based on our knowledge and belief, we state that:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.

(b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.

(c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.

(d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:

   (i) significant changes, if any, in internal control over financial reporting during the year;

   (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

   (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Ashish Garg
Managing Director
DIN: 01829082

Place: Ludhiana
Date: 17th May, 2025

Pankaj Kumar Goyal
Chief Financial Officer

Place: Ludhiana
Date : 17th May, 2025

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members,
Happy Forgings Limited
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana , Ludhiana, Sanehwal,
Ludhiana, Punjab, India, 141120

We have examined all relevant records of Happy Forgings Limited ("the Company") for the purpose of certifying of all the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2025. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 6689/2025

Name : Lakhan Gupta
Designation : Partner
Membership No. F12682
Certificate of Practice No. 26704
Date: 17th May, 2025:
UDIN F012682G000330747

Place: Delhi

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 17th May, 2025

HAPPY FORGINGS LIMITED DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Ashish Garg, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2024-25.

(Ashish Garg)
Place: Ludhiana Managing Director
DIN: 01829082

Date:17th May, 2025

Independent Auditor's Report

To the Members of Happy Forgings Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of Happy Forgings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2025, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matters
Revenue Recognition *(as described in Note 2b(i), Note 2c(f) and Note 20 of the standalone financial statements)*	
The Company's revenue is derived primarily from sale of goods. The Company manufactures specialized forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of goods. The timing of revenue recognition is relevant to the reported performance of the Company. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognized before the control has been transferred.	Our procedures included the following: - We assessed the appropriateness of the Company's accounting policies for revenue recognition by comparing with applicable accounting standards. - We evaluated the design, implementation and operating effectiveness of key internal controls over recognition of revenue. - We tested on a sample basis, key customer contracts to identify terms and conditions relating to transfer of control. - On a sample basis, we tested the revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognized appropriately when control is transferred. - We tested, on a sample basis specific revenue transaction recorded closer to the year end and after the financial year-end date to assess whether revenue is recognized in the correct period. - We performed analytical procedures to identify any unusual variances & corroborate the reasons for the same. - We have evaluated estimates or judgements made by management regarding revenue recognition and ensured that these estimates are reasonable and consistent with prior periods.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Independent Auditor's Report (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g);

   (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 13 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that, audit trail feature is not enabled for certain changes made using privileged/ administrative access rights, as described in note 46 to the standalone financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of accounting software wherever audit log was enabled. Additionally, the audit trail of prior year(s) has not been preserved by the company as per the statutory requirements for record retention, as stated in Note 46 to the standalone financial statements.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549

Place of Signature: Gurugram
Date: May 17, 2025

Annexure '1'

REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Happy Forgings Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.

(i) (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(i) (c) The title deeds of all the immovable properties are held in the name of the Company.

(i) (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2025.

(i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2025. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such verification and confirmations.

(ii) (b) As disclosed in note 14 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) During the year, the Company has provided loans to its employees as follows:

Particulars	Amount (₹ in lacs)
Aggregate amount granted/ provided during the year - Others (Loans to employees)	₹ 79.20
Balance outstanding as at balance sheet in respect of above cases - Others (Loans to employees)	₹ 32.76

During the year, the Company has not provided advances in the nature of loans, stood guarantee and provided security to Limited Liability Partnerships or any other parties.

(iii) (b) The terms and conditions of the grant of loans to employees during the year are not prejudicial to the Company's interest.

(iii) (c) During the year, the Company has granted loans to employees where the schedule of repayment of principal has been stipulated, and the repayment or receipts are regular.

(iii) (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(iii) (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of forging & related components, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and services tax, income-tax, duty of excise that have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Wrong classification of parts of Railway engine(*)	157.01	FY 2015-16 to FY 2017-18	Appellate Tribunal, Chandigarh and Commissioner (Appeals) Goods & Service Tax Commissioner
Goods & Services Tax Act, 2017	Wrong classification of parts of Railway engine (**)	665.78	FY 2017-18 to FY 2019-20	
Goods & Services Tax Act, 2017	Credit claimed through TRAN-1 on capital goods in transit (***)	29.39	FY 2017-18	Commissioner (Appeals) Goods & Service Tax Commissioner, Ludhiana
Income Tax Act, 1961	Additions on account of unaccounted sales of stock/ excess share premium received.	143.24	FY 2015-16	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand for disallowance for late deposition of statutory dues	0.33	FY 2017-18	Commissioner of Income Tax (Appeals)

* Deposit of INR 15.70 lacs with Department against litigation.

** Deposit of INR 332.89 lacs with Department against litigation.

*** Deposit of INR 25.70 lacs with Department against litigation.

Other than above, there are no dues of goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix) (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(ix) (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix) (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

Annexure '1' (Contd.)

(ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) however, monies raised during the previous year by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been temporarily invested in deposits with scheduled banks. The maximum amount of idle/surplus funds invested during the year was Rs. 16,003.29 lacs of which Rs. 12,917.30 lacs was outstanding at the end of the year.

(x) (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(xi) (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (xii)(b) and (xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi) (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 41 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Annexure '1' (Contd.)

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act. This matter has been disclosed in note 34 to the standalone financial statements.

(xx) (b) All amounts that are unspent under sub section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of Section 135 of the said Act. This matter has been disclosed in note 34 to the standalone financial statements.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549

Place of Signature: Gurugram
Date: May 17, 2025

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAPPY FORGINGS LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone financial statements of Happy Forgings Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549
Place of Signature: Gurugram
Date: May 17, 2025

Standalone Balance Sheet

As at 31st March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
I ASSETS			
Non-current assets			
Property, plant and equipment	3	89,908.33	74,247.47
Capital work-in-progress	3(a)	11,628.45	12,193.61
Intangible assets	4	811.68	119.76
Intangible assets under development	4(a)	641.65	475.50
Financial assets:			
(i) Investment in subsidiary	5	10.00	10.00
(ii) Loans	6.1	-	50.00
(iii) Other financial assets	6	15,110.06	20,396.01
Other non current assets	7	11,493.82	6,937.61
Total non-current assets		**1,29,603.99**	**1,14,429.96**
Current assets			
Inventories	8	23,242.03	22,416.59
Financial assets:			
(i) Trade receivables	9	42,653.85	35,691.78
(ii) Cash and cash equivalents	10	1,292.69	53.77
(iii) Bank balance other than (ii) above	11	12,361.31	12,119.28
(iv) Loans	6.2	33.26	24.37
(v) Other financial assets	6	2,934.66	797.58
(vi) Investment	5	7,958.46	-
Other current assets	7	1,384.00	3,061.31
Total current assets		**91,860.26**	**74,164.68**
TOTAL ASSETS		**2,21,464.25**	**1,88,594.64**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,884.84	1,884.10
Other equity	13	1,83,083.80	1,59,365.30
Total equity		**1,84,968.64**	**1,61,249.40**
Non-current liabilities			
Financial liabilities:			
Deferred tax liabilities (net)	16	3,932.77	3,161.83
Total non-current liabilities		**3,932.77**	**3,161.83**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14	22,729.01	14,331.04
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		766.58	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,769.53	4,930.50
(iii) Other financial liabilities	18	2,528.40	2,755.19
Other current liabilities	19	1,935.17	916.32
Employee benefit obligations	15	485.51	445.56
Liabilities for current tax (net)		348.64	181.92
Total current liabilities		**32,562.84**	**24,183.41**
Total liabilities		**36,495.61**	**27,345.24**
TOTAL EQUITY AND LIABILITIES		**2,21,464.25**	**1,88,594.64**

The accompanying notes referred to above formed an integral part of the standalone financial statements.

As per our report of even date
For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Standalone Statement of Profit and Loss

For the year ended 31st March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
INCOME			
Revenue from operations	20	1,40,889.47	1,35,823.58
Other income	21	3,756.81	1,335.54
TOTAL INCOME (A)		**1,44,646.28**	**1,37,159.12**
EXPENSES			
Cost of raw materials and components consumed	22	60,277.81	62,973.24
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	(1,111.16)	(3,313.73)
Employee benefits expense	24	12,481.56	11,446.03
Finance costs	25	753.33	1,177.59
Depreciation and amortisation expense	26	7,706.11	6,472.76
Other expenses	27	28,571.22	25,964.00
TOTAL EXPENSES (B)		**1,08,678.87**	**1,04,719.89**
PROFIT BEFORE TAX (C=A-B)		**35,967.41**	**32,439.23**
Tax expense:			
Current tax (net)	16	8,392.70	7,543.72
Adjustments of current tax relating to earlier years	16	89.20	(59.81)
Deferred tax	16	728.05	656.65
TOTAL TAX EXPENSE (D)		**9,209.95**	**8,140.56**
PROFIT FOR THE YEAR (E=C-D)		**26,757.46**	**24,298.67**
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent years			
Remeasurement gain on defined benefit plans	33	30.55	23.94
Less : Income tax effect on above	16	(7.69)	(6.02)
		22.86	**17.92**
Other comprehensive income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	170.44	797.15
Less: Income tax effect on above	16	(42.90)	(200.63)
		127.54	**596.52**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**150.40**	**614.44**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**26,907.86**	**24,913.11**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share (31st March, 2024 ₹ 2/- per share)			
(i) Basic	28	28.40	26.78
(ii) Diluted	28	28.39	26.75

The accompanying notes referred to above formed an integral part of the standalone financial statements.

As per our report of even date
For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Standalone Cash Flow Statement

For the year ended 31ST March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
OPERATING ACTIVITIES		
Profit before tax	35,967.41	32,439.23
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,706.11	6,472.76
(Gain)/Loss on disposal of property, plant and equipment	12.06	(0.35)
Interest income on Term Deposits	(2,113.26)	(525.73)
Interest Income on Subsidiary Loan	(11.38)	-
Interest Income from other financial assets at amortised cost	(252.90)	(179.53)
Gain on fair valuation of current investment measured at fair value through profit and loss (net)	(58.46)	-
Property, plant and equipment written off	23.30	31.27
Fair value (gain)/loss on financial instruments at fair value through profit and loss (net)	53.52	(254.01)
Unrealised foreign exchange (gain) (net)	(194.90)	(125.86)
Provisions for doubtful receivables, advances and deposits	20.90	47.49
Finance costs	753.33	1,177.59
Share-based payment expense	508.66	567.10
Operating profit before working capital changes	**42,414.39**	**39,649.96**
Working capital adjustments:		
(Increase) in inventories	(825.44)	(5,456.32)
(Increase) in trade receivables	(6,698.81)	(4,798.75)
(Increase)/Decrease in other financial assets and loans	1,328.30	(1,791.30)
(Increase)/decrease in other assets	1,702.49	(2,076.37)
Increase/(Decrease) in trade payable	(1,017.26)	779.61
Increase in other financial liabilities	(434.39)	793.18
Increase in other liabilities	1,018.85	138.99
Increase in short term provisions	70.50	90.76
Net Cash generated from operations	**37,558.63**	**27,329.76**
Less: Income tax paid (net of refund)	(8,322.85)	(8,386.40)
Net Cash flow from operating activities (A)	**29,235.78**	**18,943.36**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment (including capital work in progress, capital creditors and capital advances)	(27,098.46)	(18,878.47)
Payments for acquisition of intangible assets and intangible assets under development	(972.06)	(483.57)
Proceeds from sale of property, plant and equipment	29.16	3.38
Investment in Mutual Fund	(7,900.00)	-
Investment in Subsidiary	-	(10.00)
Loan (given)/recovered (to)/from subsidiary	50.00	(50.00)

Standalone Cash Flow Statement

For the year ended 31ST March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Proceeds from fixed deposit	36,453.14	4,500.00
Investment in fixed deposit	(34,470.44)	(32,153.15)
Interest received from Subsidiary	11.38	-
Interest received on Term Deposits	1,953.08	89.30
Net cash flow (used in) investing activities (B)	**(31,944.20)**	**(46,982.52)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium (net of share issue expenses)	70.90	38,103.13
Repayment of long-term borrowings	-	(8,417.61)
Availment of short-term borrowing (net)	8,385.68	866.74
Interest Paid	(741.04)	(1,297.15)
Dividend Paid on equity shares	(3,768.20)	(1,163.49)
Net cash flow from financing activities (C)	**3,947.34**	**28,091.62**
Net Increase in cash and cash equivalents (A+B+C)	**1,238.92**	**52.46**
Cash and cash equivalents at the beginning of the year	53.77	1.31
Cash and cash equivalents as at year end	**1,292.69**	**53.77**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	12.85	2.81
Balance with banks :		
-On current accounts	1,279.84	50.96
Cash and cash equivalent as at year end	1,292.69	53.77

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in bracket indicate cash outflow.

iii) Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.

iv) There are no non-cash transaction in Investing activities & Financing activities.

The accompanying notes referred to above formed an integral part of the standalone financial statements.

As per our report of even date
For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Standalone Statement of Changes in Equity

For the year ended 31st March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A. EQUITY SHARE CAPITAL

For the year ended 31st March, 2025

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2024	9,42,04,882	1,884.10
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at ₹2/- face value per share during the year	37,318	0.74
As at 31st March, 2025	**9,42,42,200**	**1,884.84**

For the year ended 31st March, 2024

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2023	8,94,99,000	1,789.98
Changes in equity capital during the year (Refer note 44)		
Fresh Issue at ₹2/- face value per share during the year	47,05,882	94.12
As at 31st March, 2024	**9,42,04,882**	**1,884.10**

B. OTHER EQUITY (REFER NOTE 13)

For the year ended 31st March, 2025

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2024	**59,627.03**	**99,399.77**	**567.10**	**(228.59)**	**1,59,365.30**
Profit for the year	-	26,757.46	-		26,757.46
Other comprehensive income		22.87		127.53	150.40
Total comprehensive income for the year	-	26,780.33	-	127.53	26,907.86
Issue of equity share during the year (Refer note 43)	70.16				70.16
Exercise of share options (Refer note 43)	80.57		(80.57)		-
Compensation options granted during the year (Refer Note no 43)			508.66		508.66
Dividend Paid		(3,768.20)			(3,768.20)
As at 31st March, 2025	**59,777.76**	**1,22,411.90**	**995.19**	**(101.06)**	**1,83,083.80**

Standalone Statement of Changes in Equity

For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

For the year ended 31st March, 2024

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2023	**21,618.02**	**76,246.68**	**-**	**(825.12)**	**97,039.58**
Profit for the year	-	24,298.67	-		24,298.67
Other comprehensive income	-	17.91	-	596.53	614.44
Total comprehensive income for the year	-	24,316.58	-	596.53	24,913.11
Issue of equity share during the year (Refer note 44)	39,905.87	-	-	-	39,905.87
Share issue expenses (Refer note 44)	(1,896.86)	-	-	-	(1,896.86)
Compensation options granted during the year (Refer Note no 43)	-	-	567.10	-	567.10
Dividend Paid	-	(1,163.49)	-	-	(1,163.49)
As at 31st March, 2024	**59,627.03**	**99,399.77**	**567.10**	**(228.59)**	**1,59,365.30**

The accompanying notes referred to above formed an integral part of the standalone financial statements.

As per our report of even date
For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Notes to the Standalone Financial Statements

1. CORPORATE INFORMATION:

Happy Forgings Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in manufacturing of Auto components and engineering parts. The registered office of the Company is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India. The Company's CIN is L28910PB1979PLC004008. Information on related party relationships of the Company is provided in Note 35.

The annual standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors on May 17, 2025.

2A. MATERIAL ACCOUNTING POLICIES:

(i) Basis of Preparation

The Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or other amount, as required by applicable accounting guidance.

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit pension plans - plan assets are measured at fair value

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The standalone financial statements are presented in ₹ and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(ii) Current versus non-current classification

Based on the time involved between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iii) Foreign currencies

- **Functional and presentation currency**

  The standalone financial statements are presented in ₹, which is Company's functional currency.

- **Transactions and balances**

  Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

  Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

  Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2B. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

(i) Revenue from contract with customer

Revenue from contracts with customers is recognised when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to entitle in exchange for the goods or services. The Company has concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2C.

Sale of Goods: Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 7 to 150 days.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of goods provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

Rights of return

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The disclosures of significant estimates and assumptions if any, relating to the estimation of variable consideration for returns are provided in Note 2C.

Sale of Services: Revenues from sale of services in the nature of Tooling Income/die design and preparation charges are recognised over time using an input method to measure progress towards complete satisfaction of the tool development. The Company recognises revenue from development of tools and dies over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation. Where the Company cannot reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Export Incentives: Revenue from export incentives is accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Trade Receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (ix) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities: A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

Other Income

Dividend Income: Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(ii) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When the grant relates to incentives under "Invest Punjab Scheme", it is accounted as income on a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the approval of the relevant authority is sanctioned and there is a reasonable assurance that the grant will be received.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(iii) Inventory Valuation

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out (FIFO) basis.
- Packing Materials and other products are determined on Weighted Average basis.
- Stores and Spares is value at Weighted Average Value.
- Scrap is valued at estimated realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(iv) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at banks and short-term deposits with banks with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

(v) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Machinery spares which can be used only in connection with an item of Property, Plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation for identified asset/ components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Property, Plant & equipment:

Type of Assets	Schedule II life (years)	Useful Lives*
Building –Factory	30	30
Building- others	60	60
Plant & Machinery**	15	3 to 30
Computers	3	3
Office Equipment	5	5
Electrical Fittings & installations	10	10
Furniture & Fixtures	10	10
Vehicles	8	8

*The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

** Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

Any item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when asset is derecognised.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6
Technical Know-how	4	4

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. amortisation expense is recognised in the statement of profit and loss unless

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(vii) Investment in Subsidiary

A subsidiary is an entity that is controlled by another entity.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company's investments in its subsidiary and associates are accounted at cost less impairment.

(viii) Impairment of non- financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(ix) Financial Instrument

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (i) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a. Financial Assets at amortised Cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to employees included under other current financial assets.

b. Financial assets at fair value through other comprehensive income (FVTOCI) (debt instrument)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are

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recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d. Financial Assets at Fair value through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Investments in Mutual Funds are accounted for at Fair value through Profit or Loss Account.

Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

c) Financial assets that are measured at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

  ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

  Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

e. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are disclosed in Note 9.

De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

(i) The right to receive cash flows from asset have expired, or.

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:

  a) The Company has transferred substantially all the risks and rewards of the asset, or

  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities:

Initial Recognition and Measurement.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognised in the Statement of Profit and Loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

b) Financial Liabilities measured at Amortised Cost (Loan and Borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 14.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition of Financial Liability.

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss the reclassification date.

Offsetting of Financial Instruments.

Financial Assets and Financial Liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(x) Supplier finance arrangements

The Company has established supplier finance arrangements (Refer Note 14). The Company evaluates whether financial liabilities covered such arrangements continue to be classified within trade payables, or they need to be classified as a borrowing or as part of other financial liabilities/ as a separate line item on the face

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of the balance sheet. Such evaluation requires exercise of judgment basis specific terms of the arrangement.

The Company classifies financial liabilities covered under supplier finance arrangement within trade payables in the balance sheet only if (i) the obligation represents a liability to pay for goods and services, (ii) is invoiced and formally agreed with the supplier, (iii) is part of the working capital used in its normal operating cycle, (iv) the Company is not legally released from its original obligation to the supplier, and has not assumed a new obligation toward the bank, and another party (iv) there is no substantial modification to the terms of the liability.

If one or more of the above criteria are met, the Company derecognises its original liability toward the supplier and recognise a new liability toward the bank which is classified as bank borrowing or other financial liability, depending on factors such as whether the Company (i) has obligation toward bank, (ii) is getting extended credit period such that obligation is no longer part of its working capital cycle, (iii) is paying interest directly or indirectly, (iv) has provided guarantee or security, and/or (v) is recognised as borrower in the bank books.

Cash flows related to liabilities arising from supplier finance arrangements that continue to be classified in trade payables in the standalone balance sheet are included in operating activities in the standalone statement of cash flows, when the Company finally settles the liability.

In cases, where the Company has derecognised its original liability toward the supplier and recognise a new liability toward the bank, the Company has assessed that the bank is acting as its agent in making payment to the supplier. Accordingly, the Company presents operating cash outflow and financing cash inflow, when bank made payment to the supplier. The payment made by the Company to the bank toward interest, if any, as well as on settlement is presented as financing cash outflows.

(xi) Derivative Financial Instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions, and thereafter, as a fair value hedge of the resulting receivables.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects

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the statement of profit or loss. Under fair value hedge, the change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

(xii) Retirement and other employee Benefits

a) Defined Contribution Scheme:

Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis to the Regional Provident fund.

Employee's State Insurance

The Company maintains an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company's contribution to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme are charged to the statement of profit and loss every year.

If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit Plan:

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme.

The Company's Liabilities on account of Gratuity on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19 'Employee Benefits'. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise. They are included in retained earnings through OCI in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income

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Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company has a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xiii) Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiv) Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(xv) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST) / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST / value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xvi) Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in standalone financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

(xvii) Cash Flow Statement

The Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows" whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(xviii) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xix) Fair Value Measurements

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

·In the principal market for the asset or liability, or

·In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xx) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

(xxi) Share-based payments

Eligible Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note No. 43

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(xxii) Segment Reporting

As per the compliance of Ind AS 108 operating segments are identified based on reports reviewed by CODM (chief operating decision-maker). Operating segments can either be based on products/services or on geographical basis. It is reported in a manner which is consistent with the internal reporting provided to the judgment of CODM.

2c. Significant accounting judgments, estimates and assumptions

The preparation of standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the standalone financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Useful life of property, plant and equipment and intangible assets

The Company uses its technical expertise along with historical and industry trends for determining the economic useful life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

b. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. Significant judgement is required in determining the provision for income tax. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

c. Contingencies

The Company estimates the provisions and liabilities and to the probability of expenses arising claims from legal disputes/litigations that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

d. Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment defined benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligations are given in Note 33.

e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

f. Revenue from contracts with customers

The Company applies the judgements in respect to transactions relating to recognition of point in time of Sale of Goods, when the control is transferred generally on delivery of goods, that significantly affect the determination of the amount and timing of revenue from contracts with customers. For more details, refer note 2b(i).

g. Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

h. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black Scholes model for Employee Share Option Plan (ESOP). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 43.

2d. New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st April, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a. Ind AS 117 Insurance Contracts

The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12th August, 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1st April, 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 does not have material impact on the Company's Standalone financial statements as the Company has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

b. Amendments to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1st April, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.

The amendments do not have a material impact on the Company's Standalone financial statements.

c. Geopolitical implications of US "reciprocal" tariffs

In recent weeks, the United States government has imposed new tariffs including reciprocal tariffs against other countries and several countries have responded with retaliatory tariffs. On 9th April, 2025 the US government announced a 90 day

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

pause for the reciprocal tariffs for many countries. However, baseline tariffs remain, as well as tariffs related to certain countries and industries. These tariffs, some of which are subject to change, impact all US trading partners to varying degrees. Much

uncertainty remains as to the duration, possible exemptions and exclusions, as well as the extent of any retaliatory tariffs imposed on the US by other countries.

The Company has made the assessment against the same and there is meagre exposure in terms of dependency on the export to the particular region.

2e. Climate – related matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the standalone financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are Useful life of property, plant and equipment and Impairment of non-financial assets.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 31st March, 2023	**5,909.62**	**7,537.80**	**69,053.74**	**417.60**	**1,110.77**	**252.05**	**103.74**	**1,309.13**	**85,694.44**	**7,475.15**
Additions		1,179.69	11,288.70	87.04	243.52	30.78	29.00	163.42	13,022.15	16,967.03
Reclassification*										61.71
Transfers		-	-	-	-	-	-	-	-	(12,310.29)
Disposals		-	(124.56)	-	(11.48)	-	(1.03)	-	(137.07)	
At 31st March, 2024	**5,909.62**	**8,717.49**	**80,217.88**	**504.65**	**1,342.81**	**282.83**	**131.71**	**1,472.55**	**98,579.52**	**12,193.61**
Additions	952.03	165.64	21,483.02	98.77	40.63	54.86	30.03	492.51	23,317.49	22,750.87
Transfers	-	-	-	-	-	-	-	-	-	(23,316.03)
Disposals	-	-	(100.23)	-	(52.78)	-	-	-	(153.01)	
At 31st March, 2025	**6,861.65**	**8,883.13**	**1,01,600.68**	**603.42**	**1,330.66**	**337.69**	**161.74**	**1,965.06**	**1,21,744.01**	**11,628.45**
Depreciation										
At 31st March, 2023	**-**	**803.57**	**16,033.14**	**136.42**	**423.14**	**181.07**	**62.71**	**358.44**	**17,998.49**	**-**
Depreciation charge for the year		307.49	5,745.74	49.20	135.28	30.46	28.63	139.53	6,436.33	
Disposals		-	(93.29)	-	(9.33)	-	(0.15)	-	(102.77)	
At 31st March, 2024	**-**	**1,111.06**	**21,685.59**	**185.62**	**549.09**	**211.53**	**91.19**	**497.97**	**24,332.05**	
Depreciation charge for the year	-	329.63	6,812.38	56.92	148.55	33.26	27.91	183.47	7,592.12	
Disposals	-	-	(39.77)	-	(48.72)	-	-	-	(88.49)	
At 31st March, 2025	**-**	**1,440.69**	**28,458.20**	**242.54**	**648.92**	**244.79**	**119.10**	**681.44**	**31,835.68**	
Net book value										
At 31st March, 2025	**6,861.65**	**7,442.44**	**73,142.48**	**360.88**	**681.74**	**92.90**	**42.64**	**1,283.62**	**89,908.33**	**11,628.45**
At 31st March, 2024	**5,909.62**	**7,606.43**	**58,532.29**	**319.03**	**793.72**	**71.30**	**40.52**	**974.58**	**74,247.47**	**12,193.61**

Note 1: Refer to note 14A for information on property plant and equipment pledged as security by the Company.

Note 2: The title deed of all the immovable properties are held in the name of the Company.

Note 3: The Company has capitalised certain expenses of revenue nature amounting to ₹ 1,110.16 Lakhs (31st March, 2024: ₹ 583.66 Lakhs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) and Intangible Asset Under Development (IAUD) (Refer note 27(b)).

Note 4: On transition to Ind As (i.e. 1st April 2018) the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

*The amount was transferred from Asset held for sale to Capital Work in Progress (CWIP) during the FY 2023-24 due to change in management decision to use this asset in near future.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note 3 (a) Capital work-in-progress (CWIP) ageing schedule

As at 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	9,770.24	1,243.70	489.53	124.98	11,628.45
ii) Projects temporarily suspended	-	-	-	-	-
Total	**9,770.24**	**1,243.70**	**489.53**	**124.98**	**11,628.45**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

As at 31st March, 2024

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	10,881.12	1,230.47	35.72	46.30	12,193.61
ii) Projects temporarily suspended	-	-	-	-	-
Total	**10,881.12**	**1,230.47**	**35.72**	**46.30**	**12,193.61**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2023-24.

4. INTANGIBLE ASSETS

Particulars	Intangible assets	Intangible assets under development
Cost		
At 31st March, 2023	**216.93**	**-**
Additions	8.07	475.50
At 31st March, 2024	225.00	475.50
Additions	**805.92**	**865.06**
Transfers	-	(698.91)
At 31st March, 2025	**1,030.92**	**641.65**
Amortisation and impairment		
At 31st March, 2023	**68.81**	**-**
Amortisation charge for the year	36.44	-
At 31st March, 2024	**105.25**	**-**
Amortisation charge for the year	113.99	-
At 31st March, 2025	**219.24**	**-**
Net book value		
At 31st March, 2025	**811.68**	**641.65**
At 31st March, 2024	**119.76**	**475.50**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note 4 (a) Intangible asset under development (IAUD) ageing schedule

As at 31st March, 2025

Particulars	Amount in Intangible asset under development for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	458.11	183.54	-	-	641.65
ii) Projects temporarily suspended	-	-	-	-	-
Total	**458.11**	**183.54**	**-**	**-**	**641.65**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

As at 31st March, 2024

Particulars	Amount in Intangible asset under development for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	475.50	-	-	-	475.50
ii) Projects temporarily suspended	-	-	-	-	-
Total	**475.50**	**-**	**-**	**-**	**475.50**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2023-24.

5. INVESTMENT

Particulars	As at 31st March, 2025	As at 31st March, 2024
Non-current investment		
Investment in wholly owned subsidiary		
1,00,000 (31st March, 2024 : 1,00,000) equity shares of ₹ 10/- each fully paid up of 'HFL Technologies Private Limited (at cost)	10.00	10.00
Total	**10.00**	**10.00**

During the financial year 2023-24, the Company incorporated a wholly owned subsidiary, HFL Technologies Private Limited, on March 16, 2024. The Company subscribed to 1,00,000 equity shares of ₹10 each, amounting to an investment of ₹ 10 Lakhs in the paid-up share capital of the subsidiary. (Refer Note 35)

5(a). Investment (Current)

Investments in Liquid Mutual funds measured at Fair value through profit and loss

Particulars	Units		Amount	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
Investments in Mutual Fund (Quoted)				
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹3,600.00 (31st March, 2024 : Nil)	57,152.07	Nil	3,627.38	-

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Units		Amount	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
Axis liquid Fund Direct growth Cost ₹3,100.00 (31st March, 2024 : Nil)	1,08,334.33	Nil	3,123.93	-
Axis arbitrage Fund Direct growth Cost ₹1,200.00 (31st March, 2024 : Nil)	60,51,867.11	Nil	1,207.15	-
Total			**7,958.46**	**-**
Aggregate market value of quoted investment			7,958.46	-

6. OTHER FINANCIAL ASSETS

Non-current (Unsecured, Considered good)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Security deposits	1,388.25	1,230.93
Government Incentives receivable (Refer note 39)	804.51	3,161.79
Fixed Deposits to be used for capital expenditure *#	12,917.30	16,003.29
Total	**15,110.06**	**20,396.01**

*Original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.

#Represents balance of Initial Public Offer (IPO) proceeds of ₹12,917.30 Lakhs which will be utilised as stated in the prospectus for IPO (Refer note 44).

Fixed deposit of ₹ 6,850.63 Lakhs (31st March, 2024 nil) held as margin money against the issuance of letter of credit and bank guarantee.

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Export benefits recoverable (Duty drawback & IGST Export)	51.82	28.44
Government Incentives receivable (Refer note 39)**	1,801.66	-
Share issue expenses recoverable** (Refer note 44)	-	714.13
Others	59.75	55.01
Fixed Deposits with NBFC having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date*	1,021.43	-
Total	**2,934.66**	**797.58**

Refer note 36 on Financial instruments for determination of fair value.

**During the year ended 31st March, 2024, the Company incurred expenses in connection with the proposed Initial Public Offer (IPO) of equity shares of the Company by way of a fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred, except for listing fees which were solely borne by the Company, all other expenses were shared between the Company and the Selling Shareholders on a pro-rata basis, in proportion to the equity shares issued and allotted by the Company in the fresh issue and the offered shares sold by the Selling Shareholders in the offer for sale. Accordingly, the Company recovered the expenses incurred in connection with the Issue upon completion of the Initial Public Offer (IPO). A third party managed the release of payment for these expenses to the Company and the Selling Shareholders from a separate bank account maintained for this purpose under their control. Hence, the expenses relating to the Company's share of the cost recovery were disclosed under this head.

*includes interest accrued ₹21.43 Lakhs (31st March, 2024: Nil)

** The Company expects the same to be realised within a period of 12 months from the reporting date.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

6.1 Loans (Non Current)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loan to subsidiary (Refet Note 35)	-	50.00
Total	**-**	**50.00**

6.2 Loans (Current)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loan to employees	33.26	24.37
Total	**33.26**	**24.37**

Break up of financial assets carried at fair value through profit & loss

Particulars	As at 31st March, 2025	As at 31st March, 2024
Investment in Mutual Fund (Refer note 5a)	7,958.46	-
Total	**7,958.46**	**-**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2025	As at 31st March, 2024
Other Non- current financial assets (Refer note 6)	15,110.06	20,396.01
Trade receivables (Refer note 9)	42,653.85	35,691.78
Cash and cash equivalents (Refer note 10)	1,292.69	53.77
Bank balance other than above (Refer note 11)	12,361.31	12,119.28
Other Current financial assets (Refer note 6)	2,934.66	797.58
Loans (Refer note 6.1 & 6.2)	33.26	74.37
Investment (Refer note 5)	10.00	10.00
Total	**74,395.83**	**69,142.80**

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Capital advances		
Considered good	11,430.62	6,849.23
Considered doubtful	167.01	167.01
	11,597.63	**7,016.24**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**11,430.62**	**6,849.23**
Prepaid expenses	63.20	88.38
Total	**11,493.82**	**6,937.61**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balances with government authorities		
Considered good	532.30	2,011.24
Considered doubtful	358.59	358.59
	890.89	**2,369.83**
Less: Allowance for doubtful balances	(358.59)	(358.59)
Net Balance	**532.30**	**2,011.24**
Export benefits recoverable (RODTEP)	54.15	109.00
Advance to suppliers	466.41	618.15
Advance to employees*		
- Related parties (refer note 35)	27.58	16.94
- Others	5.14	1.80
Prepaid expenses	281.49	287.40
Government Incentives receivable (Refer note 39)	16.93	16.78
Total	**1,384.00**	**3,061.31**

* includes imprest balances with employees for business related expenses.

8. INVENTORIES

Inventory is valued at lower of cost or NRV, unless otherwise stated

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw materials and components	5,213.34	6,451.24
Work-in-progress	7,893.44	7,178.52
Finished goods (includes stock in transit)	6,344.32	6,182.97
Stores and spares	3,444.61	2,492.43
Scrap (valued at NRV)	346.32	111.43
Total inventories	**23,242.03**	**22,416.59**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Finished goods	3,163.08	3,820.99
Total	**3,163.08**	**3,820.99**

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade receivables	42,651.77	35,668.96
Receivables from related parties (Refer note 35)	2.08	22.82
Total Trade receivables	**42,653.85**	**35,691.78**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	42,315.67	35,516.52
Trade Receivables which have significant increase in credit risk	338.18	175.26
Trade Receivables-credit impaired	209.93	189.03
Total gross trade receivables (a)	**42,863.78**	**35,880.81**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Trade Receivables-credit impaired	(209.93)	(189.03)
Total Impairment allowance (b)	**(209.93)**	**(189.03)**
Net Trade receivables (a+b)	**42,653.85**	**35,691.78**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The carrying amount of trade receivables includes receivables that have been discounted with banks

Particulars	As at 31st March, 2025	As at 31st March, 2024
Receivables discounted from bank	3,019.27	3,517.41
Borrowing availed against said deliverables (Refer note 14.2)	**3,019.27**	**3,517.41**

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 7 to 150 days.
- The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in entirely in its balance sheet. Refer note 14A for information on trade receivables pledged as security by the Company.
- The Company's exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 37.

Trade receivables ageing as at 31st March, 2025

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2025					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	30,381.69	11,933.99	-	-	-	-	42,315.68
Which have significant increase in credit risk	-	-	297.04	38.40	1.24	1.50	338.18
Credit impaired	-	-	33.00	38.40	23.92	28.61	123.93
Disputed	-	-	-	-	-	-	

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2025					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Credit impaired	-	-	-	-	-	85.99	85.99
Total	**30,381.69**	**11,933.99**	**330.04**	**76.80**	**25.16**	**116.10**	**42,863.78**

Trade receivables ageing as at 31st March, 2024

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2024					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	28,708.29	6,808.23	-	-	-	-	**35,516.51**
Which have significant increase in credit risk	-	-	139.36	33.03	1.52	1.35	**175.26**
Credit impaired	-	-	15.48	33.03	28.94	25.59	**103.04**
Disputed	-	-	-	-	-	-	
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**28,708.29**	**6,808.23**	**154.83**	**66.06**	**30.46**	**112.93**	**35,880.81**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance with Banks		
- in cash credit account	1,219.46	40.95
- in current accounts	70.53	10.01
Cash on hand	2.70	2.81
Total	**1,292.69**	**53.77**

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	2.70	2.81
Balance with Banks		
- in cash credit account	1,219.46	40.95
- in current accounts	70.53	10.01
Total	**1,292.69**	**53.77**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.*	12,361.31	12,119.28
Total	**12,361.31**	**12,119.28**

*includes interest accrued of ₹575.34 Lakhs (31st March, 2024: ₹436.59 Lakhs)

Fixed deposits earn interest at fixed rates. Short-term deposits are generally made for varying years within twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

Fixed deposit of ₹ 8,633.20 Lakhs (31st March, 2024 ₹ 17.64 Lakhs) held as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 2/- each (31st March, 2024: ₹ 2/- each)	15,00,00,000	3,000.00	15,00,00,000	3,000.00
Issued, subscribed and fully paid-up				
Equity shares of ₹ 2/- each (31st March, 2024: ₹ 2/- each)	9,42,42,200	1,884.84	9,42,04,882	1,884.10

a) Rights, preferences and restrictions attached to equity shares

The Company currently has only one class of equity shares having a par value of ₹ 2/- per share (31st March, 2024: ₹ 2/-per share). Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Company. The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuring Annual General Meeting

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining asset of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,42,04,882	1,884.10	8,94,99,000	1,789.98
Add: Fresh issue of equity shares (Refer Note 43 & 44)	37,318	0.74	47,05,882	94.12
At the end of the year	**9,42,42,200**	**1,884.84**	**9,42,04,882**	**1,884.10**

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar	89,49,900	9.50%	89,49,900	9.50%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	13.74%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.40%	1,07,45,100	11.41%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.37%	3,80,47,000	40.39%
India Business Excellence Fund - III (Formerly known as Vistra ITCL (India) Limited)	39,10,097	4.15%	82,91,525	8.80%
SBI Small Cap Fund	56,43,000	5.99%	-	0.00%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

During the financial year 2023-24, a trust by the name "Garg Family trust" was formed and registered on July 28, 2023. The settlor for the Trust is "Ms. Suman Garg" and the trustees of the Trust are "Mr. Ashish Garg and Mr. Paritosh Kumar". On 7th August, 2023, 2,91,48,700 equity shares of ₹ 2/- each held by Mr. Paritosh Kumar (Promoter of the Company) were transferred to Ms. Suman Garg (by way of Gift deed). On 7th August, 2023, Ms. Suman Garg settled 3,80,47,000 equity shares of ₹ 2/- each to "Garg Family Trust" by way of settlor, post this "Garg Family Trust" is one of the Promoters of the Company.

d) Details of shares held by Promoters

Name of Shareholder	As at 31st March, 2025		As at 31st March, 2024		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar	89,49,900	9.50%	89,49,900	9.50%	0.00%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	13.74%	0.01%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.37%	3,80,47,000	40.39%	0.02%
Smt. Megha Garg	24,19,900	2.57%	24,19,900	2.57%	0.00%
Sh. Paritosh K. Garg (HUF)	6,85,255	0.73%	6,85,255	0.73%	0.00%
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.27%	0.00%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.40%	1,07,45,100	11.41%	0.00%

e) Aggregate number of equity shares issued as bonus, shares issued for bonus other than cash and shares bought back during the period of five years immediately preceding the reporting date:

- During the year ended 31st March, 2022, the Company had issued 4,47,49,500 equity shares of ₹ 2/- each aggregating to ₹ 894.99 Lakhs as bonus shares.

f) Aggregate number of equity shares issued under Employee stock option scheme:

- During the year ended 31st March, 2025, the Company has issued 37,318 Equity shares of ₹ 2/- each at exercise price of ₹ 190/- each aggregating to ₹ 70.90 Lakhs. For details related to employee stock option, Refer Note 43.

13. OTHER EQUITY (ALSO REFER TO STATEMENT OF CHANGES IN EQUITY)

Nature and purpose of reserves

(a) Securities premium

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to the shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

(b) Retained earnings

Retained earnings are the profit that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to the Shareholders. Retained earning includes re-measurement (loss)/ gain on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(c) Share Based Payment Reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan. Refer Note no 43.

(d) Cash Flow Hedge Reserve

The Company uses hedging instruments as part of its management of exposure to risks associated with foreign currency. For hedging foreign currency, the Company uses foreign exchange forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amount recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

(e) Distribution made and proposed

a) The final dividend on equity shares of ₹ 4.00 per share amounting to ₹ 3,768.20 Lakhs (31st March, 2024: ₹ 1.30 per share, amounting to ₹ 1,163.49 Lakhs) has been approved at the annual general meeting held on 29th July, 2024 and dividend amount was transferred to dividend distribution account on 2nd August, 2024 during the year ended 31st March, 2025.

b) The proposed dividend on equity shares of ₹3.00 per share amounting to ₹ 2,827.27 Lakhs (31st March, 2024: ₹ 4.00 per share, amounting to ₹ 3,768.20 Lakhs) are subject to approval at the annual general meeting and is not recognised as liability at the year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

14. BORROWINGS

14.1 Current borrowings

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured		
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	10,085.12	10,813.63
- Bill discounting from bank [refer note no. 14A (2)]	10,476.03	1,775.52
Unsecured		
- Bill discounting from bank [refer note no. 14A (2)]	2,167.86	1,741.89
Total	**22,729.01**	**14,331.04**

14.2 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured Short term Borrowings	20,561.15	12,589.15
Unsecured Short term Borrowings	2,167.86	1,741.89
Total Borrowings	**22,729.01**	**14,331.04**

Notes:

1. The Company has been sanctioned working capital limits in excess of ₹ Five Crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed from time to time by the Company with such banks are in agreement with the books of accounts of the Company.
2. During the current year, the Company has established a supplier finance arrangement amounting to ₹ 9,624.62 Lakhs, that is offered to one of the Company's key supplier. For the supply chain financing agreement entered by the Company, it provides no security to the finance provider. However, the Cost of this arrangement is borne by the Company. Also, the payment to the vendors will be at a credit period offered by the banks and not on the original terms of the contract. Accordingly, the same has been recognised as Borrowings from the Bank as on 31st March, 2025.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

14 A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2025	Balance outstanding as at 31st March, 2025	Un-utilised Amount as at 31st March, 2025	Interest rate	Repayable in	Security Details
1	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 5,000.00 Lakhs (31st March, 2024: ₹ 5,000.00 Lakhs)	₹ 1,075.76 Lakhs (31st March, 2024: ₹ 1,694.91 Lakhs)	₹ 3,924.24 Lakhs (31st March, 2024: ₹ 3,305.09 Lakhs)	5.50%-9.00% (31st March, 2024: 4.00%-8.85%)	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Company, both present and future
1	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 7,000.00 Lakhs (31st March, 2024: ₹ 7,000.00 Lakhs)	₹ 2,466.78 Lakhs (31st March, 2024: ₹ 2,095.81 Lakhs)	₹ 4,533.22 Lakhs (31st March, 2024: ₹ 4,904.19 Lakhs)	5.90%-9.20% (31st March, 2024: 4.50%-9.05%)	On Demand, However renewable on annual basis.	- Second pari passu charge over all movable fixed assets of the Company, both present and future
1	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 14,000.00 Lakhs (31st March, 2024: ₹ 14,000.00 Lakhs)	₹ 6,500.00 Lakhs (31st March, 2024: ₹ 6,992.61 Lakhs)	₹ 7,500.00 Lakhs (31st March, 2024: ₹ 7,007.39 Lakhs)	5.62%-9.32% (31st March, 2024 : 5.17%-9.40%)	On Demand, However renewable on annual basis.	- Second pari passu charge on immovable property of the Company located at all the plants
2	Bill Discounting	Kotak Mahindra Bank	₹ 5,450.00 Lakhs (31st March, 2024: ₹ 5,450.00 Lakhs)	₹ 2,167.85 Lakhs (31st March, 2024: ₹ 1,741.89 Lakhs)	₹ 3,282.15 Lakhs (31st March, 2024: ₹ 3,708.11 Lakhs)	7.96%-8.11% (31st March, 2024 : 6.90%-8.90%)	Within 90 days from the discounting	- Unsecured
2	Bill Discounting	ICICI Bank	Nil (31st March, 2024: ₹1,500.00 Lakhs)	Nil (31st March, 2024: ₹ 954.08 Lakhs)	Nil (31st March, 2024: ₹ 545.92 Lakhs)	8.04%-8.21% (31st March, 2024: 4.70%-8.21%)	Within 30 to 180 days from the discounting	- Drawn on Customers under the Letter of credit issued by their bank
2	Bill Discounting	IDBI Bank	₹20,000.00 Lakhs (31st March, 2024: Nil)	₹ 10,476.03 Lakhs (31st March, 2024: ₹ Nil)	₹ 9,523.97 Lakhs (31st March, 2024: Nil)	7.10%-7.37% (31st March, 2024: nil)	Within 90 days from the discounting	- Unconditional acceptance from LC issuing Bank
2	Bill Discounting	HDFC Bank	₹5,900.00 Lakhs (31st March, 2024: ₹5,000.00 Lakhs)	Nil (31st March, 2024: ₹ 821.44 Lakhs)	₹ 5,900.00 Lakhs (31st March, 2024: ₹ 4,178.56 Lakhs)	5.90%-6.24% (31st March, 2024: 5.90%-6.24%)	Within 7 to 180 days from discounting	-Post Dated Cheque of ₹ 5,000 Lakhs.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

15. EMPLOYEE BENEFIT OBLIGATION

Particulars	As at 31st March, 2025	As at 31st March, 2024
Current		
Provisions for employees benefits		
- Provision for gratuity (Refer note 33)	232.19	202.29
- Provision for Compensated absences	253.32	243.27
Total	**485.51**	**445.56**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Current income tax		
Current income tax charge	8,392.70	7,543.72
Adjustments in respect of income tax of earlier years	89.20	(59.81)
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	708.31	659.23
Relating to origination and reversal of temporary differences (for earlier years)	19.74	(2.58)
Income tax expense reported in the Statement of profit and loss	**9,209.95**	**8,140.56**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(7.69)	(6.02)
Tax on items recognising on effective portion of cash flow hedges	(42.90)	(200.63)

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2025 and 31 March 2024

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Accounting profit before tax	35,967.41	32,439.23
At India's statutory income tax rate of 25.168 % (31st March, 2024: 25.168%)	9,052.28	8,164.30
Previous year tax adjustment	108.94	(62.39)
Non deductible expenses		
Expenses disallowed for tax purpose	48.73	38.64
Reported income tax expenses	**9,209.95**	**8,140.56**
Effective tax rate	**25.61%**	**25.09%**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Deferred tax assets/(Deferred tax liabilities)

Impact of timing difference between tax	Balance sheet		Movement	
	As at 31st March, 2025	As at 31st March, 2024	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
- Impact of difference between tax depreciation/amortisation and depreciation/ amortisation for the financial reporting	(4,337.38)	(3,493.38)	(844.00)	(541.43)
- Impact of MTM income As per IND-AS*	25.62	(45.64)	71.26	(323.12)
- Provision for doubtful debts/advances	185.12	179.86	5.26	11.95
- Expenses allowed on payment basis (43B items)	135.37	133.38	1.99	9.39
- Others	58.49	63.95	(5.46)	(14.07)
Net Deferred tax assets/ (Deferred tax liabilities)*	**(3,932.78)**	**(3,161.83)**	**(770.95)**	**(857.28)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ (42.90) Lakhs (31st March, 2024: ₹ (200.63) Lakhs) relating to hedging instruments.

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
At the beginning of the year	(3,161.83)	(2,304.55)
Tax (expense)/income for the year recognised in statement of profit and loss	(728.05)	(656.65)
Tax (expense)/income for the year recognised in OCI	(42.90)	(200.63)
Deferred Tax Assets/(Liabilities)-Net	**(3,932.77)**	**(3,161.83)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities related to income tax levied by same tax authority.

17. TRADE PAYABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	766.58	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,536.47	4,918.09
Trade payable to related parties (Refer note 35)	233.06	12.41
Total	**4,536.11**	**5,553.38**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 0 to 120 days terms.
- For terms and conditions with related parties, refer to Note 35.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Trade Payable ageing schedule

As at 31st March, 2025

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises		766.51	0.07	-	-	-	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	239.15	1,662.10	1,831.04	36.84	0.40	-	3,769.53
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**239.15**	**2,428.62**	**1,831.11**	**36.84**	**0.40**	**-**	**4,536.11**

As at 31st March, 2024

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	52.08	562.39	8.42	-	-	-	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises	691.49	2,906.86	1,326.40	4.38	1.36	-	4,930.50
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**743.57**	**3,469.25**	**1,334.82**	**4.38**	**1.36**	**-**	**5,553.38**

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2025	As at 31st March, 2024
Interest on income tax and others	0.92	2.76
Capital creditors-micro enterprises and small enterprises	104.16	104.84
Capital creditors - Other than micro enterprises and small enterprises	1,184.82	859.62
Derivative instruments at fair value through profit or loss (Refer note 36)	56.22	2.70
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	135.04	305.48
Employee dues payable	892.18	820.81
Share Issue Expense Payable (Refer Note 44)	155.06	658.98
Total	**2,528.40**	**2,755.19**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Contract liabilities *	1,056.43	151.41
Statutory dues payable**	878.74	764.91
Total	**1,935.17**	**916.32**

*Contract Liabilities are received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers.

** It includes tax deducted at source, tax collected at source, goods and services tax , employee state insurance and provident fund payable.

Break up of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2025	As at 31st March, 2024
Borrowings (Refer Note 14)	22,729.01	14,331.04
Trade Payables (Refer note 17)	4,536.11	5,553.38
Other financial liabilities - current (Refer note 18)	2,337.14	2,447.01
Total	**29,602.26**	**22,331.43**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2025	As at 31st March, 2024
Derivative instruments at fair value through profit or loss (Refer note 18)	56.22	2.70
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	135.04	305.48
Total	**191.26**	**308.18**

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Sale of Products		
- Sale of finished goods	1,28,784.55	1,22,927.30
Sale of services		
- Die design and preparation charges	855.91	1,380.90
Total revenue from contract with customer (i)	**1,29,640.46**	**1,24,308.20**
Other operating revenues		
- Sale of manufacturing scrap	9,850.80	10,164.40
- Government Grants (Refer Note no. 39)	1,398.21	1,350.98
Total other operating revenue (ii)	**11,249.01**	**11,515.38**
Total (i+ii)	**1,40,889.47**	**1,35,823.58**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

20.1 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Revenue as per contracted price	1,30,545.74	1,24,871.21
Adjustment for:		
Discount and Incentives as per contract/schemes	(905.28)	(563.01)
Total Revenue from contract with customers	**1,29,640.46**	**1,24,308.20**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Goods transferred at a point in time	1,28,784.55	1,22,927.30
Services transferred at a point in time	855.91	1,380.90
Total revenue from contracts with customers	**1,29,640.46**	**1,24,308.20**

20.3 Performance obligation

Sales of Auto components and engineering parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 7 to 150 days.

Sales of services

The performance obligation is satisfied at a point in time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 60 days.

20.4 Contract balances

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Trade Receivables (Refer Note 9)	42,653.85	35,691.78
Contract Liabilities (Refer Note 19)	1,056.43	151.41

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest income		
- on term deposits with bank	2,113.26	525.73
- on electricity deposit	66.15	60.12
- on Subsidiary Loan	11.38	-
- from other financial assets at amortised cost	252.90	179.53
Gain on fair valuation of current investment measured at fair value through profit and loss (net)*	58.46	-
Gain on Foreign Exchange variation (net)	503.75	281.73
Fair value gain on financial instruments at fair value through profit or loss	55.30	254.01
Gain from sale of Property, Plant and equipment (net)	-	0.35
Maturity proceeds of Keyman Insurance	635.10	-
Miscellaneous income**	60.51	34.06
Total	**3,756.81**	**1,335.54**

*Gain on fair valuation of mutual fund (Refer to note 5a)

** Includes rental income and insurance claim other than Maturity proceeds of Keyman Insurance .

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Inventory at the beginning of the year (Refer note 8) (a)	6,451.24	5,704.17
Purchases during the year (b)	59,039.91	63,720.31
Inventory at the end of the year (refer note 8) (c)	5,213.34	6,451.24
Total (a+b-c)	**60,277.81**	**62,973.24**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Inventory at the beginning of the year (Refer note 8)		
- Finished Goods	6,182.97	5,413.72
- Work In progress	7,178.52	4,633.98
- Scrap	111.43	111.48
Sub Total (a)	**13,472.92**	**10,159.18**
Inventory at the end of the year (Refer note 8)		
- Finished Goods	6,344.32	6,182.97
- Work In progress	7,893.44	7,178.52
- Scrap	346.32	111.43
Sub Total (b)	**14,584.08**	**13,472.92**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**(1,111.16)**	**(3,313.73)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Salaries, wages and bonus	10,420.89	9,464.65
Contribution to provident fund and other funds	855.79	819.95
Gratuity (Refer note 33)	262.74	226.22
Leave Compensation/Compensated absences	238.07	235.99
Staff welfare expenses	195.41	132.11
Share-based payments to employees (Refer Note 43)	508.66	567.10
Total	**12,481.56**	**11,446.03**

Code on Social Security

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest expenses (At amortised Cost)		
- on borrowings	329.78	864.08
- on others ***	3.02	41.98
Interest on bill discounting #	275.51	194.90
Interest on vendor financing	91.20	-
Other borrowing cost *	53.82	76.63
Total	**753.33**	**1,177.59**

This is net of interest received from Government of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters.(The scheme was valid till 31st December, 2024)

* includes amortisation of processing charges and bank charges.

*** includes interest on income tax of ₹ 0.89 Lakhs (31st March, 2024: ₹ 37.58 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Depreciation on property, plant and equipment (refer note 3)	7,592.12	6,436.32
Amortisation on intangible assets (refer note 4)	113.99	36.44
Total	**7,706.11**	**6,472.76**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Consumption of stores and spares	6,443.11	6,217.12
Power and fuel Expenses (net)#	9,910.30	9,235.98
Packing material	1,128.24	1,114.80
Job work charges & Contract Labour	2,842.96	1,893.18
Rent expenses (refer note 31)	42.19	29.55
Rates and taxes	162.15	75.70
Repairs and maintenance:		
- Plant and machinery	2,891.25	2,413.46
- Building	66.68	53.25
- others	163.45	126.43
Travelling and conveyance expenses	285.17	227.05
Advertisement and sales promotion expenses	114.50	81.68
Freight and forwarding charges	2,963.95	3,233.89
Director's sitting fees	23.40	37.00
Payment to Auditors (refer note. 27a)**	62.66	50.22
Legal and professional fees	238.29	159.09
Provision for doubtful receivables, advances and deposits	20.90	47.49
Corporate social responsibility (CSR) expenditure (refer note 34)	540.00	400.00

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Donation	2.54	4.72
Loss from sale of Property, Plant and equipment (net)	12.06	-
Property, plant and equipment written off	23.30	31.27
Insurance	327.43	282.07
Miscellaneous expenses	306.69	250.05
Total	**28,571.22**	**25,964.00**

Power and fuel expenses are net of ₹ 641.60 Lakhs (31st March, 2024: ₹ 547.06 Lakhs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

** Payment to auditors of Nil (31st March, 2024: 151.03 Lakhs) has been included in allocation of share issue expenses between the Company and selling shareholders.

27(a) Payment to Auditors

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
As statutory auditors		
(i) Audit Fee	40.00	40.00
(ii) Limited Review	15.00	5.00
(iii) Certification charges	3.55	1.50
(iv) Reimbursement of expenses	4.11	3.72
Total	**62.66**	**50.22**

27(b) Capitalisation of expenditures

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/Capital work in progress (CWIP) and Intangible assets under development (IAUD). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest on bank facilities @ 7.66% (31st March, 2024: 7.29%) (General borrowings)	544.07	341.84
Salaries wages and bonus	566.09	241.82
Total	**1,110.16**	**583.66**

28. EARNINGS PER SHARE (EPS)

Basic earnings per share have been computed by dividing net profit after tax by the weighted average number of shares outstanding for the year. Diluted earnings per share have been computed by dividing net profit after tax by the weighted average number of shares and diluted potential equity shares outstanding for the year.

The following table reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Profit attributable for basic & diluted earnings	**26,757.46**	**24,298.67**
Weighted average number of equity shares for basic EPS*	9,42,12,139	9,07,36,711
Effect of Dilution :		
- Share Options	44,333	86,489
Weighted average number of equity shares adjusted for the effect of dilution*	**9,42,56,472**	**9,08,23,201**

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Earnings per equity share [nominal value of share ₹ 2 /- (31 March 2024: ₹ 2 /-]		
Basic, computed based on profit from operations	28.40	26.78
Diluted, computed based on profit from operations	28.39	26.75

29. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars		For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
a.	**Contingent Liabilities**		
	Claims against the Company not acknowledged as debts:		
(i)	Excise/Goods & service tax demands (demand that pertains to reversal of Cenvat credit on Job work, classification difference of parts of railway engine and credit claimed through TRAN-1 on capital goods)	493.60	187.35
(ii)	Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	143.57	143.57
	The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the current status of the individual case and as per legal advice obtained by the Company, wherever applicable, along with the opinion of Management, when ultimately concluded will not have material effect on the results of the operations or financial position of the Company.		
b.	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	28,480.86	14,037.47
c.	**EPCG Commitment**		
	The Company has export obligations to the extent ₹ 786.36 Lakhs (as at 31st March, 2024 ₹ 11,179.88 Lakhs) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight /six years. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	51.43	1,888.83
d.	**Outstanding Bank guarantees**	1,746.78	885.02

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

30. DETAILS OF DUES TO THE MICRO AND SMALL ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Company has certain dues to suppliers registered under Micro, and Small Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	870.74	727.72
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.92	0.97
	871.66	**728.69**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	38.51	242.26
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.97	3.98
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.92	0.97
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

31. LEASE

The Company incurred ₹ 42.19 Lakhs during the year ended 31st March, 2025 (March 31 2024 ₹ 29.55 Lakhs) towards expenses relating to short terms leases and leases of low value assets and the same is recognised under other expenses in statement of Profit and loss account. Leases mainly comprise of facilities taken for sales office and as warehouse facilities.

32. SEGMENT INFORMATION

The Company business comprises only the Forging segment where the Company sells forged products comprising of forgings and machined components for the automotive and industrial sector. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The disclosure requirements of Ind AS 108- operating Segments" notified by the Companies (Accounting standard) Rules 2006 (as amended) is not applicable.

The Company's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance. As the Chief operating decision maker of the Company assesses the financial performance and position of the Company as a whole and maker strategic decision, the management considers manufacturing of forgings and related components as a single operating segment as per Ind As 108, hence separate segment disclosure, have not been furnished.

The following table shows the distribution of the Company's net revenue by geographical market, regardless of where the goods were produced:

Revenue from contract with customers	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Within India	1,05,730.60	99,548.67
Outside India	23,909.86	24,759.53
Total	**1,29,640.46**	**1,24,308.20**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Revenue from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is as follows:

Particulars	Number of customer	Amount
For the year ended 31st March, 2025	1	17,695.07
For the year ended 31st March, 2024	1	17,753.99

Non - current operating assets

The Company has non- current operating assets within India only. Hence, separate figures for domestic as well as overseas market are not required to be furnished.

33. EMPLOYEE BENEFITS OBLIGATION

(I) Defined benefit schemes

(A) Gratuity (Funded)

The Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. the Company pays contribution to Life Insurance Corporation of India to fund its plan.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	970.80	802.76
Current Service Cost	248.13	214.63
Past Service cost	-	-
Interest Cost	70.09	59.08
Remeasurements (gains)/losses	-	-
- Actuarial (gains)/losses arising from changes in financial assumptions	31.92	15.44
- Actuarial (gains)/losses arising from changes in experience adjustments	(50.75)	(33.44)
Benefits Paid	**(66.22)**	**(87.67)**
Present value of defined benefit obligation as at year end	**1,203.97**	**970.80**

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	768.51	645.20
Remeasurements (gains)/losses		
- Return on plan assets, (excluding amount included in net Interest expense)	67.21	53.42
Employer's Contribution	204.19	157.56
Benefits Paid	(66.22)	(87.67)
Fair Value of Plan Assets as at year end	**973.69**	**768.51**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(iii) Net employee benefit expense recognised in the statement of profit and loss:

Expense recognised in the Statement of Profit or Loss:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Current Service Cost	248.13	214.63
Net Interest Cost/(Income)	14.61	11.60
Net Cost Recognised in the Statement of Profit or Loss	**262.74**	**226.23**

Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Remeasurements (gains)/losses	(18.83)	(18.00)
Actuarial (gain) /Loss for the year on asset	(11.72)	(5.94)
Net Cost/ (gain) Recognised in the Other comprehensive income (OCI)	**(30.55)**	**(23.94)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	1,203.97	970.80
Fair Value of the Plan Assets at the year end	(973.69)	(768.51)
Liability/(Asset) Recognised in the Balance Sheet	**230.28**	**202.29**

(v) A quantitative sensitivity analysis for significant assumption as at year end is as shown below

a) Impact of change in discount rate	As at 31st March, 2025	As at 31st March, 2024
Present Value of obligation at the end of the year	1,203.97	970.80
a) Impact due to increase of 0.5%	(69.57)	(55.66)
b) Impact due to decrease of 0.5%	76.48	61.18

b) Impact of change in Salary increase	As at 31st March, 2025	As at 31st March, 2024
Present Value of obligation at the end of the year	1,203.97	970.80
a) Impact due to increase of 0.5%	73.09	58.32
b) Impact due to decrease of 0.5%	(67.34)	(53.81)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(vi) Expected contribution for the next Annual reporting year

Particulars	As at 31st March, 2025	As at 31st March, 2024
a) Service cost	302.33	266.40
b) Net interest cost	16.10	14.61
c) Expected expense for the next annual reporting year	318.42	281.01

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2025	As at 31st March, 2024
Discount Rate	6.99%	7.22%
Number of Employees	3,171	3,017
Maximum Gratuity amount limit	20 Lakhs	20 Lakhs
Mortality Rates inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
Future Salary Increase (%)	7.00%	7.00%
Retirement Age (Years)	58	58
Attrition at Ages		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India. The discount rate is based on the government securities yield.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

(viii) Major category of Plan Assets of the fair value of the total plan assets are as follows:-

Particulars	As at 31st March, 2025	As at 31st March, 2024
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2025	As at 31st March, 2024
0 to 1 years	87.78	80.78
1 to 2 years	30.79	28.99
2 to 3 years	41.78	33.56
3 to 4 years	44.22	42.47
4 to 5 years	47.85	44.25
5 to 6 years	44.63	43.57
6 years and beyond	906.92	697.18
Total	**1,203.97**	**970.80**

The average duration of the defined benefit plan obligation at the end of reporting year is 15.90 years (31st March, 2024 : 15.87 years)

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(B) Defined Contribution Scheme

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance or the benefit of employees.

Amount recognised in Statement of Profit and loss is as follows: (Refer Note 24)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Provident Fund paid to the authorities	662.68	628.12
Employee State insurance paid to authorities	185.65	184.57
Contribution to other funds	7.46	7.26
Total	**855.79**	**819.95**

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
a) Gross amount required to be spent by the Company during the year	534.00	398.31
b) Amount approved by the Board to be spent during the year	540.00	400.00

Amount spent during the year:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Construction / acquisition of any asset	168.68	219.32
On purpose other than above (i) above	311.58	56.65
Total amount spent during the year	**480.26**	**275.97**

Amount spent during the year ending on 31st March, 2025:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	168.68	59.74	228.42
ii) On purposes other than (i) above	311.58	-	311.58

Amount spent during the year ending on 31 March 2024:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	219.32	124.03	343.35
ii) On purposes other than (i) above	56.65	-	56.65

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
In case of S. 135(6) (Ongoing project)		
Opening Balance		
- With Company	-	-
- In Separate CSR Unspent A/c	124.03	60.00
Amount required to be spent	228.42	255.91
Amount spent during the year		
- From Company's bank A/c	168.68	133.57
- From Separate CSR Unspent A/c	124.03	60.00
Closing balance		
- With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be deposited in separate bank account	59.74	124.03
Actual amount deposited in Unspent Account after the year ended	60.00	124.03

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Opening Balance	-	-
Amount required to be spent during the year	311.58	144.09
Amount spent during the year	311.58	144.09
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
Closing Balance	-	-

35. RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", with whom transactions have taken place during the year are given below:

1) Subsidiary Company

i. HFL Technologies Private Limited (a wholly owned subsidiary of the Company with effect from March 16th , 2024.)

2) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman and Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
iv.	Suman Garg (upto 31st July, 2023)	Whole-Time Director
v.	Narinder Singh Juneja (Upto 31st December, 2024)	CEO & Whole-Time Director
vi.	Parkash Bagla (upto 24th May, 2024)	Non - executive Director
vii.	Vikas Giya (upto 30th January , 2025)	Independent Director
viii.	Nitin Aggarwal (upto 26th July, 2023)	Non- executive Director
ix.	Satish Sekhri	Independent Director
x.	Ravindra Pisharody	Independent Director
xi.	Rajeswari Karthigeyan	Independent Director
xii.	Atul B. Lall	Independent Director
xiii	Pankaj Kumar Goyal	Chief financial officer
xiv	Bindu Garg	Company Secretary & Compliance Officer

3) Close Member of Key Management Personnel (KMP)

i. Mrs Suman Garg (Wife of Paritosh Kumar)

4) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Private Limited

ii. Happy Steels Private Limited

iii. Technomec Industries (proprietorship) (upto July 2023)

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

iv. Northstar Autocomp Private Limited

v. Paritosh Kumar HUF

vi. Ashish Garg & Sons HUF

vii. Garg Family Trust

A) Transactions with related parties during the year.

Particulars	Relation	Transaction	For the year ended 31st March, 2025	For the Year ended 31st March, 2024
Happy Steel Private Limited	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods(Inclusive of GST)	5.47	9.21
		Job Work Expenses(Inclusive of GST)	1.13	-
		Purchase of Raw Material (Inclusive of GST)	36.02	-
Northstar Autocomp Private Limited	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods(Inclusive of GST)	-	7.52
		Sale of Raw Material(Inclusive of GST)	2.01	-
		Job Work Sales(Inclusive of GST)	4.02	-
Technomec Industries	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Job Work Expenses(Inclusive of GST)	-	17.32
		Reimbursement of freight(Inclusive of GST)	-	2.37
HFL Technologies Private Limited	Subsidiary Company	Purchase of Unquoted equity shares	-	10.00
		Loan to subsidiary	-	50.00
		Loan recovered from subsidiary	50.00	-
		Rent Received	0.42	-
		Interest on Loan	11.37	0.04
Suman Garg	Key Managerial Personnel	Short term employee benefit #	-	34.55
	Relative of Key Managerial Personnel	Short term employee benefit #	-	27.27
Paritosh Kumar	Key Management Personnel	Short term employee benefit #	430.44	412.47
		Imprest	20.24	-
		Dividend Paid	358.00	116.35
Ashish Garg	Key Management Personnel	Short term employee benefit #	364.04	364.04
		Dividend paid	517.85	168.30
		Imprest	47.10	18.13
Megha Garg	Key Management Personnel	Short term employee benefit #	84.64	84.64
		Imprest	4.60	-
		Dividend paid	96.80	31.46
Narender Singh Juneja (upto 31st December, 2024)	Key Management Personnel	Short term employee benefit #	98.10	97.04
		Imprest	1.55	-
Bindu Garg	Key Management Personnel	Short term employee benefit #	38.69	33.10
Pankaj Kumar Goyal	Key Management Personnel	Short term employee benefit #	88.63	44.68
Satish Sekhri	Key Management Personnel	Directors sitting fees	6.00	10.00
		Commission	5.00	6.00
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	5.00	10.00
		Commission	5.00	8.25
Vikas Giya	Key Management Personnel	Directors sitting fees	0.40	1.00
Rajeswari Karthigeyan	Key Management Personnel	Commission	5.00	-
Rajeswari Karthigeyan	Key Management Personnel	Directors sitting fees	6.00	9.00
Atul B. Lall	Key Management Personnel	Directors sitting fees	6.00	7.00
Atul B. Lall	Key Management Personnel	Commission	4.25	-
Ayush Capital & Financial Services	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	429.80	139.69
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	27.41	72.90
		Expenses incurred adjusted	-	968.46
Ashish Garg & Sons (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	10.17	3.30
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	1,521.88	494.61
Total			**4,293.03**	**3,258.70**

Expenses towards gratuity provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

Note - The net IPO proceeds, received in IPO Public Offer Account, has been transferred to respective selling shareholder account in proportion to their shareholding. (Refer Note 44)

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2025	As at 31st March, 2024
1	Happy Steels Private Limited	Trade payables	35.99	8.79
2	Technomec Industries	Trade payables	-	3.62
3	Happy Steels Private Limited	Trade receivable	2.08	19.91
4	NorthStar Autocomp Private Limited	Trade receivable	-	2.91
5	HFL Technologies Private Limited	Loan	-	50.00
6	HFL Technologies Private Limited	Interest Receivable	-	0.04
7	Ashish Garg	Imprest	27.55	16.94
8	Paritosh Kumar	Imprest	0.03	-
9	Paritosh Kumar Garg (HUF)	Other Payable	197.07	-

Terms and conditions of transactions with related parties

1. The Company's principal related parties consist of its key managerial personnel. The Company's related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.
2. Key Managerial Personnel are entitled to short term employment benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
3. All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.
4. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2024: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	Fair Value hierarchy	As at 31st March, 2025		As at 31st March, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 6)		15,110.06	15,110.06	20,396.01	20,396.01
(ii) Loans (Refer note 6.1)		-	-	50.00	50.00
(iii) Investment (Refer note 5)		10.00	10.00	10.00	10.00
Total Non current financial assets (a)		**15,120.06**	**15,120.06**	**20,456.01**	**20,456.01**
Financial Assets-Current					
At fair value though profit or loss					
(a) Investment in Mutual Fund (Refer note 5a)	Level 1	7,958.46	7,958.46		
At Amortised Cost					
(i) Trade receivables (Refer note 9)		42,653.85	42,653.85	35,691.78	35,691.78
(ii) Cash and cash equivalents (Refer note 10)		1,292.69	1,292.69	53.77	53.77
(iii) Bank balance other than above (Refer note 11)		12,361.31	12,361.31	12,119.28	12,119.28
(iv) Loans (Refer note 6.2)		33.26	33.26	24.37	24.37
(v) Other financial assets (Refer note 6)		2,934.66	2,934.66	797.58	797.58
Total Current financial assets (b)		**67,234.23**	**67,234.23**	**48,686.79**	**48,686.79**
Total financial assets (a+b)		**82,354.29**	**82,354.29**	**69,142.80**	**69,142.80**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2025		As at 31st March, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)		22,729.01	22,729.01	14,331.04	14,331.04
(ii) Trade payable (Refer note 17)		4,536.11	4,536.11	5,553.38	5,553.38
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	56.22	56.22	2.70	2.70
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	135.04	135.04	305.48	305.48
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)		892.18	892.18	820.81	820.81
Other payables (Refer note 18)		1,444.96	1,444.96	1,626.20	1,626.20
Total Current Financial Liabilities		**29,793.52**	**29,793.52**	**22,639.61**	**22,639.61**
Total Financial Liabilities		**29,793.52**	**29,793.52**	**22,639.61**	**22,639.61**

The management assessed that the fair value of current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments. Further, for non-current financial assets, the management assessed that the fair value approximate their carrying value largely due to the fact that majority of balance is represented by fixed deposits with bank created out of IPO Proceeds.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

The Following method and assumptions were used to estimate the fair value :

- The Company enters into investments in mutual funds, being valued using valuation techniques, which employs the use of market observables inputs. The Company uses net asset value provided by mutual fund managers for valuation of these investments.

C Fair Value hierarchy:

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's working capital requirements. The Company has various financial assets such as trade receivable, short term deposits and cash & cash equivalents, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks and also ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, debt and equity investments and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31st March, 2025 and 31st March, 2024.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports/exports. The Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the sensitivity to a reasonably possible change in US$, GBP and EURO exchange rates, with all other variables held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as mentioned above and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

Particulars	As at 31st March, 2025 (Foreign Currency)	As at 31st March, 2025 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	3,26,557	279.07	US$	5%	13.95	(13.95)
Trade Receivables	76,87,251	7,091.57	EURO	5%	354.58	(354.58)
Trade Receivables	9,41,121	1,036.92	GBP	5%	51.85	(51.85)
Capital Creditors	10,24,680	1,128.99	GBP	5%	(56.45)	56.45
Capital Creditors	10,000	8.55	US$	5%	(0.43)	0.43

Particulars	As at 31st March, 2024 (Foreign Currency)	As at 31st March, 2024(₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	6,34,644	528.95	US$	5%	26.45	(26.45)
Trade Receivables	61,10,779	5,506.05	EURO	5%	275.30	(275.30)
Trade Receivables	10,83,181	1,139.81	GBP	5%	56.99	(56.99)
Capital Creditors	1,56,295	164.47	GBP	5%	(8.22)	8.22
Capital Creditors	10,000	8.34	US$	5%	(0.42)	0.42
Capital Creditors	2,16,742	195.28	EURO	5%	(9.76)	9.76

The Company has derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate in foreign currency exposure. The counterparty for these contracts is generally a bank. The details of the outstanding foreign exchange forward contracts are as follows:

Particulars	Currency	As at 31st March, 2025		As at 31st March, 2024	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	GBP	28,00,000	3,085.01	42,00,000	4,419.58
Receivables (Forwards contracts sell)*	EURO	1,51,50,000	13,976.03	2,21,50,000	19,958.00

* Forward Contracts are against long term contracts with the customers which are booked upto Dec 2026

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Summary of exchange difference accounted in Statement of profit and loss:

Currency fluctuations	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Net foreign exchange (gain) shown as operating expenses	(503.75)	(281.73)
Net foreign exchange(gain)/losses shown as operating expenses	**(503.75)**	**(281.73)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2025	As at 31st March, 2024
US$	85.46	83.35
EUR	92.25	90.10
GBP	110.18	105.23

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of company's borrowing to interest rate changes as reported to the management at the end of reporting year are as follows:

Currency fluctuations	As at 31st March, 2025	As at 31st March, 2024
Floating Rate borrowings (Refer Note 14.1 & 14.2)	22,729.01	14,331.04

Interest rate sensitivity analysis

A reasonably possible change of 0.50% in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year end and was outstanding for the whole year.

Particulars	Profit/(Loss) before tax	
	Strengthening	Weakening
For the year ended 31st March, 2025		
Interest rate (0.5% Movement)	(113.65)	113.65
For the year ended 31st March, 2024		
Interest rate (0.5% Movement)	(71.66)	71.66

(iii) Commodity price risk

The Company is affected by price volatility of certain commodities. The principal raw materials for the Company products are alloy and carbon steel in the form of rounds and billets which are purchased by the Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors which is subject to price negotiations. Due to significant volatility in prices of steel, the Company has agreed with its customers for pass through of increase/decrease of prices of steel. There may be a lag effect in case of such pass-through arrangements.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(iv) Equity price risk

The Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to unlisted equity securities at cost was ` 10.00 Lakhs (As at 31st March, 2024: ` 10.00 Lakhs).

B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions are taken. Any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	189.03	141.54
Provision created during the year	20.90	47.49
Provision utilised/(reversed) during the year	-	-
Balance at the end of the year	**209.93**	**189.03**

The movement in allowance for impairment in respect of other assets is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	525.60	525.60
Provision created during the year	-	-
Balance at the end of the year	**525.60**	**525.60**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance & accounts department in accordance with the Company's policy. Investments of surplus funds are made with banks in Fixed deposits.

C. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a yearly basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Company will continue to consider various borrowings options to maximise liquidity and supplement cash requirements as necessary. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and buyers' credit facilities. As at 31st March, 2025, the Company has available ₹ 34,663.58 Lakhs (31st March, 2024: ₹ 23,649.26 Lakhs) in form of undrawn committed borrowing limits.

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2025				
Borrowings (Refer note 14.1 & 14.2)	22,729.01	-	-	22,729.01
Other financial liabilities (Refer note 18)	2,528.40	-	-	2,528.40
Trade Payable (Refer note 17)	4,536.11	-	-	4,536.11
Total	**29,793.52**	**-**	**-**	**29,793.52**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2024				
Borrowings (Refer note 14.1 & 14.2)	14,331.04	-	-	14,331.04
Other financial liabilities (Refer note 18)	2,755.19	-	-	2,755.19
Trade Payable (Refer note 17)	5,553.38	-	-	5,553.38
Total	**22,639.61**	**-**	**-**	**22,639.61**

38. CAPITAL RISK MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, security premium and all other equity, and reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents and other bank balances.

Particulars	As at 31st March, 2025	As at 31st March, 2024
Borrowings (Refer note 14.1 & 14.2)	22,729.01	14,331.04
Less: Cash & cash equivalents (Refer note 10)	(1,292.69)	(53.77)
Less: Other bank balance (Refer note 11)	(12,361.31)	(12,119.28)
Net debt	**9,075.01**	**2,157.99**
Total capital	1,84,968.64	1,61,249.40
Capital and net debt	**1,94,043.65**	**1,63,407.39**
Gearing ratio	4.68%	1.32%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Any breach in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2025 and 31st March, 2024.

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

39. RECOGNITION OF GOVERNMENT GRANTS

a) Under Invest Punjab scheme, the Company is eligible for various incentives like 100% exemption of electricity duty and Infrastructure development fund and Net SGST Incentive calculated based on GST deposited and applicable GST Rate, 100% exemption/refund of stamp duty and Change of Land Use(CLU) fees and 50% exemption of property tax.

During the current year, the Company has recognised government grant in relation to exemption of electricity duty and Infrastructure development fund amounting to ₹ 641.60 Lakhs (31st March, 2024: ₹ 547.06 Lakhs). The grant amount is netted from the Power & Fuel Expenses under other expenses. As on 31st March, 2025, ₹ 16.93 Lakhs (31st March, 2024: ₹ 16.78 Lakhs) of grant amount is receivable under this scheme.

Also, during the current year, the Company has recognised government grant in relation to refund of eligible Net SGST Incentive (which is calculated based on GST paid on eligible sales) amounting to ₹ 805.21 Lakhs (31st March, 2024: 737.62 Lakhs) under other operating revenue. As at 31st March, 2025 ₹ 2,606.17 Lakhs (31st March, 2024, ₹ 3,161.79 Lakhs) of grant amount is receivable under this scheme.

b) The Company has recognised export incentives under the Duty drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme (RoDTEP) aggregating to ₹ 593.00 Lakhs (31st March, 2024: ₹ 613.36 Lakhs). The amount of incentive recognised has been disclosed as other operating revenue.

40. HEDGING ACTIVITIES AND DERIVATIVES

a) Derivatives not designated as hedging instruments:

The Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

b) Derivatives designated as hedging instruments:

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	135.04	305.48

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions during the year ended 31st March, 2025 were assessed to be highly effective and unrealised (loss) gain of ₹ 170.44 Lakhs (31st March, 2024: ₹ 797.15 Lakhs), with a deferred tax (liability) asset of ₹ (42.90) Lakhs (31st March, 2024: ₹ (200.63) Lakhs) relating to the hedging instruments, is included in OCI.

Valuation Technique

The Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by the reference to market prices.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2025 contracts:

Particulars	Maturity									
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	36 to 42 months	42 to 48 months	Total
As at 31st March, 2025										
Foreign exchange derivative contracts (highly probable forecast sales)										
Notional amount (in EURO)	-	19,48,117	33,00,000	33,00,000	16,50,000	-	-	1,01,98,117		
Average forward rate (₹/EURO)	-	92.00	93.80	96.00	97.72	-	-	94.80		

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2024 contracts:

Particulars	Maturity									
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	36 to 42 months	42 to 48 months	Total
As at 31st March, 2024										
Foreign exchange derivative contracts (highly probable forecast sales)										
Notional amount (in EURO)	-	5,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	1,54,00,000		
Average forward rate (EURO/₹)	-	88.55	89.74	91.70	93.80	96.00	97.72	93.18		

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2025				
Foreign exchange derivative contracts(in EURO) of exports	1,01,98,117	135.04	Other current financial liabilities	135.04

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2024				
Foreign exchange derivative contracts(in EURO) of exports	1,54,00,000	305.48	Other current financial liabilities	305.48

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from OCI to profit or loss (Amount transferred from OCI TO P&L)	Line item in the statement of profit or loss
For the year ended 31st March, 2025					
Highly probable forecast sales	170.44	-	-	-	Sale of finished goods

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve	Tax Amount	Movement net of Tax
As at 31st March, 2024	(305.48)	76.88	(228.60)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	170.44	(42.90)	127.54
Amount reclassified to profit or loss	-	-	-
As at 31st March, 2025	**(135.04)**	**33.99**	**(101.06)**

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	As at 31st March, 2025	As at 31st March, 2024	% Change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	2.82	3.07	(8.01)	NA
Debt Equity Ratio (in times)	Total Debt	Shareholder's equity	0.12	0.09	31.83	Due to increase in current borrowings against Bill Discounting facility provided to Supplier.
Debt Service Coverage Ratio (in times)	Earnings for debt service=Net profit after taxes + Depreciation expense + Finance cost	Debt service= Interest & lease payments+ principal repayments on long term borrowings	50.48	3.41	1,379.14	Attributed due to Nil obligation of term loan servicing. The Company has fully liquidated all term loans in the previous financial year.
Return on Equity Ratio (in %)	Net profit after taxes	Average shareholder's equity	15.63%	18.69%	(16.37)	NA
Inventory Turnover Ratio (in times)	Cost of goods sold	Average inventory	2.59	3.03	(14.47)	NA
Trade Receivable Turnover Ratio (in times)	Net sales = Gross sales - sales return	Average trade receivable	3.56	4.04	(11.96)	NA

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Ratio	Numerator	Denominator	As at 31st March, 2025	As at 31st March, 2024	% Change	Reason for variance
Trade Payable Turnover Ratio (in times)	Net purchases = Gross purchases -purchase return	Average trade payable	14.38	14.76	(2.54)	NA
Net Capital Turnover Ratio (in times)	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	2.35	2.69	(12.57)	NA
Net Profit Ratio (in %)	Net Profit	Revenue from Operations	18.99%	17.89%	6.16	NA
Return on Capital Employed (in %)	Earning before interest and taxes	Capital Employed=Total Equity+Total Debt	17.68%	19.15%	(7.66)	NA
Return on investment (in %)	Income from Investment	Average Investment	NA	NA	NA	NA

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Particulars	Opening balance April 01, 2024	Expense	Cash flows	Non-cash Transactions	Closing balance March 31, 2025
				Fair value changes	
Interest Expense	33.05	753.33	(741.04)	-	45.34
Short term borrowings	14,300.74		8,385.68	-	22,686.42
Dividend paid	0.00	3,768.20	(3,768.20)	-	0.00
Issue of Share Capital including securities premium	61,511.13	80.57	70.90	-	61,662.60
Total Liabilities from financing activities	**75,844.92**	**4,602.10**	**3,947.34**	**-**	**84,394.36**

Particulars	Opening balance April 01, 2023	Expense	Cash flows	Non-cash Transactions	Closing balance March 31, 2024
				Fair value changes	
Non Current borrowings (including current maturity)	8,417.61	-	(8,417.61)	-	-
Interest Expense	152.62	1,177.59	(1,297.15)	-	33.05
Short term borrowings	13,434.00	-	866.74	-	14,300.74
Dividend paid	-	1,163.49	(1,163.49)	-	0.00
Issue of Share Capital including securities premium	23,408.00	-	38,103.13	-	61,511.13
Total Liabilities from financing activities	**45,412.23**	**2,341.08**	**28,091.62**	**-**	**75,844.92**

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

43. EMPLOYEE STOCK OPTION SCHEME

Employee stock option plan namely HAPPY FORGINGS ESOP SCHEME 2023 (the "Plan") was adopted by the Board of Directors in their meeting held on 31st July, 2023. As per the Plan the Company, at its discretion, may grant share options to eligible employees, once the employee has completed one year of service. Vesting of the share options is dependent on the completion of a minimum year of employment with the Company and/ or fulfilment of performance conditions as may be specified in this regard. Employees have a graded option plan where in the fair value of share options granted is estimated at the date of grant using a Black Scholes Model of Valuation, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the share options is ₹ 190 per equity share. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees.

The expense recognised for employee services received during the year is shown in the following table:

Particulars	As at 31st March, 2025	As at 31st March, 2024
	₹ Lakhs	₹ Lakhs
Expense arising from equity-settled share-based payment transactions	508.66	567.10
Total expense arising from share-based payment transactions	**508.66**	**567.10**

There were no cancellations or modifications to the awards during the year ending 31st March, 2025

Movements during the year

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year is as follows:

Particulars	31st March, 2025	31st March, 2025	31st March, 2024	31st March, 2024
	Number	WAEP (in ₹)	Number	WAEP (in ₹)
Opening Balance	3,51,959	190	-	-
Granted during the year		-	3,92,687	190
Exercised during the year	37,318	190	-	-
Forfeited during the year	14,453	190	40,728	190
Closing Balance	**3,00,188**	**190**	**3,51,959**	**190**
Exercisable at the end of the year	3,00,188	190	3,51,959	190

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2025 is 0.65 years (31st March, 2024: 1.46 years).

There are no options granted during the year and weighted average fair value of options granted during the previous year was ₹ 417.01 Lakhs.

The exercise prices for options outstanding at the end of the year is ₹ 190.00 (31st March, 2024: ₹190.00).

List of inputs to the models used for the plan for the year ended 31st March, 2025 and 31st March, 2024:

Particulars	31st March, 2025	31st March, 2024
Weighted average fair values at the measurement date	-	417.01
Expected volatility (%)	-	10.41
Risk–free interest rate (%)	-	7.17
Average Expected life of share options (years)	-	4.62
Weighted average fair value (₹)	-	553.70
Model used	-	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

44. INITIAL PUBLIC OFFER (IPO)

During the year ended 31st March 2024, the Company completed its Initial Public Offer ('IPO') of 1,18,65,802 equity shares of face value of 2 each at an issue price of ₹ 850 per share (including a share premium of ₹ 848 per share). The issue comprised of a fresh issue of 47,05,882 equity shares aggregating to ₹ 40,000 Lakhs and offer for sale of 71,59,920 equity shares aggregating to ₹ 60,859.32 Lakhs. The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on December 27, 2023.

Consequent to allotment of fresh issue, the paid-up equity share capital of the Company stands increased from ₹ 1,789.98 Lakhs consisting of 8,94,99,000 equity shares of ₹2 each to ₹ 1,884.10 Lakhs consisting of 9,42,04,882 equity Shares of ₹ 2 each.

The total offer expenses were estimated to the fresh issue are ₹ 2,217.67 Lakhs (including taxes). The utilisation of IPO proceeds from fresh issue (net of IPO related expense of ₹ 2,217.67 Lakhs) is summarised below:

Particulars	Amount
Amount received from fresh issue	40,000.00
Less: Offer expenses in relation to the Fresh Issue	2,217.67
Net IPO Proceeds available for utilisation	**37,782.33**

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilised till 31st March, 2024	Unutilised amounts as at 31st March, 2025*
Repayment and/ or pre-payment in full or part of certain borrowing availed by company	15,276.00	15,276.00	-
Purchase of equipment, plant and machinery	17,112.63	4,195.33	12,917.30
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**24,865.03**	**12,917.30**

* Net unutilised proceeds as on 31st March, 2025 have been temporarily invested in deposits with scheduled banks.

45. DETAILS OF LOAN GIVEN, INVESTMENT MADE AND GUARANTEE GIVEN UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

Name of the Company	Purpose	Nature	As at March 31, 2025	As at March 31, 2024
HFL Technologies Private Limited	Business Purpose	Investment	10.00	10.00
HFL Technologies Private Limited	Business Purpose	Loan	-	50.00

46.

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that audit trail feature is not enabled for certain changes made using privileged/ administrative access rights to the SAP application and the underlying HANA database. Further no instance of audit trail feature being tampered with was noted in respect of accounting software, wherever audit log was enabled. Additionally, the audit trail in respect of prior years has not been preserved by the Company as per the statutory requirements for record retention.

47. RE-GROUPING/RE-CLASSIFICATION

In accordance with recent expert advisory committee, the Company has reclassified accrued interest which has been included in the respective balances of assets and liabilities. Previously, accrued interest was presented as a separate line item in respective notes. There are no other re-grouping/reclassification done during the current year.

Notes to the Standalone Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

48. OTHER STATUTORY INFORMATION

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory year.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year/year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

  (a) directlyorindirectlylendorinvestinotherpersonsorentitiesidentifiedinanymannerwhatsoeverbyoronbehalfoftheFunding Party (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) the Company is not declared as wilful defaulter by any bank or financial institution.

49. Events after reporting date:

There are no events occurred after the reporting year which may impact the financial position as on 31st March, 2025.

49. EVENTS AFTER REPORTING DATE:

There are no events occurred after the reporting year which may impact the financial position as on 31st March, 2025.

As per our report of even date
For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Independent Auditor's Report

To the Members of Happy Forgings Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of Happy Forgings Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2025, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2025, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
Revenue Recognition *(as described in Note 2b(i), Note 2c(f) and Note 20 of the consolidated financial statements)*	
The Holding Company's revenue is derived primarily from sale of goods. The Holding Company manufactures specialized forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of goods. The timing of revenue recognition is relevant to the reported performance of the Holding Company. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognized before the control has been transferred.	Our procedures included the following: - We assessed the appropriateness of the Holding Company's accounting policies for revenue recognition by comparing with applicable accounting standards. - We evaluated the design, implementation and operating effectiveness of key internal controls over recognition of revenue. - We tested on a sample basis, key customer contracts to identify terms and conditions relating to transfer of control. - On a sample basis, we tested the revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognized appropriately when control is transferred. - We tested, on a sample basis specific revenue transaction recorded closer to the year end and after the financial year-end date to assess whether revenue is recognized in the correct period. - We performed analytical procedures to identify any unusual variances & corroborate the reasons for the same. - We have evaluated estimates or judgements made by management regarding revenue recognition and ensured that these estimates are reasonable and consistent with prior periods.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective company(ies)and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective company(ies) to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

- We did not audit the financial statements and other financial information, in respect of one subsidiary whose financial statements include total assets of ₹ 79.23 lacs as at March 31, 2025, and total revenues of Nil and net cash inflows of ₹ 1.92 lacs for the year ended on that date. These financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

  Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of the subsidiary company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statement and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
   (a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2025 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g);
   (g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (h) In our opinion, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 29 to the consolidated financial statements;
      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the consolidated financial statements in respect of such items as it relates to the Group;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2025.
      iv. a) The respective managements of the Holding Company and its subsidiary, which is the company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned

or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary which is the company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary which is the company incorporated in India whose financial statement have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 13 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi) Based on our examination which included test checks, the Group has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that, audit trail feature is not enabled for certain changes made using privileged/ administrative access rights, as described in note 47 to the consolidated financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of accounting software wherever audit log was enabled. Additionally, the audit trail of prior year(s) has not been preserved by the Group as per the statutory requirements for record retention, as stated in Note 47 to the consolidated financial statements.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549

Place of Signature: Gurugram
Date: May 17, 2025

Annexure '1'

REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Happy Forgings Limited ("the Company")

Re: Happy Forgings Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Group and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) There are no qualifications or adverse remarks by the respective auditor in the Companies (Auditors Report) Order (CARO) report of the company included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549

Place of Signature: Gurugram
Date: May 17, 2025

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HAPPY FORGINGS LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of Happy Forgings Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2025, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with

reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2025, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 25108044BMIBFN1549
Place of Signature: Gurugram
Date: May 17, 2025

Consolidated Balance Sheet

As at 31st March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
I ASSETS			
Non-current assets			
Property, plant and equipment	3	89,959.56	74,247.47
Capital work-in-progress	3(a)	11,638.67	12,193.62
Intangible assets	4	811.68	119.76
Intangible assets under development			
Financial assets:	4(a)	641.65	475.50
(i) Other financial assets	6	15,110.06	20,396.01
Other non current assets	7	11,497.02	6,987.61
Total non-current assets		**1,29,658.64**	**1,14,419.97**
Current assets			
Inventories	8	23,242.03	22,416.59
Financial assets:			
(i) Trade receivables	9	42,653.85	35,691.78
(ii) Cash and cash equivalents	10	1,294.61	64.27
(iii) Bank balance other than (ii) above	11	12,361.31	12,119.27
(iv) Loans	6.1	33.26	24.37
(v) Other financial assets	6	2,934.66	797.54
(vi) Investment	5	7,958.46	-
Other current assets	7	1,385.44	3,061.31
Total current assets		**91,863.62**	**74,175.13**
TOTAL ASSETS		**2,21,522.26**	**1,88,595.10**
II **EQUITY AND LIABILITIES**			
Equity			
Equity share capital	12	1,884.84	1,884.10
Other equity	13	1,83,069.77	1,59,365.12
Total equity		**1,84,954.61**	**1,61,249.22**
Non-current liabilities			
Financial liabilities:			
Deferred tax liabilities (net)	16	3,932.78	3,161.83
Total non-current liabilities		**3,932.78**	**3,161.83**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14	22,799.01	14,331.04
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		766.58	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,769.81	4,930.85
(iii) Other financial liabilities	18	2,528.40	2,755.19
Other current liabilities	19	1,935.17	916.82
Employee benefit obligations	15	485.51	445.57
Liabilities for current tax (net)		350.39	181.70
Total current liabilities		**32,634.87**	**24,184.05**
Total liabilities		**36,567.65**	**27,345.88**
TOTAL EQUITY AND LIABILITIES		**2,21,522.26**	**1,88,595.10**

The accompanying notes referred to above formed an integral part of the consolidated financial statements.

As per our report of even date

For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
INCOME			
Revenue from operations	20	1,40,889.47	1,35,823.58
Other income	21	3,745.01	1,335.49
TOTAL INCOME (A)		**1,44,634.48**	**1,37,159.07**
EXPENSES			
Cost of raw materials and components consumed	22	60,277.81	62,973.24
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	(1,111.16)	(3,313.73)
Employee benefits expense	24	12,481.56	11,446.03
Finance costs	25	753.33	1,177.59
Depreciation and amortisation expense	26	7,706.11	6,472.76
Other expenses	27	28,571.49	25,964.35
TOTAL EXPENSES (B)		**1,08,679.14**	**1,04,720.24**
PROFIT BEFORE TAX (C=A-B)		**35,955.34**	**32,438.83**
Tax expense:			
Current tax (net)	16	8,394.45	7,543.62
Adjustments of current tax relating to earlier years	16	89.20	(59.81)
Deferred tax	16	728.06	656.65
TOTAL TAX EXPENSE (D)		**9,211.71**	**8,140.46**
PROFIT FOR THE YEAR (E=C-D)		**26,743.63**	**24,298.37**
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent years			
Remeasurement gain on defined benefit plans	33	30.55	23.94
Less : Income tax effect on above	16	(7.69)	(6.02)
		22.86	**17.92**
Other comprehensive income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	170.44	797.15
Less: Income tax effect on above	16	(42.90)	(200.63)
		127.54	**596.52**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**150.40**	**614.44**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**26,894.03**	**24,912.81**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share (31st March, 2024 ₹ 2/- per share)			
(i) Basic	28	28.39	26.78
(ii) Diluted	28	28.37	26.75

The accompanying notes referred to above formed an integral part of the consolidated financial statements.

As per our report of even date

For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Consolidated Cash Flow Statement
For the year ended 31ST March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
OPERATING ACTIVITIES		
Profit before tax	35,955.34	32,438.83
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,706.11	6,472.76
(Gain)/Loss on disposal of property, plant and equipment	12.06	(0.35)
Interest income on Term Deposits	(2,113.26)	(525.73)
Interest Income from other financial assets at amortised cost	(252.90)	(179.53)
Gain on fair valuation of current investment measured at fair value through profit and loss (net)	(58.46)	-
Property, plant and equipment written off	23.30	31.27
Fair value (gain)/loss on financial instruments at fair value through profit and loss (net)	53.52	(254.01)
Unrealised foreign exchange (gain) (net)	(194.90)	(125.86)
Provisions for doubtful receivables, advances and deposits	20.90	47.49
Finance costs	753.33	1,177.59
Share-based payment expense	508.66	567.10
Operating profit before working capital changes	**42,413.70**	**39,649.57**
Working capital adjustments:		
(Increase) in inventories	(825.44)	(5,456.30)
(Increase) in trade receivables	(6,698.81)	(4,798.75)
(Increase)/Decrease in other financial assets and loans	1,328.24	(1,791.26)
(Increase)/decrease in other assets	1,701.04	(2,076.37)
Increase/(Decrease) in trade payable	(1,017.33)	779.94
Increase in other financial liabilities	(434.39)	793.18
Increase in other liabilities	1,018.35	139.54
Increase in short term provisions	70.50	90.76
Net Cash generated from operations	**37,555.86**	**27,330.31**
Less: Income tax paid (net of refund)	(8,322.63)	(8,386.43)
Net Cash flow from operating activities (A)	**29,233.23**	**18,943.88**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment (including capital work in progress, capital creditors and capital advances)	(27,113.11)	(18,928.49)
Payments for acquisition of intangible assets and intangible assets under development	(972.06)	(483.57)
Proceeds from sale of property, plant and equipment	29.16	3.38
Investment in Mutual Fund	(7,900.00)	-
Proceeds from fixed deposit	36,453.14	4,500.00
Investment in fixed deposit	(34,470.44)	(32,153.15)
Interest received on Term Deposits	1,953.08	89.30

Consolidated Cash Flow Statement
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Net cash flow (used in) investing activities (B)	**(32,020.23)**	**(46,972.54)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium (net of share issue expenses)	70.90	38,103.13
Repayment of long-term borrowings	-	(8,417.61)
Availment of short-term borrowing (net)	8,455.68	866.74
Interest Paid	(741.04)	(1,297.15)
Dividend Paid on equity shares	(3,768.20)	(1,163.49)
Net cash flow from financing activities (C)	**4,017.34**	**28,091.62**
Net Increase in cash and cash equivalents (A+B+C)	**1,230.34**	**62.96**
Cash and cash equivalents at the beginning of the year	64.27	1.31
Cash and cash equivalents as at year end	**1,294.61**	**64.27**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	12.85	2.81
Balance with banks :		
- On current accounts	1,281.76	61.46
Cash and cash equivalent as at year end	**1,294.61**	**64.27**

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in bracket indicate cash outflow.

iii) Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.

iv) There are no non-cash transaction in Investing activities & Financing activities.

The accompanying notes referred to above formed an integral part of the consolidated financial statements.

As per our report of even date

For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Consolidated Statement of Changes in Equity

For the year ended 31ST March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A. EQUITY SHARE CAPITAL

For the year ended 31st March, 2025

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued , subscribed and fully paid		
As at 1st April, 2024	9,42,04,882	1,884.10
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at ₹ 2/- face value per share during the year	37,318	0.74
As at 31st March, 2025	**9,42,42,200**	**1,884.84**

For the year ended 31st March, 2024

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid	**8,94,99,000**	**1,789.98**
As at 1st April, 2023		
Changes in equity capital during the year (Refer note 44)	47,05,882	94.12
Fresh Issue at ₹ 2/- face value per share during the year	9,42,04,882	1,884.10
As at 31st March, 2024		

B. OTHER EQUITY (REFER NOTE 13)

For the year ended 31st March, 2025

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2024	**59,627.04**	**99,399.58**	**567.10**	**(228.61)**	**1,59,365.12**
Profit for the year	-	26,743.63	-		26,743.63
Other comprehensive income		22.87		127.53	150.40
Total comprehensive income for the year	-	26,766.50	-	127.53	26,894.03
Issue of equity share during the year (Refer note 43)	70.16				70.16
Exercise of share options (Refer note 43)	80.57		(80.57)		-
Compensation options granted during the year (Refer Note no 43)			508.66		508.66
Dividend Paid		(3,768.20)			(3,768.20)
As at 31st March, 2025	**59,777.77**	**1,22,397.88**	**995.19**	**(101.07)**	**1,83,069.77**

Consolidated Statement of Changes in Equity

For the year ended 31ST March, 2025

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

For the year ended 31st March, 2024

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2023	**21,618.02**	**76,246.78**	**-**	**(825.12)**	**97,039.58**
Profit for the year	-	24,298.37	-		24,298.37
Other comprehensive income	-	17.92	-	596.52	614.44
Total comprehensive income for the year	-	24,316.29	-	596.52	24,912.81
Issue of equity share during the year (Refer note 44)	39,905.87	-	-	-	39,905.87
Share issue expenses (Refer note 44)	(1,896.86)	-	-	-	(1,896.86)
Compensation options granted during the year (Refer Note no 43)	-	-	567.10	-	567.10
Dividend Paid	-	(1,163.48)	-	-	(1,163.48)
As at 31st March, 2024	**59,627.04**	**99,399.58**	**567.10**	**(228.61)**	**1,59,365.12**

The accompanying notes referred to above formed an integral part of the consolidated financial statements.

As per our report of even date

For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION:

The consolidated financial statements comprise financial statements of Happy Forgings Limited ("the Holding Company") and its subsidiary (collectively, the Group) (CIN: L28910PB1979PLC004008) for the year ended 31st March, 2025. The Holding Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Group is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India.

The Group is principally engaged in manufacturing of Auto components and engineering parts. Information on other related party relationships of the Group is provided in Note 35.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 17th May, 2025.

2A. MATERIAL ACCOUNTING POLICIES:

(i) Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or other amount, as required by applicable accounting guidance.

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit pension plans - plan assets are measured at fair value

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in ₹ and all values are rounded to the nearest lacs (₹ 00,000), except when otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31st March, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of

the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When the proportion of the equity held by non-controlling interest changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognised in equity and attributed to the owners of the parent.

(iii) Current versus non-current classification

Based on the time involved between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iv) Foreign currencies

- **Functional and presentation currency**

  The consolidated financial statements are presented in ₹, which is also the Holding Company's functional currency.

- **Transactions and balances**

  Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

Notes to the Consolidated Financial Statements (Contd.)

Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2B. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

(i) Revenue from contract with customer

Revenue from contracts with customers is recognised when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to entitle in exchange for the goods or services. The Group has concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2C.

Sale of Goods : Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 7 to 150 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of goods provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The disclosures of significant estimates and assumptions if any, relating to the estimation of variable consideration for returns are provided in Note 2C.

Sale of Services: Revenues from sale of services in the nature of Tooling Income/die design and preparation charges are recognised over time using an input method to measure progress towards complete satisfaction of the tool development. The Group recognises revenue from development of tools and dies over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation. Where the Group cannot reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Export Incentives: Revenue from export incentives is accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Trade Receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (ix) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities: A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

Other Income

Dividend Income: Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(ii) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When the grant relates to incentives under "Invest Punjab Scheme", it is accounted as income on a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the approval of the relevant authority is sanctioned and there is a reasonable assurance that the grant will be received.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(iii) Inventory Valuation

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out (FIFO) basis.
- Packing Materials and other products are determined on Weighted Average basis.
- Stores and Spares is value at Weighted Average Value.
- Scrap is valued at estimated realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(iv) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at banks and short-term deposits with banks with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

(v) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Notes to the Consolidated Financial Statements (Contd.)

Machinery spares which can be used only in connection with an item of Property, Plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation for identified asset/ components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Property, Plant & equipment:

Type of Assets	Schedule II life (years)	Useful Lives*
Building –Factory	30	30
Building- others	60	60
Plant & Machinery**	15	3 to 30
Computers	3	3
Office Equipment	5	5
Electrical Fittings & installations	10	10
Furniture & Fixtures	10	10
Vehicles	8	8

*The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

** Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

Any item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when asset is derecognised.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6
Technical Know-how	4	4

Notes to the Consolidated Financial Statements (Contd.)

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

(vii) Impairment of non- financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Notes to the Consolidated Financial Statements (Contd.)

(viii) Financial Instrument

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (i) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a. Financial Assets at amortised Cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Group's financial assets at amortised cost includes trade receivables, and loan to employees included under other current financial assets.

b. Financial assets at fair value through other comprehensive income (FVTOCI) (debt instrument)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d. Financial Assets at Fair value through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Investments in Mutual Funds are accounted for at Fair value through Profit or Loss Account.

Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

c) Financial assets that are measured at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the

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entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

e. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are disclosed in Note 9.

De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheet) when:

(i) The right to receive cash flows from asset have expired, or.

(ii) The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:

  a) The Group has transferred substantially all the risks and rewards of the asset, or

  b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities:

Initial Recognition and Measurement.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognised in the Statement of Profit and Loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

b) Financial Liabilities measured at Amortised Cost (Loan and Borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 14.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that

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are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition of Financial Liability.

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss the reclassification date.

Offsetting of Financial Instruments.

Financial Assets and Financial Liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ix) Supplier finance arrangements

The Holding Company has established supplier finance arrangements (Refer Note 14). The Holding Company evaluates whether financial liabilities covered such arrangements continue to be classified within trade payables, or they need to be classified as a borrowing or as part of other financial liabilities/ as a separate line item on the face of the balance sheet. Such evaluation requires exercise of judgment basis specific terms of the arrangement.

Notes to the Consolidated Financial Statements (Contd.)

The Holding Company classifies financial liabilities covered under supplier finance arrangement within trade payables in the balance sheet only if (i) the obligation represents a liability to pay for goods and services, (ii) is invoiced and formally agreed with the supplier, (iii) is part of the working capital used in its normal operating cycle, (iv) the Company is not legally released from its original obligation to the supplier, and has not assumed a new obligation toward the bank, and another party (iv) there is no substantial modification to the terms of the liability.

If one or more of the above criteria are met, the Holding Company derecognises its original liability toward the supplier and recognise a new liability toward the bank which is classified as bank borrowing or other financial liability, depending on factors such as whether the Company (i) has obligation toward bank, (ii) is getting extended credit period such that obligation is no longer part of its working capital cycle, (iii) is paying interest directly or indirectly, (iv) has provided guarantee or security, and/ or (v) is recognised as borrower in the bank books.

Cash flows related to liabilities arising from supplier finance arrangements that continue to be classified in trade payables in the consolidated balance sheet are included in operating activities in the consolidated statement of cash flows, when the Holding Company finally settles the liability.

In cases, where the Holding Company has derecognised its original liability toward the supplier and recognise a new liability toward the bank, the Holding Company has assessed that the bank is acting as its agent in making payment to the supplier. Accordingly, the Holding Company presents operating cash outflow and financing cash inflow, when bank made payment to the supplier. The payment made by the Holding Company to the bank toward interest, if any, as well as on settlement is presented as financing cash outflows.

(x) Derivative Financial Instruments and hedge accounting

Initial recognition and subsequent measurement

The Holding Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Holding Company formally designates and documents the hedge relationship to which the Holding Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Holding Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Holding Company actually hedges and the quantity of the hedging instrument that the Holding Company actually uses to hedge that quantity of hedged item.

The Holding Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions, and thereafter, as a fair value hedge of the resulting receivables.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge

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reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects the statement of profit or loss. Under fair value hedge, the change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

(vii) Retirement and other employee Benefits

a) Defined Contribution Scheme:

Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. Such benefits are classified as Defined Contribution Schemes as the Holding Company does not carry any further obligations, apart from the contributions made on a monthly basis to the Regional Provident fund.

Employee's State Insurance

The Holding Company maintains an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Holding Company's contribution to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme are charged to the statement of profit and loss every year.

If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit Plan:

Gratuity

The Holding Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Holding Company is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme.

The Holding Company's Liabilities on account of Gratuity on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19 'Employee Benefits'. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Holding Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise. They are included in retained earnings through OCI in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Holding Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Holding Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income

Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Holding Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Holding Company recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Holding Company has a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xii) Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of the Group (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiii) Dividend

The Holding Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Holding Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(xiv) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST) / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST / value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xv) Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in consolidated financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

(xvi) Cash Flow Statement

The Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows" whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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(xvii) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xviii) Fair Value Measurements

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xix) Leases

The Holding Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

The Holding Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Holding Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

(xx) Share-based payments

Eligible Employees (including senior executives) of the Holding Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note No. 43

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Holding Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Holding Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(xxi) Segment Reporting

As per the compliance of Ind AS 108 operating segments are identified based on reports reviewed by CODM (chief operating decision-maker). Operating segments can either be based on products/services or on geographical basis. It is reported in a manner which is consistent with the internal reporting provided to the judgment of CODM.

2c. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Useful life of property, plant and equipment and intangible assets

The Group uses its technical expertise along with historical and industry trends for determining the economic useful life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

b. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. Significant judgement is required in determining the provision for income tax. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

c. Contingencies

The Group estimates the provisions and liabilities and to the probability of expenses arising claims from legal disputes/litigations that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

d. Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment defined benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 33.

e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

f. Revenue from contracts with customers

The Holding Company applies the judgements in respect to transactions relating to recognition of point in time of Sale of Goods, when the control is transferred generally on delivery of goods, that significantly affect the determination of the amount and timing of revenue from contracts with customers. For more details, refer note 2b(i).

g. **Provision for expected credit losses of trade receivables and contract assets**

The Holding Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Holding Company's historical observed default rates. The Holding Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

h. **Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Holding Company uses a Black Scholes model for Employee Share Option Plan (ESOP). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 43.

2d. New and amended standards

The Holding Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st April, 2024. The Holding Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a. **Ind AS 117 Insurance Contracts**

The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12th August, 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1st April, 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 does not have material impact on the Holding Company's Consolidated financial statements as the Group has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

b. **Amendments to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback**

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1st April, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.

The amendments do not have a material impact on the Holding Company's Consolidated financial statements.

c. **Geopolitical implications of US "reciprocal" tariffs**

In recent weeks, the United States government has imposed new tariffs including reciprocal tariffs against other countries and several countries have responded with retaliatory tariffs. On 9th April, 2025 the US government announced a 90 day pause for the reciprocal tariffs for many countries. However, baseline tariffs remain, as well as tariffs related to certain countries and industries. These tariffs, some of which are subject to change, impact all US trading partners to varying degrees. Much uncertainty remains as to the duration, possible exemptions and exclusions, as well as the extent of any retaliatory tariffs imposed on the US by other countries.

The Holding Company has made the assessment against the same and there is meagre exposure in terms of dependency on the export to the particular region.

2.e Climate – related matters

The Holding Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Holding Company due to both physical and transition risks. Even though the Holding Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Holding Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are Useful life of property, plant and equipment and Impairment of non-financial assets.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 31st March, 2023	**5,909.62**	**7,537.80**	**69,053.74**	**417.60**	**1,110.77**	**252.05**	**103.74**	**1,309.13**	**85,694.44**	**7,475.15**
Additions		1,179.69	11,288.70	87.04	243.52	30.78	29.00	163.42	13,022.15	16,967.04
Reclassification*										61.71
Transfers		-	-	-	-	-	-	-	-	(12,310.29)
Disposals		-	(124.56)	-	(11.48)	-	(1.03)	-	(137.07)	
At 31st March, 2024	**5,909.62**	**8,717.49**	**80,217.88**	**504.65**	**1,342.81**	**282.83**	**131.71**	**1,472.55**	**98,579.52**	**12,193.62**
Additions	1,003.27	165.64	21,483.02	98.77	40.63	54.86	30.03	492.51	23,368.73	22,761.08
Transfers	-	-	-	-	-	-	-	-	-	(23,316.03)
Disposals	-	-	(100.23)	-	(52.78)	-	-	-	(153.01)	
At 31st March, 2025	**6,912.89**	**8,883.13**	**1,01,600.67**	**603.42**	**1,330.66**	**337.69**	**161.74**	**1,965.06**	**1,21,795.25**	**11,638.67**
Depreciation										
At 31st March, 2023	**-**	**803.57**	**16,033.14**	**136.42**	**423.14**	**181.07**	**62.71**	**358.44**	**17,998.49**	**-**
Depreciation charge for the year		307.49	5,745.74	49.20	135.28	30.46	28.63	139.53	6,436.33	
Disposals		-	(93.29)	-	(9.33)	-	(0.15)	-	(102.77)	
At 31st March, 2024	**-**	**1,111.06**	**21,685.59**	**185.62**	**549.09**	**211.53**	**91.19**	**497.97**	**24,332.05**	
Depreciation charge for the year	-	329.63	6,812.38	56.92	148.55	33.26	27.91	183.47	7,592.13	
Disposals	-	-	(39.77)	-	(48.72)	-	-	-	(88.49)	
At 31st March, 2025	**-**	**1,440.69**	**28,458.19**	**242.54**	**648.93**	**244.79**	**119.10**	**681.44**	**31,835.69**	
Net book value										
At 31st March, 2025	**6,912.89**	**7,442.44**	**73,142.48**	**360.87**	**681.73**	**92.90**	**42.64**	**1,283.62**	**89,959.56**	**11,638.67**
At 31st March, 2024	**5,909.62**	**7,606.43**	**58,532.29**	**319.03**	**793.72**	**71.30**	**40.52**	**974.58**	**74,247.47**	**12,193.62**

Note 1: Refer to note 14A for information on property plant and equipment pledged as security by the Group.

Note 2: The title deed of all the immovable properties are held in the name of the Group.

Note 3: The Holding Company has capitalised certain expenses of revenue nature amounting to ₹ 1,110.16 Lakhs (31st March, 2024: ₹ 583.66 Lakhs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) and Intangible assets under development (IAUD) (Refer note 27(b)).

Note 4: On transition to Ind As (i.e. 1st April 2018) the Holding Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

*The amount was transferred from Asset held for sale to Capital Work in Progress (CWIP) during the FY 2023-24 due to change in management decision to use this asset in near future.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note 3 (a) Capital work-in-progress (CWIP) ageing schedule

As at 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	9,780.46	1,243.70	489.53	124.98	11,638.67
ii) Projects temporarily suspended					-
Total	**9,780.46**	**1,243.70**	**489.53**	**124.98**	**11,638.67**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

As at 31st March, 2024

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	10,881.13	1,230.47	35.72	46.30	12,193.62
ii) Projects temporarily suspended	-	-	-	-	-
Total	**10,881.13**	**1,230.47**	**35.72**	**46.30**	**12,193.62**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2023-24.

4. INTANGIBLE ASSETS

Particulars	Intangible assets	Intangible assets under development
Cost		
At 31st March, 2023	**216.93**	**-**
Additions	8.07	475.50
At 31st March, 2024	225.00	475.50
Additions	**805.92**	**865.06**
Transfers	-	(698.91)
At 31st March, 2025	**1,030.91**	**641.65**
Amortisation and impairment		
At 31st March, 2023	**68.81**	**-**
Amortisation charge for the year	36.43	-
At 31st March, 2024	**105.24**	**-**
Amortisation charge for the year	113.99	-
At 31st March, 2025	**219.23**	**-**
Net book value		
At 31st March, 2025	**811.68**	**641.65**
At 31st March, 2024	**119.76**	**475.50**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note 4 (a) Intangible asset under development (IAUD) ageing schedule

As at 31st March, 2025

Particulars	Amount in Intangible asset under development for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	458.11	183.54	-	-	641.65
ii) Projects temporarily suspended	-	-	-	-	-
Total	**458.11**	**183.54**	**-**	**-**	**641.65**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

As at 31st March, 2024

Particulars	Amount in Intangible asset under development for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	475.50	-	-	-	475.50
ii) Projects temporarily suspended	-	-	-	-	-
Total	**475.50**	**-**	**-**	**-**	**475.50**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2023-24.

5. INVESTMENT (CURRENT)

Investments in Liquid Mutual funds measured at Fair value through profit and loss

Particulars	Units		Amount	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
Investments in Mutual Fund (Quoted)				
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹ 3,600.00 (31st March, 2024 : Nil)	57,152.07	Nil	3,627.38	-
Axis liquid Fund Direct growth Cost ₹ 3,100.00 (31st March, 2024 : Nil)	1,08,334.33	Nil	3,123.93	-
Axis arbitrage Fund Direct growth Cost ₹ 1,200.00 (31st March, 2024 : Nil)	60,51,867.11	Nil	1,207.15	-
Total			**7,958.46**	**-**
Aggregate market value of quoted investment			7,958.46	-

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

6. OTHER FINANCIAL ASSETS

Non-current (Unsecured, Considered good)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Security deposits	1,388.25	1,230.93
Government Incentives receivable (Refer note 39)	804.51	3,161.79
Fixed Deposits to be used for capital expenditure*#	12,917.30	16,003.29
Total	**15,110.06**	**20,396.01**

*Original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.

#Represents balance of Initial Public Offer (IPO) proceeds of ₹12,917.30 Lakhs which will be utilised as stated in the prospectus for IPO (Refer note 44).

Fixed deposit of ₹ 6,850.63 Lakhs (31st March, 2024 Nil) held as margin money against the issuance of letter of credit and bank guarantee.

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Export benefits recoverable (Duty drawback & IGST Export)	51.82	28.44
Government Incentives receivable (Refer note 39)**	1,801.66	-
Share issue expenses recoverable** (Refer note 44)	-	714.13
Others	59.75	54.97
Fixed Deposits with NBFC having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date*	1,021.43	-
Total	**2,934.66**	**797.54**

Refer note 36 on Financial instruments for determination of fair value.

**During the year ended 31st March, 2024, the Holding Company incurred expenses in connection with the proposed Initial Public Offer (IPO) of equity shares of the Holding Company by way of a fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred, except for listing fees which were solely borne by the Holding Company, all other expenses were shared between the Holding Company and the Selling Shareholders on a pro-rata basis, in proportion to the equity shares issued and allotted by the Holding Company in the fresh issue and the offered shares sold by the Selling Shareholders in the offer for sale. Accordingly, the Holding Company recovered the expenses incurred in connection with the Issue upon completion of the Initial Public Offer (IPO). A third party managed the release of payment for these expenses to the Holding Company and the Selling Shareholders from a separate bank account maintained for this purpose under their control. Hence, the expenses relating to the Holding Company's share of the cost recovery were disclosed under this head.

*includes interest accrued ₹ 21.43 Lakhs (March 31,2024 : Nil)

** The Holding company expects the same to be realised within a period of 12 months from the reporting date.

6.1 Loans (Current)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Loan to employees	33.26	24.37
Total	**33.26**	**24.37**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Break up of financial assets carried at fair value through profit & loss

Particulars	As at 31st March, 2025	As at 31st March, 2024
Investment in Mutual Fund (Refer note 5)	7,958.46	-
Total	**7,958.46**	**-**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2025	As at 31st March, 2024
Other Non- current financial assets (Refer note 6)	15,110.06	20,396.01
Trade receivables (Refer note 9)	42,653.85	35,691.78
Cash and cash equivalents (Refer note 10)	1,294.61	64.27
Bank balance other than above (Refer note 11)	12,361.31	12,119.27
Other Current financial assets (Refer note 6)	2,934.66	797.54
Loans (Refer note 6.1)	33.26	24.37
Total	**74,387.75**	**69,093.25**

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Capital advances		
Considered good	11,433.82	6,899.23
Considered doubtful	167.01	167.01
	11,600.83	**7,066.24**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**11,433.82**	**6,899.23**
Prepaid expenses	63.20	88.38
Total	**11,497.02**	**6,987.61**

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balances with government authorities		
Considered good	533.74	2,011.24
Considered doubtful	358.59	358.59
	892.33	**2,369.83**
Less: Allowance for doubtful balances	(358.59)	(358.59)
Net Balance	**533.74**	**2,011.24**
Export benefits recoverable (RoDTEP/MEIS)	54.15	109.00
Advance to suppliers	466.41	618.15
Advance to employees*		
- Related parties (refer note 35)	224.62	16.94
-Others	(191.90)	1.80
Prepaid expenses	281.49	287.40
Government Incentives receivable (Refer note 39)	16.93	16.78
Total	**1,385.44**	**3,061.31**

* includes imprest balances with employees for business related expenses.

8. INVENTORIES

Inventory is valued at lower of cost or NRV, unless otherwise stated

Particulars	As at 31st March, 2025	As at 31st March, 2024
Raw materials and components	5,213.34	6,451.24
Work-in-progress	7,893.44	7,178.52
Finished goods (includes stock in transit)	6,344.32	6,182.97
Stores and spares	3,444.61	2,492.43
Scrap (valued at NRV)	346.32	111.43
Total inventories	**23,242.03**	**22,416.59**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Finished goods	3,163.08	3,820.99
Total	**3,163.08**	**3,820.99**

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade receivables	42,651.77	35,668.96
Receivables from related parties (Refer note 35)	2.08	22.82
Total Trade receivables	**42,653.85**	**35,691.78**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	42,315.67	35,516.52
Trade Receivables which have significant increase in credit risk	338.18	175.26
Trade Receivables-credit impaired	209.93	189.03
Total gross trade receivables (a)	**42,863.78**	**35,880.81**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Trade Receivables-credit impaired	(209.93)	(189.03)
Total Impairment allowance (b)	**(209.93)**	**(189.03)**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Net Trade receivables (a+b)	**42,653.85**	**35,691.78**

The carrying amount of trade receivables includes receivables that have been discounted with banks

Particulars	As at 31st March, 2025	As at 31st March, 2024
Receivables discounted from bank	3,019.27	3,517.41
Borrowing availed against said deliverables (Refer note 14.2)	**3,019.27**	**3,517.41**

- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 7 to 150 days.
- The carrying amount of trade receivables includes receivables which are discounted with banks. The Holding Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Holding Company has retained the late payment and credit risk. Accordingly, the Holding Company continues to recognise the transferred assets in entirely in its balance sheet. Refer note 14A for information on trade receivables pledged as security by the Holding Company.
- The Holding Company's exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 37.

Trade receivables ageing as at 31st March, 2025

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2025					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	30,381.68	11,933.99	-	-	-	-	42,315.67
Which have significant increase in credit risk	-	-	297.04	38.40	1.24	1.50	338.18
Credit impaired	-	-	33.00	38.40	23.92	28.61	123.93
Disputed							
Credit impaired	-	-	-	-	-	85.99	85.99
Total	**30,381.68**	**11,933.99**	**330.04**	**76.80**	**25.16**	**116.10**	**42,863.78**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Trade receivables ageing as at 31st March, 2024

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2024					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	28,708.29	6,808.22	-	-	-	-	**35,516.52**
Which have significant increase in credit risk	-	-	139.36	33.03	1.52	1.35	**175.26**
Credit impaired	-	-	15.48	33.03	28.94	25.59	**103.04**
Disputed							
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**28,708.29**	**6,808.22**	**154.84**	**66.06**	**30.46**	**112.94**	**35,880.81**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance with Banks		
- in cash credit account	1,219.46	40.95
- in current accounts	72.45	20.51
Cash on hand	2.70	2.81
Total	**1,294.61**	**64.27**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Cash on hand	2.70	2.81
Balance with Banks		
- in cash credit account	1,219.46	40.95
- in current accounts	72.45	20.51
Total	**1,294.61**	**64.27**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.*	12,361.31	12,119.27
Total	**12,361.31**	**12,119.27**

*includes interest accrued of ₹ 575.34 Lakhs (31st March, 2024 ₹ 436.59 Lakhs)

Fixed deposits earn interest at fixed rates. Short-term deposits are generally made for varying years within twelve months, depending on the cash requirements of the Holding Company, and earn interest at the respective deposit rates.

Fixed deposit of ₹ 8,633.20 Lakhs (31st March, 2024 ₹ 17.64 Lakhs) held as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 2/- each (31st March, 2024: ₹ 2/- each)	15,00,00,000	3,000.00	15,00,00,000	3,000.00
Issued, subscribed and fully paid-up				
Equity shares of ₹ 2/- each (31st March, 2024: ₹ 2/- each)	9,42,42,200	1,884.84	9,42,04,882	1,884.10

a) Rights, preferences and restrictions attached to equity shares

The Holding company currently has only one class of equity shares having a par value of ₹ 2/- per share (31st March, 2024: ₹ 2/-per share). Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Holding company. The Holding company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuring Annual General Meeting

In the event of liquidation of the Holding company, the holders of equity shares will be entitled to receive the remaining asset of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,42,04,882	1,884.10	8,94,99,000	1,789.98
Add:- Fresh issue of equity shares (Refer Note 43 & 44)	37,318	0.74	47,05,882	94.12
At the end of the year	**9,42,42,200**	**1,884.84**	**9,42,04,882**	**1,884.10**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Holding Company

Name of Shareholder	As at 31st March, 2025		As at 31st March, 2024	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar	89,49,900	9.50%	89,49,900	9.50%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	13.74%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.40%	1,07,45,100	11.41%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.37%	3,80,47,000	40.39%
India Business Excellence Fund - III (Formerly known as Vistra ITCL (India) Limited)	39,10,097	4.15%	82,91,525	8.80%
SBI Small Cap Fund	56,43,000	5.99%	-	0.00%

As per records of the Holding Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

During the financial year 2023-24, a trust by the name "Garg Family trust" was formed and registered on 28th July, 2023. The settlor for the Trust is "Ms. Suman Garg" and the trustees of the Trust are "Mr. Ashish Garg and Mr. Paritosh Kumar". On 7th August, 2023, 2,91,48,700 equity shares of ₹ 2/- each held by Mr. Paritosh Kumar (Promoter of the Holding Company) were transferred to Ms. Suman Garg (by way of Gift deed). On 7th August, 2023, Ms. Suman Garg settled 3,80,47,000 equity shares of ₹ 2/- each to "Garg Family Trust" by way of settlor, post this "Garg Family Trust" is one of the Promoters of the Holding Company.

d) Details of shares held by Promoters

Name of Shareholder	As at 31st March, 2025		As at 31st March, 2024		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar	89,49,900	9.50%	89,49,900	9.50%	0.00%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	13.74%	0.01%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.37%	3,80,47,000	40.39%	0.02%
Smt. Megha Garg	24,19,900	2.57%	24,19,900	2.57%	0.00%
Sh. Paritosh K. Garg (HUF)	6,85,255	0.73%	6,85,255	0.73%	0.00%
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.27%	0.00%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.40%	1,07,45,100	11.41%	0.00%

e) Aggregate number of equity shares issued as bonus, shares issued for bonus other than cash and shares bought back during the period of five years immediately preceding the reporting date:

- During the year ended 31st March, 2022, the Company had issued 4,47,49,500 equity shares of ₹ 2/- each aggregating to ₹ 894.99 Lakhs as bonus shares.

f) Aggregate number of equity shares issued under Employee stock option scheme:

- During the year ended 31st March, 2025 , the Holding Company has issued 37,318 Equity shares of ₹ 2/- each at exercise price of ₹ 190/- each aggregating to ₹70.90 Lakhs. For details related to employee stock option, Refer Note 43.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

13. OTHER EQUITY (ALSO REFER TO STATEMENT OF CHANGES IN EQUITY)

Nature and purpose of reserves

(a) Securities premium

Securities premium represents the excess consideration received by the Holding Company over the face value of the shares issued to the shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

(b) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to the Shareholders. Retained earning includes re-measurement (loss)/ gain on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

(c) Share Based Payment Reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan. Refer Note no 43.

(d) Cash Flow Hedge Reserve

The Holding Company uses hedging instruments as part of its management of exposure to risks associated with foreign currency. For hedging foreign currency, the Holding Company uses foreign exchange forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amount recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

e) Distribution made and proposed

a) The final dividend on equity shares of ₹ 4.00 per share amounting to ₹ 3,768.20 Lakhs (31st March, 2024: ₹ 1.30 per share, amounting to ₹ 1,163.49 Lakhs) has been approved at the annual general meeting held on 29th July 2024 and dividend amount was transferred to dividend distribution account on 2nd August, 2024 during the year ended 31st March, 2025.

b) The proposed dividend on equity shares of ₹3.00 per share amounting to ₹ 2,827.27 Lakhs (31st March, 2024: ₹ 4.00 per share, amounting to ₹ 3,768.20 Lakhs) are subject to approval at the annual general meeting and is not recognised as liability at the year end.

The Holding Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

14. BORROWINGS

14.1 Current borrowings

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured		
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	10,085.12	10,813.63
- Bill discounting from bank[refer note no. 14A (2)]	10,476.03	1,775.52
Unsecured		
- Bill discounting from bank [refer note no. 14A (2)]	2,167.86	1,741.89
- Loan from directors	70.00	-
Total	**22,799.01**	**14,331.04**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

14.2 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Secured Short term Borrowings	20,561.15	12,589.14
Unsecured Short term Borrowings	2,237.86	1,741.89
Total Borrowings	**22,799.01**	**14,331.04**

Notes:

1. The Holding Company has been sanctioned working capital limits in excess of ₹ Five Crores in aggregate from banks during the year on the basis of security of current assets of the Holding Company. The quarterly returns/statements filed from time to time by the Holding Company with such banks are in agreement with the books of accounts of the Holding Company.
2. During the current year, the Holding Company has established a supplier finance arrangement amounting to ₹ 9,624.62 Lakhs , that is offered to one of the Holding Company's key supplier. For the supply chain financing agreement entered by the Holding Company, it provides no security to the finance provider. However, the Cost of this arrangement is borne by the Holding Company. Also, the payment to the vendors will be at a credit period offered by the banks and not on the original terms of the contract. Accordingly, the same has been recognised as Borrowings from the Bank as on 31st March, 2025.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

14A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2025	Balance outstanding as at 31st March, 2025	Un-utilised Amount as at 31st March, 2025	Interest rate	Repayable in	Security Details
1	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 5,000.00 Lakhs (31st March, 2024: ₹ 5,000.00 Lakhs)	₹ 1,075.76 Lakhs (31st March, 2024: ₹ 1,694.91 Lakhs)	₹ 3,924.24 Lakhs (31st March, 2024: ₹ 3,305.09 Lakhs)	5.50%-9.00% (31st March, 2024 : 4.00%-8.85%)	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Holding Company, both present and future - Second pari passu charge over all movable fixed assets of the Holding Company, both present and future - Second pari passu charge on immovable property of the Holding Company located at all the plants
1	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 7,000.00 Lakhs (31st March, 2024: ₹ 7,000.00 Lakhs)	₹ 2,466.78 Lakhs (31st March, 2024: ₹ 2,095.81 Lakhs)	₹ 4,533.22 Lakhs (31st March, 2024: ₹ 4,904.19 Lakhs)	5.90%-9.20% (31st March, 2024: 4.50%-9.05%)	On Demand, However renewable on annual basis.	
1	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 14,000.00 Lakhs (31st March, 2024: ₹ 14,000.00 Lakhs)	₹ 6,500.00 Lakhs (31st March, 2024: ₹ 6,992.61 Lakhs)	₹ 7,500.00 Lakhs (31st March, 2024: ₹ 7,007.39 Lakhs)	5.62%-9.32% (31st March, 2024: 5.17%-9.40%)	On Demand, However renewable on annual basis.	
2	Bill Discounting	Kotak Mahindra Bank	₹ 5,450.00 Lakhs (31st March, 2024: ₹ 5,450.00 Lakhs)	₹ 2,167.85 Lakhs (31st March, 2024: ₹ 1,741.89 Lakhs)	₹ 3,282.15 Lakhs (31st March, 2024: ₹ 3,708.11 Lakhs)	7.96%-8.11% (31st March, 2024: 6.90%-8.90%)	Within 90 days from the discounting	- Unsecured
2	Bill Discounting	ICICI Bank	Nil (31st March, 2024: ₹ 1,500.00 Lakhs)	Nil (31st March, 2024: ₹ 954.08 Lakhs)	Nil (31st March, 2024: ₹ 545.92 Lakhs)	8.04%-8.21% (31st March, 2024: 4.70%-8.21%)	Within 30 to 180 days from the discounting	- Drawn on Customers under the Letter of credit issued by their bank
2	Bill Discounting	IDBI Bank	₹ 20,000.00 Lakhs (31st March, 2024: Nil)	₹ 10,476.03 Lakhs (31st March, 2024: ₹ Nil)	₹ 9,523.97 Lakhs (31st March, 2024: Nil)	7.10%-7.37% (31st March, 2024: nil)	Within 90 days from the discounting	- Unconditional acceptance from LC issuing Bank
2	Bill Discounting	HDFC Bank	₹ 5,900.00 Lakhs (31st March, 2024: ₹ 5,000.00 Lakhs)	Nil (31st March, 2024: ₹ 821.44 Lakhs)	₹ 5,900.00 Lakhs (31st March, 2024: ₹ 4,178.56 Lakhs)	5.90%-6.24% (31st March, 2024: 5.90%-6.24%)	Within 7 to 180 days from discounting	-Post Dated Cheque of ₹ 5,000 Lakhs.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

15. EMPLOYEE BENEFIT OBLIGATION

Particulars	As at 31st March, 2025	As at 31st March, 2024
Current		
Provisions for employees benefits		
- Provision for gratuity (Refer note 33)	232.19	202.29
- Provision for Compensated absences	253.32	243.28
Total	**485.51**	**445.57**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Current income tax		
Current income tax charge	8,394.45	7,543.62
Adjustments in respect of income tax of earlier years	89.20	(59.81)
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	703.52	659.23
Relating to origination and reversal of temporary differences (for earlier years)	24.54	(2.58)
Income tax expense reported in the Statement of profit and loss	**9,211.71**	**8,140.46**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(7.69)	(6.02)
Tax on items recognising on effective portion of cash flow hedges	(42.90)	(200.63)

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2025 and 31 March 2024

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Accounting profit before tax	35,955.34	32,438.83
At India's statutory income tax rate of 25.168 % (31st March, 2024: 25.168%)	9,049.24	8,164.20
Previous year tax adjustment	113.74	(62.39)
Non deductible expenses		
Expenses disallowed for tax purpose	48.73	38.64
Reported income tax expenses	**9,211.71**	**8,140.46**
Effective tax rate	**25.62%**	**25.09%**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following

Impact of timing difference between tax	Balance sheet		Movement	
	As at 31st March, 2025	As at 31st March, 2024	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
- Impact of difference between tax depreciation/amortisation and depreciation/ amortisation for the financial reporting	(4,337.38)	(3,493.38)	(844.00)	(541.43)
- Impact of MTM income As per IND-AS*	25.62	(45.64)	71.26	(323.12)
- Provision for doubtful debts/advances	185.12	179.86	5.26	11.95
- Expenses allowed on payment basis (43B items)	135.37	133.38	1.99	9.39
- Others	58.49	63.95	(5.46)	(14.07)
Net Deferred tax assets/ (Deferred tax liabilities)*	**(3,932.78)**	**(3,161.83)**	**(770.96)**	**(857.28)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ (42.90) Lakhs (31st March, 2024: ₹ (200.63) Lakhs) relating to hedging instruments.

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
At the beginning of the year	(3,161.82)	(2,304.55)
Tax (expense)/income for the year recognised in statement of profit and loss	(728.06)	(656.65)
Tax (expense)/income for the year recognised in OCI	(42.90)	(200.63)
Deferred Tax Assets/(Liabilities)-Net	**(3,932.78)**	**(3,161.83)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities related to income tax levied by same tax authority.

17. TRADE PAYABLES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	766.58	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,536.75	4,918.44
Trade payable to related parties (Refer note 35)	233.06	12.41
Total	**4,536.39**	**5,553.73**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 0 to 120 days terms.
- For terms and conditions with related parties, refer to Note 35.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Trade Payable ageing schedule

As at 31st March, 2025

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises		766.51	0.07	-	-	-	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	239.43	1,662.10	1,831.04	36.84	0.40	-	3,769.81
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**239.43**	**2,428.62**	**1,831.11**	**36.84**	**0.40**	**-**	**4,536.39**

As at 31st March, 2024

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	52.07	562.39	8.42	-	-	-	622.88
Total outstanding dues of creditors other than micro enterprises and small enterprises	691.50	2,906.85	1,326.75	4.38	1.36	-	4,930.85
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**743.57**	**3,469.24**	**1,335.17**	**4.38**	**1.36**	**-**	**5,553.73**

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2025	As at 31st March, 2024
Interest on income tax and others	0.92	2.76
Capital creditors-micro enterprises and small enterprises	104.16	104.84
Capital creditors - Other than micro enterprises and small enterprises	1,184.82	859.62
Derivative instruments at fair value through profit or loss (Refer note 36)	56.22	2.70
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	135.04	305.48
Employee dues payable	892.18	820.81
Share Issue Expense Payable (Refer Note 44)	155.06	658.98
Total	**2,528.40**	**2,755.19**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2025	As at 31st March, 2024
Contract liabilities *	1,056.43	151.41
Statutory dues payable**	878.74	765.41
Total	**1,935.17**	**916.82**

*Contract Liabilities are received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers.

** It includes tax deducted at source, tax collected at source, goods and services tax , employee state insurance and provident fund payable.

Break up of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2025	As at 31st March, 2024
Borrowings (Refer Note 14)	22,799.01	14,331.04
Trade Payables (Refer note 17)	4,536.39	5,553.73
Other financial liabilities - current (Refer note 18)	2,337.14	2,449.71
Total	**29,672.54**	**22,334.47**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2025	As at 31st March, 2024
Derivative instruments at fair value through profit or loss (Refer note 18)	56.22	2.70
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	135.04	305.48
Total	**191.26**	**308.18**

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Sale of Products		
- Sale of finished goods	1,28,784.55	1,22,927.30
Sale of services		
- Die design and preparation charges	855.91	1,380.90
Total revenue from contract with customer (i)	**1,29,640.46**	**1,24,308.20**
Other operating revenues		
- Sale of manufacturing scrap	9,850.80	10,164.40
- Government Grants (Refer Note no. 39)	1,398.21	1,350.98
Total other operating revenue (ii)	**11,249.01**	**11,515.38**
Total (i+ii)	**1,40,889.47**	**1,35,823.58**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

20.1 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Revenue as per contracted price	1,30,545.74	1,24,871.21
Adjustment for:		
Discount and Incentives as per contract/schemes	(905.28)	(563.01)
Total Revenue from contract with customers	**1,29,640.46**	**1,24,308.20**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Goods transferred at a point in time	1,28,784.55	1,22,927.30
Services transferred at a point in time	855.91	1,380.90
Total revenue from contracts with customers	**1,29,640.46**	**1,24,308.20**

20.3 Performance obligation

Sales of Auto components and engineering parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 7 to 150 days.

Sales of services

The performance obligation is satisfied at a point in time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 60 days.

20.4 Contract balances

Particulars	As at 31st March, 2025	As at 31st March, 2024
Trade Receivables (Refer Note 9)	42,653.85	35,691.78
Contract Liabilities (Refer Note 19)	1,056.43	151.41

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest income		
- on term deposits with bank	2,113.26	525.73
- on electricity deposit	66.15	60.12
- from other financial assets at amortised cost	252.90	179.53
Gain on sale/fair valuation of current investment measured at fair value through profit and loss (net)*	58.46	-
Gain on Foreign Exchange variation (net)	503.75	281.73
Fair value gain on financial instruments at fair value through profit or loss	55.30	254.01
Gain from sale of Property, Plant and equipment (net)	-	0.35
Maturity proceeds of Keyman Insurance	635.10	-
Miscellaneous income**	60.09	34.02
Total	**3,745.01**	**1,335.49**

*Gain on fair valuation of mutual fund (Refer to note 5a)

** Includes rental income and insurance claim other than Maturity proceeds of Keyman Insurance.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Inventory at the beginning of the year (Refer note 8) (a)	6,451.24	5,704.17
Purchases during the year (b)	59,039.91	63,720.31
Inventory at the end of the year (refer note 8) (c)	5,213.34	6,451.24
Total (a+b-c)	**60,277.81**	**62,973.24**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Inventory at the beginning of the year (Refer note 8)		
- Finished Goods	6,182.97	5,413.72
- Work In progress	7,178.52	4,633.98
- Scrap	111.43	111.48
Sub Total (a)	**13,472.92**	**10,159.18**
Inventory at the end of the year (Refer note 8)		
- Finished Goods	6,344.32	6,182.97
- Work In progress	7,893.44	7,178.52
- Scrap	346.32	111.43
Sub Total (b)	**14,584.08**	**13,472.92**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**(1,111.16)**	**(3,313.73)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Salaries, wages and bonus	10,420.89	9,464.65
Contribution to provident fund and other funds	855.79	819.95
Gratuity (Refer note 33)	262.74	226.22
Leave Compensation/Compensated absences	238.07	235.99
Staff welfare expenses	195.41	132.11
Share-based payments to employees (Refer Note 43)	508.66	567.10
Total	**12,481.56**	**11,446.03**

Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. Certain sections of the Code came into effect on 3rd May, 2023. However, the final rules/interpretation have not yet been issued. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest expenses (At amortised Cost)		
- on borrowings	329.78	864.08
- on others***	3.02	41.98
Interest on bill discounting#	275.51	194.90
Interest on vendor financing	91.20	-
Other borrowing cost*	53.82	76.63
Total	**753.33**	**1,177.59**

This is net of interest received from Government of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters. (The scheme was valid till 31st December, 2024)

* includes amortisation of processing charges and bank charges.

*** includes interest on income tax of ₹ 0.89 Lakhs (31st March, 2024: ₹ 37.58 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Depreciation on property, plant and equipment (refer note 3)	7,592.12	6,436.33
Amortisation on intangible assets (refer note 4)	113.99	36.43
Total	**7,706.11**	**6,472.76**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Consumption of stores and spares	6,443.11	6,217.12
Power and fuel Expenses (net)#	9,910.30	9,235.98
Packing material	1,128.24	1,114.80
Job work charges & Contract Labour	2,842.96	1,893.18
Rent expenses (refer note 31)	42.19	29.55
Rates and taxes	162.17	75.87
Repairs and maintenance:		
- Plant and machinery	2,891.25	2,413.46
- Building	66.68	53.25
- others	163.45	126.43
Travelling and conveyance expenses	285.17	227.05
Advertisement and sales promotion expenses	114.50	81.68
Freight and forwarding charges	2,963.95	3,233.89
Director's sitting fees	23.40	37.00
Payment to Auditors (refer note. 27a)**	62.66	50.22
Legal and professional fees	238.54	159.27
Provision for doubtful receivables, advances and deposits	20.90	47.49
Corporate social responsibility (CSR) expenditure (refer note 34)	540.00	400.00

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Donation	2.54	4.72
Loss from sale of Property, Plant and equipment (net)	12.06	-
Property, plant and equipment written off	23.30	31.27
Insurance	327.43	282.07
Miscellaneous expenses	306.69	250.05
Total	**28,571.49**	**25,964.35**

#Power and fuel expenses are net of ₹ 641.60 Lakhs (31st March, 2024: ₹ 547.06 Lakhs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

** Payment to auditors of Nil (31st March, 2024: 151.03 Lakhs) has been included in allocation of share issue expenses between the Holding Company and selling shareholders.

27(a) Payment to Auditors

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
As statutory auditors		
(i) Audit Fee	40.00	40.00
(ii) Limited Review	15.00	5.00
(iii) Certification charges	3.55	1.50
(iv) Reimbursement of expenses	4.11	3.72
Total	**62.66**	**50.22**

27(b) Capitalisation of expenditures

The Holding Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/ Capital work in progress (CWIP) and Intangible assets under development (IAUD). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Holding Company.

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Interest on bank facilities @ 7.66% (31st March, 2024: 7.29%) (General borrowings)	544.07	341.84
Salaries wages and bonus	566.09	241.82
Total	**1,110.16**	**583.66**

28. EARNINGS PER SHARE (EPS)

Basic earnings per share have been computed by dividing net profit after tax by the weighted average number of shares outstanding for the year. Diluted earnings per share have been computed by dividing net profit after tax by the weighted average number of shares and diluted potential equity shares outstanding for the year.

The following table reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Profit attributable for basic & diluted earnings	26,743.63	24,298.37
Weighted average number of equity shares for basic EPS*	9,42,12,139	9,07,36,711
Effect of Dilution:		
- Share Options	44,333	86,489
Weighted average number of equity shares adjusted for the effect of dilution*	9,42,56,472	9,08,23,201

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The following table shows the computation of Basic and Diluted EPS:	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Earnings per equity share [nominal value of share ₹ 2 /- (31 March 2024: ₹ 2 /-]		
Basic, computed based on profit from operations	28.39	26.78
Diluted, computed based on profit from operations	28.37	26.75

29. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
a. Contingent Liabilities		
Claims against the Holding Company not acknowledged as debts:		
(i) Excise/Goods & service tax demands (demand that pertains to reversal of Cenvat credit on Job work, classification difference of parts of railway engine and credit claimed through TRAN-1 on capital goods)	493.60	187.35
(ii) Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	143.57	143.57
The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the current status of the individual case and as per legal advice obtained by the Holding Company, wherever applicable, along with the opinion of Management, when ultimately concluded will not have material effect on the results of the operations or financial position of the Holding Company.		
b. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	28,480.86	14,987.47
c. EPCG Commitment		
The Holding Company has export obligations to the extent ₹ 786.36 Lakhs (as at 31st March, 2024 ₹ 11,179.88 Lakhs) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight /six years. Due to the remote likelihood of the Holding Company being unable to meet its export obligations, the Holding Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	51.43	1,888.83
d. Outstanding Bank guarantees	**1,746.78**	**885.02**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

30. DETAILS OF DUES TO THE MICRO AND SMALL ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Holding Company has certain dues to suppliers registered under Micro and Small Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	870.74	727.72
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.92	0.97
	871.66	**728.69**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	38.51	242.26
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.97	3.98
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.92	0.97
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

31. LEASE

The Holding Company incurred ₹ 42.19 Lakhs during the year ended 31st March, 2025 (March 31 2024 ₹ 29.55 Lakhs) towards expenses relating to short terms leases and leases of low value assets and the same is recognised under other expenses in statement of Profit and loss account. Leases mainly comprise of facilities taken for sales office and as warehouse facilities.

32. SEGMENT INFORMATION

The Group's business comprises only the Forging segment where the Group sells forged products comprising of forgings and machined components for the automotive and industrial sector. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The disclosure requirements of Ind AS 108- operating Segments" notified by the Companies (Accounting standard) Rules 2006 (as amended) is not applicable.

The Group's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance. As the Chief operating decision maker of the Group assesses the financial performance and position of the Group as a whole and maker strategic decision, the management considers manufacturing of forgings and related components as a single operating segment as per Ind As 108, hence separate segment disclosure, have not been furnished.

The following table shows the distribution of the Group's net revenue by geographical market, regardless of where the goods were produced:

Revenue from contract with customers	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Within India	1,05,730.60	99,548.67
Outside India	23,909.86	24,759.53
Total	**1,29,640.46**	**1,24,308.20**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Revenue from transactions with a single external customer amounting to 10 per cent or more of the Holding Company revenues is as follows:

Particulars	Number of customer	Amount
For the year ended 31st March, 2025	1	17,695.07
For the year ended 31st March, 2024	1	17,753.99

Non - current operating assets

The Group has non- current operating assets within India only. Hence, separate figures for domestic as well as overseas market are not required to be furnished.

33. EMPLOYEE BENEFITS OBLIGATION

(I) Defined benefit schemes

(A) Gratuity (Funded)

The Holding Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Holding company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Holding Company pays contribution to Life Insurance Corporation of India to fund its plan.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	970.81	802.76
Current Service Cost	248.13	214.63
Past Service cost		-
Interest Cost	70.09	59.08
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in financial assumptions	31.92	15.44
-Actuarial (gains)/losses arising from changes in experience adjustments	(50.75)	(33.44)
Benefits Paid	**(66.22)**	**(87.67)**
Present value of defined benefit obligation as at year end	**1,203.97**	**970.81**

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	768.51	645.20
Remeasurements (gains)/losses		
-Return on plan assets, (excluding amount included in net Interest expense)	67.21	53.42
Employer's Contribution	204.19	157.56
Benefits Paid	(66.22)	(87.67)
Fair Value of Plan Assets as at year end	**973.69**	**768.51**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(iii) Net employee benefit expense recognised in the statement of profit and loss:

Expense recognised in the Statement of Profit or Loss:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Current Service Cost	248.13	214.63
Net Interest Cost/(Income)	14.61	11.60
Net Cost Recognised in the Statement of Profit or Loss	**262.74**	**226.23**

Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Remeasurements (gains)/losses	(18.83)	(18.00)
Actuarial (gain) /Loss for the year on asset	(11.72)	(5.94)
Net Cost/(gain) Recognised in the Other comprehensive income (OCI)	**(30.55)**	**(23.94)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	1,203.97	970.80
Fair Value of the Plan Assets at the year end	(973.69)	(768.51)
Liability/(Asset) Recognised in the Balance Sheet	**230.28**	**202.29**

(v) A quantitative sensitivity analysis for significant assumption as at year end is as shown below

a) Impact of change in discount rate	As at 31st March, 2025	As at 31st March, 2024
Present Value of obligation at the end of the year	1,203.97	970.80
a) Impact due to increase of 0.5%	(69.57)	(55.66)
b) Impact due to decrease of 0.5%	76.48	61.18

b) Impact of change in Salary increase	As at 31st March, 2025	As at 31st March, 2024
Present Value of obligation at the end of the year	1,203.97	970.80
a) Impact due to increase of 0.5%	73.09	58.32
b) Impact due to decrease of 0.5%	(67.34)	(53.81)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(vi) Expected contribution for the next Annual reporting year

Particulars	As at 31st March, 2025	As at 31st March, 2024
a) Service cost	302.33	266.40
b) Net interest cost	16.10	14.61
c) Expected expense for the next annual reporting year	318.42	281.01

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2025	As at 31st March, 2024
Discount Rate	6.99%	7.22%
Number of Employees	3,171	3,017
Maximum Gratuity amount limit	20 Lakhs	20 Lakhs
Mortality Rates inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
Future Salary Increase (%)	7.00%	7.00%
Retirement Age (Years)	58	58
Attrition at Ages		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India. The discount rate is based on the government securities yield.

The Holding Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

(viii) Major category of Plan Assets of the fair value of the total plan assets are as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2025	As at 31st March, 2024
0 to 1 years	87.78	80.78
1 to 2 years	30.79	28.99
2 to 3 years	41.78	33.56
3 to 4 years	44.22	42.47
4 to 5 years	47.85	44.25
5 to 6 years	44.63	43.57
6 years and beyond	906.92	697.18
Total	**1,203.96**	**970.80**

The average duration of the defined benefit plan obligation at the end of reporting year is 15.90 years (31st March, 2024: 15.87 years)

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(B) Defined Contribution Scheme

The Holding Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance or the benefit of employees.

Amount recognised in Statement of Profit and loss is as follows: (Refer Note 24)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Provident Fund paid to the authorities	662.68	628.12
Employee State insurance paid to authorities	185.65	184.57
Contribution to other funds	7.46	7.26
Total	**855.79**	**819.95**

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
a) Gross amount required to be spent by the Holding Company during the year	534.00	398.31
b) Amount approved by the Board to be spent during the year	540.00	400.00

Amount spent during the year:

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Construction / acquisition of any asset	168.68	219.32
On purpose other than above (i) above	311.58	56.65
Total amount spent during the year	**480.26**	**275.97**

Amount spent during the year ending on 31st March, 2025:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	168.68	59.74	228.42
ii) On purposes other than (i) above	311.58	-	311.58

Amount spent during the year ending on 31 March 2024:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	219.32	124.03	343.35
ii) On purposes other than (i) above	56.65	-	56.65

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
In case of S. 135(6) (Ongoing project)		
Opening Balance		
- With Holding Company	-	-
- In Separate CSR Unspent A/c	124.03	60.00
Amount required to be spent	228.42	255.91
Amount spent during the year		
- From Holding Company's bank A/c	168.68	133.57
- From Separate CSR Unspent A/c	124.03	60.00
Closing balance		
- With Holding Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be deposited in separate bank account	59.74	124.03
Actual amount deposited in Unspent Account after the year ended	60.00	124.03

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Opening Balance	-	-
Amount required to be spent during the year	311.58	144.09
Amount spent during the year	311.58	144.09
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
Closing Balance	-	-

35. RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", with whom transactions have taken place during the year are given below:

1) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman and Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
iv.	Suman Garg (upto 31st July 2023)	Whole-Time Director
v.	Narinder Singh Juneja (Upto 31st December, 2024)	CEO & Whole-Time Director
vi.	Parkash Bagla (upto 24th May, 2024)	Non - executive Director
vii.	Vikas Giya (upto 30th January, 2025)	Independent Director
viii.	Nitin Aggarwal (upto 26th July 2023)	Non- executive Director
ix.	Satish Sekhri	Independent Director
x.	Ravindra Pisharody	Independent Director
xi.	Rajeswari Karthigeyan	Independent Director
xii.	Atul B. Lall	Independent Director
xiii	Pankaj Kumar Goyal	Chief financial officer
xiv	Bindu Garg	Company Secretary & Compliance Officer

2) Close Member of Key Management Personnel (KMP)

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

i. Mrs Suman Garg (Wife of Paritosh Kumar)

3) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Private Limited
ii. Happy Steels Private Limited
iii. Technomec Industries (proprietorship) (upto July 2023)
iv. Northstar Autocomp Private Limited
v. Paritosh Kumar HUF
vi. Ashish Garg & Sons HUF
vii. Garg Family Trust

A) Transactions with related parties during the year.

Particulars	Relation	Transaction	For the year ended 31st March, 2025	For the Year ended 31st March, 2024
Happy Steel Private Limited	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods (Inclusive of GST)	5.47	9.21
		Job Work Expenses (Inclusive of GST)	1.13	-
		Purchase of Raw Material (Inclusive of GST)	36.02	
Northstar Autocomp Private Limited	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods (Inclusive of GST)	-	7.52
		Sale of Raw Material (Inclusive of GST)	2.01	-
		Job Work Sales (Inclusive of GST)	4.02	-
Technomec Industries	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Job Work Expenses (Inclusive of GST)	-	17.32
		Reimbursement of freight (Inclusive of GST)	-	2.37
Suman Garg	Key Managerial Personnel	Short term employee benefit #	-	34.55
	Relative of Key Managerial Personnel	Short term employee benefit #	-	27.27
Paritosh Kumar	Key Management Personnel	Short term employee benefit #	430.44	412.47
		Imprest	20.24	-
		Dividend Paid	358.00	116.35
Ashish Garg	Key Management Personnel	Short term employee benefit #	364.04	364.04
		Loan taken	70.00	-
		Dividend paid	517.85	168.30
		Imprest	47.10	18.13
Megha Garg	Key Management Personnel	Short term employee benefit #	84.64	84.64
		Imprest	4.60	-
		Dividend paid	96.80	31.46
Narender Singh Juneja (upto 31st December, 2024)	Key Management Personnel	Short term employee benefit #	98.10	97.04
		Imprest	1.55	-

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Relation	Transaction	For the year ended 31st March, 2025	For the Year ended 31st March, 2024
Bindu Garg	Key Management Personnel	Short term employee benefit #	38.69	33.10
Pankaj Kumar Goyal	Key Management Personnel	Short term employee benefit #	88.63	44.68
Satish Sekhri	Key Management Personnel	Directors sitting fees	6.00	10.00
		Commission	5.00	6.00
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	5.00	10.00
		Commission	5.00	8.25
Vikas Giya	Key Management Personnel	Directors sitting fees	0.40	1.00
Rajeswari Karthigeyan	Key Management Personnel	Commission	5.00	-
Rajeswari Karthigeyan	Key Management Personnel	Directors sitting fees	6.00	9.00
Atul B.Lall	Key Management Personnel	Directors sitting fees	6.00	7.00
Atul B.Lall	Key Management Personnel	Commission	4.25	-
Ayush Capital & Financial Services	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	429.80	139.69
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	27.41	72.90
		Expenses incurred adjusted	-	968.46
Ashish Garg & Sons (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	10.17	3.30
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	1,521.88	494.61
Total			**4,301.24**	**3,198.66**

Expenses towards gratuity provisions are determined by actuary on an overall Holding Company basis at the end of each year and, accordingly have not been considered in the above information.

Note - The net IPO proceeds, received in IPO Public Offer Account, has been transferred to respective selling shareholder account in proportion to their shareholding. (Refer Note 44)

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2025	As at 31st March, 2024
1	Happy Steels Private Limited	Trade payables	35.99	8.79
2	Technomec Industries	Trade payables	-	3.62
3	Happy Steels Private Limited	Trade receivable	2.08	19.91
4	NorthStar Autocomp Private Limited	Trade receivable	-	2.91
5	Ashish Garg	Imprest	27.55	16.94
6	Paritosh Kumar	Imprest	0.03	-
7	Ashish Garg	Unsecured Loan	70.00	-
8	Paritosh Kumar Garg (HUF)	Other Payable	197.07	-

Terms and conditions of transactions with related parties

1. The Holding Company's principal related parties consist of its key managerial personnel. The Holding Company's related party transactions and outstanding balances are with related parties with whom the Holding Company routinely enters into transactions in the ordinary course of business.
2. Key Managerial Personnel are entitled to short term employment benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
3. All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.
4. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2025, the Holding Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2024: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	Fair Value hierarchy	As at 31st March, 2025		As at 31st March, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 6)		15,110.06	15,110.06	20,396.01	20,396.01
Total Non current financial assets (a)		**15,110.06**	**15,110.06**	**20,396.01**	**20,396.01**
Financial Assets-Current					
At fair value though profit or loss					
(a) Investment in Mutual Fund (Refer note 5)	Level 1	7,958.46	7,958.46	-	-
At Amortised Cost					
(i) Trade receivables (Refer note 9)		42,653.85	42,653.85	35,691.78	35,691.78

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Fair Value hierarchy	As at 31st March, 2025		As at 31st March, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
(ii) Cash and cash equivalents (Refer note 10)		1,294.61	1,294.61	64.27	64.27
(iii) Bank balance other than above (Refer note 11)		12,361.31	12,361.31	12,119.27	12,119.27
(iv) Loans (Refer note 6.1)		33.26	33.26	24.37	24.37
(v) Other financial assets (Refer note 6)		2,934.66	2,934.66	797.54	797.54
Total Current financial assets (b)		**67,236.15**	**67,236.15**	**48,697.24**	**48,697.24**
Total financial assets (a+b)		**82,346.21**	**82,346.21**	**69,093.25**	**69,093.25**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2025		As at 31st March, 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)		22,799.01	22,799.01	14,331.04	14,331.04
(ii) Trade payable (Refer note 17)		4,536.39	4,536.39	5,553.73	5,553.73
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	56.22	56.22	2.70	2.70
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	135.04	135.04	305.48	305.48
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)		892.18	892.18	820.81	820.81
Other payables (Refer note 18)		1,444.96	1,444.96	1,626.20	1,626.20
Total Current Financial Liabilities		**29,863.80**	**29,863.80**	**22,639.95**	**22,639.95**
Total Financial Liabilities		**29,863.80**	**29,863.80**	**22,639.95**	**22,639.95**

The management assessed that the fair value of current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments. Further, for non-current financial assets, the management assessed that the fair value approximate their carrying value largely due to the fact that majority of balance is represented by fixed deposits with bank created out of IPO Proceeds.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The Following method and assumptions were used to estimate the fair value :

- The Holding company enters into investments in mutual funds, being valued using valuation techniques, which employs the use of market observables inputs. The Holding company uses net asset value provided by mutual fund managers for valuation of these investments .

C Fair Value hierarchy:

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's working capital requirements. The Group has various financial assets such as trade receivable, short term deposits and cash & cash equivalents, which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Board of Directors oversees the management of these risks and also ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of theses risks, which are summarised below:

A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, debt and equity investments and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31st March, 2025 and 31st March, 2024.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Holding Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Holding Company's operating activities by way of direct imports/exports. The Holding Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the sensitivity to a reasonably possible change in US$, GBP and EURO exchange rates, with all other variables held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as mentioned above and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

Particulars	As at 31st March, 2025 (Foreign Currency)	As at 31st March, 2025 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	3,26,557	279.07	US$	5%	13.95	(13.95)
Trade Receivables	76,87,251	7,091.57	EURO	5%	354.58	(354.58)
Trade Receivables	9,41,121	1,036.92	GBP	5%	51.85	(51.85)
Capital Creditors	10,24,680	1,128.99	GBP	5%	(56.45)	56.45
Capital Creditors	10,000	8.55	US$	5%	(0.43)	0.43

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	As at 31st March, 2024 (Foreign Currency)	As at 31st March, 2024 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	6,34,644	528.95	US$	5%	26.45	(26.45)
Trade Receivables	61,10,779	5,506.05	EURO	5%	275.30	(275.30)
Trade Receivables	10,83,181	1,139.81	GBP	5%	56.99	(56.99)
Capital Creditors	1,56,295	164.47	GBP	5%	(8.22)	8.22
Capital Creditors	10,000	8.34	US$	5%	(0.42)	0.42
Capital Creditors	2,16,742	195.28	EURO	5%	(9.76)	9.76

The Holding Company has derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate in foreign currency exposure. The counterparty for these contracts is generally a bank. The details of the outstanding foreign exchange forward contracts are as follows:

Particulars	Currency	As at 31st March, 2025		As at 31st March, 2024	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	GBP	28,00,000	3,085.01	42,00,000	4,419.58
Receivables (Forwards contracts sell)*	EURO	1,51,50,000	13,976.03	2,21,50,000	19,958.00

* Forward Contracts are against long term contracts with the customers which are booked upto Dec 2026.

Summary of exchange difference accounted in Statement of profit and loss:

Currency fluctuations	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
Net foreign exchange (gain) shown as operating expenses	(503.75)	(281.73)
Net foreign exchange(gain)/losses shown as operating expenses	**(503.75)**	**(281.73)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2025	As at 31st March, 2024
US$	85.46	83.35
EUR	92.25	90.10
GBP	110.18	105.23

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Holding Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Holding Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Holding Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of Holding company's borrowing to interest rate changes as reported to the management at the end of reporting year are as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Floating Rate borrowings (Refer Note 14.1 & 14.2)	22,799.01	14,331.04

Interest rate sensitivity analysis

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A reasonably possible change of 0.50% in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year end and was outstanding for the whole year.

Particulars	Profit/(Loss) before tax	
	Strengthening	Weakening
For the year ended 31st March, 2025		
Interest rate (0.5% Movement)	(114.00)	114.00
For the year ended 31st March, 2024		
Interest rate (0.5% Movement)	(71.66)	71.66

(iii) Commodity price risk

The Holding Company is affected by price volatility of certain commodities. The principal raw materials for the Holding Company products are alloy and carbon steel in the form of rounds and billets which are purchased by the Holding Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors which is subject to price negotiations. Due to significant volatility in prices of steel, the Holding Company has agreed with its customers for pass through of increase/decrease of prices of steel. There may be a lag effect in case of such pass-through arrangements.

(iv) Equity price risk

The Holding Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Holding Company's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to unlisted equity securities at cost was ` 10.00 Lakhs (As at 31st March, 2024: ` 10.00 Lakhs).

B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Holding Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions are taken. Any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	189.03	141.54
Provision created during the year	20.90	47.49
Provision utilised/(reversed) during the year	-	-
Balance at the end of the year	**209.93**	**189.03**

The movement in allowance for impairment in respect of other assets is as follows:

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	525.60	525.60
Provision created during the year	-	-
Balance at the end of the year	**525.60**	**525.60**

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Holding Company's finance & accounts department in accordance with the Holding Company's policy. Investments of surplus funds are made with banks in Fixed deposits.

C. Liquidity risk

Liquidity risk is the risk that the Holding Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Holding Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Holding Company's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a yearly basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Holding Company will continue to consider various borrowings options to maximise liquidity and supplement cash requirements as necessary. The Holding Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and buyers' credit facilities. As at 31st March, 2025, the Holding Company has available ₹ 34,663.58 Lakhs (31st March, 2024: ₹ 23,649.26 Lakhs) in form of undrawn committed borrowing limits.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2025				
Borrowings (Refer note 14.1 & 14.2)	22,799.01	-	-	22,799.01
Other financial liabilities (Refer note 18)	2,528.40	-	-	2,528.40
Trade Payable (Refer note 17)	4,536.39	-	-	4,536.39
Total	**29,863.80**	**-**	**-**	**29,863.80**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2024				
Borrowings (Refer note 14.1 & 14.2)	14,331.04	-	-	14,331.04
Other financial liabilities (Refer note 18)	2,755.19	-	-	2,755.19
Trade Payable (Refer note 17)	5,553.73	-	-	5,553.73
Total	**22,639.95**	**-**	**-**	**22,639.96**

38. CAPITAL RISK MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, security premium and all other equity, and reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents and other bank balances.

Notes to the Consolidated Financial Statements
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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	As at 31st March, 2025	As at 31st March, 2024
Borrowings (Refer note 14.1 & 14.2)	22,799.01	14,331.04
Less: Cash & cash equivalents (Refer note 10)	(1,294.61)	(64.27)
Less: Other bank balance (Refer note 11)	(12,361.31)	(12,119.27)
Net debt	**9,143.09**	**2,147.49**
Total capital	1,84,954.61	1,61,249.22
Capital and net debt	**1,94,097.70**	**1,63,396.71**
Gearing ratio	4.71%	1.31%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Any breach in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2025 and 31st March, 2024.

39. RECOGNITION OF GOVERNMENT GRANTS

a) Under Invest Punjab scheme, the Holding Company is eligible for various incentives like 100% exemption of electricity duty and Infrastructure development fund and Net SGST Incentive calculated based on GST deposited and applicable GST Rate, 100% exemption/refund of stamp duty and Change of Land Use(CLU) fees and 50% exemption of property tax. During the current year, the Holding Company has recognised government grant in relation to exemption of electricity duty and Infrastructure development fund amounting to ₹ 641.60 Lakhs (31st March, 2024: ₹ 547.06 Lakhs). The grant amount is netted from the Power & Fuel Expenses under other expenses. As on 31st March, 2025, ₹ 16.93 Lakhs (31st March, 2024: ₹ 16.78 Lakhs) of grant amount is receivable under this scheme. Also, during the current year, the Holding Company has recognised government grant in relation to refund of eligible Net SGST Incentive (which is calculated based on GST paid on eligible sales) amounting to ₹ 805.21 Lakhs (31st March, 2024: 737.62 Lakhs) under other operating revenue. As at 31st March, 2025 ₹ 2,606.17 Lakhs (31st March, 2024, ₹ 3,161.79 Lakhs) of grant amount is receivable under this scheme.

b) The Holding Company has recognised export incentives under the Duty drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme (RoDTEP) aggregating to ₹ 593.00 Lakhs (31st March, 2024: ₹ 613.36 Lakhs). The amount of incentive recognised has been disclosed as other operating revenue.

40. HEDGING ACTIVITIES AND DERIVATIVES

a) Derivatives not designated as hedging instruments:

The Holding Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

b) Derivatives designated as hedging instruments:

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	135.04	305.48

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions during the year ended 31st March, 2025 were assessed to be highly effective and unrealised (loss) gain of ₹ 170.44 Lakhs (31st March, 2024: ₹ 797.15 Lakhs), with a deferred tax (liability) asset of ₹ (42.90) Lakhs (31st March, 2024: ₹ (200.63) Lakhs) relating to the hedging instruments, is included in OCI.

Valuation Technique

The Holding Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by the reference to market prices.

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2025 contracts:

Particulars	Maturity							
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	Total
As at 31st March, 2025								
Foreign exchange derivative contracts (highly probable forecast sales)								
Notional amount (in EURO)	-	19,48,117	33,00,000	33,00,000	16,50,000	-	-	1,01,98,117
Average forward rate (EURO/₹)	-	92.00	93.80	96.00	97.72	-	-	94.80

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2024 contracts:

Particulars	Maturity							
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	Total
As at 31st March, 2024								
Foreign exchange derivative contracts (highly probable forecast sales)								
Notional amount (in EURO)	-	5,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	1,54,00,000
Average forward rate (EURO/₹)	-	88.55	89.74	91.70	93.80	96.00	97.72	93.18

Notes to the Consolidated Financial Statements
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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2025				
Foreign exchange derivative contracts(in EURO) of exports	1,01,98,117	135.04	Other current financial liabilities	135.04

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2024				
Foreign exchange derivative contracts(in EURO) of exports	1,54,00,000	305.48	Other current financial liabilities	305.48

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows::

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from OCI to profit or loss (Amount transferred from OCI TO P&L)	Line item in the statement of profit or loss
For the year ended 31st March, 2025					
Highly probable forecast sales	170.44	-	-	-	Sale of finished goods

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve	Tax Amount	Movement net of Tax
As at 31st March, 2024	(305.48)	76.88	(228.60)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	170.44	(42.90)	127.54
Amount reclassified to profit or loss	-	-	-
As at 31st March, 2025	**(135.04)**	**33.99**	**(101.06)**

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	As at 31st March, 2025	As at 31st March, 2024	% Change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	2.81	3.07	(8.22)	NA
Debt Equity Ratio (in times)	Total Debt	Shareholder's equity	0.12	0.09	32.25	Due to increase in current borrowings against Bill Discounting facility provided to Supplier.
Debt Service Coverage Ratio (in times)	Earnings for debt service=Net profit after taxes + Depreciation expense + Finance cost	Debt service = Interest & lease payments+ principal repayments on long term borrowings	50.46	3.41	1,378.58	Attributed due to Nil obligation of term loan servicing. The Company has fully liquidated all term loans in the previous financial year.
Return on Equity Ratio (in %)	Net profit after taxes	Average shareholder's equity	15.62%	18.69%	(16.41)	NA
Inventory Turnover Ratio (in times)	Cost of goods sold	Average inventory	2.59	3.03	(14.47)	NA
Trade Receivable Turnover Ratio (in times)	Net sales = Gross sales - sales return	Average trade receivable	3.56	4.04	(11.96)	NA
Trade Payable Turnover Ratio (in times)	Net purchases = Gross purchases -purchase return	Average trade payable	14.38	14.76	(2.55)	NA
Net Capital Turnover Ratio (in times)	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	2.36	2.69	(12.45)	NA
Net Profit Ratio (in %)	Net Profit	Revenue from Operations	18.98%	17.89%	6.11	NA
Return on Capital Employed (in %)	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	17.67%	19.15%	(7.71)	NA
Return on investment (in %)	Income from Investment	Average Investment	NA	NA	NA	NA

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Financing activities

Borrowings

Particulars	Opening balance April 01, 2024	Expense	Cash flows	Non-cash Transactions Fair value changes	Closing balance March 31, 2025
Interest Expense	33.05	753.33	(741.04)	-	45.34
Short term borrowings	14,300.74		8,455.68	-	22,756.42
Dividend paid	-	3,768.20	(3,768.20)	-	-
Issue of Share Capital including securities premium	61,511.13	80.57	70.90	-	61,662.61
Total Liabilities from financing activities	**75,844.92**	**4,602.10**	**4,017.34**	**-**	**84,464.37**

Particulars	Opening balance April 01, 2023	Expense	Cash flows	Non-cash Transactions Fair value changes	Closing balance March 31, 2024
Non Current borrowings (including current maturity)	8,417.61	-	(8,417.61)	-	-
Interest Expense	152.62	1,177.59	(1,297.15)	-	33.05
Short term borrowings	13,434.00	-	866.74	-	14,300.74
Dividend paid	-	1,163.49	(1,163.49)	-	-
Issue of Share Capital including securities premium	23,408.00	-	38,103.13	-	61,511.13
Total Liabilities from financing activities	**45,412.22**	**2,341.08**	**28,091.62**	**-**	**75,844.92**

43. EMPLOYEE STOCK OPTION SCHEME

Employee stock option plan namely HAPPY FORGINGS ESOP SCHEME 2023 (the "Plan") was adopted by the Board of Directors in their meeting held on July 31, 2023. As per the Plan the Holding Company, at its discretion, may grant share options to eligible employees, once the employee has completed one year of service. Vesting of the share options is dependent on the completion of a minimum year of employment with the Holding Company and/ or fulfilment of performance conditions as may be specified in this regard. Employees have a graded option plan where in the fair value of share options granted is estimated at the date of grant using a Black Scholes Model of Valuation, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the share options is ₹ 190 per equity share. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees.

The expense recognised for employee services received during the year is shown in the following table:

Particulars	As at 31st March, 2025 ₹ Lakhs	As at 31st March, 2024 ₹ Lakhs
Expense arising from equity-settled share-based payment transactions	508.66	567.10
Total expense arising from share-based payment transactions	**508.66**	**567.10**

There were no cancellations or modifications to the awards during the year ending 31st March, 2025

Notes to the Consolidated Financial Statements
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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Movements during the year

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year is as follows:

Particulars	31st March, 2025 Number	31st March, 2025 WAEP (in ₹)	31st March, 2024 Number	31st March, 2024 WAEP (in ₹)
Opening Balance	3,51,959	190	-	-
Granted during the year	-	-	3,92,687	190
Exercised during the year	37,318	190	-	-
Forfeited during the year	14,453	190	40,728	190
Closing Balance	**3,00,188**	**190**	**3,51,959**	**190**
Exercisable at the end of the year	3,00,188	190	3,51,959	190

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2025 is 0.65 years (31st March, 2024: 1.46 years).

There are no options granted during the year and weighted average fair value of options granted during the previous year was ₹ 417.01 Lakhs.

The exercise prices for options outstanding at the end of the year is ₹ 190.00 (31st March, 2024: ₹190.00).

List of inputs to the models used for the plan for the year ended 31st March, 2025 and 31st March, 2024:

Particulars	31st March, 2025	31st March, 2024
Weighted average fair values at the measurement date	-	417.01
Expected volatility (%)	-	10.41
Risk–free interest rate (%)	-	7.17
Average Expected life of share options (years)	-	4.62
Weighted average fair value (₹)	-	553.70
Model used	-	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

44. INITIAL PUBLIC OFFER (IPO)

During the year ended 31st March 2024, the Holding Company completed its Initial Public Offer ('IPO') of 1,18,65,802 equity shares of face value of 2 each at an issue price of ₹ 850 per share (including a share premium of ₹ 848 per share). The issue comprised of a fresh issue of 47,05,882 equity shares aggregating to ₹ 40,000 Lakhs and offer for sale of 71,59,920 equity shares aggregating to ₹ 60,859.32 Lakhs. The equity shares of the Holding Company were listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on December 27, 2023.

Consequent to allotment of fresh issue, the paid-up equity share capital of the Holding Company stands increased from ₹ 1,789.98 Lakhs consisting of 8,94,99,000 equity shares of ₹2 each to ₹ 1,884.10 Lakhs consisting of 9,42,04,882 equity Shares of ₹ 2 each.

The total offer expenses were estimated to the fresh issue are ₹ 2,217.67 Lakhs (including taxes). The utilisation of IPO proceeds from fresh issue (net of IPO related expense of ₹ 2,217.67 Lakhs) is summarised below:

Particulars	Amount
Amount received from fresh issue	40,000.00
Less: Offer expenses in relation to the Fresh Issue	2,217.67
Net IPO Proceeds available for utilisation	**37,782.33**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilised till 31st March, 2025	Unutilised amounts as at 31st March, 2025*
Repayment and/ or pre-payment in full or part of certain borrowing availed by Holding company	15,276.00	15,276.00	-
Purchase of equipment, plant and machinery	17,112.63	4,195.33	12,917.30
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**24,865.03**	**12,917.30**

* Net unutilised proceeds as on 31st March, 2025 have been temporarily invested in deposits with scheduled banks.

45. DETAILS OF SUBSIDIARY WITH OWNERSHIP % AND PLACE OF BUSINESS

Name of the Company	Method of Accounting for the investment	Nature	Principal activities	Country of incorporation	% equity interest	
					As at 31st March, 2025	As at 31st March, 2024
HFL Technologies Private Limited	At Cost	Subsidiary	Manufacture of steel products	India	100.00%	100.00%

46. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2025	Net Assets, i.e. total assets minus liabilities as at		Share in profit and loss		Share in other Comprehensive income		Share in total comprehensive income	
			As at 31st March, 2025		For the year ended 31st March, 2025					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Holding Company										
Happy Forgings Limited	India	100%	-	1,84,968.64	100%	26,757.46	100%	150.40	100%	26,907.86
Subsidiary										
HFL Technologies Private Limited	India	0%	-	8.95	0%	(0.71)	0%	-	0%	(0.71)
Total				**1,84,977.59**		**26,756.75**		**150.40**		**26,907.15**
Eliminations				(22.98)		(13.12)		-		(13.12)
Happy Forgings Limited Consolidated Financial Statements				**1,84,954.61**		**26,743.63**		**150.40**		**26,894.03**

Notes to the Consolidated Financial Statements
For the year ended 31st March, 2025 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2024	Net Assets, i.e. total assets minus liabilities as at		Share in profit and loss		Share in other Comprehensive income		Share in total comprehensive income	
			As at 31st March, 2024		For the year ended 31st March, 2024					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Holding Company										
Happy Forgings Limited	India	100%	-	1,61,249.40	91%	24,298.63	409%	614.44	93%	24,913.07
Subsidiary										
HFL Technologies Private Limited	India	0%	-	9.65	0%	(0.22)	0%	-	0%	(0.22)
Total				**1,61,259.05**		**24,298.41**		**614.44**		**24,912.85**
Eliminations				(9.83)		(0.04)		-		(0.04)
Happy Forgings Limited Consolidated Financial Statements				**1,61,249.22**		**24,298.37**		**614.44**		**24,912.81**

47. The Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that audit trail feature is not enabled for certain changes made using privileged/ administrative access rights to the SAP application and the underlying HANA database. Further no instance of audit trail feature being tampered with was noted in respect of accounting software, wherever audit log was enabled. Additionally, the audit trail in respect of the prior years has not been preserved by the Holding company as per the statutory requirements for record retention.

48. RE-GROUPING/RE-CLASSIFICATION

In accordance with recent expert advisory committee, the Holding Company has reclassified accrued interest which has been included in the respective balances of assets and liabilities. Previously, accrued interest was presented as a separate line item in respective notes. There are no other re-grouping/reclassification done during the current year.

49. OTHER STATUTORY INFORMATION

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.

(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory year.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year/year.

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Group is not declared as wilful defaulter by any bank or financial institution.

50. EVENTS AFTER REPORTING DATE:

There are no events occurred after the reporting year which may impact the financial position as on 31st March, 2025.

As per our report of even date

For S.R.BATLIBOI and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 17th May, 2025

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Pankaj Kumar Goyal)
Chief Financial Officer
Membership No. 500683

(Bindu Garg)
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 17th May, 2025

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: BXXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana, Sahnewal, Ludhiana,Punjab, India, 141120.
Corporate Office: H.B No.220, P O Rajgarh, Village- Dugri, Ludhiana-141 421
CIN: L28910PB1979PLC004008; **Tel:** +161 2510 421
Website: www.happyforgingsltd.com **Email:** complianceofficer@happyforgingsltd.co.in

NOTICE is hereby given that the Forty Sixth (46th) Annual General Meeting ("AGM") of the members of Happy Forgings Limited ("the Company"), will be held on Tuesday , 29th July 2025 at 11:30 A.M. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. (a) Adoption of the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2025

"**RESOLVED THAT** the audited standalone financial statements of the Company for the year ended 31st March, 2025 containing the Balance Sheet as at that date, the Statement of Profit & Loss, statement of changes in equity and the Cash Flow Statement for the year ended on that date together with the Notes and the Reports of Auditors and Board of Directors Report along with its annexures thereon be and are hereby approved and adopted."

1. (b) Adoption of the Audited Consolidated Financial Statements for the financial year ended 31st March, 2025

"**RESOLVED THAT** the audited consolidated financial statements for the year ended 31st March, 2025 containing the Balance Sheet as at that date, the Statement of Profit & Loss, statement of changes in equity and the Cash Flow Statement for the year ended on that date together with the Notes and the Auditors' Report thereon be and are hereby approved and adopted."

2. To declare final dividend of ₹ 3 per equity share for the Financial year ended 31st March, 2025.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** final dividend at the rate of ₹ 3/- (Rupees Three only) per fully paid-up equity share of face value of ₹ 2 /- each as recommended by the Board of Directors, be and is hereby declared for the financial year ended 31st March, 2025."

3. Ms. Megha Garg (DIN: 07352042), Whole-Time Director liable to retire by rotation, and being eligible for reappointment offers herself for reappointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** in accordance with the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013, Ms. Megha Garg (DIN: 07352042), Whole Time Director liable to retire by rotation, and being eligible offers herself for reappointment, be and is hereby re-appointed as a director of the Company, liable to retire by rotation."

4. To re-appoint M/s. S R Batliboi & Co., LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of 5 (Five) consecutive financial years, from the conclusion of the 46th Annual General Meeting of the Company until the conclusion of the 51st Annual General Meeting of the Company.

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment or enactment thereof, for the time being in force), on the recommendation of Audit committee and the Board of directors of the Company, the shareholders of the Company be and hereby approve the re-appointment of M/s. S.R. Batliboi & Co., LLP, Chartered Accountants, (Firm Registration No.:301003E/ E300005), as Statutory Auditors of the Company, to hold the office from the conclusion of the 46th Annual General Meeting until the conclusion of the 51st Annual General Meeting of the Company to be held in the year 2030 at such remuneration plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the Audit as may be mutually agreed between the Board of Directors of the Company and the Auditors.

RESOLVED FURTHER THAT any Directors of the Company and the Company Secretary, be and are hereby severally authorized to do all such acts, deeds and things as may be considered necessary to give effect to the above said resolution, including, but not limited to preparing and filing of statutory forms, and other documents, if any, with the Registrar of Companies and other such things as may be necessary or expedient to implement this resolution."

SPECIAL BUSINESS:

5. Ratification of remuneration payable to M/s. Rajan Sabharwal & Associates, Cost Auditors of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the members of the Company hereby ratifies the remuneration not exceeding ₹ 1,50,000/- (Rupees one Lac and fifty thousand only) plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the cost audit payable to M/s. Rajan Sabharwal and Associates, Ludhiana (having Firm Registration No. 101961), appointed as Cost Auditors of the Company by the Board of Directors of the Company on 17th May, 2025 for the Financial year 2025-26 upon recommendation of the audit committee of the Company.

RESOLVED FURTHER that the Board of Directors (hereinafter referred to as the "Board" which expression shall also include any Committee duly constituted by the Board) of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to the aforesaid resolution."

6. Continuation of Mr. Paritosh Kumar, DIN: 00393387, as Chairman and Managing Director of the Company on attaining the age of seventy years.

To consider and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT pursuant to section 149, 152, 190, 196,196(3), 197, 198 and 203 and other applicable provisions read with schedule V of Companies Act 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17 or other applicable regulations, if any, of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015, as amended from time to time, the Nomination and Remuneration Policy of the Company, the Articles of Association of the Company, as recommended by the Nomination and Remuneration Committee, the Audit committee and Board of directors of the Company, the consent of the shareholders of the Company be and is hereby accorded to approve the continuation of term of Mr. Paritosh Kumar, DIN 00393387 ,as Chairman and Managing Director of the Company after attaining the age of 70 years which commenced from 11th April 2023 for five years upto 10th April 2028 , not liable to retire by rotation, on such term(s) and condition(s) as may be mutually agreed between the Board and Mr. Paritosh Kumar.

RESOLVED FURTHER THAT during his term as Chairman and Managing Director, if the Company, in any financial year, incurs losses or its profits are inadequate, the Company will continue to pay Mr. Paritosh Kumar, the above remuneration as Minimum Remuneration by way of fixed pay, perquisites, allowances and other benefits payable subject to the compliances of Schedule V of the Companies Act, 2013 and requisite approvals as may be required.

RESOLVED FURTHER THAT that the Board of Directors (hereinafter referred to as the "Board" which expression shall also include any Committee duly constituted by the Board) of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to the aforesaid resolution."

7. To approve the commission payable to the Independent Directors of the Company

To consider and if thought fit to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule V of the Companies Act, 2013 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulation 17(6)(a) and all other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force, and in accordance with provisions of the Articles of Association of the Company, pursuant to the recommendations of Nomination & Remuneration Committee and Board of directors of the Company , the approval of the shareholders of the Company be and is hereby accorded to pay remuneration by way of commission to Non-Executive Directors (including Independent Directors) of the Company within the overall maximum limit of upto one percent (1%) of Net Profits of the Company during the financial year computed in accordance with the provisions of Section 198 of the Act, in aggregate (to be distributed in such manner and proportion as the Board of Directors of the Company (the "Board") may decide from time to time based on the recommendations of the Nomination and Remuneration Committee), in addition to the sitting fees / reimbursement of expenses (if any) in a manner that the aggregate commission payable to all the Non-Executive Directors (including Independent Directors) shall not exceed the following amount

a) Commission to Mr. Satish Sekhri ₹ 9 Lakhs

b) Commission to Mr. Ravindra Pisharody ₹ 9 Lakhs

c) Commission to Ms. Rajeswari Karthigeyan ₹ 9 Lakhs

d) Commission to Mr. Atul B Lall ₹ 9 Lakhs

for the FY 2024-25 in accordance with the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the 'Act')

RESOLVED FURTHER THAT the above remuneration shall be in addition to fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

RESOLVED FURTHER THAT the Compliance Officer/ the CFO , be and is hereby severally, authorised to do all such acts, deeds, matters and things including deciding on the manner of payment of commission and settle all questions or difficulties that may arise with regard to the aforesaid resolution as it may deem fit and to execute any documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid resolution."

8. To appoint M/s. Chandrasekaran Associates, Practicing Company Secretaries as Secretarial Auditors for a term of 5(five) consecutive years, and fix their remuneration in this regard

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 204 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and Regulation 24A and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), upon recommendation of the Audit Committee and Board of directors of the Company, the consent of the shareholders of the Company be and is hereby accorded to appoint M/s Chandrasekaran Associates, Practicing Company Secretaries (Firm Reg. No. P1988DE002500), a peer reviewed Firm, as Secretarial Auditors of the Company for five consecutive years i.e. from financial year 2025-26 to 2029-30 to hold the office from the conclusion of the ensuing 46th Annual General Meeting ('AGM') till the conclusion of 51st AGM of the Company to be held in the Year 2030, at a remuneration to be fixed as may be mutually agreed between the Secretarial Auditors and the Board of Directors of the Company

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto."

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997

Date: 17th May, 2025
Place: Ludhiana

Registered Office:
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Ludhiana,
Sanehwal, Ludhiana, Punjab, India, 141120.
CIN: L28910PB1979PLC004008

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning special businesses under Item Nos. 5 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the Special businesses under Item Nos. 5 to 8, being considered unavoidable, be transacted at the 46th AGM of the Company. The Explanatory Statement also contains material facts pertaining to ordinary business mentioned at Item No. 4 of the said Notice as required under sub- regulation (5) of Regulation 36 of SEBI (LODR) Regualtions, 2015

2. In view of General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 20/2021 21/2021, 02/2022 and 10/2022 dated 8th April, 2020, 13th April, 2020, 5th May, 2020, 13th January, 2021, 8th December, 2021, 14th December, 2021, 5th May, 2022 and 28th December, 2022, 25th September, 2023 respectively read with Circular No. 09/2024 dated 19th September 2024 ("Collectively referred as MCA Circulars"), issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, SEBI/HO/CFD/CMD2/CIR/P/2023/5 dated 5th January, 2023, Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October, 2023 read with Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 ("Collectively referred as SEBI Circulars") issued by the Securities and Exchange Board of India (SEBI), wherein the relaxation of holding AGM through VC has been extended till 30th September, 2025 (MCA Circulars and SEBI Circulars are hereinafter collectively referred to as "the Circulars") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the 46th AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 46th AGM shall be the Registered Office of the Company. Since the AGM will be held through VC/OAVM Facility, the Route Map, proxy form and attendance slip are not annexed to this Notice.

3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

   Members may note that the VC/OAVM Facility allows participation of upto 1,000 Members on a first-come-first-served basis. The large Members (i.e. Members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 46th AGM without any restriction on account of first-come first-served principle.

4. This is to inform that as physical presence of Members has been dispensed with for attending the Meeting through VC/OAVM Facility, therefore there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 46th AGM. However, Institutional/Corporate Members are required to send a scanned copy of their Board or Governing Body Resolution/Authorisation etc., authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through e-Voting/ remote e-Voting. The said Resolution/ Authorisation shall be sent to Scrutiniser by email at bathla7@gmail.com with a copy marked to complianceofficer@happyforgingsltd.co.in and insta.vote@linkintime.co.in

   Attendance of the Members participating in the 46th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 23rd day of July, 2025 to Tuesday, the 29th day of July, 2025 (both days inclusive) for the purpose of Dividend and AGM.

6. In compliance with the Circulars, the Annual Report 2024-25, the Notice of the 46th AGM, and instructions for e-voting are being sent through electronic mode to those Members whose e-mail addresses are registered with the Company / depository participant(s).

7. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI LODR Regulations and the circulars, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the 46th AGM. For this purpose, the Company has entered into an arrangement with MUFG Intime India Private Limited (formerly Link Intime India Private Limited) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the 46th AGM will be provided by MUFG Intime India Private Limited.

8. The manner of voting remotely by Members including the Members who have not registered their e-mail addresses is provided in the instructions for e-voting section which forms the part of this Notice.

9. Members may please note that the Notice and Annual Report of the 46th AGM will also be available on the website of the Company at www.happyforgingsltd.com, websites of the Stock Exchanges, i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively and also on the website of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) at https://instavote.linkintime.co.in.

10. SEBI has mandated the submission of Permanent Account Number (PAN), KYC details and nomination by physical shareholders and linking PAN with Aadhaar vide its circular No. SEBI/ HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, and circular no. SEBI/HO/MIRSD/POD-1/P/ CIR/2023/181 dated 17th November, 2023. Therefore, shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA i.e. MUFG Intime India Private Limited. Members holding shares in electronic form are requested to submit/ update their PAN to their Depository Participants. To mitigate unintended challenges on account of freezing of folios, SEBI vide the afore-mentioned circular has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

11. Members are requested to provide/update their name, postal address, email address, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.

    i. For shares held in electronic form: to their Depository Participants

    ii. For shares held in physical form: to the Company's RTA in prescribed Form ISR-1 and other forms pursuant to SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated 12th October, 2023.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the certificate from Secretarial Auditors of the Company pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all other documents will be available electronically for inspection by the Members during the 46th AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members during the AGM. Members seeking to inspect such documents can send an e-mail to complianceofficer@happyforgingsltd.co.in

13. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated 31st July, 2023, and SEBI/HO/OIAE/ OIAE_IAD-1/P/CIR/2023/135 dated 4th August, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated 31st July, 2023 (updated as on 11th August, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

    Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login)

14. The Board of Directors of the Company ("the Board") has appointed Mr. Parminder Singh Bathla (FCS 4391 & C.P. No.2585) proprietor M/s. P S Bathla & Associates, Company Secretaries, as the Scrutiniser ("Scrutiniser"), for conducting the voting process in a fair & transparent manner.

15. The Scrutiniser shall after the conclusion of e-voting at the 46th AGM shall make a scrutiniser's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairperson or a person authorised by him, within 2 working days from the conclusion of the 46th AGM, who shall then countersign and declare the result of the voting forthwith.

16. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company at www.happyforgingsltd.com and on the website of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) at https://instavote.linkintime.co.in immediately after the declaration of Results by the Chairperson or a person authorised by him. The results shall also be displayed on the notice board at the registered office of the Company and shall be immediately forwarded to the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited.

17. Details as required in sub-regulation (3) of Regulation 36 of the SEBI LODR Regulations and Secretarial Standard on General Meeting ("SS-2") of ICSI, in respect of the Directors seeking appointment/ re-appointment at the 46th AGM, forms integral part of the Notice of the 46th AGM as Annexure I. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

18. As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiatives and register your e-mail address to receive all communication and documents including Annual

Reports from time to time in electronic form to the e-mail address provided by you. Members may send such communication to their respective Depository Participants (DPs).

19. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may contact their respective DPs for recording their Nomination.

20. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.

21. Members desirous of obtaining any information / clarification relating to the accounts are requested to submit their query in writing to the Company well in advance so as to enable the Management to keep the information ready.

22. Members who would like to express their views/ ask questions as a speaker during the Meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, e-mail ID, mobile number at complianceofficer@happyforgingsltd.co.in four days in advance of AGM date. Only those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the Meeting. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.

23. **E-Voting**

    (i) Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of SEBI Listing Regulations and the MCA Circulars, the Company is pleased to provide the facility to Members to exercise their right to vote, on the Resolutions proposed to be passed at AGM, by electronic means. The Company has engaged the services of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) to provide the remote e-voting facility on InstaVote and the e-voting system on the date of the AGM on InstaMeet.

    (ii) The members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/OAVM Facility but shall not be entitled to cast their vote again.

    (iii) The remote e-voting period commences on Saturday, 26th July, 2025 (9:00 am) (IST) and ends on Monday, 28th July, 2025 (5:00 pm) (IST). During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Tuesday, 22nd July, 2025 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by MUFG Intime India Private Limited (formerly Link Intime India Private Limited) for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

    (iv) The process and manner for remote e-voting is as under:

Remote e-Voting Instructions for shareholders

In terms of SEBI circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July, 2023, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Individual Shareholders holding securities in demat mode with NSDL

METHOD 1 - Individual Shareholders registered with NSDL IDeAS facility

Shareholders who have registered for NSDL IDeAS facility:

a) Visit URL: https://eservices.nsdl.com and click on "Beneficial Owner" icon under "Login".

b) Enter User ID and Password. Click on "Login"

c) After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

d) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

OR

Shareholders who have not registered for NSDL IDeAS facility:

a) To register, visit URL: https://eservices.nsdl.com and select "Register Online for IDeAS Portal" or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

b) Proceed with updating the required fields.

c) Post successful registration, user will be provided with Login ID and password.

d) After successful login, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - Individual Shareholders directly visiting the e-voting website of NSDL

a) Visit URL: https://www.evoting.nsdl.com

b) Click on the "Login" tab available under 'Shareholder/Member' section.

c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.

d) Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL

METHOD 1 – Individual Shareholders registered with CDSL Easi/ Easiest facility

Shareholders who have registered/ opted for CDSL Easi/ Easiest facility:

a) Visit URL: https://web.cdslindia.com/myeasitoken/Home/Login or www.cdslindia.com.

b) Click on New System Myeasi Tab

c) Login with existing my easi username and password

d) After successful login, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime, for voting during the remote e-voting period.

e) Click on "Link InTime/ MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

OR

Shareholders who have not registered for CDSL Easi/ Easiest facility:

a) To register, visit URL: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration/https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration

b) Proceed with updating the required fields.

c) Post registration, user will be provided username and password.

d) After successful login, user able to see e-voting menu.

e) Click on "Link InTime / MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - Individual Shareholders directly visiting the e-voting website of CDSL

a) Visit URL: https://www.cdslindia.com

b) Go to e-voting tab.

c) Enter Demat Account Number (BO ID) and PAN No. and click on "Submit".

d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account

e) After successful authentication, click on "Link InTime / MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for e-voting facility.

a) Login to DP website

b) After Successful login, user shall navigate through "e-voting" option.

c) Click on e-voting option, user will be redirected to NSDL / CDSL Depository website after successful authentication, wherein user can see e-voting feature.

d) After successful authentication, click on "Link InTime / MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode /

Non-Individual Shareholders holding securities in demat mode

Shareholders holding shares in physical mode / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for InstaVote as under:

a) Visit URL: https://instavote.linkintime.co.in

Shareholders who have not registered for INSTAVOTE facility:

b) Click on **"Sign Up"** under 'SHARE HOLDER' tab and register with your following details:

A. User ID:

NSDL demat account – User ID is 8 Character DP ID followed by 8 Digit Client ID.

CDSL demat account – User ID is 16 Digit Beneficiary ID.

Shareholders holding shares in physical form – User ID is Event No + Folio Number registered with the Company.

B. PAN:

Enter your 10-digit Permanent Account Number (PAN)

(Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI:

Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number:

Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

*Shareholders holding shares in **NSDL form**, shall provide 'D' above

Shareholders holding shares in **physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

- Set the password of your choice

  (The password should contain minimum 8 characters, at least one special Character (!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

- Enter Image Verification (CAPTCHA) Code
- Click "Submit" (You have now registered on InstaVote).

Shareholders who have registered for INSTAVOTE facility:

c) Click on **"Login"** under 'SHARE HOLDER' tab.

A. User ID: Enter your User ID

B. Password: Enter your Password

C. Enter Image Verification (CAPTCHA) Code

D. Click "Submit"

d) Cast your vote electronically:

A. After successful login, you will be able to see the "Notification for e-voting".

B. Select 'View' icon.

C. E-voting page will appear.

D. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

E. After selecting the desired option i.e. Favour / Against, click on 'Submit'.

A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders ("Custodian / Corporate Body/ Mutual Fund")

STEP 1 – Custodian / Corporate Body/ Mutual Fund Registration

a) Visit URL: https://instavote.linkintime.co.in

b) Click on **"Sign Up"** under "Custodian / Corporate Body/ Mutual Fund"

c) Fill up your entity details and submit the form.

d) A declaration form and organisation ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.

e) Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person's email ID. (You have now registered on InstaVote)

STEP 2 – Investor Mapping

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) Click on **"Investor Mapping"** tab under the Menu Section

c) Map the Investor with the following details:

A. 'Investor ID' –

i. NSDL demat account – User ID is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678

ii. CDSL demat account – User ID is 16 Digit Beneficiary ID.

B. 'Investor's Name - Enter Investor's Name as updated with DP.

C. 'Investor PAN' - Enter your 10-digit PAN.

D. 'Power of Attorney' - Attach Board resolution or Power of Attorney.

*File Name for the Board resolution/ Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID. Further, Custodians and Mutual Funds shall also upload specimen signatures.

E. Click on Submit button. (The investor is now mapped with the Custodian / Corporate Body/ Mutual Fund Entity). The same can be viewed under the "Report Section".

STEP 3 – Voting through remote e-voting

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) Click on **"Votes Entry"** tab under the Menu section.

c) Enter the **"Event No."** for which you want to cast vote.

Event No. can be viewed on the home page of InstaVote under "On-going Events".

d) Enter **"16-digit Demat Account No."** for which you want to cast vote.

e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

f) After selecting the desired option i.e. Favour / Against, click on 'Submit'.

A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

OR

METHOD 2 - VOTES UPLOAD

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) After successful login, you will be able to see the "Notification for e-voting".

c) Select **"View"** icon for **"Company's Name / Event number"**.

d) E-voting page will appear.

e) Download sample vote file from **"Download Sample Vote File"** tab.

f) Cast your vote by selecting your desired option 'Favour / Against' in the sample vote file and upload the same under **"Upload Vote File"** option.

g) Click on 'Submit'. 'Data uploaded successfully' message will be displayed.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

Helpdesk:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000.

Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

- Click on **"Login"** under 'SHARE HOLDER' tab.
- Click **"forgot password?"**
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

In case shareholders have a valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. The password should contain a minimum of 8 characters, at least one special character (!#$&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID:

NSDL demat account – User ID is 8 Character DP ID followed by 8 Digit Client ID.

CDSL demat account – User ID is 16 Digit Beneficiary ID.

Shareholders holding shares in physical form – User ID is Event No + Folio Number registered with the Company.

In case Custodian / Corporate Body/ Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

- Click on 'Login' under "Custodian / Corporate Body/ Mutual Fund" tab
- Click **"forgot password?"**
- Enter User ID, Organisation ID and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

In case shareholders have a valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

INSTAMEET VC Instructions for shareholders

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 09/2024 dated 19.09.2024, the Companies can conduct their AGMs/ EGMs on or before 30th September, 2025 by means of Video Conference (VC) or other audio-visual means (OAVM).

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

(a) Visit URL: https://instameet.in.mpms.mufg.com & click on **"Login"**.

(b) Select the "Company" and 'Event Date' and register with your following details:

A. Demat Account No. or Folio No:

Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.

Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

Shareholders holding shares in physical form – shall provide Folio Number.

B. PAN:

Enter your 10-digit Permanent Account Number (PAN)

(Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **Mobile No:** Enter your Mobile No.

D. **Email ID:** Enter your email Id as recorded with your DP/ Company.

(c) Click "Go to Meeting"

You are now registered for InstaMeet, and your attendance is marked for the meeting.

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

a) Shareholders who would like to speak during the meeting must register their request with the Company.

b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the Company.

c) Shareholders will receive "speaking serial number" once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

d) Other shareholder who has not registered as "Speaker Shareholder" may still ask questions to the panellist via active chat-board during the meeting.

**Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.*

Instructions for Shareholders to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under:

a) On the Shareholders VC page, click on the link for e-Voting "Cast your vote"

b) Enter your 16-digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET

c) Click on 'Submit'.

d) After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

e) Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

f) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/ Members, who will be present in the General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the General Meeting will be eligible to attend/ participate in the General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

Helpdesk:

Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000 / 4918 6175.

Other information related to e-voting

a. A person, whose name is recorded in the register of members or in the register of beneficial owners of the Company, as on the cut-off date i.e. Tuesday, 22nd July, 2025 only shall be entitled to avail the facility of e-voting, either through remote e-voting and voting at the AGM. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

   Members who have cast their vote by remote e-voting prior to the AGM will be entitled to attend the AGM and their presence shall be counted for the purpose of quorum. However, they shall not be entitled to cast their vote again. In case a member casts his vote by more than one mode of voting including remote e-voting, then voting done through remote e-voting shall prevail and other shall be treated as invalid.

b. Voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, 22nd July, 2025.

c. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holds shares as of the cut-off date may follow the procedure for remote e-voting as enumerated in detail hereinabove. They may also refer to the FAQs and e-voting manual available at https://instavote.linkintime.co.in/ (under help section) or write an email to complianceofficer@happyforgingsltd.co.in

d. Every client ID no./folio no. will have one vote, irrespective of number of joint holders. However, in case the joint holders wish to attend the meeting, the joint holder whose name is higher in the order of names among the joint holders, will be entitled to vote at the AGM.

e. The members may also update their mobile number and e-mail ID in the user profile details of their respective client ID no./folio no., which may be used for sending future communication(s).

24. General Information

The Scrutiniser shall submit a consolidated Scrutiniser's Report of the total votes cast in favour or against, within 2 working days of the conclusion of the AGM, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

a. The results along-with the consolidated Scrutiniser's Report shall be declared by means of:

   (i) dissemination on the website of the Company i.e. www.happyforgingsltd.com and website of MUFG Intime India Private Limited i.e. https://instavote.linkintime.co.in/ and

   (ii) communication to BSE Limited and National Stock Exchange of India Limited, thereby enabling them to disseminate the same on their respective websites.

25. Correspondence

Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company at complianceofficer@happyforgingsltd.co.in quoting their folio number or DP ID - client ID, as the case may be.

26. Payment of Dividend

The final dividend, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days of the Annual General Meeting as under:

(i) To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), as of the close of business hours on Tuesday 22nd July, 2025.

(ii) To all Members in respect of shares held in physical form after giving effect to transmission or transposition requests, change of name lodged with the Company as of the close of business hours on Tuesday 22nd July, 2025.

The Company shall make the payment of dividend to those Members directly in their bank accounts whose bank account details are available with the Company and those who have given their mandate for receiving dividends directly in their bank accounts through the National Automated Clearing House (NACH). In terms of the MCA and SEBI Circulars, in case, the Company is unable to pay dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant to such Member by post.

Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company to provide efficient and better services.

To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company under the signature of the Sole / First Joint holder, the following information, so that the bank account number and name and address of the bank can be printed on the dividend warrants:

– Name of Sole / First Joint holder and Folio number

– Particulars of bank account, viz.

i) Name of bank

ii) Name of branch

iii) Complete address of bank with PINCODE

iv) Account type, whether Savings (SB) or Current Account (CA)

v) Bank Account Number

Further, in case Members have not updated their bank account details, please do so by sending a copy of a cancelled cheque leaf (self-attested), with name, bank account number, bank address and IFSC code printed thereon. In case the cheque leaf does not contain the aforesaid details, please submit a copy of the first page of the bank account passbook showing the aforesaid details, duly attested and signed by the bank manager.

Members are encouraged to use the Electronic Clearing Services (ECS) for receiving dividends.

27. Deduction of Tax at Source on Dividend:

Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions as prescribed under the Act are met. To avail the benefit of non-deduction of tax at source, the documents are to be submitted through Form 15G and 15H which can be downloaded from the link https://web.in.mpms.mufg.com/client-downloads.html. and the required form 15G and 15H can be submitted through https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html by Tuesday, 22nd July, 2025. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the documents at aforesaid link. The aforesaid declarations and documents need to be submitted by the shareholders by Tuesday, 22nd July, 2025

28. No amount was required to be transferred to Investor Education and Protection Fund ("IEPF") as no amount is due for more than 7 years.

29. Information for Non-Resident Indian Shareholders

Non-resident Indian shareholders are requested to immediately inform the Company/ RTA, if shares are held in physical mode or to their DP, if the holding is in electronic mode, regarding change in the residential status on return to India for permanent settlement and/ or the particulars of the NRE account with a bank in India, if not furnished earlier.

30. Depository System

The Company has entered into agreements with the Depositories. The Depository System envisages the elimination of several problems involved in the scrip based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. As per SEBI Circular with effect from April 1, 2019, the Company has stopped effecting transfer of securities in physical form.

Members are therefore requested to demat their physical holding for any further transfer. Members can however continue to make request for transmission or transposition of securities held in physical form.

However, as per SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, the Company / RTA will issue Letter of Confirmation (LOC) in lieu of share certificate, which should be dematerialised within 120 days from the date of issue of LOC.

For Happy Forgings Limited
By order of the Board

Bindu Garg
Company Secretary and Compliance Officer
Membership No.: F6997

Place: Ludhiana

Date: 17th May 2025

EXPLANATORY STATEMENT

(I) Pursuant to section 102 of the Companies Act 2013, in respect of item no 5, 6, 7 & 8 forming part of the notice

ITEM NO. 5: RATIFICATION OF FEE PAYABLE TO COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company is required to have an audit of its cost records by the Cost Accountant. Based on the recommendation of the Audit Committee, the Board at its meeting held on 17th May, 2025, approved the appointment of M/s. Rajan Sabharwal and Associates, Ludhiana (having Firm Registration No. 101961), as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company, pertaining to the relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014, for the financial year 2025-26 at a remuneration not exceeding ₹ 1,50,000/- (Rupees one Lakh and fifty thousand only) plus applicable taxes, out-of-pocket and other expenses.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, ratification for the remuneration payable to the Cost Auditors to audit the cost records of the Company for the said financial year by way of an Ordinary Resolution is being sought from the members as set out at Item No. 5 of the Notice.

M/s. Rajan Sabharwal and Associates have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for previous years under the provisions of the Act.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members. None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 6: CONTINUATION OF MR. PARITOSH KUMAR DIN 00393387, AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY ON ATTAINING THE AGE OF SEVENTY YEARS.

Section 196(3) and Part I of Schedule V to the Companies Act, 2013 provide that no company shall appoint or continue the employment of a person who has attained the age of seventy years, as executive director unless it is approved by the members by passing a special resolution. Mr. Paritosh Kumar was appointed as the Chairman and Managing Director of the Company for a term of five years with effect from April 11, 2023 to April 10, 2028 pursuant to board resolution dated 30th March, 2023, and shareholder's resolution dated 31st July, 2023, not liable to retire by rotation. During the continuation of his tenure of appointment as Chairman and Managing Director, he will be attaining the age of 70 years.

In order to be compliant with the provisions of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 including amendments, if any, the Company hereby proposes to retain him as Chairman and Managing Director of the Company on attaining age of 70 years in light of his vast immense knowledge and enrich technical experience which he has been contributing immensely in the growth of the Company since its incorporation.

All other terms and conditions of his appointment will remain same including salary of ₹ 35.87 Lakhs per month along with other allowances/ benefits as per Company policy as earlier. Further he will be entitled to reimbursement of all the travel expenses of his wife, Ms. Suman Garg, whenever she will accompany him on his business trips, within India and abroad with effect from 17th May 2025.

Mr. Paritosh Kumar embarked on his entrepreneurial journey in 1979 in Ludhiana, Punjab, establishing a modest unit for manufacturing bicycle crank arms. This humble beginning laid the groundwork for Happy Forgings Limited, which has since grown into India's third-largest engineering-led manufacturer. His early vision and relentless pursuit of excellence have been instrumental in this remarkable transformation.

Recognising the limitations of traditional manufacturing, Mr. Paritosh Kumar strategically focused on technological advancement. A pivotal investment in 1996 saw the acquisition of a Polish hammer, a significant upgrade financed through personal savings and a high-interest loan. This bold move underscored his determination to excel in the forging sector and become a key supplier to top Original Equipment Manufacturers (OEMs).

Further demonstrating his visionary leadership, Mr. Paritosh Kumar initiated the installation of an 8000-ton forging press line in 2008. This was a groundbreaking move for a company of Happy Forgings' size, especially considering the prevailing reliance on labor-intensive processes. This was followed by the addition of two more 8000-ton forging press lines, a 14000- ton forging press line expanding the Company's reach into commercial and passenger vehicle and industrial segments. Mr. Paritosh Kumar's proactive decision-making and unwavering perseverance paved the pathway for the Company getting listed on the NSE and BSE in 2023. His foresight and vision are the driving force behind the Company's committed future expansion projects as well.

Considering his rich and varied experience in the industry and close involvement in operations of the Company, it would be in the interest of the Company to continue the appointment of Mr. Paritosh Kumar, DIN 00393387, as Chairman and Managing

Director of the Company on attaining the age of 70 years. Mr. Paritosh satisfies all conditions set out in Part-I of Schedule V of the Act as also conditions set out under Section 196(3) of the Act. He is not disqualified from continuing as a Director in terms of Section 164 of the Act.

Accordingly, approval of the members is sought for passing the special resolution set out at Item No. 6 in terms of Section 196(3) read with Part I of Schedule V of the Act.

The additional information required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards is annexed as **Annexure-I**.

The Board recommends the passing of the Resolution at Item No. 6 as a Special Resolution.

Mr. Paritosh Kumar, Mr. Ashish Garg, Ms. Megha Garg, are concerned or interested, financially or otherwise, in the said resolution. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding , if any.

ITEM NO.7: TO APPROVE THE COMMISSION PAYABLE TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In terms of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended), the board shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting. The Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, macroeconomics, governance, legal, finance and risk management and it is necessary that adequate compensation should be given to the Non-Executive (Non-Independent and Independent) Directors ("NEDs") for the valuable contribution made by them towards the business of the Company. Pursuant to the provisions of Section 197 of the Act, an amount not exceeding one percent per annum of the Net Profits of the Company, calculated in accordance with the provisions of Sections 197 and 198 of the Act, could be paid by way of Commission to directors who are neither managing directors nor whole-time directors. Considering the above, based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company (the "Board") at its Meeting held on May 17, 2025 felt it prudent to approach the Members of the Company seeking their approval by way of an Ordinary Resolution for payment of remuneration to the NEDs of the Company. Such payment will be in addition to the sitting fees for attending Board/Committee Meetings. Considering the aforesaid recommendations and in terms of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended), approval of the Members of the Company is hereby sought to pay remuneration, by way of commission, to the NEDs of the Company:In view of the above, the approval of the Members of the Company is sought to pay commission to NEDs an amount of

a) Commission to Mr. Satish Sekhri ₹ 9 Lakhs
b) Commission to Mr. Ravindra Pisharody ₹ 9 Lakhs
c) Commission to Ms. Rajeswari Karthigeyan ₹ 9 Lakhs
d) Commission to Mr. Atul B Lall ₹ 9 Lakhs

for the FY 2024-25 in accordance with the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the 'Act')

Except the Independent Directors of the Company being the concerned directors, to the extent of the remuneration that may be received by them from time to time and their relatives, to the extent of their shareholding, if any, in the Company, no other Director or Key Managerial Personnel of the Company, or their relatives, is concerned or interested financially or otherwise in the Resolution No. 7 as contained in the Notice.

The Board recommends the Resolution No. 7 as an Ordinary Resolution.

ITEM NO.8: TO APPOINT M/S. CHANDRASEKARAN ASSOCIATES, PRACTICING COMPANY SECRETARIES AS SECRETARIAL AUDITORS FOR A TERM OF UPTO 5(FIVE) CONSECUTIVE YEARS AND TO FIX THEIR REMUNERATION

Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') vide SEBI Notification dated 12th December, 2024 and provisions of Section 204 of the Companies Act, 2013 ('Act') and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee and the Board of Directors in their meetings held on 17th May, 2025 have approved and recommended the appointment of M/s. Chandrasekaran Associates, Peer Reviewed Firm of Company Secretaries in Practice (Firm Registration Number: P1988DE002500) as Secretarial Auditors of the Company for a term of up to 5(Five) consecutive years to hold office from the conclusion of this Annual General Meeting ('AGM') till the conclusion of 51st (Fifty First) AGM of the Company to be held in the Year 2030 at a proposed fee of ₹ 3,00,000 plus applicable taxes and other out-of-pocket expenses for conducting the secretarial audit for the Financial Year 2025-26 and for subsequent year(s) of their term, such fee as determined by the Board, on recommendation of Audit Committee. The fees for services in the nature of certifications and other professional services rendered in line with Regulation 24A(1B) of SEBI LODR Regulations will be in addition to the secretarial audit fee as above and will be decided by the Board in line with the recommendations of the Audit Committee in consultation with the secretarial auditor.

M/s Chandrasekaran Associates fulfil the eligibility criteria & qualification prescribed under the Act & Rules made thereunder and pursuant to Regulation 24A(1A) of SEBI LODR Regulations.

M/s Chandrasekaran Associates (Firm Registration Number: P1988DE002500), is a Firm of Company Secretaries having practical experience spanning over 25 years.The Firm holds a valid Peer Review Certificate. M/s Chandrasekaran Associates have given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the prescribed limits under the Act & Rules made thereunder and SEBI LODR Regulations.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

The Board of Directors of the Company recommends the resolution set out at Item No. 8 for approval of the Members as an Ordinary Resolution.

II. Details in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

ITEM NO. 4: TO RE-APPOINT M/S S R BATLIBOI & CO. ,LLP AS STATUTORY AUDITOR

In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, the present Statutory Auditors of the Company, M/s. S R Batliboi & Co., LLP, Chartered Accountants, seek for re-appointment since the first term of M/s. S R Batliboi & Co., LLP, Chartered Accountants, (Firm Registration No.:301003E/ E300005) was till conclusion of the 46th Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 17th May 2025, on the recommendation of the Audit Committee, have recommended reappointment of M/s. S R Batliboi & Co., LLP, Chartered Accountants, (Firm Registration No.:301003E/ E300005), as the Statutory Auditors of the Company for approval of the members at the 46th AGM of the Company for a term of five consecutive years from the conclusion of 46th AGM till the conclusion of 51st AGM of the Company to be held in the year 2030 at an annual remuneration of Rs. 61 lakhs ,for the Financial year 2025-26 ,plus out of pocket expenses and applicable taxes. The fee for services in the nature of certiications will be in addition to statutory audit fee mentioned above and will be decided by the Board in line with the recommendations of the Audit Committee and in consulation with the statutory auditor. The remuneration for the subsequent years of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

The Audit Committee and the Board considered various factors such as performance, industry experience, geographical presence, competence of the audit team, etc., while recommending the re-appointment of M/s S R Batliboi & Co , LLP as Statutory Auditors of the Company.

M/s. SRB, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India which was founded in the year 1914 . With a strong legacy of over 100 years and its humble origins in the great city of Kolkata, the firm has offices across key cities in India and is focused on providing high-quality audits, integrated with strong technical expertise, technology and data driven insights.

Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received written consent from M/s. S R Batliboi & Co., LLP and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. S R Batliboi & Co., LLP hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution. Accordingly, the Board of Directors recommends aforesaid appointment to the members for their approval by way of an Ordinary Resolution as set out at Item No. 4 of the accompanying Notice of the 46th AGM.

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997
Date: 17th May 2025

Place: Ludhiana
Registered Office:
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Ludhiana,
Sanehwal, Ludhiana, Punjab, India, 141120
CIN -L28910PB1979PLC004008

"ANNEXURE -I"

Details of Directors seeking appointment/ re-appointment at the AGM

(Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard–2 on General Meetings issued by the Institute of Company Secretaries of India.)

Name of the Director	Mr. Paritosh Kumar	Ms. Megha Garg
DIN	00393387	07352042
Nationality	Indian	Indian
Date of Birth and Age	6th August, 1955 (69 years)	20th July, 1985 (39 years)
Date of first appointment on Board	02.07.1979	07.12.2015
Brief Resume, Experience and Nature of Expertise in specific functional areas	Mr. Paritosh Kumar is the Chairman and Managing Director of Happy Forgings Limited. He has been associated with the Company since incorporation and accordingly has over 45 years of experience in the industrial sector. He was awarded with the 'LMA-Vardhman Award for entrepreneur of the year-2018' by the Ludhiana Management Association. He contributes to the Company's strategic decision-making, oversees business activities, demonstrates proficiency in financial management and budgeting, and is involved in establishing the Company's governance standards.	Ms. Megha Garg is a Whole-time Director of Happy Forgings Limited. She has approximately nine years of experience in the industrial sector. She manages the Company's online digital marketing for prospect engagement and lead generation, and spearheads ESG initiatives.
Qualification	Bachelor's degree from Panjab University.	Bachelor's degree in science (Economics) from the University of Nottingham, UK
Number of meetings of the Board attended during the year	06	06
Directorships held in other Companies	- Ayush Capital and Financial Services P Ltd - HFL Technologies P Ltd	Nil
Terms and conditions of appointment or re-appointment	Re-appointed as Chairman and Managing Director for a period of five years i.e. 11th April 2023 to 10th April 2028 .	Re-appointed as Whole Time Director for a period of five years with effect from 29th September, 2021 to 28th September, 2026.
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	Nil	Nil
Memberships / Chairmanships of Committees of other Boards alongwith listed companies from which the person has resigned in the past three years.	Nil	Nil
Number of shares held in the Company as on 31st March 2025	89,49,900 Equity shares of FV ₹ 2/- each	24,19,900 Equity shares of FV of ₹ 2/- each

Name of the Director	Mr. Paritosh Kumar	Ms. Megha Garg
Details of remuneration sought to be paid and remuneration last drawn by such person	Details mentioned in the Explanatory Statement to the Notice & Corporate Governance Report.	Details mentioned in the Corporate Governance Report.
Relationships between Directors inter-se and other Manager, Key Managerial Personnel of the company	Father of Mr. Ashish Garg, Managing Director of the Company and father – in- law of Ms. Megha Garg, Whole Time Director of the Company.	Wife of Mr. Ashish Garg, Managing Director of the Company and daughter in-law of Mr. Paritosh Kumar, Chairman and Managing Director of the Company.
Occupation	Business	Business

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997
Date: 17th May, 2025
Place: Ludhiana

Registered Office:
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Ludhiana,
Sanehwal, Ludhiana, Punjab, India, 141120
CIN -L28910PB1979PLC004008

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HAPPY FORGINGS LIMITED

BXXIX-2254/1, Kanganwal Road,
P. O. Jugiana, Ludhiana, Punjab,
India - 141120

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