HAPPY FORGINGS LIMITED

July 05, 2024

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 2023-2024.

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 45th Annual Report of the Company for the financial year ended March 31, 2024 comprising of, inter-alia, Notice of the 45th 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 2023-24 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: 2024.07.05 11:51:01 +05'30'

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Compliance Officer
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India – 141120

HAPPY FORGINGS LIMITED

Annual Report **2023-24**

HAPPY FORGINGS LIMITED

ACCELERATING ENGINEERING EXCELLENCE.

DRIVING VALUE-ACCRETIVE GROWTH.

ACROSS THE PAGES

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"Today, we proudly stand as India's fourth-largest engineering-led manufacturer of complex and safety-critical components, specialising in heavy-forged and high-precision machined components."

INVESTOR INFORMATION

Market Cap	₹ 8,382 Cr. (NSE Ltd.) ₹ 8,366 Cr. (BSE Ltd.)
CIN	L28910PB1979PLC004008
BSE Code	544057
NSE Symbol	HAPPYFORGE
Bloomberg Code	HAAPYFOR IN
Proposed Dividend	₹ 4.0 Per Share
AGM Date	29th July, 2024
AGM Mode	Virtual

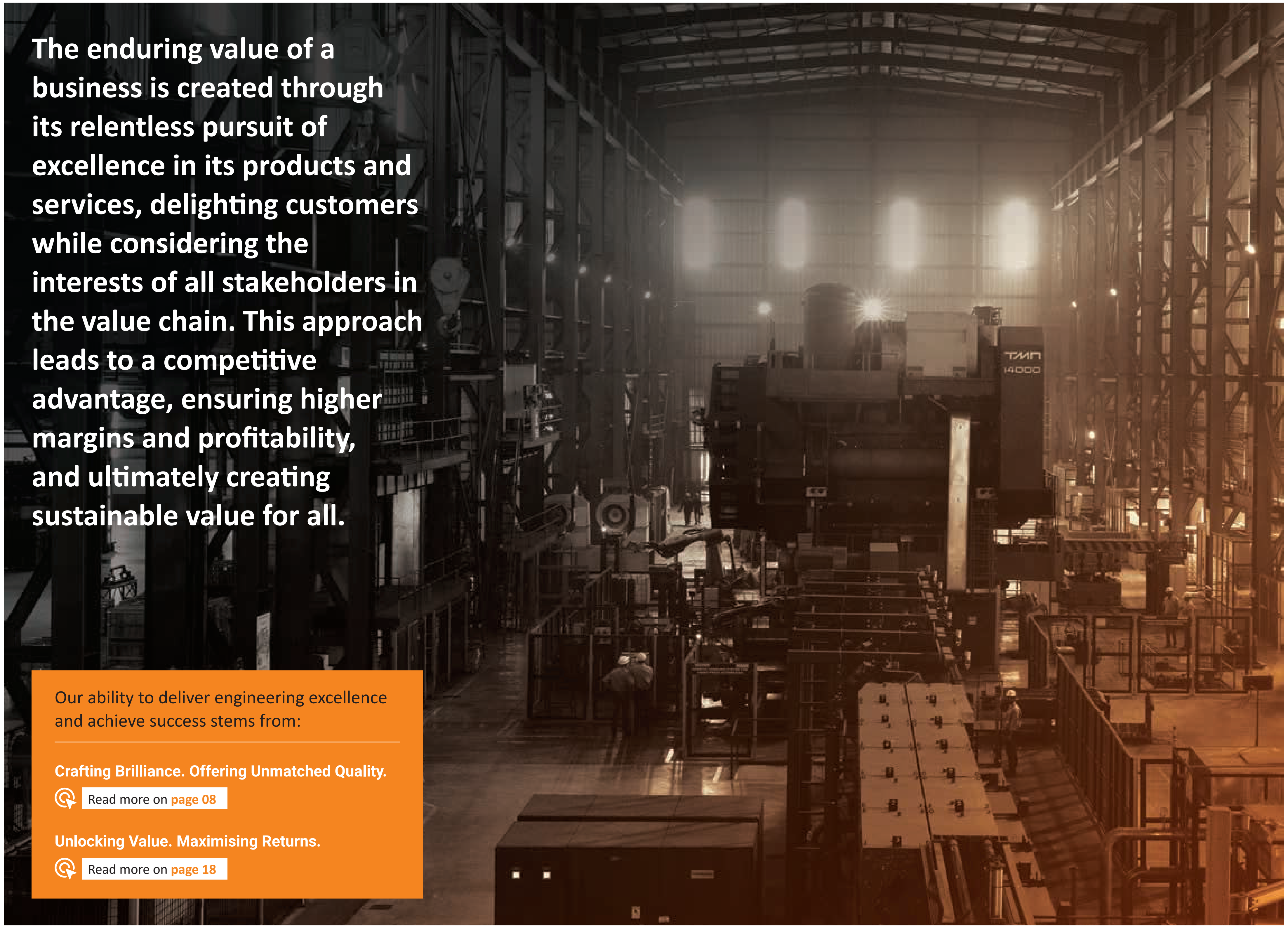
For more investor-related information, please visit:
https://happyforgingsltd.com/investors/annual-reports/

Or simply scan

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.

ACCELERATING ENGINEERING EXCELLENCE. DRIVING VALUE-ACCRETIVE GROWTH.



The enduring value of a business is created through its relentless pursuit of excellence in its products and services, delighting customers while considering the interests of all stakeholders in the value chain. This approach leads to a competitive advantage, ensuring higher margins and profitability, and ultimately creating sustainable value for all.

Our ability to deliver engineering excellence and achieve success stems from:

Crafting Brilliance. Offering Unmatched Quality.

Read more on page 08

Unlocking Value. Maximising Returns.

Read more on page 18

At Happy Forgings Limited (referred to as 'Happy Forgings', 'Our Company', or 'We'), our journey commenced with the fabrication of items like forged bicycle pedals, camshafts, bull gears, and semi-machined transmission parts. Over the years, we have grown, both in terms of products and revenue, while bringing value to our immediate ecosystem, society, and the environment at large. We have now diversified into sectors that demand precision, strength, and durability, driven by customer needs and our adeptness in delivering high-engineering products. This marked our metamorphosis from a forging-centric entity to a prominent manufacturer of machined components in India. Today, we specialise in crafting intricate and safety-critical heavy-forged and high-precision machined components for automotive, non-automotive, and industrial applications.

Our focus on value addition along with improved margins has led us to expand into diverse sectors, including passenger vehicles, off-highway, and exports. Our capital-intensive operations, driven by advanced technology and machinery, act as a significant barrier to entry for our smaller competitors. Leveraging our engineering expertise and cutting-edge technologies, we are well-positioned for opportunities with major domestic and international players.

We allocate resources to enhance our engineering capabilities, broaden our product range, and nurture enduring partnerships, delivering exceptional value to our stakeholders.

Additionally, we are committed to community development through initiatives like constructing school buildings, maintaining public parks, purchasing dialysis machines for an NGO to treat young patients and contributing to green cover projects.

At Happy Forgings, we are driven by a relentless pursuit of excellence and a commitment to nurturing substantial growth, all intricately entwined with the bedrock of trust we strive to cultivate. Our diligence in delivery has played a central role in establishing enduring connections with our customers, partners, and communities alike. Through a blend of zeal and innovative thinking, we aspire not only to lead but also to embody exceptional value and unwavering trustworthiness in every facet of our initiatives.

2023-24 Report Card

DRIVING SUCCESS. OFFERING VALUE.

At Happy Forgings, our remarkable growth trajectory is an outcome of proactive and strategic investments in assets and their optimal utilisation. This has helped us expand our customer base and consistently innovate our business model to maintain a leading position within the market.

FINANCIAL

₹ 1,358 Cr.	₹ 388 Cr.	₹ 243 Cr.	28.5%	17.9%
Total Revenue	EBITDA	PAT	EBITDA Margin	PAT Margin
↑16%*	↑22%*	↑27%*	↑149 bps*	↑161 bps*

INDUSTRY-WISE REVENUE SPLIT

42.3%	0.9%	31.4%	13.1%	12.3%
Commercial Vehicles	Passenger Vehicles	Farm Equipment	Off-Highway Vehicles	Industrial

** After adjusting for prior-period income recognised in 2022-23*

RETURNS

21.8%
RoCE

18.7%
RoE

₹ 26.8
EPS (Diluted)
↑14.7%*

SOCIAL

₹ 2.8 Cr.
Spent on CSR Initiatives

8,500+
Direct Beneficiaries of CSR Programmes

11,525 Hours
Cumulative Hours of Training to Employees

ENVIRONMENTAL

5 MW
Green Power Generating Capacity

~1,02,100 tCO_2e
Total GHG Emissions (Scope 1 + Scope 2)

₹ 4.1 GJ/Lakh ₹ of Turnover
Energy Intensity

~750
Saplings Planted

GOVERNANCE

~30+ Years
Average Experience of Directors in Our Company

5
Independent Directors

Corporate Portrait

FOSTERING EXCELLENCE. ACCELERATING GROWTH.

Happy Forgings is one of the leading Indian forging and machining enterprise founded in 1979. Our journey began with a solitary unit dedicated to producing bicycle pedals.

Over the years, our dedication to excellence has led us to offer an extensive array of high-precision engineering solutions, including fully machined heavy crankshafts, pinion shafts, planetary carriers and valve bodies, among others. Our products cater to diverse sectors such as heavy commercial vehicles, agricultural machinery, off-highway construction, oil and gas, power generation, railways, wind turbine industries and passenger vehicles.

Our operations are vertically integrated, covering engineering, process design, testing, manufacturing, and supply, serving a broad spectrum of customers across industries. With over four decades of expertise in manufacturing precision-engineered components and a steadfast commitment to delivering tailored solutions, we have cultivated everlasting relationships with our clientele, underscoring their confidence in our capabilities.

~45 Years
of Engineering Excellence

3
Manufacturing Facilities

1,20,000 Tonnes
Forging Capacity (Annual)

51,000 Tonnes
Machining Capacity (Annual)

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

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

10+ Years
Relationship with 8 Out of Top 10 Clients

AA/STABLE
CRISIL and ICRA Ratings

OUR VISION

To be amongst the top 10 forging and machining companies globally

OUR VALUES

01 Stay at the forefront of technology

02 Deliver more than promised

03 Respect and encourage people

04 Inspire innovation and creativity

05 Care for the environment and society

OUR DIFFERENTIATORS

01 Proficient in fabricating high-precision and heavy components weighing up to 250 kg, positioning us as a renowned entity within the Indian industry landscape.

02 Streamlined manufacturing operations integrated with in-house product and process design expertise, leading to a comprehensive product range characterised by continual enhancements.

03 Diversified business model, boasting partnerships with 60+ esteemed clients, makes us strategically positioned to leverage potential advancements in alternative engine technologies.

04 Partnerships with customers across various sectors.

05 Exemplified history of consistently augmenting capabilities and infrastructure, prioritising capital efficiency.

06 Seasoned promoters and management personnel, bolstered by a respected Board of Directors.

07 Established track record of robust financial performance.

OUR CLIENTELE

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

** Indicative list*

Our Product Offering

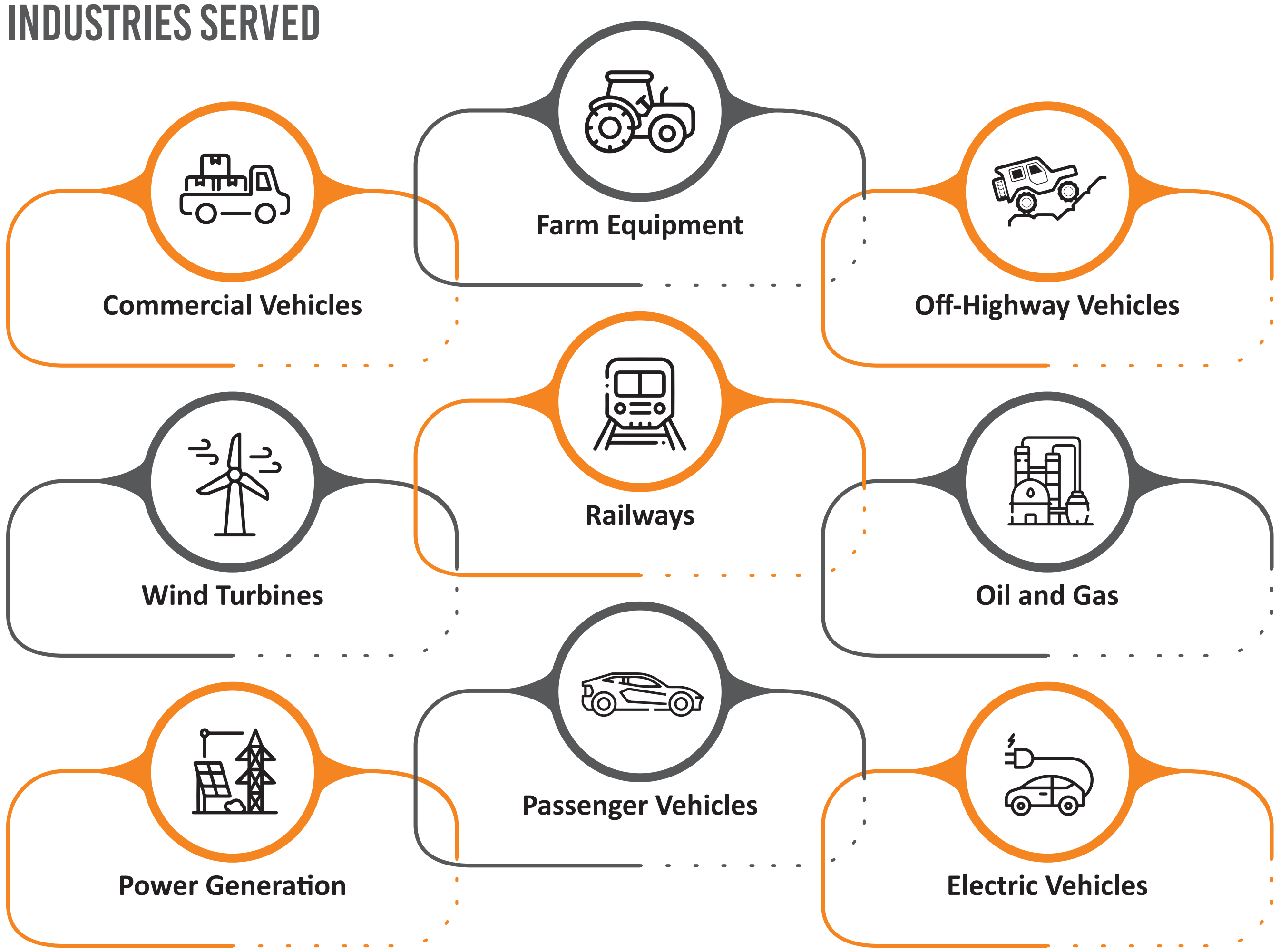
CRAFTING BRILLIANCE. OFFERING UNMATCHED QUALITY.

We specialise in the production of a diverse array of heavy-forged and machined products. These products encompass crankshafts, front axles, differential cases, transmission parts, suspension products, railway parts, cap end covers, bucket links, planetary carriers, pinion shafts, and housing. Through our comprehensive product offering, we serve a clientele spanning across industries.

As one of the select few companies in India equipped to manufacture and deliver high-precision safety-critical components, we proudly serve leading OEMs in the commercial vehicle, passenger vehicle, farm equipment, off-highway, and industrial equipment sectors. Additionally, our products find application in vital industries such as oil and gas, power generation and railways.

The specialised nature of our products, characterised by their critical application, substantial weight, tight tolerances, and challenging quality standards mandated by OEMs, act as significant barriers to entry for potential competitors. This unique combination not only solidifies our position as a reliable supplier but also safeguards us from getting replaced by new players in the precision manufacturing sector.

INDUSTRIES SERVED



PRODUCT PORTFOLIO

Crankshafts

Product Weight 10-210 kg

Front Axle Components

Steering Knuckle

Product Weight 27-45 kg

Front Axle Beam

Product Weight 70-195 kg

Differential Case

Product Weight 5-40 kg

Suspension Products

Brake Flange

Product Weight 5-16 kg

Suspension Brackets

Product Weight 5-16 kg

Will Mill Application Products

Planetary Carrier

Product Weight 5-45 kg

Pinion Shaft

Product Weight 84-200 kg

Housing

Product Weight 35-105 kg

Oil and Gas

Valve Body

Product Weight 45-90 kg

Railway Parts

Bush, Connecting Rod and Camshafts

Product Weight 5-40 kg

Transmission Parts

Shafts, Crown Wheel and Ring Gears

Product Weight 5-95 kg

Milestones Over the Years

EMBEDDING PERFECTION. ADVANCING TOWARDS SUCCESS.

At Happy Forgings, we have consistently made substantial investments in expanding and modernising our manufacturing facilities. Our facilities boast state-of-the-art equipment catering to a diverse range of processes. From engineering and design to hammer and press forging, metallurgical testing, heat treatment, machining, and dimensional testing, we ensure seamless handling at every production stage.

This comprehensive infrastructure empowers us to manufacture a broad spectrum of products, with the majority falling within the weight range of 3 kg to 250 kg. This versatility enables us to cater to the varied needs of our clientele across different industries with precision and efficiency.

1979

Incorporated with a single unit for manufacturing bicycle pedals

2005

Installed heavy-duty hammers to begin producing oil engine parts 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 and installed model grinding technology used to manufacture crankshafts

2010 - 2015

Continued focussing on machining capacity expansion and forayed into new segments like commercial vehicles and off-highway vehicles

2017

Commissioned the second 8,000-tonne forging press

2018

Crossed ₹ 500 Cr. in revenue and raised additional funds through the financial sponsor route from the India Business Excellence Fund III

2021

Commenced operations at the Dugri facility and installed the third 8,000-tonne forging press line

2022

Installed eight dedicated lines for manufacturing crankshafts

Commissioned the first 14,000-tonne forging press line

2023

Crossed ₹ 1,000 Cr. in revenue

IPO and public market listing

2024

Commenced supplies of crankshafts for SUVs

Operational Excellence

OPTIMISING PERFORMANCE. DRIVING OPERATIONAL EFFICIENCY.

The dynamic nature of the forging industry and its evolving demands necessitate the integration of new technologies and processes. At Happy Forgings, we are committed to meeting these demands by continuously investing in cutting-edge technology. This dedication enables us to enhance our capacity and stay ahead of the industry's ever-changing requirements.

Our operations span across three manufacturing facilities. Two of these are situated in Kanganwal, Ludhiana, Punjab, while the third is in Dugri, Ludhiana, Punjab. The Kanganwal I facility specialises in forging operations, whereas our other facilities boast both forging and machining capabilities. This strategic arrangement enables us to optimise production processes and effectively address a wide range of customer requirements.

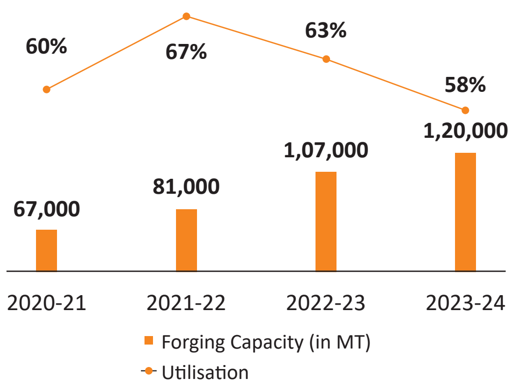
TOTAL ANNUAL INSTALLED CAPACITY (MARCH 2024)

1,20,000 MT
Forging

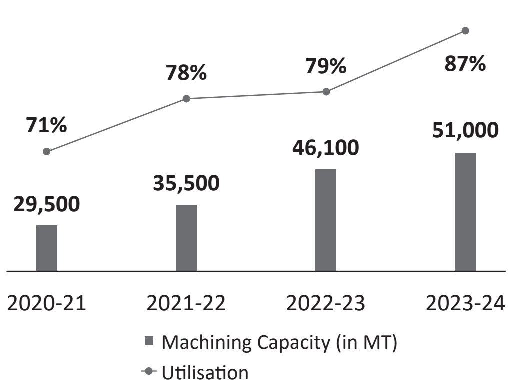
51,000 MT
Machining

STRATEGICALLY ADDING CAPACITY WITH A STRONG FOCUS ON CAPITAL EFFICIENCY

Installed Capacity-Forging



Installed Capacity-Machining



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

The strategic location of our manufacturing facilities near inland container depot facility in Ludhiana, and dedicated freight corridor connecting Ludhiana to Mumbai and Dankuni (West Bengal), provides us with cost and logistical advantages.

GROSS BLOCK AND CAPEX

₹ 1,108 Cr.
Gross Block incl. CWIP (Ind AS)

₹ 752 Cr.
Cumulative Capex (FY20-24)

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

EXCELLING IN KEY OPERATIONAL PROCESSES

Forging

Our manufacturing process begins with the precision cutting of steel bars into smaller billets through sophisticated sawing methods. These billets are then accurately heated and subjected to forging processes that apply pressure to transform them into durable, high-strength components. The cutting-edge automated presses and hammers, which are at the heart of our forging operations, enable us to achieve exceptional precision and efficiency.

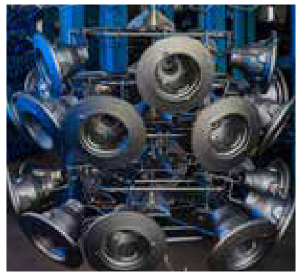
Our impressive equipment inventory includes a 14,000-tonne mechanical forging press, three 8,000-tonne mechanical forging presses, a 4,000-tonne mechanical press, a 2,500-tonne forging screw press, a six-tonne pneumatic hammer, and seven drop hammers ranging between 1.5 and 4.5 tonnes. This extensive array of machinery empowers us to tackle diverse forging requirements with unmatched capability and reliability.

Heat Treatment

In the next stage, our products undergo a pivotal heat treatment process to attain the necessary specifications for microstructure, and hardness, among other critical factors.

Our state-of-the-art technology and advanced machinery ensure that our heat treatment operations guarantee meticulous and efficient treatment processes for our products. Our facilities have state-of-the-art furnaces, including continuous quenching and tempering lines and specialised heat treatment lines tailored for micro-alloy grades. Through these advanced heat treatment methodologies, we reaffirm our commitment to delivering products of exceptional quality and performance.

Shot Blasting



After the heat treatment process, our components undergo a critical surface treatment procedure called shot blasting. This method entails directing high-velocity steel abrasive shots onto the targeted surface in a controlled manner.

Shot blasting yields a clean and uniform surface, devoid of any contaminants or imperfections. Additionally, it enhances the longevity and durability of the components by facilitating better adhesion of subsequent coatings and finishes. This meticulous process ensures that our products meet stringent quality standards and exhibit superior performance characteristics.

Machining

Machining is an important process that converts raw forgings into finished components adhering to exact size, shape specifications, and other crucial performance parameters.

Our manufacturing facilities boast specialised crankshaft machining lines engineered to produce crankshafts from the initial forging stage through to the fully finished state. We also possess extensive machining capabilities such as turning, drilling, and grinding machinery tailored for steering knuckles, axle beams, and differential cases.

In addition, we conduct precision rough machining of transmission components, customised to meet diverse application requirements. This process is facilitated by our cutting-edge turning and milling machines, ensuring the highest standards of accuracy and quality across all our products.

Surface Treatment

The components next undergo targeted surface treatments tailored to their specific requirements to enhance their performance and durability.

These treatments encompass induction hardening processes, tempering, nitriding, phosphating, dip painting, and spray painting-each done and monitored meticulously to achieve superior results. These processes contribute to extended product life, heightened wear resistance, enhanced surface finish, and fortified corrosion resistance. By incorporating these surface treatments into our manufacturing process, we ensure that our products meet the highest standards of quality, durability, and performance, ultimately exceeding our customers' expectations.

Inspection and Quality Control

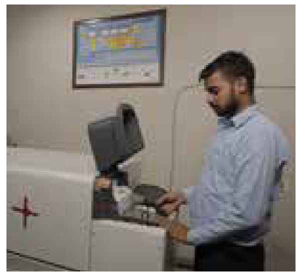
We maintain a comprehensive array of tools and equipment dedicated to verifying the integrity of our manufactured products in accordance with established control plans.

Central to this effort is our state-of-the-art metrology room, outfitted with advanced machinery, including coordinate measuring machines. These precision instruments allow us to accurately measure the dimensions of complex parts, ensuring they meet exacting specifications. In addition to dimensional analysis, we employ non-destructive testing techniques to identify potential product defects without compromising their structural integrity. This proactive approach to quality assurance underscores our commitment to delivering products of the highest quality to our customers.

Die Design and Manufacturing

Our manufacturing facilities are equipped with CNC vertical machining for precise die production, granting us control over the design process and enabling the creation of complex components with tight tolerances. Additionally, CAD and CAM software investments enhance equipment utilisation, improve forging processes, and reduce lead times.

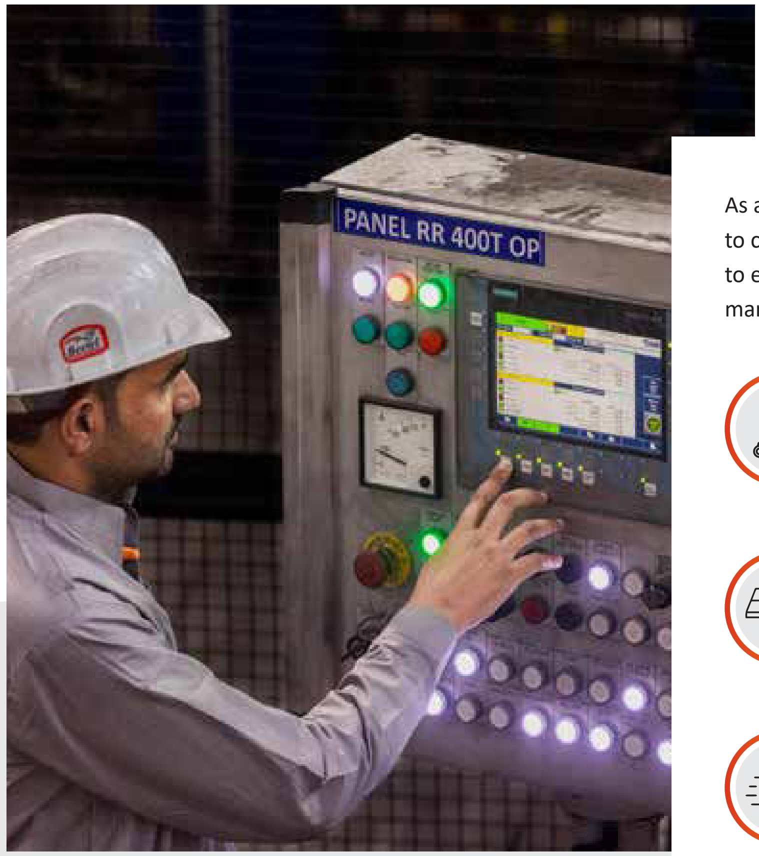
Metallurgical Testing



The utilisation of advanced metallurgical testing equipment is integral to maintaining our product quality standards. We employ a Thermo Fisher spectrometer for elemental analysis of raw materials and finished products, along with an Olympus digital microscope for high-resolution imaging. A Spectro analytical instrument facilitates real-time material composition analysis.

For microstructure analysis and mechanical properties assessment, we utilise image analysis software in conjunction with a microscope, performing tensile and impact testing. Non-destructive testing uses an ultrasonic metascope, while digital Rockwell, Brinell, and Vickers hardness testing machines ensure precise measurements. Additionally, eddy current, ultrasonic, and magnetic particle inspection testing is employed to efficiently detect surface cracks and defects.

IMPROVING OPERATIONAL EFFICIENCY



As a fundamental aspect of our ongoing commitment to cost efficiency, we have initiated various measures to enhance operational effectiveness and optimise our manufacturing processes. These include:

- **Line automation and robotics**
- **Installing solar panels**
- **Reducing lead-time in the manufacturing process**
- **Leveraging our sourcing network**
- **Improving inventory management**
- **Controlling consumption and waste**

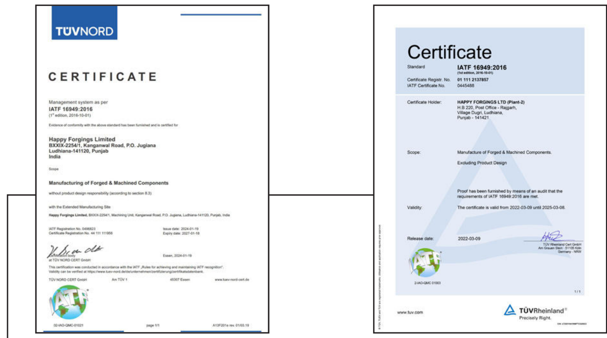
Our commitment to further enhancing our production processes involves strengthening our engineering capabilities, addressing critical bottlenecks in production, enhancing the flexibility of our manufacturing systems, and reducing scrap generation during production. Additionally, we aim to elevate the level of automation within our manufacturing facilities to mitigate the impact of rising labour costs.

RAW MATERIAL MANAGEMENT

Steel is our primary raw material and is procured from suppliers through purchase orders. However, we do not enter into purchase agreements or firm commitments with our suppliers. Upon receipt, all incoming raw materials undergo rigorous quality checks, and we reserve the right to reject any substandard materials. Furthermore, we retain the option to seek compensation for any rejected materials due to inadequate steel quality.

QUALITY MANAGEMENT

Maintaining strict quality standards in the precision components manufacturing industry is crucial to avoid defects and non-compliance with customer design specifications. Any such issues could result in order cancellations and damage to our reputation. We have thus implemented a quality control mechanism to ensure compliance with quality standards and customer requirements. We examine the products at each stage of the manufacturing process to ensure that there are no defects from previous stages. Additionally, representatives from the industries we cater to regularly inspect our manufacturing facilities and processes to ensure compliance with their specific requirements. We also have a separate team of engineers responsible for quality assurance.



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

Investment Case

UNLOCKING VALUE. MAXIMISING RETURNS.

At Happy Forgings, we are committed to delivering and augmenting stable returns for our shareholders through consistent profit generation and sustained business growth. Backed by a diversified business portfolio, fortified financials, ongoing innovation, and a deep focus on expansion, Happy Forgings emerges as an attractive investment opportunity, offering promising returns and enduring value.

Position in the Forging Industry

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

4th Largest
Engineering-led Manufacturer of Complex and Safety-critical, Heavy-Forged and High-precision Machined Components in India

Throughout our journey, we have solidified our leadership position in the engineering industry. This outcome stems from our world-class manufacturing capabilities, commitment to innovation, strong client base, targeted marketing initiatives, and solid financial foundation. Our relentless pursuit of excellence is underscored by our consistent efforts to expand our domestic and international market share. This has further strengthened our presence and influence in the global engineering landscape.

Diversified Revenue Stream

42.3%
Commercial Vehicles

0.9%
Passenger Vehicles

31.4%
Farm Equipment

13.1%
Off-Highway Vehicles

12.3%
Industrial

At Happy Forgings, the commercial vehicles and farm equipment segments remain our primary revenue drivers, contributing significantly to our overall growth. However, we recognise the importance of diversifying our revenue portfolio. The inclusion of industrial segments, off-highway vehicles, and passenger vehicles has played a pivotal role in achieving this diversification, bolstering our revenue streams and enhancing the resilience of our business model.

Robust Financial Profile

AA/STABLE
CRISIL and ICRA Ratings

0.1x
Debt/Equity

Through the years, we have diligently maintained an optimal capital structure, which has enabled us to seize emerging opportunities effectively. As we continue diversifying our revenue streams and enhancing operational efficiency, we anticipate a boost in cash accruals. This trajectory is expected to reduce leverage levels over the medium term, further solidifying our financial position.

Healthy Operational Efficiency

28.5%
EBITDA Margin in 2023-24 Compared to 27.0%* in 2020-21

** Adjusting for prior-period income recognised in 2022-23*

We have experienced a notable improvement in our operating margin. This has resulted from strategic cost reduction initiatives and the advantageous effects of operating leverage. With continued focus on robust cost reduction strategies, value engineering, and maintaining low employee costs, we anticipate further enhancements in profitability.

Consistency in Innovation

8
New Products Developed in Commercial Vehicles

6
New Products Developed in Farm Equipment

3
New Products Developed in Off-Highway Vehicles

12
New Products Developed in Industrial

2
New Products Developed in Passenger Vehicles

Our distinguished product portfolio mirrors our commitment to innovation and excellence. This is driven by continuous investments in developing new solutions that prioritise high performance and efficiency. In 2023-24, we proudly introduced numerous products across all our business segments, reaffirming our dedication to propel future growth and address the changing demands of our customers.

Strategic Expansion Plan

12,000 MT
Forging Capacity to be Added in 2024-25

11,000 MT
Machining Capacity to be Added in 2024-25

Happy Forgings is strategically positioned within India's forging industry. This sector is predominantly unorganised, with only a few major players boasting significant forging capacity exceeding 75,000 MT. We are committed to meeting industry demands through continuous investments in capacity expansion and cutting-edge technology. With our three manufacturing facilities located in Ludhiana, Punjab, we are well-equipped to cater to the diverse forging and machining requirements of our clients. This strategic positioning within the industry allows us to leverage opportunities in this promising market and drive substantial progress and growth for our Company.

Message from the Chairman & Managing Director

UNLEASHING ENGINEERING EXCELLENCE. EMERGING FUTURE-READY.

Our dedication goes beyond our workplace's confines to foster community wellbeing as well, exemplifying our commitment to redefining possibilities by repurposing resources for educational advancement and societal betterment.

Dear Shareholders,

The year gone by has been exceptional for us at Happy Forgings Limited. Unparalleled achievements and substantial advancements in our operations characterised it. I am now privileged to extend my gratitude to our esteemed stakeholders for the enthusiastic response to Happy Forgings' IPO. At the outset, I would like to present a comprehensive overview of our journey and milestones achieved throughout the years. The journey of Happy Forgings started with the manufacturing of bicycle pedal arms. Over time, we have emerged as the nation's second-largest producer of commercial vehicle and high-horsepower industrial crankshafts.

Today, our Company stands as a venerable Indian manufacturer with over four decades of legacy, specialising in producing and supplying intricate and safety-critical, heavy-forged, and high-precision machined components. Leveraging our vertically integrated operations, we are deeply involved in engineering, process design, rigorous testing, manufacturing, and the seamless supply of a diverse range of components to both domestic and global original equipment manufacturers (OEMs). Our commitment to growth and innovation perfectly encapsulates our overarching theme for this fiscal year, 'Accelerating Engineering Excellence. Driving Value-Accretive Growth.' It underscores our dedication to leading transformative advancements within the industry and reaffirms our determination to drive a positive paradigm shift in engineering excellence.

The global economy witnessed a remarkable resurgence in the previous year. It recovered from recent upheavals, prompting central banks to halt interest rate hikes amid moderating inflationary pressures.

However, persistent geopolitical tensions and the Red Sea crisis, including the strife between Israel and Palestine, continue to present significant challenges. Amid all this, India stands out as a beacon of economic dynamism, showcasing the fastest growth among major economies and attracting substantial foreign investments, thus solidifying its pivotal role in the global south.

This economic upswing is fuelled by India's vibrant and youthful demographic dividend alongside a conducive business environment.

The global forging and machining markets are currently experiencing steady growth, with a projected Compound Annual Growth Rate (CAGR) of 5.1% for forging,and poised to reach an impressive US$97.0 Bn by CY 2029. Similarly, the machining industry anticipates a CAGR of 5.2%, surging towards a value of US$71.2 Bn by the same time frame. In terms of the non-automotive sector encompassing farm equipment, off-highway vehicles, and industrial, the global forging and machining market size is expected to reach approximately $35.2 Bn and $13.3 Bn, respectively, in 2023. These figures are likely to escalate significantly to approximately $47.4 Bn and $18.0 Bn by the year 2029, reflecting a promising trajectory of growth and expansion.

Happy Forgings has demonstrated robust growth, registering a healthy CAGR of 25% and 32% in revenues and PAT for the period 2019-20 to 2023-24, respectively. Despite a slowdown in key industry segments in 2023-24, our Company registered 9% growth in finished goods volume and 16% growth in revenues (after adjusting 2022-23 for prior-period income). As we concluded the fiscal year ending on 31st March, 2024, we announced a revenue of ₹ 1,358 Cr. compared to revenue of ₹ 1,173 Cr. in 2022-23 (after adjusting prior-period income in 2022-23).

It gives me immense pride to showcase our Company's transformation into a leading entity within the forging and machining sectors. By strategically realigning our business model, we have expanded our footprint across diverse sectors and enhanced our portfolio of products and services. Our core focus remains on developing solutions that reduce carbon emissions and boost operational efficiency, thereby promoting eco-friendly practices. We recognise the need to be an environmentally responsible organisation and are committed to halving Scope 1 and Scope 2 emissions by 2030.

At the heart of our vision lies a relentless pursuit of pioneering sustainable and environment-friendly innovations. We are dedicated to making a tangible impact by fostering a greener future and actively contributing to global sustainability efforts.

Our dedication goes beyond our workplace's confines to foster community well-being as well, exemplifying our commitment to redefining possibilities by repurposing resources for educational advancement and societal betterment.

At Happy Forgings, we remain determined to pursue innovation, sustainability, and operational excellence. Our strategic investments and sustainable practices will continue to drive value creation for all stakeholders while contributing to creating a resilient and prosperous future for generations to come.

In conclusion, I sincerely thank our esteemed stakeholders for their unwavering support and trust in Happy Forgings. Together, we embark on an exciting journey of continuous growth and achievement, pushing the boundaries of possibility and innovation to new horizons.

Warm regards,
Paritosh Kumar
Chairman & Managing Director

Managing Director's Message

ADVANCING WITH FOCUS AND FORESIGHT. DRIVING VALUE-ACCRETIVE GROWTH.

What distinguishes us is our focussed strategy aimed at enhancing the value proposition of our product offerings while consistently aligning with industry trends. This upward trajectory can be attributed to several important factors.

Dear Shareholders,

With great excitement, I present to you the Annual Report for 2023-24 – a year distinguished by exceptional achievements, unmatchable resilience, and substantial transformation at Happy Forgings. As we navigate a dynamic market landscape, I am eager to delve into the detailed narrative of our accomplishments and innovations with you.

This business was incorporated by Mr. Paritosh Kumar, our esteemed CMD, and originally focussed on pedal arms. Since then, we have evolved into the country's second-largest producer of high-horsepower diesel engine crankshafts.

Our operations primarily revolve around manufacturing safety-critical components, with 85% of the revenue stemming from complete machined products, a benchmark that stands as the highest in our industry. Our state-of-the-art facilities produce diverse heavy-forged and machined products, encompassing crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, suspension parts, and valve bodies, catering to a wide customer base.

Today, we proudly stand as India's fourth-largest engineering-led manufacturer of complex and safety-critical components, specialising in heavy-forged and high-precision machined components. Furthermore, we have cemented our position as a leading player in the domestic crankshaft manufacturing industry, boasting the second-largest production capacity for commercial vehicles and high-horsepower industrial crankshafts.

Operational Performance

As a premier supplier, we have established strong partnerships with the top five Indian OEMs in the MHCV segment and four of the top five Indian OEMs in the farm equipment industry, securing significant market shares. Our relationships with these esteemed customers in 2022-23 positioned us as a trusted and reliable supplier for numerous Indian and global OEMs. Our operational prowess is underlined by three strategically located manufacturing facilities, boasting a combined annual forging capacity of 1,20,000 MT and a total machining capacity of 51,000 MT. We have augmented our forging and machining capabilities through continuous investments in cutting-edge machinery and equipment. This has enabled us to capitalise on emerging market opportunities effectively.

We have also expanded our global outreach, with exports demonstrating an impressive Compound Annual Growth Rate (CAGR) of 39% since 2017-18 to 2023-24, now constituting nearly 20% of our revenues in 2023-24.

Leveraging India's increasing significance as a manufacturing centre, we expect to see rapid growth fuelled by rising export volumes and the global shift away from China.

Some of our partnerships with our top 10 customers span over a decade. This enhances our wallet share and presents cross-selling opportunities, reinforcing our market presence and resilience.

It is worth noting that global industry leaders meticulously evaluate new suppliers, especially for critical products, due to the high costs and risks associated with switching suppliers. This is particularly crucial in segments where product reliability is of paramount importance. Our track record of reliability and excellence positions us favourably in this competitive landscape, further solidifying our reputation as a preferred supplier of choice.

Financial Performance

Our revenue from operations increased by ~16%, escalating from ₹ 1,173 Cr. in 2022-23 to ₹ 1,358 Cr. in 2023-24 (adjusting for prior-period income). This significant growth is a testament to our commitment to adding value, particularly through our focus on advanced machining products, which has consistently driven increased realisation over time. In 2023-24, our EBITDA reached ₹ 388 Cr., compared to ₹ 317 Cr. (adjusting for prior-period income) in the previous fiscal year.

The sales of our machined products also witnessed a substantial increase, and now contribute 85% of revenues in 2023-24 compared to 79% contribution in 2022-23. This impressive growth, underscores our strategic emphasis on high-margin machining and export-oriented business strategies.

We are an integrated company where we use our own forging and machine the products, thereby providing a comprehensive solution under one roof to our customers. We are positioned as an engineering-led machining player with forging integrated into our business model, which gives us a competitive edge.

Way Forward

What distinguishes us is our focussed strategy aimed at enhancing the value proposition of our product offerings while consistently working towards customer centricity. This upward trajectory can be attributed to several important factors.

The first factor is our strategic transition from forging to complete machined products. Witnessing a shift from 79% machined components to nearly 85% in 2023-24 underscores our capacity to deliver intricate, precision-engineered components with exceptional quality.

Furthermore, our adeptness at catering to diverse industries has been a game changer. Leveraging our in-house design capabilities, versatile production lines, and cutting-edge technology adoption, including robotics, we have diversified our customer base with an increased focus on industrial applications such as power generation, oil and gas, railways, and the wind turbine sector. The value-added industrial segment, which contributed just 2% to our revenues in 2020-21, has now surged to nearly 12% in 2023-24, highlighting our strategic evolution and adaptability.

We firmly believe that our products' critical applications, heavyweight, tight tolerances, and stringent quality requirements mandated by OEMs serve as formidable entry barriers for new entrants. We are bullish about achieving 15-20% revenue growth over the medium term, which is in line with our historical performance. This optimism is underpinned by the increasing utilisation of our existing facilities, ongoing capital expenditure for capacity expansion, and the addition of new customers both domestically and in international markets. Our price pass-through mechanism with customers makes us confident about maintaining our margin profiles annually.

In conclusion, our robust engineering capabilities, coupled with advanced machining technologies deployed across our manufacturing operations, give us a strategic advantage. This enables us to leverage the opportunities major domestic and global players present, driving sustained growth and success for Happy Forgings.

Closing Remarks

I am confident that Happy Forgings is poised to adeptly navigate challenges and capitalise on opportunities as we persist on our trajectory of growth and transformation. I extend my heartfelt gratitude to our shareholders, customers, employees, and partners for their unwavering support and commitment.

Let us join forces and embark on a collective journey towards a future brimming with innovation, sustainability, and prosperity. Together, we will shape a brighter tomorrow for Happy Forgings and contribute meaningfully to advancing our industry and society.

Warm regards,
Ashish Garg
Managing Director

HAPPY FORGINGS LIMITED

Key Performance Indicators

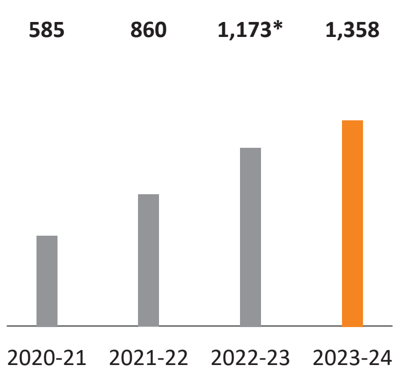
ADDING VALUE. DEMONSTRATING POTENTIAL.

We are proud of our ongoing enhancement of financial capital, achieved through the surplus generated from our business operations and financing activities. Our primary focus is maximising returns from our financial resources, enabling us to pursue growth objectives in global markets effectively. This approach also allows us to generate and distribute value to our shareholders, ensuring the long-term sustainability of our business.

Maintaining a robust financial position is central to our strategy, which equips us to seize strategic opportunities and navigate economic challenges effectively. Our commitment extends beyond profit maximisation to encompass sustainable business practices, reflecting our role as a responsible corporate entity. We reaffirm our commitment to sustainable growth and corporate stewardship by prioritising value creation for both shareholders and stakeholders.

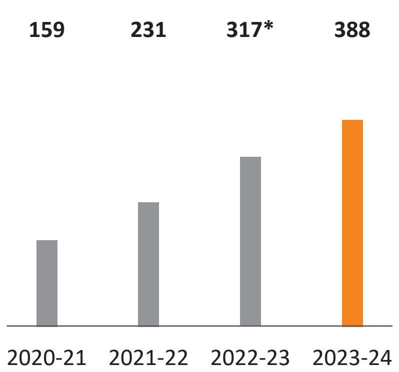
FINANCIAL PERFORMANCE

Revenue from Operations
₹ in Cr.



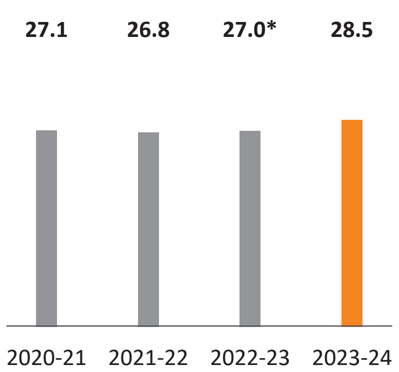
32% CAGR (21-24)

EBITDA
₹ in Cr.

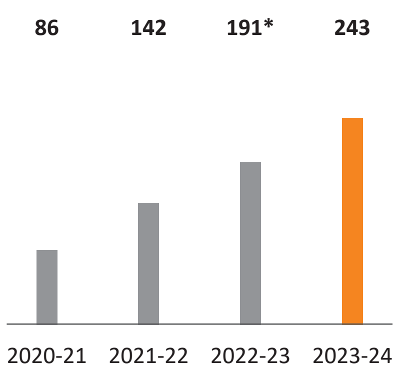


35% CAGR (21-24)

EBITDA Margin
in %

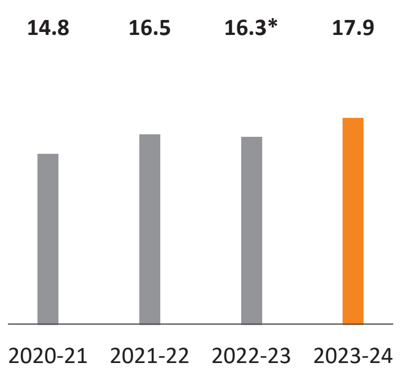


Profit after Tax
₹ in Cr.

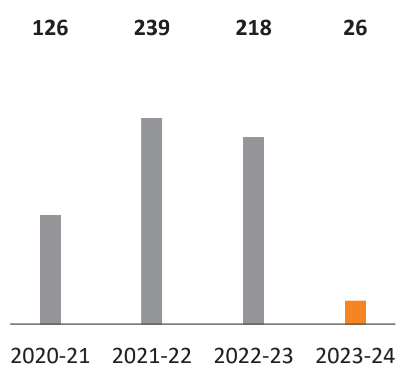


41% CAGR (21-24)

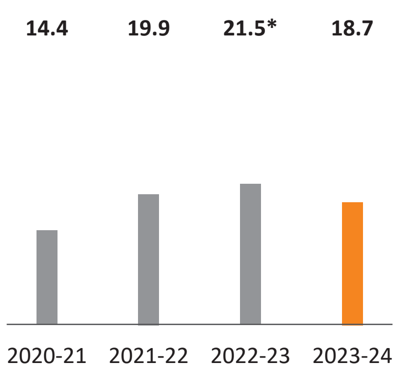
PAT Margin
in %



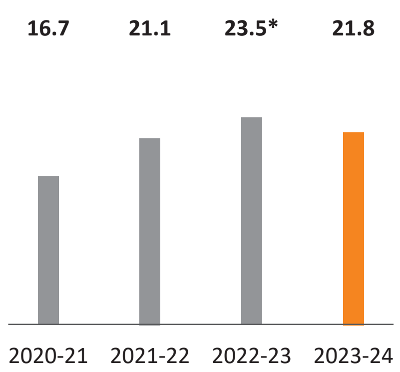
Net Debt
₹ in Cr.



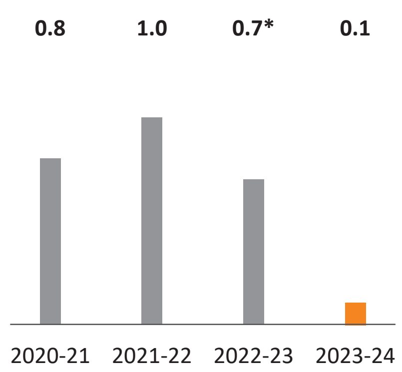
ROE
in %



ROCE
in %



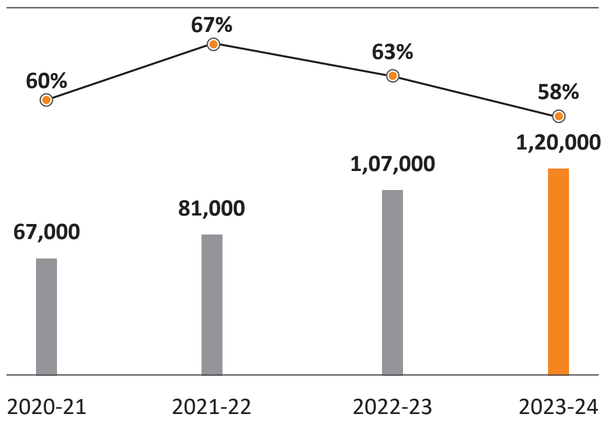
Net Debt to EBITDA
times (x)



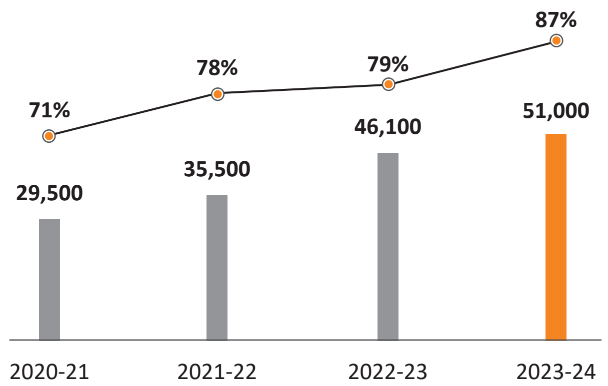
2022-23 metrics adjusted for prior-period income

OPERATIONAL PERFORMANCE

Forging Capacity and Utilisation
in MT



Machining Capacity and Utilisation
in MT



Business Model

CREATING SUSTAINABLE VALUE. DELIVERING TRUST & RELIABLITY.

RESOURCES	INPUTS
Financial Capital We invest significant financial resources to ensure smooth operations. These resources are the backbone of our business, enabling us to navigate challenges, seize opportunities, and deliver value to stakeholders. By deploying these assets judiciously, we strengthen our foundation and thrive in a dynamic business landscape.	Equity: ₹ **19 Cr.** Reserves: ₹ **1,594 Cr.**
Manufactured Capital Our physical assets, including our manufacturing facilities, form a crucial part of our operational infrastructure. Through effective utilisation, we strive to maximise output, while optimising costs and harnessing the full potential of these assets.	Property, Plant, and Equipment: ₹ **986 Cr.*** Capital Work-in-Progress: ₹ **122 Cr.** Manufacturing Facilities: **3** Capital Expenditure (2020-24): ₹ **752 Cr.**
Intellectual capital Our vertically integrated facilities handle engineering, design, forging, testing, heat treatment, machining, and dimensional testing, which allows us to produce a range of products. With 40+ years of engineering experience, we deliver quality, high-precision, and safety-critical components for various industries and custom needs.	Capability to manufacture machined **components adhering to very tight tolerances** **Engineering capabilities** that enable us to efficiently and optimally utilise assets and resources
Human Capital Our employees' expertise, knowledge, motivation, and conduct are vital in executing and enhancing our business aspirations. Their dedication and professionalism bring our vision to life, driving our organisation towards greater achievements.	Total Employees: **3,017** Total Hours of Training: **11,525**
Social & Relationship capital Our relationships with key stakeholders and communities are critical to our social responsibility. By actively engaging with them, we foster trust and support, enabling us to effectively operate and build a strong reputation.	CSR Expenditure (2023-24): ₹ **2.8 Cr.** Cumulative CSR expenditure (2021-2024): ₹ **9.6 Cr.**
Natural Capital We invest significant financial resources to ensure smooth operations. These resources are the backbone of our business, enabling us to navigate challenges, seize opportunities, and deliver value to stakeholders. By deploying these assets judiciously, we strengthen our foundation and thrive in a dynamic business landscape.	GHG Emissions Intensity: **0.75 MT TCo_2e (Scope 1 & 2 emissions)** Environment Initiative: **5 MW Solar Plant** Efficient Use of Natural Resources

* At cost

Value Creation Paradigm

Manufacturing Process

- Raw Materials
- Billet Cutting Section
- Metallurgical Testing Lab
- Forging
- Control Cooling
- Heat Treatment
- Machining
- Standard Room
- Final Inspection
- Packaging and Dispatch

DELIVERING VALUE TO OUR STAKEHOLDERS	SDGs IMPACTED
Financial Capital Revenue: ₹ **1,358 Cr. (Y-o-Y Growth of 16%*)** EBITDA: ₹ **388 Cr. (Y-o-Y Growth of 22%*)** Profit after Tax: ₹ **243 Cr. (Y-o-Y Growth of 27%*)** EPS Diluted: ₹ **26.75** Return on Capital Employed: **21.8%** Proposed Dividend: ₹ **4.0 per Share**	8
Manufactured Capital World-class standards in operational excellence and performance Strategically located plant and improved capacity utilisation to meet demand Optimum capacity utilisation	8, 6, 7, 9, 12, 13
Intellectual Capital New Products Launched: **31**	9
Human Capital Lost Time Injury Frequency Rate (LTIFR): **0.55** Fatality: **None** Highly Motivated Employees	1, 3, 5, 8, 9, 16
Social & Relationship Capital Lives Impacted: **8,500+ Direct Beneficiaries** Ongoing Supplier Engagements Long-Term Customer Relationship	1, 3, 4, 5, 8, 11, 13
Natural Capital Water Treated and Reused - **24,015 KL**	7, 9, 12, 13

* After adjusting for prior-period income in 2022-23

Stakeholder Engagement

NURTURING VALUE. STRENGTHENING STAKEHOLDER RELATIONSHIPS.

We acknowledge that the success of organisations hinges on fostering meaningful connections with diverse stakeholders and building alliances that offer mutual advantages. We firmly believe engagement is rooted in identifying common interests and shared goals, driving stakeholders towards collaborative efforts for collective progress. Therefore, we prioritise ongoing and transparent communication with all our stakeholders.

In line with the growing importance of sustainable value creation in the global business landscape, we are committed to fostering open dialogue with our stakeholders. We strive to meet their expectations through diligent communication while advancing our Environment, Social, and Governance (ESG) commitments. These fundamental principles serve as the bedrock of our Company, enabling us to generate value over the long term.

Our People

Our people are at the core of our business. We encourage an open dialogue to allow them to identify and resolve challenges together.

Key Concerns and Expectations

- Employee welfare
- Health, safety, and environmental standards
- Effective grievance handling mechanisms
- Strategic direction and performance
- Career growth and progression
- Learning and development opportunities
- Regular engagement
- Transparent communication
- Diversity and inclusion

Engagement Approach

- Ensuring workplace safety
- Understanding employee challenges and improving the workplace experience
- Conducting fun-at-work activities that nurture and showcase the creative skills of our employees

Our Response

- Implementing smart recruitment methodologies
- Enhancing retention and succession planning
- Improving engagement with the workforce
- Complaint resolution

Supply Chain Partners

We have developed robust relationships with our key suppliers. From the quality of raw material sourcing, tackling 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.

Key Concerns and Expectations

- Local procurement and resource support
- Responsible sourcing along the supply chain to ensure quality and service
- Timely payments
- Sustainability of the business and associated risks
- Statutory and legal compliances
- Health and safety needs
- Environmental and social issues
- Rationalising costs

Engagement Approach

- Meetings and workshops with global raw material suppliers and logistics partners to develop common approaches based on shared values
- Meetings with (potential) suppliers and business partners
- Regular compliance and risk assessments of key suppliers
- Discussion on procurement standards and information on our Company's tenders and procurement plans

Our Response

- Undertaking integrated business planning
- Training suppliers
- Consolidating supplier base focussing on high quality
- Lower payable days

Customers

We work with leading national and international companies and our customers, many of whom are prominent names in the industry. Our engagement helps us prioritise long-term success for our business and customers by providing an opportunity to develop innovative, sustainable solutions. Our differentiated solutions lead to customer stickiness and generate repeat business.

Key Concerns and Expectations

- Sustainable packaging
- Product innovation
- Quality and service
- Responsible sourcing along the supply chain

Engagement Approach

- Regular interactions with key account manager
- Regular digital customer interface
- Collaboration on product innovation
- Customer and industry events and exhibitions
- Regular customer satisfaction survey
- Covering all material topics impacting our customers by reviewing their disclosures in their sustainability reports

Our Response

- Working with the customers to get the most effective solutions
- Increasing development spend
- Ensuring high-quality manufacturing, sourcing, and environmental standards
- Developing product and technology roadmaps based on emerging trends

Community

We aim to give back to society and enhance our positive impact on communities. We invest directly in the communities where we operate by supporting education, health, community development and environmental sustainability.

Key Concerns and Expectations

- Employment and enterprise support
- Community health and impact on the environment
- Local infrastructure investments

Engagement Approach

- Periodic need assessment and engagement
- Need-based interventions across focus areas: education, health, community development, and environment sustainability

Our Response

- Undertaking annual reviews and checks
- Organising upliftment programmes for the marginalised

Shareholders

We are committed to a transparent engagement with shareholders for a clear understanding of how our Company performs across all areas, from strategies and financial performance to environmental, social and governance.

Key Concerns and Expectations

- Business strategy and execution plan
- Consistency in financial performance and returns
- Sound corporate governance
- ESG priorities and strategies

Engagement Approach

We encourage engagement throughout the year and are transparent in all areas of the business. Our CFO and IR team have regular sessions with current and prospective investors to ensure they understand our Annual Report, Investor Presentation, Corporate Website, Quarterly & Annual Results, ESG Performance and Current Performance. Moreover, we provide timely responses to shareholder queries.

Our Response

- Ensuring focussed decisions and actions
- Delivering strong financial performance
- Adhering to the highest standards of transparency and integrity
- Constituting best-in-class Board with strong governance mechanisms
- Focussing on ESG with transparent and detailed disclosures

Government Regulations and Authorities

We engage with national and local governments and regulators to share our intent, understand the latter's concerns and priorities, and find mutually beneficial solutions. We comply with all applicable regulations wherever we operate and proactively evaluate our performance regularly.

Key Concerns and Expectations

- Adherence to national and international regulations
- Good governance practices
- Community engagement
- Regulatory compliance
- Ethical business conduct
- Environmental stewardship
- Maintaining safety
- Project approvals

Engagement Approach

- Annual Report and regulatory filings
- Meeting on government directives and policy development
- Facility inspection
- Regular meetings
- Periodic evaluation and improvement of our benchmarks conforming to prevailing environmental, social, and corporate governance requirements, be it local, national, or global
- Ensuring strict adherence to the 'Whistleblower Policy' and protecting our employees by preserving utmost confidentiality

Our Response

Helping and providing guidance in terms of connecting with Govt. Schemes for increased effectiveness.

Risk Management

ADAPTING PRUDENTLY. PREPARING FOR UNCERTAINTIES.

Our commitment to a robust risk management framework is fundamental to our sustained success. We strengthen our resilience in a competitive and dynamic industry environment by identifying, assessing, mitigating, and monitoring risks across various business aspects. This proactive stance empowers us to continuously provide value to our stakeholders, adeptly manoeuvring through industry fluctuations and economic uncertainties. Our ability to mitigate risks and adjust to evolving conditions is of paramount importance to our sustained achievements, fostering value for all those we engage with.

Risk Management System

KEY RISKS AND MITIGATION

Business Risk

Impact

Dependence on the top 10 customers poses a considerable risk, as any reduction in orders or termination of contracts could lead to significant business losses.

Mitigation

Despite the fact that our top 10 customers contributed to 68% of our revenues, over the years it has decreased significantly. However, acknowledging the inherent risk associated with reliance on a limited number of clients, we are proactively taking steps to mitigate potential challenges. We are actively diversifying our customer base by pursuing new contracts while also placing a strong emphasis on nurturing and strengthening relationships with our existing customers. We endeavour to maintain our share of business and expand our wallet share. Through these strategic actions, we aim to enhance the sustainability and resilience of our business in the long term.

Financial Risk

Impact

Our Company is exposed to financial risk stemming from indebtedness, which could impede our ability to meet repayment obligations and adhere to financing agreement covenants. This situation can adversely affect our business operations, financial health, and cash flows.

Mitigation

We have focussed on maintaining a very strong balance sheet. Our emphasis lies in vigilantly managing financial leverage and making judicious investments in assets and ventures that yield a favourable return on capital employed, as a key strategy to mitigate the risk of covenant breaches. Additionally, we diligently uphold essential financial ratios and remain open to exploring additional security measures if necessary, strengthening our overall financial stability.

Notably, the magnitude of our debt remains relatively low, and its repayment is done through the IPO. Our low debt-to-equity ratio of 0.1x acts as a substantial mitigating factor against potential risks, offering a positive outlook for effectively managing and mitigating our financial challenges.

Operational Risk

Impact

We acknowledge potential challenges related to meeting quality standards, which could result in liability issues. Furthermore, our reliance on a limited number of steel suppliers poses a risk of supply disruptions. Additionally, the possibility of shutdowns or production issues affecting our operations, coupled with our dependence on third-party transport providers, presents the potential for delays and increased costs. These factors necessitate diligent management and proactive measures to mitigate associated risks.

Mitigation

To address these challenges, we have implemented comprehensive measures aimed at ensuring the highest quality standards. This includes stringent quality control protocols, ongoing investment in employee training, and maintaining product liability insurance coverage.

We have taken steps to diversify our supplier relationships and closely monitor the steel market to ensure supply chain stability. In anticipation of potential disruptions, we have developed robust contingency plans, intensified facility maintenance efforts, and prioritised employee safety protocols.

Moreover, we have diversified our transportation options to mitigate logistical challenges by maintaining open communication with logistics partners, and exploring alternative routes to enhance operational resilience. These proactive measures underscore our commitment to mitigating risks and maintaining the reliability of our operations.

Environmental and Regulatory Risk

Impact

Given the growing emphasis on environmental sustainability and the tightening regulations within the manufacturing industry, it is imperative that we take proactive measures to identify and comply with environmental standards.

Mitigation

We allocate resources towards investing in green technologies to minimise our environmental footprint, thus ensuring compliance with evolving environmental regulations and mitigating regulatory risks.

Technological Risk

Impact

Our operations are vulnerable to technological failures, which have the potential to disrupt business processes and adversely impact financial performance. Any shortcomings or inefficiencies in our IT infrastructure could lead to transaction errors, processing delays, and disruptions that may affect our customers, resulting in financial losses.

Mitigation

To mitigate technological risks, we allocate and efficiently manage resources to maintain and improve our IT infrastructure. We have enacted security initiatives and disaster recovery plans to tackle vulnerabilities and potential interruptions caused by external events, including natural disasters, cyber threats, and telecommunication failures. We consistently review and update these measures to fortify the resilience of our IT systems and minimise the potential impact of technological disruptions on our operations and customer relationships.

Pricing Pressure Risk

Impact

Our profitability is susceptible to pricing pressure from customers, which could have adverse effects on our gross margin, profitability, and ability to sustain prices. This, in turn, could impact our operations, cash flows, and financial condition.

Mitigation

To address this risk, we undertake value engineering activities, negotiate price reductions with suppliers, and continuously enhance manufacturing processes to boost efficiency and reduce costs. Moreover, we negotiate discounts when necessary while concentrating on increasing sales volumes to counterbalance customer price reductions. Through these strategies, we strive to uphold our profit margins and sustain competitiveness in the market.

Strategic Priorities

PRIORITISING GROWTH. ACCELERATING SUSTAINABLE FUTURE.

In tune with the dynamic landscape of the market, we have strategically positioned ourselves as pioneers by harnessing our in-house R&D prowess, forging resilient partnerships, and capitalising on our cost-effective approach. We are poised to seize the opportunity as India grows into a global manufacturing hub. Through our innovative strategies, we strive to sustain and enhance our reputation as pioneers in the forging and machining components industry.

S1 Innovating and Undertaking R&D to Tap into Business Opportunities

Happy Forgings specialises in manufacturing forged and precision-machined components, with a strategic focus on key industries, including power generation, oil and gas, and wind turbines. In line with our commitment to advancing our position in the value chain, we have already made significant strides by supplying various critical components. These include crankshafts tailored for the power generation and automobile sectors, particularly for SUVs, planetary carriers, pinion shafts vital for wind turbine gearboxes, and front axles designed specifically for electric buses, all successfully delivered during 2022-23.

We are now poised to enhance our capabilities further by leveraging our newly installed 14,000-tonne press to manufacture precision components for industrial applications. This strategic move will enable us to forge heavier and more intricate parts weighing up to 250 kg, thereby expanding our reach and competitiveness in the market. Additionally, we are committed to introducing innovative solutions for cutting heavy transmission gear in machining and handling forgings of up to one tonne, demonstrating our relentless pursuit of excellence and adaptation to evolving industry demands.

S2 Evolving with Industry Dynamics

At Happy Forgings, we are committed to seizing existing and new business opportunities by capitalising on our extensive network of long-standing relationships with established OEMs. Our strategy revolves around leveraging these relationships alongside our diverse capabilities in machining and forging to provide a comprehensive range of solutions to our clientele. An exemplary instance of this commitment is our recent venture to supply 195 kg front axle beams to an esteemed Indian automotive manufacturing company for their electric buses.

This strategic expansion not only diversifies our business portfolio but also catalyses our customer base and bolsters revenue streams. Through such initiatives, we aim to fortify our position in the market while continuously adapting to meet the evolving needs of our clients and industry dynamics.

S3 Tapping into International Markets

Happy Forgings is aggressively targeting new global markets that were previously reliant on imports from China and Europe. Our strategy includes cross-selling products to additional customer locations. Firstly, we successfully supplied crankshafts to an off-highway vehicle manufacturer and gears and pinion shafts to a wind turbine gearbox manufacturer, expanding our reach and forming valuable partnerships worldwide. Secondly, during the financial year, the total revenue from exports increased substantially, up to ~20% of the total revenues. These initiatives reinforce our commitment to global expansion and diversification while solidifying our position as a key player in the industry.

S4 Progressing with New Capacity

To scale our operations, we have invested in new machinery and equipment for forging and machining. We are in the process of commissioning a new 6,300 tonne forging press line that will be operational in 2024-25 and a 10,000 tonne capacity line expected to be operational in 2025-26. These strategic investments bolster our capacity and underline our commitment to meeting growing market demands efficiently and effectively.

S5 Ensuring Operational Efficiency for a Sustainable Tomorrow

At Happy Forgings, we have made substantial investments in line automation and robotics, along with the installation of solar panels to enhance sustainability efforts. Moreover, we have implemented measures to reduce lead times in manufacturing, improved inventory management, and implemented strategies to control excess consumption and waste. Looking forward, we are committed to optimising our production processes. This includes enhancing engineering capability, debottlenecking critical production processes, increasing manufacturing system flexibility, and minimising scrap during production. These efforts underscore our dedication to operational excellence and sustainability, ensuring continued efficiency and competitiveness in the market.

S6 Synergising towards New Possibilities

Our focus revolves around actively seeking and evaluating opportunities that align with our growth strategy. We are committed to targeting entities and initiatives that create synergies in new end-markets, geographic regions, customer segments, or product lines. A testament to this commitment are our strategic moves in 2008 and 2022, where we executed acquisitions and relocations of crankshaft production lines from reputable automotive manufacturers in Sweden and Germany. These decisive actions have enabled us to diversify our product offerings and expand our capabilities to manufacture crankshafts for diverse applications, reinforcing our position as a dynamic and forward-thinking industry leader.

HAPPY FORGINGS LIMITED

ENVIRONMENT

PRIORITISING SUSTAINABILITY. DRIVING POSITIVE CHANGE.

As businesses strive to maximise profits, they must also recognise their responsibility towards society and the environment for a lasting impact. At Happy Forgings, we are deeply committed to sustainability and have implemented advanced systems, processes, and controls across our units to monitor our carbon footprint.

Our emphasis on integrating cutting-edge technologies, efficient waste management, responsible resource allocation, energy-saving initiatives, and other sustainable practices enables us to create value while mitigating our environmental impact. We firmly believe that sustainability is both a moral obligation and a strategic imperative. As a conscientious corporate entity, we are dedicated to reducing our carbon footprint and continuously exploring innovative ways to improve our environmental performance.

~11,000 (GJ)
Green Energy Utilisation

5 MW
Green Power Generating Capacity

50% Reduction
Scope 1 and Scope 2 Carbon Emissions by 2030

100%
Wastewater Recycling by 2025

INITIATIVES TO ATTAIN ENVIRONMENTAL STEWARDSHIP

Energy Consumption Optimisation

At Happy Forgings, we have made significant strides in sustainability by implementing co-generation of green power to fulfil our electricity needs. We are actively reducing our reliance on traditional energy sources and transitioning to renewable energy alternatives whenever viable. This demonstrates our commitment to reducing our carbon footprint and advocating for clean energy practices.

1,600 kVAR
Hybrid Automatic Power Factor Control Panel for Reducing Energy Wastage

Replaced
Halogen Lights with LED Lights
Reducing the Electricity Consumption from 1.5 kw to 1.2 kw per Light

Water Management

The majority of our manufacturing facilities rely on external sources or local utility providers for water supply. However, we adopt a sustainable approach in selected locations by leveraging our own bore wells to fulfil our water requirements. This strategic diversification of water sources not only ensures reliability and continuity in our operations but also reduces our reliance on external supplies.

Waste Management

At Happy Forgings, 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. We employ the most effective techniques and environment-friendly options for managing waste and strive to minimise our footprint on ecosystems.

Emission Control

Happy Forgings revamped its heat treatment facility, switching from low sulphur fuel oil to LPG and replacing oil-fired furnaces with electric heating systems. These changes led to increased efficiency, reduced furnace oil consumption, and a commitment to eco-friendly practices. We have transitioned to cutting-edge technology for our Shot Blast Machines, incorporating dust collection bags to significantly reduce ambient dust pollution.

SOCIAL: PEOPLE

NURTURING PEOPLE. EMPOWERING COMPREHENSIVE GROWTH.

At Happy Forgings, our employees form the backbone of our Company. They embody the very essence of our Company. Our team plays a pivotal role in translating our vision into tangible achievements. Through various initiatives, we cultivate an empowering workplace environment that fosters continuous learning, encourages employee growth, and nurtures a culture of innovation and inclusivity.

Our HR framework is meticulously designed to create an environment conducive to the growth of our employees while offering them enhanced opportunities. Additionally, we have established robust policies that define workplace conduct and effectively address any challenges that may arise. Thereby ensuring a harmonious and productive work environment for everyone.

HUMAN RESOURCES

As of 31st March, 2024, we had 3,017 permanent employees. We also appoint independent contractors, who in turn engage on-site contract labour for unskilled tasks. As of the same date, we had 151 contract labourers contributing to our operations.

TALENT MANAGEMENT

Our HR strategies help attract bright minds and nurture their growth while addressing their needs with care. Our learning and development initiatives help cultivate leadership acumen and embrace fresh talent with open arms. Through campus recruitment and direct hiring, we have welcomed graduate engineering trainees and executives across various tiers, infusing our team with diverse perspectives and expertise.

We are committed to empowering our employees with skills vital to our manufacturing prowess. From mastering efficient machine operations to ensuring a seamless workflow, maintaining stringent quality standards, and fostering a culture of strong workplace safety—we leave no stone unturned. Our HR division operates as a catalyst, ensuring high employee engagement and motivation levels, driving us closer to realising our strategic goals and aspirations.

11,525
Cumulative Training Hours

ENSURING HEALTH AND SAFETY

We uphold stringent legal regulations and statutes that prioritise the health and well-being of our invaluable workforce. Our operations strictly adhere to established work safety standards, ensuring a workplace environment that promotes both physical and mental well-being.

In our pursuit of excellence, we proactively implement measures to minimise accidents and environmental impacts within our manufacturing facilities. This includes putting in place robust safety protocols, undertaking regular audits and comprehensive training programmes, and adopting cutting-edge technologies designed to enhance safety and mitigate risks. We firmly believe that a safe and healthy workplace is not just a legal requirement but a moral obligation towards our employees and the community at large.

Measures

0.55
Lost Time Injuries in 2023-24

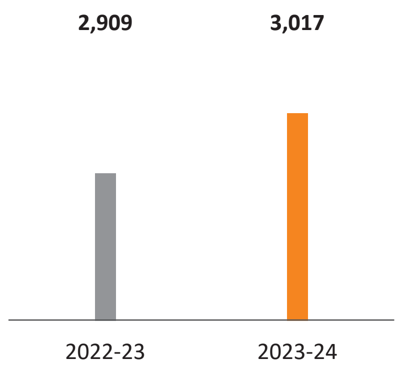
990
Employees Covered under Health & Safety Trainings

DIVERSITY & INCLUSION

At Happy Forgings, we are committed to fostering a culture of diversity, inclusion, and transparency. We have implemented clear policies and ethical guidelines that promote an environment where everyone is valued and respected, regardless of their background or identity. Our goal is to create a safe and welcoming workplace, free from discrimination, where employees can thrive and contribute their best. Additionally, we have implemented a policy that encourages all employees to contribute their suggestions and feedback towards continuous improvement and organisational growth. By embracing diversity and promoting open dialogue, we aim to create a workplace culture that nurtures creativity, innovation, and mutual respect among all employees.

34
Average Age of Employees

Total Number of Employees



HAPPY FORGINGS LIMITED

SOCIAL: COMMUNITIES

NURTURING COLLABORATION. DRIVING COMMUNITY GROWTH.

Our dedication to social responsibility extends beyond our business operations. We believe in giving back to our communities and positively impacting the environment. We demonstrate our commitment to creating a sustainable and inclusive future through impactful CSR initiatives.

Our CSR initiatives encompass education, healthcare, environmental conservation, and community development. We actively engage in projects that promote education and skill development, support healthcare infrastructure and services, and contribute to environmental sustainability through conservation and awareness programmes.

By participating in these initiatives, we not only fulfil our ethical responsibilities but also strive to be a catalyst for positive change. Our commitment to CSR reflects our values and dedication to making a meaningful difference in society while creating long-term value for all stakeholders.

8,500+
Direct Beneficiaries of CSR Programmes

₹ 2.8 Cr.
CSR Expenditure

Healthcare

Happy Forgings made substantial contributions to the healthcare of the community by donating five dialysis machines, significantly enhancing renal care services for patients. Additionally, our Company donated advanced X-ray machines to a charitable hospital, improving its diagnostic capabilities and enabling more accurate medical interventions. These efforts reflect Happy Forgings' commitment to strengthening healthcare infrastructure and supporting the well-being of underserved communities, showcasing their dedication to making a positive impact on society.

700
Dialysis Provided

5,143
Patients Treated

Education

Happy Forgings has demonstrated its commitment to education by adopting a government primary school in Kanganwal, Ludhiana, ensuring better facilities and learning opportunities for young students. Additionally, through the Noble Foundation, our Company actively supports the education of underprivileged children, providing them with the resources and opportunities needed to thrive academically. These initiatives reflect Happy Forgings' dedication to fostering educational growth and empowering the next generation.

1,658
Students Enrolled in 2023-24

100
Slum Students

Vocational Training

Happy Forgings is committed to empowering underprivileged girls through vocational training opportunities. Through its partnership with Bal Vikas Trust, our Company contributes to the infrastructure development of a vocational training college, specifically designed to cater to the needs of underprivileged girls. This initiative aims to equip them with essential skills and knowledge, opening up avenues for sustainable livelihoods and economic independence. By investing in vocational training, Happy Forgings strives to create pathways for social and economic empowerment, enabling girls to build brighter futures for themselves and their communities.

5
Courses Planned

~1,000
Girl Students to Benefit Annually

Children & Adolescents with Special Needs

Happy Forgings demonstrates its commitment to inclusivity and empowerment by supporting children and adolescents with special needs through various initiatives. Partnering with the Ludhiana Education Society, our Company contributes to a school dedicated to deaf children, providing both education and vocational training to empower them for future success. Additionally, Happy Forgings sponsors a vocational rehabilitation centre for the blind, offering essential skills and opportunities for independence. Furthermore, through our collaboration with Darpan NGO, our Company donates specially designed bags for children with disabilities, ensuring they can carry their belongings comfortably and with dignity. These efforts underscore Happy Forgings' dedication to supporting the unique needs and potential of every child, fostering a more inclusive society.

85
Students Enrolled

850
Bags Donated

103
Visually Impaired Children

Senior Citizen Welfare

Happy Forgings' partners with the Senior Citizen Council of Ludhiana to support initiatives enhancing the welfare of elderly residents. Through various activities and assistance programmes, our Company ensures seniors receive the care, respect, and social engagement they deserve, fostering a community where they can age gracefully and enjoy a fulfilling life.

250
Senior Citizens Benefitted

Defence Services

Happy Forgings proudly supports the Border Security Force (BSF), ensuring they have vital resources for safeguarding our borders. This partnership reflects our commitment to national security and our appreciation for their sacrifices.

20
Shelters Built

GOVERNANCE

UPHOLDING INTEGRITY. LEADING WITH EXCELLENCE.

At Happy Forgings, we attribute our success to our seasoned management team's exceptional expertise and knowledge. We uphold the highest ethical standards and diligently manage risks to safeguard the interests of all stakeholders.

Our commitment to upholding the best governance practices has earned us the trust and confidence of our esteemed investors. This has led to our strong credit ratings, which reflect our financial stability and reliability.

Our partnership with a trusted audit firm and an independent internal auditor further demonstrates our dedication to transparency and accountability. These measures ensure that our operations adhere to regulatory requirements and industry standards, reinforcing our commitment to ethical conduct and responsible business practices.

GOVERNANCE PILLARS

01 Experienced management team with deep domain knowledge

02 Seasoned Board and the best governance standards

03 Reputed investors on the Board

04 Trusted audit firm and independent internal auditor

05 Robust multi-level accountability and monitoring structure

06 Sound employee practices: no instances of lockouts or labour unrest

As a company committed to excellence in corporate governance, we take pride in our multi-level accountability and monitoring structure. This helps us ensure transparency, ethical practices, and effective decision-making.

Our various committees, such as the CSR Committee, Audit Committee, Nomination and Remuneration Committee, IPO Committee, Stakeholders Relationship Committee, Risk Management Committee, and Independent Directors' meeting, are instrumental in maintaining robust governance practices across our operations. These committees oversee critical aspects of our business, promoting integrity, compliance, and responsible conduct at every level.

Our robust grievance redressal framework enables us to manage and resolve concerns promptly and efficiently. The Prevention of Sexual Harassment (POSH) Committee is dedicated to creating a safe and respectful workplace environment. This committee is proactive in promptly addressing complaints related to sexual harassment and ensuring that appropriate actions are taken as per defined timelines.

As part of our commitment to fostering an ethical culture, we provide comprehensive training to our employees on our Code of Conduct. Through this training, we emphasise our ethical expectations and promote a culture of integrity and accountability. Additionally, our Anti-Corruption Policy serves as a vital tool for monitoring and mitigating corruption risks within our Company.

Our strong employee practices are reflected in our workforce's stability, with a combined strength of approximately 3,000 employees. We take pride in maintaining harmonious relationships with our employees, ensuring a positive work environment characterised by mutual respect, fairness, and inclusivity. This has contributed to our track record of minimal labour disruptions and a positive organisational culture.

Board of Directors

DIRECTING SUCCESS. STEERING OUR VISION.

Our Board of Directors is dedicated to upholding the highest standards of corporate governance, drawing upon their extensive experience and expertise. As eminent professionals from diverse fields, they possess the requisite skills, expertise, and experience to provide strategic guidance to our Company. To ensure effective oversight and governance, the Board meets quarterly to review our performance and provide valuable insights to drive future growth.

IPOC | CSRC

Paritosh Kumar
Chairman & Managing Director

- Holds a bachelor's degree in Arts from S.C. Dhawan Government (Evening) College, Ludhiana, Punjab University
- Has over 44 years of experience in the industrial sector
- Involved in the strategic decision-making of Happy Forgings, overseeing our Company's business activities, and setting governance standards

AC | IPOC | 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, United Kingdom
- Has ~17 years of experience in the industrial sector
- Currently manages our Company's business operations, financial performance, growth strategies and investments in different capacities and product developments

IPOC

Megha Garg
Whole-Time Director

- Holds a bachelor's degree in Science (Economics) from the University of Nottingham, United Kingdom
- Has ~8 years of experience in the industrial sector
- Leads digital marketing efforts to generate leads, engage prospects, and build brand awareness through strategic campaigns

Narinder Singh Juneja
CEO & Whole-Time Director

- Holds a postgraduate diploma in Mechanical Engineering (Machine Tools Operation and Maintenance) from YMCA Institute of Engineering, State Board of Technical Education, Haryana
- Has over 50 years of experience in the industrial sector

Committee*

Audit Committee	AC	Stakeholders Relationship Committee	SRC	Chairman	C
IPO Committee	IPOC	Risk Management Committee	RMC	Member	M
CSR Committee	CSRC	Nomination and Remuneration Committee	NRC		

Committee composition as on 31st March, 2024

AC | IPOC | CSRC | SRC | RMC | NRC

Prakash Bagla*
Non Executive Director

- Holds a bachelor's degree in Commerce from University of Calcutta and is an associate member of the Institute of Chartered Accountants of India
- Has 22 years of experience in the finance and private equity sector
- Is currently designated as Managing Director at MO Alternates (investment manager of IBEF III - an investor in Happy Forgings)
- Focusses on businesses in the industrial and niche manufacturing sectors

** Mr. Prakash Bagla ceased to be a Director and member of committees w.e.f. the close of business hours on 24th May, 2024*

AC | CSRC | NRC

Satish Sekhri
Independent Director

- Holds a bachelor's degree in Science (Mechanical Engineering) from University of Delhi, and a master's degree in Business Administration from Department of Commerce and Business Management, Punjab University
- Has over 48 years of experience in sales and marketing and the industrial sector
- Is present on the Boards of Harita Fehrer Limited, JK Files and Engineering Limited, and Rico Auto Industries Limited

AC | SRC | NRC

Vikas Giya
Independent Director

- Holds a bachelor's degree in Commerce from GGN Khalsa College, Punjab University and is a fellow member of the Institute of Chartered Accountants of India
- Has over 19 years of experience in the finance sector

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 a Managing Director and a Board member of Dixon Technologies (India) Limited (listed on the Stock Exchanges in India)

AC | RMC | NRC

Rajeswari Karthigeyan
Independent Director

- Holds a bachelor's degree in Commerce from 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, Bangalore
- Has over 30 years of experience in credit ratings covering the auto sector

AC | CSRC | NRC

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 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
- Served on the Board of Tata Motors Limited and was a Marketing Director with BP India Private Limited

Leadership Team

GUIDING VISION. ADVANCING WITH EXPERTISE.

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
- Has over 22 years of experience in the areas of operations and marketing
- Joined Happy Forgings in 2016 and is responsible for overseeing production and operations

Gurjinder Singh
Chief Human Resources Officer

- Holds a master's degree in Business Administration (HR) and is an alumni of Indian School of Business (ISB) where he completed the 'Future CHRO Program'
- Has over 27 years of rich experience, working with renowned companies looking after HR Management, Industrial Relations, and Organisation Development
- Joined Happy Forgings in 2019, and is responsible for employee practices, leadership development, and managing day-to-day IR and PR activities

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
- Has 23 years of experience in financial management in the manufacturing sector
- Associated with Happy Forgings since 2013 and is responsible for overall financial management & strategy, financial reporting, fund raising, fund deployment, risk management and tax planning etc.

Bindu Garg
Company Secretary & Compliance Officer

- Holds a master's degree in Commerce and is a fellow member of the Institute of Company Secretaries of India and a qualified Cost and Management Accountant
- Has over 21 years of vast experience in handling corporate laws, legal and taxation matters
- Joined Happy Forgings in 2021 and has been instrumental in building and sustaining Happy Forgings' corporate governance standards

Mangesh Shantaram Purandare
Chief Marketing Officer

- Holds a bachelor's degree in Engineering (Industrial) and a master's degree in Business Administration from University of Pune
- Has 27 years of experience in marketing mainly in auto components sector
- Joined Happy Forgings in 2019 and is responsible for new business development both international and domestic

Committee*

Audit Committee	AC	Stakeholders Relationship Committee	SRC	Chairman	C
IPO Committee	IPOC	Risk Management Committee	RMC	Member	M
CSR Committee	CSRC	Nomination and Remuneration Committee	NRC		

Committee composition as on 31st March, 2024

CORPORATE PROFILE

Board of Directors

Mr. Paritosh Kumar
Chairman & Managing Director

Mr. Ashish Garg
Managing Director

Ms. Megha Garg
Whole-Time Director

Mr. Narinder Singh Juneja
CEO & Whole-Time Director

Mr. Prakash Bagla*
Non-Executive Director

Mr. Satish Sekhri
Independent Director

Mr. Vikas Giya
Independent Director

Mr. Atul B. Lall
Independent Director

Ms. Rajeshwari Karthigeyan
Independent Director

Mr. Ravindra Pisharody
Independent Director

Key Managerial Personnel

Mr. Pankaj 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

Ms. Rajan Sabharwal & Associates

Principal Bankers

HDFC Bank
ICICI Bank
Yes Bank

Registrar and Share Transfer Agent

Link Intime India Private Limited
C, 101, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (W), Mumbai,
Maharashtra - 400 083

Registered Office

B-XXIX 2254, 1, Kanganwal Road, P.O. Jugiana,
Ludhiana, Punjab - 141 120

Plant 1

B-XXIX 2254/1, Kanganwal Road, P. O. Jugiana,
Ludhiana, Punjab - 141 120

Plant 2

Opposite Hindustan Tyres
(Adjoining Waryam Steels), Kanganwal Road,
P.O. Jugiana,
Ludhiana, Punjab - 141 120

Plant 3

HB No. 220, Post Office Rajgarh,
Village - Dugri,
Ludhiana, Punjab - 141 421

** Mr. Prakash Bagla ceased to be a Director and member of committees w.e.f. the close of business hours on 24th May, 2024*

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economy

The global economy has displayed resilience amidst several challenges, including the aftermath of the COVID-19 pandemic and geopolitical tensions such as the Russia-Ukraine conflict. After experiencing a peak in 2022, inflation has had a milder impact on employment and economic activity. This positive trend can be attributed to supply-side improvements and proactive measures by central banks to stabilise the effects of inflation.

The growth of the global economy is expected to remain steady at 3.2% in 2024 and 2025. This will be further augmented by the concomitant growth of the United States and other key emerging markets along with continued fiscal stimulus in China. However, there is likely to be a fall in the global growth projections to below the historical average. Some reasons for this include high central bank rates, reduced fiscal support amid high debt levels, and slow underlying productivity growth.

Globally, inflationary pressures are easing due to the resolution of supply constraints and tighter monetary policies. As a result, global headline inflation is projected to decrease from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025.

In the latter half of 2023, the United States and several major emerging markets experienced stronger-than-expected economic growth. This was fuelled by robust government and private expenditures, due to increased real disposable income and a gradual easing of tight labour markets. Households accessing their savings from the pandemic period also contributed to economic activity. Some other factors that played a major role in the economic upswing include supply-side improvements, higher labour force participation, resolved supply chain disruptions, and improved delivery times.

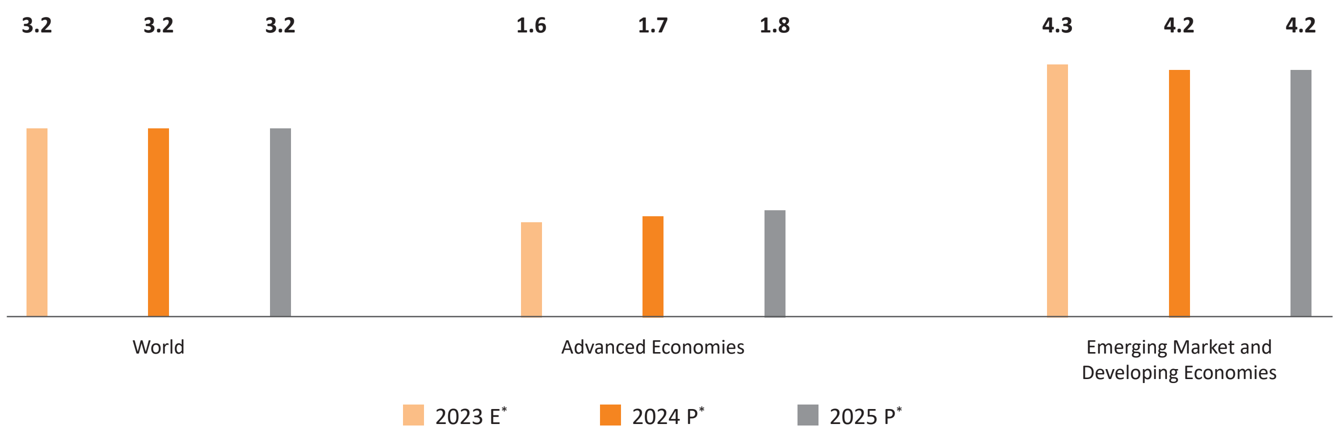
Despite all this, there were disparities in global economic growth with the euro area facing subdued growth. This can be attributed to factors such as weak consumer sentiment and sluggish manufacturing and business investment. Low-income economies encountered significant output losses, exacerbated by high borrowing costs. Even in the face of disinflationary trends and stable growth, there is a reduced risk of a severe economic downturn, with global growth risks balanced overall.

It is imperative for policymakers to focus on steering inflation toward target levels while implementing fiscal consolidation to strengthen budgetary resilience and address potential future shocks. There is a need for enhanced coordination among nations to tackle debt challenges and mitigate the impacts of climate change effectively.

3.2%
Growth of the global economy in 2024 and 2025

4.5%
Global headline inflation in 2024 and 2025

Global Economic Growth *(in %)*



Source - World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence - imf.org

P* - Projections E* - Estimate

Outlook

Looking forward, the rate of economic growth is expected to stabilise as the effects of favourable developments wane, alongside rising yields and stricter credit conditions. The moderation of inflation may be constrained by persistent supply disruptions and shifting inflationary sentiments, with the business sector experiencing pressure on margins that could result in decreased hiring and expenditure.

A major concern is the possible resurgence of consumer price inflation, which has the potential to significantly impact the economic trajectory in 2025. The latter largely depends on central banks addressing economic constraints as inflation moves closer to their targets. Given their current high real policy rates, the US and the euro area are particularly at risk, which could suppress economic activity if sustained, potentially exacerbating mild recessions.

Indian Economy

India's economy has been resilient over the past three fiscal years despite global challenges, and this trend is expected to continue into the next decade. This has resulted from significant investments in emerging sectors, ongoing government initiatives, and efficiency improvements due to digitalisation and physical connectivity advancements.

India's GDP growth is expected to moderate to 6.8% in the upcoming fiscal year, following a better-than-expected expansion of 7.6% in the current fiscal year. Factors such as high-interest rates and reduced fiscal deficit (to 5.1% of GDP) are likely to moderate demand. The normalisation of net tax impact is also likely to play a role. However, external factors like uneven economic growth among key trading partners and geopolitical uncertainties could dampen export prospects.

Despite this, there are some positive factors to consider. Continued disinflation will support consumer purchasing power, and a healthy monsoon season is expected to boost agricultural incomes. A gradual increase in private capital expenditure will also contribute to more widespread investment growth. Apart from this, governmental initiatives such as budgetary support for rural incomes and infrastructure spending are expected to provide additional support to economic activities.

India is poised to maintain its position as the fastest-growing large economy, with CRISIL projecting an average annual growth of 6.7% between fiscals 2025 and 2031. This growth trajectory is expected to propel India's economy towards the US$ 7 trillion mark, making it the third-largest economy globally during this period. With this economic expansion, India's per capita income is forecasted to enter the upper middle-income category.

> India is poised to maintain its position as the fastest-growing large economy

While capital will continue to play a pivotal role in driving this growth, we also anticipate significant productivity gains. These gains will be an outcome of the integration of physical and digital connectivity, as well as ongoing economic and process reforms. India will be thriving in both the manufacturing and services sectors, which supports the argument that it is on a more robust growth trajectory.

Outlook

Looking forward, the industrial sector is set to experience rapid growth, drawing investments in both conventional and emerging fields, while infrastructure expenditure continues to rise. Over the next four fiscal years, overall capital expenditure (capex) is forecasted to grow between 9-11% annually, with a balanced focus on industrial and infrastructure segments. This growth is supported by three key factors.

Firstly, the financial flexibility Indian companies enjoy will allow them to pursue expansion initiatives. This will be further augmented by enhanced profitability and strategic deleveraging efforts, resulting in healthier balance sheets across the board. Secondly, consistent revenue growth of Indian companies, expected at 9-10% in the next fiscal year, indicates sustained health and utilisation of existing capacities. Lastly, benign commodity prices forecasted for the coming fiscal year will positively impact investment decisions.

Source: growth-marathon.pdf - www.crisil.com

7.6%

India's GDP growth in 2023-24

US$ 7 Trillion

Economy by 2030

BUSINESS ENVIRONMENT

Forging Industry

Global

The global forging market has experienced robust growth in recent years, with a projected increase from US$ 94.74 Bn in 2023 to US$ 101.93 Bn in 2024, representing a compound annual growth rate (CAGR) of 7.6%. Some factors fuelling this growth include expansion of the automotive industry, growth in the aerospace sector, oil and gas exploration activities, defence and military applications, as well as developments in railway and transportation systems. However, economic challenges in Europe, such as geopolitical threats and supply shocks due to oil price increases, have slightly dampened this trend. Despite this, recovery is expected with stabilisation by 2025.

The global forging market is forecasted to continue its strong growth trajectory, reaching US$ 132.06 Bn by 2028 with a CAGR of 6.7%. This growth will be driven by factors such as increased adoption of lightweight materials, infrastructure investments in emerging markets, expansion of the wind and solar energy sectors, and global initiatives toward carbon neutrality. Some key trends in this forecast period include advancements in closed-die forging technology, integration of industry 4.0 technologies, emphasis on sustainable forging practices, collaborative efforts in research and development, and customisation for defense and aerospace applications.

Source - Metal Forging Market Research Analysis And Industry Demand 2024-2033 - thebusinessresearchcompany.com

Indian

As of 2022-23, the medium forged components market accounted for 8.7L MT (US$ 3.2 Bn), while heavy forged components contributed 4.2L MT (US$ 2.0 Bn) to India's forging market. Together, they represented 45% of the total Indian forging market by volume and 76% by value. This segment experienced steady growth until 2018-19, driven by infrastructure development, advancements in road transport, and increased sales of passenger vehicles in India. The market is projected to reach 17.6L MT (US$ 7.7 Bn) by 2028-29, with a CAGR of 5.4% during the period 2024 to 2029. The automotive sector holds a significant share of about 61.8% for forged components within India's forging market in terms of volume for the year 2023. In terms of value, the automotive sector contributed approximately US$ 3.6 Bn in 2022-23, and this is expected to grow to US$ 5.4 Bn by 2029 at a CAGR of 7.6%. The market volume is also set to expand to 38.7L MT (US$ 10.2 Bn) by 2028-29, driven by increased demand for automobiles due to a rising working population and higher per capita income.

The farm equipment sector is anticipated to experience the fastest growth in terms of the value of forged components, with a CAGR of 8.4% leading to US$ 0.4 Bn by 2028-29. The industrial sector is also poised for growth, particularly with the automotive Production Linked Incentive (PLI) scheme expected to attract investments totaling ₹ 748.5 Bn over the next five years, boosting demand and production in the forging industry.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Key Opportunities for Forgings in Non-Automotive and Industrial Sectors

Industrial Equipment

Large forgings play a vital role in a wide range of industrial equipment and machinery across sectors such as steel, textile, paper, power generation and transmission, chemical, and refinery industries. These forgings are commonly utilised in various configurations such as bars, blanks, blocks, connecting rods, cylinders, discs, elbows, rings, T's, shafts, and sleeves. Their versatility and strength make them indispensable for the efficient and reliable operation of industrial processes and equipment.

Wind Turbine

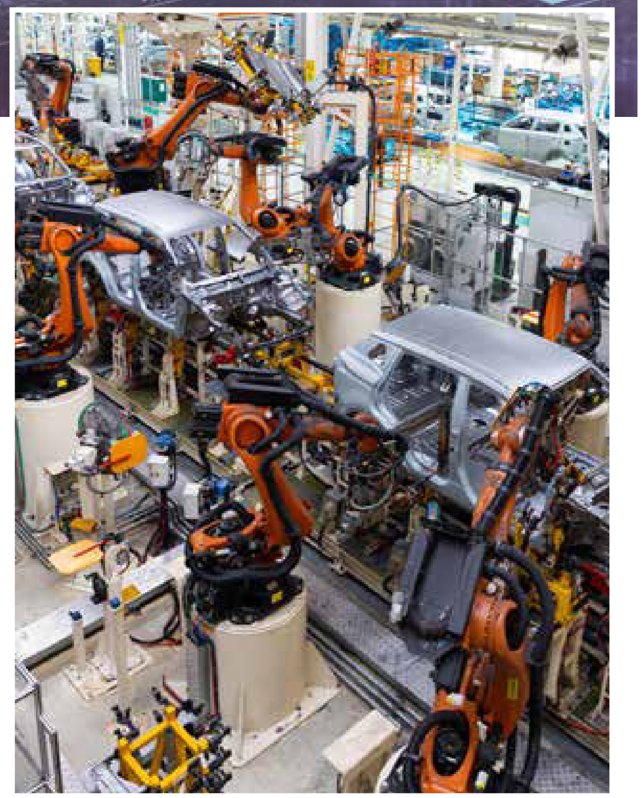
The wind turbine gearbox is a complex assembly comprising several key components. Forged and machined parts such as planetary and planetary carriers, pinion shafts, ring gears, and differential gears form the core of the gearbox. These are precision-engineered to meet stringent performance requirements. On the other hand, the gearbox housing is typically casted to precise dimensions suitable for accommodating these critical components and ensuring optimal functionality of the wind turbine system. This combination of forged, machined, and casted parts ensures wind turbines' efficient and reliable operation, contributing to sustainable energy production.

Renewable Energy

Forgings also provide durable and reliable parts for renewable energy systems. High-quality forgings play a vital role in this sector, ensuring that components can withstand the rigorous conditions inherent in renewable energy production and operation. For instance, hydro power plants rely on forged components such as rotors, while wind power plants utilise shafts and gearboxes. These forged parts contribute significantly to the efficiency, longevity, and performance of renewable energy infrastructure, highlighting their importance in advancing sustainable energy solutions.

Power

The global power generation market is poised for significant growth, driven by the increasing demand for reliable backup power solutions across healthcare, telecommunications, and manufacturing sectors. This is expected to further fuel the demand for a wide range of forged and machined components in the power generation industry. These include engine blocks, cylinder heads, crankshafts, and generators, among others. Forged power transmission components are particularly crucial for critical load and safety applications. They help extend the product life and minimise the risk of failure. Some examples of these components include braking yokes, steering components, shafts, shifting forks, driveshaft yokes, axles, collars, pinions, spindles, and clutch hubs. They play a vital role in ensuring power generation systems' efficient and reliable operation.



Aerospace

The production of commercial aircraft is experiencing growth due to factors such as population increase and expanding trade. A typical commercial aircraft incorporates approximately 450 structural forged parts along with numerous forged engine components. Forged parts are favoured in aircraft construction due to their excellent strength-to-weight ratio. Moreover, these parts have demonstrated resilience in handling varying temperatures and atmospheric pressures experienced at different altitudes.

Nuclear Power

The nuclear power industry extensively relies on forged metal parts for various critical applications such as reactors, nuclear waste storage, and transportation of raw materials and waste. Forged components are particularly crucial in manufacturing pressure vessels due to their ability to withstand high temperatures and pressures. The utilisation of forged parts in machines within the nuclear power sector, which operate under extreme conditions, is a significant driver of growth in the forging market. The increasing adoption of nuclear power as an alternative to conventional energy sources further contributes to expanding the forging industry.

Defence

The defence industry is a major consumer of forging and machining components from small firearm parts to large components for military vehicles and aircraft. Forged components are integral to various defence equipment, including rifle triggers, nuclear submarine drive shafts, heavy tanks, missiles, armoured personnel carriers, shells, and other heavy artillery. This highlights their critical role in ensuring defence systems' robustness, reliability, and performance across different platforms and applications.

Global Commercial Vehicles Market

The global commercial vehicles market size reached US$ 803.6 Bn in 2023. Looking forward, IMARC expects it to reach US$ 1,114.2 Bn by 2032, exhibiting a CAGR of 3.6% during 2024-32. The market is majorly driven by increasing trade and cross-border transportation. The expansion of e-commerce and last-mile delivery services contributes significantly to the market. Other factors influencing the growth of this market include rising demand for efficient goods movement in urban areas; growing infrastructure development and road network expansion; rapid industrialisation and manufacturing activities; escalating replacement demand due to ageing commercial vehicle fleets and the increasing need for temperature-controlled transport in the food and pharmaceutical industries are stimulating the market; and the growing demand for specialised vehicles like refrigerated trucks and tankers.

(Source - Commercial Vehicles Market Share, Size, Report 2024-32 - imarcgroup.com)

Global Tractor Market

Global tractor sales are poised to exhibit a robust growth trajectory, with a projected CAGR of 5.0% by sales volume from calendar year 2023 to calendar year 2029. India is anticipated to lead this market expansion with an even higher CAGR of 6.3% during the same period. Currently, India holds a substantial 44% share of the global tractor market as of calendar year 2022. This share is expected to increase to 48% by calendar year 2029 in terms of volume. Over the 2023-29 period, minimal electrification is projected in the agricultural machinery sector.

The two of the largest global economies which are the United States and China are also expected to contribute significantly to the growth of tractor sales. They are projected to achieve CAGRs of 4.3% and 4.1%, respectively, during the period from calendar year 2023 to calendar year 2029. Factors such as farm mechanisation and the integration of telematics with agricultural tractors are driving this growth in these regions.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Global Off-Highway Vehicles Market

The global off-highway vehicle (OHV) engine market is expected to witness substantial growth, from US$ 23.59 Bn in 2023 to US$ 35.79 Bn by 2030, representing a robust CAGR of 6.1% during the forecast period. This growth is primarily driven by the rising sales of agricultural and construction machinery worldwide. The rise in infrastructure projects driven by rapid urbanisation and heightened government efforts, particularly in emerging economies, to improve agricultural mechanisation, are pivotal factors driving the demand for off-highway vehicle engines. As the adoption of construction and agricultural machinery continues to rise, the demand for OHV engines is expected to follow suit across various regions globally.

Source - Off-Highway Vehicle Engine Market Trends | Forecast (2030) - fortunebusinessinsights.com

Global Industrial Engine Market

The global industrial engine market is poised for significant growth, with an estimated value of US$ 18.6 Bn in 2024 and a projected CAGR of 6.3% through 2034. By 2034, the market is forecasted to reach a substantial valuation of US$ 34.28 Bn. This growth is being driven by a surge in demand due to ambitious government projects aimed at developing industrial zones, manufacturing facilities, and urban centres worldwide. These initiatives necessitate the use of heavy equipment and machinery, which heavily relies on industrial engines for power generation and supply.

The demand for industrial engines is also escalating due to their role in powering standby generators to address frequent power outages in both urban and rural areas. This dual application underscores the critical importance of industrial engines in supporting infrastructure resilience and uninterrupted operations.

Looking ahead, major players in the industry are embracing digitalisation and integrating IoT into industrial engines. This strategic shift is revolutionising the landscape by enhancing monitoring, maintenance, and control capabilities. IoT-enabled industrial engines provide real-time data insights, facilitate predictive maintenance, and optimise fuel efficiency, thereby contributing to sustainability efforts and ensuring energy reliability. This trend towards digital transformation is poised to redefine the performance, efficiency, and environmental footprint of industrial engines in the years to come.

Indian Commercial Vehicles Market

The Indian commercial vehicle (CV) production market is poised for substantial growth, with an anticipated CAGR of 7.1% from 2022-24 to 2028-29. This growth trajectory is primarily driven by key government initiatives such as the Make in India campaign and the PLI scheme. The scheme aims to provide financial incentives to bolster manufacturing activities and attract investments across the commercial vehicle value chain.

Additionally, the government's steadfast commitment to major infrastructure projects further contributes to the surge in CV demand. The announcement of a significant investment of US$ 2.5 Bn in 2023 by the National Bank for Financing Infrastructure and Development (NaBFID) specifically earmarked for energy, urban infrastructure, and airport-related projects underscores this commitment.

The implementation of the scrappage policy starting from April 2023 is another pivotal factor driving growth. A substantial portion of existing vehicles in the Medium and Heavy CV segments are exceeding 10 years of age. These segments are thus projected to grow at robust CAGRs of 9.4% and 5.2%, respectively, from 2023-24 to 2028-29.

Furthermore, the light commercial vehicle (LCV) segment, particularly in the 3.5 tonnes to 7.5 tonnes range, is poised for significant growth with a projected CAGR of 9.5%. This is attributed to government policies easing axle norms, which enable freight operators to carry an additional 20-25% payload. This enhancement in carrying capacity benefits large fleet operators, especially those transporting dense bulk commodities, by improving their margins and operational efficiencies.

Overall, the confluence of government initiatives, infrastructure investments, implementation of scrappage policies, and regulatory reforms is expected to drive sustained growth and dynamism in India's CV production market over the coming years.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Indian Tractor Market

The Indian tractor volume market is poised for significant growth, with an anticipated CAGR of 6.3% from 2023-24 to 2028-29. This growth trajectory is bolstered by key government initiatives, including the easy financing of tractors under India's National Bank for Agriculture and Rural Development (NABARD) norms. Additionally, several other government initiatives such as the Atmanirbhar Bharat Abhiyan, Animal Husbandry Infrastructure Development, and reforms in Acts related to Essential Commodities, Agriculture Marketing, and Agriculture Produce Pricing are expected to drive this growth.

Specifically, the segment of tractors with less than 20 horsepower (HP) is projected to grow at a robust CAGR of 6.9% during the same period. This growth can be attributed to various concessions and policies introduced by the Indian government, such as the exemption of excise duty and subsidies for purchasing tractors below 18 HP. These incentives are specifically targeted at farmers with irrigated land ranging from 2.4 to 3.2 hectares, aiming to enhance agricultural productivity and mechanisation in smaller farm holdings.

Overall, the confluence of favorable financing options, government incentives, and policy reforms is expected to drive sustained growth and adoption of tractors across different segments in India's agriculture and rural development sector. These initiatives play a pivotal role in supporting farmers, enhancing agricultural efficiency, and promoting overall economic resilience in the rural landscape.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Indian Off-Highway Vehicles

The OHV market in India is poised for substantial growth, with an expected CAGR of 7.8% from 2023-24 to 2028-29. The Crawler Excavator segment is expected to significantly contribute to this growth, at a robust CAGR of 8.7% during the same period. Additionally, the Backhoe Loader segment is expected to witness a solid growth rate of 7.5% CAGR from 2023-24 to 2028-29.

The rapid demand for OHVs across various applications and sectors is driven by factors such as rapid industrialisation, urbanisation, and increased import-export activities.

Furthermore, the adoption of new CEV-IV emission standards by the Indian OHV industry presents significant opportunities for Indian construction equipment manufacturers to enter developed markets. This not only aligns with global environmental standards but also enhances the competitiveness of Indian OHV exports.

Key countries that import Indian construction equipment include the United States, Australia, Indonesia, Bangladesh, and Nigeria. Notably, the United States has shown the fastest growth in import shipments from India, indicating a growing market demand and acceptance of Indian OHV products in international markets.

Overall, favourable market conditions, technological advancements, and adherence to emission standards position India's OHV market for continued growth and expansion both domestically and globally.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Indian Industrial Engine Market

The Indian industrial engines market is poised for steady growth, with an expected CAGR of approximately 4.8% from 2023-24 to 2028-29. Several key factors, including increasing government funding in various infrastructure projects and a rising rate of industrial mechanisation across different sectors in the country drive this growth trajectory.

The development of the power gensets industry is a significant contributor to the growth of the industrial engines market. The demand for reliable and continuous power supply solutions, coupled with technological advancements in power generation equipment, is driving the expansion of this segment.

Indian engine manufacturers are actively expanding their global presence, leveraging India's strengths such as cost competitiveness, skilled labour force, and favourable government policies. India has emerged as a hub for engine exports, with growing demand for Indian-made engines in international markets. This trend is contributing significantly to the country's overall growth of the industrial engine sector.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Automotive Component Industry

Global

The global auto component market is projected to experience a steady growth rate of 3.7% CAGR from calendar year 2023 to calendar year 2029. This growth is primarily driven by an uptick in demand for both passenger cars and commercial vehicles, alongside a rising trend towards personalisation in the automotive industry.

There is a notable shift in auto component manufacturing, with a gradual move towards Asian countries such as China and India. These regions offer higher market potential and cost advantages in manufacturing. In particular, China holds a significant 40-50% share in the global auto component industry. Strong exports and robust domestic sales within the Chinese market support this dominance.

The increasing demand for auto components is closely tied to the automotive sector's overall growth, driven by technological advancements, regulatory requirements, and evolving consumer preferences. As automotive manufacturers focus on innovation and customisation to meet consumer demands, the auto component market continues to expand steadily. Asia is expected to play a pivotal role in shaping global manufacturing and supply chain dynamics.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Indian

The auto component market turnover is poised for significant growth, with an anticipated CAGR of 10.6% from 2022-23 to 2028-29. This growth trajectory is supported by increasing demand and favourable government policies aimed at boosting the sector. Policies such as allowing 100% FDI under the automatic route and the PLI scheme for auto and auto components are key drivers expected to bring substantial capital expenditure of around US$ 9.58 Bn by 2028-29.

Engine components predominantly dominate the market, commanding a 24% share, followed by suspension, electricals, and electronics, each with a 15% share. Engine component manufacturing is characterised by its technology and capital-intensive nature, serving as an entry barrier, especially for smaller players and the unorganised segment. Components such as pistons, engine valves, carburettors, fuel injection systems, camshafts, connecting rods, and rocker arms are crucial elements within the engine component segment.

India's robust manufacturing ecosystem, the availability of skilled labour and essential raw materials, and strong government incentive schemes promoting 'Make in India,' are pivotal factors contributing to India's emergence as a global manufacturing hub in the auto component sector. These factors collectively foster a conducive environment for growth, innovation, and competitiveness, positioning India as a key global auto component market player.

Machining Market

Global

The market for machined components for industrials and other sectors, including industrial, lawn and garden, marine, power generation, and railways, is forecasted to grow at a steady CAGR of approximately 5.2% by value from calendar year 2023 to 2029, reaching a value of US$ 71.2 Bn by calendar year 2029.

The European market is expected to one of the key areas of growth. Key European suppliers of critical engine parts are facing significant cost pressures due to the transition from internal combustion engines to electric vehicles. Consequently, they are re-organising their unused capacity to cater to non-automotive applications, where demand is on the rise.

India is poised to become a global hub for manufacturing. This is driven by various factors such as the 'China plus one' strategy adopted by multinational companies, the ongoing Ukraine-Russia crisis affecting global supply chains, high production costs in Europe and the United States, and India's status as the lowest-cost producer in the world after China. These factors collectively contribute to India's attractiveness as a manufacturing destination.

Apart from this, India benefits from a robust manufacturing ecosystem, easy availability of skilled labour, access to key raw materials, and strong government incentive schemes such as 'Make in India.' These initiatives are instrumental in promoting domestic manufacturing, enhancing competitiveness, and positioning India as a preferred global manufacturing hub across various sectors, including machined components for industrial applications.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Indian

In 2022-23, the automotive sector accounted for approximately 92% of India's machined components market share by volume. This market is expected to experience substantial growth, reaching 47.2 Mn units (US$ 8.0 Bn) by 2028-29, driven by increased demand in the automotive industry. This demand surge is supported by factors such as a rising working population and an increase in per capita income.

Within the machined components market, the farm equipment sector is expected to exhibit the fastest growth, with a CAGR of 9.8% during 2023-24 to 2028-29, reaching a market size of US$ 1.4 Bn by 2028-29.

The automotive machining market in India is segmented as follows: Passenger Vehicles (PV) contribute approximately 44% by volume, followed by Two-Wheelers (2W) at approximately 40%, and CVs at approximately 13% as of 2022-23. By value, PV contributes about 40%, followed by 2W at approximately 33%, and CV at approximately 23% of the overall share as of 2022-23.

India's contribution to global machined components exports stands at about 4%, with an all-time high recorded in 2023. India exports around US$ 1.3 Bn worth of machined components, primarily to North America and Europe. Exports constitute around 20% to 23% of the total production volume. Despite challenges, such as the dip in the market during 2019-20, Indian exports have remained resilient and are expected to steadily increase due to rising manufacturing costs in other geographies like North America and Europe.

Source - SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo

Key Trends and Growth Drivers

The global machining market is accelerated by factors such as industrial expansion, rising demand for precise components, improving economies and technological advancements. The growing oil and gas sector needs will majorly propel the metal machining market's expansion. The requirement for oil and gas increased due to the quick industrialisation and urbanisation of developing nations like China and India and rising energy consumption.

The automotive industry category was the primary source of market growth for metal machining. Given the extensive use of metal parts in the automobile industry, it is one of the most significant end-user segments of the worldwide metal machining market. The fastest-growing market for machining is in the Asia-Pacific region, which will provide market vendors with several chances for expansion over the estimated time frame.

Increasing Opportunities in Non-Automotive and Industrial Sector

Major non-automotive and industrial sectors which require machined components are Construction, Mining, Power Transmission, Nuclear, Industrial Equipment, and Aerospace.

Industrial Equipment

Large machined forgings can be found in various industrial equipment and machinery utilised by the steel, textile, paper, power generation, transmission, chemical, and refinery industries. Commonly used configurations include bars, blanks, blocks, connecting rods, cylinders, discs, elbows, rings, T's, shafts, and sleeves.

Power Transmission

Forged and machined power transmission components are used in critical load and safety applications to provide the longest possible product life and to reduce the risk of failure. Components include braking yokes, steering components, input/output shafts, shifting forks, dogs and pawls, driveshaft yokes, axles, collars, pinions, spindles, input/output shafts, and clutch hubs, among other things.

Renewable Energy

Machined components are essential to provide the strong, durable parts needed to support renewable energy systems. Hydro power plants use machined components like pelton disc and bucket and wind power plants use machined components like shafts, casing, and planetary gearbox.

Aerospace

The production of commercial aircrafts is rising due to increased population and trade. An average commercial aircraft contains almost 300 structural machined parts and numerous machined engine parts. Additionally, machined products provide precision quality in aerospace applications. In defence applications, aircrafts require complex structural machined and forged parts.

Nuclear Power

The nuclear power industry uses forged and machined parts for reactors, storage of nuclear waste, raw material, and transport. The rise in the use of nuclear power instead of conventional power sources is driving the machining market.

Defence

Machined components are found in every implement of defence, from rifle triggers to nuclear submarine drive shafts. Heavy tanks, missiles, armoured personnel carriers, shells, and other heavy artillery are common defence-related applications of forged components. Machined components used in defence sector are motor housings, gear components and fuel pump.

Crankshaft Market

Global Crankshaft Industry

The global crankshaft market is anticipated to recover and experience growth during the calendar year 2020-23. This recovery will be driven primarily by the government's focus on infrastructure spending and the gradual recovery of consumer demand and businesses from the impacts of the pandemic. Beyond 2023, the global crankshaft market is expected to continue growing due to increased investments in the development of powertrain technologies by major original equipment manufacturers (OEMs) and the expected growth in the construction industry of Southeast Asian countries.

The growth in Southeast Asian construction industries is expected to promote crankshaft exports from key manufacturing countries such as India, China, the United States, and Europe to these regions. This indicates a broader trend of global supply chain dynamics and market expansion.

The overall growth of the global crankshaft market from calendar year 2023 to 2029 will be driven by factors such as an increase in demand for automobiles (Passenger Vehicles (PVs), CVs, Two-Wheelers) supported by GDP growth worldwide.

Source - (SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo)

Indian Crankshaft Industry

The crankshaft market is poised for steady growth across various automotive verticals, with projections indicating an increase in demand. By 2029, the automotive vertical is expected to grow to 30.7 Mn units, farm equipment to 1.5 Mn units, and OHVs to 0.1 Mn units, reflecting an overall CAGR of 6.4% during 2024-29 in terms of volume.

In terms of market value, the crankshaft market is forecasted to grow from US$ 4.92 Bn in 2023 to US$ 7.73 Bn by 2028-29, exhibiting a CAGR of 8.3% over the period from 2023 to 2029. This growth trajectory is underpinned by an expected increase in demand for medium and heavy forged crankshafts, particularly driven by construction sector investments, which are anticipated to boost demand in the CV and off-highway segments.

As of 2022-23, the market segmentation by value indicates that Two-Wheelers (2W) contribute approximately 40%, followed by PVs with approximately 33%, and CVs with approximately 23% of the overall share. The projected rise in demand for automobiles is anticipated to expand the market size to US$ 6.14 Bn by Fiscal 2028-29, with a CAGR of 8.4% during 2024-29.

Source - (SEBI |Happy Forgings Limited Prospectus - "Industry Report on Global and Indian Forging and Machining Markets" by Ricardo)

COMPANY OVERVIEW

Happy Forgings Limited ('HFL' or 'The Company'), headquartered in Ludhiana, is a renowned company specialising in diversified forging and machining services with a rich legacy spanning appx. 45 years. Established in 1979, the Company has built a strong reputation for manufacturing and delivering top-quality, intricate components across various industries. Happy Forgings stands out as the fourth-largest engineering-led manufacturer in India, particularly excelling in complex and safety-critical heavy forged and high-precision machined components.

The Company's expertise and focus are well-aligned with the industries and customer segments it serves, including Commercial Vehicles, Farm Equipment, Off-Highway Vehicles, Industrial Equipment for oil and gas, power generation, railways and wind turbine segments and Passenger Vehicles. Its operations are based out of Ludhiana, Punjab, where the Company operates three vertically integrated manufacturing facilities.

With a solid foundation and a strong foothold in its target markets, Happy Forgings is well-positioned for growth in the coming years. The Company's growth strategy revolves around several key pillars, including expansion through increased capacities to meet rising demand, product diversification to cater to evolving industry needs, client acquisition to expand its customer base, and tapping into emerging opportunities in industrials and exports.

Through its commitment to quality, innovation, and customer satisfaction, HFL is poised to continue its success story and contribute significantly to the forging and machining industry in India and beyond.

Key Financial Ratios

Particulars	2023-24	2022-23*
Gross margin	56.1%	53.9%
EBITDA margin	28.5%	28.5%
PAT margin	17.9%	17.4%
Return on Equity (RoE)	18.7%	23.5%
Return on Capital Employed (RoCE)	21.8%	25.7%
Debt/Total Net Worth	0.1x	0.2x
Net debt / EBITDA	0.1x	0.6x
Gross fixed assets turnover	1.3x	1.4x
Inventory turnover	3.0x	3.1x
Trade receivable turnover	4.0x	4.4x
Trade payable turnover	14.8x	13.8x

** Including prior period income*

Performance Overview

Analysis of Financial Performance

Figures in ₹ Cr. (except per share data)

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023*
Revenue from operations	1,358.24	1,196.53
Gross profit	761.64	645.47
Employee costs	114.46	87.78
Other expenses	259.64	216.76
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	387.54	340.94
Depreciation	64.73	54.18
Earnings before Interest & Tax (EBIT)	322.81	286.75
Finance costs	11.78	12.48
Other income	13.35	5.75
Profit before tax	324.39	280.03
Profit after tax	242.99	208.70
EPS (Basic)	26.78	23.32
EPS (Diluted)	26.75	23.32

** FY23 is including prior period income of Rs. 23.75 Cr.*

Risk Management

Risk Management System

01 Identification and assessment approach

02 Prevention and control strategy

03 Monitoring

04 Reviewing and reporting on the risk

KEY RISKS AND MITIGATION

Business Risk

Impact

Dependence on the top 10 customers poses a considerable risk, as any reduction in orders or termination of contracts could lead to significant business loss.

Mitigation

Our top 10 customers contributed to 68% of our revenues in 2023-24, however over the years share of top 10 customers has decreased significantly. We are proactively taking steps to mitigate potential concentration risk by actively diversifying our customer base by pursuing new contracts while also placing a strong emphasis on nurturing and strengthening relationships with our existing customers. Through these strategic actions, we aim to enhance the sustainability and resilience of our business in the long term.

Financial Risk

Impact

Our Company is exposed to financial risk stemming from indebtedness, which could impede our ability to meet repayment obligations and adhere to financing agreement covenants. This situation can adversely affect our business operations, financial health, and cash flows.

Mitigation

We've implemented a sound approach to fortify our financial position. By ensuring that our business generates favorable returns and cash flows, we've upheld a conservative financial structure with minimal reliance on external financing. Our current debt levels are modest, with long-term borrowings being addressed using funds from our IPO. Moreover, our low debt / equity ratio of 0.1x, and a net cash position serves as a significant buffer against risks, positioning us well to navigate and mitigate any financial hurdles.

Operational Risk

Impact

We acknowledge potential challenges related to meeting quality standards, which could result in liability issues. Furthermore, our reliance on a limited number of steel suppliers poses a risk of supply disruptions. Additionally, the possibility of shutdowns or production issues affecting our operations, coupled with dependence on third-party transport providers, presents potential for delays and increased costs. These factors necessitate diligent management and proactive measures to mitigate associated risks.

Mitigation

To address these challenges, we have implemented comprehensive measures aimed at ensuring the highest quality standards. This includes stringent quality control protocols, ongoing investment in employee training, and maintaining product liability insurance coverage.

We have taken steps to diversify our supplier relationships and closely monitor the steel market to ensure supply chain stability. In anticipation of potential disruptions, we have developed robust contingency plans, intensified facility maintenance efforts, and prioritised employee safety protocols.

Moreover, we have diversified our transportation options to mitigate logistical challenges, maintaining open communication with logistics partners, and exploring alternative routes to enhance operational resilience. These proactive measures underscore our commitment to mitigating risks and maintaining the reliability of our operations.

Environmental and Regulatory Risk

Impact

Given the growing emphasis on environmental sustainability and the tightening regulations within the manufacturing industry, it is imperative that we take proactive measures to identify and comply with environmental standards.

Mitigation

We allocate resources towards investing in green technologies to minimise our environmental footprint, thus ensuring compliance with evolving environmental regulations and mitigating regulatory risks.

Technological Risk

Impact

Our operations are vulnerable to technological failures, which have the potential to disrupt business processes and adversely impact financial performance. Any shortcomings or inefficiencies in our IT infrastructure could lead to transaction errors, processing delays, and disruptions that may affect our customers, resulting in financial losses.

Mitigation

To mitigate technological risks, we allocate and efficiently manage resources to maintain and improve our IT infrastructure. We have enacted security initiatives and disaster recovery plans to tackle vulnerabilities and potential interruptions caused by external events, including natural disasters, cyber threats, and telecommunication failures. We consistently review and update these measures to fortify the resilience of our IT systems and minimise the potential impact of technological disruptions on our operations and customer relationships.

Pricing Pressure Risk

Impact

Our profitability is susceptible to pricing pressure from customers, which could have adverse effects on our gross margin, profitability, and ability to sustain prices. This, in turn, could impact our operations, cash flows, and financial condition.

Mitigation

To address this risk, we undertake value engineering activities, negotiate price reductions with suppliers, and continuously enhance manufacturing processes to boost efficiency and reduce costs. Moreover, we negotiate discounts when necessary while concentrating on increasing sales volumes to counterbalance customer price reductions. Through these strategies, we strive to uphold our profit margins and sustain competitiveness in the market.

Human Resources

The Company has always placed high value on its human resources, recognising the optimum potential of each employee. As of March 31, 2024, the Company had 3,017 employees on its payroll. We firmly believe that 'People' are the most valuable resource of any organisation, and their interests and welfare are our prime concerns. We strive to unlock their best by creating opportunities for growth and development, while maintaining discipline and demeanor in line with the culture and values of the organisation. In this endeavor, the company undertakes various initiatives for the betterment of its employees, such as Learning and Development programs, Employee Satisfaction Surveys, Employee Engagement and Welfare initiatives, Health and Safety measures, and more. Additionally, the Company has a comprehensive manual on HR policies, which consolidates and integrates various codes of practices related to specific aspects of Human Resources.

Internal Financial Control System and its Adequacy

Happy Forgings has adequate internal financial control systems in all areas of its operations. The Board of Directors has adopted policies and procedures to ensure the orderly and efficient conduct of business. These include adherence to the Company's policies, safeguarding its assets, preventing and detecting frauds and errors, ensuring accuracy and completeness of the accounting records, and preparing reliable financial information in a timely manner. From time to time, the Company employs both internal and external auditors to supplement its in-house expertise and resources. The Company continuously upgrades its systems in line with the best practices in the industry. Reports and deviations are regularly discussed with the Management Committee members, and action is taken whenever necessary. An Independent Audit Committee of the Board reviews the adequacy of the internal financial control.

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 45th 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, 2024.

STATE OF COMPANY'S AFFAIRS

FINANCIAL SUMMARY & PERFORMANCE HIGHLIGHTS

The Audited Financial Statements for the Financial Year ended 31st March, 2024, 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	2023-24		2022-23	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations	1,35,823.58	1,35,823.58	1,19,652.88	1,19,652.88
Other Income	1,335.54	1,335.49	575.12	574.17
Total Income	**1,37,159.12**	**1,37,159.07**	**1,20,228.00**	**1,20,227.05**
Profit before Finance Cost, Depreciation, and Tax	40,089.58	40,089.19	34,668.74	34,668.48
Finance Cost	1,177.59	1,177.59	1,247.58	1,247.58
Depreciation	6,472.76	6,472.76	5,418.24	5,418.24
Share of Profit/(Loss) of Subsidiary	-	-	-	0.48
Profit Before Tax (PBT)	**32,439.23**	**32,438.83**	**28,002.92**	**28,002.66**
Current Tax	7,483.91	7,483.81	6,845.11	6,845.04
Deferred Tax	656.65	656.65	287.71	287.70
Net Profit After Tax (PAT)	**24,298.67**	**24,298.37**	**20,870.11**	**20,869.92**
Other Comprehensive Income	614.44	614.44	(801.88)	(801.88)
Total Comprehensive Income for the Year	**24,913.11**	**24,912.81**	**20,068.22**	**20,068.04**
Earnings per equity share (In ₹)				
Basic earnings per share	26.78	26.78	23.32	23.32
Diluted earnings per share	26.75	26.75	23.32	23.32

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 ₹ 1,37,159.12 Lakhs as compared to the last year's revenue of ₹ 1,20,228.00 Lakhs. The Company has achieved Profit Before Tax of ₹ 32,439.23 Lakhs and Profit After Tax of ₹ 24,298.67 Lakhs as on 31st March, 2024 as against previous year's Profit Before Tax of ₹ 28,002.92 Lakhs and Profit After Tax of ₹ 20,870.11 Lakhs. The Company achieved a total Comprehensive Income of ₹ 24,913.11 Lakhs as against previous year's Comprehensive Income of ₹ 20,068.22 Lakhs. The EPS on financials for the year ended on 31st March 2024 was ₹ 26.78 (Basic) and 26.75 (Diluted).

Consolidated :

During the year under review, the revenue from operations and other income stood at ₹ 1,37,159.07 Lakhs as compared to the last year's revenue of ₹ 1,20,227.05 Lakhs. The Company has achieved Profit Before Tax of ₹ 32,438.83 Lakhs and Profit After Tax of ₹ 24,298.37 Lakhs as on 31st March, 2024 as against previous year's Profit Before Tax of ₹ 28,002.66 Lakhs and Profit After Tax of ₹ 20,869.92 Lakhs. The Company achieved a total Comprehensive Income of ₹ 24,912.81 Lakhs as against previous year's Comprehensive Income of ₹ 20,068.04 Lakhs. The EPS on financials for the year ended on 31st March, 2024 was ₹ 26.78 (Basic) and 26.75 (Diluted).

BOARD'S REPORT (Contd.)

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 ₹ 4 per share of Face value of ₹ 2/- each fully paid for the financial year ended 31st March, 2024 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/2023/12/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 2024.

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 of profits for the financial year ended 31st March, 2024 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, 2024.

SHARE CAPITAL

a) Authorised Share Capital

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

As on 31st March, 2024 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 8,94,99,000 shares of FV of ₹ 2/- each to 9,42,04,882 shares of FV of ₹ 2/- each consequent to IPO which happened during the year.

The total offer size of IPO was 1,18,65,802 Equity shares of FV of RS 2/- each, out of which 47,05,882 was fresh issue and 71,59,920 was offer for sale.

As on 31st March, 2024, the Issued, Subscribed and Paid up Share Capital of the Company is 9,42,04,882 Equity Shares of FV ₹ 2/- each amounting to ₹ 18,84,09,764 (Rupees Eighteen crores eighty four Lakhs nine thousand seven hundred sixty four 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, 2024.

The proceeds of IPO were utilised for the objects as disclosed in the Prospectus. Details as on 31st March, 2024 are as follows:

Sl. No.	Name of the Object	Amount as proposed in Offer Document(₹ 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	-
2	Purchase of equipment, plant and machinery	171.13	10.88	160.25
3	General Corporate purposes	53.94	53.94	-
	Total	**377.82**	**217.57**	**160.25**

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

During the financial year under review, M/s HFL Technologies Private Limited was incorporated as a wholly owned subsidiary of the Company.

The consolidated financials 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 Board of Directors holds fiduciary position and is entrusted with the responsibility to act in the best interests of the Company. The Board at its meetings deliberates and decides on strategic issues including review of policies, financial matters, discuss on business performance and other critical matters for the Company. Committees constituted by the Board focus on specific areas and take informed decisions within the framework of the delegated authority and responsibility and make specific recommendations to the Board on matters under its purview. Decisions and recommendations of the Committees are placed before the Board for consideration and approval as required.

Composition of Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Non-Independent Director and Non-Executive Independent Directors including Women Director in accordance with the provisions of Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). All the Directors have rich experience and specialised knowledge in sectors covering law, finance, accountancy and other relevant areas.

As on 31st March, 2024, the Board consists of 10 (Ten) directors comprising of five Non-Executive Independent Directors including a woman director, namely, Ms. Rajeswari Karthigeyan. 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 aforementioned 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.

Directors retiring by rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Narinder Singh Juneja, Whole Time Director and Ms. Megha Garg, Director of the Company, retired by rotation and being eligible, were re-appointed as Directors of the Company with the approval of Members at the 44th AGM held on 8th August, 2023.

Further, in accordance with the provisions of the Companies Act, 2013, Mr. Ashish Garg (DIN: 01829082) is liable to retire by rotation at the ensuing 45th AGM of the Company. He is eligible and has offered himself for reappointment as Director of the Company. Resolution for his reappointment is being proposed at the 45th AGM and his profile is included in the Annexure to Notice of the 45th AGM.

Change in Board of Directors

During the financial year under review, there was no change in the Board of Directors other than mentioned above.

However, after the closure of financial year, Mr. Prakash Bagla (DIN: 03043874), Nominee director has resigned from the directorship of Company with effect from 24th May 2024.

KEY MANAGERIAL PERSONNEL

As on 31st March, 2024, the following persons have been designated as 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:

Sr. No.	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. Narinder Singh Juneja	CEO & Whole Time Director
5.	Mr. Pankaj Goyal	Chief Financial Officer
6.	Ms. Bindu Garg	Company Secretary & Compliance Officer

DECLARATION BY INDEPENDENT DIRECTORS

There are five Independent Directors on the Board of the Company. The Company has 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 Company has obtained declaration of independence from all the Independent Directors of the Company. None of the Directors 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 2023-24, 10 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 2023-24 has been separately provided in the Corporate Governance Report.

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 and IPO 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.

The Board has carried out an annual evaluation of its own performance, Board Committees, and individual Directors pursuant to the provisions of the Act and SEBI LODR Regulations and as per the criteria defined in the said act and regulations. 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.

The members concluded that the Board was operating in an effective and constructive manner.

MEETING OF INDEPENDENT DIRECTORS

During the Financial Year under review, a separate Meeting of the Independent Directors was held on 29th March 2024 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 also 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, 2024, 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 at 31st March, 2024 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, 2024 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, 2024.

(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, 2024.

RISK MANAGEMENT

The Company has built a comprehensive risk management framework that seeks to identify all kinds of anticipated risks associated with the business and to take remedial actions to minimise any kind of adverse impact on the Company. The Company understands that risk evaluation and risk mitigation is an ongoing process within the organisation and is fully committed to identify and mitigate the risks in the business.

The Company has also set up a Risk Management Committee to monitor the existing risks as well as to formulate strategies towards identifying new and emergent risks. The Risk Management Committee identifies the key risks for the Company, develops and implements the risk mitigation plan, reviews and monitors the risks and corresponding mitigation plans on a regular basis and prioritises the risks, if required, depending upon the effect on the business/reputation. 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 available on the Website of the Company at https://happyforgingsltd.com/wp-content/uploads/2023/09/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

According to Section 134(5)(e) of the Act and Regulation 17(8) of Listing Regulations in terms of internal control over financial reporting, the term Internal Financial Control ('IFC') means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and early detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls and the Board is responsible for ensuring that IFC are laid down in the Company and that such controls are adequate and operating effectively.

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.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These 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.

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

The Company believes that as a responsible corporate citizen, it has a duty towards the society, environment, and the Country where it operates. The Company's sense of responsibility (which goes beyond just complying with operational and business statutes) towards the community and environment, both ecological and social, in which it operates is known as corporate social responsibility.

In compliance 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 (CSR)

Committee. It is committed to ensure the social wellbeing of the communities through its CSR initiatives, in alignment with the Company's key priorities. The details of the Committee along with its terms of reference has been disclosed in detail in the Corporate Governance section of the Annual Report.

The Company has adopted a Corporate Social Responsibility Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which can be accessed at https://happyforgingsltd.com/wp-content/uploads/2023/09/CSR-Policy-revised-Happy-Forgings-Limited.pdf. The Policy inter alia briefs the areas in which CSR outlays can be made, objectives, the various CSR Programs/ Projects which can be undertaken, implementation of the said programs and projects, criteria for identification of the implementing agencies, monitoring and evaluation mechanisms and annual action plan.

In 2023-24, the Company has spent ₹ 275.97 Lakhs towards CSR initiatives in the local communities where it operates. During the year under review, the Company has utilised ₹ 56.99 Lakhs from unspent CSR account for 2022-23 on the long term project of adopted school in local area .

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during the financial year ended 31st March, 2024, 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 into 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 into 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/2023/12/Policy-on-related-party-approvals.pdf

Further, the Company has not entered into 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, 2024 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

2023-24 and the Reports are self-explanatory. The said Auditors' Reports for the Financial Year ended March 31, 2024 on the Financial Statements of the Company forms part of this Annual Report.

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.

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 14th September, 2023, had appointed M/s P S Batla as Secretarial Auditor of the Company for the 2023-24. The Secretarial Audit Report for 2023-24 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 2023-24 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, 2024 are unmodified i.e. they do not contain any qualification, reservation, or adverse remark.

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 FY 2024-25 on a 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 FY 2023-2024.

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 has adopted a Whistle Blower Policy and established the necessary Vigil Mechanism, which is in line with the Section 177 of the Companies Act, 2013 for its Directors and employees. This policy was amended in line with listing regulations by the Board in the meeting held on 24th May 2024.

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/2024/06/Whistle-Blower-Policy-24th-May-2024.pdf

There were no instances of reporting under vigil mechanism during the financial year ended 31st March, 2024.

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 Returns of the Company are 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 non-compliance with the requirements of Chapter V of the Act.

CREDIT RATING

The credit rating of the Company has been upgraded as below:

- ICRA has upgraded long-term rating to [ICRA]AA from [ICRA]AA- and has reaffirmed the short-term rating to [ICRA]A1+. The outlook on the long-term rating is Stable.
- CRISIL has upgraded long-term rating to CRISIL AA / stable from CRISIL AA- / 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 P S Bathla & Associates confirming compliance with the same has been disclosed under the Corporate Governance Report section of this Annual Report.

A certificate of the CEO & Whole Time Director and Chief Financial Officer of the Company in terms of the 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 CEO & Whole Time 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. Your Company, being a top thousand listed entity as per Market Capitalization and adhering to good Corporate Governance and for the amelioration of the society in which it operates, has prepared the Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the Company from an environmental, social and governance perspective. The BRSR report is annexed as "Annexure-7" to this Report.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Employees are the most valuable and indispensable asset for a Company. Your Company has cordial relations with the workers and employees at all levels of the organisation. 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.

During the financial year under review, the Company has formulated Happy Forgings ESOP Scheme 2023 pursuant to the resolution passed by the shareholders on July 31, 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 March 31, 2024, the Company has one Employee's Stock Option Plan namely Happy Forgings ESOP Scheme 2023.

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 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 given as " Annexure–8".

BOARD'S REPORT (Contd.)

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.

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder and the same is hosted on the Company's website at https://happyforgingsltd.com/wp-content/uploads/2023/09/Prevention-of-Sexual-Harassment-at-Workplace-Policy-Happy-Forgings-Limited.pdf. An Internal Complaints Committee (ICC) has also been set up to redress complaints received regarding sexual harassment.

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.No.	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, 2024	Nil

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

During the Financial Year 2023-24, 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 can be accessed on the Company's website through the following link https://happyforgingsltd.com/wp-content/uploads/2024/03/Code-of-Conduct-Policy-for-PIT-HFL.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 authorized 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, 2024 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, 2024.
3. During the year, 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.
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 record 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 also 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 Directors
For Happy Forgings Limited

	(Paritosh Kumar)	**(Ashish Garg)**
Date: June 8, 2024	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	0
6.	Total Assets	60.00
7.	Total Liabilities	60.00
8.	Investments	50.00
9.	Turnover	0
10.	Profit before taxation	0
11.	Provision for taxation	0
12.	Profit after taxation	0
13.	Proposed Dividend	0
14.	Extent of shareholding (inpercentage)	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 2024

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

Name of Associates or Joint Ventures	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:00393387

(Ashish Garg)
Managing Director
DIN:01829082

(Narinder Singh Juneja)
CEO & WTD
DIN:00393525

Date: 24th May 2024
Place: Ludhiana

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

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

ANNEXURE - 2

ANNUAL REPORT ON CSR (2023-24)

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 programmes 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 centres 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 endeavours 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:

Sl. No.	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)	2	2
2	Mr. Ashish Garg	Member (Managing Director)	2	2
3	Mr. Prakash Bagla	Member (Nominee Director)	2	2
4	Mr. Ravindra Pisharody	Member (Independent Director)	2	2
5	Mr. Satish Sekhri	Member (Independent Director)	2	2

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/2023/09/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/2024/05/projects-CSR-FY-2023-24.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 sub-section(5) of section 135.**:₹ 19,915.38 Lakhs

(b) Two percent of average net profit of the Company as per section 135(5): ₹ 398.31 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)] : 398.31 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 ofthe Project	Item from the list of activities in sched ule VII to the Act	Loc al area (Yes / No)	Location of the project.		Amount spentfor the project (In ₹ Lakhs)	Mode of Impleme ntation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1	Promoting Education-construction of primary school building	ii) Education	Yes	Punjab	Ludhiana	56.99 (from unspent CSR account) 69.38 (for the current financial year)	Yes	-	-
2	Promoting Education-construction of vocational college for women	ii) Education	Yes	Punjab	Ludhiana	64.19	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 ofthe Project	Item from the list of activities in schedule VII tothe Act	Local area (Yes/ No)	Location of the project.		Amount spent forthe project (In ₹ Lakhs)	Mode of Implementat ion - 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	5.64	Yes	-	-
2	Environmental sustainability	(iv) Environmental sustainability, ecological balance, protection of flora and fauna	Yes	Punjab	Ludhiana	11.80	No	Punjab Agricultural University	CSR00004505
3	Education – Support for education to poor students	(ii) Education	Yes	Punjab	Ludhiana	5.00	No	Noble Foundation	CSR00001728
4	Education-Support for education to poor students	(ii) Education	Yes	Punjab	Ludhiana	2.71	No	Darpan – An image of Innocence	CSR00026400
5	Education development	(ii) Education	Yes	Punjab	Ludhiana	5.00	No	Vocational Rehabilitation Training Regd for Blind	CSR00046053
6	Education-Support for education to deaf children	(ii) Education	Yes	Punjab	Ludhiana	12.50	No	Ludhiana Educational Society	CSR00023999
7	Animal Welfare	(iv) Animal welfare	Yes	Punjab	Ludhiana	5.00	No	Dhyan Foundation	CSR00003498
8	Health	(i) Heath care	Yes	Punjab	Ludhiana	80.00	No	Helpful NGO Welfare Society	CSR00052073
9	Armed forces	(xii) Welfare of armed forces	No	Rajasthan	Sri ganganagar (Bharat Pak Border)	5.00	No	Bharat Vikas Parishad Vivekanand Sewa Trust	CSR00005295
10	Health	(i) Health care	Yes	Punjab	Ludhiana	5.75	No	Bhagwan Ram Charitable Hospital	CSR00028691
11	Animal Welfare	(iv) Animal Welfare	Yes	Punjab	Ludhiana	2.00	No	Krishan Balram Gaushala Trust	CSR00024610
12	Welfare of senior citizen	(ii) Day care centre for senior citizen	Yes	Punjab	Ludhiana	2.00	No	Senior Citizen Council of Ludhiana	CSR00047531

(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)]: ₹ 275.97 Lakhs (apart from ₹ 56.99 Lakhs spent from Unspent CSR account FY 2022-23)

(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 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in ₹ Lakhs)	Date of Transfer	Name of the fund	Amount	Date of Transfer
275.97	124.03	29th April 2024	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)	398.31
ii	Total amount spent for the Financial Year	275.97
iii	Excess amount spent for the financial year [(ii)-(i)]	-
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v	Amount available for set off in succeeding financial years[(iii)-(iv)]	-

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

Sl. No	Preceding Financial Year(s)	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 d	Amount transferred to a fund specified under Schedule VII as per second proviso to sun 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 ₹ Lakhs)	Date of transfer		
1.	FY 20-21	95.00*	-	-	NIL	NIL	NIL	-	-
2.	FY 21-22	NIL	NIL	NIL	NIL	NIL	NIL	-	-
3.	FY 22-23	60.00**	-	56.99	NIL	NIL	NIL	-	-

*against obligation of ₹ 89.22 Lakhs

** against obligation of ₹ 56.99 Lakhs

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year. Yes/ No

S.N	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (In ₹ Lakhs)	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration No.	Name	Registered Address
1.	Construction of Government Primary School, Kanganwal , Ludhiana- Kanganwal , Ludhiana	141120	Construction completed in FY 2023-24	389.42	NA	Government Primary School	Kanganwal , Ludhiana (Punjab)-141120
2	X ray machine (Bhagwan Ram Charitable Hospital Society Regd., Ram Lella Ground, Daresi Road, Ludhiana (Punjab)	141002	September 2023	5.75	CSR00028691	Bhagwan Ram Charitable Hospital Society Regd.	Ram Leela Ground, Daresi Road, Ludhiana (Punjab)-141002

S.N	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (In ₹ Lakhs)	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration No.	Name	Registered Address
3	Dialysis Machines (Helpful NGO , Jawadi, Near Pancham Hospital, Ludhiana (Punjab)	141002	January 2024	80.00	CSR00052073	Helpful NGO Welfare Society	Shalimar Park, Himmat Singh Nagar, Dugri , Ludhiana- 141002
4	Vocational college (location: Bal Vikas Trust, Dugri, Near Jain Mandir, 200 feet Road, Ludhiana (Punjab)	141006	Construction started in March 2024	64.19 (under construction)	CSR00018625	Bal Vikas Trust	18- G, Kitchlu Nagar, Ludhiana (Punjab)- 141001

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).: N.A**.**

For **Happy Forgings Limited**

(Paritosh Kumar)
Chairman, CSR Committee
DIN: 00393387

(Ashish Garg)
Managing Director
DIN: 01829082

Place: Ludhiana
Date: June 8, 2024

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. (FY 2023-24)

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.

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.

1. 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	TECHNOMEC INDUSTRIES (Director's Firm)
b.)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c.)	Duration of contracts/arrangements/transaction	FY 2023-24
d.)	Salient terms of the contracts or arrangements or transactions	The actual amount of transaction during the year was ₹ 19.69 Lakhs
e)	Justification for entering into such contracts or arrangements or transactions'	Transaction in ordinary course of business and at arm's length
f)	Date of approval by the Board	30th May 2023
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

Note: M/s Technomec Industries ceased to be related party after Mr Nitin Aggarwal resigned from the Board on 26th July 2023.

BOARD'S REPORT (Contd.)

2. 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 or manager [or his relative] is a member or Director)
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	FY 2023-24
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The actual amount of transaction during FY 2023-24 was ₹ 9.21 Lakhs
e)	Justification for entering into such contracts or arrangements or transactions'	Transaction in ordinary course of business and at arm's length
f)	Date of approval by the Board	30th May 2023
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

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	NORTH STAR AUTO COMP PRIVATE LIMITED (Private company in which a director or manager [or his relative] is a member or Director)
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	FY 2023-24
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The actual amount of transaction during FY 2023-24 was ₹ 7.52 Lakhs
e)	Justification for entering into such contracts or arrangements or transactions'	Transaction in ordinary course of business and at arm's length
f)	Date of approval by the Board	14th September 2023
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

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	BONFIGLIOLI TRNASMISSION PRIVATE LIMITED (Private company in which a Director is a member or Director)
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	FY 2023-24
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The actual amount of transaction during FY 2023-24 was ₹ 2,065 Lakhs
e)	Justification for entering into such contracts or arrangements or transactions	Transaction in ordinary course of business and at arm's length

SL. No.	Particulars	Details
f)	Date of approval by the Board	30th May 2023 and 9th February 2024
g)	Amount paid as advances, if any	Nil in this year
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

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	Ms. Suman Garg, wife of Mr. Paritosh Kumar, CMD and mother of Mr. Ashish Garg, MD
b)	Nature of contracts/arrangements/transaction	Office of place of Profit
c)	Duration of the contracts/arrangements/transaction	8th August 2023 to 31st March 2024
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	EA to CMD office. Other terms and conditions as applicable to other employees of the Company. The amount was ₹ 27.27 Lakhs
e)	Justification for entering into such contracts or arrangements or transactions	Transaction in ordinary course of business and at arm's length
f)	Date of approval by the Board	8th August 2023
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	8th August 2023

Particulars of loans/advances, etc. pursuant to Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in Note 45 of the notes to Financial statements for FY 2023-24.

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: June 8, 2024
Place: Ludhiana

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 Directors	Designation	Ratio
Mr. Paritosh Kumar	Chairman and Managing Director	196
Mr. Ashish Garg	Managing Director	172
Ms. Megha Garg	Whole Time Director	37
Mr. Narinder Singh Juneja	CEO & Whole Time Director	44
Mr. Satish Sekhri	Independent Director	2.5
Mr. Vikas Giya	Independent Director	NIL
Mr. Ravindra Pisharody	Independent Director	2.5
Ms. Rajeswari Karthigeyan	Independent Director	2.5
Mr. Atul B. Lall	Independent Director	2.1
Mr. Prakash Bagla	Nominee Director	NIL

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

Name of the Directors, Chief Financial Officer, Company Secretary	Designation	% Increase
Mr. Paritosh Kumar	Chairman and Managing Director	15.2%
Mr. Ashish Garg	Managing Director	0%
Ms. Megha Garg	Whole Time Director	0%
Mr. Narinder Singh Juneja	CEO & Whole Time Director	78%
Mr. Satish Sekhri	Independent Director	0%
Mr. Vikas Giya	Independent Director	NA
Mr. Ravindra Pisharody	Independent Director	0%
Ms. Rajeswari Karthigeyan	Independent Director	NA
Mr. Atul B. Lall	Independent Director	NA
Mr. Prakash Bagla	Nominee Director	NA
Mr. Pankaj Kumar Goyal	Chief Financial Officer	115%
Ms. Bindu Garg	Company Secretary & Compliance Officer	5%
3. The percentage increase in the median remuneration of employees in the financial year		16.34%
4. The number of permanent employees on the rolls of company		3,017 (as on 31.03.2024)
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		16.34%
6. Affirmation that the remuneration is as per the remuneration policy of the Company		Yes

Commission payable to Independent Directors for FY 2023-24 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 2023-24:

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Location	Remuneration in 2023-24 (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	68	44	1.02.2016	Ludhiana	412.47	NA	9.5
Ashish Garg	Managing Director	Masters degree in Science	38	17	1.12.2015	Ludhiana	364.04	NA	13.74
Narinder Singh Juneja	CEO & Whole Time Director	Post Graduate Diploma in Mechanical Engineering	70	50	1.10.1997	Ludhiana	97.04	Sadhu Forgings	
Megha Garg	Whole Time Director	Bachelors degree in Economics	38	8	10.12.2015	Ludhiana	84.64	NA	2.57
Suman Garg	Whole Time Director (April 2023 to 31st July 2023) and EA to CMD (8th Aug 2023 to 31st March 2024)	Master of Arts	67	24	1.12.2015 (as WTD) 08.08.2023 (EA to CMD)	Ludhiana	63.11	NA	
Mangesh Shantaram Purandare	Chief Marketing officer	MBA (Marketing)	51	27	17.12.2019	Pune	58.49	Metaloist Forgings Limited	

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Location	Remuneration in 2023-24 (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
Patwinder Singh	Chief Operating Officer	MBA (Marketing)	49	22	01.08.2016	Ludhiana	56.97	Guru Nanak Auto Enterprises Limited	
Pankaj Kumar Goyal	Chief Financial Officer	B.Com, FCA	47	20	01.04.2013	Ludhiana	44.68	S T Cotex, Ludhiana	
Gurjinder Singh	Chief Human Resources Officer	MBA (HR)	53	27	22.07.2019	Ludhiana	35.50	Rockman Industries Limited, Ludhiana	
Bindu Garg	Company Secretary & Compliance Officer	M.Com, FCS, CMA	48	21	02.11.2021	Ludhiana	33.10	Rockman Industries Limited, Ludhiana	

Notes:

(1) The aforementioned employees have / had permanent employment contracts with the Company.

(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) Salary includes fixed pay and employer share of Provident Fund .The value of stock incentives granted during the period is not included.

4) Ms. Suman Garg, resigned from the directorship of the Company with effect from 31st July 2023 and was appointed as EA to CMD with effect 8th August, 2023.

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

	Paritosh Kumar	**Ashish Garg**
Date: June 8, 2024	DIN : 00393387	DIN : 01829082
Place: Ludhiana	Chairman and Managing Director	Managing Director

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 2023-24 as it brings benefit to bottom-line and to the climate. Some of key initiatives undertaken during the year are as under:

- Modifications in heating system during dummy feed in IBH at 8000T press for energy saving

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

Solar power plant installed in Plant 1 and 2, which generates electricity for consumption in both the plants.

- Use of Renewable energy - 3077090 KVAH used in 2023-24 through roof top solar panels

(iii) Capital Investment on energy conservation equipment: NA

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)

	2023-24	2022-23
a) FOB Value of Exports	23,905.77	12,828.65
b) Expenditure in Foreign Currency	14,102.94	6,586.70
c) Foreign Exchange earned	21,652.98	11,562.84
d) Value of Import on CIF basis	7,490.23	4,030.05

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

Date: June 8, 2024
Place: Ludhiana

Paritosh Kumar
DIN : 00393387
Chairman and Managing Director

Ashish Garg
DIN : 01829082
Managing Director

ANNEXURE - 6

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDING 31st MARCH, 2024

Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To
The Members,
Happy Forgings Limited,
B XXIX, 2254/1 Kanganwal Road,
PO Jugiana, Ludhiana, Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s HAPPY FORGINGS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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 authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year **1st April, 2023 to 31st March, 2024** 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s HAPPY FORGINGS LIMITED** ("The Company") for the financial year ended on **31st March, 2024** 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;

   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;

   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; **(as applicable)**

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 **(Not Applicable as the Company has not issued any shares to directors/employees under the said guidelines/regulations during the year under review) There was no exercise against the grant of options under the Happy Forgings ESOP Scheme 2023 ("ESOP Scheme")**

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable as the Company has not issued Debt Securities during the Audit Period under review)**

   (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; **(Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer agent during the Financial Year under review)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period as there was no event in this regard)**

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable as the Company has not bought back/propose to buy-back any of its securities during the financial year under review)**

BOARD'S REPORT (Contd.)

VI The Company has informed that following Sector Specific laws are 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

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

(ii) The SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015

I Report that during the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

2. I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one-woman 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 notices are given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and 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 have been carried out unanimously as recorded in the minutes of the meetings of Board of Directors and Committee of the Board, as case may be.

I further report that based on the information received and records maintained 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.

I further report that during the audit period, the Company has not undertaken any specific event/action that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

- The Company's Public issue opened on: 19th December, 2023 and closed on: 21st December, 2023. Subsequently, listing of securities was allowed w.e.f. 27th December, 2023 on Bombay Stock Exchange and National Stock Exchange.
- HFL Technologies Private Limited (CIN: U28220PB2024PTC061063), a wholly-owned subsidiary of reporting company was incorporated on 16th March, 2024.

For **P S Bathla & Associates**

Parminder Singh Bathla
Company Secretary
FCS No. 4391
C.P No. 2585
Peer Review No. 1306/2022
SCO-6, Feroze Gandhi Market,
Ludhiana

Place : Ludhiana
Date: 8th June, 2024
UDIN: F004391F000550068

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

'ANNEXURE A'

To
The Members,
Happy Forgings Limited.
B XXIX, 2254/1 Kanganwal Road,
PO Jugiana, Ludhiana, Punjab

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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. My examination was limited to the verification of procedure on 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 **P S Bathla & Associates**

Parminder Singh Bathla
Company Secretary
FCS No. 4391
C.P No. 2585
Peer Review No. 1306/2022
SCO-6, Feroze Gandhi Market,
Ludhiana

Place : Ludhiana
Date: 8th June, 2024
UDIN: F004391F000550068

ANNEXURE - 7

BUSINESS RESPONSIBILITY & 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	161- 5217162
8.	Website	www.happyforgingsltd.com
9.	Financial year for which reporting is being done	2023-24
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	₹ 1,884 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).	The disclosures under this report are made on a standalone basis
14.	Name of assurance provider	Not assured
15.	Type of assurance obtained	NA

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	92%

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, Differential cases, Axle arms	25910 30204 29301	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

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	9

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

The contribution of exports as a percentage of the total turnover of the entity is 20% in 2023-24.

c. A brief on types of customers

Happy Forgings Limited 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 (railways, windmills and oil & gas) 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, 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:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
EMPLOYEES						
1.	Permanent (D)	523	506	96.7%	17	3.3%
2.	Other than permanent (E)	6	6	100.0%	0	0.0%
3.	**Total employees (D + E)**	**529**	**512**	**96.8%**	**17**	**3.2%**
WORKERS						
4.	Permanent (F)	2,494	2,494	100.0%	0	0.0%
5.	Other than permanent (G)	151	151	100.0%	0	0.0%
6.	**Total workers (F + G)**	**2,645**	**2,645**	**100.0%**	**0**	**0.0%**

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	-	0	-
2.	Other than permanent (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	0.0%
5.	Other than permanent (G)	0	0	-	0	-
6.	**Total differently abled workers (F + G)**	**5**	**5**	**100.0%**	**0**	**0.0%**

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females No. (B)	% (B / A)
Board of Directors	10	2	20.0%
Key Management Personnel	6	2	33.3%

22. Turnover rate for permanent employees and workers

	FY 23-24 (Turnover rate in current FY)			FY 22-23 (Turnover rate in previous FY)			FY 21-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.3%	2.1%	18.4%	15.9%	1.1%	17.0%	16.9%	0.0%	16.9%
Permanent Workers	25.1%	0.0%	25.1%	32.1%	0.0%	32.1%	41.7%	0.0%	41.7%

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

(ii) Turnover: ₹ 1,358 Cr.

(iii) Net worth: ₹ 1,612 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) (If yes, then provide web-link for grievance redress policy)	2023-24 Current Financial Year			2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	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	N/A	Nil	Nil	N/A
Investors (other than shareholders)	NA	N/A	N/A	N/A	N/A	N/A	N/A
Shareholders	The Company has appointed M/s. 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 The Company has designated persons for redressal of shareholders grievances https://happyforgingsltd.com/investors/investor-contacts	2,042 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	Nil	All the complaints were resolved at the close of the 2023-24	Nil	Nil	The Company was unlisted in 2022- 23
Employees and workers	Yes, Grievance Policy	910	Nil	N/A	927	Nil	N/A
Customers	Yes, https://happyforgingsltd.com/contact-us/	Nil	Nil	N/A	Nil	Nil	N/A
Value Chain Partners	Yes, https://happyforgingsltd.com/contact-us/	Nil	Nil	N/A	Nil	Nil	N/A
Other (please specify)	https://happyforgingsltd.com/contact-us/	Nil	Nil	N/A	Nil	Nil	N/A

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	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
1.	Health, safety and environment	Risk	Any issue with employee health and safety has a direct negative impact on the production activity which eventually affects the business.	• Employee well-being program • Training program on health & safety • Medical check-up, vaccination drive as per Govt. Regulations	The loss of working hours due to accidents and injuries and reduced motivation, combined with unsafe working conditions, leads to a significant decline in productivity and efficiency.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rational for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
2.	Energy Management	Opportunity	Energy management planning assists in setting up renewable energy targets.	The Company has decided to install 2-3 MW solar roof-top power project.	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.
3.	GHG Emission	Opportunity	GHG Emission reduction targets will help to improve operational efficiency.	Baseline assessment of Scope 1, 2 and 3 is completed.	Supports compliance with national and international environmental regulations and attracting new business where strong sustainability practices are a key factor in awarding contracts.
4.	Code of Conduct	Risk	A breach in the code of conduct will have a negative influence on the business.	Webinar and induction training sessions for the employee.	Failure to comply with the code of conduct can result in reputational damage, leading to loss of customer's and investor's trust.
5.	Water Management	Opportunity	Reduction in freshwater consumption level will help in saving costs for the organisation.		Judicious use of this critical resource helps in reducing operational costs associated with water use.
6.	Waste Management	Risk	Failure to manage waste will attract fines/penalties from regulating authority and have a negative impact on the environment.		Non-compliance has negative repercussions for the organisation and the environment.
7.	Training and education	Opportunity	Skilled employees and workers are an asset to the Company leading to efficiency improvements and reduction in injuries and accidents.	• Providing a needs-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalisation • Providing programmes that are specifically designed for roles which require upgraded skills	Enhancing the upskilling and reskilling of employees to address skill-based needs within the plants results in increased productivity.
8.	Sustained performance & quality	Risk	Risk of customers being lost, in the course of business and dissatisfaction amongst the customer due to lack of attention, focus, etc.	• Enhance customer satisfaction • Coefficient-alignment in strategies, partner of choice • Providing end-to-end solutions	Impacts the goodwill and brand reputation of the Company and may lead to loss of business.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	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)	N	N	N	N	N	N	N	Y	N
c. Web link of the Policies, if available	https://happyforgingsltd.com/investors/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, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The Company has obtained the following certifications, • 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								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	50% reduction in Scope 1 & Scope 2 emissions by 2030 100% recycling of wastewater by 2025								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Baseline data has been collected for 2023-24. The Company will prepare an ESG roadmap with specific goals and targets which will be monitored by Director ESG and the Chairman.								

Disclosure Questions	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, highlighting ESG related challenges, targets and achievements

   Statement by Director for ESG

   "We are at a pivotal stage in our organisation's growth path and committed to embrace robust frameworks and procedures that translate our core values into tangible actions marked by measurable goals, showcasing our commitment to delivering sustainable value to all our stakeholders.

   To improve our governance standards, we have prioritised diversity within our Board, ensuring a range of expertise, perspectives, and demographic representation to uphold transparency and accountability across our operations.

   We have established an ESG committee which will develop a comprehensive strategy and execution plan and oversee our progress against set targets and milestones.

   Being conscious of our environmental footprint, we have committed to halving our Scope 1 and Scope 2 carbon emissions by 2030 alongside a commitment to achieve 100% wastewater recycling by 2025. We are focusing on several initiatives including increasing proportion of renewable energy usage and ensuring effective resource management by implementing rainwater harvesting and recharging groundwater.

   We endeavour to create a safe and enabling working environment for our employees. We aim to increase the participation of women in our workforce and are committed to enhancing employee skills through increased training and development programs.

   Furthermore, we continue to increase our investments in a wide range of CSR efforts that focus on empowering vulnerable and marginalised sections of the society.

   As a responsible organisation, we will endeavour to develop and adopt best practices in ESG, striving to become an exemplar 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, provide 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	The Company is compliant with the statutory requirements relevant to the principles.																	

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) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	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 DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

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 programmes 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	ESG Reporting and BRSR Principles	25%
Key Managerial Personnel	1		100%
Employees other than BoD and KMPs	43		53%
Workers	49	POSH, Communication Skills, Code of Conduct, ESG Reporting, Hazard Identification and Risk Assessment, Environment Aspects and Impacts, Company Core Values, Employee Wellbeing-Work-life Balance	41%

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):

No case of fine / penalty / punishment/ award/ compounding fees/ settlement amount reported under regulation 30 of SEBI (LODR) 2015 till 31st March, 2024.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.**

   Not applicable.

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 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 Happy Forgings Limited. As per the policy, third party means any individuals or organisation who has business dealings with the Company.

   https://happyforgingsltd.com/investors/corporate-governance/#

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

   No disciplinary action was taken by any law enforcement agency against any of the Company's Director, KMP, employees or workers for charges of bribery or corruption.

6. **Details of complaints with regard to conflict of interest:**

   No complaints about conflict of interest in the reporting period.

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.**

   Not applicable.

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

	Current Financial Year 23-24	Previous Financial Year 22-23
Number of days of accounts payables	27	28

9. **Open-ness of business**

   Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics		Current Financial Year 23-24	Previous Financial Year 22-23
Concentration of purchases	a.	Purchases from trading houses as % of total purchases	NA	NA
	b.	Number of trading houses where purchases are made from	NA	NA
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of sales	a.	Sales to dealers / distributors as % of total sales	0.0%	0.0%
	b.	Number of dealers / distributors to whom sales are made	0.0	0.0
	c.	Sales to top 10 dealers/ distributors as % of total sales to dealers / distributors	0.0%	0.0%
Share of RPTs	a.	Purchases (Purchases with related parties / Total Purchases)	0.0%	0.06%
	b.	Sales (Sales to related parties / Total Sales)	0.01%	0.02%
	c.	Loans & Advances (Loans & Advances given to related parties / Total loans & advances)	0.96%	0.10%
	d.	Investments (Investments in related parties / total investments made)	100.0%	0.0%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

   Activities are planned to be undertaken in FY 2024-25 as 2023-24 was the baseline year.

2. **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, the Company has processes in place to avoid/manage conflict of interests involving members of the board. This is being managed through the Company's code of conduct for directors and senior management and the terms of letter of appointment of directors.

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.**

	Current Financial Year 23-24	Previous Financial Year 22-23	Details of improvements in environmental and social impacts
R&D	0%	0%	-
Capex	0.35%	0.76%	The cost includes the overall expenditure inclusive of expenditure towards environmental and sustainable oriented projects such as emission reduction, renewable energy utilisation.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   There is no procedure in place currently, but the Company has planned to develop procedures in FY 2024-25. The Company is conscious of the role of sustainability in its business and screens all its suppliers based on social and environmental criteria.

   b. If yes, what percentage of inputs were sourced sustainably?

   Not applicable.

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.**

   Since the product is directly supplied to the OEMs, the Company has limited scope for reclaiming it at the end of its life cycle. However, the Company has waste management SOP in place for use of recyclable packaging, e-waste and hazardous waste in a safe manner. For the disposal of such waste, the Company has agreements with authorised recyclers and files annual returns with the appropriate statutory bodies.

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.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   The Company has not conducted any life cycle assessment for the products to date. However, it is planning to carry out the LCA for products in FY 2024-25.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

   Not applicable.

3. **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	
	2023-24 Current Financial Year	2022-23 Previous Financial Year
Waste water	15%	8%

4. **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:**

	2023-24 Current Financial Year			2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	Nil	0.5	Nil	Nil	0.0	Nil
Discarded containers	Nil	5,575 Nos	Nil	Nil	5,400 Nos	Nil
Waste & residues containing oil	Nil	6.55 MT	Nil	Nil	3.50 MT	Nil
MS scrap/ scale/ bur	Nil	27,248 MT	Nil	Nil	22,938 MT	Nil

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Since the product is directly supplied to the OEMs, the Company 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	506	506	100%	506	100%	-	-	-	-	-	-
Female	17	17	100%	17	100%	17	100%	-	-	-	-
Total	**523**	**523**	**100%**	**523**	**100%**	**17**	**100%**	**-**	**-**	**-**	**-**
Other than Permanent employees											
Male	6	0	0%	0	0%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**6**	**0**	**0%**	**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	2,494	2,494	100%	2,494	100%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**2,494**	**2,494**	**100%**	**2,494**	**100%**	**0**	**0%**	**-**	**-**	**-**	**-**
Other than Permanent workers											
Male	151	151	100%	151	100%	-	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**151**	**151**	**100%**	**151**	**100%**	**0**	**0%**	**-**	**-**	**-**	**-**

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in following format-**

	2023-24	2022-23
Cost incurred on well-being measures as a % of total revenue of the Company	0.13%	0.09%

2. **Details of retirement benefits for the Current Financial Year and Previous Financial Year.**

Benefits	2023-24 Current Financial Year			2022-23 Previous Financial Year		
	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%	Y	93.1%	99.6%	Y
Gratuity	100.0%	100.0%	Y	100.0%	100.0%	Y
ESI	19.1%	94.6%	Y	43.2%	97.8%	Y
Others –please specify	NA	NA	NA	NA	NA	NA

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.

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.**

Yes, we actively support the needs of our employees classified as Persons with Disabilities, ensuring their full integration into the workforce. Our office and factory units are designed with accessibility features such as ramps, lifts, and handrails in stairwells, facilitating seamless mobility for differently-abled individuals. Additionally, we provide transportation facilities to ensure ease of commute for all employees. https://happyforgingsltd.com/wp-content/uploads/2024/06/Equal-Opportunity-Employer-Policy.pdf.pagespeed.ce.szDFU-huVD.pdf

5. **Return to work and retention rates of permanent employees and workers that took parental leave.**

No case of employees taking parental leave under maternity benefit policy during the current financial year.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	YES/ NO (if Yes, then give the details of mechanism in brief)
Permanent workers	Yes
Other than permanent workers	Yes
Permanent employees	Yes
Other than permanent employees	Yes

HFL has developed a standalone Grievance Redressal Mechanism policy which covers payroll staff and payroll workers. For external stakeholders like Investors, Shareholders, Customers, Value Chain Partners and Community members, who wish to register any Complaints/Grievances can do so by using the contact information and email-id which are available on the Company's website.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

None.

8. Details of training given to employees and workers:

Category	FY 23-24 Current Financial Year					FY 22-23 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	506	134	26.5%	395	78.1%	383	198	51.7%	310	80.9%
Female	17	1	5.9%	12	70.6%	15	1	6.7%	2	13.3%
Total	**523**	**135**	**25.8%**	**407**	**77.8%**	**398**	**199**	**50.0%**	**312**	**78.4%**
Workers										
Male	2,494	855	34.3%	2,094	84.0%	2,511	1,234	49.1%	1,304	51.9%
Female	0	0	-	0	-	0	0	-	0	-
Total	**2,494**	**855**	**34.3%**	**2,094**	**84.0%**	**2,511**	**1,234**	**49.1%**	**1,304**	**51.9%**

9. Details of performance and career development reviews of employees and worker:

Category	FY 23-24 Current Financial Year			FY 22-23 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	506	93	18.4%	383	42	11.0%
Female	17	2	11.8%	15	0	0.0%
Total	**523**	**95**	**18.2%**	**398**	**42**	**10.6%**
Workers						
Male	2,494	49	2.0%	2,511	41	1.6%
Female	0	0	-	0	0	-
Total	**2,494**	**49**	**2.0%**	**2,511**	**41**	**1.6%**

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 a system?

Yes, Health and Safety Management System (ISO 45001:2018) has been implemented across all sites of Happy Forgings Limited which specifies requirements for an occupational health and safety (OH&S) management systems and provides guidance for its use to enable organisations to provide safe and healthy workplaces by preventing work related injury and ill health, as well as by proactively improving its OH&S performance.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

ISO 45001:2018 helps in establishing, maintaining and implementing an OH&S management system to improve occupational health and safety, eliminate hazards and minimise OH&S risks (including system deficiencies), take advantage of OH&S opportunities, and address OH&S management system non-conformities associated with its activities.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As per ISO standards -ISO 14001:2015 & ISO 45001:2018.

The Company continuously initiates measures to promote employee well-being and healthcare, a proper hazard identification risk management system has been put in place to ensure continuous improvement of occupational health and safety of the Company.

Hazard Identification Risk Assessment (HIRA) is carried out regularly at all levels in the following 6 (six) steps by a highly-skilled process owner or a qualified safety coordinator well versed with details of all activities and safety standards:

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, Near Miss Reporting, Incident Reporting are the processes for workers to report the work-related hazards and to remove themselves from such risks.

The Company is committed towards open communications and dialogue on workplace health, safety and environmental sustainability issues with its employees and stakeholders and will respond to Environment, Health & Safety concerns and suggestions. The Company establishes proactive Environment, Health & Safety objectives & target and reports publicly on progress and impacts. The Company also provides all necessary PPE to its employees and ensure usage of same. The Company ensures integration of safe ergonomic policies at its workplace.

The Company cooperates with government, industry, academia, and the public in support of regulations, research and programs that address areas of Environment, Health & Safety concerns.

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/Number	Category	2023-24 Current FinancialYear	2022-23 Previous FinancialYear
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.55	1.20
Total recordable work-related injuries	Employees	0	0
	Workers	5	13
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 has adopted various measures to ensure a safe and healthy workplace such as:

1. Daily safety talk with employees/workers
2. Safety training and job specific training
3. Work permit system
4. Safety Audit
5. Safety Committing meeting
6. Necessary measures taken as per Hazard Identification and Risk Assessment & Aspects and Impacts Assessment
7. Mock drill
8. Near Miss identification and compliance
9. 5'S' audit and its compliance maintain inside premises
10. Health checkups of employees/workers

13. Number of Complaints on the following made by employees and workers - (Working Conditions, Health & Safety)

No complaints were made by any employee or worker regarding the working conditions and health & safety.

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working conditions	

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.

The Company has developed the general corrective and preventive action procedure to address any impacts, issues envisaged.

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.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

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		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	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

5. Details on assessment of value chain partners:

Will be undertaken in FY 2024-25.

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 has planned to undertake the assessment of value chain partners in FY 2024-25 as FY2023-24 was a baseline year.

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.

Key stakeholders are identified on the basis of material influence they have on company and vice-versa.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly/ Others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
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.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly/ Others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
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.**

   ESG Committee was formed in 2023-24 which is tasked with focusing on organisation'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.**

   ESG Working Committee will develop procedures for stakeholder consultation and identify material environmental, and social topics.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   HFL through its multiple CSR projects has focused on achieving positive outcomes for vulnerable and marginalised sections of society to ensure equitable development. Company's CSR initiatives are primarily focused on a) improving healthcare facilities through installation of diagnostic machines and medical equipment to provide healthcare access at a cheaper cost b) Adoption of a govt. school and investing in improving the physical infrastructure to provide a conducive environment for underprivileged students c) providing financial support to educational and vocational training institutes focused on differently abled children and underprivileged girls d) Maintenance of public parks and increasing the green cover and e) other various initiatives focused on animal welfare, 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	2023-24 Current Financial Year			2022-23 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	523	69	13.2%	398	18	4.5%
Other than permanent	6	0	0.0%	3	0	0.0%
Total Employees	**529**	**69**	**13.0%**	**401**	**18**	**4.5%**
Workers						
Permanent	2,494	113	4.5%	2,511	33	1.3%
Other than permanent	151	28	18.5%	0	0	-
Total Workers	**2,645**	**141**	**5.3%**	**2,511**	**33**	**1.3%**

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	2023-24 Current Financial Year					2022-23 Previous Financial Year				
	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	506	0	0.0%	506	100.0%	383	0	0.0%	383	100.0%
Female	17	0	0.0%	17	100.0%	15	0	0.0%	15	100.0%
Other than Permanent										
Male	6	0	0.0%	6	100.0%	3	0	0.0%	3	100.0%
Female	0	0	-	0	-	0	0	-	0	-
Workers										
Permanent										
Male	2,494	147	5.9%	2,347	94.1%	2,511	366	14.6%	2,145	85.4%
Female	0	0	-	0	-	0	0	-	0	-
Other Than Permanent										
Male	151	148	98.0%	3	2.0%	0	0	-	0	-
Female	0	0	-	0	-	0	0	-	0	-

3. **Details of remuneration/salary/wages**

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (In ₹ Lakhs. p.a.)	Number	Median remuneration/ salary/ wages of respective category (In ₹ Lakhs. p.a.)
Board of Directors (BoD)	3	342.2	1	72.8
Key Managerial Personnel	1	38.4	1	27.9
Employees other than BoD and KMP	502	3.5	15	3.1
Workers	2,494	1.6	0	-

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	2023-24 Current Financial Year	2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	1.7%	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 Individual focal point responsible for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Happy Forgings Limited has developed a standalone Grievance Redressal Mechanism policy which covers payroll staff and payroll workers which cover all human rights related issues. Senior management also reviews human rights related grievances on a periodic basis.

6. Number of Complaints on the following made by employees and workers:

	2023-24 Current Financial Year			2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child labour	0	0	-	0	0	-
Forced labour/Involuntary labour	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:

	2023-24 Current Financial Year	2022-23 Previous Financial Year
Total complaints reported under Sexual Harassment 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.

Our policies related to POSH, Whistle Blower, Equal Opportunities contain provisions to ensure and prevent any adverse consequences for the complainant. We ensure that the identity of the complainant is kept confidential.

9. Do human rights requirements form part of your business agreements and contracts?

No. We have the criteria for assessment of social compliances of our suppliers before onboarding them. The Company will endeavor to develop processes and procedures that enable us to incorporate human rights requirements as part of agreements and contracts.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour Forced/involuntary labour	100%
Sexual harassment/ Discrimination at workplace/ Wages	
Others – please specify	Not applicable

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 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.

Assessment have been conducted as part of ISO audits.

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.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	HFL has planned to undertake the assessment of value chain partners in 2024-25.
Discrimination at workplace	
Child labour	
Forced labour/Involuntary labour	
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 2024-25.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Giga Joules) and energy intensity, in the following format:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
From Renewable Sources		
Total electricity consumption (A)	11,078	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**11,078**	**0**
From Non-Renewable Resources		
Total electricity consumption (D)	4,11,707	3,55,532
Total fuel consumption (E)	1,34,764	1,32,828
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**5,46,471**	**4,88,360**
Total energy consumed (A+B+C+D+E+F)	**5,57,549**	**4,88,360**
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations)	4.10 GJ/Lakh Rupees	4.08 GJ/Lakh Rupees
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations)	-	-
Energy intensity in terms of physical output (Giga Joules / Production in MT)	7.0 GJ/ MT	7.2 GJ / MT

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.**

   No.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	2,27,605	2,013,50
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**2,27,605**	**2,01,350**
Total volume of water consumption (in kiloliters)	**2,27,605**	**2,01,350**
Water intensity per rupee of turnover (Water consumed / Revenue from operations)	1.68KL/Lakh Rupees	1.68KL/Lakh Rupees
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	-	-
Water intensity in terms of physical output (Kiloliters / Production in MT)	2.8KL / MT	3.0KL / MT

No independent assessment/ evaluation/assurance has been undertaken.

4. **Provide the following details related to water discharged:**

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	24,015	7,613
Total water discharged (in kiloliters)	24,015	7,613

Note: 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.**

   The Company has installed Sewage Treatment Plant (STP) and Effluent Treatment Plant at its manufacturing facilities and is in the process to ensure 100% Zero Liquid Discharge by next year.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specifyunit	2023-24 (Current FinancialYear)	2022-23 (Previous Financial Year)
NOx	mg/Nm^3	0	25.9
SOx	mg/Nm^3	8.7	10.7
Particulate matter (PM)	mg/Nm^3	51	199
Persistent organic pollutants (POP)	mg/Nm^3	0	0
Volatile organic compounds (VOC)	mg/Nm^3	0	0
Hazardous air pollutants (HAP)	mg/Nm^3	0	0
Others – please Specify	mg/Nm^3	0	0

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	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO^2 equivalent	8,318	7,500
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO^2 equivalent	93,778	80,983
Total Scope 1 and Scope 2 emission intensity per rupee of turnover – (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	Metric tonnes of CO2 equivalent/Lakhs	0.75MT/Lakh Rupees	0.74MT/Lakh Rupees
Total Scope 1 & Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)		-	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output (Metric tonnes of CO2 equivalent / Production in MT)		1.27MtCO2 eq/ MT	1.30tCO2 eq/ MT

Note: 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.**

   The Company is constantly evaluating ways to reduce energy consumption at its manufacturing processes and reduce emissions of Green House Gasses (GHG) which are responsible for global warming.

   Steps taken during the previous Financial Years: The Company initiated installation of Solar Projects (PV Solar Plants) of 5MW capacity roof-top solar project at its existing plants for captive use at the plants to fulfil its commitment towards achieving carbon neutrality through investment in renewable energy.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	0	0
E-waste **(B)**	0	0
Bio-medical waste **(C)**	0.05	0.08
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)**	6.55 MT	3.05MT

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Metal Scrap)(Break-up by composition i.e. by materials relevant to the sector)	27,248 MT	22,938MT
Total (A+B + C + D + E + F + G + H)	**27,255 MT**	**22,941 MT**
Waste intensity per rupee of turnover (Total waste generated / revenue from operations) – (MT / Lakh Rupees)	0.20 MT/Lakh Rupees	0.19/Lakh Rupees
Waste intensity per rupee of turnover adjusted for purchasing power parity (PPP)	-	-
Waste intensity in terms of physical output (Waste in MT/ Production in MT)	0.34	0.34
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	0	0
(ii) Re-used	0	0
(iii) Other 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: 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.**

    As per the current practice the hazardous wastes are disposed via authorised vendors.

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.**

    In all areas of its activities, Happy Forgings Limited is dedicated to regulatory Environmental compliance and ethical conduct. Since the Company operates in industrial areas/estates, its influence on biodiversity is very modest.

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, Happy Forgings Limited is in compliance with the regulatory environmental laws.

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:**

    The Company is in compliance with all applicable environmental laws.

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

   Not applicable, as we do not have any operations in areas of water stress.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional)		-	-

Data on Scope 3 emissions has not been collected for 2023-24. No independent assessment/ evaluation/assurance has been undertaken.

3. **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.**

   In all areas of its activities, Happy Forgings Limited is dedicated to regulatory environmental compliance and ethical conduct. Since the Company operates in industrial areas/estates, its influence on biodiversity is very modest.

4. **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.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes, the Company recognizes 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.

6. **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 2024-25.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   To be undertaken in 2024-25.

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.**

Happy Forgings Limited 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)
1.	Confederation of Indian Industries (CII)	National
2.	Association of Indian Forging Industry (AIFI)	National
3.	Ludhiana Management Association (LMA)	State
4.	Entrepreneurs' Organization	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.**

   There were no incidents of anti-competitive behaviour involving the Company during the reporting period (2023-24).

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 (Annually/ Half yearly/ Quarterly/ Others – please specify)	Web Link, if available
The Company directly or through trade bodies puts forth a number of suggestions with respect to the industry in general.					

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 in public domain communicated (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:**

   Not applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   For external stakeholders like Community members, who wish to register any Complaints/ Grievances can do so by using the contact information and email-id which are available on the Company's website.

   The web link for contact details of registering any Complaints/Grievances by Communities, is as follows;

   https://happyforgingsltd.com/contact-us/

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	2023-24 Current FinancialYear	2022-23 Previous Financial Year
Directly sourced from MSMEs/ small producers	The assessment will be undertaken in next FY	
Directly from within India	100%	

5. **Job creation in smaller towns- Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent contract basis) in the following locations as % of total wage cost.**

Location	2023-24	2022-23
Rural	22.0%	22.4%
Semi-urban	8.6%	9.2%
Urban	33.5%	34.9%
Metropolitan	35.8%	33.5%

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):**

   Not applicable.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   In the 2023-24, the Company has undertaken CSR projects in the vicinity or local area where the registered office and plants of company are situated.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.

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.

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	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	N/A
2	Education support (Noble Foundation)	100 slums students	100%
3	Bal Vikas Trust (construction of college for vocational courses)	Under construction	100% will be from vulnerable and marginalised groups
4	Ludhiana Education Society	85 students	100%
5	Adoption of Government primary School	1,658 students	100%
6	Animal welfare (Dhyan Foundation)	Not applicable	N/A
7	Bharat Vikas Trust (Shelters for armed forces)	20 Shelters	0%
8	X ray machine for charitable hospital	5,143 patients	100%
9	Darpan NGO for specially abled children	850 children	100%
10	Vocational rehabilitation centre for blind	103 visually impaired children	100%
11	Helpful NGO for dialysis machines	350 patients	Mostly vulnerable and marginalised groups
12	Krishan Balram Gaushala	Not applicable	N/A
13	Senior Citizens (Senior Citizen Council of Ludhiana)	250 senior citizens	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.**

   For external stakeholders like Customers who wish to register any Complaints/Grievances can do so by using the contact information and email-id which are available on the Company's website.

   The web link for contact details of registering any Complaints/Grievances/Feedback by Customers is as follows,

   https://happyforgingsltd.com/contact-us/

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

   Environmental and social parameters relevant to the product, safe and responsible usage, recycling and/or safe disposal are not being calculated as percentage of total turnover.

3. **Number of consumer complaints in respect of the following:**

	2023-24 (Current Financial Year)		Remarks	2022-23 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
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	-
Others	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

   No such instances were reported in the reporting period 2023-24.

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.**

   Information security policy has been implemented which provides support, management direction and documents how information security is managed throughout Happy Forgings. It outlines the appropriate measures through which the Company will facilitate the secure and reliable flow of information, both within the Company 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 - Nil

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   https://happyforgingsltd.com/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We supply our products to OEMs, who subsequently utilize them and assemble to manufacture a final product that is delivered to the consumers. Hence, we do not have the ability to directly inform and educate end users about the safe and responsible use of products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Since we do not supply our product directly to end consumers, we do not have any scope for informing the end user about the risk of disruption/discontinuation of its essential service.

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 with regard to 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)**

   Our products typically display details like manufacturer name, heat code, process no, dispatch no and part no. etc.

   We usually obtain customer feedback and some customers also rate us on our performance on multiple parameters as per 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.)	3,92,687
(b)	Options vested at the end of the year (No.)	NIL
(c)	Options exercised during the year (No.)	NIL
(d)	The total number of shares arising as a result of exercise of option (including options that have been exercised but not allotted)	NIL
(e)	Options lapsed/ cancelled during the year (No.)	40,728
(f)	The exercise price (₹)	190/-
(g)	Variation of terms of options	No
(h)	Money realized by exercise of options during the year (₹)	Nil
(i)	Total no. of options in force at the end of the year	3,51,959
(j)	Employees wise details of options granted to: (Name/ Designation/ No. of options)	
	(i) Key managerial personnel*;	
	a) Narinder Singh Juneja – CEO & WTD	18,996
	b) Pankaj Kumar Goyal- CFO	26,912
	c) Bindu Garg - Company Secretary & Compliance Officer	6,162
	(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 the 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

Note –

1. During the year, the Company has cancelled 40,728 outstanding unvested/vested employee stock options, with prior consent of employee/ due to employees left during the year.

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, 2024

Significant changes/ modifications in the ESOP 2023 Scheme during FY 2023-24

1) Shareholders of the Company in the Extra Ordinary General Meeting held on 31st July, 2023 have 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

   The Employee Stock Option Scheme approved by the Board in the meeting held on 12th February 2022 and by the shareholders in the Extraordinary General Meeting held on 14th February 2022 , was withdrawn and terminated with immediate effect and that there are no outstanding dues receivable/ payable against the said scheme.

   Further, the following details, inter-alia, shall be disclosed on the company's website and a web-link thereto shall be provided in the report of Board of Directors.

   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.

BOARD'S REPORT (Contd.)

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	ESOP Scheme
1	Date of Shareholder's Approval	July 31, 2023 by passing Special Resolution in Extraordinary General Meeting	February 14, 2022 by passing Special Resolution in Extraordinary General Meeting
2	Total Number of Options approved under the plan	13,42,485	13,42,485
3	Vesting Requirements	Generally between 1 year to 5 years	Generally between 1 year to 5 years
4	Maximum Term of Options Granted	5 years	5 years
5	Exercise price or pricing formula	190	No grant was done under the policy
6	Source of shares (primary, secondary or combination)	Primary	Primary
7	Variation in terms of options	No	NA. This Scheme was withdrawan.

Notes:

1. During the year, the Company has cancelled 40,728 outstanding unvested/vested employee stock options, with prior consent of employee/ due to employees left during the year.

(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 recognized 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.

Not Applicable

(iv) Option movement during the year under ESOP 2023 Scheme:

Particulars	ESOP 2023 Scheme
Number of options outstanding at the beginning of the year	Nil
Number of options granted during the year	3,92,687
Number of options forfeited, cancelled / lapsed during theyear	40,728
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options (including options that have been exercised but not allotted)	Nil
Money realized by exercise of options during the year (H), if scheme is implemented directly by the company	Nil
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	3,51,959
Number of options exercisable at the end of the year	Nil

(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.

BOARD'S REPORT (Contd.)

(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;

S. No.	Name	Designation	No. of Shares
1	Narinder Singh Juneja	Chief Executive Officer & Executive Director	18,996
2	Patwinder Singh	Chief Operating Officer	23,631
3	Gurjinder Singh	Chief Human Resource Officer	7,269
4	Mangesh Shantaram Purandare	Chief Marketing Officer	8,166
5	Pankaj Kumar Goyal	Chief Financial Officer	26,913
6	Bindu Garg	Company Secretary & Compliance Officer	6,162

Note – Exercise Price of above stock options is ₹ 190 per option.

(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; and

Name	Designation	No. of Shares*
Narinder Singh Juneja	Chief Executive Officer & Executive Director	18,996
Patwinder Singh	Chief Operating Officer	23,631
Pankaj Kumar Goyal	Chief Financial Officer	26,913

(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.

Name	Designation	No. of Shares*
NA	NA	NA

(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 annualized 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 96 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.

D. Details related to ESPS

No allotment was made under ESPS during FY 2023-24.

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

	Paritosh Kumar	**Ashish Garg**
Date: June 8, 2024	DIN : 00393387	DIN : 01829082
Place: Ludhiana	Chairman and Managing Director	Managing Director

REPORT ON CORPORATE GOVERNANCE

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company strongly believes that good corporate governance is essential for achieving long-term corporate goals and enhancing stakeholder value. The Company's focus is on ensuring good corporate governance by being fair and transparent, ensuring integrity, equality and accountability in all dealings with customers, vendors, employees, regulatory bodies, investors and community at large.

We recognise 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. Our policy is not related to financial performance only rather it extends beyond the financial parameters and 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 2024 , the strength of the Board of Directors was 10 which includes three Executive - Promoter Director, one CEO & Whole-Time Director, Five Independent Directors and one Non-Independent - Non-Executive Director (nominee director) 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 10 times during the Financial Year under review on 30th May, 2023, 31st July, 2023, 8th August, 2023, 14th August, 2023, 14th September, 2023, 2nd December, 2023, 5th December, 2023, 9th December, 2023, 21st December, 2023 and 9th February, 2024. The Company ensured that atleast 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) other than your Company as on 31st March, 2024 are as follows:

Name of the Director	Category of Directorship	Board Meetings during 2023-24										Total	AGM
		30th May, 2023	31st July, 2023	8th August 2023	14th August, 2023	14th September, 2023	2nd December, 2023	5th December, 2023	9th December, 2023	21st December, 2023	9th February, 2024		8th August, 2023
Mr. Paritosh Kumar	Promoter-Executive	P	P	P	P	P	P	P	P	P	P	10	P
Mr. Ashish Garg	Promoter-Executive	P	P	P	P	P	P	P	P	P	P	10	P
Ms. Megha Garg	Promoter-Executive	P	P	P	P	P	P	P	P	P	P	10	P
Mr. Narinder Singh Juneja	CEO & Executive	P	P	P	P	P	P	P	P	P	P	10	A
Mr. Prakash Bagla	Non-Independent Non-Executive	P	P	P	P	P	P	P	P	P	P	10	A
Mr. Vikas Giya	Independent Non-Executive	P	P	P	P	P	P	P	P	P	P	10	A
Mr. Satish Sekhri	Independent Non-Executive	P	P	P	P	P	P	P	P	P	P	10	A
Mr. Ravindra Pisharody	Independent Non-Executive	P	P	P	P	P	P	P	P	P	P	10	A
Ms. Rajeswari Karthigeyan	Independent Non-Executive	P	P	P	P	P	P	LA	P	P	P	9	A
Mr. Atul B. Lall	Independent Non-Executive	NA*	NA*	P	P	LA	P	P	P	P	P	7	A

* Mr. Atul B. Lall was appointed as an Independent Director w.e.f 31st July, 2023

L.A. means Leave of Absence

Ms. Suman Garg , Whole Time Director resigned from the Board w.e.f.31st July, 2023

Mr. Nitin Aggarwal, Non- Executive Director resigned from the Board w.e.f 26th July, 2023

As on 31st March, 2024, 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, 2024 (excluding Private & Foreign Companies):

Name of the Director	No. of directorship (listed Companies) and Committee membership(s)/ chairmanship(s) in Indian Public Companies including the Company as on 31st March, 2024			Directorship in other listed entities as on 31st March, 2024 (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	0	0	NIL
Mr. Narinder Singh Juneja	1	0	0	NIL
Mr. Prakash Bagla	1	2	1	NIL
Mr. Vikas Giya	1	2	0	NIL
Mr. Satish Sekhri	2	2	0	1. Rico Auto Industries Limited#
Mr. Ravindra Pisharody	3	3	0	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

Disclosures regarding appointment or re-appointment of Directors:

Mr. Ashish Garg (DIN 01829082) will retire by rotation at the ensuing 45th Annual General Meeting of the Company and being eligible, has offered himself 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, 2024 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
Mr. Narinder Singh Juneja	NIL
Mr. Prakash Bagla	NIL
Mr. Vikas Giya	NIL
Ms. Rajeswari Karthigeyan	NIL
Mr. Satish Sekhri	NIL
Mr. Ravindra Pisharody	NIL
Mr. Atul B. Lall	NIL

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 Directors 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 2023-24, 1 (one) meeting of Independent Directors was held on 29th March, 2024, 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 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. Since the Company was listed on 27th December, 2023, so the familiarisation program hours has been counted after listing only. 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/2024/04/familiarisation-program-FY-2023-24.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. Narinder Singh Juneja Mr. Prakash Bagla 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. Prakash Bagla Mr. Satish Sekhri Mr. Vikas Giya 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. Prakash Bagla Mr. Satish Sekhri Mr. Vikas Giya Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall

REPORT ON CORPORATE GOVERNANCE (Contd.)

(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

f) IPO 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 Board Meetings.

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, re-appointment 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 whole-time 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;

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2023-24, eight (8) Audit Committee Meetings were held on 30th May, 2023, 8th August, 2023, 14th August, 2023, 14th September, 2023, 2nd December, 2023, 5th December, 2023, 9th December, 2023 and 9th February, 2024. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

1. Ms. Rajeswari Karthigeyan	Chairperson
2. Mr. Ashish Garg	Member
3. Mr. Satish Sekhri	Member
4. Mr. Ravindra Pisharody	Member
5. Mr Vikas Giya	Member
6. Mr. Prakash Bagla	Member

Meeting and Attendance during the year:

Name of the Member / Chairperson	Category	30th May, 2023	8th August, 2023	14th August, 2023	14th September, 2023	2nd December, 2023	5th December, 2023	9th December, 2023	9th February, 2024
Ms. Rajeswari Karthigeyan– Chairperson	Independent	NA	P	P	P	P	LA	P	P
Mr. Ashish Garg	Managing Director	P	P	P	P	P	P	P	P
Mr. Satish Sekhri	Independent	P	P	P	P	P	P	P	P
Mr. Ravindra Pisharody	Independent	P	P	P	P	P	P	P	P
Mr. Vikas Giya	Independent	P	P	P	P	P	P	P	P
Mr. Prakash Bagla	Non-Independent Non-Executive	P	P	P	P	P	P	P	P

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 may 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 from 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 are:

1. Mr. Satish Sekhri	Chairman
2. Mr. Ravindra Pisharody	Member
3. Ms. Rajeswari Karthigeyan	Member
4. Mr. Vikas Giya	Member
5. Mr. Prakash Bagla	Member

Meeting and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on 30th May, 2023	Attendance at the Nomination and Remuneration Committee Meetings held on 31st July, 2023
Mr. Satish Sekhri - Chairman	Independent	P	P
Mr. Ravindra Pisharody	Independent	P	P
Ms. Rajeswari Karthigeyan	Independent	NA	P
Mr. Vikas Giya	Independent	P	P
Mr. Prakash Bagla	Non-Executive-Non- Independent	P	P

PERFORMANCE EVALUATION CITERIA:

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:

1. Mr. Prakash Bagla	Chairperson
2. Mr. Vikas Giya	Member
3. Mr. Ashish 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 29th March, 2024
Mr. Prakash Bagla - Chairman	Non- Executive Non- Independent	P
Mr. Vikas Giya	Independent	P
Mr. Ashish Garg	Executive	P

Number of Shareholders' complaints received during the Financial Year.

The Committee ensures that the Shareholders'/Investors' grievances and correspondences are attended and resolved expeditiously.

During the period under review, 1,703 and 339 investor grievances were received in Q3 and Q4 respectively and all were resolved . There is no outstanding complaint as on 31st March, 2024.

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, 2024 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 are:

1. Mr. Paritosh Kumar	Chairman
2. Mr. Ashish Garg	Member
3. Mr. Prakash Bagla	Member
4. Mr. Ravindra Pisharody	Member
5. 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	
		8th August, 2023	9th February, 2024
Mr. Paritosh Kumar - Chairman	Executive	P	P
Mr. Ashish Garg	Executive	P	P
Mr. Prakash Bagla	Non- Executive Non- Independent	P	P
Mr. Ravindra Pisharody	Independent	P	P
Mr. Satish Sekhri	Independent	P	P

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 1000 listed companies. The Company had constituted the risk management committee voluntary 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;

REPORT ON CORPORATE GOVERNANCE (Contd.)

- 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	
		9th February, 2024	29th March, 2024
Mr. Ashish Garg - Chairperson	Executive	P	P
Mr. Prakash Bagla - Member	Non-Executive Non-Independent	P	P
Ms. Rajeswari Karthigeyan - Member	Independent	P	P

Further, Mr. Pankaj Kumar Goyal , CFO of the Company and Ms. Bindu Garg, Company Secretary and Compliance officer of the Company were appointed as members of Risk Management Committee. Both are responsible for day-to-day oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting.

f) IPO COMMITTEE

The Company had constituted IPO Committee on 31st July, 2023 for the purpose of giving effect to the IPO and listing the Equity Shares on one or more of the stock exchanges, consisting of the following Directors:

1. Mr. Paritosh Kumar	Chairperson
2. Mr. Ashish Garg	Member
3. Ms. Megha Garg	Member
4. Mr. Prakash Bagla	Member

The IPO committee had its three meetings , 9th December, 2023, 18th December, 2023 and 22nd December, 2023 during the year under review. All the members were present in all the IPO committee meetings.

i. 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 calendar year.

During the year under review, the Independent Directors met on 29th March, 2024 , 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Apart from this, the Independent Directors' had their meeting on 9th December, 2023 to approve the price band for IPO of the Company.

(4) SENIOR MANAGEMENT

The Company had defined the following persons as Senior Management of the Company:

Mr. Narinder Singh Juneja - CEO & WTD

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 changes in Senior management personnel at the close of financial year as on 31st March, 2024.

(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 / re-appointment 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 2023-2024 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	412.47	NA	NA	412.47
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	97.04	NA	NA	97.04
Mr. Prakash Bagla, Non-Executive, Non-Independent Director (Nominee Director)	None	NA	NA	NA	NA
Mr. Vikas Giya	None	NA	1	NA	1
Mr. Satish Sekhri	None	NA	10	5	15
Mr. Ravindra Pisharody	None	NA	10	5	15
Ms. Rajeswari Karthigeyan	None	NA	9	5	14
Mr. Atul B. Lall	None	NA	7	4.25	11.25

The Company has granted 18,996 options to Mr. Narinder Singh Juneja, CEO & Whole Time Director of the Company

* 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

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
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
2020-21	30th November, 2021	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 8th August, 2023 :

1. Appointment of Ms. Suman Garg, to the office or place of profit with effect from 8th August, 2023
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

Annual General Meeting held on 30th November, 2021:

1. Amendment in Articles of Association of the Company.

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.

POSTAL BALLOT:

During the year under review, no resolution was passed/ proposed through Postal Ballot.

(7) MEANS OF COMMUNICATION:

(a) The un-audited quarterly results for the quarter ended 31st December, 2023 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 'Business Standard"(English newspaper) and "Ajit Punjabi" (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. 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 45th AGM	Monday, July 29, 2024 at 11.30 AM.
Venue of AGM	Through Video Conferencing / OAVM
Financial Year	1st April, 2023 to 31st March, 2024
Book Closure Date	Tuesday, July 23, 2024 to Monday, July 29, 2024 (both days inclusive)
Registered Office Address	B-XXIX- 2254/1, Kanganwal Road, P O Jugiana, Ludhiana (Pb)
Dividend Payment Date	Will be paid within 30 days from the date of approval at the 45th 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 2024-25:	
First Quarter Results	On or before 14th August, 2024
Second Quarter/Half Yearly Results	On or before 14th November 2024
Third Quarter Results	On or before 14th February 2025
Audited Results for the Financial Year 2024-25	On or before 30th May, 2025

REPORT ON CORPORATE GOVERNANCE (Contd.)

(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 2024-25 have been paid to both the Stock Exchanges.

(b) Market Price Data:

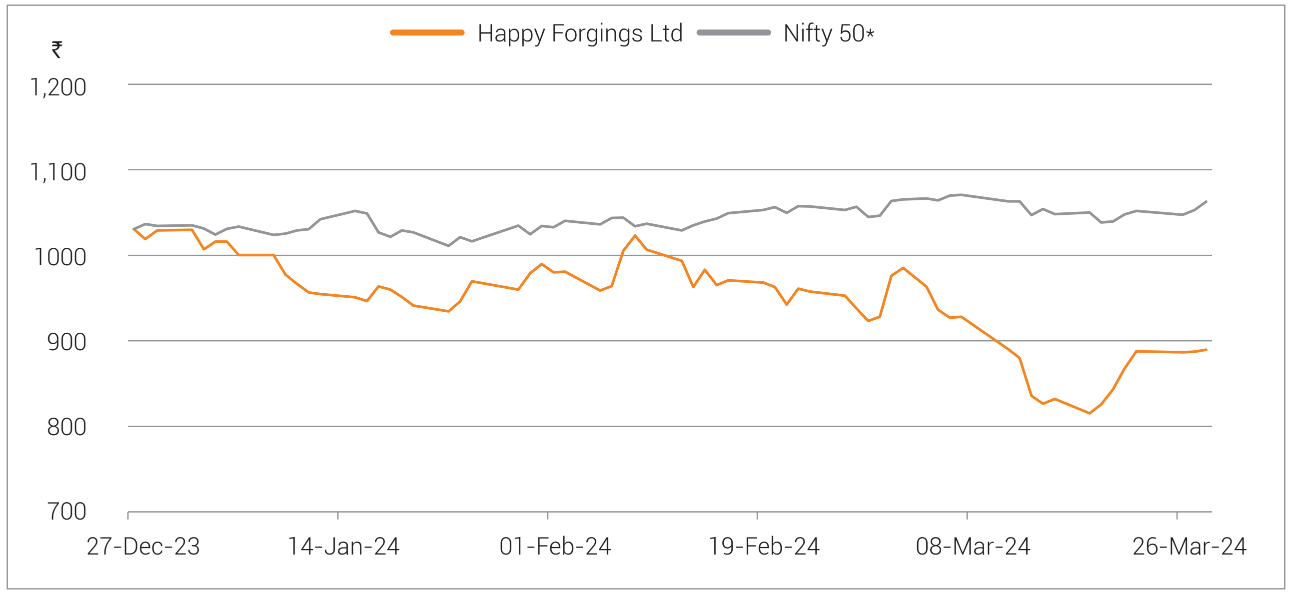
The securities of the Company have been listed on BSE and NSE. The stock market prices were as under:

Table 1. High and Low Prices and Trading Volumes on the BSE and NSE

	NSE			BSE		
Month	**High (₹)**	**Low (₹)**	**Monthly Volume**	**High (₹)**	**Low (₹)**	**Monthly Volume**
Dec-2023	1,087.4	961.3	1,68,91,537	1,087.9	961.0	4,05,556
Jan-2024	1,039.7	917.8	43,89,661	1,041.5	917.1	2,32,111
Feb-2024	1,053.0	904.3	27,29,315	1,050.0	905.1	1,03,617
Mar-2024	992.0	813.2	24,04,596	995.0	813.6	79,471

(c) Performance in comparison to broad-based indices

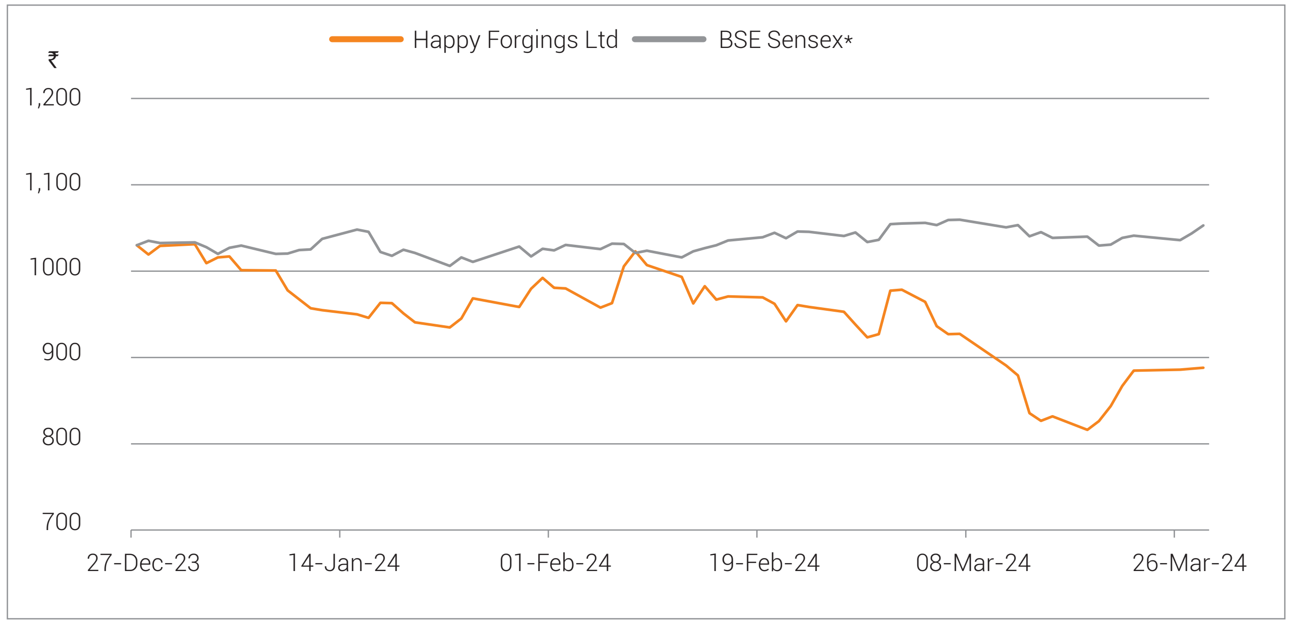
Chart A: Happy Forgings Limited's Share Performance vs. NSE Nifty 50



* Nifty 50 rebased to Happy Forgings Ltd share price

REPORT ON CORPORATE GOVERNANCE (Contd.)

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:

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@linkintime.co.in

(e) Share Transfer System / Dividend and other related matters:

i. Share Transfers

The Company's registrar and share transfer agent is M/s. Link Intime India Pvt. Ltd. ("RTA") for dealing with the equity shares listed on NSE and BSE. All the requests relating to transfer, transmission, splitting of share certificates, dematerialisation and rematerialisation processing, payment of dividends etc. are done by the share transfer agent. Pursuant to the SEBI circular dated 25th January, 2022, 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 , none of the shareholder is holding shares in physical form as on 31st March, 2024.

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. As on 31st March, 2024, none of the member was holding shares in physical form.

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.

(f) Distribution of Shareholding:

(i) Shareholding pattern as on 31st March, 2024:

Category	No. of Shares held		Total No. of Shares	% of total shares
	Physical	Electronic		
Promoter's Shareholding	-	7,40,47,555	7,40,47,555	78.6027
Alternate Investment Funds - I		82,91,650	82,91,650	8.8017
Alternate Investment Funds - III		2,500	2,500	0.0027
Body Corporate - Ltd. Liability Partnership		5,198	5,198	0.0055
FPI (Corporate) - I		9,15,238	9,15,238	0.9715
FPI (Corporate) - II		1,40,998	1,40,998	0.1497
Hindu Undivided Family		2,10,432	2,10,432	0.2234
Insurance Companies		6,63,168	6,63,168	0.7040
Mutual Funds		69,91,553	69,91,553	7.4216
Non Resident (Non Repatriable)		8,213	8,213	0.0087
Non Resident Indians		17,559	17,559	0.0186
Other Bodies Corporate		1,07,715	1,07,715	0.1143
Public		28,03,003	28,03,003	2.9754
Trusts		100	100	0.0001
Total	**NIL**	**9,42,04,882**	**9,42,04,882**	**100.00**

(ii) Distribution of Shareholding as on 31st March, 2024:

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of total shares
1 to 500	93,569	99.5415	23,95,256	2.5426
501 to 1,000	211	0.2245	1,63,205	0.1732
1,001 to 2,000	89	0.0947	1,35,576	0.1439
2,001 to 3,000	26	0.0277	67,618	0.0718
3,001 to 4,000	11	0.0117	40,687	0.0432
4,001 to 5,000	11	0.0117	49,995	0.0531
5,001 to 10,000	10	0.0106	74,626	0.0792
10,001 & above	73	0.0777	9,12,77,919	96.8930
Grand Total	**94,000**	**100.00**	**9,42,04,882**	**100.00**
Shareholders in Physical Mode	Nil	Nil	Nil	0.00
Shareholders in Electronic Mode	94,000	100.00	9,42,04,882	100.00

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(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, 2024, 9,42,04,882 Equity Shares are in dematerialised form representing 100% of the total 9,42,04,882 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 for Currency and Interest rate risk. 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:

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@linkintime.co.in

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) - 141421
Phone No. 161-5217162
Investors' related query
E-mail : investor.relations@happyforgingsltd.co.in

(l) CREDIT RATINGS :

During the year under review, the credit rating assigned to the Company by rating agencies are as follows:

Bank Facilities	CRISIL RATING		ICRA RATING	
	Revised	Previous	Revised	Previous
Long term rating	CRISIL AA/Stable	CRISIL AA-/Stable	[ICRA] AA	[ICRA]AA-
Short term rating	NA	NA	[ICRA]A1+	[ICRA]A1+

(9) OTHER DISCLOSURES:

(a) RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under the Section 188 of the Companies Act, 2013 and of SEBI LODR Regulations during the Financial Year 2023-24 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/2023/12/Policy-on-related-party-approvals.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, 2024 from the date of listing i.e. 27th December, 2023, 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. Narinder Singh Juneja, CEO & Whole Time 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/2024/06/Whistle-Blower-Policy-24th-May-2024.pdf.

(i) 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(d) Compliance with mandatory requirements

The Company is in compliance with all mandatory requirements under the listing regulations.

CEO /CFO CERTIFICATION:

The CEO & Whole Time 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 31st March, 2024 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.

(e) Web link where policy for determining 'material' subsidiaries is disclosed

Since the Company did not have any material subsidiary, so no policy on material subsidiary was formed by the Company in 2023-24.

(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/2023/12/Policy-on-related-party-approvals.pdf.

(g) Disclosure of commodity price risks and commodity hedging activities

Exposure of the Company to commodity and commodity risks faced by the entity throughout the year:

a) Total exposure of the listed entity to commodities in INR: Nil

b) Exposure of the listed entity to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity
NA	NA	NA

% of such exposure hedged through commodity derivatives			
Domestic market		International market	
OTC	Exchange	OTC	Exchange
NA	NA	NA	NA

(h) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). - Not applicable.

(i) Certificate from PCS regarding disqualification of Directors:

A certificate has been received from M/s. P S Bathla & Associates, Company Secretaries, Ludhiana, 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 enclosed with this report.

(j) There were no such instances when the Board had not accepted any recommendation of any committee of the Board during 2023-24

(k) The total fee to be paid to the Statutory Auditors of the Company during the year under review is ₹ 50.21 Lakhs only Apart from this , payment of Rs 151.03 Lakhs has been included in allocation of share issue expenses between the Company and the selling shareholders.

(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 31st March, 2024 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 and consolidated Financial Statements.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(n) The Company had no material subsidiaries during the 2023-24. 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) THERE IS NO NON COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB PARA (2) TO (10) ABOVE.

(11) NON-MANDATORY REQUIREMENTS:

a) Shareholders' Rights

As the quarterly and annual financial results were published in leading Newspapers having nation-wide circulation, the same are not sent to the Shareholders of the Company individually. However, the Financial Results and other significant informations 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, 2024 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 requirements specified in Regulations 17 to 27 and Regulation 46 of Listing Regulations as applicable.

ii. Compliance certificate by Practicing Company Secretary- Certificate from M/s P S Bathla & Associates, Company Secretaries, Ludhiana, 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.

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

(Pursuant to Clause 10 of Part C of Schedule V of SEBI (LODR) Regulations, 2015)

To
The Members,
HAPPY FORGINGS LIMITED,
Ludhiana

I have examined the relevant records of **M/s Happy Forgings Limited** for the purpose of certifying compliance of requirements in Clause 10(i) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2024.

On the basis of disclosures / declarations received from the Directors and taken on record by the Board of Directors and according to the verifications (including DIN Status of Directors at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, I hereby certify that none of the ten Directors on the Board of the Company as stated below for the Financial Year ended as on 31st March, 2024, has been debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI / Ministry of Corporate Affairs or any such other statutory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Paritosh Kumar	00393387	11th February, 2016
2.	Mr. Ashish Garg	01829082	2nd December, 2015
3.	Ms. Megha Garg	07352042	7th December, 2015
4.	Mr. Narinder Singh Juneja	00393525	28th March, 2006
5.	Mr. Prakash Bagla	03043874	15th September, 2018
6.	Mr. Vikas Giya	01399764	31st January, 2015
7.	Mr. Satish Sekhri	00211478	4th May, 2020
8.	Mr. Ravindra Pisharody	01875848	16th June, 2022
9.	Ms. Rajeswari Karthigeyan	10051618	30th May, 2023
10.	Mr. Atul B. Lall	00781436	31st July, 2023

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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 P S Bathla & Associates
Company Secretaries

P S Bathla
Proprietor
FCS: 4391/CP No. 2585:
UDIN: F004391F000550046
Peer Review No. 1306/2021

Place: Ludhiana
Date: 8th June, 2024

CEO & WHOLE TIME DIRECTOR / CFO CERTIFICATION

To

The Board of Directors,
HAPPY FORGINGS LIMITED,
Ludhiana -141120

We, the undersigned, in our capacities as the CEO & Whole Time 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 31st March, 2024 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.

Narinder Singh Juneja
CEO & Whole Time Director
DIN: 00393525

Place: Ludhiana
Date: 24th May, 2024

Pankaj Kumar Goyal
Chief Financial Officer

Place: Ludhiana
Date : 24th May 2024

HAPPY FORGINGS LIMITED DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Narinder Singh Juneja, CEO & Whole Time 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 2023-24.

Place : Ludhiana
Date : 24th May 2024

(Narinder Singh Juneja)
CEO & Whole Time Director
DIN : 00393525

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(In terms of Regulation 34(3) and Schedule V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Happy Forgings Limited,
Ludhiana

We have examined the report of Corporate Governance presented by the Board of Directors of **HAPPY FORGINGS LIMITED** for the year ended 31st March, 2024 as stipulated in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V of the same.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we hereby certify that the Company has duly complied with the conditions of Corporate Governance as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P S Bathla & Associates
Company Secretaries

P S Bathla
Proprietor
FCS: 4391/CP No. 2585:
UDIN: F004391F000550057
Peer Review No. 1306/2021

Place: Ludhiana
Date: 8th June, 2024

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 8th June, 2024.

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 accompanying standalone financial statements of Happy Forgings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, 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, 2024, 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, 2024. 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 matter	How our audit addressed the key audit matter
(a) 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 transactions 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.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual 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.

The Annual Report is not made available to us at the end of this auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF 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 standalone 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 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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, 2024 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;
    g) In our opinion, the managerial remuneration for the year ended March 31, 2024 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;
    h) The modifications 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) of the Act and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

        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 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.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 24108044BKFLYE7593

Place of Signature: Ludhiana
Date: May 24, 2024

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) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(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, 2024.

(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, 2024. 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 subsidiary and employees as follows:

Particulars	Amount (₹ in lacs)
Aggregate amount granted/ provided during the year	
- Subsidiary	50.00
- Others (Loans to employees)	49.96
Balance outstanding as at balance sheet in respect of above cases	
- Subsidiary	50.00
- Others (Loans to employees)	24.37

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) During the year, the investments made and the terms and conditions of the grant of all loans 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.

The Company has also granted loan to its subsidiary and the same is repayable on demand. Accordingly, the requirement to report on Clause (iii)(c) of the order relating to loan to subsidiary is not applicable to the Company.

(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) As disclosed in note 6.1 to the standalone financial statements, the Company has granted a loan to its subsidiary company which is repayable on demand. The Company has not granted any

ANNEXURE '1' (Contd.)

loan, either repayable on demand or without specifying any terms or period of repayment to firms, Limited Liability Partnerships or any other parties. Following are the details of the aggregate amount of loans or advances in the nature of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

(₹ in Lacs)

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans to subsidiary - Repayable on demand	50.00	-	50.00
Percentage of loans to the total loans	67.23%	-	67.23%

(iv) Loans, investments, guarantees and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by 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 (₹ in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Reversal of Cenvat credit on job work	30.34	FY 2006-07 to FY 2016-17	The Additional commissioner of Central Goods & Services Tax, Commissionerate Ludhiana
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 (**)	332.89	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	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand for disallowance for late deposition of statutory dues	0.33	FY 2017-18	Assessing Officer, CPC, Income tax department

* 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.

ANNEXURE '1' (Contd.)

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.

(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) Monies raised during the 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 invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs. 21,325.00 lacs of which Rs. 16,003.29 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.

ANNEXURE '1' (Contd.)

(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.

(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: 24108044BKFLYE7593

Place of Signature: Ludhiana
Date: May 24, 2024

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 ("the Company") as of March 31, 2024 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 standalone 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 standalone 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 standalone 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, 2024, 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: 24108044BKFLYE7593

Place of Signature: Ludhiana
Date: May 24, 2024

STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

	Particulars	Note No.	As at 31st March, 2024	As at 31st March, 2023
I	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	74,247.47	67,695.96
	Capital work-in-progress	3(a)	12,193.61	7,475.15
	Intangible assets	4	119.76	148.12
	Intangible assets under development	4(a)	475.50	-
	Financial assets:			
	(i) Investment in subsidiary	5	10.00	-
	(ii) Loans	6.1	50.00	-
	(iii) Other financial assets	6	20,396.01	3,149.58
	Other non current assets	7	6,937.61	5,152.13
	Total non-current assets		**1,14429.96**	**83,620.94**
	Current assets			
	Inventories	8	22,416.59	16,960.27
	Financial assets:			
	(i) Trade receivables	9	35,691.78	30,805.76
	(ii) Cash and cash equivalents	10	53.77	1.31
	(iii) Bank balance other than (ii) above	11	11,682.69	32.83
	(iv) Loans	6.2	24.37	26.89
	(v) Other financial assets	6	1,234.17	67.53
	Current tax assets		-	23.39
	Other current assets	7	3,061.31	1,015.51
	Total current assets		**74,164.68**	**48,933.49**
	Assets held for sale	3(b)	-	61.71
	TOTAL ASSETS		**1,88,594.64**	**1,32,616.14**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	12	1,884.10	1,789.98
	Other equity	13	159,365.30	97,039.58
	Total equity		**1,61,249.40**	**98,829.56**
	Non-current liabilities			
	Financial liabilities:			
	(i) Borrowings	14	-	5,817.60
	Deferred tax liabilities (net)	16	3,161.83	2,304.55
	Total non-current liabilities		**3,161.83**	**8,122.15**
	Current liabilities			
	a. Financial liabilities			
	(i) Borrowings	14	14,300.74	16,034.01
	(ii) Trade payables	17		
	Total outstanding dues of micro enterprises and small enterprises		622.88	606.64
	Total outstanding dues of creditors other than micro enterprises and small enterprises		4,930.50	4,167.13
	(iii) Other financial liabilities	18	2,785.49	2,598.81
	Other current liabilities	19	916.32	777.33
	Provisions	15	445.56	378.74
	Liabilities for current tax (net)		181.92	1,101.77
	Total current liabilities		**24,183.41**	**25,664.43**
	Total liabilities		**27,345.24**	**33,786.58**
	TOTAL EQUITY AND LIABILITIES		**1,88,594.64**	**1,32,616.14**

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: Ludhiana
Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
INCOME			
Revenue from operations	20	135,823.58	119,652.88
Other income	21	1,335.54	575.12
TOTAL INCOME (A)		**1,37,159.12**	**1,20,228.00**
Expenses			
Cost of raw materials and components consumed	22	62,973.24	54,772.46
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	(3,313.73)	333.19
Employee benefits expense	24	11,446.03	8,777.82
Finance costs	25	1,177.59	1,247.58
Depreciation and amortisation expense	26	6,472.76	5,418.24
Other expenses	27	25,964.00	21,675.79
TOTAL EXPENSES (B)		**1,04,719.89**	**92,225.08**
PROFIT BEFORE TAX (C=A-B)		**32,439.23**	**28,002.92**
Tax expense:			
Current tax (net)	16	7,543.72	6,854.27
Adjustments of tax relating to earlier years	16	(59.81)	(9.17)
Deferred tax	16	656.65	287.71
TOTAL TAX EXPENSE (D)		**8,140.56**	**7,132.81**
PROFIT FOR THE YEAR (E=C-D)		**24,298.67**	**20,870.11**
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	23.94	31.06
Less : Income tax effect on above	16	(6.02)	(7.82)
		17.92	**23.24**
Other comprehensive income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	797.15	(1,102.63)
Less: Income tax effect on above	16	(200.63)	277.51
		596.52	**(825.12)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**614.44**	**(801.88)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**24,913.11**	**20,068.22**
Earnings per share: (In ₹)			
(Nominal value ₹ 2/- per share (31st March, 2023 ₹ 2 per share)			
(i) Basic	28	26.78	23.32
(ii) Diluted	28	26.75	23.32

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: Ludhiana
Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
OPERATING ACTIVITIES		
Profit before tax	32,439.23	28,002.92
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	6,472.76	5,418.24
Gain on disposal of property, plant and equipment	(0.35)	(4.58)
Interest income	(765.38)	(54.33)
Gain on sale of Investment	-	(1.85)
Property, plant and equipment written off	31.27	157.95
Fair value (gain)/loss on financial instruments at fair value through profit and loss	(254.01)	256.71
Unrealised foreign exchange (gain)/loss (net)	(125.86)	82.20
Provisions for doubtful receivables, advances and deposits	47.49	18.43
Finance costs	1,177.59	1,247.58
Share-based payment expense	567.10	-
Operating profit before working capital changes	**39,589.84**	**35,123.27**
Working capital adjustments:		
(Increase)/decrease in inventory	(5,456.32)	1,438.09
(Increase) in trade receivable	(4,798.75)	(8,272.31)
(Increase) in other financial assets and loans	(1,772.63)	(2,232.50)
(Increase)/decrease in other assets	(2,076.37)	382.39
Increase in trade payable	779.61	349.41
Increase in other financial liabilities	793.18	167.97
Increase in other liabilities	138.99	230.12
Increase in short term provision	90.76	142.84
Cash generated from operations	**27,288.32**	**27,329.28**
Less: Income tax paid (net of refund)	(8,386.40)	(6,383.63)
Cash flow from operating activities (A)	**18,901.91**	**20,945.65**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment and intangible asset (including capital work in progress, intangible assets under development and capital advance)	(19,362.03)	(17,458.68)
Proceeds from sale of property, plant and equipment	3.38	9.95
Investment in Subsidiary	(10.00)	-
Proceeds from sale of share in joint venture	-	43.05
Loan given to subsidiary	(50.00)	-
Proceeds from term deposit	4,500.00	144.05
Investment in term deposit	(32,153.15)	(32.92)
Interest received	130.73	49.14
Net cash flow (used in) investing activities (B)	**(46,941.07)**	**(17,245.41)**

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium (net of share issue expenses)	38,103.13	-
Availment of long-term borrowings	-	1,695.32
Repayment of long-term borrowings	(8,417.61)	(1,480.18)
Availment/Repayment of short-term borrowing (net)	866.74	(2,529.91)
Repayment of Loan from directors	-	(200.00)
Interest Paid	(1,297.15)	(1,186.19)
Dividend Paid on equity shares	(1,163.49)	-
Net cash flow from/(used in) financing activities (C)	**28,091.62**	**(3,700.96)**
Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**52.46**	**(0.71)**
Cash and cash equivalents at the beginning of the year	1.31	2.02
Cash and cash equivalents as at year end	**53.77**	**1.31**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	2.81	1.31
Balance with banks :		
-On current accounts	50.96	-
Cash and cash equivalent as at year end	**53.77**	**1.31**

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.

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: Ludhiana

Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A. EQUITY SHARE CAPITAL

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**

For the year ended 31st March, 2023

Particulars	No of shares	Amount
As at 1st April, 2022	8,94,99,000	1,789.98
As at 31st March, 2023	**8,94,99,000**	**1,789.98**

B. OTHER EQUITY (REFER NOTE 13)

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	-	17.92	-	596.52	614.44
Total comprehensive income for the year	-	24,316.59	-	596.52	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)
Share-based payments (Refer note 43)	-	-	567.10	-	567.10
Dividend Paid	-	(1,163.49)	-	-	(1,163.49)
As at 31st March, 2024	**59,627.04**	**99,399.78**	**567.10**	**(228.61)**	**1,59,365.31**

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

For the year ended 31st March, 2023

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, 2022	**21,618.02**	**55,353.32**	**-**	**-**	**76,971.35**
Profit for the year	-	20,870.11	-	-	20,870.11
Other comprehensive income	-	23.24	-	(825.12)	(801.88)
Total comprehensive income for the year	-	20,893.35	-	(825.12)	20,068.23
As at 31st March, 2023	**21,618.02**	**76,246.67**	**-**	**(825.12)**	**97,039.57**

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: Ludhiana

Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

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 forgings and related components. 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 Company has completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 27th December, 2023.

The annual standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors on 24th May, 2024.

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 INR 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 INR, 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 30 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: Revenue from the sale of services is in nature of job work on customer product which normally takes a shorter period of time and hence, revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 30 to 60 days.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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

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) 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 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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 analysed.

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.

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) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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 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.

(xi) 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

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.

(xii) 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.

(xiii) 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.

(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 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.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ 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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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.

(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 Company are segregated.

(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) Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

(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, maximising 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.

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.

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 l

eases 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 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 2.1 (b).

2D. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March, 2023 to amend the following Ind AS which are effective from 1st April, 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's standalone financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's standalone financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments had no impact on the Company's standalone financial statements.

2E. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2F. 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, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

3. Property, plant and equipment and capital work in progress

As at 31st March, 2024

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 1st April, 2022	**4,775.11**	**6,459.07**	**44,702.62**	**332.94**	**765.63**	**235.74**	**82.48**	**1,038.88**	**58,392.47**	**21,225.51**
Additions	1,134.51	1,078.73	24,819.99	84.66	353.81	16.31	21.26	270.25	27,779.52	11,692.84
Transfers	-	-	-	-	-	-	-	-	-	(25,443.19)
Disposals	-	-	(468.87)	-	(8.67)	-	-	-	(477.54)	-
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**
Depreciation										
At 1st April, 2022	**-**	**540.04**	**11,549.99**	**94.26**	**310.47**	**141.14**	**39.60**	**253.71**	**12,929.21**	
Depreciation charge for the year	-	263.53	4,791.47	42.16	118.57	39.93	23.11	104.73	5,383.50	
Disposals	-	-	(308.32)	-	(5.90)	-	-	-	(314.22)	
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**	
Net book value										
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**
At 31st March, 2023	**5,909.62**	**6,734.23**	**53,020.60**	**281.18**	**687.63**	**70.98**	**41.03**	**950.69**	**67,695.96**	**7,475.15**

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 ₹ 353.13 Lakhs (31st March, 2023: ₹ 342.03 Lakhs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) (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 is transferred from Asset held for sale to Capital Work in Progress (CWIP) during the 2023-24 due to change in management decision to use this asset in near future.

Note 3 (a) Capital work-in-progress (CWIP) ageing schedule

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**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

As at 31st March, 2023

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	7,179.61	127.82	167.72	-	7,475.15
ii) Projects temporarily suspended	-	-	-	-	-
Total	**7,179.61**	**127.82**	**167.72**	**-**	**7,475.15**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during 2023-24.

Note 3 (b) Assets held for sale

One of the plant and machinery was classified as held for sale based on the management decision to dispose off this asset in near future. This asset was not in active usage and was measured at the lower of its carrying amount or fair value less costs to sell. The fair value of this asset was determined using the market comparison approach. The same is transferred from Asset held for sale to Capital Work in Progress (CWIP) during 2023-24 due to change in management decision to use this asset in near future.

4. INTANGIBLE ASSETS

Particulars	Computer Software	Intangible assets under development
Cost		
At 1st April, 2022	**189.88**	**-**
Additions	27.05	-
At 31st March, 2023	**216.93**	**-**
Additions	8.07	475.50
At 31st March, 2024	**225.00**	**475.50**
Amortisation and impairment		
At 1st April, 2022	**34.07**	**-**
Amortisation charge for the year	34.74	-
At 31st March, 2023	**68.81**	**-**
Amortisation charge for the ear	36.43	-
At 31st March, 2024	**105.24**	**-**
Net book value		
At 31st March, 2024	**119.76**	**475.50**
At 31st March, 2023	**148.12**	**-**

Note 4 (a) Intangible asset under development (IAUD) ageing schedule

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	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

As at 31st March, 2023

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	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during 2023-24.

5. Investment

Particulars	As at 31st March, 2024	As at 31st March, 2023
Non-current investment		
Unquoted equity instruments (fully paid)		
Investment in wholly owned subsidiary		
1,00,000 (31st March, 2023 : Nil) equity shares of ₹10/- each fully paid up of 'HFL Technologies Private Limited (at cost)	10.00	-
Total	**10.00**	**-**

During the current year, the Company has incorporated a wholly owned subsidiary, namely HFL Technologies Private Limited on 16th March, 2024 and has invested an amount of Rs 10 lacs in its paid up share capital by subscribing to 1,00,000 equity shares of ₹ 10 each. (Refer Note 35)

6. Other financial assets

Non-current (Unsecured, Considered good)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Security deposits	1,230.93	905.49
Government Incentives receivable (Refer note 39)	3,161.79	2,244.09
Fixed Deposits to be used for capital expenditure*#	16,003.29	-
Total	**20,396.01**	**3,149.58**

*Original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.

#Fixed deposits represents balance of Initial Public Offer (IPO) proceeds of ₹16,003.29 lacs which will be utilised as stated in the prospectus for IPO (Refer note 44).

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Interest receivable on electricity deposits	54.97	36.28
Interest receivable on term deposits	436.59	0.16
Export benefits recoverable (Duty drawback)	28.44	30.04
Share issue expenses recoverable** (Refer note 44)	714.13	-
Others*	0.04	1.05
Total	**1,234.17**	**67.53**

Refer note 36 on Financial instruments for determination of fair value.

*This represents interest receivable for loan given to subsidiary. (Refer Note 35)

**During the year ended 31st March, 2024, the Company incurred expenses in connection with the proposed Initial Public Offer

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(IPO) of equity shares of the Company by way of fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the Company, all other expenses will be 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 will recover the expenses incurred in connection with the Issue on completion of Initial Public Offer (IPO). Third party is managing release of payment for these expenses to the Company and selling shareholders from a separate bank account maintained for this purpose under their control. Hence, the expenses relating to Company's share of recovery is disclosed under this head.

6.1 Loans (Non Current)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Loan to subsidiary (Refet Note 35)	50.00	-
Total	**50.00**	**-**

6.2 Loans (Current)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Loan to employees	24.37	26.89
Total	**24.37**	**26.89**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2024	As at 31st March, 2023
Other Non- current financial assets (Refer note 6)	20,396.01	3,149.58
Trade receivables (Refer note 9)	35,691.78	30,805.76
Cash and cash equivalents (Refer note 10)	53.77	1.31
Bank balance other than above (Refer note 11)	11,682.69	32.83
Other Current financial assets (Refer note 6)	1,234.17	67.53
Loans (Refer note 6.1 & 6.2)	74.37	26.89
Investment (Refer note 5)	10.00	-
Total	**69,142.79**	**34,083.90**

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Capital advances		
Considered good	6,849.23	5,094.32
Considered doubtful	167.01	167.01
	7,016.24	**5,261.33**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**6,849.23**	**5,094.32**
Prepaid expenses	88.38	57.81
Total	**6,937.61**	**5,152.13**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities		
Considered good	2,011.24	511.18
Considered doubtful	358.59	358.59
	2,369.83	**869.77**
Less: Allowance for doubtful balances	(358.59)	(358.59)
Net Balance	**2,011.24**	**511.18**
Export benefits recoverable (RoDTEP/MEIS)	109.00	75.67
Advance to suppliers	618.15	226.03
Advance to employees*		
- Related parties (refer note 35)	16.94	4.88
-Others	1.80	1.63
Prepaid expenses	287.40	180.53
Goverment Incentives receivable (Refer note 39)	16.78	15.59
Total	**3,061.31**	**1,015.51**

* includes imprest balances with employees for business related expenses.

8. INVENTORIES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Raw materials and components (includes material lying with third party and stock in transit) at cost	6,451.24	5,704.17
Work-in-progress (includes material lying with third party) at cost	7,178.52	4,633.98
Finished goods (includes material lying with third party and stock in transit) (at lower of cost and net realisable value)	6,182.97	5,413.72
Stores and spares (At Cost)	2,492.43	1,096.92
Scrap (At Net realisable value)	111.43	111.48
Total inventories at the lower of cost and net realisable value	**22,416.59**	**16,960.27**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Finished goods	3,820.99	2,921.29
Total	**3,820.99**	**2,921.29**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Trade receivables	35,668.96	30,786.50
Receivables from related parties (Refer note 35)	22.82	19.26
Total Trade receivables	**35,691.78**	**30,805.76**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	954.08	983.44
Unsecured, considered good	34,562.44	29,757.90
Trade Receivables which have significant increase in credit risk	175.26	64.42
Trade Receivables-credit impaired	189.03	141.54
Total gross trade receivables (a)	**35,880.81**	**30,947.30**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade receivables – which have significant increase in credit risk	-	-
Trade Receivables-credit impaired	(189.03)	(141.54)
Total Impairment allowance (b)	**(189.03)**	**(141.54)**
Net Trade receivables (a+b)	**35,691.78**	**30,805.76**

- 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 apart from those mentioned below:-

Particulars	As at 31st March, 2024	As at 31st March, 2023
Technomec Industries	-	0.23
Total	**-**	**0.23**

- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (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	-	-	-	-	35,516.51
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							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	85.99	85.99
Total	**28,708.29**	**6,808.22**	**154.84**	**66.06**	**30.46**	**112.93**	**35,880.81**

Trade receivables ageing as at 31st March, 2023

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2023					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	23,040.37	7,700.96	-	-	-	-	30,741.33
Which have significant increase in credit risk	-	-	35.21	25.25	0.83	3.13	64.42
Credit impaired	-	-	3.91	25.25	15.74	10.65	55.55
Disputed							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	85.99	85.99
Total	**23,040.37**	**7,700.96**	**39.12**	**50.50**	**16.57**	**99.77**	**30,947.29**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Receivables discounted from bank	3,517.41	983.44
Borrowing availed against said deliverables (Refer note 14.2)	**3,517.41**	**983.44**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance with Banks		
- in cash credit account	40.95	-
- in current accounts	10.01	-
Cash on hand	2.81	1.31
Total	**53.77**	**1.31**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Cash on hand	2.81	1.31
Balance with Banks		
- in cash credit account	40.95	-
- in current accounts	10.01	-
Total	**53.77**	**1.31**

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.	11,682.69	32.83
Total	**11,682.69**	**32.83**

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 ₹ 17.64 Lakhs (31st March, 2023 ₹ 30.00 Lakhs) as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 2/- each (31st March, 2023: ₹ 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, 2023: ₹ 2/- each)	**9,42,04,882**	**1,884.10**	**8,94,99,000**	**1,789.98**

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, 2023: ₹ 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	8,94,99,000	1,789.98	8,94,99,000	1,789.98
Add:- Fresh issue of equity shares (Refer Note 44)	47,05,882	94.12	-	-
At the end of the year	**9,42,04,882**	**1,884.10**	**8,94,99,000**	**1,789.98**

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar Garg	89,49,900	9.50%	3,56,60,600	39.84%
Smt. Suman Garg	-	-	88,87,900	9.93%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	14.47%
Paritosh K. Garg (HUF)	6,85,255	0.73%	56,07,700	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.41%	1,07,45,100	12.01%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.39%	-	-
India Business Excellence Fund - III(Formerly known as Vistra ITCL (India) Limited)	82,91,525	8.80%	1,05,29,000	11.76%

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 current year, a trust by the name "Garg Family trust" was formed and registered on 28th July, 2023. The settlor for the Trust is "Mrs. 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 Mrs. Suman Garg (by way of Gift deed). On 7th August, 2023, Mrs. 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, 2024		As at 31st March, 2023		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	89,49,900	9.50%	3,56,60,600	39.84%	(30.34%)
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	14.47%	(0.72%)
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.39%	-	-	40.39%
Smt. Megha Garg	24,19,900	2.57%	24,19,900	2.70%	(0.14%)
Paritosh K. Garg (HUF)	6,85,255	0.73%	56,07,700	6.27%	(5.54%)
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.28%	(0.01%)
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.41%	1,07,45,100	12.01%	(0.60%)

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 preceeding the reporting date:-

- During the year ended 31st March, 2022, 4,47,49,500 equity shares were issued of ₹ 2 each aggregating to ₹ 894.99 Lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (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 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.

(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 ₹ 1.30 per amounting to ₹ 1,163.49 Lakhs (31st March, 2023: ₹ Nil, amounting to ₹ Nil) has been approved at the annual general meeting held on 8th August, 2023 and has been paid on 9th August, 2023 during the year ended 31st March, 2024.

b) The proposed dividend on equity shares of ₹ 4.00 per share amounting to ₹ 3,768.20 Lakhs (31st March, 2023: ₹ 1.30 per share, amounting to ₹ 1,163.49 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 Non Current Borrowings

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured		
Term Loans		
- Indian rupee loan from banks [refer note no. 14A (1)]	-	2,619.79
- Foreign currency loan from banks [refer note no. 14A (3)]	-	1,346.87
- Foreign currency Reimbursement Authorisation (RA) Financing arrangement [refer note no. 14A (2) & (4)]	-	4,450.95
	-	**8,417.61**
Less : Current maturity of long term loans		
-Term loan from banks (Indian Ruppee)	-	(658.54)
-Term loan from banks (Foreign Currency)	-	(403.49)
-RA Financing arrangement from Banks	-	(1,537.98)
Total	**-**	**5,817.60**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

14.2 Current borrowings

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured		
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (5)]	10,783.33	12,450.56
Current maturity of Long term loans		
- Indian rupee loan from banks [refer note no. 14A (1)]	-	658.54
- Foreign currency loan from banks [refer note no. 14A (3)]	-	403.49
- Foreign currency RA Financing arrangement [refer note no. 14A (2) & (4)]	-	1,537.98
Unsecured		
- Bill discounting from bank [refer note no. 14A (6), (7) and (8)]	3,517.41	983.44
Total	**14,300.74**	**16,034.01**

14.3 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured Long term Borrowings	-	8,417.61
Secured Short term Borrowings	10,783.33	12,450.56
Unsecured Short term Borrowings	3,517.41	983.44
Total Borrowings	**14,300.74**	**21,851.61**

Notes:

1. The Company has been sanctioned working capital limits in excess of ₹ Five Cr. 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 aggrement with the books of accounts of the Company.
2. Term loans were applied for the purpose for which the loans were obtained.

14 A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-I	Yes Bank	Nil (31st March, 2023: ₹ 1,343.20 Lakhs)	7.15%-9.40%	Nil	- Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, opp Garg Furnace, PO Office Jugiana, Ludhiana.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-II	Yes Bank	Nil (31st March, 2023: ₹ 1,276.59 Lakhs)	7.30%-9.40%	Nil	- Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
2	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	ICICI bank, Frankfurt (backed by Guarantee from ICICI Bank)	Nil(31st March, 2023: Euro 2,22,400 equivalent to ₹ 198.55 Lakhs)	4.19%-4.69%	Nil	- Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
3	Term Loan in Foreign Currency	ICICI Bank	Nil (31st March, 2023: Euro 15.08 Lakhs equivalent to ₹ 1,346.87 Lakhs)	3.55%-8.10%	Nil	- Second pari passu charge over entire current assets of the Company, both present and future; - First pari passu charge over all movable fixed assets of the Company, both present and future - First pari passu charge by way of Equitable mortgage over Land and Building situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, Opp. Garg Furnace, PO Office Jugiana, Ludhiana.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
4	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	Bank of Baroda, Mauritius (backed by Guarantee from Yes Bank)	Nil (31st March, 2023: Euro 47.63 Lakhs equivalent to ₹ 4,252.40 Lakhs)	0.98%-4.88%	Nil	- Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
5	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 1,694.91 Lakhs (31st March, 2023: ₹2,184.87 Lakhs)	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 - Second pari passu charge over all movable fixed assets of the Company, both present and future - Second pari passu charge on immovable property of the Company located at all the plants
5	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 2,095.81 Lakhs (31st March, 2023: ₹ 4,868.95 Lakhs)	4.50%-9.05%	On Demand, However renewable on annual basis.	
5	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 6,992.61 Lakhs (31st March, 2023: ₹ 5,440.81 Lakhs)	5.17%-9.40%	On Demand, However renewable on annual basis.	
6	Bill Discounting	Kotak Mahindra Bank	₹ 1,741.89 Lakhs (31st March, 2023: Nil)	6.90%-8.90%	Within 90 days from the discounting	Unsecured
7	Bill Discounting	ICICI Bank	₹ 954.08 Lakhs (31st March, 2023: ₹ 983.44 Lakhs)	4.70%-8.21%	Within 60 to 180 days from the discounting	- Drawn on Customers under the Letter of credit issued by their bank
8	Bill Discounting	HDFC Bank	₹ 821.44 Lakhs (31st March, 2023: Nil)	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, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

15. PROVISIONS

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current		
Provisions for employees benefits		
- Provision for gratuity (Refer note 33)	202.29	157.55
- Provision for Compensated absences	243.27	221.19
Total	**445.56**	**378.74**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Current income tax		
Current income tax charge	7,543.72	6,854.27
Adjustments in respect of income tax of earlier years	(59.81)	(9.17)
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	659.23	279.81
Relating to origination and reversal of temporary differences (for earlier years)	(2.58)	7.90
Income tax expense reported in the Statement of profit and loss	**8,140.56**	**7,132.81**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(6.02)	(7.82)
Tax on items recognising on effective portion of cash flow hedges	(200.63)	277.51

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2024 and 31st March, 2023

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Accounting profit before tax	32,439.23	28,002.92
At India's statutory income tax rate of 25.168 % (31st March, 2023: 25.168%)	8,164.30	7,047.77
Previous year tax adjustment	(62.39)	(1.26)
Non deductible expenses		
Expenses disallowed for tax purpose	38.64	86.30
Reported income tax expenses	**8,140.56**	**7,132.81**
Effective tax rate	**25.09%**	**25.47%**

Deferred tax assets/(Deferred tax liabilities)

Impact of timing difference between tax	Balance sheet		Movement	
	As at 31st March, 2024	As at 31st March, 2023	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
- Impact of difference between tax depreciation/amortisation and depreciation/ amortisation for the financial reporting	(3,493.38)	(2,951.95)	(541.43)	(348.99)
- Impact of MTM income As per IND-AS*	(45.64)	277.48	(323.12)	285.13
- Provision for doubtful debts/advances	179.86	167.91	11.95	2.70
- Expenses allowed on payment basis (43B items)	133.38	123.99	9.39	31.98
- Others	63.95	78.02	(14.07)	18.98
Net Deferred tax assets/ (Deferred tax liabilities)*	**(3,161.83)**	**(2,304.55)**	**(857.28)**	**(10.20)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ (200.63) Lakhs (31st March, 2023: ₹ 277.51 Lakhs) relating to hedging instruments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Reflected in the balance sheet as follows:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
At the beginning of the year	(2,304.55)	(2,294.35)
Tax (expense)/income for the year recognised in statement of profit and loss	(656.65)	(287.71)
Tax (expense)/income for the year recognised in OCI	(200.63)	277.51
Deferred Tax Assets/(Liabilities)-Net	**(3,161.83)**	**(2,304.55)**

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	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	622.88	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,918.09	4,156.31
Trade payable to related parties (Refer note 35)	12.41	10.82
Total	**5,553.38**	**4,773.77**

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 0 to 90 days terms.

-For terms and conditions with related parties, refer to Note 35.

Trade Payable ageing schedule

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	-	-	-	622.89
Total outstanding dues of creditors other than micro enterprises and small enterprises	691.49	2,906.85	1,326.40	4.38	1.36	-	4,930.49
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**	**1,334.82**	**4.38**	**1.36**	**-**	**5,553.38**

As at 31st March, 2023

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	-	530.33	76.31	-	-	-	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	295.24	2,768.12	1,078.31	17.57	2.40	5.49	4,167.13
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**295.24**	**3,298.45**	**1,154.62**	**17.57**	**2.40**	**5.49**	**4,773.77**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2024	As at 31st March, 2023
Interest accrued but not due on borrowings	30.30	107.83
Interest on income tax and others	2.76	44.80
Capital creditors-micro enterprises and small enterprises	104.84	59.48
Capital creditors - Other than micro enterprises and small enterprises	859.62	340.74
Derivative instruments at fair value through profit or loss(Refer note 36)	2.70	256.71
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	305.48	1,102.63
Employee dues payable	820.81	686.62
Share Issue Expense Payable*	658.98	-
Total	**2,785.49**	**2,598.81**

*This represents the amount payable towards share issue expenses. (Refer Note 44)

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Contract liabilities *	151.41	146.05
Statutory dues payable**	764.91	631.28
Total	**916.32**	**777.33**

*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, 2024	As at 31st March, 2023
Borrowings (Refer Note 14)	14,300.74	21,851.60
Trade Payables (Refer note 17)	5,553.38	4,773.77
Other financial liabilities - current (Refer note 18)	2,477.31	1,239.47
Total	**22,331.43**	**27,864.84**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2024	As at 31st March, 2023
Derivative instruments at fair value through profit or loss (Refer note 18)	2.70	256.71
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	305.48	1,102.63
Total	**308.18**	**1,359.34**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Sale of Products		
- Sale of finished goods	1,22,927.30	1,06,694.87
Sale of services		
- Die design and preparation charges	1,380.90	655.96
- Job work charges	-	0.58
Total revenue from contract with customer (i)	**1,24,308.20**	**1,07,351.41**
Other operating revenues		
- Sale of manufacturing scrap	10,164.40	8,742.26
- Government Grants (Refer Note no. 39)	1,350.98	3,559.21
Total other operating revenue (ii)	**11,515.38**	**12,301.47**
Total (i+ii)	**1,35,823.58**	**1,19,652.88**

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, 2024	For the Year ended 31st March, 2023
Revenue as per contracted price	1,24,871.21	1,07,643.66
Adjustment for:		
Discount and Incentives as per contract/schemes	(563.01)	(292.25)
Total Revenue from contract with customers	**1,24,308.20**	**1,07,351.41**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Goods transferred at a point in time	1,22,927.30	1,06,694.87
Services transferred over time	1,380.90	656.54
Total revenue from contracts with customers	**1,24,308.20**	**1,07,351.41**

20.3 Performance obligation

Sales of Crankshafts and Motorvehicle parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days.

Sales of services

The performance obligation is satisfied over-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, 2024	For the Year ended 31st March, 2023
Trade Receivables (Refer Note 9)	35,691.78	30805.76
Contract Liabilities (Refer Note 19)	151.41	146.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest income		
- on term deposits with bank	525.73	4.98
- on Electricity deposit	60.12	40.31
- on Income Tax Refund	-	9.04
- from other financial assets at amortised cost	179.53	-
Gain on sale of Investment *	-	1.85
Gain on Foreign Exchange variation (net)	281.73	454.64
Fair value gain on financial instruments at fair value through profit or loss	254.01	-
Bad debts recovered	-	31.12
Gain from sale of Property, Plant and equipment (net)	0.35	4.58
Miscellaneous income**	34.06	28.60
Total	**1,335.54**	**575.12**

*Gain on sale of Investment in joint venture namely Linchpin Technologies Private Limited.

** Includes insurance claim and rental income.

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Inventory at the beginning of the year (Refer note 8) (a)	5,704.17	7,251.67
Purchases during the year Refer note 8 (b)	63,720.31	53,225.21
Sale during the year (c)	-	0.25
Inventory at the end of the year (refer note 8) (d)	6,451.24	5,704.17
Total (a+b-c-d)	**62,973.24**	**54,772.46**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Inventory at the beginning of the year (Refer note 8)		
- Finished Goods	5,413.72	4,506.02
- Work In progress	4,633.98	5,914.86
- Scrap	111.48	71.49
Sub Total (a)	**10,159.18**	**10,492.37**
Inventory at the end 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 (b)	**13,472.92**	**10,159.18**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**(3,313.73)**	**333.19**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Salaries, wages and bonus	9,700.65	7,758.12
Contribution to provident fund and other funds	819.95	706.09
Gratuity (Refer note 33)	226.22	188.73
Staff welfare expenses	132.11	124.88
Share-based payments to employees (Refer Note 43)	567.10	-
Total	**11,446.03**	**8,777.82**

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. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. the Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest expenses (At amortised Cost)		
- on borrowings**	864.08	965.03
- on others ***	41.98	44.81
Interest on bill discounting #	194.90	181.21
Other borrowing cost *	76.63	56.53
Total	**1,177.59**	**1,247.58**

**includes interest paid on 'loans from directors' Nil (31st March, 2023: ₹ 12.61 Lakhs)

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.

* includes amortisation of processing charges and bank charges.

*** includes interest on income tax of ₹ 37.58 Lakhs (31st March, 2023: ₹ 42.95 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Depreciation on property, plant and equipment (refer note 3)	6,436.33	5,383.50
Amortisation on intangible assets (refer note 4)	36.43	34.74
Total	**6,472.76**	**5,418.24**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Consumption of stores and spares	6,217.12	5,623.25
Power and fuel Expenses (net) #	9,235.98	7,576.38
Packing material	1,114.80	791.49
Job work charges	1,893.18	1,055.39
Rent expenses (refer note 31)	29.55	25.31
Rates and taxes	75.70	71.76
Repairs and maintenance:		
- Plant and machinery	2,413.46	2,098.33
- Building	53.25	29.18
- others	126.43	124.66
Travelling and conveyance expenses	227.05	203.97
Advertisement and sales promotion expenses	81.68	68.22
Freight and forwarding charges	3,233.89	2,585.95
Director's sitting fees	37.00	7.60
Payment to Auditors (refer note. 27a)**	50.22	43.53
Legal and professional fees	159.09	224.37
Provision for doubtful receivables, advances and deposits	47.49	18.43
Corporate social responsibility (CSR) expenditure (refer note 34)	400.00	271.55
Donation	4.72	6.02
Fair value loss on financial instruments at fair value through profit or loss	-	256.71
Property, plant and equipment written off	31.27	157.95
Insurance	282.07	227.62
Miscellaneous expenses*	250.05	208.08
Total	**25,964.00**	**21,675.79**

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations

Power and fuel expenses are net of ₹ 547.06 Lakhs (31st March, 2023: ₹ 343.18 Lakhs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

** Payment to auditors of ₹ 151.03 Lakhs (31st March, 2023: Nil) 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, 2024	For the Year ended 31st March, 2023
As statutory auditors		
(i) Audit Fee	40.00	40.00
(ii) Limited Review	5.00	-
(iii) Certification charges	1.50	-
(iv) Reimbursement of expenses	3.72	3.53
Total	**50.22**	**43.53**

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). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest on bank facilities @ Nil (31st March, 2023: 3.77 %)(Specific borrowings)	-	27.38
Interest on bank facilities @ 7.29% (31st March, 2023: 5.58%) (General borrowings)	341.84	224.28
Salaries wages and bonus	11.29	90.37
Total	**353.13**	**342.03**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024	For the Year ended 31st March, 2023
(I) Net Profit after tax attributable to equity shareholders of the Company	24,298.67	20,870.11
(II) Weighted average number of Equity shares for EPS		
- Basic (Face Value ₹ 2/- per share (31st March, 2023 : ₹2/-per share)	9,07,36,711	8,94,99,000
- Diluted (Face Value ₹2/- per share (31st March, 2023 : ₹2/-per share)	9,08,23,201	8,94,99,000
(III) Earning per equity share [Face value of ₹ 2/- per share] (31st March, 2023 of ₹ 2 per share) [(I)/(II)]"		
- Basic	26.78	23.32
- Diluted	26.75	23.32

29. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
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)	187.35	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	173.11
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)	14,037.47	11,364.44
c. EPCG Commitment		
The Company has export obligations to the extent ₹ 11,179.88, Lakhs (as at 31st March, 2023 ₹ 4,597.57 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.	1,888.83	766.27
d. Outstanding Bank guarantees	**885.02**	**176.43**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

30. DETAILS OF DUES TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	727.72	666.12
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.97	1.86
	728.69	**667.98**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	242.26	89.75
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	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	0.97	1.86
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 ₹ 29.55 Lakhs during the year ended 31st March, 2024 (31st March, 2023 ₹ 25.31 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 Cheif 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, 2024	For the Year ended 31st March, 2023
Within India	99,548.67	93,516.30
Outside India	24,759.53	13,835.11
Total	**1,24,308.20**	**1,07,351.41**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (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,2024	1	17,753.99
For the year ended 31st March,2023	1	17,667.78

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, 2024	For the Year ended 31st March, 2023
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	802.76	664.60
Current Service Cost	214.63	180.29
Past Service cost	-	-
Interest Cost	59.08	47.72
Remeasurements (gains)/losses		
- Actuarial (gains)/losses arising from changes in financial assumptions	15.44	(15.93)
- Actuarial (gains)/losses arising from changes in experience adjustments	(33.44)	(12.36)
Benefits Paid	**(87.67)**	**(61.56)**
Present value of defined benefit obligation as at year end	**970.80**	**802.76**

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	645.20	546.98
Remeasurements (gains)/losses		
- Return on plan assets, (excluding amount included in net Interest expense)	53.42	42.04
Employer's Contribution	157.56	117.74
Benefits Paid	(87.67)	(61.56)
Fair Value of Plan Assets as at year end	**768.51**	**645.20**

(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, 2024	For the Year ended 31st March, 2023
Current Service Cost	214.62	180.29
Net Interest Cost/(Income)	11.60	8.44
Net Cost Recognised in the Statement of Profit or Loss	**226.22**	**188.73**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Remeasurements (gains)/losses	(18.00)	(28.29)
Actuarial (gain) /Loss for the year on asset	(5.94)	(2.77)
Net Cost/ (gain) Recognised in the Other comprehensive income (OCI)	**(23.94)**	**(31.06)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	970.80	802.76
Fair Value of the Plan Assets at the year end	(768.51)	(645.21)
Liability/(Asset) Recognised in the Balance Sheet	**202.29**	**157.55**

(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, 2024	As at 31st March, 2023
Present Value of obligation at the end of the year	970.80	802.76
a) Impact due to increase of 0.5%	(55.66)	(43.88)
b) Impact due to decrease of 0.5%	61.18	48.21

b) Impact of change in Salary increase	As at 31st March, 2024	As at 31st March, 2023
Present Value of obligation at the end of the year	970.80	802.76
a) Impact due to increase of 0.5%	58.32	46.60
b) Impact due to decrease of 0.5%	(53.81)	(42.86)

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.

(vi) Expected contribution for the next Annual reporting year

Particulars	As at 31st March, 2024	As at 31st March, 2023
a) Service cost	266.40	231.55
b) Net interest cost	14.61	11.60
c) Expected expense for the next annual reporting year	281.01	243.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2024	As at 31st March, 2023
Discount Rate	7.22%	7.36%
Number of Employees	3,017	2,909
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, 2024	As at 31st March, 2023
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2024	As at 31st March, 2023
0 to 1 years	80.78	107.07
1 to 2 years	28.99	20.33
2 to 3 years	33.56	28.97
3 to 4 years	42.47	22.14
4 to 5 years	44.25	32.30
5 to 6 years	43.57	33.12
6 years and beyond	697.18	558.84
Total	**970.80**	**802.77**

average duration of the defined benefit plan obligation at the end of reporting year is 15.87 years (31st March, 2023 : 15.94 years)

(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, 2024	For the Year ended 31st March, 2023
Provident Fund paid to the authorities	628.12	534.93
Employee State insurance paid to authorities	184.57	164.48
Contribution to other funds	7.26	6.68
Total	**819.95**	**706.09**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
a) Gross amount required to be spent by the Company during the year	398.31	271.55
b) Amount approved by the Board to be spent during the year	400.00	300.00

b) Amount spent during the year:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Construction / acquisition of any asset	219.32	78.13
On purpose other than above (i) above	56.65	136.43
Total amount spent during the year	**275.97**	**214.56**

Amount spent during the year ending on 31st 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

Amount spent during the year ending on 31st March, 2023:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	78.13	56.99	135.12
ii) On purposes other than (i) above	136.43	-	136.43

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Opening Balance		
- With Company	-	-
- In Separate CSR Unspent A/c	60.00	41.47
Amount required to be spent	255.91	135.12
Amount spent during the year		
- From Company's bank A/c	133.57	78.13
- From Separate CSR Unspent A/c	60.00	41.47
Closing balance		
- With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be deposited in separate bank account	124.03	56.99
Actual amount deposited in Unspent Account after the year ended	124.03	60.00

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Opening Balance	**-**	**-**
Amount required to be spent during the year	142.40	136.43
Amount spent during the year	142.40	136.43
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
Closing Balance	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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 16th March, 2024.)

2) Key Management Personnel (KMP)

i.	Paritosh Kumar Garg	Chairman Cum 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	Whole-Time Director
vi.	Parkash Bagla	Non - executive Director (Nominee Director)
vii.	Vikas Giya	Independent Director *
viii.	Nitin Aggarwal (upto 26th July, 2023)	Non- executive Director
ix.	Satish Sekhri	Independent Director *
x.	Ravindra Pisharody (w.e.f 16th June, 2022)	Independent Director *
xi.	Rajeswari Karthigeyan (w.e.f 30th May, 2023)	Independent Director *
xii.	Atul B. Lall (w.e.f 31st July 2023)	Independent Director *
xiii	Pankaj Kumar Goyal	Chief financial officer
xiv	Bindu Garg (w.e.f. 12th July, 2022)	Company Secretary
xv	Depesh Kumar (Upto 14th June, 2022)	Company Secretary

3) Relative of Key Managerial Personnel (KMP)

i. Mrs. Suman Garg (Wife of Paritosh Kumar Garg)

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)
iv. Northstar Autocomp Private Limited
v. Paritosh Kumar HUF
vi. Ashish Garg & Sons HUF
vii. Garg Family Trust

5) Other related parties

i. Linchpin technologies Private Ltd. (Joint Venture) (w.e.f. 8th January, 2022 and Upto 31st March, 2023)
ii. VVDN Technologies Private Limited (Co-venturer, Linchpin technologies Pvt. Ltd.) (w.e.f. 8th January, 2022 and Upto 31st March, 2023)

* The Independent Directors have been considered as Key Management Personnel only for above reporting as per the requirement of Ind AS 24 Related Party Disclosure.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A) Transactions with related parties during the year:

Particulars	Relation	Transaction	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
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)	9.21	10.70
		Job Work Expenses(Inclusive of GST)	-	1.94
		Purchase of PPE (Inclusive of GST)	-	31.86
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	8.06
		Sale of Raw Material(Inclusive of GST)	-	0.30
		Job Work Sales(Inclusive of GST)	-	0.77
Technomec Industries	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Job Work Sales(Inclusive of GST)	-	0.23
		Job Work Expenses(Inclusive of GST)	17.32	64.12
		Reimbursement of freight(Inclusive of GST)	2.37	1.85
HFL Technologies Private Limited	Subsidiary Company	Purchase of Unquoted equity shares	10.00	-
		Loan to subsidiary	50.00	-
		Interest on Loan	0.04	-
VVDN Technologies Private Limited	Other Related Party	Sale of Unquoted equity shares of Linchpin Technologies Private Limited	-	43.05
Suman Garg	Key Managerial Personnel	Short term employee benefit #	34.55	60.59
	Relative of Key Managerial Personnel	Short term employee benefit #	27.27	-
Paritosh Kumar Garg	Key Management Personnel	Short term employee benefit #	412.47	201.47
		Dividend	116.35	-
Ashish Garg	Key Management Personnel	Short term employee benefit #	364.04	196.72
		Interest on Loan	-	11.71
		Repayment of Loan	-	190.00
		Dividend paid	168.30	-
		Imprest	18.13	-
Megha Garg	Key Management Personnel	Short term employee benefit #	84.64	47.65
		Interest on Loan	-	0.90
		Repayment of Loan	-	10.00
		Dividend paid	31.46	-
Narender Singh Juneja	Key Management Personnel	Short term employee benefit #	97.04	58.35
Bindu Garg	Key Management Personnel	Short term employee benefit #	33.10	28.47
Depesh Kumar	Key Management Personnel	Short term employee benefit #	-	5.43
Pankaj Kumar Goyal	Key Management Personnel	Short term employee benefit #	44.68	22.12
Satish Sekhri	Key Management Personnel	Directors sitting fees	10.00	4.00
		Commission	6.00	-
Nitin Aggarwal	Key Management Personnel	Directors sitting fees	-	0.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Relation	Transaction	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	10.00	3.00
		Commission	8.25	-
Vikas Giya	Key Management Personnel	Directors sitting fees	1.00	0.30
Rajeswari Karthigeyan	Key Management Personnel	Directors sitting fees	9.00	-
Atul B.Lall	Key Management Personnel	Directors sitting fees	7.00	-
Ayush Capital & Financial Services	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	139.69	-
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	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	3.30	-
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	494.61	-
Total			**3,258.70**	**1,003.89**

Expenses towards gratuity and leave encashment 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)

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2024	As at 31st March, 2023
1	Happy Steels Private Limited	Trade payables	8.79	8.79
2	Technomec Industries	Trade payables	3.62	2.03
3	Happy Steels Private Limited	Trade receivable	19.91	10.70
4	Technomec Industries	Trade receivable	-	0.23
5	NorthStar Autocomp Private Limited	Trade receivable	2.91	8.33
6	HFL Technologies Private Limited	Loan	50.00	-
7	HFL Technologies Private Limited	Interest Receivable	0.04	-
8	Ashish Garg	Advance to employee	16.94	0.12
9	Paritosh Kumar Garg	Advance to employee	-	4.76

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.

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current				
At Amortised Cost				
(i) Other financial assets (Refer note 6)	20,396.01	20,396.01	3,149.58	3,149.58
(ii) Loans (Refer note 6.1)	50.00	50.00	-	-
(iii) Investment (Refer note 5)	10.00	10.00	-	-
Total Non current financial assets (a)	**20,456.01**	**20,456.01**	**3,149.58**	**3,149.58**
Financial Assets-Current				
At Amortised Cost				
(i) Trade receivables (Refer note 9)	35,691.78	35,691.78	30,805.76	30,805.76
(ii) Cash and cash equivalents (Refer note 10)	53.77	53.77	1.31	1.31
(iii) Bank balance other than above (Refer note 11)	11,682.69	11,682.69	32.83	32.83
(iv) Loans (Refer note 6.2)	24.37	24.37	26.89	26.89
(v) Other financial assets (Refer note 6)	1,234.17	1,234.17	67.53	67.53
Total Current financial assets (b)	**48,686.78**	**48,686.78**	**30,934.32**	**30,934.32**
Total financial assets (a+b)	**69,142.79**	**69,142.79**	**34,083.90**	**34,083.90**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2024		As at 31st March, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-non current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)		-	-	5,817.60	5,817.60
Total Non Current Financial Liabilities (a)		**-**	**-**	**5,817.60**	**5,817.60**
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.2)		14,300.74	14,300.74	16,034.01	16,034.01
(ii) Trade payable (Refer note 17)		5,553.38	5,553.38	4,773.77	4,773.77
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	2.70	2.70	256.71	256.71
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	305.48	305.48	1,102.63	1,102.63
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)		820.81	820.81	686.62	686.62
Other payables (Refer note 18)		1,656.50	1,656.50	552.85	552.85
Total Current Financial Liabilities (b)		**22,639.61**	**22,639.61**	**23,406.60**	**23,406.60**
Total Financial Liabilities (a+b)		**22,639.61**	**22,639.61**	**29,224.20**	**29,224.20**

The management assessed that the fair value of cash and cash equivalents, trade receivables, derivative instruments, trade payables and other current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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 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, 2024 and 31st March, 2023.

(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 and long term foreign currency borrowings. 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, 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

Particulars	As at 31st March, 2023 (Foreign Currency)	As at 31st March, 2023(₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	11,71,383	961.86	US$	5%	48.09	(48.09)
Trade Receivables	44,20,870	3,946.76	EURO	5%	197.34	(197.34)
Trade Receivables	4,94,000	501.70	GBP	5%	25.09	(25.09)
Capital Creditors	27,940	24.94	EURO	5%	(1.25)	1.25
Capital Creditors	10,000	8.21	US$	5%	(0.41)	0.41
Borrowings	64,94,269	5,797.82	EURO	5%	(289.89)	289.89

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024		As at 31st March, 2023	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	US$	-	-	10,88,000	893.48
Receivables (Forwards contracts sell)	GBP	42,00,000	4,419.58	-	-
Receivables (Forwards contracts sell)*	EURO	2,21,50,000	19,958.00	2,47,50,000	22,096.80

* 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, 2024	For the Year ended 31st March, 2023
Net foreign exchange (gain) shown as operating expenses	(281.73)	(454.64)
Net foreign exchange(gain)/losses shown as operating expenses	**(281.73)**	**(454.64)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2024	As at 31st March, 2023
US$	83.35	82.11
EUR	90.10	89.27
GBP	105.23	101.56

(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 manangement at the end of reporting year are as follows:

Currency fluctuations	As at 31st March, 2024	As at 31st March, 2023
Floating Rate borrowings (Refer Note 14.1 & 14.2)	14,300.74	21,851.61

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, 2024		
Interest rate (0.5% Movement)	(71.50)	71.50
For the year ended 31st March, 2023		
Interest rate (0.5% Movement)	(109.26)	109.26

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(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.

(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, 2023: Nil).

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 banks and 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 repspect of trade receivables is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	141.54	148.81
Provision created during the year	47.49	-
Provision utilised/(reversed) during the year	-	(7.27)
Balance at the end of the year	**189.03**	**141.54**

The movement in the allowance for bad and doubtful other assets is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	525.60	499.90
Provision created during the year	-	25.70
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, 2024, the Company has available ₹ 23,649.26 Lakhs (31st March, 2023: ₹ 39,721.40 Lakhs) in form of undrawn committed borrowing limits.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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(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, 2024				
Borrowings (Refer note 14.1 & 14.2)	14,300.74	-	-	14,300.74
Other financial liabilities (Refer note 18)	2,785.49	-	-	2,785.49
Trade Payable (Refer note 17)	5,553.38	-	-	5,553.38
Total	**22,639.60**	**-**	**-**	**22,639.61**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2023				
Borrowings (Refer note 14.1 & 14.2)	16,627.39	6,489.30	-	23,116.69
Other financial liabilities (Refer note 18)	2,598.81	-	-	2,598.81
Trade Payable (Refer note 17)	4,773.77	-	-	4,773.77
Total	**23,999.97**	**6,489.30**	**-**	**30,489.27**

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, 2024	As at 31st March, 2023
Borrowings (Refer note 14.1 & 14.2)	14,300.74	21,851.61
Less: Cash & cash equivalents (Refer note 10)	(53.77)	(1.31)
Less: Other bank balance (Refer note 11)	(11,682.69)	(32.83)
Net debt	**2,564.28**	**21,817.47**
Total capital	1,61,249.40	98,829.56
Capital and net debt	**1,63,813.68**	**1,20,647.03**
Gearing ratio	1.57%	18.08%

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, 2024 and 31st March, 2023.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(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 ₹ 547.06 Lakhs (31st March, 2023: ₹ 343.18 Lakhs). The grant amount is netted from the Power & Fuel Expenses under other expenses. As on 31st March, 2024, ₹ 16.78 Lakhs (31st March, 2023: ₹ 15.59 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 ₹ 737.62 Lakhs (31st March, 2023: 3,235.65) under other operating revenue. This amount includes grant related to earlier years' SGST incentive amounting to Nil (31st March,2023 ₹ 2,375.08 Lakhs) which was not recognised earlier as the Company did not have reasonable assurance for its ultimate realisation at that point. As at 31st March, 2024 ₹ 3,161.79 Lakhs (31st March, 2023, ₹ 2,244.09 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 ₹ 613.36 Lakhs (31st March, 2023: ₹ 323.56 Lakhs). The amount of incentive recognised has been disclosed as other operating revenue.

40. HEDGING ACTVITIES 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, 2024	As at 31st March, 2023	As at 31st March, 2024	As at 31st March, 2023
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	305.48	1,102.63

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, 2024 were assessed to be highly effective and unrealised (loss) gain of ₹ 797.15 Lakhs (31st March, 2023: ₹ (1,102.63) Lakhs), with a deferred tax (liability) asset of ₹ (200.63) Lakhs (31st March, 2023: ₹ 277.51 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.

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/INR)	-	88.55	89.74	91.70	93.80	96.00	97.72	-	-	93.18

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2023 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, 2023										
Foreign exchange derivative contracts (highly probable forecast sales)										
Notional amount (in EURO)	-	-	27,50,000	33,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	2,09,50,000
Average forward rate (EURO/INR)	-	-	86.48	87.98	89.74	91.70	93.80	96.00	97.72	91.59

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 ineffectivenessfor 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, 2024					
Highly probable forecast sales	797.15	-	-	-	Sale of finished goods

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2023	(1,102.63)	277.51	(825.12)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	797.15	(200.63)	596.52
Amount reclassified to profit or loss	-	-	-
As at 31st March, 2024	**(305.48)**	**76.88**	**(228.60)**

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	As at 31st March, 2024	As at 31st March, 2023	% Change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	3.07	1.91	60.84	Improvement is due to repayment of borrowings from IPO proceeds.
Debt Equity Ratio (in times)	Total Debt	Shareholder's equity	0.09	0.22	(57.93)	Improvement is due to repayment of borrowings from IPO proceeds
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	3.41	14.37	(76.25)	Significant portion of term debt repayment from IPO proceeds, while same is not considered part of the numerator,impacted the ratio.
Return on Equity Ratio (in %)	Net profit after taxes	Average shareholder's equity	18.69%	23.50%	(20.50)	Not Applicable
Inventory Turnover Ratio (in times)	Cost of goods sold	Average inventory	3.03	3.12	(2.78)	Not Applicable
Trade Receivable Turnover Ratio (in times)	Net sales = Gross sales - sales return	Average trade receivable	4.04	4.38	(7.66)	Not Applicable
Trade Payable Turnover Ratio (in times)	Net purchases = Gross purchases -purchase return	Average trade payable	14.76	13.78	7.10	Not Applicable
Net Capital Turnover Ratio (in times)	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	2.69	4.99	(46.07)	Improvement is due to repayment of borrowings from IPO proceeds

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Ratio	Numerator	Denominator	As at 31st March, 2024	As at 31st March, 2023	% Change	Reason for variance
Net Profit Ratio (in %)	Net Profit	Revenue from Operations	17.89%	17.44%	2.57	Not Applicable
Return on Capital Employed (in %)	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	19.15%	24.24%	(20.99)	Not Applicable
Return on investment (in %)	Income from Investment	Average Investment	NA	9.00%	NA	Not Applicable

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

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)	-	33.06
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	**45,412.23**	**2,341.08**	**28,091.62**	**-**	**75,844.93**

Particulars	Opening balance April 01, 2022	Expense	Cash flows	Non-cash Transactions Fair value changes	Closing balance March 31, 2023
Non Current borrowings (including current maturity)	7,871.31	-	215.14	331.16	8,417.61
Interest Expense	91.23	1,247.58	(1,186.19)	-	152.62
Short term borrowings	16,163.91	-	(2,729.91)	-	13,434.00
Total Liabilities from financing activities	**24,126.45**	**1,247.58**	**(3,700.96)**	**331.16**	**22,004.23**

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024 INR Lakhs	As at 31st March, 2023 INR Lakhs
Expense arising from equity-settled share-based payment transactions	567.10	-
Total expense arising from share-based payment transactions	**567.10**	**-**

There were no cancellations or modifications to the awards during the year ending 31st March, 2024

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, 2024 Number	31st March, 2024 WAEP (in ₹)	31st March, 2023 Number	31st March, 2023 WAEP (in ₹)
Opening Balance	-	-	-	-
Granted during the year	3,51,959	190	-	-
Exercised during the year	-	-	-	-
Closing Balance	3,51,959	190	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2024 is 1.46 years (31st March, 2023: Nil years).

The weighted average fair value of options granted during the year is ₹ 417.01 (31st March, 2023: Nil).

The exercise prices for options outstanding at the end of the year is ₹ 190.00 (31st March, 2023: Nil).

List the inputs to the models used for the three plans for the years ended 31st March, 2024 and 31st March, 2023, respectively:

Particulars	31st March, 2024	31st March, 2023
Weighted average fair values at the measurement date	417.01	NA
Expected volatility (%)	10.41	NA
Risk–free interest rate (%)	7.17	NA
Average Expected life of share options (years)	4.62	NA
Weighted average fair value (INR)	553.70	NA
Model used	Black Scholes	NA

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, 2024 (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 has 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 27th December, 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 are 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, 2024*
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	1,087.54	16,025.09
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**21,757.24**	**16,025.09**

* Net unutilised proceeds as on 31st March, 2024 have been temporarily invested in deposits with scheduled banks, monitoring agency bank account and Current/Cash Credit account.

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, 2024	As at March 31, 2023
HFL Technologies Private Limited	Business Purpose	Investment	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, 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.

47. 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.

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(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) 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.

(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.

48. EVENTS AFTER REPORTING DATE:

There are no events occurred after the reporting year which may impact the financial position as on March 31, 2024.

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: Ludhiana

Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

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 2024, 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, 2024, 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 describe 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, 2024. 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 matter	How our audit addressed the key audit matter
(a) 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 transactions 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.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual 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.

The Annual Report is not made available to us at the end of this auditor's report. 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 company(ies).

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.
- 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. 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, 2024 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

- The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary, whose financial statements and other financial information reflect total assets of Rs. 60.50 lacs as at March 31, 2024, and total revenues of Nil, and net cash inflows of Rs. 10.50 lacs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

  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 matter with respect to 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 of separate financial statement of the Holding Company, we give in the "**Annexure 1**" a statement on the matters specified in paragraphs 3(xxi) 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 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 except for the matters stated in the paragraph (2)(i)(vi) below on reporting under Rule 11(g);

INDEPENDENT AUDITOR'S REPORT (Contd.)

(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, 2024 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2024 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.;

(h) The modifications 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) of the Act and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

(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, 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;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary, incorporated in India during the year ended March 31, 2024.

iv. a) The respective managements of the Holding Company and its subsidiary, which is the company incorporated in India have represented to us, 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 have represented to us, 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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, nothing has come to our notice that has caused us 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 Holding Company 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 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 except that, audit trail feature is not enabled for certain changes made using privileged/ administrative access rights, as described in note 48 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.

For **S.R. BATLIBOI & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 24108044BKFLYF2539

Place of Signature: Ludhiana
Date: May 24, 2024

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 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 qualification(s) or adverse remark(s) by us in our report on Companies (Auditors Report) Order, 2020 of the Holding 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: 24108044BKFLYF2539

Place of Signature: Ludhiana
Date: May 24, 2024

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, 2024, 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 subsidiaries 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 authorizations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31,2024, 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: 24108044BKFLYF2539

Place of Signature: Ludhiana
Date: May 24, 2024

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	As at 31st March, 2024	As at 31st March, 2023
I ASSETS			
Non-current assets			
Property, plant and equipment	3	74,247.47	67,695.96
Capital work-in-progress	3(a)	12,193.61	7,475.15
Intangible assets	4	119.76	148.12
Intangible assets under development	4(a)	475.50	-
Financial assets:			
Other financial assets	5	20,396.01	3,149.58
Other non current assets	7	6,987.61	5,152.13
Total non-current assets		**1,14,419.96**	**83,620.94**
Current assets			
Inventories	8	22,416.59	16,960.27
Financial assets:			
(i) Trade receivables	9	35,691.78	30,805.76
(ii) Cash and cash equivalents	10	64.27	1.31
(iii) Bank balance other than (ii) above	11	11,682.69	32.83
(iv) Loans	6	24.37	26.89
(v) Other financial assets	5	1,234.13	67.53
Current tax assets		-	23.39
Other current assets	7	3,061.31	1,015.51
Total current assets		**74,175.14**	**48,933.49**
Assets held for sale	3(b)	-	61.71
TOTAL ASSETS		**1,88,595.10**	**1,32,616.14**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,884.10	1,789.98
Other equity	13	1,59,365.12	97,039.68
Total equity		**1,61,249.22**	**98,829.66**
Non-current liabilities			
Financial liabilities:			
(i) Borrowings	14	-	5,817.60
Deferred tax liabilities (net)	16	3,161.83	2,304.54
Total non-current liabilities		**3,161.83**	**8,122.14**
Current liabilities			
Financial liabilities			
(i) Borrowings	14	14,300.74	16,034.01
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		622.88	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,930.85	4,167.15
(iii) Other financial liabilities	18	2,785.49	2,598.81
Other current liabilities	19	916.82	777.28
Provisions	15	445.57	378.75
Liabilities for current tax (net)		181.70	1,101.70
Total current liabilities		**24,184.05**	**25,664.34**
Total liabilities		**27,345.88**	**33,786.48**
TOTAL EQUITY AND LIABILITIES		**1,88,595.10**	**1,32,616.14**

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: Ludhiana
Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
INCOME			
Revenue from operations	20	1,35,823.58	1,19,652.88
Other income	21	1,335.49	574.17
TOTAL INCOME (A)		**1,37,159.07**	**1,20,227.05**
Expenses			
Cost of raw materials and components consumed	22	62,973.24	54,772.46
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	(3,313.73)	333.19
Employee benefits expense	24	11,446.03	8,777.60
Finance costs	25	1,177.59	1,247.58
Depreciation and amortisation expense	26	6,472.76	5,418.24
Other expenses	27	25,964.35	21,675.80
TOTAL EXPENSES (B)		**1,04,720.24**	**92,224.87**
Profit before share of profit of joint venture and tax (C=A-B)		**32,438.83**	**28,002.18**
Share of net profit of Joint venture (D)		**-**	**0.48**
PROFIT BEFORE TAX (E=C-D)		**32,438.83**	**28,002.66**
Tax expense:			
Current tax (net)	16	7,543.62	6,854.21
Adjustments of tax relating to earlier years	16	(59.81)	(9.17)
Deferred tax	16	656.65	287.70
TOTAL TAX EXPENSE (D)		**8,140.46**	**7,132.74**
PROFIT FOR THE YEAR (E=C-D)		**24,298.37**	**20,869.92**
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent years			
Remeasurement gain/(losses) on defined benefit plans	33	23.94	31.06
Less : Income tax effect on above	16	(6.02)	(7.82)
		17.92	**23.24**
Other comprehensive income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	797.15	(1,102.63)
Less: Income tax effect on above	16	(200.63)	277.51
		596.52	(825.12)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**614.44**	**(801.88)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**24,912.81**	**20,068.04**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share (31st March, 2023 ₹ 2 per share)			
(i) Basic	28	26.78	23.32
(ii) Diluted	28	26.75	23.32

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: Ludhiana
Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
OPERATING ACTIVITIES		
Profit before tax	32,438.83	28,002.66
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	6,472.76	5,418.24
Gain on disposal of property, plant and equipment	(0.35)	(4.58)
Interest Income	(765.38)	(54.33)
Share of profit of joint venture	-	(0.48)
Gain on sale of Investment	-	(0.90)
Property, plant and equipment written off	31.27	157.95
Fair value (gain)/loss on financial instruments at fair value through profit and loss	(254.01)	256.71
Unrealised foreign exchange (gain)/loss (net)	(125.86)	82.20
Provisions for doubtful receivables, advances and deposits	47.49	18.43
Finance Costs	1,177.59	1,247.58
Share-based payment expense	567.10	-
Operating profit before working capital changes	**39,589.44**	**35,123.48**
Working capital adjustments:		
(Increase)/decrease in inventory	(5,456.30)	1,438.09
(Increase) in trade receivable	(4,798.75)	(8,272.31)
(Increase) in other financial assets and loans	(1,772.57)	(2,232.50)
(Increase)/decrease in other assets	(2,076.37)	382.39
Increase in trade payable	779.94	349.42
Increase in other financial liabilities	793.18	167.97
Increase in other liabilities	139.54	229.87
Increase in short term provision	90.76	142.86
Cash generated from operations	**27,288.87**	**27,329.27**
Less: Income tax paid (net of refund)	(8,386.43)	(6,383.63)
Cash flow from operating activities (A)	**18,902.43**	**20,945.64**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment and intangible asset (including capital work in progress, intangible assets under development and capital advance)	(19,412.06)	(17,458.68)
Proceeds from sale of property, plant and equipment	3.38	9.95
Proceeds from sale of share in joint venture	-	43.05
Proceeds from term deposit	4,500.00	144.05
Investment in term deposit	(32,153.15)	(32.92)
Interest received	130.73	49.15
Net cash flow (used in) investing activities (B)	**(46,931.10)**	**(17,245.40)**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium (net of share issue expenses)	38,103.13	-
Availment of long-term borrowings	-	1,695.32
Repayment of long-term borrowings	(8,417.61)	(1,480.18)
Availment/Repayment of short-term borrowing (net)	866.74	(2,529.91)
Repayment of Loan from directors	-	(200.00)
Interest Paid	(1,297.15)	(1,186.18)
Dividend Paid on Equity Shares	(1,163.49)	-
Net cash flow from/(used in) financing activities (C)	**28,091.62**	**(3,700.95)**
Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**62.96**	**(0.71)**
Cash and cash equivalents at the beginning of the year	1.31	2.02
Cash and cash equivalents as at year end	**64.27**	**1.31**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	2.81	1.31
Balance with banks :		
-On current accounts	61.46	-
Cash and cash equivalent as at year end	**64.27**	**1.31**

Notes:

i) The above Consolidated 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.

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: Ludhiana

Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2024

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A. EQUITY SHARE CAPITAL

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		
Fresh Issue at ₹ 2/- face value per share during the year (Refer note 44)	47,05,882	94.12
As at 31st March, 2024	**9,42,04,882**	**1,884.10**

For the year ended 31st March, 2023

Particulars	No of shares	Amount
As at 1st April, 2022	8,94,99,000	1,789.98
As at 31st March, 2023	**8,94,99,000**	**1,789.98**

B. OTHER EQUITY (REFER NOTE 13)

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)**	**97,039.68**
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	**-**	**24,316.28**	**-**	**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)
Share-based payments (Refer note 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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

For the year ended 31st March, 2023

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, 2022	**21,618.02**	**55,353.62**	**-**	**-**	**76,971.64**
Profit for the year	-	20,869.92	-	-	20,869.92
Other comprehensive income	-	23.24	-	(825.12)	(801.88)
Total comprehensive income for the year	-	20,893.16	-	(825.12)	20,068.04
As at 31st March, 2023	**21,618.02**	**76,246.78**	**-**	**(825.12)**	**97,039.68**

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: Ludhiana

Date: 24th May, 2024

For and on behalf of the board of directors of
Happy Forgings Limited

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
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Company Secretary
Membership No. 6997

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

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, 2024. 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 Holding Company has completed its Initial Public Offer (IPO) during the year and accordingly the Holding Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 27th December, 2023.

The Group is principally engaged in manufacturing of forgings and related components. 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 24th May, 2024.

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 INR and all values are rounded to the nearest Lakhs (₹ 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, 2024. 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 INR, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 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 30 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: Revenue from the sale of services is in nature of job work on customer product which normally takes a shorter period of time and hence, revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 30 to 60 days.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6

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.

(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 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 analysed.

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.

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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 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) 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 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.

(x) 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.

(xi) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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.

(xii) 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.

(xiii) 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.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxkes 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.

(xiv) 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.

(xv) 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.

(xvi) 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.

(xvii) Non-current assets held for sale

The Holding Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale

in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Holding Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

(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 l

eases 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 2.1 (b).

2D. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March, 2023 to amend the following Ind AS which are effective from 1st April, 2023. The Group applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments had no impact on the Group's consolidated financial statements.

2E. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

2.F 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

3. Property, plant and equipment and capital work in progress

As at 31st March, 2024

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 1st April, 2022	**4,775.11**	**6,459.07**	**44,702.62**	**332.94**	**765.63**	**235.74**	**82.48**	**1,038.88**	**58,392.47**	**21,225.51**
Additions	1,134.51	1,078.73	24,819.99	84.66	353.81	16.31	21.26	270.25	27,779.52	11,692.84
Transfers	-	-	-	-	-	-	-	-	-	(25,443.19)
Disposals	-	-	(468.87)	-	(8.67)	-	-	-	(477.54)	-
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		-	-	-	-	-	-	-	-	(12,310.28)
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**
Depreciation										
At 1st April, 2022	**-**	**540.04**	**11,549.99**	**94.26**	**310.47**	**141.14**	**39.60**	**253.71**	**12,929.21**	**-**
Depreciation charge for the year	-	263.53	4,791.47	42.16	118.57	39.93	23.11	104.73	5,383.50	-
Disposals	-	-	(308.32)	-	(5.90)	-	-	-	(314.22)	-
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**	
Net book value										
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**
At 31st March, 2023	**5,909.62**	**6,734.23**	**53,020.60**	**281.18**	**687.63**	**70.98**	**41.03**	**950.69**	**67,695.96**	**7,475.15**

Note 1: Refer to note 14A for information on property plant and equipment pledged as security by the Holding Company.

Note 2: The title deed of all the immovable properties are held in the name of the Holding Company.

Note 3: The Holding Company has capitalised certain expenses of revenue nature amounting to ₹ 353.13 Lakhs (31st March, 2023: ₹ 342.03 Lakhs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) (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 is transferred from Asset held for sale to Capital Work in Progress (CWIP) during the 2023-24 due to change in management decision to use this asset in near future.

Note 3 (a) Capital work-in-progress (CWIP) ageing schedule

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

As at 31st March, 2023

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	7,179.61	127.82	167.72	-	7,475.15
ii) Projects temporarily suspended	-	-	-	-	-
Total	**7,179.61**	**127.82**	**167.72**	**-**	**7,475.15**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during 2023-24.

Note 3 (b) Assets held for sale

One of the plant and machinery was classified as held for sale based on the management decision to dispose off this asset in near future. This asset was not in active usage and was measured at the lower of its carrying amount or fair value less costs to sell. The fair value of this asset was determined using the market comparison approach. The same is transferred from Asset held for sale to Capital Work in Progress (CWIP) during the 2023-24 due to change in management decision to use this asset in near future.

4. INTANGIBLE ASSETS

Particulars	Computer Software	Intangible assets under development
Cost		
At 1st April, 2022	**189.88**	**-**
Additions	27.05	-
At 31st March, 2023	**216.93**	**-**
Additions	8.07	475.50
At 31st March, 2024	**225.00**	**475.50**
Amortisation and impairment		
At 1st April, 2022	**34.07**	**-**
Amortisation charge for the year	34.74	-
At 31st March, 2023	**68.81**	**-**
Amortisation charge for the ear	36.43	-
At 31st March, 2024	**105.24**	**-**
Net book value		
At 31st March, 2024	**119.76**	**475.50**
At 31st March, 2023	**148.12**	**-**

Note 4 (a) Intangible asset under development (IAUD) ageing schedule

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	-	-	-	-	-

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

As at 31st March, 2023

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	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during 2023-24.

5. OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2024	As at 31st March, 2023
Security deposits	1,230.93	905.49
Government Incentives receivable (Refer note 39)	3,161.79	2,244.09
Fixed Deposits to be used for capital expenditure*#	16,003.29	-
Total	**20,396.01**	**3,149.58**

*Original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.

#Fixed deposits represents balance of Initial Public Offer (IPO) proceeds of ₹ 16,003.29 Lakhs which will be utilised as stated in the prospectus for IPO (Refer note 44).

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Interest receivable on electricity deposits	54.97	36.28
Interest receivable on term deposits	436.59	0.16
Export benefits recoverable (Duty drawback)	28.44	30.04
Share issue expenses recoverable* (Refer note 44)	714.13	-
Others	-	1.05
Total	**1,234.13**	**67.53**

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 fresh issue and an offer for sale by the existing shareholders. In relation to the IPO expenses incurred till date, except for listing fees which shall be solely borne by the Holding Company, all other expenses will be 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 Company in the fresh issue and the offered shares sold by the selling shareholders in the offer for sale. Accordingly, the Holding Company will recover the expenses incurred in connection with the Issue on completion of Initial Public Offer (IPO). Third party is managing release of payment for these expenses to the Hodling Company and selling shareholders from a separate bank account maintained for this purpose under their control. Hence, the expenses relating to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Holding Company's share of recovery is disclosed under this head.

6. Loans (Current)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Loan to employees	24.37	26.89
Total	**24.37**	**26.89**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2024	As at 31st March, 2023
Other Non- current financial assets (Refer note 5)	20,396.01	3,149.58
Trade receivables (Refer note 9)	35,691.78	30,805.76
Cash and cash equivalents (Refer note 10)	64.27	1.31
Bank balance other than above (Refer note 11)	11,682.69	32.83
Other Current financial assets (Refer note 5)	1,234.13	67.53
Loans (Refer note 6)	24.37	26.89
Total	**69,093.25**	**34,083.90**

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Capital advances		
Considered good	6,899.23	5,094.32
Considered doubtful	167.01	167.01
	7,066.24	**5,261.33**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**6,899.23**	**5,094.32**
Prepaid expenses	**88.38**	**57.81**
Total	**6,987.61**	**5,152.13**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balances with government authorities		
Considered good	2,011.24	511.18
Considered doubtful	358.59	358.59
	2,369.83	**869.77**
Less: Allowance for doubtful balances	(358.59)	(358.59)
Net Balance	**2,011.24**	**511.18**
Export benefits recoverable (RoDTEP/MEIS)	109.00	75.67
Advance to suppliers	618.15	226.03
Advance to employees*		
- Related parties (refer note 35)	16.94	4.88
- Others	1.80	1.63
Prepaid expenses	287.40	180.53
Goverment Incentives receivable (Refer note 39)	16.78	15.59
Total	**3,061.31**	**1,015.51**

* includes imprest balances with employees for business related expenses.

8. INVENTORIES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Raw materials and components (includes material lying with third party and stock in transit) at cost	6,451.24	5,704.17
Work-in-progress (includes material lying with third party) at cost	7,178.52	4,633.98
Finished goods (includes material lying with third party and stock in transit) (at lower of cost and net realisable value)	6,182.97	5,413.72
Stores and spares (At Cost)	2,492.43	1,096.92
Scrap (At Net realisable value)	111.43	111.48
Total inventories at the lower of cost and net realisable value	**22,416.59**	**16,960.27**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Finished goods	3,820.99	2,921.29
Total	**3,820.99**	**2,921.29**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Trade receivables	35,668.96	30,786.50
Receivables from related parties (Refer note 35)	22.82	19.26
Total Trade receivables	**35,691.78**	**30,805.76**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	954.08	983.44
Unsecured, considered good	34,562.44	29,757.90
Trade Receivables which have significant increase in credit risk	175.26	64.42
Trade Receivables-credit impaired	189.03	141.54
Total gross trade receivables (a)	**35,880.81**	**30,947.30**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade receivables – which have significant increase in credit risk	-	-
Trade Receivables-credit impaired	(189.03)	(141.54)
Total Impairment allowance (b)	**(189.03)**	**(141.54)**
Net Trade receivables (a+b)	**35,691.78**	**30,805.76**

-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 apart from those mentioned below.

Particulars	As at 31st March, 2024	As at 31st March, 2023
Technomec Industries	-	0.23
Total	**-**	**0.23**

- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (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	-	-	-	-	35,516.51
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							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	86.00	86.00
Total	**28,708.29**	**6,808.22**	**154.84**	**66.06**	**30.46**	**112.94**	**35,880.81**

Trade receivables ageing as at 31st March, 2023

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2023					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	23,040.37	7,700.96	-	-	-	-	30,741.33
Which have significant increase in credit risk	-	-	35.21	25.25	0.83	3.13	64.42
Credit impaired	-	-	3.91	25.25	15.74	10.65	55.55
Disputed							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	85.99	85.99
Total	**23,040.37**	**7,700.96**	**39.12**	**50.50**	**16.57**	**99.77**	**30,947.29**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Receivables discounted from bank	3,517.41	983.44
Borrowing availed against said deliverables (Refer note 14.2)	**3,517.41**	**983.44**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance with Banks		
- in cash credit account	40.95	-
- in current accounts	20.51	-
Cash on hand	2.81	1.31
Total	**64.27**	**1.31**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Cash on hand	2.81	1.31
Balance with Banks		
- in cash credit account	40.95	-
- in current accounts	20.51	-
Total	**64.27**	**1.31**

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.	11,682.69	32.83
Total	**11,682.69**	**32.83**

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 ₹ 17.64 Lakhs (31st March, 2023 ₹ 30.00 Lakhs) as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 2/- each (31st March, 2023: ₹ 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, 2023: ₹ 2/- each)	**9,42,04,882**	**1,884.10**	**8,94,99,000**	**1,789.98**

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, 2023: ₹ 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	8,94,99,000	1,789.98	8,94,99,000	1,789.98
Add:- Fresh issue of equity shares (Refer Note 44)	47,05,882	94.12	-	-
At the end of the year	**9,42,04,882**	**1,884.10**	**8,94,99,000**	**1,789.98**

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar Garg	89,49,900	9.50%	3,56,60,600	39.84%
Smt. Suman Garg	-	-	88,87,900	9.93%
Sh. Ashish Garg	1,29,46,200	13.74%	1,29,46,200	14.47%
Paritosh K. Garg (HUF)	6,85,255	0.73%	56,07,700	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.41%	1,07,45,100	12.01%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.39%	-	-
India Business Excellence Fund - III(Formerly known as Vistra ITCL (India) Limited)	82,91,525	8.80%	1,05,29,000	11.76%

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 current year, a trust by the name "Garg Family trust" was formed and registered on 28th July, 2023. The settlor for the Trust is "Mrs. 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 Mrs. Suman Garg (by way of Gift deed). On 7th August, 2023, Mrs. 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, 2024		As at 31st March, 2023		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	89,49,900	9.50%	3,56,60,600	39.84%	(30.34%)
Sh. Ashish Garg	1,29,46,2 00	13.74%	1,29,46,200	14.47%	(0.72%)
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.39%	-	-	40.39%
Smt. Megha Garg	24,19,900	2.57%	24,19,900	2.70%	(0.14%)
Paritosh K. Garg (HUF)	6,85,255	0.73%	56,07,700	6.27%	(5.54%)
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.28%	(0.01%)
Ayush Capital and Financial Services Private Limited	1,07,45,100	11.41%	1,07,45,100	12.01%	(0.60%)

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 preceeding the reporting date:-

- During the year ended 31st March, 2022, 4,47,49,500 equity shares were issued of ₹ 2 each aggregating to ₹ 894.99 Lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (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.

Distribution made and proposed

a) The final dividend on equity shares of ₹ 1.30 per amounting to ₹ 1,163.49 Lakhs (31st March, 2023: ₹ Nil, amounting to ₹ Nil) has been approved at the annual general meeting held on 8th August,2023 and has been paid on 9th August, 2023 during the year ended 31st March, 2024.

b) The proposed dividend on equity shares of ₹ 4.00 per share amounting to ₹ 3,768.20 Lakhs (31st March, 2023: ₹ 1.30 per share, amounting to ₹ 1,163.49 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 Non Current Borrowings

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured		
Term Loans		
-Indian rupee loan from banks [refer note no. 14A (1)]	-	2,619.79
-Foreign currency loan from banks [refer note no. 14A (3)]	-	1,346.87
-Foreign currency Reimbursement Authorisation (RA) Financing arrangement [refer note no. 14A (2) & (4)]"	-	4,450.95
	-	**8,417.61**
Less : Current maturity of long term loans		
-Term loan from banks (Indian Ruppee)	-	(658.54)
-Term loan from banks (Foreign Currency)	-	(403.49)
-RA Financing arrangement from Banks	-	(1,537.98)
Total	**-**	**5,817.60**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

14.2 Current borrowings

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured		
-Indian rupee loan (Working Capital) from bank [refer note no. 14A (5)]	10,783.33	12,450.56
Current maturity of Long term loans		
-Indian rupee loan from banks [refer note no. 14A (1)]	-	658.54
-Foreign currency loan from banks [refer note no. 14A (3)]	-	403.49
-Foreign currency RA Financing arrangement [refer note no. 14A (2) & (4)]	-	1,537.98
Unsecured		
- Bill discounting from bank [refer note no. 14A (6), (7) and (8)]	3,517.41	983.44
Total	**14,300.74**	**16,034.01**

14.3 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Secured Long term Borrowings	-	8,417.61
Secured Short term Borrowings	10,783.33	12,450.56
Unsecured Short term Borrowings	3,517.41	983.44
Total Borrowings	**14,300.74**	**21,851.61**

Notes:

1. The Holding Company has been sanctioned working capital limits in excess of ₹ Five Cr. 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 aggrement with the books of accounts of the Holding Company.
2. Term loans were applied for the purpose for which the loans were obtained.

14 A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-I	Yes Bank	Nil (31st March,2023 ₹ 1,343.20 Lakhs)	7.15%-9.40%	Nil	- Second Pari Passu charge on entire current assets of the Holding company, both present & future; -First Pari Passu charge on all movable fixed assets of the Holding company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, opp Garg Furnace, PO Office Jugiana, Ludhiana.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-II	Yes Bank	Nil (31st March,2023 ₹ 1,276.59 Lakhs)	7.30%-9.40%	Nil	-Second Pari Passu charge on entire current assets of the Holding Company, both present & future; -First Pari Passu charge on all movable fixed assets of the Holding Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
2	"Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)"	ICICI bank, Frankfurt (backed by Guarantee from ICICI Bank)	Nil (31st March, 2023 Euro 2,22,400 equivalent to ₹ 198. 55 Lakhs)	4.19%-4.69%	Nil	-Second Pari Passu charge on entire current assets of the Holding Company, both present & future; -First Pari Passu charge on all movable fixed assets of the Holding Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
3	Term Loan in Foreign Currency	ICICI Bank	Nil (31st March, 2023 Euro 15.08 Lac equivalent to ₹ 1,346.87 Lakhs)	3.55%-8.10%	Nil	-Second pari passu charge over entire current assets of the Holding Company, both present and future; -First pari passu charge over all movable fixed assets of the Holding Company, both present and future -First pari passu charge by way of Equitable mortgage over Land and Building situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, Opp. Garg Furnace, PO Office Jugiana, Ludhiana.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2024	Interest rate	Repayable in	Security Details
4	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	Bank of Baroda, Mauritius (backed by Guarantee from Yes Bank)	Nil (31st March, 2023 Euro 47.63 Lac equivalent to ₹ 4,252.40 Lakhs)	0.98%-4.88%	Nil	-Second Pari Passu charge on entire current assets of the Holding Company, both present & future; -First Pari Passu charge on all movable fixed assets of the Holding Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
5	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 1,694.91 Lakhs (31st March, 2023 ₹ 2,184.87 Lakhs)	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
5	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 2,095.81 Lakhs (31st March, 2023 ₹ 4,868.95 Lakhs)	4.50%-9.05%	On Demand, However renewable on annual basis.	
5	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 6,992.61 Lakhs (31st March, 2023 ₹ 5,440.81 Lakhs)	5.17%-9.40%	On Demand, However renewable on annual basis.	
6	Bill Discounting	Kotak Mahindra Bank	₹ 1,741.89 Lakhs (31st March, 2023 Nil)	6.90%-8.90%	Within 90 days from the discounting	Unsecured
7	Bill Discounting	ICICI Bank	₹ 954.08 Lakhs (31st March, 2023 ₹ 983.44 Lakhs)	4.70%-8.21%	Within 60 to 180 days from the discounting	-Drawn on Customers under the Letter of credit issued by their bank
8	Bill Discounting	HDFC Bank	₹ 821.44 Lakhs (31st March, 2023 Nil)	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, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

15. PROVISIONS

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current		
Provisions for employees benefits		
Provision for gratuity (Refer note 33)	202.29	157.55
Provision for Compensated absences	243.27	221.19
Total	**445.56**	**378.74**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Current income tax		
Current income tax charge	7,543.62	6,854.21
Adjustments in respect of income tax of earlier years	(59.81)	(9.17)
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	659.23	279.80
Relating to origination and reversal of temporary differences (for earlier years)	(2.58)	7.90
Income tax expense reported in the Statement of profit and loss	**8,140.46**	**7,132.73**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(6.02)	(7.82)
Tax on items recognising on effective portion of cash flow hedges	(200.63)	277.51

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2024 and 31st March, 2023

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Accounting profit before tax	32,438.83	28,002.66
At India's statutory income tax rate of 25.168 % (31st March, 2023: 25.168%)	8,164.20	7,047.71
Previous year tax adjustment	(62.39)	(1.26)
Non deductible expenses		
Expenses disallowed for tax purpose	38.64	86.30
Reported income tax expenses	**8,140.46**	**7,132.74**
Effective tax rate	**25.09%**	**25.47%**

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following	Balance sheet		Movement	
Impact of timing difference between tax	**As at 31st March, 2024**	**As at 31st March, 2023**	**For the Year ended 31st March, 2024**	**For the Year ended 31st March, 2023**
- Impact of difference between tax depreciation/amortisation and depreciation/ amortisation for the financial reporting	(3,493.38)	(2,951.95)	(541.43)	(348.99)
- Impact of MTM income As per IND-AS*	(45.64)	277.48	(323.12)	285.13
- Provision for doubtful debts/advances	179.86	167.91	11.95	2.70
- Expenses allowed on payment basis (43B items)	133.38	123.99	9.39	31.98
- Others	63.95	78.02	(14.07)	18.98
Net Deferred tax assets/ (Deferred tax liabilities)*	**(3,161.83)**	**(2,304.55)**	**(857.28)**	**(10.20)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ (200.63) Lakhs (31st March, 2023: ₹ 277.51 Lakhs) relating to hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Reflected in the balance sheet as follows:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
At the beginning of the year	(2,304.54)	(2,294.35)
Tax (expense)/income for the year recognised in statement of profit and loss	(656.65)	(287.70)
Tax (expense)/income for the year recognised in OCI	(200.63)	277.51
Deferred Tax Assets/(Liabilities)-Net	(3,161.83)	(2,304.54)

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	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	622.88	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,918.44	4,156.33
Trade payable to related parties (Refer note 35)	12.41	10.82
Total	**5,553.73**	**4,773.79**

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 0 to 90 days terms.

-For terms and conditions with related parties, refer to Note 35.

Trade Payable ageing schedule

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	-	-	-	622.89
Total outstanding dues of creditors other than micro enterprises and small enterprises	691.49	2,906.85	1,326.75	4.38	1.36	-	4,930.84
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**

As at 31st March, 2023

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	-	530.33	76.31	-	-	-	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	295.24	2,768.14	1,078.31	17.57	2.40	5.49	4,167.15
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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	
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**295.24**	**3,298.47**	**1,154.62**	**17.57**	**2.40**	**5.49**	**4,773.79**

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2024	As at 31st March, 2023
Interest accrued but not due on borrowings	30.30	107.83
Interest on income tax and others	2.76	44.80
Capital creditors-micro enterprises and small enterprises	104.84	59.48
Capital creditors - Other than micro enterprises and small enterprises	859.62	340.74
Derivative instruments at fair value through profit or loss(Refer note 36)	2.70	256.71
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	305.48	1,102.63
Employee dues payable	820.81	686.62
Share Issue Expense Payable*	658.98	-
Total	**2,785.49**	**2,598.81**

*This represents the amount payable towards share issue expenses. (Refer Note 44)

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2024	As at 31st March, 2023
Contract Liabilities *	151.41	146.05
Statutory dues payable**	765.41	631.23
Total	**916.82**	**777.28**

*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, 2024	As at 31st March, 2023
Borrowings (Refer Note 14)	14,300.74	21,851.60
Trade Payables (Refer note 17)	5,553.73	4,773.79
Other financial liabilities - current (Refer note 18)	2,480.01	1,496.17
Total	**22,334.48**	**28,121.57**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2024	As at 31st March, 2023
Derivative instruments at fair value through profit or loss (Refer note 18)	2.70	256.71
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	305.48	1,102.63
Total	**308.18**	**1,359.34**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Sale of Products		
- Sale of finished goods	1,22,927.30	1,06,694.87
Sale of services		
- Die design and preparation charges	1,380.90	655.96
-Job work charges	-	0.58
Total revenue from contract with customer (i)	**1,24,308.20**	**1,07,351.41**
Other operating revenues		
- Sale of manufacturing scrap	10,164.40	8,742.26
- Government Grants (Refer Note no. 39)	1,350.98	3,559.21
Total other operating revenue (ii)	**11,515.38**	**12,301.47**
Total (i+ii)	**1,35,823.58**	**1,19,652.88**

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, 2024	For the Year ended 31st March, 2023
Revenue as per contracted price	1,24,871.21	1,07,643.66
Adjustment for:		
Discount and Incentives as per contract/schemes	(563.01)	(292.25)
Total Revenue from contract with customers	**1,24,308.20**	**1,07,351.41**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Goods transferred at a point in time	1,22,927.30	1,06,694.87
Services transferred over time	1,380.90	656.54
Total revenue from contracts with customers	**1,24,308.20**	**1,07,351.41**

20.3 Performance obligation

Sales of Crankshafts and Motorvehicle parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days.

Sales of services

The performance obligation is satisfied over-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, 2024	For the Year ended 31st March, 2023
Trade Receivables (Refer Note 9)	35,691.78	30,805.76
Contract Liabilities (Refer Note 19)	151.41	146.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest income		
- on term deposits with bank	525.73	4.98
- on Electricity deposit	60.12	40.31
- on Income Tax Refund	-	9.04
- from other financial assets at amortised cost	179.53	-
Gain on sale of Investment *	-	0.90
Gain on Foreign Exchange variation (net)	281.73	454.64
Fair value gain on financial instruments at fair value through profit or loss	254.01	-
Bad debts recovered	-	31.12
Gain from sale of Property, Plant and equipment (net)	0.35	4.58
Miscellaneous income**	34.02	28.60
Total	**1,335.49**	**574.17**

*Gain on sale of Investment in joint venture namely Linchpin Technologies Private Limited.

** Includes insurance claim and rental income.

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Inventory at the beginning of the year (Refer note 8) (a)	5,704.17	7,251.67
Purchases during the year (b)	63,720.31	53,225.21
Sale during the year (c)	-	0.25
Inventory at the end of the year (refer note 8) (d)	6,451.24	5,704.17
Total (a+b-c-d)	**62,973.24**	**54,772.46**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Inventory at the beginning of the year (Refer note 8)		
- Finished Goods	5,413.72	4,506.02
- Work In progress	4,633.98	5,914.86
- Scrap	111.48	71.49
Sub Total (a)	**10,159.18**	**10,492.37**
Inventory at the end 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 (b)	**13,472.92**	**10,159.18**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**(3,313.73)**	**333.19**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Salaries, wages and bonus	9,700.65	7,758.12
Contribution to provident fund and other funds	819.95	706.09
Gratuity (Refer note 33)	226.22	188.62
Staff welfare expenses	132.11	124.77
Share-based payments to employees (Refer Note 43)	567.10	-
Total	**11,446.03**	**8,777.60**

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. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Holding Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest expenses (At amortised Cost)		
- on borrowings**	864.08	965.03
- on others ***	41.98	44.81
Interest on bill discounting #	194.90	181.21
Other borrowing cost *	76.63	56.53
Total	**1,177.59**	**1,247.58**

**includes interest paid on 'loans from directors' Nil (31st March, 2023: ₹ 12.61 Lakhs)

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.

* includes amortisation of processing charges and bank charges.

*** includes interest on income tax of ₹ 37.58 Lakhs (31st March, 2023: ₹ 42.95 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Depreciation on property, plant and equipment (refer note 3)	6,436.33	5,383.50
Amortisation on intangible assets (refer note 4)	36.43	34.74
Total	**6,472.76**	**5,418.24**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Consumption of stores and spares	6,217.12	5,623.25
Power and fuel Expenses (net) #	9,235.98	7,576.40
Packing material	1,114.80	791.49
Job work charges	1,893.18	1,055.39
Rent expenses (refer note 31)	29.55	25.31
Rates and taxes	75.87	71.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Repairs and maintenance:		
- Plant and machinery	2,413.46	2,098.35
- Building	53.25	29.18
- others	126.43	124.66
Travelling and conveyance expenses	227.05	203.97
Advertisement and sales promotion expenses	81.68	68.22
Freight and forwarding charges	3,233.89	2,585.95
Director's sitting fees	37.00	7.60
Payment to Auditors (refer note. 27a)**	50.22	43.53
Legal and professional fees	159.27	224.37
Provision for doubtful receivables, advances and deposits	47.49	18.43
Corporate social responsibility (CSR) expenditure (refer note 34)	400.00	271.55
Donation	4.72	6.02
Fair value loss on financial instruments at fair value through profit or loss	-	256.71
Property, plant and equipment written off	31.27	157.95
Insurance	282.07	227.62
Miscellaneous expenses*	250.05	208.09
Total	**25,964.35**	**21,675.80**

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations

Power and fuel expenses are net of ₹ 547.06 Lakhs (31st March, 2023: ₹ 343.18 Lakhs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

** Payment to auditors of ₹ 151.03 Lakhs (31st March, 2023: Nil) 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, 2024	For the Year ended 31st March, 2023
As statutory auditors		
(i) Audit Fee	40.00	40.00
(ii) Limited Review	5.00	-
(iii) Certification charges	1.50	-
(iv) Reimbursement of expenses	3.72	3.53
Total	**50.22**	**43.53**

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). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Holding Company.

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Interest on bank facilities @ Nil (31st March, 2023: 3.77 %) (Specific borrowings)	-	27.38
Interest on bank facilities @ 7.29% (31st March, 2023: 5.58%) (General borrowings)	341.84	224.28
Salaries wages and bonus	11.29	90.37
Total	**353.13**	**342.03**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024	For the Year ended 31st March, 2023
(I) Net Profit after tax attributable to equity shareholders of the Group	24,298.37	20,869.92
(II) Weighted average number of Equity shares for EPS		
-Basic (Face Value ₹ 2/- per share (31st March, 2023 : ₹ 2/- per share)	9,07,36,711	8,94,99,000
-Diluted (Face Value ₹ 2/- per share (31st March, 2023 : ₹ 2/- per share)	9,08,23,201	8,94,99,000
(III) Earning per equity share [Face value of ₹ 2/- per share] (31st March,2023 of ₹ 2 per share) [(I)/(II)]"		
-Basic	26.78	23.32
-Diluted	26.75	23.32

29. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
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)	187.35	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	173.11
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)	14,987.47	11,364.44
c. EPCG Commitment		
The Holding Company has export obligations to the extent ₹ 11,179.88, Lakhs (as at 31st March, 2023 ₹ 4,597.57 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.	1,888.83	766.27
d. Outstanding Bank guarantees	**885.02**	**176.43**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

30. DETAILS OF DUES TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	727.72	666.12
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.97	1.86
	728.69	**667.98**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	242.26	89.75
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	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	0.97	1.86
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 ₹ 29.55 Lakhs during the year ended 31st March, 2024 (31st March, 2023: ₹ 25.31 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 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 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 Cheif operating decision maker of the Group assesses the financial performance and position of the Group as a whole and make 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, 2024	For the Year ended 31st March, 2023
Within India	99,548.67	93,516.30
Outside India	24,759.53	13,835.11
Total	**1,24,308.20**	**1,07,351.41**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (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's revenues is as follows:

Particulars	Number of customer	Amount
For the year ended 31st March,2024	1	17,753.99
For the year ended 31st March,2023	1	17,667.78

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 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, 2024	For the Year ended 31st March, 2023
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	802.76	664.60
Current Service Cost	214.63	180.29
Past Service cost	-	-
Interest Cost	59.08	47.72
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	15.44	(15.93)
-Actuarial (gains)/losses arising from changes in experience adjustments	(33.44)	(12.36)
Benefits Paid	**(87.67)**	**(61.56)**
Present value of defined benefit obligation as at year end	**970.80**	**802.76**

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	645.20	546.98
Remeasurements (gains)/losses		
-Return on plan assets, (excluding amount included in net Interest expense)	53.42	42.04
Employer's Contribution	157.56	117.74
Benefits Paid	(87.67)	(61.56)
Fair Value of Plan Assets as at year end	**768.51**	**645.20**

(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, 2024	For the Year ended 31st March, 2023
Current Service Cost	214.62	180.29
Net Interest Cost/(Income)	11.60	8.44
Net Cost Recognised in the Statement of Profit or Loss	**226.22**	**188.73**

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Remeasurements (gains)/losses	(18.00)	(28.29)
Actuarial (gain) /Loss for the year on asset	(5.94)	(2.77)
Net Cost/ (gain) Recognised in the Other comprehensive income (OCI)	**(23.94)**	**(31.06)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	970.80	802.76
Fair Value of the Plan Assets at the year end	(768.51)	(645.21)
Liability/(Asset) Recognised in the Balance Sheet	**202.29**	**157.55**

(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, 2024	As at 31st March, 2023
Present Value of obligation at the end of the year	970.80	802.76
a) Impact due to increase of 0.5%	(55.66)	(43.88)
b) Impact due to decrease of 0.5%	61.18	48.21

b) Impact of change in Salary increase	As at 31st March, 2024	As at 31st March, 2023
Present Value of obligation at the end of the year	970.80	802.76
a) Impact due to increase of 0.5%	58.32	46.60
b) Impact due to decrease of 0.5%	(53.81)	(42.86)

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.

(vi) Expected contribution for the next Annual reporting year

Particulars	As at 31st March, 2024	As at 31st March, 2023
a) Service cost	266.40	231.55
b) Net interest cost	14.61	11.60
c) Expected expense for the next annual reporting year	281.01	243.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2024	As at 31st March, 2023
Discount Rate	7.22%	7.36%
Number of Employees	3,017	2,909
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, 2024	As at 31st March, 2023
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2024	As at 31st March, 2023
0 to 1 years	80.78	107.07
1 to 2 years	28.99	20.33
2 to 3 years	33.56	28.97
3 to 4 years	42.47	22.14
4 to 5 years	44.25	32.30
5 to 6 years	43.57	33.12
6 years and beyond	697.18	558.84
Total	**970.80**	**802.77**

The average duration of the defined benefit plan obligation at the end of reporting year is 15.87 years (31st March, 2023: 15.94 years)

(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, 2024	For the Year ended 31st March, 2023
Provident Fund paid to the authorities	628.12	534.93
Employee State insurance paid to authorities	184.57	164.48
Contribution to other funds	7.26	6.68
Total	**819.95**	**706.09**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
a) Gross amount required to be spent by the Holding Company during the year	398.31	271.55
b) Amount approved by the Board to be spent during the year	400.00	300.00

b) Amount spent during the year:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Construction / acquisition of any asset	219.32	78.13
On purpose other than above (i) above	56.65	136.43
Total amount spent during the year	**275.97**	**214.56**

Amount spent during the year ending on 31st 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

Amount spent during the year ending on 31st March, 2023:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	78.13	56.99	135.12
ii) On purposes other than (i) above	136.43	-	136.43

In case of S. 135(6) (Ongoing project)	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Opening Balance		
- With Holding Company	-	-
- In Separate CSR Unspent A/c	60.00	41.47
Amount required to be spent	255.91	135.12
Amount spent during the year		
-From Holding Company's bank A/c	133.57	78.13
-From Separate CSR Unspent A/c	60.00	41.47
Closing balance		
- With Holding Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be deposited in separate bank account	124.03	56.99
Actual amount deposited in Unspent Account after the year ended	124.03	60.00

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Opening Balance	**-**	**-**
Amount required to be spent during the year	142.40	136.43
Amount spent during the year	142.40	136.43
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
Closing Balance	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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 Garg	Chairman Cum 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	Whole-Time Director
vi.	Parkash Bagla	Non - executive Director (Nominee Director)
vii.	Vikas Giya	Independent Director *
viii.	Nitin Aggarwal (upto 26th July, 2023)	Non- executive Director
ix.	Satish Sekhri	Independent Director *
x.	Ravindra Pisharody (w.e.f 16th June, 2022)	Independent Director *
xi.	Rajeswari Karthigeyan (w.e.f 30th May, 2023)	Independent Director *
xii.	Atul B. Lall (w.e.f 31st July, 2023)	Independent Director *
xiii	Pankaj Kumar Goyal	Chief financial officer
xiv	Bindu Garg (w.e.f. 12th July, 2022)	Company Secretary
xv	Depesh Kumar (Upto 14th June, 2022)	Company Secretary

2) Relative of Key Managerial Personnel (KMP)

i. Mrs. Suman Garg (Wife of Paritosh Kumar Garg)

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

4) Other related parties

i. Linchpin technologies Private Ltd. (Joint Venture) (w.e.f. 8th January, 2022 and Upto 31st March, 2023)
ii. VVDN Technologies Private Limited (Co-venturer, Linchpin technologies Pvt. Ltd.) (w.e.f. 8th January, 2022 and Upto 31st March, 2023)

* The Independent Directors have been considered as Key Management Personnel only for above reporting as per the requirement of Ind AS 24 Related Party Disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

A) Transactions with related parties during the year:

Particulars	Relation	Transaction	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
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)	9.21	10.70
		Job Work Expenses(Inclusive of GST)	-	1.94
		Purchase of PPE (Inclusive of GST)	-	31.86
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	8.06
		Sale of Raw Material(Inclusive of GST)	-	0.30
		Job Work Sales(Inclusive of GST)	-	0.77
Technomec Industries	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Job Work Sales(Inclusive of GST)	-	0.23
		Job Work Expenses(Inclusive of GST)	17.32	64.12
		Reimbursement of freight(Inclusive of GST)	2.37	1.85
VVDN Technologies Private Limited	Other Related Party	Sale of Unquoted equity shares of Linchpin Technologies Private Limited	-	43.05
Suman Garg	Key Managerial Personnel	Short term employee benefit #	34.55	60.59
	Relative of Key Managerial Personnel	Short term employee benefit #	27.27	-
Paritosh Kumar Garg	Key Management Personnel	Short term employee benefit #	412.47	201.47
		Dividend	116.35	-
Ashish Garg	Key Management Personnel	Short term employee benefit #	364.04	196.72
		Interest on Loan	-	11.71
		Repayment of Loan	-	190.00
		Dividend paid	168.30	-
		Imprest	18.13	-
Megha Garg	Key Management Personnel	Short term employee benefit #	84.64	47.65
		Interest on Loan	-	0.90
		Repayment of Loan	-	10.00
		Dividend paid	31.46	-
Narender Singh Juneja	Key Management Personnel	Short term employee benefit #	97.04	58.35
Bindu Garg	Key Management Personnel	Short term employee benefit #	33.10	28.47
Depesh Kumar	Key Management Personnel	Short term employee benefit #	-	5.43
Pankaj Kumar Goyal	Key Management Personnel	Short term employee benefit #	44.68	22.12
Satish Sekhri	Key Management Personnel	Directors sitting fees	10.00	4.00
		Commission	6.00	-
Nitin Aggarwal	Key Management Personnel	Directors sitting fees	-	0.30
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	10.00	3.00
		Commission	8.25	-

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

Particulars	Relation	Transaction	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Vikas Giya	Key Management Personnel	Directors sitting fees	1.00	0.30
Rajeswari Karthigeyan	Key Management Personnel	Directors sitting fees	9.00	-
Atul B.Lall	Key Management Personnel	Directors sitting fees	7.00	-
Ayush Capital & Financial Services	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	139.69	-
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	72.90	-
		Expenses incurred and adjusted	968.46	
Ashish Garg & Sons (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	3.30	-
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	494.61	-
Total			**3,258.70**	**1,003.89**

"# Expenses towards gratuity and leave encashment 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 Holding Company's IPO Public offer account, has been transferred to respective shareholder account in proportion to their shareholding.(refer note 44)

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2024	As at 31st March, 2023
1	Happy Steels Private Limited	Trade payables	8.79	8.79
2	Technomec Industries	Trade payables	3.62	2.03
3	Happy Steels Private Limited	Trade receivable	19.91	10.70
4	Technomec Industries	Trade receivable	-	0.23
5	NorthStar Autocomp Private Limited	Trade receivable	2.91	8.33
6	Ashish Garg	Advance to employee	16.94	0.12
7	Paritosh Kumar Garg	Advance to employee	-	4.76

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.

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current				
At Amortised Cost				
(i) Other financial assets (Refer note 5)	20,396.01	20,396.01	3,149.58	3,149.58
Total Non current financial assets (a)	**20,396.01**	**20,396.01**	**3,149.58**	**3,149.58**
Financial Assets-Current				
At Amortised Cost				
(i) Trade receivables (Refer note 9)	35,691.78	35,691.78	30,805.76	30,805.76
(ii) Cash and cash equivalents (Refer note 10)	64.27	64.27	1.31	1.31
(iii) Bank balance other than above (Refer note 11)	11,682.69	11,682.69	32.83	32.83
(iv) Loans (Refer note 6)	24.37	24.37	26.89	26.89
(v) Other financial assets (Refer note 5)	1,234.13	1,234.13	67.53	67.53
Total Current financial assets (b)	**48,697.24**	**48,697.24**	**30,934.32**	**30,934.32**
Total financial assets (a+b)	**69,093.25**	**69,093.25**	**34,083.90**	**34,083.90**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2024		As at 31st March, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-non current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)		-	-	5,817.60	5,817.60
Total Non Current Financial Liabilities (a)		**-**	**-**	**5,817.60**	**5,817.60**
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.2)		14,300.74	14,300.74	16,034.01	16,034.01
(ii) Trade payable (Refer note 17)		5,553.73	5,553.73	4,773.79	4,773.79
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	2.70	2.70	256.71	256.71
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	305.48	305.48	1,102.63	1,102.63
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)		820.81	820.81	686.62	686.62
Other payables (Refer note 18)		1,656.50	1,656.50	552.84	552.84
Total Current Financial Liabilities (b)		**22,639.96**	**22,639.95**	**23,406.61**	**23,406.61**
Total Financial Liabilities (a+b)		**22,639.96**	**22,639.95**	**29,224.21**	**29,224.21**

The management assessed that the fair value of cash and cash equivalents, trade receivables, derivative instruments, trade payables and other current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024 and 31st March, 2023.

(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 and long term foreign currency borrowings. 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, 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

Particulars	As at 31st March, 2023 (Foreign Currency)	As at 31st March, 2023(₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	11,71,383	961.86	US$	5%	48.09	(48.09)
Trade Receivables	44,20,870	3,946.76	EURO	5%	197.34	(197.34)
Trade Receivables	4,94,000	501.70	GBP	5%	25.09	(25.09)
Capital Creditors	27,940	24.94	EURO	5%	(1.25)	1.25
Capital Creditors	10,000	8.21	US$	5%	(0.41)	0.41
Borrowings	64,94,269	5,797.82	EURO	5%	(289.89)	289.89

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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, 2024		As at 31st March, 2023	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	US$	-	-	10,88,000	893.48
Receivables (Forwards contracts sell)	GBP	42,00,000	4,419.58	-	-
Receivables (Forwards contracts sell)*	EURO	2,21,50,000	19,958.00	2,47,50,000	22,096.80

* 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, 2024	For the Year ended 31st March, 2023
Net foreign exchange (gain) shown as operating expenses	(281.73)	(454.64)
Net foreign exchange(gain)/losses shown as operating expenses	**(281.73)**	**(454.64)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2024	As at 31st March, 2023
US$	83.35	82.11
EUR	90.10	89.27
GBP	105.23	101.56

(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 manangement at the end of reporting year are as follows:

Currency fluctuations	As at 31st March, 2024	As at 31st March, 2023
Floating Rate borrowings (Refer note 14.1 & 14.2)	14,300.74	21,851.61

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, 2024		
Interest rate (0.5% Movement)	(71.50)	71.50
For the year ended 31st March, 2023		
Interest rate (0.5% Movement)	(109.26)	109.26

(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

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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,2023: Nil).

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 banks and 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 repspect of trade receivables is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	141.54	148.81
Provision created during the year	47.49	-
Provision utilised/(reversed) during the year	-	(7.27)
Balance at the end of the year	**189.03**	**141.54**

The movement in the allowance for bad and doubtful other assets is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	525.60	499.90
Provision created during the year	-	25.70
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 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, 2024, the Holding Company has available ₹ 23,649.26 Lakhs (31st March, 2023: ₹ 39,721.40 Lakhs) in form of undrawn committed borrowing limits.

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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, 2024				
Borrowings (Refer note 14.1 & 14.2)	14,300.74	-	-	14,300.74
Other financial liabilities (Refer note 18)	2,785.49	-	-	2,785.49
Trade Payable (Refer note 17)	5,553.73	-	-	5,553.73
Total	**22,639.96**	**-**	**-**	**22,639.96**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2023				
Borrowings (Refer note 14.1 & 14.2)	16,627.39	6,489.30	-	23,116.69
Other financial liabilities (Refer note 18)	2,598.81	-	-	2,598.81
Trade Payable (Refer note 17)	4,773.79	-	-	4,773.79
Total	**23,999.99**	**6,489.30**	**-**	**30,489.29**

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.

Particulars	As at 31st March, 2024	As at 31st March, 2023
Borrowings (Refer note 14.1 & 14.2)	14,300.74	21,851.61
Less: Cash & cash equivalents (Refer note 10)	(64.27)	(1.31)
Less: Other bank balance (Refer note 11)	(11,682.69)	(32.83)
Net debt	**2,553.78**	**21,817.47**
Total capital	**1,61,249.22**	**98,829.66**
Capital and net debt	**1,63,803.00**	**1,20,647.13**
Gearing ratio	1.56%	18.08%

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, 2024 and 31st March, 2023.

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(All amount in ₹ Lakhs, except share data and unless otherwise stated)

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 ₹ 547.06 Lakhs (31st March, 2023: ₹ 343.18 Lakhs). The grant amount is netted from the Power & Fuel Expenses under other expenses. As on 31st March, 2024, ₹ 16.78 Lakhs (31st March, 2023: ₹ 15.59 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 ₹ 737.62 Lakhs (31st March, 2023: 3,235.65) under other operating revenue. This amount includes grant related to earlier years' SGST incentive amounting to Nil (31st March,2023 ₹ 2,375.08 Lakhs) which was not recognised earlier as the Holding Company did not have reasonable assurance for its ultimate realisation at that point. As at 31st March, 2024 ₹ 3,161.79 Lakhs (31st March, 2023, ₹ 2,244.09 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 ₹ 613.36 Lakhs (31st March, 2023: ₹ 323.56 Lakhs). The amount of incentive recognised has been disclosed as other operating revenue.

40. HEDGING ACTVITIES 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.

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2024	As at 31st March, 2023
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	305.48	1,102.63

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, 2024 were assessed to be highly effective and unrealised (loss) gain of ₹ 797.15 Lakhs (31st March, 2023: ₹ (1,102.63) Lakhs), with a deferred tax (liability) asset of ₹ (200.63) Lakhs (31st March, 2023: ₹ 277.51 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.

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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 following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2023 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, 2023										
Foreign exchange derivative contracts (highly probable forecast sales)										
Notional amount (in EURO)	-	-	27,50,000	33,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	2,09,50,000
Average forward rate (EURO/₹)	-	-	86.48	87.98	89.74	91.70	93.80	96.00	97.72	91.59

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 ineffectivenessfor 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, 2024					
Highly probable forecast sales	797.15	-	-	-	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, 2023	(1,102.63)	277.51	(825.12)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	797.15	(200.63)	596.52
Amount reclassified to profit or loss	-	-	-
As at 31st March, 2024	**(305.48)**	**76.88**	**(228.60)**

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41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	As at 31st March, 2024	As at 31st March, 2023	% Change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	3.07	1.91	60.86	Improvement is due to repayment of borrowings from IPO proceeds
Debt Equity Ratio (in times)	Total Debt	Shareholder's equity	0.09	0.22	(57.93)	Improvement is due to repayment of borrowings from IPO proceeds
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	3.41	14.37	(76.25)	Significant portion of term debt repayment from IPO proceeds, while same is not considered part of the numerator,impacted the ratio.
Return on Equity Ratio (in %)	Net profit after taxes	Average shareholder's equity	18.69%	23.50%	(20.49)	Not Applicable
Inventory Turnover Ratio (in times)	Cost of goods sold	Average inventory	3.03	3.12	(2.78)	Not Applicable
Trade Receivable Turnover Ratio (in times)	Net sales = Gross sales - sales return	Average trade receivable	4.04	4.38	(7.66)	Not Applicable
Trade Payable Turnover Ratio (in times)	Net purchases = Gross purchases -purchase return	Average trade payable	14.76	13.78	7.09	Not Applicable
Net Capital Turnover Ratio (in times)	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	2.69	4.99	(46.08)	Improvement is due to repayment of borrowings from IPO proceeds
Net Profit Ratio (in %)	Net Profit	Revenue from Operations	17.89%	17.44%	2.57	Not Applicable
Return on Capital Employed (in %)	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	19.15%	24.24%	(20.99)	Not Applicable
Return on investment (in %)	Income from Investment	Average Investment	NA	4.32%	NA	Not Applicable

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42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Financing activities

Borrowings

Particulars	Opening balance 1st April, 2023	Expense	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2024
Non Current borrowings (including current maturity)	8,417.61	-	(8,417.61)	-	-
Interest Expense	152.62	1,177.60	(1,297.16)	-	33.06
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	**45,412.23**	**2,341.09**	**28,091.61**	**-**	**75,844.93**

Particulars	Opening balance 1st April, 2022	Expense	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2023
Non Current borrowings (including current maturity)	7,871.31	-	215.14	331.16	8,417.61
Interest Expense	91.23	1,247.58	(1,186.19)	-	152.62
Short term borrowings	16,163.91	-	(2,729.91)	-	13,434.00
Total Liabilities from financing activities	**24,126.45**	**1,247.58**	**(3,700.96)**	**331.16**	**22,004.23**

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 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, 2024 INR Lakhs	As at 31st March, 2023 INR Lakhs
Expense arising from equity-settled share-based payment transactions	567.10	-
Total expense arising from share-based payment transactions	**567.10**	**-**

There were no cancellations or modifications to the awards during the year ending 31st March, 2024

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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, 2024 Number	31st March, 2024 WAEP (in ₹)	31st March, 2023 Number	31st March, 2023 WAEP (in ₹)
Opening Balance	-	-	-	-
Granted during the year	3,51,959	190	-	-
Exercised during the year	-	-	-	-
Closing Balance	3,51,959	190	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2024 is 1.46 years (31st March,2023: Nil years).

The weighted average fair value of options granted during the year is ₹ 417.01 (31st March, 2023: Nil).

The exercise prices for options outstanding at the end of the year is ₹ 190.00 (31st March, 2023: Nil).

List the inputs to the models used for the three plans for the years ended 31st March, 2024 and 31 March, 2023, respectively:

Particulars	31st March, 2024	31st March, 2023
Weighted average fair values at the measurement date	417.01	NA
Expected volatility (%)	10.41	NA
Risk–free interest rate (%)	7.17	NA
Average Expected life of share options (years)	4.62	NA
Weighted average fair value (₹)	553.70	NA
Model used	Black Scholes	NA

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 has 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 27th December, 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 are 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

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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	Unutilized amounts as at 31st March, 2024*
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	1,087.54	16,025.09
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**21,757.24**	**16,025.09**

* Net unutilised proceeds as on 31st March, 2024 have been temporarily invested in deposits with scheduled banks, monitoring agency bank account and Current/Cash Credit account.

45. DETAILS OF SUBSIDIARY AND JOINT VENTURE 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, 2024	As at 31st March, 2023
Linchpin Technologies Private Limited	At Cost	Joint Venture	Consultancy	India	-	33.33%
HFL Technologies Private Limited	At Cost	Subsidiary	Manufacture of steel products	India	100.00%	-

46. INTEREST IN JOINT VENTURE

The following table shows the movement of investment in Joint Venture during the year ended:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Balance as at the beginning of the year	-	41.67
Amount of investment made during the year	-	-
Share in profits of the Joint Venture	-	0.48
Book value of investment sold during the year	-	(42.15)
Balance as at the end of the year	-	0.00

Calculation of (Gain)/Loss on sale of investment:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Book Value of investment sold during the year	-	42.15
Amount received on sale of investment	-	(43.05)
(Gain)/Loss on sale of investment	-	(0.90)

The Holding company has acquired 33.33% interest in Linchpin Technologies Private Limited on 8th January, 2022, a joint venture involved in the consultancy services in India. The Holding company interest in Linchpin Technologies Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Current assets, including cash and cash equivalents Nil (31st March, 2023: ₹ 10.07 Lakhs)	-	20.00
Non-current assets	-	113.31
Current liabilities including tax payable Nil (31st March, 2023: ₹ 1.21 Lakhs)	-	(1.38)
Equity	-	131.93
Proportion of the Holding Company's ownership	-	0.00%
Fair value of the investment	-	-

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Summarised statement of profit and loss of the Linchpin Technologies Private Limited

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Revenue	-	5.70
Other expense	-	(3.06)
Profit/(loss) before tax	**-**	**2.64**
Income tax (expense)/credit	-	(1.21)
Profit/(loss) for the year	**-**	**1.43**
Total comprehensive income/(loss) for the year	**-**	**1.43**
The Holding Company's share of profit/(loss) for the year*	**-**	**0.48**

* During the year ended 31st March, 2022, the Holding company has acquired 33.33% shares in Linchpin Technologies Private Limited on 8th January, 2022.The Holding Company's share in the year's profit of the joint venture partner has accordingly been prorated for the post acquistion % share of Company. During the year ended 31st March, 2023, the investment in Joint venture has been sold by the Holding Company.

The joint venture has contingent liabilities or capital commitments worth Nil outstanding as at 31st March, 2024 (31st March, 2023: Nil).

47. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES OR JOINT VENTURE

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	100%	24,298.63	100%	614.44	100%	24,913.07
Subsidiary										
HFL Technologies Private Limited	India	0%	-	9.65	0%	(0.26)	0%	-	0%	(0.26)
Total				1,61,259.05		24,298.37		614.44		24,912.81
Eliminations				(9.83)		-		-		-
Happy Forgings Limited Consolidated Financial Statements				1,61,249.22		24,298.37		614.44		24,912.81

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2023	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, 2023		For the year ended 31st March, 2023					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Holding Company										
Happy Forgings Limited	India	NA	100.00%	98,829.66	100.00%	20,869.44	100.00%	(801.88)	100.00%	20,067.56
Joint Venture										
Linchpin Technologies Private Limited	India		NA	NA	0.00%	0.48	0.00%	-	0.00%	0.48
Total				**98,829.66**		**20,869.92**		**(801.88)**		**20,068.04**

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FOR THE YEAR ENDED 31ST MARCH, 2024 (Contd.)

(All amount in ₹ Lakhs, except share data and unless otherwise stated)

48. 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, 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.

49. OTHER STATUTORY INFORMATION

(i) The Holding Company does not have any Benami property, where any proceeding has been initiated or pending against the group for holding any Benami property.

(ii) The Holding Company does not have any transactions with companies struck off.

(iii) The Holding Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory year.

(iv) The Holding Company has not traded or invested in Crypto currency or Virtual Currency during the financial year/year.

(v) The Holding 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 Holding 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 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.

(vii) The Holding 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 Holding Company 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, 2024.

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: Ludhiana
Date: 24th May, 2024

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

(Narinder Singh Juneja)
Chief Executive Officer and Whole Time Director
DIN : 00393525

Place:- Ludhiana
Date: 24th May, 2024

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 Fifth (45th) Annual General Meeting ("AGM") of the members of Happy Forgings Limited ("the Company"), will be held on Monday, 29th July 2024 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. To receive, consider and adopt the Audited Standalone & Consolidated Financial Statements of the Company including the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement for the financial year ended 31st March, 2024, along with Auditor's Report.

"**RESOLVED THAT** the audited standalone and consolidated financial statements of the Company including the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement for the financial year ended March 31, 2024, together with the reports of the Board of Directors and of the Auditors thereon be and are hereby received, considered and adopted."

2. To declare dividend of ₹ 4 per Equity Shares of the Company for the Financial year ended March 31, 2024.

"**RESOLVED THAT** dividend at the rate of ₹ 4/- (Rupees Four 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 March 31, 2024."

3. To appoint Mr. Ashish Garg (DIN: 01829082), who retires by rotation and being eligible, offers himself for re-appointment.

"**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Ashish Garg (DIN: 01829082), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. Ratification of remuneration of Cost Auditor for 2023-24

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 any other applicable provisions of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 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 remuneration of ₹ 1,00,000 plus out of pocket expenses and applicable taxes, as approved by the board of directors, to be paid to M/s Rajan Sabharwal & Co., Cost Accountants (Firm Registration No.101961), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2024 be and is hereby ratified."

5. Ratification of remuneration of Cost Auditor for 2024-25

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 any other applicable provisions of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 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 remuneration of ₹ 1,00,000 plus out of pocket expenses and applicable taxes, as approved by the board of directors, to be paid to M/s Rajan Sabharwal & Co., Cost Accountants (Firm Registration No.101961), the Cost Auditor, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2025 be and is hereby ratified."

6. 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 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 and pursuant to the recommendations of Nomination Remuneration Committee the approval of members be and is hereby accorded to pay remuneration by way of commission to Non-Executive Directors (including Independent Directors) upto one percent (1%) of net profit of the Company during the relevant financial year 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 ₹ 5 Lakhs

b) Commission to Mr Ravindra Pisharody ₹ 5 Lakhs

c) Commission to Mrs Rajeswari Karthigeyan ₹ 5 Lakhs

d) Commission to Mr Atul B Lall ₹ 4.25 Lakhs

for the 2023-24 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 CFO and/or Company Secretary of the Company, be and are 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."

7. 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

To consider, and if thought fit, to pass the following resolution as **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Regulation 17 (1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Nomination and Remuneration Policy of the Company and on the basis of approval(s) and recommendation(s) of the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of Shareholders of the Company, be and is hereby accorded to continue the directorship of Mr. Satish Sekhri as Non- Executive Independent Director (DIN: 00211478) upon attaining the age of 75 years till 3rd May, 2025 (upto completion of his first term as Independent Director).

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee of Board of the Company) be and is hereby authorised to do all such acts, deeds, matters and things and sign deeds, documents, letters and such other papers as may be necessary, desirable and expedient, as it may in its absolute discretion deem fit or necessary or desirable for such purpose including giving effect to the aforesaid resolution and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard."

8. TO CONSIDER AND RATIFY THE HAPPY FORGINGS ESOP SCHEME 2023

To consider, and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the Regulation 12 and other applicable provision(s) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 ("SEBI SBEB Regulations") the Securities and Exchange Board of India (LODR) Regulations 2015, Section 62 and applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as per the provisions of Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, the "Happy Forgings ESOP Scheme 2023 "formulated and approved prior to the Initial Public Offering ("IPO") of the Company, which was approved and adopted by the members of the Company at the Extra Ordinary General Meeting of the Company held on 31st July, 2023 to create, offer, and grant up to 13,42,485 employee stock options to the eligible employees of the Company, in one or more tranches, of the face value of ₹ 2/- each fully paid-up on payment of the requisite exercise price to the Company, the approval of shareholders of the Company, be and are hereby accorded to amend and ratify the said Scheme within the meaning of Regulation 12 of SEBI SBEB Regulations to create, offer, issue, grant and allot at any time to or for the benefit of employee(s) / Directors whether working in India or out of India in terms of the Happy Forgings ESOP Scheme 2023, shares on exercise of options, issue fresh options, re-issue of options that may have lapsed/ cancelled/surrendered, already approved under the scheme."

"**RESOLVED FURTHER THAT** the Board/ Nomination and Remuneration Committee of the Company is hereby authorised to issue, allot and list the equity shares at the recognised stock exchanges upon exercise of options by the employees under Happy Forgings ESOP Scheme 2023 from time to time in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (SBEB & SE) Regulations, 2021 and other applicable laws and regulations and shall rank pari passu in all respects with the existing equity shares of the Company."

"**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, split or consolidation of shares, merger/ amalgamation or sale of division/undertaking or other re-organisation etc. of the number of above mentioned options in the Scheme shall be appropriately adjusted."

"**RESOLVED FURTHER THAT** the Board of Directors/ Nomination and Remuneration Committee be and are hereby authorised to do all such acts, deeds, matters and things and sign deeds, documents, letters and such other papers as may be necessary, desirable and expedient, as it may in its absolute discretion deem fit or necessary or desirable for such purpose including giving effect to the aforesaid resolution and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard."

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 made thereunder rules and pursuant to the provisions contained in the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("the Regulation") (including any statutory amendment, modification or re-enactment to the Act or the Regulation, for the time being in force), the Articles of Association of the Company, as recommended by the Nomination and Remuneration Committee and the Board, the consent of the members be and is hereby accorded to approve and adopt the amended HAPPY FORGINGS ESOP SCHEME 2023."

"**RESOLVED FURTHER THAT** Mr. Paritosh Kumar, DIN 00393387, Chairman and Manging Director or Mr. Ashish Garg, DIN 01829082, Managing Director, Mr. Pankaj Kumar Goyal, Chief Financial Officer and / or Ms Bindu Garg, Company Secretary and Compliance Officer of the Company, be and are hereby severally authorised to sign and execute the necessary agreements, letters and documents as may be required and send notices to the employees in relation to the adoption of the Restated ESOP 2023 and to do all such other deeds, things, matters as may be ancillary or incidental to the implementation of the said amended Scheme/Policy."

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997

Date: 8th June, 2024
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. 4 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the Special businesses under Item Nos. 4 to 8, being considered unavoidable, be transacted at the 45th AGM of the Company.
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 respectively read with Circular No. 09/2023 dated 25th September, 2023 ("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 and SEBI/HO/CFD/CMD2/CIR/P/2023/5 dated 5th January, 2023 read with Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October, 2023 ("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, 2024 (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 45th 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 45th 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 45th 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 45th 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 45th 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 Tuesday, the 23rd day of July, 2024 to Monday, the 29th day of July, 2024 (both days inclusive) for the purpose of Dividend and AGM.
6. In compliance with the Circulars, the Annual Report 2023-24, the Notice of the 45th 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 45th AGM. For this purpose, the Company has entered into an arrangement with Link Intime India Private Limited (LIIPL) 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 45th AGM will be provided by LIIPL.
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 45th 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 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. Link 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 45th 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 July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated July 31, 2023 (updated as on August 11, 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 45th 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 45th 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 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 45th AGM, forms integral part of the Notice of the 45th 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

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 LIIPL 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 Friday, 26th July, 2024 (9:00 am) (IST) and ends on Sunday, 28th July, 2024 (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 Monday, 22nd July, 2024 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL (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:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Login method for Individual shareholders holding securities in demat mode is given below:

Individual Shareholders holding securities in demat mode with NSDL:

METHOD 1 - If registered with NSDL IDeAS facility

Users 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. Post successful authentication, click on "Access to e-voting".
c) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

User 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 registration, user will be provided with Login ID and password.
d) After successful login, click on "Access to e-voting".
e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By 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 can see "Access to e-voting".
e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL:

METHOD 1 – If registered with CDSL Easi/Easiest facility

Users who have registered 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
c) Login with user id and password
d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.
e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

Users who have not registered for CDSL Easi/Easiest facility.

a) To register, visit URL: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration
b) Proceed with updating the required fields.
c) Post registration, user will be provided Login ID and password.
d) After successful login, user able to see e-voting menu.
e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By 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 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 "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime 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, members shall navigate through "e-voting" tab under Stocks option.
c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.
d) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the Company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Visit URL: https://instavote.linkintime.co.in
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A. User ID:

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. 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.

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 physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

*Shareholders holding shares in NSDL form, shall provide '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).

➢ Click "confirm" (Your password is now generated).

3. Click on 'Login' under 'SHARE HOLDER' tab.
4. Enter your User ID, Password, and Image Verification (CAPTCHA) Code and click on 'Submit'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
2. E-voting page will appear.
3. 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).
4. 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 ("Corporate Body/ Custodian/Mutual Fund"):

STEP 1 – Registration

a) Visit URL: https://instavote.linkintime.co.in
b) Click on Sign up under "Corporate Body/ Custodian/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 at Sr.No. 2 above). 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) will be sent to Primary contact person's email ID.
f) While first login, entity will be directed to change the password and login process is completed.

STEP 2 –Investor Mapping

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.
b) Click on "Investor Mapping" tab under the Menu Section
c) Map the Investor with the following details:
   a. 'Investor ID' -
      i. Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678
      ii. Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
   b. 'Investor's Name - Enter full name of the entity.
   c. 'Investor PAN' - Enter your 10-digit PAN issued by Income Tax Department.
   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. Further, Custodians and Mutual Funds shall also upload specimen signature card.
d) Click on Submit button and investor will be mapped now.
e) The same can be viewed under the "Report Section".

STEP 3 – Voting through remote e-voting.

The corporate shareholder can vote by two methods, once remote e-voting is activated:

METHOD 1 - VOTES ENTRY

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.
b) Click on 'Votes Entry' tab under the Menu section.
c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of Instavote before the start of remote evoting.
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'.
g) 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. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

OR

VOTES UPLOAD:

a) Visit URL: https://instavote.linkintime.co.in and login with credentials as received in Step 1 above.
b) You will be able to see the notification for e-voting in inbox.
c) Select 'View' icon for 'Company's Name / Event number '. E-voting page will appear.
d) Download sample vote file from 'Download Sample Vote File' option.
e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.
f) 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:

Helpdesk for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for 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 and 022 - 2499 7000
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:

Individual shareholders holding securities in physical form has forgotten the password:

If an Individual shareholder holding securities in physical form has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having 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 the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. 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 for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

User ID for Shareholders holding shares in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Shareholders holding shares in CDSL demat account is 16 Digit Beneficiary ID.

Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund") has forgotten the password:

If a Non-Individual Shareholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

o Click on 'Login' under 'Corporate Body/ Custodian/ Mutual Fund' tab and further Click 'forgot password?'
o Enter User ID, Organisation ID and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having 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 the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. 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:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned 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".

Process and manner for attending the General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in & Click on "Login".

➢ Select the "Company" and 'Event Date' and register with your following details: -

   A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
      • Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company.

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members 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 number.

D. **Email ID:** Enter your email id, as recorded with your DP/Company.

➢ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Shareholders/ Members to Speak during the General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request with the Company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. 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 and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. 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'.
5. 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.
6. 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.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

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. Monday, 22nd July, 2024 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. Monday, 22nd July, 2024.

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 LIIPL 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 Monday 22nd July, 2024

(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 Monday 22nd July, 2024

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://liiplweb.linkintime.co.in/client-downloads.html and the required form 15G and 15H can be submitted through https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html or email to happyforgingdivtax@linkintime.co.in by Monday, 22nd July, 2024 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 or sending an email to happyforgingdivtax@linkintime.co.in

The aforesaid declarations and documents need to be submitted by the shareholders by Monday, 22nd July, 2024

28. Since there was no unpaid dividend, no amount was required to be transferred to Investor Education and Protection Fund ("IEPF")

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: 8th June, 2024

EXPLANATORY STATEMENT
(Explanatory Statement pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 4 & 5

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Rajan Sabharwal & Co., Cost Accountants (Firm Registration No. 101961) as Cost Auditor of the Company for the financial year ending on 31st March, 2024, to conduct audit of cost records of the Company as may be required for cost audit under the Companies Act, 2013, and Rules made thereunder, at a remuneration of ₹ 100,000/- plus out of pocket expenses and applicable taxes.

Further, the Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Rajan Sabharwal & Co., Cost Accountants (Firm Registration No. 101961) as Cost Auditor of the Company for the financial year ending on 31st March, 2025, to conduct audit of cost records of the Company as may be required for cost audit under the Companies Act, 2013, and Rules made thereunder, at a remuneration of ₹ 100,000/- plus out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 4 & 5 in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2024 and year ending on 31st March, 2025.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

ITEM NO. 6

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, macro economics, 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 Companies Act, 2013, could be paid by way of Commission to directors who are neither managing directors nor whole-time directors. Considering the rich experience and expertise brought to the Board by the NEDs, the Board of Directors of the Company had, at its meeting held on 24th May, 2024, approved payment of Commission to NEDs subject to the approval of the Members of the Company. Such payment will be in addition to the sitting fees for attending Board/Committee Meetings. 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 ₹ 5 Lakhs

b) Commission to Mr. Ravindra Pisharody ₹ 5 Lakhs

c) Commission to Ms. Rajeswari Karthigeyan ₹ 5 Lakhs

d) Commission to Mr. Atul B Lall ₹ 4.25 Lakhs

for the 2023-24 in accordance with the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the 'Act').

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 6 in the Notice for approving commission to be paid to NEDs.

Except the directors mentioned above, none of the other Directors/Key Managerial Personnel ("KMP") of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution stated above.

ITEM NO 7

Mr. Satish Sekhri, aged 74 years, is the Non-Executive Independent Director of the Company. In accordance with Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the Directorship of any person as a Non-Executive Director who has attained the age of seventy-five years unless a special resolution is passed to that effect.

Since, Mr. Satish Sekhri will attain the age of 75 years in March 2025 (before his current term ends which is upto 3rd May, 2025) , it is required to take approval from shareholders by special resolution for continuation of office of Mr. Satish Sekhri after he turns 75 till the expiry of his term as Independent director which is upto 3rd May, 2025. Hence, the approval of the shareholders is sought for the continuation of his Directorship on the Board of the Company even after attaining the age of 75 years.

His brief profile is given below:

He holds a bachelor's degree in Engineering from Delhi College of Engineering and Masters in Business Administration from Punjab University, Chandigarh. He has more than 48 years of experience in the field of sales and marketing and the industrial sector. Currently, he is a Board member of JK Files and Engineering Limited and Rico Auto Industries Limited. He has been on our Board since 4th May, 2020.

The Nomination and Remuneration Committee and the Board of the Company is of the opinion that Mr. Satish Sekhri has been an integral part of the Board and has provided valuable insights to the Company and his continuation as Director will be in the interest of the Company notwithstanding his completion of seventy five years of age. Hence, in view of his rich experience and contributions throughout his association with the Company and on the recommendation of the Nomination and Remuneration Committee, the Board considered the continuity of his directorship as justified and recommended continued association of Mr. Satish Sekhri as the Non-executive Independent Director of the Company after attaining the age of seventy five years.

Mr. Satish Sekhri meets the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Accordingly, the Board recommends the Resolution in relation to the continuation of Mr. Satish Sekhri as the Non-executive Independent Director of the Company after attaining the age of seventy five years, for the approval of the Members of the Company, by way of Special Resolution. The disclosures prescribed under Regulation 36 of the Listing Regulations read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in Annexure-I of the Notice.

Mr. Satish Sekhri is not debarred from holding the office of the director by virtue of any order passed by the SEBI or any other such authority pursuant to BSE Circular LIST/COMP/14/2018-19 dated 20th June, 2018 and NSE circular NSE/CML/2018/24 dated 20th June, 2018. Mr. Satish Sekhri may be deemed to be concerned or interested in the resolution with respect to continuation of his Directorship.

Except Mr. Satish Sekhri, none of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at item No. 7. The relatives of Mr. Satish Sekhri may be deemed to be interested in the resolution set out at Item No. 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

ITEM NO 8

Pursuant to the resolution passed by the Shareholders dated 31st July, 2023, the Company had approved the Happy Forgings ESOP Scheme 2023. The aggregate number of options that can be granted under the ESOP scheme is 13,42,485 Equity Shares.

In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations,2021 no company shall make any fresh grant of employee stock options 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 & SE) Regulations, 2021; 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& SE) Regulations 2021, 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& SE) Regulations 2021 except for a clause for which amendment is proposed as below to make it in line with the SEBI (SBEB & SE) Regulations 2021.

The amendment to ESOP Scheme 2023 is 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 to be made to clause 14.3 (i) of Happy Forgings ESOP Scheme 2023 is:

14.3 Resignation, Retirement and Company Termination (Existing clause)

(i)If an Employee should, with the written consent of the Company, retire or resign from the employment of the Employer Company, or if an Employee accepts retirement under any scheme of Voluntary Retirement 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.

Provided that, subject to the aforesaid, the Nomination and Remuneration Committee shall have full powers to accelerate the Vesting of the Unvested Options and/or specify the period for Exercise of such Vested Options.

Amended Clause 14.3 (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 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.

Provided that, subject to the aforesaid, the Nomination and Remuneration Committee shall have full powers to accelerate the Vesting of the Unvested Options and/or specify the period for Exercise of such Vested Options

Deleting clause 16 .1 (ii)

any provision for mandatory transfer of shares in the event of resignation/retirement /termination of an employee.

In terms of Regulation 12(1) of the SEBI (SBEB& SE) Regulations 2021, the Company cannot make any fresh grant under ESOP Scheme 2023, unless ESOP Scheme 2023 is ratified by the Shareholders of the Company.

Considering that the Company came out with an IPO of its equity shares, and its equity shares got listed on the BSE Limited and the National Stock Exchange of India Limited with effect from December 27, 2023 and accordingly in terms of the Regulation 12(1) of the SEBI (SBEB & SE) Regulations 2021, the Company seeks approval from its shareholders to amend and ratify the Happy Forgings ESOP Scheme 2023 in order to enable Company to make any fresh grants under Happy Forgings ESOP Scheme 2023.

The Board of Directors ("Board") of the Company at its meeting held on 8th June, 2024 approved and recommended to the shareholders of the Company, amendment and ratification of the Happy Forgings ESOP Scheme 2023 and the grant of options to the eligible employees of the Company (including both existing and future).

Particulars as required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and disclosure required under SEBI (SBEB & SE) Regulations 2021 are as given below:

i. Brief Description of the Scheme(s):

This proposed Scheme called the Hapy Forgings ESOP Scheme 2023 is intended to reward the Eligible Employees of the Company and its subsidiary and associate company(ies) in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company. Your Company also intends to use this Scheme to retain talent in the organisation as it views options as instruments that would enable the Employees to share the value they create for the Company and align individual objectives of employees with objectives of the Company in the years to come.

The Company contemplates to enable the implementation of the Scheme by dealing in/acquiring Equity Shares directly from the Company ("Primary Shares").

ii. Total number of Options to be granted:

Options exercisable into Equity Shares of ₹ 2/- (Rupees Two Only) each totaling to not more than 13,42,485 options would be available for being granted to employees and Directors of the Company and its present and future subsidiaries and associates under the Scheme. Each option when exercised would be converted into one Equity Share of ₹ 2/- (Rupees Two Only) each fully paid up.

The Board is authorised to re-grant such lapsed / cancelled options as per the provisions of the Scheme, within overall ceiling.

SEBI Regulations require that in case of any corporate action(s) such as merger, demerger etc. or change in capital structure such as rights issues, bonus issues, sub-division / consolidation of the nominal value of shares, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are required to be issued for making such fair and reasonable adjustment, the ceiling of Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued/to be issued. Further the Board and/or Nomination and Remuneration Committee shall in such cases also have the power to make appropriate adjustments to the number of shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligation under the Options granted.

iii. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Following classes of employees are entitled to participate in the Scheme :

a) Permanent employees of the Company working in India or out of India;

b) Directors of the Company; and

c) Permanent employees and Directors of the subsidiary and associate company(ies).

Following persons are not eligible:

(i) an employee who is a Promoter or belongs to the Promoter Group;

(ii) a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and

(iii) an Independent Director within the meaning of the Companies Act, 2013.

iv. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company or the subsidiary or associate company or as the case may be. The Board may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted Options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above-mentioned conditions.

The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.

The exact proportion in which and the exact period over which the Options would vest would be determined by the Board.

v. Maximum period for vesting:

The Nomination and Remuneration Committee shall specify in the Grant Letter the period and the manner in which the Options shall vest, which may include time -based conditions or performance conditions as may be specified by them.

vi. Exercise Price or Pricing Formula:

The exercise price shall be decided by the Board of Directors and/or Nomination and Remuneration Committee on the date of Grant or from time to time as per its complete discretion but shall not be lower than the face value of the Share (presently ₹ 2/- per share).

The Company shall be entitled to recover from the employee any tax that may be levied upon or in relation to the Options, by whatever name called, whether at time of Grant, Vesting, Exercise or Sale of Options.

vii. Exercise Period and the process of Exercise:

The Exercise Period shall be a period of 5 (five) years from the date of Vesting of the Option or as such period may be determined by the nomination and remuneration committee.

The Grantee may at any time during the Exercise Period, but subject to fulfillment of all the conditions of the Grant and such administrative procedures as may be determined by the Nomination and Remuneration Committee, exercise at the discretion of the Grantee all or any of the Vested Options by submitting an application to the Nomination and Remuneration Committee to allot to the Grantee the Shares pursuant to the Vested Options, accompanied by payment of the Exercise Price in respect of such Shares and such other writing, if any, as the Board / Nomination and Remuneration Committee, may specify.

The options shall lapse if not exercised within the specific exercise period.

viii. Appraisal Process for determining the eligibility of the employees to ESOP.

The appraisal process for determining the eligibility of the employee will be specified From time to time and at such times as deemed fit by the Nomination and Remuneration Committee after this Plan comes into effect, the Nomination and Remuneration Committee shall, based on the various criteria for selection of the Employees (which criteria shall be decided from time to time by the Board or the Nomination and Remuneration Committee for assessing the contribution of Employees), decide on the Employees who are eligible for a Grant under the Plan and the terms and conditions thereof.

ix. Maximum number of Options to be issued per employee and in aggregate:

The aggregate number of Options that may be granted to any specific employee of the Company or of its subsidiary or associate company under the Scheme, in any financial year and in aggregate under the Plan shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

x. Maximum quantum of benefit to be provided per employee under a scheme(s)

There is no internal quantum defined. It will be as per the SEBI regulations.

Transferability of Employee Stock Options.

Options shall not be transferable. During the lifetime of the Employee the Options shall be exercisable only by such Employee, and in case of death or permanent incapacity of an Employee shall be exercisable by the Employee's designated legal heirs or nominees, as the case may be.

xi. Route of Scheme implementation:

The Scheme shall be implemented and administered directly by the Company.

xii. Source of Shares:

The Scheme contemplates new Issue of Shares by the Company ("Primary Shares").

xiii. The amount of loan to be provided for implementation of the Scheme(s) by the Company to the trust, its tenure, utilisation , repayment terms etc.

Not applicable as the Scheme shall be implemented and administered directly by the Company.

xiv. maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s);

Not applicable as the Scheme contemplates new Issue of Shares by the Company ("Primary Shares").

xv. Accounting Policies:

The Company has complied with the disclosure and the accounting policies as per Regulation 15 and the applicable Ind-AS.

xvi. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the Options granted.

xvii. The following statement if applicable:

In case the Company opts for expensing of share based employee benefits using the intrinsic value, 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, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the Company shall also be disclosed in the Directors' Report.

Not applicable

xviii. Period of lock in.

The Shares acquired under the Plan shall not be subject to any lock-in period Terms & Conditions for buyback, if any, of specified securities covered under these regulations.

Not applicable

As the Scheme is placed for the ratification of ESOP policy called as "Happy Forgings ESOP Scheme 2023", consent of the members is being sought pursuant to the Companies Act, 2013 and all other applicable provisions, if any, of the Act.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and/or the Options that may be offered to them under the scheme.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the Members.

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997
Date: 8th June 2024

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 is given below).

Name of the Director	ASHISH GARG	SATISH SEKHRI
DIN	01829082	00211478
Date of Birth	8th April, 1985	28th March, 1950
Age	39	74
Date of first appointment on Board	01.10.2007	04.05.2020
Qualifications	Bachelor of Science (Accounting and finance) and Master of Science (Manufacturing Systems Engineering)	Bachelor of Science (Mechanical Engineering) from University of Delhi, MBA from Punjab University, Chandigarh
Brief profile, experience and expertise	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, United Kingdom. Has more than 17 years of experience in the industrial sector. Currently manages our Company's business operations, financial performance, growth strategies and investments in different capacities and product developments.	He has more than 48 years of experience in the field of sales and marketing and the industrial sector. Currently, he is a Board member of JK Files and Engineering Limited and Rico Auto Industries Limited.
Number of meetings of the Board attended during the year	10	10
Terms and conditions of appointment or re-appointment	Reappointed as Managing Director with effect from 11th April 2023 for five years upto 10th April 2028	Appointed as Independent Non-Executive Director for 5 years with effect from 4th May 2020 upto 3rd May 2025
Details of remuneration sought to be paid and the remuneration last drawn by such person	As reported in Board's report.	As reported in Board's report
Directorships held in other Companies	1.Ayush Capital Financial Services Private Limited 2.HFL Technologies Private Limited	1.Rico Auto Industries Limited 2.JK Files and Engineering Limited
Committee Positions held in Board as on 31st March, 2024	Chairperson of Risk Management Committee Member of Audit committee Member of CSR committee Member of IPO Committee Member of Stakeholders Relationship Committee	Chairperson of Nomination and Remuneration Committee Member of Audit committee Member of CSR committee
Membership/ Chairmanship of Committees of other Boards as on 31st March, 2024	NIL	J K Files and Engineering Limited – member of Audit Committee & CSR committee Chairman of Nomination and Remuneration Committee
Listed entities from which the person has resigned in the past three years	NIL	Cessation of directorship on completion of two terms as Independent Director in Uno Minda Limited (formerly Known as Minda Industries Limited)

Name of the Director	ASHISH GARG	SATISH SEKHRI
Shareholding in Happy Forgings Limited including shareholding as a beneficial owner as on 31st March, 2024	1,29,46,200 equity shares of FV ₹2/- in individual capacity	NIL
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements	-	The NRC taking into consideration the skills and capabilities required for the Independent Director in the context of the business and sector in which the Company operates concluded and recommended to the Board that Mr. Satish Sekhri's qualifications and the rich experience of over 48 years in the areas as mentioned in the resolution at Item no. 7 of this Notice, read with the explanatory statement thereto meets the skills and capabilities required for the role of Independent Director of the Company
Relationship with other directors inter se, manager and other Key Managerial Personnel of the Company	Son of Mr. Paritosh Kumar, Chairman and Managing Director Husband of Ms. Megha Garg, Whole Time Director	No

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997
Date: 8th June, 2024
Place: Ludhiana

Registered Office:
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Ludhiana,
Sanehwal, Ludhiana,Punjab, India, 141120
CIN -L28910PB1979PLC004008

NOTES

HAPPY FORGINGS LIMITED

BXXIX-2254/1, Kanganwal Road,
P. O. Jugiana, Ludhiana, Punjab,
India - 141120

CIN : L28910PB1979PLC004008

Contact: +91-161-2510421

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