HAPPY FORGINGS LIMITED

June 30, 2026

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 2025-2026.

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 47th Annual Report of the Company for the financial year ended March 31, 2026 comprising of, inter-alia, Notice of the 47th 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 2025-26 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: 2026.06.30 15:03:00 +05'30'

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

HAPPY FORGINGS LIMITED

MIND.
METHOD.
METTLE.

HAPPY FORGINGS LIMITED | ANNUAL REPORT 2025-26

Mind.

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6 - 29

Method.

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30 - 47

Mettle.

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Investor Information

Market Capitalisation (as of 30th March, 2026)	₹ 10,908 Cr.
Price on NSE (30th March, 2026)	₹ 1,156.1
Number of Shares Outstanding (NOSH)	943.50 Lakh shares as of 31st March, 2026
CIN	L28910PB1979PLC004008
BSE Code	544057
NSE Symbol	HAPPYFORGE
Bloomberg Code	HAPPYFOR:IN
Dividend Declared	₹ 4.00 per Share
AGM Date	27th July, 2026
AGM Mode	Virtual

Across the Pages

Corporate Overview

Statutory Reports

Financial Statements

Notice

Scan this QR Code to access our website

Or visit
https://happyforgingsltd.com/

Disclaimer

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

A Year of **Driving Quality Growth**

Financial Performance

₹ 1,546 Cr.
Revenue from Operations
↑ 9.8% YoY

59.1%
Gross Margin
↑ 114 bps YoY

94%
Cash Flow Conversion
(CFO as a % of EBITDA)

₹ 471 Cr.
EBITDA
↑ 15.7% YoY

30.4%
EBITDA Margin
↑ 157 bps YoY

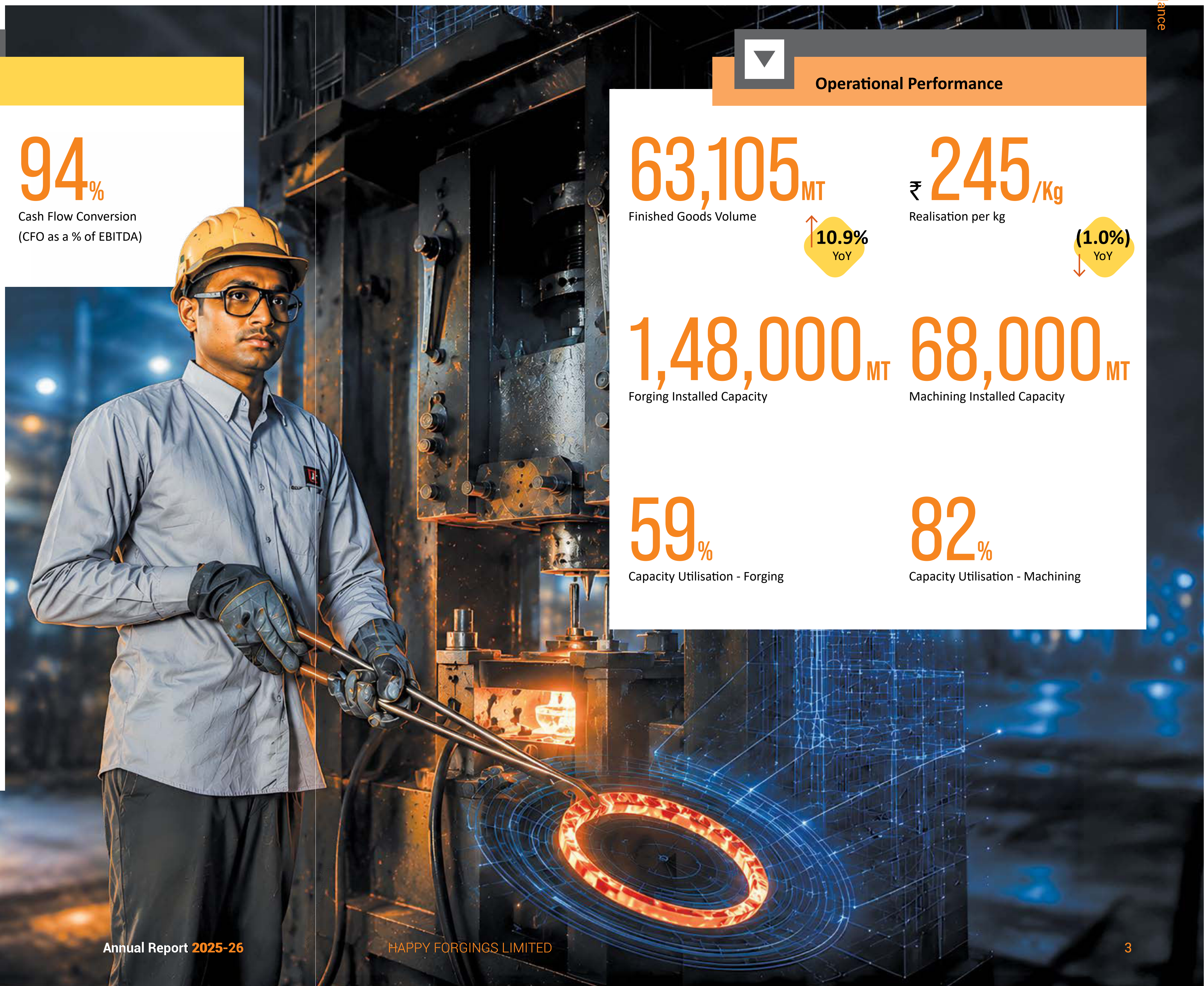
₹ 302 Cr.
Profit After Tax (PAT)
↑ 12.8%* YoY

19.5%
PAT Margin
↑ 52* bps YoY

18.2%
ROCE

15.2%
ROE

*14.8% YoY PAT growth and 86bps PAT margin improvement on adjusted basis



Operational Performance

63,105 MT
Finished Goods Volume
↑ 10.9% YoY

₹ 245 /Kg
Realisation per kg
↓ (1.0%) YoY

1,48,000 MT
Forging Installed Capacity

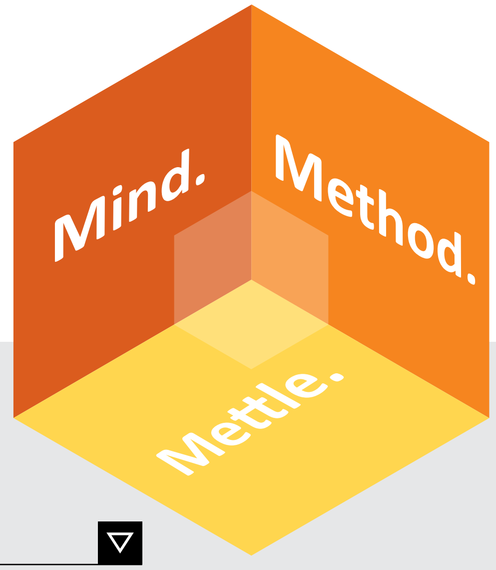
68,000 MT
Machining Installed Capacity

59%
Capacity Utilisation - Forging

82%
Capacity Utilisation - Machining

Mind. Method. Mettle.

In a cyclical and capital-intensive industry, enduring success is shaped by the clarity of thought we bring to our choices, the discipline with which we execute, and the strength of character with which we navigate evolving industry dynamics. This year's theme, *Mind. Method. Mettle.*, captures how we shape decisions, build capabilities, and sustain performance across cycles.



Mind

Mind defines what we choose to pursue.

Over 45 years of experience has instilled in us a disciplined and patient approach to growth. Each opportunity, whether a new segment, customer programme, or capital commitment, is assessed against long-term value creation, strategic coherence, execution capability, and financial strength.

This means being deliberate.

WE...

- prioritise quality of growth over scale for its own sake
- build capabilities where differentiation can be sustained
- diversify steadily across segments and geographies, guided by conviction rather than momentum

Mind reflects institutional judgement shaped and proven across cycles.

Method

Method determines how we translate intent into disciplined execution.

We translate strategic intent into capability through disciplined planning and timely execution, investing in modern and efficient infrastructure designed for flexibility and scale. Drawing on experience and engineering expertise, we develop bespoke manufacturing solutions that enhance adaptability across programmes and cycles. While capacity may be created ahead of demand, we ensure that processes, systems, and talent are prepared to scale predictably.

Our integrated forging and machining platform, strengthened by automation and robust quality architecture, enables controlled and repeatable outcomes.

Capital is deployed in calibrated phases with close oversight of execution. Post commissioning, we focus on asset productivity and portfolio quality, adding the right business to strengthen margins, returns, and cash conversion.

Method reflects disciplined execution shaped by experience and expertise, delivering robust and value-accretive outcomes.

Mettle

Mettle reflects how we have endured cycles, adapted to change, and strengthened the institution over time.

Cycles, global uncertainty, and commodity movements are structural realities of our industry that continually test resilience. Through foresight, innovation, engineering capability, and disciplined financial and operational management, we aim not only to navigate such phases but to emerge stronger. In these phases, we sustain a robust balance sheet, exercising prudence with leverage, protecting business quality and return metrics, and continuing to invest responsibly for long-term growth.

WE...

- ...aim to preserve margins.
- ...focus on capital efficiency.
- ...maintain a balance sheet that supports growth.

Mettle reflects institutional resilience shaped by experience and guided by stewardship across cycles.

How We Think, Choose, and Allocate for Enduring Growth

We pursue growth with patience, clarity and conviction shaped by experience.

Capital is allocated with discipline to build capabilities that create sustainable differentiation.

INSIDE STORY

A Legacy of Engineering Excellence

Happy Forgings Limited ('Happy Forgings', 'Our Company', or 'We') is among India's leading manufacturers of complex, safety-critical, heavy forged and precision-machined components. We are the third largest engineering-led manufacturer of such components in India by forging capacity.

We have consciously built vertically integrated capabilities spanning engineering, process design, testing, forging and machining within a unified system. This integration strengthens our ability to control quality, cost competitiveness, and performance, reinforcing our positioning in safety-critical applications.

We serve domestic and global OEMs across the commercial vehicle segment, alongside farm equipment and off-highway vehicles, while participating selectively in industrial sectors such as power generation, wind energy, oil & gas and railways. Our portfolio centres on complex, high-precision, value-added components designed for high-performance and reliability.

3rd
Largest Engineering-Led Manufacturer of Complex, Safety-Critical, Heavy Forged and High-Precision Machined Components in India

1,48,000 MT
Forging Capacity

68,000 MT
Machining Capacity

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

AA/STABLE CRISIL and ICRA Credit Ratings

3
Manufacturing Facilities

What we have built reflects deliberate choices. Scale was never an end in itself. The Company prioritises value-accretive segments with strong margin resilience over volume-led opportunities. Each strategic move follows disciplined capital allocation. Opportunities are evaluated against return thresholds, competitive positioning, engineering depth, and long-term relevance before capital is committed.

In a capital-intensive industry, infrastructure decisions influence performance for decades. We therefore invest in modern, flexible, and efficient manufacturing infrastructure built for precision and adaptability. Diversification follows the same discipline. It is calibrated to capability and conviction rather than pursued for breadth alone. By building ahead of demand and investing thoughtfully, we allow scale to emerge from considered decisions rather than short-term cycles.

Our Ethos

OUR VISION

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

OUR VALUES

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

WHAT SETS US APART

1 A model designed for resilience

A consciously diversified and flexible business structure enables us to respond to shifts in demand while participating selectively across automotive and industrial segments.

2 Capability-led expansion

Continuous investments in forging and precision machining infrastructure are calibrated to deepen technological expertise, expand our solution repertoire, and enhance value addition while preserving capital efficiency.

3 Integrated engineering strength

Strategically developed end-to-end capabilities across product design, process development, metallurgical testing, forging, heat treatment, and machining strengthen our ability to serve evolving customer requirements.

4 Relationships anchored in trust

Long-standing partnerships with 60+ global and domestic OEMs across sectors support a balanced and durable customer portfolio.

5 Disciplined financial philosophy

A consistent focus on sustainable margins, healthy cash generation, and prudent capital deployment reflects an approach centred on long-term value creation.

6 Leadership shaped by experience

A seasoned management team and an experienced Board providing strategic direction, operational perspective, and continuity of purpose.

7 Positioned in complex, heavy components

Specialised capabilities in manufacturing high-precision and heavy forged components up to 250 kg reinforce our positioning in various automotive and non-automotive end-use segments.

Milestones

A Journey of **Deliberate Capability Building and Expansion**

For over four decades, we have evolved through deliberate decisions taken across cycles. Our growth, from adding capacity to entering new segments and eventually listing publicly, reflects measured judgement and disciplined capital allocation. It reflects confidence built steadily, not assumed. This is not simply a timeline of milestones, but a series of choices that have shaped a resilient, capability-led engineering company.

Years of Evolution and Continuity

Year	○ Strategic Decision	△ What Changed	□ Why It Mattered
1979	Established with a single unit, manufacturing bicycle pedals	Entered forging as a small-scale manufacturer	Built foundational process knowledge in a hands-on, capital-light phase
1996	Investment in 5-ton Polish Hammer	Entry into manufacturing of critical tractor components	Transitioning into a reliable domestic supplier of critical components
2005	Installed heavy-duty hammers	Entered oil engine and motor parts	Shifted from basic forgings to higher-load components
2006	Commenced operations at Kanganwal Facility II	Capacity expansion	Established early confidence in scaling infrastructure
2008	Commissioned the first 8,000-tonne forging press	Entered high-tonnage capability	Marked entry into heavy, complex component manufacturing
2010-15	Expanded machining capacity; entered CV and off-highway	Forward integration into machining	Transitioned from being a forging-led to value-added engineering player
2017	Commissioned the second 8,000-tonne press	Strengthened high-tonnage portfolio	Scaled with conviction ahead of demand
2018	Secured funding of ₹ 200 Cr. from Motilal Oswal Alternates	Institutional capital partnership	Enabled disciplined acceleration without overleveraging
2021	Commenced Dugri facility; installed third 8,000-ton press	Multi-facility footprint	Diversified operational base and improved resilience
2022	Installed 14,000-ton forging press; added dedicated crankshaft lines	Entered ultra-heavy forging	Established leadership in complex crankshafts
2023	Completed IPO	Public market listing	Achieved public listing through deliberate, long-term preparation
2024	Commenced supply of crankshafts for SUVs	Entry into Passenger Vehicle segment	Calibrated diversification beyond CV
2025	Expanded forging capacity with a 6,300-ton press Announced ₹ 650 Cr. investment to enter heavy forgings (>300 kg) including one of the world's largest capacity hammers	Enhanced machining-led growth through higher-value components and manufacturing capabilities	Entered a high-barrier, value-added supply segment, supporting sustainable growth
2026	Commissioned 10,000-ton press; added 11,000 MT machining capacity	Prepared for next demand cycle	Invested ahead of visibility in industrial and PV segments
2026	Signed long-term lease for approx. 80-acre land for setting up a captive solar plant	Energy transition initiative	Focused on structural cost efficiency and ESG alignment

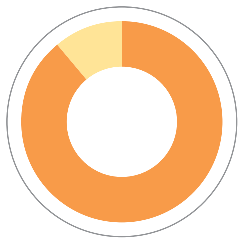
○ Strategic Decision △ What Changed □ Why It Mattered

A Portfolio Designed for **Structural Advantage**

We operate where complexity, precision, and capital intensity create durable competitive advantage. Our strategic focus remains on high value-added components rather than commoditised volumes, focusing on products critical to performance and safety across automotive and industrial applications.

Our portfolio reflects deliberate selectivity. We participate where our engineering depth, forging scale, and precision machining capabilities allow meaningful differentiation. Many of the components we manufacture operate under high load, tight tolerances, and long validation cycles, conditions that limit competition and strengthen our positioning within OEM supply chains.

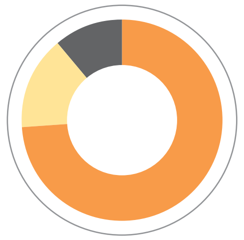
Revenue Mix by Product (%)



Machined Components	89%
Forged Components	11%

The growing share of machining-led revenues reflects our transition towards higher value addition. By integrating forging and machining, we improve realisations, strengthen margins, and deepen OEM partnerships.

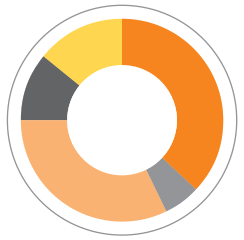
Revenue Mix by Geography (%)



Domestic	74%
Exports	15%
Deemed and Indirect Exports	11%

A strong domestic base provides scale and stability, while exports expand our participation in global OEM programmes. This calibrated geographic mix balances growth with resilience.

Revenue Mix by Industry (%)



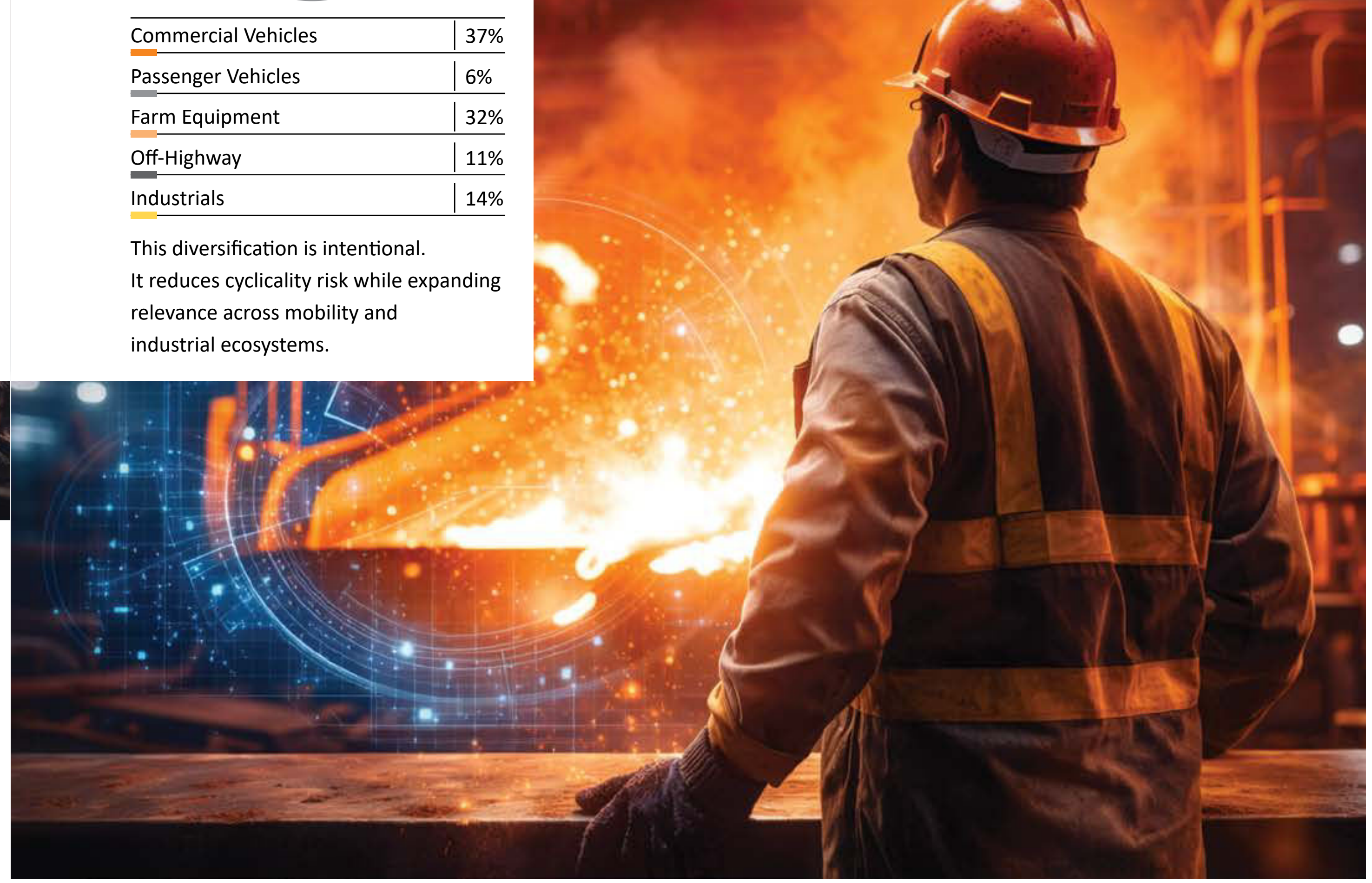
Commercial Vehicles	37%
Passenger Vehicles	6%
Farm Equipment	32%
Off-Highway	11%
Industrials	14%

This diversification is intentional.
It reduces cyclicality risk while expanding relevance across mobility and industrial ecosystems.

Industries Served

We serve leading OEMs across diversified end markets:

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



Product Portfolio

Commercial Vehicles


Axle Components


Suspension Products


Crankshaft


Differential Case

Heavy-duty transport applications requiring high load-bearing strength and durability

Farm Equipment


Crankshaft


Crown Wheel


Axle Shaft


Pinion

Agricultural machinery operating under high torque and rugged field conditions

Passenger Vehicles


Crankshaft


Brake Flange


E Axle Components

Precision components aligned with efficiency and performance requirements

Windmill Applications


Housing


Output Shaft


Planetary Carriers

Gearbox systems in wind turbines requiring fatigue resistance and precision

Railways


Piston Pin


Connecting Rod

Rail transport systems requiring endurance and operational reliability

Off-Highway Vehicles


Crankshaft


Bucket Link

Construction and earthmoving equipment exposed to extreme stress environments

Power Generation


Crankshafts

Industrial engines and generator applications requiring sustained reliability

Oil & Gas


Valve Bodies

High-pressure, high-temperature operational environments

Application Context

HAPPY FORGINGS LIMITED

Infrastructure Designed for **Enduring Capability**

In a capital-intensive engineering business, infrastructure decisions shape competitiveness for decades. At Happy Forgings, capacity is not expanded merely to pursue scale, but to build differentiated capability aligned with long-term opportunity.

Our manufacturing ecosystem has been developed through deliberate investments in forging and precision machining assets that enhance flexibility, product complexity, and value addition. This calibrated approach allows us to participate in demanding customer programmes while maintaining discipline in capital deployment.

Capacity Expansion With a Purpose

Capacity expansion follows strategic visibility rather than short-term utilisation considerations. By investing ahead of demand in select phases, we prepare the organisation to respond to emerging platform opportunities while preserving long-term competitiveness.

Capacity Deployment Trend - Forging

1,48,000

Year	Utilisation (%)	Installed Capacity (Tonnes)
2025-26	59%	1,48,000
2024-25	57%	1,27,000
2023-24	58%	1,20,000
2022-23	63%	1,07,000
2021-22	67%	81,000
2020-21	60%	67,000

Installed Capacity (Tonnes) Utilisation (%)

Capacity Deployment Trend - Machining

68,000

Year	Utilisation (%)	Installed Capacity (Tonnes)
2025-26	82%	68,000
2024-25	83%	57,000
2023-24	87%	51,000
2022-23	79%	46,100
2021-22	78%	35,500
2020-21	71%	29,500

Installed Capacity (Tonnes) Utilisation (%)

Expansion Funded by Strong Cash Accruals

When capital allocation is anchored in return thresholds, strong cash flows and a strong balance sheet are natural outcomes. Our solid foundation has enabled steady investments that are paced to enhance technological depth and generate sustained long-term growth while maintaining financial prudence.

Capital Allocation Discipline (Cumulative for the period 2020-21 to 2025-26)

₹ 1,277 Cr.
Operating Cash Flow

₹ 1,393 Cr.
Capex

~92%
Internal Accrual Coverage

Cash Generation and Reinvestment Trend

Operating Cash Flow (₹ in Cr.)

445

2025-26	445
2024-25	292
2023-24	189
2022-23	209
2021-22	92
2020-21	50

Capex (₹ in Cr.)

461

2025-26	461
2024-25	281
2023-24	194
2022-23	175
2021-22	191
2020-21	92

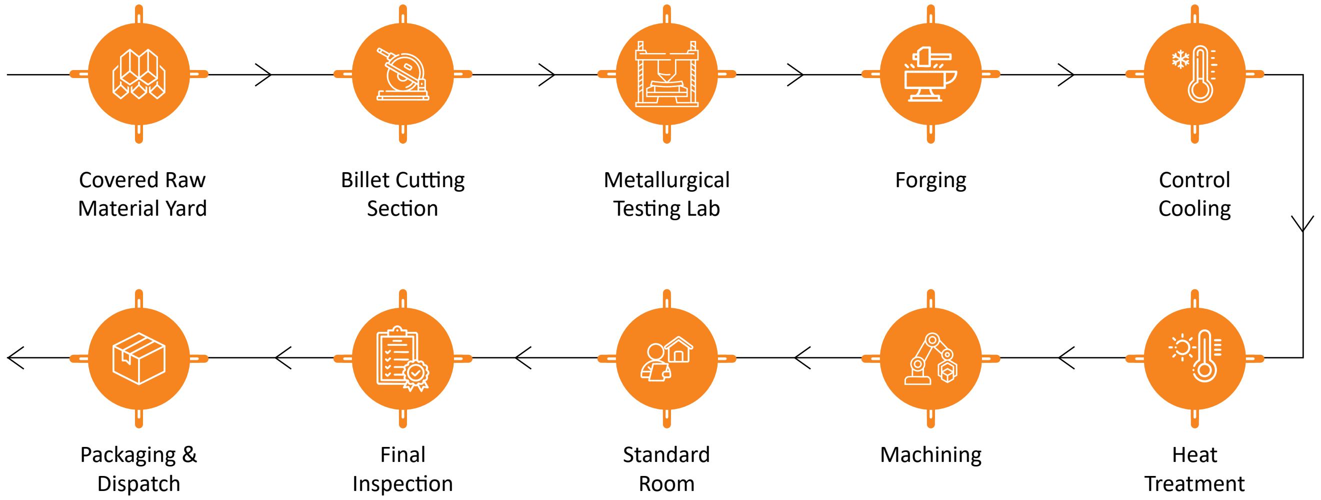
Integrated by Design

Our manufacturing footprint has evolved through deliberate decisions to balance scale, flexibility, costs, and proximity to customers. Today, our operations span three manufacturing facilities in Ludhiana, Punjab, two in Kanganwal and one in Dugri, together forming a cohesive production ecosystem for complex and heavy engineered components.

Our continued presence in Punjab reflects a conscious strategic choice. The region combines deep industrial talent pools, a mature engineering supplier ecosystem, and relatively competitive energy economics. These structural advantages support the efficient operation of capital-intensive infrastructure while maintaining proximity to key domestic markets and export logistics corridors.

Core processes, including die design, metallurgical testing, heat treatment, and machining, are executed in-house. This ensures end-to-end control over quality, cost, and delivery timelines. Proximity to the Inland Container Depot and direct connectivity to the Dedicated Freight Corridor linking Ludhiana with Mumbai and Dankuni improve logistical efficiency. This strengthens uptime, asset utilisation, and responsiveness to customer programmes.

From Raw Material to Precision



A closed-loop production flow that strengthens traceability, repeatability, and dimensional consistency.

Manufacturing Facilities

KANGANWAL I (Established in 1995)

1,84,765 sq. ft.

Area

KANGANWAL II (Established in 2006)

4,39,128 sq. ft.

Area

DUGRI (Established in 2021)

17,71,208 sq. ft.

Area

Continuous Refinement

We pursue incremental process improvements. Automation, electrification, energy optimisation, waste reduction and digital tracking steadily enhance throughput and consistency. During 2025-26, a series of targeted interventions delivered estimated energy savings of over 3.3-3.5 Lakh units per month, improving efficiency, reducing waste, and enhancing process consistency.

Key initiatives undertaken during the year include:

- **Automation-led shutdown systems** on forging presses to eliminate idle power consumption
- **Process optimisation in IBH operations**, including module rationalisation and improved operator protocols
- **Elimination of non-essential cooling processes** for select components, reducing energy intensity
- **Motor right-sizing and equipment upgrades** to align load requirements with actual consumption
- **VFD-based control systems** to optimise pump and compressor performance
- **Centralised compressed air management systems** to improve network efficiency and reduce redundancy
- **Induction system modifications** to reduce load and improve utilisation

These initiatives reflect a disciplined approach to continuous improvement, combining low-cost operational changes with targeted investments to enhance energy efficiency and throughput.

Securing the Supply Chain

Steel remains our most critical input, shaping product performance, cost discipline and delivery reliability. Accordingly, sourcing is approached as a strategic capability rather than a transactional function.

We maintain long-standing relationships with select steel producers built on commercial transparency and mutual reliability. In specific situations, the Company adopts a conscious practice of extending advance payments to suppliers. This deployment of financial strength enhances supply assurance, improves pricing credibility, and reinforces stability across the manufacturing ecosystem.

We procure steel through structured purchase orders rather than inflexible long-term contracts. This approach preserves pricing agility while enabling swift responses to market shifts without disrupting supply continuity. Every supplier undergoes a rigorous qualification process supported by stringent inbound inspection protocols.

Each batch is subjected to comprehensive metallurgical testing before entering production. Materials must meet precise mechanical and chemical specifications without exception. Any deviation is rejected, with corrective actions tracked through formal supplier performance reviews. This discipline safeguards product integrity from the earliest stage of manufacturing.

Our raw material ecosystem is further strengthened by:

- **Long-standing partnerships** with reputed steel manufacturers, ensuring supply stability and consistent metallurgical standards
- **A fully integrated covered raw material yard,** safeguarding inventory from environmental exposure
- **In-house metallurgical laboratories,** enabling real-time validation and faster decision-making to prevent production disruptions

This structured and responsive approach enables us to maintain input consistency, optimise working capital, and reinforce reliability across our production chain.

During the year, we also initiated a structured assessment of our raw material suppliers from an ESG perspective, reinforcing our commitment to responsible sourcing. We commenced ESG evaluations for five major steel suppliers during the financial year. The assessment covered regulatory compliance, environmental practices, occupational health and safety, labour standards, and the presence of relevant policies and certifications. This exercise enabled deeper engagement with our suppliers while identifying areas for improvement across the ecosystem.

Building on this foundation, we plan to extend ESG assessments across all raw material suppliers in 2026-27, in line with our broader sustainability roadmap, to drive consistent standards and strengthen accountability across our supply chain.

Quality without Compromise

We embed quality across design, forging, machining and inspection, reinforced by rigorous audits, OEM validations and international certifications, achieving tolerances as precise as 0.005 mm.

Our commitment to consistent quality execution is reflected in the recognition we receive from leading customers across industries.

Select recognitions during the period include:

- Special Appreciation Award at the **Mahindra Supplier Excellence Awards (March 2025)**
- Best Quality Performance Award 2025 by **Dana Incorporated**
- Quality Performance Award (2023-24) for incoming parts quality from **Ashok Leyland**
- Supplier Excellence Award for Quality Performance from **American Axle & Manufacturing (2024)**
- Gold Award for Superlative Performance in Agility at the **Ashok Leyland Supplier Summit (2024)**
- Next Level Quality Award from **Generac (2024)**
- Best Supplier Award at **Global Supplier Meet from TAFE (2024)**
- Best Quality Award from **Escorts Kubota Limited (2024)**

Preparing for Opportunities beyond **the Horizon**

"The year was not defined by performance alone. It was equally defined by the mindset, methods and resilience with which we continued to build for the future."

Paritosh Kumar
Chairman and Managing Director

Dear Shareholders,

Manufacturing is, at its core, a business of foresight.

The products we deliver today are often conceptualised years before they enter production. The facilities we commission are built for markets that are still taking shape. The technologies we invest in are intended to serve customer needs that may only become visible over time.

This perspective has guided the evolution of Happy Forgings for more than four and a half decades. Several of the capabilities that define us today were created with a long-term view. We moved into precision machining before it became a decisive differentiator. We expanded forging capacity before demand had fully caught up. We invested in engineering depth before customers began seeking greater complexity, tighter tolerances and higher value addition.

These choices required conviction. They often meant committing capital, bandwidth and management attention before the opportunity was fully evident. Yet, with time, they have consistently validated a belief that remains central to our way of thinking: lasting growth is built through conviction, discipline and the willingness to act before opportunities become obvious.

As we reflect on 2025-26, this belief stands reinforced.

The year was not defined by performance alone. It was equally defined by the mindset, methods and resilience with which we continued to build for the future. These qualities, namely thoughtful decision-making, disciplined execution and the resolve to keep progressing through changing cycles, are captured in this year's theme, **Mind. Method. Mettle**.

For us, these are not simply words that describe an organisation. They represent the foundations on which enduring institutions are built.

The World Is Entering a New Industrial Chapter

The global manufacturing landscape is undergoing one of its most significant transformations in decades. Supply chains are being reconfigured. Nations are reinforcing domestic manufacturing ecosystems. Companies are seeking greater resilience, flexibility and diversification across their sourcing networks. At the same time, technological advancement, energy transition, digital infrastructure investments and evolving mobility solutions are creating new centres of industrial demand.

While uncertainty continues to influence global markets, these shifts are also opening long-term opportunities for capable manufacturing organisations with the depth, discipline and readiness to respond.

India is increasingly central to this transition.

Sustained infrastructure investment, manufacturing-focused policy support, rising domestic demand and growing global confidence in India's engineering capabilities are steadily strengthening the country's role in global value chains.

For companies with technical expertise, manufacturing depth and the willingness to invest ahead of visible demand, this environment presents a compelling opportunity.

At Happy Forgings, we view these developments not as passing trends but as structural shifts that will influence the future of industrial manufacturing. Our focus is to remain prepared for this future, with the capabilities, capacity and conviction required to participate meaningfully in the opportunities ahead.

"One of the most important lessons we have learned over the years is that capability creation cannot begin after an opportunity becomes visible. By then, the window to lead is often already narrowing."

Preparing for What Comes Next

One of the most important lessons we have learned over the years is that capability creation cannot begin after an opportunity becomes visible.

By then, the window to lead is often already narrowing.

Capabilities must be built well in advance, through sustained investments in technology, infrastructure, engineering talent, systems and processes. This belief continued to guide our decisions during 2025-26.

During the year, we commissioned our 10,000-tonne forging press and continued to advance one of the most significant investment programmes in our history. These investments are strengthening our ability to manufacture larger, more complex and highly engineered components for critical industrial applications.

Importantly, this programme is not designed merely to add volume. It is intended to raise the scale, complexity and precision of what we can deliver. The opportunities emerging across power generation, energy infrastructure, industrial machinery, data centre ecosystems and specialised engineering applications require a higher order of manufacturing excellence. They demand larger forgings, tighter tolerances, deeper metallurgical expertise and greater precision across every stage of the manufacturing process.

We believe these requirements align closely with the next stage of Happy Forgings' evolution. Through these investments, we are positioning the Company to address higher-value applications, deepen customer relevance and strengthen its role in the next phase of industrial manufacturing.

From Scale to Sophistication

The evolution of our business over the past several years has been deliberate and carefully sequenced. While scale remains important, value creation is increasingly being shaped by complexity, precision and engineering content. Our transition towards higher value-added manufacturing continues to gain momentum.

Today, forged and machined products contribute nearly 89% of our revenue, compared with 73% in 2020-21. Our forging capacity now stands at 1,48,000 MT and machining capacity has expanded to 68,000 MT, strengthening our ability to deliver more complex, precision-led and fully machined solutions to customers.

This progression represents more than a shift in product mix. It marks an evolution in our positioning.

Customers are increasingly seeking manufacturing partners who can deliver precision, consistency, reliability and technical collaboration at scale. Over the years, our investments have been directed towards building these capabilities and enhancing our strategic relevance within customer value chains.

As industries become more demanding and applications become more specialised, we believe this positioning will continue to open opportunities for sustainable, higher-quality growth.

Performance Backed by Discipline

The true measure of growth lies not only in the scale a company achieves, but in the discipline with which that scale is built.

At Happy Forgings, we remain committed to pursuing growth with financial prudence, operational efficiency and responsible capital allocation. This approach has enabled us to expand with confidence while preserving the resilience of our business.

During 2025-26, the Company achieved revenue of ₹ 1,546 Cr., EBITDA of ₹ 471 Cr. and profit after tax of ₹ 302 Cr., marking the strongest financial performance in our history.

Equally important was the quality of this performance.

Our business continued to generate healthy cash flows, maintain a strong balance sheet and support ongoing investments through internal accruals. These outcomes reinforce the strength of our operating model and provide the flexibility required to pursue future opportunities with conviction.

Over the years, we have consistently believed that sustainable growth must strengthen financial resilience, not compromise it. That principle remains unchanged.

> "The true measure of growth lies not only in the scale a company achieves, but in the discipline with which that scale is built."

Responsibility that Extends beyond Business

Long-term success requires growth to be balanced with responsibility.

As manufacturers, we recognise that our obligations extend beyond production and performance. They include responsibility towards the environment, our people, the communities around us and the generations that will follow.

During the year, we continued to advance initiatives focused on energy efficiency, resource optimisation, workplace safety, employee development and community engagement. Our renewable energy initiatives, including the development of captive solar infrastructure, represent an important step towards strengthening sustainability across our operations and improving long-term competitiveness.

For us, sustainability is not a separate agenda. It is integral to the way we build a resilient, responsible and future-ready enterprise.

Looking Ahead with Confidence

The opportunities before us are substantial.

The industrial sectors we serve are entering a period of meaningful transition. Manufacturing localisation is accelerating. Global supply chains are diversifying. Infrastructure investments are expanding. New applications across energy, mobility, industrial automation and digital infrastructure are creating fresh demand for advanced engineering solutions.

We enter this next phase with a clear sense of purpose.

Not because conditions will always be favourable. Not because challenges will recede. But because we have spent years strengthening the technical depth, operating resilience and financial discipline required to navigate uncertainty and participate meaningfully in emerging demand.

As we move forward, we remain guided by the principles that have shaped our journey from the beginning: thoughtful decisions, disciplined execution and the determination to keep building for what lies ahead.

Progress of this nature is rarely accidental. It is shaped by choices made early, investments sustained patiently and execution carried through with discipline.

That is the approach that has brought us this far.

And it is the approach that will guide Happy Forgings into its next chapter

Warm Regards,

Paritosh Kumar
Chairman and Managing Director

Leading with Conviction

> However, I want to state clearly that our aspiration is not merely to become larger. It is to build an organisation that combines engineering excellence with financial prudence, compounds value steadily across cycles and earns enduring trust.

Ashish Garg
Managing Director

Dear Shareholders,

Happy Forgings operates in a business where there is no margin for error. We manufacture forged and precision machined safety-critical steel components that operate in extreme environments, under high loads, and within micron-level tolerances. These components must perform flawlessly for years. Failure is not an option.

Over time, I have reflected that we resemble the components we produce. We are strong, resilient, reliable, and shaped by discipline. We have been forged by industry cycles, strengthened by challenges, and refined by the expectations of customers and stakeholders.

Built through Cycles, Shaped by Discipline

We have operated in this industry for over 45 years. Our journey began in 1979 with forged bicycle pedals in Ludhiana, alongside many similar units. What differentiated us was not scale, but intent. We stayed deeply involved in operations, understood materials and processes at a granular level, and built capabilities steadily. This industry is cyclical and capital-intensive. Over time, the Company has developed a sharp operational discipline, driving efficient capital deployment, strong asset productivity, and resilient returns.

Even today, we remain selective about segments, customers, and programmes. Growth has never meant chasing volumes. It has meant building durable profitability and long-term relevance.

Strategic Boldness with Conviction

Over the years, we have taken bold but calculated decisions that reshaped our trajectory. The installation of successive 8,000 tonne presses, followed by the 14,000-tonne press, our entry into crankshafts, and expansion into non-automotive and industrial segments were strategic pivots. They demanded conviction, capital, and execution excellence. These investments transformed us from a regional forging unit into one of India's leading engineering-led manufacturers of complex, heavy, precision machined components.

Performance Anchored in Quality

2025-26 has been another year of resilient performance and disciplined progress. We delivered revenue from operations of ₹ 1,546 Cr., EBITDA of ₹ 471 Cr., and profit after tax of ₹ 302 Cr. EBITDA margin stood at 30.4%, while PAT margin was 19.5%. These figures reflect not only scale, but the quality and resilience of earnings embedded in our model.

Viewed over a decade, our consistency becomes clearer. Between 2014-15 and 2024-25, revenue grew at approximately 15% CAGR, EBITDA at 20% CAGR, and PAT at over 33% CAGR. These outcomes are not the result of one strong year, but of disciplined compounding across cycles.

Equally important is how we have grown. Our return on capital employed in productive assets has remained above 20% over the medium term. Over the 2020-21 and 2025-26 period our cumulative EBITDA-to-operating cash flow conversion has been around 64%, reflecting the inherent strength of our operations. Since 2020-21, we have generated cumulative EBITDA of ₹ 1,995 Cr. and operating cash flows of ₹ 1,277 Cr., while investing ₹ 1,393 Cr. in capex.

Capital Strength as a Strategic Advantage

Despite this investment scale, our balance sheet remains resilient. We carry no long-term debt, and our debt-to-equity ratio remains low at 0.15x. Importantly, our liquidity buffer of around ₹ 431 Cr. currently exceeds the primary capital raised through the IPO, reflecting the strength of our internal accrual generation even as we continue to undertake significant capex. Over the next 12 to 18 months, our gross block is expected to increase to approximately ₹ 2,200-2,300 Cr. Even at that level, I do not foresee the need for external equity or structural leverage. I firmly believe capital entrusted to us must be deployed with discipline and accountability.

> we have visibility of incremental peak annual business of approximately ₹950 Cr., expected to scale over the next two to three years.

Expanding Capabilities, Preparing for Scale

During the year, we strengthened our execution engine. Our machining capacity increased to 68,000 MT, and we commissioned a 10,000-tonne forging press, with an additional 4,000-tonne press planned in H1 2026-27. Our heavy component capex remains on track, positioning us to enter the 250-3,000 kg forging segment, which will be among the largest facilities of its kind in Asia. We also signed a long-term lease for 80 acres to develop a captive solar power plant, reinforcing our ESG commitments while enhancing long-term cost efficiency.

Looking ahead, we have visibility of incremental peak annual business of approximately ₹ 950 Cr., expected to scale over the next two to three years. A meaningful share of this incremental business is linked to industrials, passenger vehicles, commercial vehicles and export markets. As these segments expand, they will further diversify our revenue mix and support sustained margin strength.

Built to Endure

However, I want to state clearly that our aspiration is not merely to become larger. It is to build an organisation that combines engineering excellence with financial prudence, compounds value steadily across cycles and earns enduring trust. We intend to grow judiciously and diversify selectively. We will continue to allocate capital with discipline, ensuring every investment strengthens our competitive positioning and long-term resilience.

As we move forward as a listed company, our sense of responsibility has deepened further. The trust placed in us by our shareholders, customers, employees, lenders, and partners is something I value deeply.

Gratitude and Commitment

Before I conclude, I would like to thank everyone who has walked this journey with us. To our customers, thank you for the trust you place in our capabilities. To our employees, thank you for your dedication, skill, and pride in the work you do each day. To our suppliers and partners, thank you for standing alongside us and growing with us. And to our shareholders, thank you for your continued confidence and belief in our long-term vision.

Your trust is not something we take lightly. It strengthens our resolve to build a company that performs with discipline and endures with purpose.

Warm Regards,

Ashish Garg
Managing Director

How We Build Capability with Precision, Discipline, and Accountability

We translate strategic intent into infrastructure through structured planning and disciplined execution. Our systems, processes, and capital deployment enable predictable performance and repeatable outcomes.

INSIDE STORY

Capital Allocation Philosophy
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Materiality Assessment
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Our Capex Plan
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Risk Management
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Business Model
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Strategic Priorities
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Stakeholder Engagement
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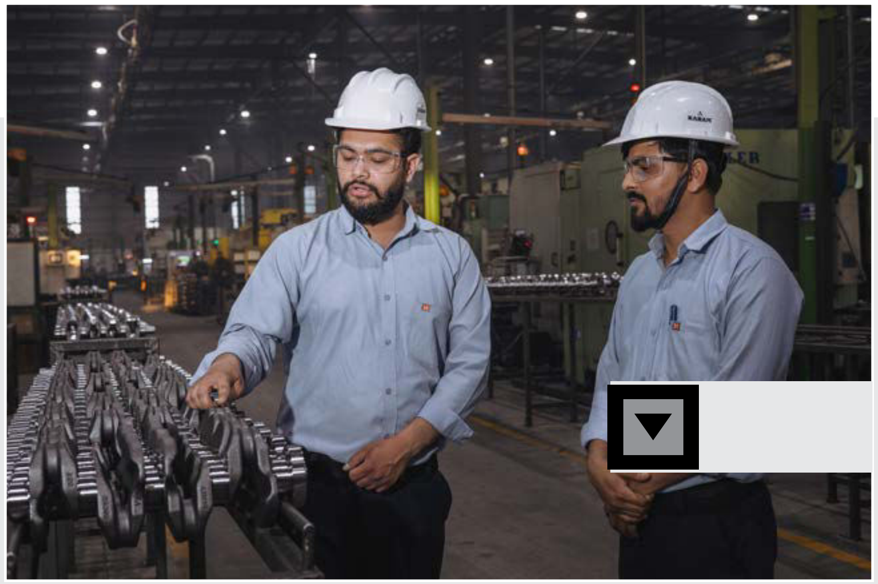
Method



A Framework for **Disciplined Capital Deployment**

At Happy Forgings, capital allocation is governed by structured evaluation frameworks, phased execution discipline, and continuous performance monitoring. Investments are undertaken to strengthen manufacturing capability, enhance product complexity, and improve value addition while maintaining balance sheet prudence.

Structured Evaluation of Opportunities

Every major investment is assessed through defined parameters including strategic fit with core engineering capabilities, expected return profile, utilisation ramp-up timelines, and potential impact on financial flexibility. This multi-lens evaluation enables informed decision-making and reduces execution risk. It also shapes our deliberate focus on high-value, safety-critical, and heavy components, where precision, metallurgical expertise and machining depth create durable entry barriers and support stronger margin outcomes. Over time, this disciplined shift towards machining-led products and heavy forgings has strengthened revenue quality and return durability.

This evolution has been shaped by rigorous execution on clear strategic priorities.

Sequential Capability Expansion

A defining feature of our execution approach is the structured sequencing of capacity creation. Rather than expanding at once, capability development is phased to align infrastructure readiness with emerging programme visibility. This sequencing reduces execution risk, supports stable utilisation ramp-ups, and enables disciplined capital absorption.

Earlier commissioning of high-tonnage presses, including 8,000T and 14,000T installations, extended participation into heavier and more complex components, enabling offerings of forgings up to 250 kg. Building on this foundation, expansion into the 250-3,000 kg forging segment, supported by advanced heavy-forging equipment, represents the next step in this calibrated progression.

During 2025-26, commissioning of 10,000T press and continued progress on the approximately ₹ 650 Cr. heavy-component capex programme further deepened infrastructure capability. These investments are underpinned by visibility of incremental peak annual business of nearly ₹ 950 Cr. over the next two to three years, particularly across industrial, passenger vehicle, and export-linked applications, strengthening participation in diversified and higher-weight component platforms.

Through measured capability progression, the organisation prepares for future demand cycles while maintaining operational stability.

Return Discipline and Asset Productivity

Capital deployment decisions are monitored against defined performance indicators such as return on capital employed, margin sustainability, and asset utilisation progression. Investments are sequenced to support stable ramp-ups and to enable sustained value creation across industry cycles rather than episodic growth phases.

We allocate with discipline. We compound with intent.

Build First, Buy Selectively

We favour organic growth when it deepens manufacturing capabilities and safeguards operational control. We assess buy-versus-build decisions rigorously, evaluating technology fit, integration complexity and return thresholds before committing capital.

We scale through competence, not haste.

Financial Strength Supporting Execution

Our expansion model is primarily funded through internal accruals. Over the past five years, strong EBITDA-to-cash flow conversion and disciplined working capital management have enabled significant capacity additions without straining the balance sheet. Since 2020-21, cumulative EBITDA of approximately ₹ 1,995 Cr. and operating cash flows of ₹ 1,277 Cr. have supported over ₹ 1,393 Cr. in capex. With debt-to-equity near 0.15x and healthy liquidity, we retain financial flexibility even as our gross block expands towards the ₹ 2,200-2,300 Cr. level in next 2 years.

We believe capital entrusted to us carries responsibility, and preserving autonomy through internal funding strengthens resilience.

Discipline as a Differentiator

In cyclical industries, capital discipline distinguishes short-term expansion from enduring value creation. Our philosophy ensures every rupee invested strengthens engineering capability, enhances margin quality and sharpens long-term competitiveness. For us, capital is not merely acceleration, but commitment.

And we deploy it with conviction.

Executing the **Next Capability Programme**

We translate strategic priorities into operational capability through structured capital programmes and disciplined execution. Investments are deployed across forging, machining, and supporting engineering systems to enhance participation in technically demanding applications while maintaining execution reliability.

The ongoing ₹ 650 Cr. capex programme represents a focused step towards building advanced manufacturing capability for highly specialised and ultra-heavy components. Designed to address forgings in the 250 kg to 3,000 kg range, this initiative positions the Company within a select global supplier landscape where scale, precision, and engineering depth act as meaningful differentiators.

Programme-led Capability Development

This investment is being implemented as an integrated infrastructure programme covering both forging and precision machining capabilities. The programme is aligned with emerging opportunities across sectors such as power generation, marine and offshore equipment, mining and material handling, wind energy, oil & gas, aerospace and defence, and high-horsepower agricultural machinery. This diversified end-market exposure supports long-term demand visibility and reduces dependence on any single industry cycle.

Moving up the Value Chain

The upcoming infrastructure will enable the manufacturing of components weighing up to ~3.0 tonnes, representing a meaningful advancement in capability. This development marks a clear progression towards higher-value, complex products, supporting the Company's ambition to move up the value chain.

Phased and Disciplined Investment Approach

The total planned capital expenditure of ₹ 650 Cr. is being implemented in a phased manner

1 Phase I: Focused on forging and machining infrastructure, forming the core of the capacity expansion.

2 Phase II: Focused on machining investments, aligned with the ramp-up of forging operations to support higher utilisation.

Within the initial phase, investments are broadly directed towards

- Forging infrastructure, including equipment related to hammer-based operations and machining
- Capability development for high horsepower farm equipment and wind-related components, leveraging near-net forging technology

Leveraging Execution Strength

The Company's approach is supported by strong foundational capabilities, including:

- Over four decades of forging experience
- Established scale in crankshaft manufacturing, with capacities of ~1.5 Mn units annually
- Engagement models that include OEM participation and co-investment

These factors collectively help mitigate execution risks associated with scaling up to larger and more complex forging operations.

Enabling Future Growth

Through this structured investment programme, the Company is enhancing its ability to manufacture larger, more complex components, while building a foundation for sustained growth and value creation.

An Engine that **Drives Enduring Performance**

We have built our model on disciplined capital allocation, in-house process control, technical depth, and enduring customer partnerships. We align financial strength with manufacturing excellence, innovation capability, skilled talent, stakeholder trust, and responsible resource management. This enables us to translate strategic investments into consistent performance and sustainable value across cycles.

CAPITALS ENGAGED	KEY INPUTS	OUTPUTS	OUTCOMES	SDGs IMPACTED
Financial Capital Disciplined capital allocation ensures operational continuity and strategic expansion while preserving balance sheet strength.	₹ 2,109 Cr. Reserves ₹ 2,458 Cr. Capital Employed ₹ 19 Cr. Equity	₹ 1,546 Cr. Revenue (YoY growth of 9.8%) ₹ 471 Cr. EBITDA (YoY growth of 15.7%) ₹ 302 Cr. Profit after Tax (YoY growth of 12.8%) ₹ 31.92 EPS (Diluted) ₹ 4.00 Dividend per Share 18.2% Return on Capital Employed	- Sustainable profitability - High teens ROCE - Strong cash flow generation - Low leverage	8
Manufactured Capital Advanced forging and machining infrastructure enables production of heavy and precision components.	3 Manufacturing Facilities ₹ 1,725 Cr. Gross Block (incl. CWIP and Intangibles) ₹ 461 Cr. Capex during 2025-26	89% Share of Components that are Both Forged and Machined In-House Capacity Utilisation: Forging: 59% Machining: 82%	- Operational efficiency - Enhanced throughput - Scalable infrastructure	8, 9, 12, 13
Intellectual Capital Engineering know-how, process control, and in-house design capabilities drive differentiation.	- Proven ability to manufacture machined components with tolerances as tight as 5-10 microns - Engineering expertise that ensures efficient use of assets and resources	~50% Share of Revenues from Crankshafts where Tolerance Ranges between 5-10 Microns across Applications	- Competitive advantage - High entry barriers - Margin resilience	9, 11, 13
Human Capital Skilled workforce and leadership ensure consistent execution and safety standards.	3,512 Total Permanent Employees ~22,160 Total Training Hours	0.6 Lost Time Injury Frequency Rate (LTIFR) - High-precision forged and machined components	- High productivity - Strong safety culture - Talent retention	1, 3, 5, 8, 9, 16
Social & Relationship Capital Long-term OEM partnerships and community engagement underpin trust and continuity.	₹ 7 Cr. CSR Spend	- Positively impacted patients, children, girls, differently abled individuals, senior citizens, and the broader community in and around Ludhiana through CSR activities - Long-term customer relationships	- Customer stickiness - Reputation strength - Social license to operate	1, 2, 3, 4, 5, 8, 9, 11, 13, 16
Natural Capital Responsible resource management ensures efficiency and environmental stewardship.	6.5 MW Renewable Energy Installed 1.6 tCO_2e/MT GHG Intensity	50,982 KL Water Recycled	- Lower environmental footprint ESG alignment - Long-term sustainability	7, 9, 12, 13

A Structured Approach to **Stakeholder Engagement**

In a precision-driven, cyclical industry, sustainable value creation demands more than engineering excellence. It calls for consistent engagement with key stakeholders to support execution stability and long-term programme continuity. Clear communication and defined engagement mechanisms help align expectations, reduce uncertainty, and strengthen operational responsiveness.

We anchor our stakeholder engagement framework in structure, continuity, and measurable outcomes. It promotes active listening, responsible action, and alignment with evolving business, social, and regulatory priorities. Through transparent communication, collaborative partnerships, and disciplined governance, we strengthen confidence across our ecosystem and build enduring relationships rooted in accountability and performance.

Stakeholder	Purpose and Scope of Engagement	Engagement Motto	Modes of Engagement	Frequency
Our People	To build a safe, inclusive, and performance-driven workplace that supports skill development, operational excellence, leadership depth, and long-term career progression. Focus areas include workplace safety, diversity and inclusion, transparent communication, learning and development, and robust grievance mechanisms.	**Empowering People. Enabling Performance.**	Open forums and focus group discussions; structured training and technical upskilling; leadership development programmes; performance management systems; grievance redressal channels; engagement initiatives across shop floor and management levels.	Continuous and ongoing
Customers (Domestic and Global OEMs)	To deliver high-quality, precision-engineered components with consistent reliability, while collaborating on product innovation, cost optimisation, and sustainable solutions. Engagement centres on long-term partnerships, quality assurance, and capability development aligned with evolving industry requirements.	**Precision. Partnership. Performance.**	Regular business reviews; collaborative product development; joint engineering discussions; quality audits; customer satisfaction surveys; participation in industry forums and exhibitions.	Ongoing and programme-linked
Shareholders and Investors	To ensure transparent communication, strong governance, consistent financial performance, and long-term value creation. Engagement focuses on financial disclosures, strategic updates, ESG priorities, and capital allocation clarity.	**Transparency. Discipline. Long-term Value.**	Quarterly earnings calls; investor meetings and conferences; annual report disclosures; stock exchange filings; investor presentations; timely responses to queries.	Quarterly and as required
Supply Chain Partners (Suppliers and Vendors)	To build resilient and responsible sourcing networks that ensure quality, cost efficiency, and supply continuity. Engagement includes supplier development, quality improvement, compliance with environmental and safety standards, and risk mitigation.	**Responsible Sourcing. Shared Growth.**	Supplier audits and assessments; workshops and training programmes; collaborative planning meetings; quality and performance reviews; discussions on procurement standards and compliance.	Periodic and as required
Community	To contribute meaningfully to local development through focused interventions in education, healthcare, sanitation, skill development, and environmental sustainability. Engagement aims to strengthen social relationships and enhance long-term community well-being.	**Growing Together with the Community.**	Periodic community needs assessments; targeted CSR initiatives; partnerships with local institutions; monitoring and impact reviews of community programmes.	Ongoing
Government Regulators and Authorities	To ensure full regulatory compliance, uphold ethical business conduct, and maintain proactive engagement on policy and governance matters. Focus areas include statutory compliance, environmental standards, and transparent reporting.	**Compliance with Integrity.**	Regular regulatory filings; policy consultations; facility inspections; participation in government-led initiatives; adherence to statutory and environmental requirements.	As mandated and periodic

Purpose and Scope of Engagement

Engagement Motto

Modes of Engagement

Frequency

A Structured Lens for **Strategic Priorities**

We embed environmental, social, and governance considerations at the core of our strategy to drive sustainable value creation. Through a materiality-driven approach, we align business priorities with stakeholder expectations and focus on issues shaping long-term resilience. This ensures targeted action, measurable outcomes, and transparent reporting.

We undertook a structured materiality assessment to identify and prioritise the environmental, social, and governance issues most relevant to us and our stakeholders. The exercise aligned our long-term strategy with evolving ESG expectations, regulatory requirements, and sector-specific risks and opportunities. Through systematic evaluation of peer practices, global standards, stakeholder inputs, and business impact, we identified and validated material topics. The outcomes now anchor our ESG roadmap and reporting priorities.

Materiality Assessment Process

We conducted our materiality assessment through a structured four-stage approach to ensure rigour and strategic alignment.

1 Peer Benchmarking

We reviewed ESG disclosures and practices across diverse industry peers at varying stages of maturity. This exercise contextualised emerging risks, regulatory expectations, and evolving best practices within the forging and engineering sector.

2 Framework Alignment

We shortlisted a broad universe of ESG topics and mapped them against globally recognised frameworks and standards, including GRI, TCFD, SASB, BRSR requirements, and the United Nations Sustainable Development Goals. This ensured regulatory alignment and strengthened global comparability.

3 Stakeholder Relevance and Business Impact

We assessed each topic for its relevance to key stakeholders and its strategic and operational impact on our business. This dual lens identified issues influencing long-term value creation, risk management, and competitive positioning.

4 Validation and Prioritisation

Senior leadership and the ESG working group reviewed and validated the final list of material topics. This step aligned priorities with corporate strategy and crystallised the foundation of our ESG roadmap.

Environmental Material Topics

	KEY ASPECTS COVERED	STAKEHOLDERS IMPACTED	GRI ALIGNMENT	SDGs IMPACTED
Energy Management	Oversight of energy consumption, fuel usage, energy efficiency initiatives, renewable energy integration, and related targets.	Customers	302	7, 13
Emissions Management	GHG emissions inventory, reduction roadmaps, emissions intensity tracking, and associated targets.	Customers	305	7, 12, 13
Climate Strategy and Governance	Climate risk assessment, governance oversight, strategic climate planning, and long-term target setting.	Investors and Customers	Across Several GRI indicators	9, 13, 17
Waste Management and Product Stewardship	Circularity measures, renewable packaging, product lifecycle analysis, waste disposal and recovery systems, SOPs and targets.	Regulators	306 (Effluents and Waste)	12, 13
Water Management	Zero liquid discharge practices, recycling and reuse initiatives, water risk assessments, SOPs, and reduction targets.	Regulators and Communities	303 (Water and Effluents)	8, 12, 13

Social Material Topics

	KEY ASPECTS COVERED	STAKEHOLDERS IMPACTED	GRI ALIGNMENT	SDGs IMPACTED
Labour Practices	Employee development, retention strategies, compensation and benefits, and well-being programmes.	Employees	401, 402	3, 8
Health and Safety	Safety management systems, governance mechanisms, SOPs, training programmes, incident monitoring, and safety targets.	Employees	403	3, 8
Human Rights	POSH compliance, equal opportunity policies, grievance redressal, assessments, oversight frameworks, and management systems.	Employees	406, 407, 408, 409, 410, 411	8, 16
Diversity and Inclusion	Gender diversity, rural workforce inclusion, representation in leadership roles, diversity goals and monitoring.	Employees and Investors	405	4, 5, 8
Community Relations	CSR programmes, community needs assessments, healthcare, education, sanitation initiatives, and impact assessments.	Communities	413	16, 17

Governance Material Topics

	KEY ASPECTS COVERED	STAKEHOLDERS IMPACTED	GRI ALIGNMENT	SDGs IMPACTED
ESG/Corporate Governance	Board composition and diversity, committee oversight, ESG governance structures, and transparency in disclosures.	Investors	General Disclosures	12, 16, 17
Supply Chain Management	Identification of critical suppliers, risk mapping, local sourcing practices, ESG awareness, supplier engagement and monitoring.	Suppliers and Customers	308, 414	8, 12, 17
Risk Management	Integration of ESG risks into ERM framework, data protection oversight, business continuity planning, and risk mitigation systems.	Investors and Customers	General Disclosures	6, 9, 12, 13
Data Protection and Security	Cybersecurity governance, data privacy compliance, incident response mechanisms, and information security frameworks.	Customers and Employees	General Disclosures, 410	9, 16

A Practice of **Proactive Oversight**

Our approach to risk is structured and forward-looking. We embed risk assessment into decision-making to protect stakeholder value and navigate uncertainty with clarity. Through an enterprise-wide framework, we continuously identify and manage strategic, operational, financial, technological, and compliance risks.

In a world of rising complexity and constant transformation, anticipating risk sustains momentum and preserves trust. We do not treat risk merely as something to avoid, but as something to understand, manage, and, when aligned with long-term objectives, embrace. This disciplined perspective strengthens resilience and reinforces responsible leadership.

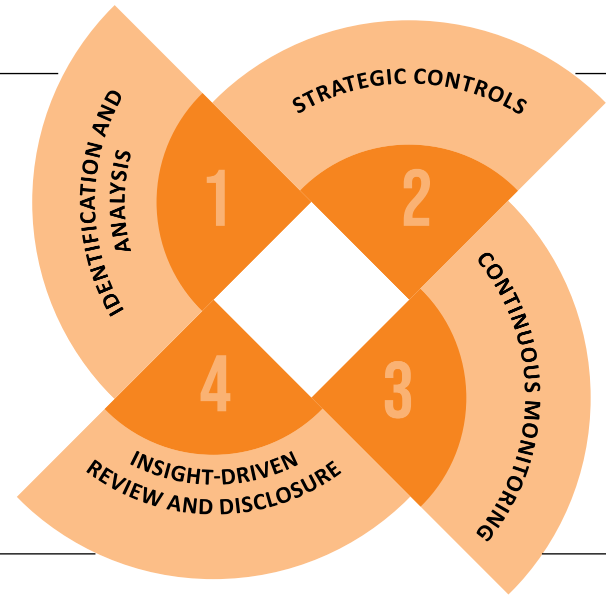
Key Risks and Mitigation Strategies

Risk Category	Impact	Mitigation Strategy
Business-related	▪ Our concentrated customer portfolio increases sensitivity to order fluctuations and contract renewals ▪ Reliance on select product lines heightens exposure to revenue volatility ▪ Exposure to cyclical industries may compress margins and affect overall profitability ▪ Rising input costs could further impact earnings stability	▪ Diversifying our customer base and expanding our product portfolio ▪ Entering new end-use industries and expanding geographically ▪ Prioritising high-margin, value-added components to improve revenue stability ▪ Reducing the impact of cyclicality on overall performance
Operational	▪ Supply chain bottlenecks may disrupt production timelines and increase operating costs ▪ Logistics disruptions could affect delivery commitments and customer confidence ▪ Failure to meet quality standards may result in liability exposure ▪ Reputational damage may arise from quality-related issues	▪ Maintaining a diversified and closely monitored supplier network ▪ Implementing contingency planning and predictive maintenance systems ▪ Utilising multiple logistics options to minimise disruption risks ▪ Strengthening quality assurance systems and workforce training ▪ Maintaining comprehensive product liability insurance coverage
Financial	▪ High leverage may strain liquidity and limit investment flexibility ▪ Borrowing cost volatility could increase financial pressure ▪ Cash flow mismatches may affect funding stability ▪ Interest rate fluctuations and credit sensitivity may impact financial resilience	▪ Maintaining a low debt-to-equity ratio of approximately 0.15 ▪ Utilising strong internal accruals to support growth ▪ Following disciplined capital allocation practices ▪ Ensuring prudent working capital management ▪ Limiting reliance on external debt for expansion

Our Risk Management Framework Encompasses

Systematic identification and evaluation of known and emerging risks across the value chain.

Clearly defined policies, internal controls, and mitigation mechanisms designed to minimise potential disruption.



Periodic risk reviews, management oversight, and transparent disclosures that enable agile governance and informed decision-making.

Ongoing tracking, early warning systems, and performance indicators to detect deviations and respond promptly.

Risk Category	Impact	Mitigation Strategy
ESG-related	▪ Non-compliance with environmental regulations may lead to regulatory penalties ▪ Delays in emissions reduction may affect stakeholder confidence ▪ Governance lapses could result in reputational and financial consequences ▪ ESG performance increasingly influences vendor selection decisions	▪ Maintaining ESG Committee oversight chaired by a Whole-time Director ▪ Implementing a structured ESG roadmap with defined decarbonisation targets ▪ Focusing on resource efficiency and compliance monitoring ▪ Advancing social initiatives aligned with international ESG standards
Technological	▪ IT system failures may disrupt operations and compromise data security ▪ Cybersecurity threats could expose sensitive business information ▪ Slow adoption of emerging technologies may reduce competitiveness ▪ Rapid technological shifts may impact long-term market positioning	▪ Maintaining a secure and scalable IT infrastructure ▪ Implementing robust cybersecurity and disaster recovery systems ▪ Investing continuously in advanced manufacturing technologies ▪ Diversifying across industry segments to reduce technology dependency risks
Competition and Pricing Pressure	▪ Intensifying competition may compress margins ▪ OEM pricing negotiations could reduce profitability ▪ Regulatory changes or tariff adjustments may affect pricing flexibility ▪ Subsidy revisions could alter competitive positioning	▪ Focusing on precision engineering and differentiated capabilities ▪ Undertaking value engineering initiatives to enhance efficiency ▪ Strengthening supply chain efficiency and scale-driven production ▪ Maintaining strategic pricing discipline ▪ Prioritising a customer-centric engagement approach

A Roadmap for **Purposeful Progress**

In a changing industrial environment, we maintain clear execution focus across defined strategic priorities. These priorities guide capital deployment, capability development, market expansion, and operational efficiency initiatives, ensuring disciplined progress aligned with long-term programme visibility.

S1 Driving Innovation through Advanced Technology and Engineering Excellence

Our innovation strategy centres on moving up the value curve through complex, heavy, and safety-critical components that demand metallurgical precision and advanced process control. The focus remains on customised, application-driven engineering across mobility, industrial, energy, and heavy equipment segments.

2025-26 Progress

- Increased machining capacity to approximately 68,000 MT, strengthening our ability to deliver high-precision, value-added components
- Continued development in heavyweight and specialised crankshaft programmes across industrial and mobility applications
- Invested in advanced process capabilities to achieve tighter tolerances and improve throughput across forging and machining operations

S2 Evolving with Industry Dynamics

Agility in responding to industry transitions, including electrification, infrastructure expansion, and industrial diversification remains central to our strategy. The operating model balances core automotive strength with expanding industrial participation.

2025-26 Progress

- Reported incremental peak annual business visibility of approximately ₹ 950 Cr., expected to scale over the next two to three years
- Growth traction visible across passenger vehicles, industrials, and export-linked applications
- Diversified the revenue mix with the support of multi-segment growth
- Reduced concentration risk through broader application exposure

S3 Tapping into International Markets

Global expansion remains a strategic lever to enhance scale, improve margin stability, and mitigate domestic cyclicality. The focus continues on supplying high-value components to global OEMs operating across energy, industrial, and mobility sectors.

2025-26 Progress

- Accounted for approximately 15% of total revenue during the year through exports
- Expanded international engagements, particularly in industrial and energy-linked applications
- Strengthened participation in global supply chains
- Supported balanced revenue growth

S4 Progressing with New Capacity

Capacity expansion remains aligned with long-term demand visibility and entry into heavier, more complex forging segments. Investments are sequenced to preserve capital efficiency while enabling structural growth.

2025-26 Progress

- Commissioned a 10,000-tonne forging press during the year
- Advanced machining capacity expansion in line with planned timelines
- Continued preparatory groundwork to enter the 250-3,000 kg forging segment under our strategic heavy-component capex programme

S5 Ensuring Operational Efficiency for a Sustainable Tomorrow

Operational excellence is pursued through automation, energy optimisation, lean manufacturing, and responsible resource management. Efficiency gains are aligned with cost discipline and ESG priorities.

2025-26 Progress

- Signed a long-term lease agreement for ~80 acres of land to set up a captive solar power plant, enhancing long-term cost efficiency while advancing its ESG objectives
- Implemented multiple automation and process optimisation initiatives across presses and IBH systems (including PLC-based auto-cut, selective module operation, and elimination of redundant cooling), significantly reducing idle energy consumption and improving operational efficiency
- Undertook targeted equipment upgrades and right-sizing of motors, along with process alignment (such as optimised coil sizing and shared motor configurations), driving meaningful reductions in power usage while enhancing process effectiveness
- Strengthened energy management through system-level interventions, including VFD-based controls, centralised compressed air management, and stricter operational protocols, delivering substantial cumulative energy savings and improved asset utilisation

S6 Deepening Capability for Selective Diversification

We continue to expand into specialised and ultra-heavy component segments that complement our core engineering strengths. This calibrated diversification supports entry into global applications characterised by limited suppliers and higher qualification thresholds.

2025-26 Progress

- Commissioned a 10,000-tonne forging press
- Advanced ₹ 650 Cr. capital expenditure programme focused on forging and machining infrastructure
- Targeted ultra-heavy components weighing 250 to 3,000 kg
- Positioned Happy Forgings to serve specialised global sectors, including power generation, marine, mining, defence, and nuclear applications
- Commercial ramp-up expected over the medium term

How We Endure Cycles, Strengthen the Institution, and Create Sustainable Value

Our resilience is measured in consistent performance and responsible stewardship. Financial strength and governance discipline support enduring value creation.

INSIDE STORY

Mettle

An Outcome of **Prudent Capital Management**

Our financial performance reflects the strength of our integrated model and disciplined capital deployment. Over the past decade, we have strengthened margins, improved returns, and enhanced cash generation. Through working capital discipline and a prudent balance sheet, we have built a resilient foundation for long-term growth and value creation.

Operating Scale and Efficiency

Forging Capacity (MT)

1,48,000

Year	Forging Capacity (MT)
2025-26	1,48,000
2024-25	1,27,000
2023-24	1,20,000
2022-23	1,07,000
2021-22	81,000
2020-21	67,000

Machining Capacity (MT)

68,000

Year	Machining Capacity (MT)
2025-26	68,000
2024-25	57,000
2023-24	51,000
2022-23	46,100
2021-22	35,500
2020-21	29,500

Sales Volume (MT)

63,105

Year	Sales Volume (MT)
2025-26	63,105
2024-25	56,906
2023-24	55,379
2022-23	50,656
2021-22	42,777
2020-21	35,534

Realisation (₹/Kg)

245

Year	Realisation (₹/Kg)
2025-26	245
2024-25	248
2023-24	245
2022-23	236
2021-22	201
2020-21	165

Profit & Loss Performance

Revenue (₹ Cr)

1,546

Year	Revenue (₹ Cr)
2025-26	1,546
2024-25	1,409
2023-24	1,358
2022-23	1,197
2021-22	860
2020-21	585

EBITDA (₹ Cr)

471

Year	EBITDA (₹ Cr)
2025-26	471
2024-25	407
2023-24	388
2022-23	341
2021-22	231
2020-21	159

PAT (₹ Cr)

302

Year	PAT (₹ Cr)
2025-26	302
2024-25	267
2023-24	243
2022-23	209
2021-22	142
2020-21	86

Margin Profile

Gross Margin

59.1%

Year	Gross Margin
2025-26	59.1%
2024-25	58.0%
2023-24	56.1%
2022-23	53.9%
2021-22	54.8%
2020-21	57.0%

EBITDA Margin

30.4%

Year	EBITDA Margin
2025-26	30.4%
2024-25	28.9%
2023-24	28.5%
2022-23	28.5%
2021-22	26.8%
2020-21	27.1%

PAT Margin

19.5%

Year	PAT Margin
2025-26	19.5%
2024-25	19.0%
2023-24	17.9%
2022-23	17.4%
2021-22	16.5%
2020-21	14.8%

Balance Sheet Strength

Net Worth (₹ Cr)

2,128

Year	Net Worth (₹ Cr)
2025-26	2,128
2024-25	1,850
2023-24	1,612
2022-23	988
2021-22	788
2020-21	645

Capital Employed (₹ Cr)

2,458

Year	Capital Employed (₹ Cr)
2025-26	2,458
2024-25	2,078
2023-24	1,756
2022-23	1,207
2021-22	1,028
2020-21	799

Asset Base and Investments*

Gross Block (incl. CWIP) (₹ Cr)

1,701

Year	Gross Block (incl. CWIP) (₹ Cr)
2025-26	1,701
2024-25	1,334
2023-24	1,108
2022-23	932
2021-22	796
2020-21	546

Net Block (incl. CWIP) (₹ Cr)

1,327

Year	Net Block (incl. CWIP) (₹ Cr)
2025-26	1,327
2024-25	1,016
2023-24	864
2022-23	752
2021-22	667
2020-21	454

*Excluding intangible assets

HAPPY FORGINGS LIMITED

Working Capital

Inventory/Sales

15.1%

Year	Inventory/Sales
2025-26	15.1%
2024-25	16.5%
2023-24	16.5%
2022-23	14.2%
2021-22	21.4%
2020-21	20.8%

Account Receivables/Sales

25.5%

Year	Account Receivables/Sales
2025-26	25.5%
2024-25	30.3%
2023-24	26.3%
2022-23	25.7%
2021-22	25.8%
2020-21	28.3%

Net Working Capital/Sales

36.7%

Year	Net Working Capital/Sales
2025-26	36.7%
2024-25	43.6%
2023-24	38.7%
2022-23	35.9%
2021-22	42.1%
2020-21	42.6%

Key Ratios

ROE (%)

15.2%

Year	ROE (%)
2025-26	15.2%
2024-25	15.4%
2023-24	18.7%
2022-23	23.5%
2021-22	19.9%
2020-21	14.4%

ROCE (%)

18.2%

Year	ROCE (%)
2025-26	18.2%
2024-25	19.2%
2023-24	22.7%
2022-23	26.2%
2021-22	21.8%
2020-21	17.5%

Debt/Equity

0.15x

Year	Debt/Equity
2025-26	0.15x
2024-25	0.12x
2023-24	0.09x
2022-23	0.22x
2021-22	0.31x
2020-21	0.24x

Cash Flow and Capex

CFO (₹ Cr)

445

Year	CFO (₹ Cr)
2025-26	445
2024-25	292
2023-24	189
2022-23	209
2021-22	92
2020-21	50

Capex (₹ Cr)

461

Year	Capex (₹ Cr)
2025-26	461
2024-25	281
2023-24	194
2022-23	175
2021-22	191
2020-21	92

A Decade of Structural Strengthening

Over the past decade, the Company has delivered steady growth, with revenue reflecting a 15% CAGR, supported by capacity expansion and improving volumes. Realisations improved consistently, reflecting a calibrated shift towards higher value-added products.

A key structural shift has been in the product mix, with the share of forged and machined components increasing from 73% in 2020-21 to 89% in 2025-26, driving margin expansion, with EBITDA margins improving from 27.1% to 30.4%.

The business has also become more diversified, with passenger vehicles emerging (0% to 6%) and industrials strengthening (2% to 14%), while dependence on the farm equipment segment has moderated.

Geographically, direct exports continue to rise in their contribution to overall sales from a share of 9% in 2020-21 to 15% in 2025-26, improving balance and market reach.

This growth has been supported by disciplined capital allocation, with cumulative EBITDA of ₹ 1,995 Cr and operating cash generation of ₹ 1,277 Cr over 2021-2026, enabling capacity expansion with limited reliance on external capital. The balance sheet remains prudent, supported by strong cumulative cash conversion of ~64% and a net increase of ₹ 1,178 Cr in gross block (including CWIP and intangibles).

Overall, the period between 2021 to 2026 reflects a transition towards a more value-added, diversified, and cash-generative business model.

> Over the past decade, the Company has delivered steady growth, with revenue reflecting a 15% CAGR, supported by capacity expansion and improving volumes.

PLANET

A Drive towards **Cleaner Operations**

Sustainability is a responsibility we carry with conviction and purpose. It shapes how we think, invest and operate, guided by technology, discipline and long-term vision. As manufacturers of high-performance components for critical industries, we remain equally focused on reducing our environmental footprint.

Cleaner energy adoption, circular waste systems, water stewardship and climate risk preparedness are embedded across our operations. Several facilities are ISO 14001:2015 certified, aligning us with globally recognised environmental management standards.

A clear target guides our progress: reducing Scope 1 and Scope 2 emissions by 50% by 2030. Each initiative supports a structured pathway towards responsible growth and enduring environmental resilience.

Green Energy Initiatives

We continue to expand the share of renewable energy integrated into our production processes, reducing reliance on conventional grid power and lowering carbon intensity.

6.5 MW
Installed Renewable Energy Capacity

~4,750 tCO_2e
Carbon Emissions Avoided through Renewable Energy

9.4 tCO_2e
Energy Intensity per MT of Output

The Company Secured Land on a Long-term Lease for Setting up a
Captive Solar Power Plant

Driving Smarter Energy Use

During 2025-26, we implemented multiple operational and process-led interventions focused on reducing energy consumption, optimising equipment performance, and improving manufacturing efficiency across facilities.

- Introduced PLC-based auto-cut mechanisms on key press motors to enable automatic shutdown during idle periods and improve energy management during operational downtime
- Installed optimised IBH coil configurations to better align component cutting sections with appropriate coil sizes, enhancing process efficiency and operational performance
- Rationalised cooling processes for selected components undergoing subsequent heat treatment to avoid unnecessary energy usage during production
- Optimised IBH operations on the 14,000T press through selective module utilisation based on component requirements
- Strengthened operational protocols for IBH systems during extended breakdowns to minimise process losses and improve operational efficiency
- Undertook motor right-sizing initiatives across cooling tower and compressor applications to improve equipment efficiency and optimise power consumption
- Implemented a VFD-based RPM control system linked to line pressure to optimise pump performance, reduce excess loading, and minimise equipment wear
- Installed a Sigma Air Manager (SAM) system to centralise compressed air network management and improve overall system efficiency
- Reconfigured induction machine operations to optimise motor utilisation and improve operational efficiency across multiple machines

Cumulatively, these initiatives have contributed to enhanced operational efficiency, lower specific energy consumption, and measurable energy savings across operations.

Emissions Management

We are focused on process efficiency improvements, cleaner fuel transitions, and technology upgrades to reduce direct and indirect emissions.

Emissions KPIs (2025-26)

9,209 tCO_2e
Scope 1 Emissions

89,057 tCO_2e
Scope 2 Emissions

98,266 tCO_2e
Total GHG Emissions

1.58 tCO_2e/MT
GHG Intensity per MT of Output

Water Stewardship

Water conservation and responsible reuse remain central to our operational sustainability. Treatment and recycling systems support resource efficiency across facilities.

2,64,918 KL
Total Water Consumption

4.3 KL/MT
Water Intensity per MT of Output

50,982 KL
Treated Water Reused

Waste Management and Circularity

Our waste strategy is guided by reduction, reuse, and recovery. We are progressively strengthening circular systems to reduce landfill dependency.

30,257 MT
Total Waste Generated

21 MT
Hazardous Waste Generated

0.5 MT
Waste Intensity per MT of Output

Climate Risk Preparedness

We assess climate-related risks across our plant locations, evaluating exposure to water stress, heat sensitivity, and supply chain disruptions. We are aligning our climate governance framework with recognised standards, including TCFD and ISO 14090.

PEOPLE

A Commitment to **Talent and Trust**

Our people power our performance, turning strategy into execution and sustaining operational excellence. Their commitment fuels long-term growth as

we build a workplace where ambition meets opportunity, learning never stops, safety is non-negotiable, and everyone feels respected and empowered.

Designed to strengthen capability and enable progression, our HR framework creates clear pathways for advancement. Transparent policies, robust processes, and structured grievance mechanisms reinforce fairness and accountability, fostering a supportive, high-performance environment.

Workforce Overview

We continue to grow with purpose, balancing stability with flexibility to support operational scale and responsiveness. Our workforce model integrates full-time employees and skilled contract workers, enabling agility while maintaining continuity of expertise.

700
Permanent Employees

2,812
Permanent Workers

408
Contract Workers

5
Differently Abled Workers

34.2 years
Average Age of Employees

This balanced structure supports resilience, operational adaptability, and sustained performance across cycles.

Talent Development and Learning

Capability-building remains central to our people strategy, anchored in continuous learning rather than one-time interventions. We deliver structured onboarding for new hires alongside targeted technical training, supervisory development, and leadership initiatives aligned with evolving business needs.

We also engage retired professionals in advisory and retainership roles, preserving institutional knowledge while strengthening mentorship across the organisation.

631
Employees Trained

1,961
Workers Trained on Skills Upgradation

~22,160 hours
Total Training Hours

45.6%
Employees Received Career Development Reviews

4.3%
Workers Received Career Development Review

100%
New Hires Completed Structured Induction

Health and Occupational Safety

We view workplace safety as fundamental to responsible operations. Our systems are designed to anticipate risks, comply with international standards, and promote a proactive safety culture across facilities.

0.6
Lost Time Injury Frequency Rate (LTIFR)

100%
Workforce Covered Under Medical Insurance

267
Number of Safety Drills/ Toolbox Talks Conducted

Employee Engagement and Grievance Redressal

Open communication and transparent grievance mechanisms are essential to maintaining trust and accountability. Structured engagement platforms and regular feedback forums ensure employee concerns are addressed promptly and fairly.

100%
Grievance Closure Rate

Diversity and Inclusion

We are committed to fostering an inclusive workplace where individuals are treated with dignity and provided equal opportunities for growth. Our policies promote inclusive hiring, zero tolerance for discrimination, and accessibility across facilities.

26
Women Employees across Roles and Levels

2/6
Women on the Board

5
Differently Abled Employees

100%
Accessibility Compliance across Locations

Compensation and Well-being

Our compensation and welfare framework extends beyond statutory requirements, reflecting a commitment to employee well-being and long-term security.

100%
Employees Covered Under PF and Gratuity

0.23%
Revenue Allocated to Employee Well-being

CORPORATE SOCIAL RESPONSIBILITY

A Responsibility that Extends **beyond Business**

For us, progress goes beyond manufacturing. It is defined by the positive impact we create across our communities. We believe sustainable growth must be anchored in responsibility to people, the environment, and the ecosystems we serve.

Our Corporate Social Responsibility initiatives focus on education, healthcare, skill development, environmental stewardship, and community infrastructure. Each programme addresses local needs, bridges developmental gaps, and builds long-term resilience. Through these efforts, we enable inclusive growth and create opportunities for individuals and communities to thrive.

We see social impact as inseparable from economic progress. By aligning our CSR initiatives with the United Nations Sustainable Development Goals, we ensure our contributions deliver measurable value locally and beyond.

₹ 7.0 Cr.

Total CSR Expenditure (2025-26)

CSR Governance

CSR initiatives are driven by a dedicated Board-level CSR Committee comprising executive and independent directors, ensuring robust oversight, transparency, and alignment with statutory requirements as well as the Company's strategic priorities. The Committee actively reviews project selection, implementation, and impact to ensure effective deployment of resources.

Key Initiatives Undertaken during the Year

Education and Skill Development

The Company places strong emphasis on enabling access to quality education and building future-ready capabilities, recognising education as a key driver of long-term socio-economic progress. Its initiatives are designed to create sustainable learning ecosystems, particularly for underprivileged and differently-abled individuals, while also promoting women's empowerment through vocational training.

To support this vision, the Company is investing in institutional infrastructure and targeted educational support programmes, ensuring both access and continuity of learning.

Key Highlights

- ~₹ **5.6 Cr.** spent on education and skill development led initiatives, including infrastructure and support programmes
- Construction of a **Government school in Umaidpur, Ludhiana**
- Development of a vocational college for women to enhance employability
- Financial support extended to economically disadvantaged students, hearing-impaired, and visually impaired individuals

Healthcare and Community Well-being

The Company is committed to enhancing community health outcomes through focused interventions in preventive and primary healthcare. Its approach centres on improving accessibility, awareness, and support systems for underserved communities.

By collaborating with credible institutions, the Company continues to contribute towards building healthier and more resilient communities.

Environmental Sustainability

Aligned with its broader ESG priorities, the Company undertakes initiatives that promote environmental stewardship and ecological balance. The focus is on fostering responsible environmental practices at the community level while contributing to long-term sustainability goals.

Social Welfare and Community Development

The Company adopts a holistic approach to community development, addressing critical social needs such as hunger, disaster relief, and inclusion of vulnerable groups. Its initiatives aim to provide immediate support while enabling long-term resilience within communities. Additionally, the Company supports efforts that preserve cultural heritage and promote social inclusivity.

Key Highlights

- ₹ 1.0 Cr. deployed for disaster management and relief efforts
- Contributions towards hunger alleviation and nutrition support
- Support extended to animal welfare and cultural preservation initiatives

A System that **Safeguards Integrity**

A strong governance framework underpins our sustainable growth. At Happy Forgings, we view governance not as compliance but as a strategic enabler that strengthens decisions, safeguards stakeholder interests, and builds lasting credibility. Guided by an experienced leadership team and an independent Board, we uphold high standards of transparency, ethical conduct, and financial discipline across our operations.

Our consistent commitment has earned investor and lender confidence, reflected in stable credit ratings and enduring trust. Engagement with reputed statutory and independent internal auditors further strengthens compliance and adherence to best-in-class industry practices.

The Foundations We Stand on

1 Experienced Leadership

A management team with deep engineering and manufacturing expertise

2 Strong Board Oversight

A balanced board with independent representation and diverse experience

3 Institutional Confidence

Participation by reputed institutional shareholders enhancing governance discipline

4 Transparent Operations

Robust audit mechanisms, independent internal reviews, and clear disclosures

5 Layered Accountability

A structured multi-tiered governance and monitoring framework

6 Workforce Harmony

Stable employee relations with no history of lockouts or labour unrest

Strengthening Oversight

Our corporate governance framework rests on clear accountability and defined oversight. To uphold this structure, the Audit Committee, Nomination and Remuneration Committee, CSR Committee, Stakeholders' Relationship Committee, and Risk Management Committee actively reinforce compliance and strategic alignment. In addition, regular meetings of Independent Directors strengthen objective supervision and balanced decision-making. These interconnected mechanisms ensure disciplined risk management, ethical conduct, and transparent reporting across the organisation.

Fostering a Culture of Integrity

While oversight begins at the Board level, governance at Happy Forgings extends to the shop floor. Through our structured Grievance Redressal Framework, we address employee concerns promptly and fairly, while the POSH Committee safeguards workplace dignity and safety. Moreover, regular training on the Code of Conduct and Anti-Corruption Policy reinforces accountability and ethical behaviour. These initiatives foster a culture rooted in integrity, inclusiveness, and mutual respect.

Nurturing Stability and Trust

With approximately 3,500 employees, we sustain stable and constructive labour relations through mutual respect and open dialogue. Our culture promotes engagement and clear communication, ensuring uninterrupted operations and organisational resilience.

Through disciplined oversight, ethical leadership, and employee engagement, we continue to strengthen our governance foundation, inspire stakeholder trust, and create sustainable long-term value.

Board of Directors

A Structure of **Transparent Oversight**

Our Board combines industrial experience, financial discipline, and independent oversight to guide us through industry cycles. It ensures that growth, governance, and risk management remain aligned with long-term value creation while safeguarding stakeholder interests.

Mr. Paritosh Kumar
Chairman and Managing Director

C

Mr. Kumar holds a bachelor's degree in Arts from S.C. Dhawan Government Evening College, Punjab University. With over 45 years of experience in the industrial sector, he has played a pivotal role in shaping Happy Forgings' strategic direction. He oversees operations, capital allocation, expansion initiatives, and governance standards across the organisation.

Mr. Ashish Garg
Managing Director

C M M M

Mr. Garg 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, UK. With approximately 19 years of experience in the industrial sector, he leads business operations, financial performance, growth strategy, investments across functions, and product development initiatives.

Ms. Megha Garg
Whole-Time Director

M M

Ms. Garg holds a bachelor's degree in Science (Economics) from the University of Nottingham, UK. With around 10 years of experience in the industrial sector, she is responsible for digital marketing initiatives, customer engagement strategies, and ESG leadership across the organisation.

Mr. Atul B. Lal
Independent Director

M M

Mr. Lal holds a master's degree in Management Studies from Birla Institute of Technology and Science, Pilani. He brings over 30 years of experience in the electronics and manufacturing services industry and currently serves as Managing Director and Board Member of Dixon Technologies (India) Limited.

Ms. Rajeswari Karthikeyan
Independent Director

C M M M

Ms. Karthikeyan holds a bachelor's degree in Commerce from the University of Madras, a diploma in Systems Management from the National Institute of Information Technology, and an Independent Director's certification from the Indian Institute of Management, Bengaluru. With over 30 years of experience in credit ratings and financial analysis, particularly in the automotive sector, she contributes deep governance and financial oversight expertise.

Mr. Ravindra Pisharody
Independent Director

C C M M

Mr. Pisharody holds a bachelor's degree in Technology (Electronics and Electrical Communication Engineering) from the Indian Institute of Technology, Kharagpur. He also holds a postgraduate diploma in Management from the Indian Institute of Management, Calcutta, and has completed an executive coaching programme from Coaching Foundation India Limited. With 39 years of experience, he has served on the boards of Tata Motors Limited and held leadership roles, including Marketing Director at BP India Private Limited.

AUDIT COMMITTEE | NOMINATION AND REMUNERATION COMMITTEE | STAKEHOLDERS RELATIONSHIP COMMITTEE | RISK MANAGEMENT COMMITTEE | CSR COMMITTEE | C CHAIRPERSON | M MEMBER

A Depth of **Experience and Direction**

Our leadership team brings together technical expertise and operational depth to deliver precision at scale. With a strong focus on quality, productivity, and capital efficiency, they translate strategy into consistent performance and resilient growth.

Mr. Narinder Singh Juneja
Chief Operating Officer

Mr. Juneja brings over five decades of industrial experience. He holds a postgraduate diploma in Mechanical Engineering (Machine Tools Operation and Maintenance) from YMCA Institute of Engineering, under the State Board of Technical Education, Haryana. His operational depth strengthens our manufacturing processes and reinforces operational stability.

Mr. Sushant Pustake
Chief Operating Officer

With over 40 years in high-technology manufacturing and operations, Mr. Pustake brings deep expertise in greenfield project management, operational excellence, and productivity enhancement. He holds a bachelor's degree in Metallurgical Engineering from the College of Engineering, Pune (COEP).

Mr. Patwinder Singh
Chief Operating Officer

Mr. Singh holds a bachelor's degree in Science from Guru Nanak Dev University and an MBA from CSM Institute of Graduate Studies. He brings 30 years of experience in operations and marketing. Since joining Happy Forgings in 2016, he has been leading production and operations at one of the plants, strengthening operational execution.

Mr. Mangesh Shantaram Purandare
Chief Marketing Officer

Mr. Purandare holds a bachelor's degree in Industrial Engineering and an MBA from the University of Pune. With nearly 30 years of marketing experience in the auto components sector, he brings deep market insight and execution strength. Since joining Happy Forgings in 2019, he has been responsible for new business development across domestic and international markets, strengthening our customer portfolio and expanding our global reach.

Mr. Pankaj Kumar Goyal
Chief Financial Officer

Mr. Goyal holds a bachelor's degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India. He brings 24 years of financial leadership experience within the manufacturing sector. Associated with Happy Forgings since 2013, he oversees our financial strategy, reporting, fundraising, capital allocation, risk management, and tax planning with disciplined oversight.

Mr. G.S. Sandhu
Chief Human Resources Officer

Mr. Sandhu holds a master's degree in Business Administration (HR) and completed the Future CHRO Programme at the Indian School of Business. With over 30 years of experience in Human Resources Management, Industrial Relations, and Organisational Development, he joined Happy Forgings in 2019. He leads employee practices, leadership development, and IR and PR operations.

Ms. Bindu Garg
Company Secretary and Compliance Officer

Ms. Garg holds a master's degree in Commerce and is a Fellow Member of the Institute of Company Secretaries of India. She is also a qualified Cost and Management Accountant. With over 23 years of experience in corporate law, legal, and taxation matters, she joined Happy Forgings in 2021. She plays a key role in strengthening and upholding our governance standards with rigour and integrity.

Corporate Profile

Board of Directors

Mr. Paritosh Kumar
Chairman and Managing Director

Mr. Ashish Garg
Managing Director

Ms. Megha Garg
Whole-time Director

Mr. Atul Behari Lal
Independent Director

Ms. Rajeswari Karthikeyan
Independent Director

Mr. Ravindra Pisharody
Independent Director

Key Managerial Personnel

Mr. Pankaj Kumar Goyal
Chief Financial Officer

Ms. Bindu Garg
Company Secretary and Compliance Officer

Statutory Auditors

S. R. Batliboi & Co. LLP
Chartered Accountants

Internal Auditors

SCV & Co. LLP
KPMG Assurance and Consulting Services LLP
Chartered Accountants

Cost Auditors

Rajan Sabharwal & Co.

Secretarial Auditors

Chandrasekaran Associates

Principal Bankers

HDFC Bank Limited

ICICI Bank Limited

Yes Bank Limited

Registrar and Share Transfer Agent

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

C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India

Registered Office

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

HAPPY FORGINGS LIMITED

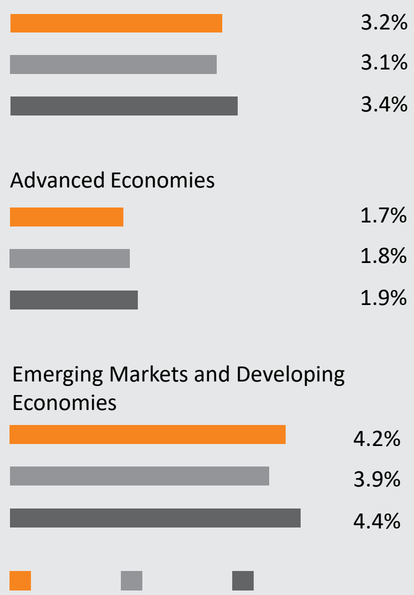
Management Discussion and Analysis

Economic Overview

Global Economy

The global economy continues to demonstrate resilience, even as it navigates a more complex and evolving environment. According to the IMF's April 2026 World Economic Outlook, global growth is projected at 3.1% in 2026 and 3.2% in 2027, remaining steady though below long-term averages. Growth is being shaped by geopolitical disruptions, including the ongoing conflict in the Middle East, and increasing geoeconomic fragmentation, which are influencing trade flows, investment patterns, and industrial activity.

GDP Growth Projections (in %)



E – Estimated | P – Projected

(Source: IMF World Economic Outlook, April 2026)

For infrastructure and manufacturing sectors, demand remains measured. Public infrastructure spending and industrial policies continue to support activity, while private capex stays selective amid tighter financial conditions.

Commodity markets remain volatile, particularly energy and industrial inputs. Oil prices are expected to stay elevated in 2026 before moderating, while metals remain sensitive to supply disruptions, impacting input costs and margins for forging and machining players.

Inflation remains uneven, projected at 4.4% in 2026 before easing to 3.7% in 2027. This sustains cost variability across energy, logistics, and raw materials for industrial manufacturers.

Emerging markets are expected to face higher inflation at around 5.5% in 2026, influencing infrastructure demand, project timelines, and equipment cycles.

Global infrastructure spending continues to support long-term demand for heavy engineering and precision components. However, high debt levels and interest rates may moderate the pace of new investments.

Supply chain realignment and geoeconomic fragmentation are reshaping manufacturing ecosystems, creating opportunities for cost-efficient and technically capable exporters.

Across mobility, off-highway, oil & gas, and industrial machinery segments, demand remains stable, supported by infrastructure build-out, energy transition, and replacement cycles.

Global Inflation Outlook (in %)

P – Projected

Source: IMF Estimates and Projections

OUTLOOK

Global growth is expected to remain steady but moderated, supported by infrastructure investments, gradual easing in inflation, and resilient domestic demand in key economies. For the forging and machining industry, demand visibility remains linked to capital expenditure cycles in infrastructure, industrial manufacturing, and mobility segments.

Risks remain tilted to the downside, including potential commodity price shocks, tighter financial conditions, and further geopolitical escalation. At the same time, opportunities are emerging from supply chain diversification, localisation trends, and sustained investments in infrastructure and energy transition favourable for integrated and technologically capable manufacturing players.

(Source: https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026)

Indian Economy

In 2025-26, India continued to demonstrate strong macroeconomic resilience, supported by robust domestic fundamentals even as the global environment remained volatile. As per official estimates, real GDP growth is expected at around 7.6%, positioning India among the fastest-growing major economies. This growth has been driven by sustained domestic demand, continued public investment, and steady expansion across services and manufacturing sectors.

Public capital expenditure across roads, railways, ports, power, and logistics continued to strengthen infrastructure creation and industrial competitiveness.

Manufacturing activity remained resilient, led by sustained growth across automotive, industrial equipment, engineering-led manufacturing, and renewable energy-linked sectors. Continued investments in infrastructure, logistics efficiency, and energy transition are expected to support demand across key end-user industries such as commercial vehicles, farm equipment, industrial machinery, railways, and wind energy.

GDP Growth Rate Projections (in %)

E: Estimated

(Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219912&reg=3&lang=2)

OUTLOOK

The Reserve Bank of India projects GDP growth at around 6.9% for 2026-27, indicating a moderate but stable trajectory amid rising external risks, including geopolitical tensions and commodity price volatility.

In the near term, industrial sectors are likely to remain influenced by input cost movements, energy prices, and demand trends across automotive and infrastructure-linked segments. However, strong domestic demand, sustained infrastructure investment, and continued policy focus on manufacturing, localisation, and energy transition provide a stable foundation for long-term growth.

(Source: https://www.indiabudget.gov.in/economicsurvey/doc/Infographics%20English.pdf)

Industry Overview

Automotive Segment

Commercial Vehicles

India

The domestic Commercial Vehicle (CV) industry delivered a strong performance in FY 2025-26, achieving its highest-ever annual sales of 10.80 Lakh units, up 12.6% over FY 2024-25, while production volumes increased by 13.1% during the year.

Growth was supported by favourable policy measures and improving economic activity. GST rate rationalisation enhanced vehicle affordability and unlocked deferred demand, while lower interest rates reduced the total cost of ownership. Increased infrastructure spending, higher freight activity, and improved fleet utilisation further supported demand.

Looking ahead, growth is expected to moderate following the strong recovery phase. According to CRISIL, CV volumes are projected to reach 12.4 Lakh units by FY 2026-27, surpassing the previous peak, with growth normalising to around 5-6%. Domestic demand is expected to remain supported by infrastructure-led activity, steady replacement demand, and improved affordability, while exports may face near-term disruptions due to geopolitical developments.

Segment-wise, light commercial vehicles (LCV) are expected to grow by 5-6%, driven by e-commerce and last-mile delivery demand. Medium and heavy commercial vehicles (M&HCV) are likely to grow by 4-5%, supported by freight movement and infrastructure investments, while the bus segment is expected to grow by 3-4%, aided by replacement demand and gradual electrification.

Overall, while near-term growth is expected to stabilise, structural drivers such as infrastructure development, logistics efficiency, and replacement demand continue to support medium-term prospects for the CV industry.

(Sources: SIAM & CRISIL)

Table: YoY Growth in Production and Domestic Sales of Commercial Vehicles in India (2025-26)

Segment	Production Growth (YoY)	Domestic Sales Growth (YoY)
Commercial Vehicles	**13.1%**	**12.6%**
Goods Carriers	13.6%	13.7%
M&HCVs	*15.5%*	*15.7%*
LCVs	*12.5%*	*12.5%*
Passenger Carriers	9.5%	5.4%
M&HCVs	*18.9%*	*(0.2%)*
LCVs	*(0.7%)*	*12.4%*

(Source: SIAM)

Europe and the US

Europe

The European commercial vehicle market remained under pressure in CY 2025, extending the downturn that began in CY 2024. However, while the market remained subdued overall, the pace of decline moderated through the year, with Q1 CY 2026 registering a modestly positive start across key segments, suggesting that the industry may be nearing a cyclical trough. Weak freight demand, cautious fleet investment, and a challenging macroeconomic environment continued to weigh on overall registrations and production activity across key vehicle segments. In contrast, the bus segment demonstrated relative resilience, supported by ongoing public transport renewal initiatives and municipal procurement programmes.

Industry dynamics continued to be influenced by regulatory developments, particularly the upcoming implementation of Euro 7 emission standards and phased CO_2 reduction targets. Such transitions typically shape purchasing cycles, with fleet operators advancing procurement ahead of regulatory changes and moderating order activity thereafter. Looking ahead, gradual stabilisation is expected from CY 2026 onward, supported by replacement demand from ageing truck fleets and a potential improvement in economic conditions. Over the medium term, truck production in Europe is projected to recover steadily, reflecting normalisation of fleet utilisation levels and improving visibility on capital spending by logistics and transport operators.

(Source: https://www.spglobal.com/automotive-insights/en/blogs/2026/02/commercial-vehicle-market-outlook-sees-steady-gains)

Europe – New Commercial Vehicle Registrations (YoY Growth)

EU + UK + EFTA | April 2024 to March 2025

Segment	YoY Growth (Diesel)	YoY Growth (Total)
Trucks (3.5 Tonne+)	(~1%)	~1%
Buses (3.5 Tonne+)	~5%	~8%
Vans (Up to 3.5 Tonne)	(~11%)	(~6%)
Total	**(~9%)**	**(~4%)**

Source: ACEA (European Automobile Manufacturers' Association)

The US

The US commercial vehicle market exhibited a modest contraction in CY 2025, reflecting cyclical adjustments in fleet investment behaviour. Total commercial vehicle registrations across Classes 1-8 declined by approximately 1% year-on-year, masking a significant divergence across segments. Heavy-duty truck registrations (Classes 6-8) fell sharply by around 24%, as fleet operators deferred procurement of high-cost tractor trucks amid freight demand uncertainty, elevated financing costs and tariff-driven input inflation. In contrast, registrations of light-duty commercial vehicles (Classes 2-3), particularly cargo vans and pickup trucks, grew by nearly 9%, supported by expanding last-mile logistics, service applications and increasing preference for flexible, lower-commitment fleet assets.

These trends underscore a broader strategic shift towards operational agility and tighter capital allocation, with lease and rental channels gaining importance as fleets seek variable-cost capacity solutions. Looking ahead, industry commentary suggests the market is undergoing a rebalancing rather than a structural slowdown, with potential recovery in heavy-duty replacement demand once utilisation improves and deferred fleet renewal reaches operational limits. Near-term momentum is expected to remain stronger in lighter-duty segments where deployment flexibility and shorter payback horizons continue to support demand.

Passenger Vehicles

India

The Passenger Vehicle (PV) segment recorded its highest-ever annual sales of 46.43 Lakh units in FY 2025-26, registering a growth of 7.9% over FY 2024-25.

Growth was supported by improved affordability following GST rate rationalisation, enhanced consumer purchasing power, and lower financing costs due to repo rate cuts. Demand recovery was stronger in the second half of the year, while electric vehicle adoption accelerated, with registrations growing by over 80%, contributing to overall segment expansion. Utility vehicles continued to dominate the segment, accounting for a significant share of volumes. Export performance also remained robust, reaching a record 9.05 Lakh units in FY 2025-26, up 17.5%, with steady demand across the Middle East, Africa, and Latin America.

Looking ahead, growth is expected to moderate after the strong base. According to ICRA, PV sales growth is projected at 4-6% in FY 2026-27. Demand is expected to remain supported by GST benefits, new product launches, and continued strength in the utility vehicle segment.

Overall, while near-term growth is expected to normalise, structural drivers such as rising income levels, product innovation, electrification, and export opportunities continue to support medium-term growth prospects for the PV industry.

(Source: SIAM, ICRA)

https://www.icra.in/CommonService/OpenMediaS3?Key=065dbf83-be8d-4953-9ed0-198c28cce0a4

YoY Growth in Production and Domestic Sales of Passenger Vehicles in India (2025-26)

Segment	Production Growth (YoY)	Domestic Sales Growth (YoY)
Passenger Cars	4.4%	1.9%
Utility Vehicles	12.2%	11.0%
Vans	9.9%	5.5%
Total	**9.4%**	**7.9%**

Source: SIAM (Society of Indian Automobile Manufacturers)

Europe and the US

Europe

For the period April 2025 to March 2026, new passenger vehicle registrations across Europe (EU + EFTA + UK) grew by 3.5% year-on-year, indicating gradual stabilisation in automotive demand, although total volumes remained below pre-pandemic levels amid lingering macroeconomic uncertainty and affordability pressures. The market continued to witness a pronounced shift in powertrain mix, with battery electric vehicle (BEV) registrations rising sharply by 29.1% YoY, increasing their share to 20.4% from 16.4% in the previous year. Hybrid vehicles, including plug-in hybrid and hybrid electric models, also recorded strong momentum, with registrations growing 15.7% YoY and market share expanding to 45.2% from 40.5%, reflecting consumer preference for transitional electrification solutions offering lower emissions without range constraints. In contrast, registrations of petrol and diesel vehicles declined significantly by 18.6%, resulting in their combined share falling to 32.0% from 40.7%, as tightening emission regulations, incentive structures favouring electrified powertrains, and evolving urban mobility policies accelerated the structural transition towards electrification across the European passenger vehicle market.

Source: ACEA

The US

The US light vehicle market closed CY 2025 at an estimated 16.3 Mn units, registering a growth of 2.3% over CY 2024, despite continued affordability pressures arising from high vehicle prices and interest rates. While policy changes related to trade and automotive regulations created uncertainty during the year, automakers largely maintained price discipline and absorbed incremental costs, helping sustain market demand.

Looking ahead, the market is expected to remain broadly stable in CY 2026, with industry forecasts indicating sales of just under 16.0 Mn units. While this suggests a modest moderation from CY 2025 levels, leading manufacturers remain cautiously optimistic, supported by portfolio recalibration, improved inventory availability, and targeted pricing and financing strategies.

Improving vehicle affordability continues to remain a key industry priority. Automakers are increasingly focusing on entry-level trims, selective financing programmes, and model mix optimisation to support retail demand. Overall, the market remains in a transitional phase, where affordability, inventory stability, and evolving powertrain strategies are expected to shape competitive dynamics.

*(**Source**: https://www.spglobal.com/automotive-insights/en/blogs/2026/02/us-automakers-optimistic-about-improving-auto-sales)*

Non-Automotive Segment

Farm Equipment

India

The Indian tractor industry witnessed strong momentum in FY 2025-26, supported by favourable rural conditions and policy interventions. Domestic sales volumes grew by 24% YoY, driven by healthy farm cash flows, above-normal rainfall, and improved affordability following GST reduction.

Demand also remained positive, supported by better rural sentiment and financing accessibility. However, part of the demand was front-loaded due to pre-buying ahead of regulatory changes (TREM V norms), which is expected to normalise going forward.

Looking ahead, the industry outlook for FY 2026-27 is expected to moderate. The India Meteorological Department (IMD) has forecast below-normal monsoon rainfall at around 92% of the long-period average, influenced by possible El Niño conditions. This could impact agricultural output and rural income, thereby weighing on tractor demand.

As a result, domestic tractor volume growth is expected to soften to around 1-4% in FY 2026-27, due to a high base and potential weather-related risks. Despite this, structural drivers such as government support through MSP, subsidies, and continued mechanisation of agriculture are expected to provide stability.

Tractor OEMs are expected to maintain stable financial performance, supported by operating leverage, steady raw material costs, and healthy balance sheets.

(Source: ICRA, Apr 2026)

YoY Growth in Production and Domestic Sales of Tractors in India (2025-26)

Particulars	YoY Growth
Tractor Production	23%
Tractor Domestic Sales	24%

Source: Tractor and Mechanisation Association (TMA)/Industry sources

Europe and the US

Europe

The European tractor market remained under pressure in 2025, reflecting continued weakness across several key markets. According to data compiled by Maquinac, Europe exhibited a mixed and uneven performance across countries. Major markets such as France, Germany and the UK reported a 12-15% decline.

The regional performance was characterised by divergence across geographies, with weakness in large Western European markets offset partly by resilience in select European countries such as Italy and Spain, along with some smaller European markets. The downturn reflects cyclical correction after elevated demand in prior years, alongside pressures from high interest rates, lower farm incomes and cautious farmer sentiment, which weighed on new equipment purchases.

Looking ahead, early signs of stabilisation are emerging, supported by improving dealer inventory levels, gradual recovery in farmer confidence and sustained demand in certain segments such as high-horsepower and specialised tractors. Over the medium term, demand is expected to normalise, supported by farm mechanisation, precision agriculture adoption and policy support for sustainable farming, although recovery is likely to remain gradual and uneven across regions.

Source: https://maquinac.com/english/how-did-the-worlds-leading-tractor-markets-perform-in-2025/

The US

The US agricultural tractor market remained under pressure in 2025-26 amid softer farm economics and normalisation after the post-pandemic demand surge. Total tractor retail sales declined by about 9% year-on-year, with 2WD tractors down ~8%, while combined 4WD sales contracted by ~39%. Within the 2WD segment, the sharpest weakness was seen in 100+ HP tractors, where sales fell by around 23%, reflecting deferred capital purchases by large commercial farms. Lower-horsepower categories recorded only single-digit declines, supported by relatively stable demand from smaller farms and lifestyle users. Elevated equipment prices, high interest rates, weaker crop margins and declining farm incomes weighed on producer sentiment, while higher inventory levels further subdued new orders.

Source: https://www.aem.org/getattachment/9ee3a193-4c55-4c47-8e3a-ec1237b41f09/US-Month-Ag-Report-2025-12.pdf, https://www.agriculture.com/tractor-sales-close-2025-with-nearly-a-15-decline-in-december-11887423?, https://www.rfdtv.com/ag-equipment-sales-slide-as-2025-closes-weak?

Off-Highway

India

Domestic demand for construction equipment in India remained subdued during 2025-26, reflecting slower infrastructure execution and tighter financing conditions. According to the Indian Construction Equipment Manufacturers Association (ICEMA), full-year domestic equipment sales declined 7% YoY, indicating some recovery from the sharper 9% contraction reported during the first nine months as project execution and liquidity improved in Q4 of FY 2025-26. Export demand remained a key growth driver, with overseas shipments rising strongly, supported by increasing global competitiveness of Indian manufacturers.

Segment trends in Q4 were encouraging, with earthmoving, concrete, and road construction equipment witnessing renewed growth, suggesting gradual domestic demand stabilisation. Overall, while FY 2025-26 remained a challenging year for the domestic off-highway market, the sector closed on a more resilient footing, supported by government infrastructure spending, improving execution trends, and robust export performance.

Looking ahead, industry participants remain optimistic about a recovery, supported by higher public capital expenditure and faster infrastructure project awards. The Union Budget 2026-27 announced capital expenditure of ₹ 12.2 Lakh Cr., alongside initiatives to strengthen construction and infrastructure equipment manufacturing under the Construction and Infrastructure Equipment (CIE) incentive scheme. The scheme aims to deepen localisation, support domestic manufacturing and enhance the sector's global competitiveness, while the extension of Pradhan Mantri Gram Sadak Yojana III (PMGSY-III) provides continued support to rural road development. Over the medium term, demand is expected to normalise following recent pre-buy distortions, with steady growth supported by infrastructure, mining and construction activity.

(Source: ICEMA, https://infrastructuretoday.co.in/indias-construction-equipment-demand-falls-9-exports-surge-amid-revival-prospects/, https://offhighwayresearch.com/News/Indian-Annual-Review-now-available/577.article)

Europe and the US

Europe

The European construction equipment market showed early signs of stabilisation in 2025 following a period of decline. According to the Committee for European Construction Equipment Annual Economic Report 2026, construction equipment sales in Europe increased by 4.6% in 2025, suggesting that the market downturn has likely bottomed out.

The recovery occurred despite a challenging macroeconomic environment, with European GDP growth of around 0.9% in 2025, high interest rates and weak residential construction activity. However, infrastructure and civil engineering projects, which grew by around 3%, helped offset the decline in residential building, supporting overall construction output.

Looking ahead, the sector is expected to record moderate growth of around 2%-2.5% in 2026. Stabilising interest rates, a gradual recovery in private investment and continued public spending on infrastructure and energy transition projects are expected to support this growth. Nevertheless, industry expansion will remain dependent on macroeconomic conditions, regulatory frameworks and global trade dynamics.

(Source: Committee for European Construction Equipment, https://www.cece.eu/news/european-construction-equipment-sector-sees-moderate-recovery-in-2025-with-4.6-growth-in-sales)

The US

According to commentary published by the Association of Equipment Manufacturers in February 2026, the construction equipment market remained challenging during Calendar Year 2025, reflecting subdued demand across both agriculture and construction end-markets. The operating environment was marked by weak momentum and cautious capital investment sentiment, although early signs of stabilisation began to emerge towards the close of the year. This suggests that the market may be entering the initial stages of a recovery cycle. Broader construction activity globally also recorded only marginal growth during the year, underscoring the cyclical slowdown in equipment demand. Looking ahead, industry expectations point to stronger growth in construction output from 2026 onward, supported by improving market confidence and strengthening project pipelines, positioning CY 2025 as a transitional phase between peak demand and gradual recovery.

(Source: https://www.aem.org/news/ag-and-construction-industry-conditions-show-early-signs-of-recovery)

Industrials

Wind Energy

The global wind energy sector recorded another landmark year, with installations reaching a record 165 GW in 2025, marking a 40% increase over the previous peak. Total installed wind capacity globally reached 1,299 GW, reflecting the accelerating shift towards renewable energy.

The sector continues to scale rapidly, with 28,395 wind turbines installed across 57 countries in 2026, and 138 countries now utilising wind energy as part of their power mix.

Growth is being driven by rising electricity demand, increasing industrialisation, and the need for energy security amid geopolitical disruptions. Events such as tensions in the Middle East and supply chain vulnerabilities have reinforced the importance of reducing dependence on fossil fuels.

Wind energy has emerged as a key pillar of the modern energy system, offering scalable, reliable, and geographically flexible solutions. Major economies such as China, the US, and India continue to lead capacity additions, supported by strong policy frameworks and energy transition commitments.

Despite challenges such as commodity price volatility and supply chain pressures, the sector's long-term outlook remains strong. Increasing investments in renewable infrastructure, alongside the need for clean and secure energy, are expected to sustain growth momentum globally.

(Source: Global Wind Energy Council (GWEC), https://www.gwec.net/reports/globalwindreport)

The global genset market continues to expand steadily, supported by the rising demand for dependable backup power across commercial and industrial sectors. The market was valued at US$ 18.37 Bn in 2025 and is projected to reach US$ 28.17 Bn by 2035, growing at a CAGR of 4.4% during the period. Demand is driven by persistent grid instability, rising industrial power consumption and the rapid expansion of digital infrastructure, particularly data centres.

At a global level, data centre capacity is entering a high-growth phase, driven by accelerating AI adoption and hyperscaler investments. Global data centre capacity is expected to scale significantly through 2030, with demand rising at 13-20% annually, even as growth becomes increasingly power-constrained. Power availability is emerging as a critical bottleneck, leading operators to increasingly rely on on-site and backup power solutions, including gas and diesel gensets, to ensure uninterrupted operations.

In India, the data centre sector is evolving rapidly, supported by digitisation, cloud adoption, and data localisation requirements. Installed capacity has grown from ~540 MW in 2019 to ~1,011 MW in 2023, and is expected to reach ~2,000 MW by 2026, implying a CAGR of ~26%. The sector is projected to attract investments of ~US$ 25 Bn over the next decade, significantly increasing power demand and reinforcing the need for reliable backup infrastructure.

Regionally, North America accounted for the largest share of the global market in 2025, supported by ageing grid infrastructure, rising outage frequency and severe weather events. Diesel generators continued to dominate revenues due to widespread use across industrial, infrastructure and mission-critical applications. At the same time, gas-based systems are gradually gaining traction as organisations increasingly pursue lower-emission power solutions.

Key end-use sectors driving demand include data centres, telecom, healthcare and commercial facilities, where uninterrupted power supply remains essential. Meanwhile, the integration of digital controls, remote monitoring and hybrid configurations combining gensets with renewable energy and battery storage is improving operational efficiency and expanding the role of gensets within modern distributed energy systems.

(Source: https://store.frost.com/growth-opportunities-in-the-global-genset-industry-2025-2035.html, https://www.iea.org/reports/energy-and-ai/energy-demand-from-ai, https://www.bain.com/insights/ai-data-center-forecast-from-scramble-to-strategy-snap-chart/, https://www.avendus.com/insights/investment-banking/report/data-centres-a-usd-25-billion-market-opportunity-over-the-next-decade)

Company Overview

Happy Forgings Limited ('Happy Forgings' or 'The Company') is a leading manufacturer of complex forged and precision-machined components. The Company produces high-precision, heavy-duty and safety-critical components used across industries such as commercial vehicles, passenger vehicles, farm equipment, off-highway vehicles, oil & gas, power generation, railways, and wind energy.

Recognised as the third-largest engineering-led manufacturer of complex forged and precision-machined components in India, Happy Forgings operates three vertically integrated manufacturing facilities. These facilities enable strong operational control across forging, heat treatment and machining processes. As of 2025-26, Happy Forgings has an installed forging capacity of 1,48,000 MT and machining capacity of 68,000 MT, with ongoing capacity expansion to support future growth.

Headquartered in Ludhiana and established in 1979, the Company brings over 47 years of engineering expertise to its operations. It continues to invest in advanced manufacturing capabilities for heavier and more complex components, enabling it to capture emerging opportunities and expand globally, supported by AA/Stable ratings from CRISIL and ICRA that reflect its financial strength and disciplined operations.

Capital Expenditure Plan

Happy Forgings continues to invest in strengthening its manufacturing capabilities to support long-term growth and expand into higher value-added segments. As a key part of this strategy, the Company is undertaking a ₹ 650 Cr. capital expenditure programme to build advanced forging and machining capabilities for heavyweight components, with investments phased over FY 2024-25 to FY 2026-27.

The Company has undertaken ~₹ 461 Cr. of capital expenditure in FY 2025-26, with investments progressing in line with its planned capacity expansion and capability-building initiatives.

The new facility will enable the manufacture of components ranging from 250 kg to 3,000 kg, placing the Company among a select group of global manufacturers with such capabilities. This will support expansion across high-growth sectors such as wind energy, oil & gas, marine, defence, nuclear, power generation, and farm equipment. At optimal utilisation, the facility is expected to generate ₹ 600-800 Cr. in annual revenue.

Alongside this, the Company is strengthening its forging infrastructure through the commissioning of a 10,000-ton and a 4,000-tonne press, enhancing overall capacity and production flexibility. In addition, ~₹ 80 Cr. of capital expenditure has been allocated to scale the passenger vehicle segment through dedicated production lines for key SUV platforms.

These investments are largely funded through internal accruals, reflecting disciplined capital allocation while maintaining a strong balance sheet. The heavy forging facility is expected to be commissioned by FY 2026-27, followed by a gradual production ramp-up.

Operational Performance

Installed Capacity and Utilisation

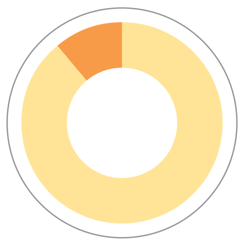
Particulars	2024-25	2025-26
Forging Capacity (MT)*	1,27,000	1,48,000
Forging Utilisation (%)^	57%	59%
Machining Capacity (MT)*	57,000	68,000
Machining Utilisation (%)^	83%	82%

**Represents annual installed capacity as on the last date of the relevant period*
^Capacity utilisation is based on the average available capacity for the period

Segmental Performance

Segment	Revenue Contribution	Performance Summary
1 Commercial Vehicles	37%	Growth broadly mirrored industry trends, with healthy domestic momentum partly offset by softer export-linked demand.
2 Passenger Vehicles	6%	Continued scale-up driven by rising share of business and execution of previously secured order wins.
3 Farm Equipment	32%	Stable contribution reflects calibrated growth, with strategic emphasis on higher value-added offerings over volume expansion.
4 Off-Highway	11%	Moderation in contribution amid softer domestic and global construction equipment demand environment.
5 Industrials	14%	Steady growth supported by resilient domestic demand across industrial applications.

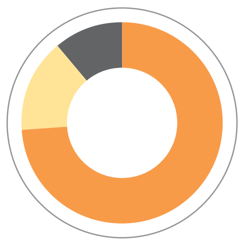
Product Mix



Forged and Machined Components | 89%

Forged Components | 11%

Geography Mix



Domestic | 74%

Direct Exports | 15%

Indirect and Deemed Exports | 11%

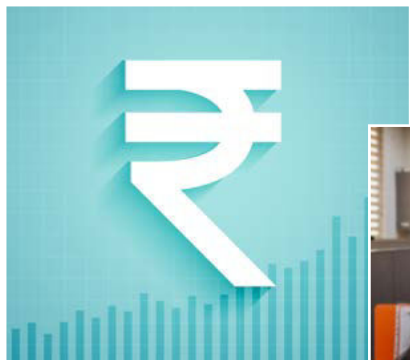
Financial Performance

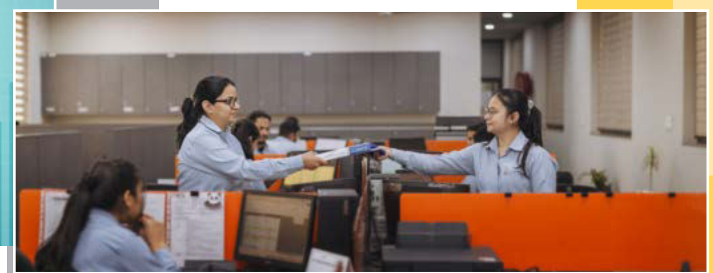
Figures in ₹ Cr. (Except per Share Data)

Particulars	For the Year Ended 31st March, 2026	For the Year Ended 31st March, 2025
Revenue from Operations	1,546.34	1,408.89
Gross Profit	914.53	817.23
Employee Costs	136.58	124.82
Other Expenses	307.26	285.71
EBITDA	470.69	406.70
Depreciation	89.04	77.06
EBIT	381.65	329.64
Finance Costs	10.47	7.53
Other Income	30.81	37.45
Profit Before Tax	401.98	359.55
Profit After Tax	301.63	267.44
EPS (Diluted) (₹)	31.92	28.37

Key Financial Ratios

Particulars	2025-26	2024-25
Gross Margin	59.1%	58.0%
EBITDA Margin	30.4%	28.9%
PAT Margin	19.5%	19.0%
Return on Equity (RoE)	15.2%	15.4%
Return on Capital Employed (RoCE)	18.2%	19.2%
Debt/Total Net Worth	0.15x	0.12x
Gross Fixed Assets Turnover	1.0x	1.1x
Inventory Turnover	2.7x	2.6x
Trade Receivables Turnover	3.7x	3.6x
Trade Payables Turnover	14.6x	14.4x





Risk Management

Risk management is embedded in strategic planning and operational execution. The Company's governance framework enables proactive identification, assessment and mitigation of risks while strengthening long-term resilience and value creation.

Risk Category	Impact	Mitigation
Business-related	Dependence on key customers and specific product segments may expose the Company to fluctuations in demand and industry cycles. Rising input costs may also impact margins.	Diversifying the customer base, product portfolio and end-use industries while expanding into high value-added components and new geographies to enhance revenue stability.
Operational	Supply chain disruptions, logistics delays or quality issues may affect production continuity, increase costs and impact customer relationships.	Ensuring a diversified supplier network, contingency planning, predictive maintenance and strengthened logistics capabilities. Implementing robust quality assurance systems and employee training programmes to support operational reliability.
Financial	High leverage, interest rate volatility or cash flow mismatches may affect liquidity and investment capacity.	Sustaining a low debt-to-equity ratio, strong internal accruals and disciplined working capital management to support a resilient balance sheet and reduce reliance on external borrowing.
ESG-related	Environmental non-compliance or weak ESG performance may result in regulatory penalties, reputational risks or customer attrition.	Ensuring ESG Committee oversight with initiatives focused on decarbonisation, resource optimisation, compliance monitoring and social responsibility programmes.
Technological	IT system failures, cyber threats or slow adoption of emerging technologies may affect operations, data security and competitiveness.	Securing IT infrastructure through strong cybersecurity protocols, disaster recovery systems and continued investments in modern manufacturing technologies. Investing continuously in modern manufacturing technologies.
Competition Pricing-related	Competitive pressure and pricing negotiations from OEMs may impact margins and profitability. Regulatory changes may also influence pricing dynamics.	Focusing on precision engineering, value engineering and operational efficiency to maintain cost competitiveness. Strengthening long-term customer relationships.

Sustainable Progress

At Happy Forgings Limited, sustainability is being progressively embedded into our operating philosophy and long-term growth strategy. During the year, the Company strengthened its ESG framework through defined priorities, governance mechanisms, and focused implementation initiatives across environmental and operational dimensions. On the renewable energy front, the Company commenced installation of a 20 MW captive solar power project, reinforcing its commitment towards cleaner energy adoption and reduced carbon intensity. HFL also achieved 100% Zero Liquid Discharge (ZLD) across all manufacturing sites, reflecting its focus on responsible water management and resource conservation. Despite being in a significant capacity expansion and ramp-up phase, the Company recorded a 7% reduction in total GHG emissions and a 4% reduction in energy intensity on a year-on-year basis through continued emphasis on operational efficiencies and process improvements. In line with its responsible sourcing objectives, the Company also initiated ESG assessments covering 5 out of 10 raw material suppliers. Through these initiatives, HFL continues to institutionalise sustainable business practices while aligning itself with evolving stakeholder expectations and long-term value creation objectives.

Human Resources

At Happy Forgings, people power every stage of progress, from forging and machining, to engineering and innovation. The Company continues to invest in building a capable, safe and engaged workforce that supports operational excellence and long-term growth.

As of 31st March, 2026, the Company employed 700 permanent employees and 2,812 permanent workers, reflecting the scale of its manufacturing operations and the depth of its shopfloor capabilities.

Workforce Overview

700
Permanent Employees

2,812
Permanent Workers

3,512
Total Permanent Workforce

Learning and Capability Building

Continuous skill development remains central to the Company's operating philosophy. Structured learning programmes ensure that employees and shopfloor workers stay equipped with the technical, safety and operational capabilities required in a precision-driven manufacturing environment.

Training and Development

455
Employees Trained on Skill Upgradation

1,961
Workers Trained on Skill Upgradation

478
Workers Trained on Health & Safety Measures

2,338
Workers Trained on Health & Safety Measures

45.6%
Employees Covered under Career Development Reviews

Career development discussions were conducted across a significant portion of the workforce to align individual growth aspirations with organisational objectives.

HAPPY FORGINGS LIMITED

Employee Welfare and Well-being

The Company provides comprehensive welfare and social security coverage to ensure that employees and workers, along with their families, remain supported at every stage.

Welfare Coverage

Employees and workers are covered under:

- 100% - Employees and workers covered under health insurance
- 100% - Employees and workers covered under Accident Insurance
- 100% - Employees and workers covered under PF and Gratuity
- 100% - Eligible workers covered under Employee State Insurance (ESI)

Additional support initiatives include maternity benefits, periodic health check-ups, hospital tie-ups for emergency care and financial assistance to families in the event of unforeseen circumstances. In addition, health awareness programmes are conducted regularly across manufacturing facilities.

Diversity and Inclusion

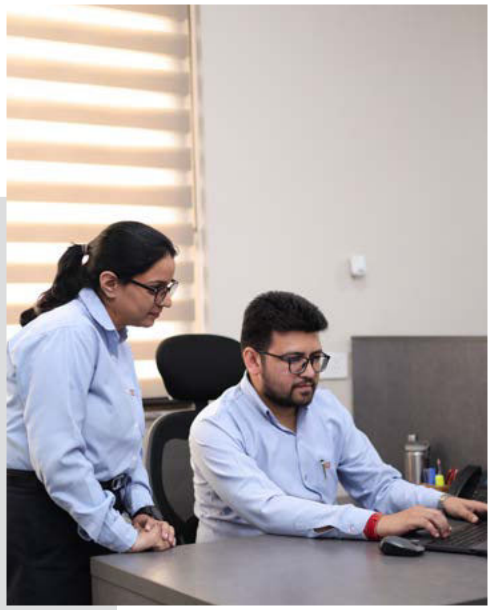
Happy Forgings continues to strengthen its commitment to building an inclusive and equitable workplace.

Diversity Snapshot

3.7%
Permanent Women Employees

33%
Women Representation on Board

50%
Women Representation among KMPs



The Company has implemented an Equal Opportunity Policy in line with the Rights of Persons with Disabilities Act, 2016, ensuring accessible workplaces and equal employment opportunities.

Grievance Redressal and Human Rights

A structured grievance management framework ensures that employees and workers have multiple channels to raise concerns transparently and confidentially.

The Company maintains a zero-tolerance approach to harassment, supported by awareness programmes and an Internal Complaints Committee under the POSH Act.

Governance Snapshot

Zero
POSH Complaints Reported

100%
Grievances Resolved

Occupational Health & Safety

Safety remains a core priority across all manufacturing facilities. The Company is ISO 45001:2018 certified, reflecting its structured approach to workplace safety and risk management.

Key safety practices include daily toolbox talks, mock emergency drills, hazard identification and risk assessments (HIRA), and near-miss reporting mechanisms.

Safety Performance

0.6
Lost Time Injury Frequency Rate (Workers)

Zero
Lost Time Injury Frequency Rate (Employees)

These initiatives reinforce a culture where safety awareness and preventive action are embedded in everyday operations.

The Company maintains a comprehensive HR Policy Manual, which provides clear guidelines for employee conduct, workplace practices and people management. The framework promotes discipline, integrity, collaboration and care, ensuring that HR practices remain transparent, consistent and aligned with evolving organisational needs.

Internal Financial Control System and its Adequacy

Happy Forgings has established a robust internal financial control framework to ensure disciplined operations and sound financial management. The Board has instituted comprehensive policies and procedures that guide business operations and support adherence to regulatory and governance requirements. These controls safeguard the Company's assets, ensure the accuracy and reliability of financial records, and enable the timely availability of relevant financial information. The framework also enables the identification and prevention of potential errors or irregularities.

The Company strengthens this framework through independent assessments by internal and external auditors. Systems and processes are regularly upgraded to align with evolving industry standards and best practices.

Audit observations are reviewed by the Management Committee to ensure timely corrective action. The Audit Committee of the Board, comprising Independent Directors, periodically reviews the adequacy and effectiveness of internal financial controls.

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 is pleased to present the 47th Annual Report of Happy Forgings Limited ("the Company"), covering the business performance and operations of the Company along with the Audited Financial Statements, prepared in accordance with Ind AS, for the financial year ended 31st March, 2026.

STATE OF COMPANY'S AFFAIRS

FINANCIAL SUMMARY & PERFORMANCE HIGHLIGHTS

The Audited Financial Statements for the Financial Year ended 31st March, 2026, 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 recognized 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 summarized below:

In ₹ Lakhs (except per share data)

Particulars	2025-26		2024-25	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations	1,54,633.56	1,54,633.56	1,40,889.47	1,40,889.47
Other Income	3,081.43	3,081.01	3756.81	3,745.01
Total Income	1,57,714.99	1,57,714.57	1,44,646.28	1,44,634.48
Profit before Finance Cost, Depreciation, and Tax	50,150.98	50,149.86	44,426.85	44,414.78
Finance Cost	1,047.31	1,047.31	753.33	753.33
Depreciation	8,904.29	8,904.29	7,706.11	7,706.11
Share of Profit/(Loss) of Subsidiary				
Profit Before Tax (PBT)	40,199.38	40,198.26	35,967.41	35,955.34
Current Tax	8,988.47	8,988.47	8,481.90	8,483.65
Deferred Tax	1,046.94	1,046.94	728.05	728.06
Net Profit After Tax (PAT)	30,163.97	30,162.85	26,757.46	26,743.63
Other Comprehensive Income	(100.58)	(100.58)	150.40	150.40
Total Comprehensive Income for the Year	30,063.39	30,062.27	26,907.86	26,894.03
Earnings per equity share (In ₹)				
Basic earnings per share	31.99	31.99	28.40	28.39
Diluted earnings per share	31.92	31.92	28.39	28.37

Note:

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 ₹ 1,57,714.99 Lakhs as compared to the last year's revenue and other income of ₹ 1,44,646.28 Lakhs. The Company has achieved Profit Before Tax of ₹ 40,199.38 Lakhs and Profit After Tax of ₹ 30,163.97 Lakhs as on 31st March, 2026 as against previous year's Profit Before Tax of ₹ 35,967.41 Lakhs and Profit After Tax of ₹ 26,757.46 Lakhs.

The Company achieved a total Comprehensive Income of ₹ 30,063.39 Lakhs as against previous year's Comprehensive Income of ₹ 26,907.86 Lakhs. The EPS on financials for the year ended on 31st March, 2026 was ₹ 31.99 (Basic) and ₹ 31.92 (Diluted).

Consolidated :

During the year under review, the revenue from operations and other income stood at ₹ 1,57,714.57 Lakhs as compared to the last year's revenue and other income of ₹ 1,44,634.48 Lakhs. The Company has achieved Profit Before Tax of ₹ 40,198.26 Lakhs and Profit After Tax of ₹ 30,162.85 Lakhs as on 31st March, 2026 as against previous year's Profit Before Tax of ₹ 35,955.34 Lakhs and Profit After Tax of ₹ 26,743.63 Lakhs. The Company achieved a total Comprehensive Income of ₹ 30,062.27 Lakhs as against previous year's Comprehensive Income of ₹ 26,894.03 Lakhs. The EPS on financials for the year ended on 31st March,2026 was ₹ 31.99 (Basic) and ₹ 31.92 (Diluted).

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

DIVIDEND & APPROPRIATIONS

The Board of Directors of your company has decided to recommend final Dividend of ₹ 4 per share of Face value of ₹ 2/- each fully paid for the financial year ended 31st March, 2026 subject to the approval of shareholders in the ensuing Annual General Meeting.

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has formulated Dividend Distribution Policy taking into account the parameters prescribed in the said Regulations. The Dividend Distribution Policy is available on Company's website at https://happyforgingsltd.com/wp-content/uploads/2025/02/Dividend-Distribution-Policy.pdf

During the financial year ended 31st March 2026, no amount was required to be transferred to the Investor Education and Protection Fund.

TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to the General Reserve for the financial year ended 31st March, 2026. Instead, it is recommended that the entire profit for the year be retained in the Profit and Loss Account.

SHARE CAPITAL

a) Authorized Share Capital

During the year under review, there was no change in the Authorized Share Capital of the Company. As on 31st March, 2026, the Authorized Share Capital of the Company stands at 15,00,00,000 equity shares of ₹ 2 each, aggregating to ₹ 30,00,00,000 (Rupees Thirty crores only).

b) Issued, Subscribed and Paid-up Share Capital

During the year under review, the paid-up capital has increased from 9,42,42,200 shares of FV ₹ 2/- each to 9,43,50,461 shares of FV of ₹ 2 each pursuant to the allotment of ESOPs during the year.

S. No.	No. of Shares Allotted	Face Value (₹)	Pre-Allotment Share Capital (No. of Shares)	Post-Allotment Share Capital (No. of Shares)
1	29,220	2	9,42,42,200	9,42,71,420
2	14,591	2	9,42,71,420	9,42,86,011
3	18,259	2	9,42,86,011	9,43,04,270
4	23,651	2	9,43,04,270	9,43,27,921
5	22,540	2	9,43,27,921	9,43,50,461

As on 31st March, 2026, the Issued, Subscribed and Paid- up Share Capital of the Company is 9,43,50,461 Equity Shares of FV ₹ 2/- each amounting to ₹ 18,87,00,922 (Rupees Eighteen Cr eighty-seven Lakhs nine hundred twenty two only).

c) Utilization of Proceeds of IPO

Pursuant to Regulation 32 of the Listing Regulations, the Company confirms that there were no deviations or variations in the utilization of the IPO proceeds up to 31st March, 2026.

The proceeds of IPO were utilized for the objects as disclosed in the Prospectus. Details as on 31st March, 2026 are as follows:

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

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

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

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

The Company has one wholly owned subsidiary, M/s HFL Technologies Private Limited.

The consolidated financial statements of the Company and its subsidiary have been prepared in the form and manner prescribed under the Companies Act, 2013 and will be presented at the forthcoming Annual General Meeting. A statement containing the salient features of the financial statements of the subsidiary, associate(s), and joint venture(s), in Form AOC-1, is attached as Annexure 1.

Further, no company ceased to be a Subsidiary, Joint Venture, or Associate of the Company during the year under review.

DIRECTORS & KEY MANAGERIAL PERSONNEL

DIRECTORS

The Board of Directors of the Company is duly constituted in accordance with the requirements of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). The Board continues to maintain an optimum combination of Executive, Non-Executive and Independent Directors, ensuring appropriate balance in governance, strategic guidance and independent judgment. The Board also benefits from gender diversity through the inclusion of two Women Directors.

As on 31st March 2026, the Board comprises of 6 (Six) Directors, which includes three Non-Executive Independent Directors and three Executive Directors including two women directors, Ms. Rajeswari Karthigeyan and Ms. Megha Garg. The Chairman of the Company is an Executive Director. Detailed profiles of all Directors, highlighting their qualifications, competencies and professional experience, forms part of the Annual Report.

The Company has received declarations from all Directors confirming that they are not disqualified under Section 164(1) and 164(2) of the Companies Act, 2013. Further, none of the Directors have been debarred or disqualified from holding the office of Director by the Securities and Exchange Board of India ("SEBI"), Ministry of Corporate Affairs ("MCA") or any other statutory authority. A certificate to this effect from a Practising Company Secretary is annexed to the Corporate Governance Report.

In the opinion of the Board, the Directors collectively possess the appropriate balance of skills, integrity, professional competencies, industry knowledge and strategic insight required for the effective functioning of the Board. A detailed matrix outlining the core skills, expertise and attributes required and available with the Board has been provided in the Corporate Governance Report.

The composition and functioning of the Board reinforce the Company's deep commitment to transparency, accountability and strong corporate governance. The Board continues to guide the Company's long-term vision, oversee management performance, and ensure adherence to the highest standards of ethical and regulatory compliance.

Re-appointment of Ms. Megha Garg, DIN 07352042, Whole Time Director for another term of five years

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors approved the re-appointment of Ms. Megha Garg (DIN: 07352042) as a Whole-time Director of the Company for another period of five (5) consecutive years with effect from 29th September 2026 to 28th September 2031, subject to the approval of the shareholders at the 47th ensuing Annual General Meeting.

Re-appointment of Mr. Ravindra Pisharody, DIN 01875848, Independent Director for second term

Based on the recommendation of the Nomination and Remuneration Committee, the Board approved the re-appointment of Mr. Ravindra Pisharody (DIN: 01875848) as an Independent Director of the Company for a second consecutive term of three years and five months from 16th June 2027 to 15th November, 2030, subject to the approval of the shareholders at the 47th ensuing Annual General Meeting by way of special resolution.

Directors retiring by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Ashish Garg (DIN: 01829082), Managing Director (Whole-time Director) of the Company, is liable to retire by rotation at the ensuing 47th Annual General Meeting ("AGM"). He has offered himself for re-appointment and, being eligible, the Board recommends his reappointment for the consideration and approval of the shareholders at the 47th AGM.

The resolution seeking his reappointment forms part of the Notice convening the 47th AGM. A brief profile of Mr. Ashish Garg, as required under the applicable provisions of the Companies Act, 2013 and SEBI LODR Regulations, is provided in the Annexure 1 to the Notice.

Change in Board of Directors

During the financial year under review, the following change occurred in the composition of the Board of Directors:

Mr. Satish Sekhri (DIN:00211478), ceased to be an Independent Director of the Company upon completion of his first term of 5 (five) consecutive years, with effect from close of business hours on 3rd May, 2025.

KEY MANAGERIAL PERSONNEL

As on 31st March, 2026, the following persons are Key Managerial Personnel ("KMP") of the Company pursuant to the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 . Further , there was no change in Key Managerial Personnel during the year .

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

DECLARATION BY INDEPENDENT DIRECTORS

As on 31st March, 2026, the Board comprises of three Independent Directors. The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the SEBI LODR Regulations.

All Independent Directors have further confirmed that they have registered their names in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs (IICA), in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Independent Directors have affirmed compliance with the Code for Independent Directors as specified under Schedule IV of the Act and the Company's Code of Conduct for Directors and Senior Management Personnel, formulated in accordance with the Listing Regulations. They have also confirmed compliance with the Code of Conduct prescribed under the SEBI (Prohibition of Insider Trading) Regulations.

Additionally, the Company has obtained declarations from all Independent Directors confirming that they do not have any pecuniary relationships or transactions with the Company, apart from receiving sitting fees, commission, and reimbursement of expenses incurred for attending meetings of the Board and its Committees, thereby ensuring strict adherence to independence standards.

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 deliberate on key strategic matters, review business performance, assess financial results, and provide overall direction to the management. During the financial year 2025–26, the Board convened four meetings, all of which were held in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI LODR Regulations.

The particulars of the Board Meetings, including the dates on which the meetings were held and the attendance of each Director, are provided in detail in the Corporate Governance Report forming part of this Annual Report. The gap between any two consecutive Board Meetings was well within the statutory limit of 120 days prescribed under the Act.

In addition to the meetings held physically or through permissible electronic mode, certain urgent business matters were also considered and approved by the Board through resolutions passed by circulation, in accordance with the provisions of the Act and the relevant Secretarial Standards.

COMMITTEES OF THE BOARD

The composition of the Board Committees is fully aligned with the requirements of the Companies Act, 2013, the rules framed thereunder, and the SEBI Listing Regulations. The Board has constituted the following Committees to ensure focused oversight and effective governance in specific functional areas:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Each Committee has been entrusted with clearly defined roles and responsibilities, enabling more detailed review of matters requiring specialised attention and supporting the Board in the efficient discharge of its duties.

The composition, terms of reference, and attendance details of the members of each Committee during 2025-26 are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

The Board also confirms that there were no instances during the year under review in which the recommendations of the Audit Committee were not accepted by the Board.

BOARD EVALUATION

The Nomination and Remuneration Committee of the Company has approved a comprehensive Nomination and Remuneration Policy, which includes the criteria for performance evaluation of the Board, its Committees, and individual Directors. The Policy has been duly approved and adopted by the Board of Directors.

In accordance with the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out an annual performance evaluation of its own performance, the performance of its Committees, and that of individual Directors. The evaluation process was structured through a detailed questionnaire addressing various parameters, including:

- Composition and structure of the Board and its Committees
- Effectiveness of Board processes and information flow
- Quality of decision-making and Board discussions
- Performance of individual Directors, including Independent Directors and the Chairperson

The performance evaluation of Independent Directors was conducted by the entire Board, excluding the Director being evaluated. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees, and individual Directors. Feedback from the evaluation process was deliberated in Board meetings and noted for implementation and further improvement wherever necessary.

The Board's assessment encompassed, among other aspects, the clarity of roles and responsibilities of Directors, contribution to strategic planning, effectiveness of risk management, understanding of operational programs, timely receipt of financial and operational reports, monitoring progress against strategic goals, frequency and effectiveness of Board and Committee meetings, and overall governance practices.

The outcomes of the evaluations conducted by the Nomination and Remuneration Committee and the Independent Directors were presented to the Board. Based on these outcomes, the Board discussed and formulated actionable plans or suggestive measures to address any identified areas for improvement. The Directors expressed satisfaction with the evaluation process, its implementation, and the results, affirming that the exercise has contributed to enhanced governance and overall Board effectiveness.

MEETING OF INDEPENDENT DIRECTORS

During the financial year under review, two separate meetings of the Independent Directors were held on Saturday, 7th February, 2026 and Tuesday, 31st March, 2026 without the presence of Non-Independent Directors or the Company's management. The Independent Directors reviewed and evaluated the performance of the Non-Independent Directors and the Board as a whole in their meeting held on 31st March, 2026. They also assessed the quality, adequacy, and timeliness of the information between the Management and the Board, which is essential for the Board to discharge its duties effectively and make informed decisions.

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, 2026, the applicable accounting standards have been followed and there are no material departures from the same.

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company as of 31st March, 2026 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, 2026 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, 2026.

(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, 2026.

RISK MANAGEMENT

The Company has established a robust Risk Management Framework to systematically identify, assess, and manage the various risks associated with its business operations. This framework is designed to embed effective risk management practices at all levels of the organisation, thereby safeguarding the Company's assets, reputation, and the interests of its stakeholders.

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

The key risks identified include operational risks, governance and regulatory risks, financial risks, cyber risks, environmental risks, sector/industry-specific risks, and social risks. The Company continuously monitors these risks through structured processes and mitigation measures. To formalise this approach, the Company has adopted a Risk Management Policy, approved by the Board of Directors, which provides a framework to identify, monitor, and control business risks. The Policy is reviewed periodically and updated as necessary to align with the evolving business environment and regulatory requirements.

The Risk Management Policy is available on the Company's website at:

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

Further details regarding the Company's risk management framework and the functioning of the Risk Management Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

The Company has established a comprehensive system of Internal Financial Controls designed to ensure the accuracy and reliability of its financial reporting. These controls include well-documented policies and procedures, clearly defined roles and responsibilities, standard operating procedures, risk control matrices, and robust IT systems. Their design and operating effectiveness are periodically tested through internal audits conducted by a reputed firm of internal auditors.

The internal financial controls are commensurate with the size, scale, and complexity of the Company's operations and are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and accounting standards.

The Audit Committee actively oversees and evaluates the adequacy and effectiveness of these internal control systems, recommending improvements wherever necessary. The Company's internal controls are routinely tested and certified by both the Statutory and Internal Auditors. During the financial year under review, no instances of significant internal control weaknesses were reported by either the Internal or Statutory Auditors.

The Company is committed to continuously strengthening its internal control framework to keep pace with evolving business requirements and regulatory expectations. The statutory certification regarding Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 forms part of the Statutory Audit Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

During the financial year under review, the Company has spent ₹ 655.28 Lakhs towards CSR initiatives in the local communities where it operates through projects focused on education, healthcare, environment sustainability, skill development etc. Apart from that, the Company has utilized ₹ 13.55 Lakhs from unspent CSR account for 2024-25 on the long-term project of construction of Vocational college under Bal Vikas Trust, Ludhiana and ₹ 46.45 lakhs for construction of Government School, Umaidpur respectively.

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

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

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

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

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during the financial year ended 31st March, 2026, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in "Annexure- 2 " to this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

In line with the requirements of the Act and the Listing Regulations, the Company has also formulated a Policy on dealing with Related Party Transactions ('RPTs') and the same is available on the website of the Company at https://happyforgingsltd.com/wp-content/uploads/2026/02/Related-Party-Policy.pdf

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF EMPLOYEES

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

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 for year ended 31st March, 2026 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 2025-26 until the conclusion of the 51st AGM of the Company to be held in the year 2030. 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 Audit Committee and the Board of Directors in their respective meetings held on May 17, 2025 recommended and shareholders in their meeting held on 29th July 2025 approved the re-appointment of

M/s. S R Batliboi & Co., LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of 5 (Five) consecutive financial years, from the conclusion of the 46th Annual General Meeting held in the year 2025 until the conclusion of the 51st Annual General Meeting to be held in the year 2030.

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 2025-26 and the Reports are self-explanatory. The said Auditors' Reports for the Financial Year ended March 31, 2026, 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.

The Audit Committee and the Board of Directors, in their respective meetings held on 9th August 2025, appointed SCV & Co. LLP and KPMG Assurance and Consulting Services LLP as Internal Auditors of the Company in accordance with the provisions of Section 138 of the Act read with the Companies (Accounts) Rules, 2014 for the financial year 2025-26.

The Company has received consent from M/s. KPMG Assurance and Consulting Services LLP, for appointment as Internal Auditors of the Company for 2026-27 which was approved by the Board of Directors in their meeting held on 21st May, 2026.

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 17th May, 2025 which was duly approved by shareholders in their meeting held on 29th July, 2025, had appointed M/s Chandrasekaran Associates, Practicing Company Secretaries, Peer Reviewed Firm of Company Secretaries in Practice (Firm Registration No. P1988DE002500) as Secretarial Auditor of the Company for five years starting from financial year 2025-26 to financial year 2029-30. The Secretarial Audit Report for 2025-26 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 financial year 2025-26 for all applicable compliances as per SEBI Rules, Regulations, Circulars, Notifications, guidelines etc. issued thereunder.

The observation(s) / qualification(s) / remarks of the Secretarial Auditor in their report for Financial Year 2025-26 are self-explanatory and therefore, the Directors do not have any further comments to offer on the same.

During the financial year under review, Bombay Stock Exchange Limited and National Stock Exchange of India Limited had levied a fine of ₹ 14,160/- (including GST) each on the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Regulation 19(1) and Regulation 19(2) pertaining to the constitution of the Nomination and Remuneration Committee for the quarter ended June 30, 2025.

The matter was placed before the Board of Directors in its meeting held on November 06, 2025. The Board noted that the said non-compliance was inadvertent and not willful in nature. The Company has paid the aforesaid fine and has taken necessary steps to strengthen its internal compliance monitoring mechanisms to avoid recurrence of such instances in future.

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 17th May 2025 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 2025-26 on remuneration of ₹ 1,50,000 plus applicable taxes and out of pocket expenses. The cost audit report for 2024-25 placed before the Board in the meeting held on 9th August 2025 does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013

The Company has received consent from M/s. Rajan Sabharwal & Associates, cost auditors for appointment as Cost Auditors of the Company for 2026-27 which was approved by the Board of Directors in their meeting held on 21st May, 2026.

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 is committed to fostering a culture grounded in integrity, transparency, and accountability. Its Vigil Mechanism is designed to provide adequate safeguards against victimization of whistleblowers, enabling them to report concerns through designated channels, including on an anonymous basis. All concerns raised under this mechanism are addressed in a timely and comprehensive manner, with appropriate actions taken based on the findings of the investigation.

Pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has implemented a Vigil Mechanism and adopted a Whistle Blower Policy. This framework allows directors and employees to report genuine concerns relating to unethical conduct, actual or suspected fraud, or any breach of the Company's Code of Conduct.

The functioning of the Vigil Mechanism is overseen by the Audit Committee of the Board, which reviews reported matters and their outcomes, where applicable. The Policy also provides for direct access to the Chairperson of the Audit Committee in exceptional circumstances.

The details of this Policy are explained in the Corporate Governance Report which forms a part of this Annual Report and also hosted on the website of the Company at https://happyforgingsltd.com/wp-content/uploads/2025/02/Whistle-Blower-Policy.pdf

There were no instances of reporting under vigil mechanism during the financial year ended 31st March, 2026.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in Form MGT-7 for financial year 2025-26 is available on the website of the Company at https://happyforgingsltd.com/investors/regulation-46-disclosures/

DEPOSITS

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

CREDIT RATING

The credit rating of the Company is as below:

ICRA has re-affirmed its long-term rating of [ICRA] AA (Stable) and short-term rating [ICRA] A1+. While the overall rated amount remains unchanged at ₹ 485 Cr., there has been a reallocation in the amounts across the various bank facilities.

CRISIL has reaffirmed its rating of CRISIL AA / stable for various bank facilities amounting to ₹ 485 Cr. While the overall rated amount remains unchanged at ₹ 485 Cr., there has been a reallocation in the amounts across the various bank facilities.

CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section detailing the corporate governance practices followed by the Company, along with a certificate from M/s Chandrasekaran Associates, Practicing Company Secretaries confirming compliance, forms part of the Corporate Governance Report included in this Annual Report.

Further, a certificate from the Managing Director and Chief Financial Officer, in accordance with the Listing Regulations, inter alia confirming the accuracy of the financial statements and cash flow statements, the adequacy of internal control systems, and the reporting of relevant matters to the Audit Committee, is annexed to this Report. Additionally, a declaration signed by the Managing Director affirming that the members of the Board and senior management personnel have complied with the Code of Conduct is also included in the Corporate Governance Report.

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 the Annual report of the company for Financial Year 2025-26.

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 capitalization shall submit a Business Responsibility and Sustainability Report describing the initiatives taken by the Company from an environmental, social and the governance perspective. The BRSR report is annexed as "Annexure-7" to this Report.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company is committed to fostering a work environment that promotes innovation, collaboration, and continuous development. During the year, various employee engagement initiatives, training program, and health and wellness activities were undertaken to enhance employee satisfaction and productivity. The management continues to engage closely with employees and labour representatives to maintain a positive and transparent workplace culture. A detailed section on Human Resources and Industrial Relations is included in the Management Discussion and Analysis Report, forming part of this Annual Report.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

The Company had formulated Happy Forgings ESOP Scheme 2023 pursuant to the resolution passed by the shareholders on 31st July, 2023, which was further ratified by the shareholders' in their meeting held on 29th July 2024 and approved maximum of 1,342,485 options under the ESOP Scheme. As on the date of this report, 392,687 options was granted by our Company under the ESOP Scheme. As on financial year ended on 31st March, 2026, the Company has one Employee's Stock Option Plan, namely, Happy Forgings ESOP Scheme 2023.

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

Date of Allotment	Number of Shares allotted
20th May, 2025	29220
20th June, 2025	14591
10th September, 2025	18259
2nd December, 2025	23651
13th March, 2026	22540

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.

The Company does not have any scheme pursuant to which voting rights are not exercised directly by the employees in respect of shares allotted under Section 67(3) of the Companies Act, 2013. Accordingly, the disclosure required under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable during the year under review.

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

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

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

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

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

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

Further, the Company has duly registered itself on the **SHe-Box (Sexual Harassment electronic Box) portal**, an online complaint management system initiated by the Ministry of Women and Child Development, Government of India, to facilitate the reporting and monitoring of complaints related to sexual harassment at the workplace.

The Company has also designated a Nodal Officer for the purpose of coordination with the authorities and for ensuring timely and effective redressal of complaints received through the SHe-Box portal.

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

S.N.	Particulars	Remarks
(a)	No. of complaints received during the year	Nil
(b)	No. of complaints disposed of during the year	Nil
(c)	No. of complaints pending as on 31st March, 2026	Nil
(d)	The number of cases pending for a period exceeding ninety days.	Nil

COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961

Your Company is committed to providing a safe, supportive and inclusive work environment for all employees. During the year under review, all the applicable provisions of the Maternity Benefit Act, 1961 and the rules made thereunder were complied with, wherever applicable. Necessary benefits and entitlements prescribed under the said Act were duly extended, and all related compliances were carried out within the prescribed timelines.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

During the Financial Year 2025-26, the Company has complied with all the relevant provisions of the applicable mandatory Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively issued by the Institute of Company Secretaries of India, and notified by Ministry of Corporate Affairs.

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

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

https://happyforgingsltd.com/wp-content/uploads/2026/02/Code-of-fair-disclosure-for-UPSI.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, 2026 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, 2026.
3. During the Financial Year under review no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
4. During the financial year under review no disclosure or reporting is required with respect to issue of equity shares with differential rights as to dividend, voting or otherwise, issue of Sweat equity shares and Buyback of shares.
5. During the Financial Year under review, the Company neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
6. The Company serviced all the debts & financial commitments as and when they became due with the bankers or Financial Statements.
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

The Directors place on record their sincere appreciation for the continued cooperation and support extended to the Company by all its stakeholders. They also acknowledge with gratitude the dedication and sustained efforts of employees at all levels, particularly during challenging times.

The Directors express their heartfelt thanks to the esteemed shareholders for their continued trust and confidence in the Company and its management. They further extend their appreciation to the Company's vendors, investors, business associates, and the Central and State Governments, along with their respective departments and agencies, for their ongoing support and cooperation.

For and on behalf of the Board

For Happy Forgings Limited

	Paritosh Kumar	**Ashish Garg**
Date: 21st May, 2026	DIN 00393387	DIN 01829082
Place: Ludhiana	Chairman and Managing Director	Managing Director

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	90.00
5.	Reserves and surplus	-3.90
6.	Total assets	86.50
7.	Total Liabilities	86.50
8.	Investments	NIL
9.	Turnover	0
10.	Profit before taxation	-1.12
11.	Provision for taxation	0
12.	Profit after taxation	-1.12
13.	Proposed Dividend	0
14.	Extent of shareholding (in percentage)	100% by Happy Forgings Limited (WOS)

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

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

Part B – Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures- NIL as on 31st March, 2026

Name of Associates or Joint Ventures	NA
1. Latest audited Balance Sheet Date	NA
2. Date on which the Associate or Joint Venture was associated or acquired	NA
3. Shares of Associate or Joint Ventures held by the company on the year end	NA
(a) No. Of Shares held	NA
(b) Amount of Investment in Associate/Joint Venture	NA
(c) Extent of holding %	NA
4. Description of how there is significant influence	NA
5. Reason why the associate/joint venture is not consolidated	NA

Name of Associates or Joint Ventures	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)	**(Ashish Garg)**
	Chairman and Managing Director	Managing Director
	DIN:00393387	DIN 01829082
	(Pankaj Kumar Goyal)	**(Bindu Garg)**
Date: 21st May, 2026	Chief Financial Officer	Company Secretary & Compliance Officer
Place: Ludhiana	M.N 500863	M.N F6997

ANNEXURE 2

ANNUAL REPORT ON CSR (2025-26)

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

The CSR policy of the Company articulates the philosophy of Happy Forgings Limited in defining its role and responsibilities as a responsible corporate citizen. It sets out the framework, guiding principles, and mechanisms for implementing socially beneficial initiatives aimed at the welfare and sustainable development of the broader community.

The Company firmly believes that sustainable community development is vital for fostering a harmonious relationship between industry and society. In line with this belief, Happy Forgings Limited is committed to contributing positively to society, with a special focus on underprivileged sections, by supporting diverse initiatives in the areas of socio-economic development, education, and healthcare. Detailed CSR Policy of the Company has been uploaded on the website of the Company and can be viewed at below mentioned link:

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

2. **Composition of CSR Committee :**

S.N.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Paritosh Kumar	Chairman (Chairman and Managing Director)	3	3
2.	Mr. Ashish Garg	Member (Managing Director)	3	3
3.	Mr. Ravindra Pisharody	Member (Independent Director)	3	3
4.	Ms. Rajeswari Karthigeyan	Member (Independent Director)	3	3

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

CSR Committee:

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

CSR Policy:

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

CSR projects:

https://happyforgingsltd.com/wp-content/uploads/2026/05/CSR-Annual-Action-Plan_FY-2025-26.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 if applicable :**

Not Applicable

5. (a) **Average net profit of the company as per sub- section (5) of section 135:** ₹ 32198.06 Lakhs

(b) **Two percent of average net profit of the company as per sub-section 5 of section 135:** ₹ 643.96 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)]:** 643.96 Lakhs

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

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

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹ in Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number.
	Promoting Education- construction of Government school building, Umaidpur, Distt Ludhiana	ii) Education	Yes	Punjab	Ludhiana	₹ 46.45 Lakhs from unspent CSR account from 2024-25 and ₹ 234.42 Lakhs from current financial year 2025-26	Yes	-	-
	Promoting Education- construction of vocational college for women	(ii) Education	Yes	Punjab	Ludhiana	₹ 13.55 Lakhs from unspent CSR account from 2024-25 and ₹ 225.82 Lakhs from the current financial year 2025-26	No	Bal Vikas Trust	CSR00018625

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

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹ in Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number.
1	Environmental sustainability	(iv) Environmental sustainability, ecological balance, protection of flora and fauna	Yes	Punjab	Ludhiana	20.68	Yes	-	-
2	Education – Support for education to poor students	(ii) Education	Yes	Punjab	Ludhiana	10.00	No	Noble Foundation	CSR00001728
3	Education development	(ii)Education	Yes	Punjab	Ludhiana	5.00	No	Vocational Rehabilitation Training Regd. For Blind	CSR00046053
4	Education- Support for education to deaf children	(ii)Education	Yes	Punjab	Ludhiana	12.50	No	Ludhiana Educational Society	CSR00023999
5	Education- Support for education to poor students	(ii)Education	Yes	Punjab	Ludhiana	0.88	Yes	-	-
6	Education- Support for education	(ii)Education	Yes	Punjab	Ludhiana	10.00	No	Sacred Heart Convent School Alumni Association	CSR00102179

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹ in Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number.
7	Eradicating hunger	(i) eradicating hunger	Yes	Punjab	Ludhiana	12.50	No	Ek Jot Viklang Bachon Ka School	CSR00039988
8	Skill development	(ii) Employment enhancing vocational skills among differently abled children	Yes	Punjab	(Raikot) Ludhiana	3.00	No	Deaf Cricket Federation	CSR00030095
9	Promoting Healthcare	(i) promoting health care including preventive health care	Yes	Punjab	Ludhiana	3.48	No	Helpful NGO Welfare Society	CSR00052073
10	Disaster Management	(xii) disaster management, including relief, rehabilitation and reconstruction activities	Yes	Punjab	Ludhiana	100.00	No	Rangla Punjab Society	CSR00097589
11	Animal Welfare	(iv) Animal Welfare	Yes	Haryana	Palwal	5.00	No	World Sankirtan Tour Trust	CSR00029511
12	Animal Welfare	(iv) Animal Welfare	Yes	Punjab	Ludhiana	2.00	No	Krishan Balram Gaushala Trust	CSR00024610
13	Promoting livelihood of rural artisans	(v) promotion and development of traditional art and handicrafts;	Yes	Punjab	Ludhiana	10.00	yes	-	-

(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)]: ₹ 655.28 Lakhs (apart from ₹ 60 lakhs spent from Unspent CSR account 2024-25)

(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 section135(5)		
	Amount (in ₹ Lakhs)	Date of Transfer	Name of the fund	Amount	Date of Transfer
655.28	NIL	NA	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)	643.96
ii	Total amount spent for the Financial Year	655.28
iii	Excess amount spent for the financial year [(ii)-(i)]	11.32
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years[(iii)-(iv)]	Nil

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (in ₹ Lakhs)	Balance amount in unspent CSR account under sub section (6) of section 135 (in ₹ Lakhs)	Amount spent in the Financial Year (in ₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to the 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 Lakh)	Date of transfer		
1.	2022-23	₹ 60.00	NIL	NIL	NIL	NIL	NIL	-	-
2.	2023-24	₹ 124.03	NIL	NIL	NIL	NIL	NIL	-	-
3.	2024-25	₹ 60.00	NIL	60.00	NIL	NIL	NIL		

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

If Yes, enter the number of Capital assets created/acquired: 2

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S.N	Short particular of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (In ₹ Lakhs)	Details of entity / authority / beneficiary of registered owner		
					CSR Registration No.	Name	Registered Address
1	Construction of Government School, (Umaidpur, Ludhiana, Punjab)	141120	Construction started in 2024-25	313.11	NA	Government School	Umaidpur, Ludhiana, Punjab, 141120
2	Construction of Vocational college (Bal Vikas Trust, Dugri, Near Jain Mandir, 200 feet Road, Ludhiana, Punjab)	141006	Construction started in 2023-24	564.03 (ongoing)	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 sub-section (5) of 135: NA

For **Happy Forgings Limited**

(Paritosh Kumar)
Chairman, CSR Committee
DIN: 00393387

For **Happy Forgings Limited**

(Ashish Garg)
Managing Director
DIN: 01829082

Date : 21stMay, 2026
Place: Ludhiana

BOARD'S REPORT (Contd.)

ANNEXURE 3

FORM NO. AOC -2

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

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

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

Sl. No.	Particular	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	HFL Technologies Private Limited (Wholly owned subsidiary company)
b)	Nature of contracts/arrangements/transaction	Lease rent
c)	Duration of contracts/arrangements/transaction	2025-26
d)	Salient terms of the contracts or arrangements or transactions	The approved and actual amount of transactions during the year was ₹ 0.42 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	7th February, 2025
g)	Amount paid as advances, if any	Nil

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 Limited** (promoter group company in which a director's relative is a member or Director)
b)	Nature of contracts/arrangements/transaction	Sale, purchase or supply of any goods or materials, job work
c)	Duration of the contracts/arrangements/transaction	2025-26
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was Rs 50 Lakhs, but the actual amount of transaction during 2025-26 was ₹ 13.98 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	7th February, 2025
g)	Amount paid as advances, if any	Nil

BOARD'S REPORT (Contd.)

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's relative is a member or Director)
b)	Nature of contracts/arrangements/transaction	Sale, purchase or supply of any goods or materials, job work
c)	Duration of the contracts/arrangements/transaction	2025-26
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was Rs 50 Lakhs, but the actual amount of transaction during 2025-26 was ₹ 1.36 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	7th February, 2025
g)	Amount paid as advances, if any	Nil

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

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	BONFIGLIOLI TRANSMISSIONS PRIVATE LIMITED (Private company in which a director is a Director)
b)	Nature of contracts/arrangements/transaction	Sale of goods
c)	Duration of the contracts/arrangements/transaction	FY 2025-26
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The approved amount of transaction was Rs 4000 Lakhs, but the actual amount of transaction during 2025-26 was ₹ 2275.44 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	7th February, 2025
g)	Amount paid as advances, if any	Nil during the year 2025-26

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 2025-26.

For and on behalf of the Board of Directors

For Happy Forgings Limited

	(Paritosh Kumar)	**(Ashish Garg)**
Date: 21st May, 2026	DIN:00393387	DIN 01829082
Place: Ludhiana	Chairman and Managing Director	Managing Director

ANNEXURE 4

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

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

Name of the Director	Designation	Ratio
Mr. Paritosh Kumar	Chairman and Managing Director	186
Mr. Ashish Garg	Managing Director	156
Ms. Megha Garg	Whole Time Director	33
Mr. Ravindra Pisharody	Independent Director	7.3
Ms. Rajeswari Karthigeyan	Independent Director	7.3
Mr. Atul B. Lall	Independent Director	7.3

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	0%
Mr. Ashish Garg	Managing Director	0%
Ms. Megha Garg	Whole Time Director	0%
Mr. Ravindra Pisharody	Independent Director	78%
Ms. Rajeswari Karthigeyan	Independent Director	78%
Mr. Atul B. Lall	Independent Director	78%
Mr. Pankaj Kumar Goyal	Chief Financial Officer	5%
Ms. Bindu Garg	Company Secretary & Compliance Officer	6%

3. The percentage increase in the median remuneration of employees in the financial year	1.9%
4. The number of permanent employees on the rolls of company	3512 (as on 31.03.2026)
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	1.9%
6. Affirmation that the remuneration is as per the remuneration policy of the Company	The remuneration is as per the Nomination and Remuneration Policy of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013

Commission payable to Independent Directors for 2025-26 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 2025-26:

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Location	Remuneration in 2025-26 (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	70	46	1.02.2016	Ludhiana	430.44	NA	9.49
Ashish Garg	Managing Director	Master's degree in science	40	19	1.12.2015	Ludhiana	363.89	NA	13.72
Narinder Singh Juneja	Chief Operating Officer	Post Diploma in Mechanical Engineering	72	52	1.10.1997	Ludhiana	118.70	Sadhu Forgings	0.01
Megha Garg	Whole Time Director	Bachelor's degree in Economics	40	10	10.12.2015	Ludhiana	84.49	NA	2.56
Patwinder Singh	Chief Operating Officer	MBA (marketing)	51	24	01.08.2016	Ludhiana	82.82	Guru Nanak Auto Enterprises Limited	0.00
Mangesh Shantaram Purandare	Chief Marketing officer	MBA (marketing)	53	29	17.12.2019	Pune	64.35	Metalyst Forgings Limited	0.00
Pankaj Kumar Goyal	Chief Financial Officer	B.Com, FCA	49	22	01.04.2013	Ludhiana	57.24	S T Cotex	0.01
Gurjinder Singh Sandhu	Chief Human Resources Officer	MBA (HR)	55	29	22.07.2019	Ludhiana	44.91	Rockman Industries Limited	0.00
Vitthal Dnyanoba Konde	VP (operation)	B.Sc. B.S. Manufacturing Engineering	53	30	02.11.2022	Ludhiana	42.17	Bharat Forge Ltd	0.00
Dnyaneshwar Shankarrao Turamberkar	Associate Vice President	B. Tech in manufacturing Technology	50	31	13.07.2020	Pune	39.50	Bharat Forge Ltd	0.00

Notes:

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

(2) Apart from Mr. Paritosh Kumar, Mr. Ashish 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.

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

	(Paritosh Kumar)	**(Ashish Garg)**
Date: 21st May, 2026	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:

During the Financial Year 2025-26, the Company continued to accord significant importance to energy efficiency and sustainable operations by strengthening its energy management practices across manufacturing facilities. Focused efforts were undertaken towards process optimization, operational improvements and reduction of energy consumption. Dedicated teams consistently worked towards identifying and implementing initiatives aimed at enhancing energy performance, minimizing wastage and improving overall operational efficiency. Some of the key energy conservation initiatives undertaken during the year are as under:

1. Implemented a PLC-based auto-cut mechanism on the presses at Duburji plant, enabling automatic shutdown of motors during idle periods. This resulted in estimated power savings of approximately 15,000–20,000 units per month.
2. Replaced oversized motors with appropriately rated motors to improve energy efficiency. These initiatives resulted in combined savings of approximately 20,000 units per month.
3. Installed a Sigma Air Manager (SAM) system on the air compressor network at Duburji plant to centralize compressed air management and improve overall system efficiency. The initiative resulted in saving of energy.
4. Modified induction machine operations at Kanganwal plant by operating two machines using a single 30 HP motor. The modification generated estimated savings of approximately 15,750 units per month.
5. Procured and installed new IBH coils of 140 mm diameter at Duburji plant to align the cutting section of select components with appropriate coil sizes. This improved process efficiency and reduced power consumption. The total investment was ₹ 26.60 Lakhs (Feb 2025), with expected savings of 16,000 units per month.

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

In addition to the existing 5 MW rooftop solar power installations at the Kanganwal and Duburji plants, the Company further strengthened its renewable energy initiatives with the commissioning of an additional 1.5 MW rooftop solar capacity during 2025-26. The newly installed capacity generated 18,20,649 units of green energy during the year, contributing towards enhanced utilization of alternate sources of energy and reduction in conventional power consumption.

(iii) Capital Investment on energy conservation equipment:

1. Procurement and installation of new IBH coils at Duburji plant involved a capital investment of ₹ 26.60 Lakhs.
2. Implementation of the VFD-based RPM control system at Duburji plant involved an investment of ₹ 2.85 Lakhs.
3. Installation of the Sigma Air Manager (SAM) system on the air compressor network at Duburji plant involved an investment of ₹ 3.84 Lakhs.

Technology Absorption

(i) Efforts made towards technology absorption: NA

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

(iii) 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

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

Foreign Exchange Earnings and Outgo

Total Foreign exchange outflow and inflow

(In ₹ Lakhs)

		2025-26	2024-25
a)	FOB Value of Exports	22,022.43	23909.86
b)	Expenditure in Foreign Currency	15,522.65	13,550.10
c)	Foreign Exchange earned	24,767.32	23171.03
d)	Value of Import on CIF basis	16,481.19	11121.69

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

Date: 21st May, 2026
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 ENDED MARCH 31, 2026

[Pursuant to Section 204(1) of Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026 (**'Audit Period'**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 (**"period under review"**) according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 and 74(5) of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

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

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

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

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

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

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

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding the Companies Act and dealing with client to the extent of securities issued;

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

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

(vi) As confirmed by the Management, there is no law specifically applicable to the Company based on the sector/business.

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

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

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

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

- Mr. Satish Sekhri, Independent Director and Chairperson/Member of the Nomination and Remuneration Committee (“NRC”), who was appointed for a term of five years with effect from 4th May, 2020, completed his tenure as Director on 3rd May, 2025. Accordingly, he ceased to hold office as Chairperson and member of the NRC with effect from 3rd May, 2025.

  Consequent upon the cessation of his directorship, the NRC comprised only two members and, therefore, was not duly constituted for a period of six days. The NRC was subsequently reconstituted in compliance with Regulation 19 of the LODR Regulations, with effect from 10th May, 2025, upon induction of a new member.

We further report that

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

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

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

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

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

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

Lakhan Gupta
Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682H000416085

Date: 21st May, 2026
Place: Delhi

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

Annexure-A

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

Auditor’s responsibility

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

Our report of even date is to be read along with this letter.

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

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

Lakhan Gupta
Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682H000416085

Date: 21st May, 2026
Place: Delhi

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

ANNEXURE 7

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L28910PB1979PLC004008
2.	Name of the Listed Entity	Happy Forgings Ltd.
3.	Year of incorporation	1979
4.	Registered office address	BXXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana-141120
5.	Corporate address	Happy Forgings Ltd., H.B. No. 220, P.O. Rajgarh, Village Dugri, Ludhiana-141421
6.	E-mail	complianceofficer@happyforgingsltd.co.in
7.	Telephone	+0161 521 7162
8.	Website	www.happyforgingsltd.com
9.	Financial year for which reporting is being done	2025-26
10.	Name of the Stock Exchange(s) where shares are listed	Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE)
11.	Paid-up Capital	₹ 18.87 Cr.
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Megha Garg, +0161 521 7162 email ID: complianceofficer@happyforgingsltd.co.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone
14.	Name of assessment or assurance provider	Not assured
15.	Type of assessment or assurance obtained	Not applicable

II. Products/services

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

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

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

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

III. Operations

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

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

*Offices are located within plant premises

19. Markets served by the entity:

a. Number of locations

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

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

15% contribution of direct exports to total sales from finished goods and services.

c. A brief on types of customers

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

IV. Employees

20. Details as at the end of Financial Year (2025-26)

a. Employees and workers (including differently abled)

S. No.	Particulars	2025-26				
		Total (A)	Male		Female	
			No. (B)	Percentage% (B / A)	No. (C)	Percentage% (C / A)
EMPLOYEES						
1	Permanent (D)	700	674	96.3%	26	3.7%
2	Other than Permanent (E)	14	14	100.0%	0	0.0%
3	**Total employees (D + E)**	**714**	**688**	**96.4 %**	**26**	**3.6%**
WORKERS						
4	Permanent (F)	2,812	2,811	100.0%	1	0.0%
5	Other than Permanent (G)	408	408	100.0%	0	0.0%
6	**Total workers (F + G)**	**3,220**	**3,219**	**99.9%**	**1**	**0.0%**

b. Differently abled Employees and workers

S. No.	Particulars	2025-26				
		Total (A)	Male		Female	
			No. (B)	Percentage% (B / A)	No. (C)	Percentage% (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

Representative Stakeholder	Total (A)	No. and percentage of Females	
		No. (C)	Percentage% (C / A)
Board of Directors	6	2	33.3%
Key Management Personnel	2	1	50.0%

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

	2025-26 (Turnover rate in current FY)			2024-25 (Turnover rate in previous FY)			2023-24 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.8%	3.8%	8.6%	10.1%	9.1%	10.1%	16.6%	37.5%	18.2%
Permanent Workers	28.1%	-	28.1%	26.0%	-	26.0%	25.1%	-	25.1%

[1]Turnover rate is calculated using average headcount of the respective category during the financial year.

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 Pvt. Ltd.	Subsidiary	100%	No

VI. CSR details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013:

Yes

(ii) Turnover – ₹ 1,546 Cr.

(iii) Net worth – ₹ 2,128 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 the grievance redressal policy)	2025-26 Number of complaints filed during the year	2025-26 Number of complaints pending resolution at close of the year	2025-26 Remarks	2024-25 Number of complaints filed during the year	2024-25 Number of complaints pending resolution at close of the year	2024-25 Remarks
Communities	Yes, the Company has both formal and informal channels for addressing the grievances of all the communities. These are addressed by the top management and senior leadership teams.	NIL	NIL	NA	NIL	NIL	NA
Investors (other than shareholders)	NA	NA	NA	NA	NA	NA	NA
Shareholders	HFL has appointed M/s. MUFG Intime India Pvt. Ltd. to discharge investor service functions and to handle all share related matters. For further assistance, investors may contact: https://happyforgingsltd.com/investor-contacts/	1	0	NA	5	0	NA
Employees and workers	HFL has a robust grievance redressal mechanism to address workforce concerns promptly and with dignity	705	0	NA	740	0	NA
Customers	HFL is committed to customers and maintains a transparent, responsive grievance system. https://happyforgingsltd.com/contact-us/	NIL	NIL	NA	NIL	NIL	NA
Value Chain Partners (upstream & downstream)	HFL has a structured grievance redressal system to foster trust and collaboration across the value chain. https://happyforgingsltd.com/contact-us/	NIL	NIL	NA	NIL	NIL	NA
Others	For all other stakeholders, HFL has facilitated an open and accessible grievance framework. https://happyforgingsltd.com/contact-us/	NIL	NIL	NA	NIL	NIL	NA

Note: Our Grievance Redressal Policy is accessible on our website at https://happyforgingsltd.com/corporate-governance/ > 2. Corporate Governance Policies and Documents > Grievance Redressal Policy

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy Management 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Opportunity	Energy management planning assists in setting up renewable energy targets.	HFL continues to strengthen its energy management practices through operational optimisation, process improvements, deployment of energy-efficient technologies, automation initiatives, and continuous monitoring of energy consumption and is also focusing on improving equipment efficiency and enhancing resource utilisation to reduce overall energy intensity.	**Positive** Improved energy efficiency leads to lower operating costs, enhanced productivity, and better resource utilisation, while strengthening operational resilience and sustainability performance.
2.	Emissions Management 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Opportunity	Reducing GHG emissions drives energy efficiency, cost optimisation, and cleaner energy adoption.	HFL is focused on reducing emissions through adoption of cleaner technologies, increased use of renewable energy, process optimisation, and initiatives aimed at improving overall environmental performance and reducing carbon intensity across operations. The Company has also undertaken long-term sustainability initiatives aligned with its climate and environmental objectives.	**Positive** Reduced emissions and cleaner energy adoption help lower energy and fuel costs, improve operational efficiency, strengthen environmental credentials, and enhance competitiveness through sustainable operations.
3.	Climate Strategy & Governance 13 CLIMATE ACTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	Opportunity	Aligning business strategy with climate goals enhances resilience, risk management, and long-term value creation.	HFL is strengthening its climate strategy through structured policies, including a dedicated climate policy, robust governance frameworks, and plant-level climate risk assessments to identify and mitigate vulnerabilities. The Company remains focused on enhancing infrastructure resilience and enabling proactive responses to climate-related risks, supported by strong stakeholder collaboration, clear accountability mechanisms, and continuous monitoring initiatives.	**Positive** Reduced exposure to climate-related disruptions and costs, improved operational stability, and strengthened long-term sustainability and value creation.
4.	Health & Safety 3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	Risk	Critical to prevent workplace incidents, ensure regulatory compliance, and protect employee well-being.	Implemented comprehensive health & safety policy and protocols; conduct annual health check-ups for all employees to enable early detection and prevention.	**Positive** Reduced accidents and absenteeism, lower insurance and compliance costs, and improved productivity.
5.	Supply Chain Management 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Opportunity	Strengthening supply chain practices enhances resilience, reduces risks, and improves efficiency and customer satisfaction.	Implemented a Supplier Code of Conduct and initiated raw material supplier assessments to ensure compliance with ethical and sustainability standards.	**Positive** Improved supply chain transparency and performance, reduced compliance and disruption risks, and enhanced operational efficiency.
6.	Labour Practices 3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	Opportunity	Strong labour practices enhance compliance, workforce stability, and productivity.	HFL provides comprehensive employee benefits including ESI (funeral benefit), EPF (EDLI insurance), pension support for families, gratuity, and ex-gratia benefits, ensuring financial security and social protection for employees and their dependents.	**Positive** Reduced attrition and hiring costs, improved employee retention, and higher productivity.
7.	Human Rights 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Risk	Essential to uphold ethical standards, prevent violations, and maintain stakeholder trust.	HFL has implemented a comprehensive Human Rights Policy and grievance redressal mechanism; regular shop-floor engagement by HR; structured MIS reporting and monthly CHRO review to ensure timely resolution and accountability.	**Positive** Improved employee trust and morale, reduced attrition and absenteeism, and enhanced productivity and reputation.
8.	Risk Management 6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Risk	Effective risk management is critical to mitigate operational, environmental, and compliance risks and ensure long-term resilience.	Implemented EHS policies and procedures for risk identification, performance monitoring, and regulatory compliance; adopted resource-efficient processes including water recycling and use of alternative fuels to minimise emissions and pollutants.	**Positive** Reduced regulatory and operational risks, lower potential penalties, improved efficiency, and enhanced long-term sustainability.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9.	Community Relations	Opportunity	Strong community engagement builds trust, supports social license to operate, and enhances long-term sustainability.	Established accessible grievance mechanisms via website and contact channels; implemented a Stakeholder Management Policy to ensure transparent, structured, and timely resolution of community and stakeholder concerns.	**Positive** Reduced conflict-related risks and costs, improved stakeholder trust, and strengthened reputation and long-term business continuity.
10.	Water Management	Opportunity	Effective water management reduces costs, ensures resource sustainability, and strengthens environmental stewardship.	Installed a Reverse Osmosis (RO) plant to recycle treated effluent from its Effluent Treatment Plant (ETP). The initiative enables efficient water reuse, reduces dependence on freshwater resources, and minimises environmental impact.	**Positive** Lower water procurement and disposal costs, improved resource efficiency, and enhanced sustainability performance.
11.	Waste Management & Product Stewardship	Opportunity	Improving waste management and product stewardship reduces environmental impact, compliance costs, and enhances efficiency and reputation.	Implemented SOPs for waste management and the 3R approach (Reduce, Reuse, Recycle); increased use of reusable packaging through supplier development; and adopted process improvement initiatives to enhance resource recovery and reuse, thereby reducing hazardous waste generation.	**Positive** Lower material and disposal costs, improved resource efficiency, and enhanced sustainability performance and customer value.
12.	Data Protection & Security	Opportunity	Strong data security enhances trust, ensures regulatory compliance, and supports operational resilience.	Implemented multi-layered cybersecurity systems; established IT & Cyber Security Policy with periodic reviews; Has set up a Security Operations Centre (SOC) for continuous monitoring.	**Positive** Reduced risk of data breaches and regulatory penalties, improved business continuity, and enhanced stakeholder trust and digital resilience.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
13.	ESG / Corporate Governance	Opportunity	Strong ESG governance enhances transparency, ethical management, and investor confidence, driving long-term value.	Established an ESG Council with cross-functional representation; integrated ESG into departmental budgets and decision-making, with central approvals for key initiatives.	**Positive** Improved governance and investor trust, cost-effective ESG implementation, and strengthened long-term sustainability and value creation.
14.	Diversity & Inclusion	Opportunity	Promotes an equitable workplace, enhances innovation, and improves employee engagement and retention.	Implemented equal opportunity and maternity benefit policies; conducted employee training on ESG, human rights, and POSH to build awareness and inclusive workplace practices.	**Positive** Improved retention and productivity, reduced hiring costs, and a more diverse and engaged workforce.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Description		This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.								
S No.	**Disclosure 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)	Y	Y	Y	Y	Y	Y	Y	Y	Y

Description		This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.								
S No.	**Disclosure Questions**	**P 1**	**P 2**	**P 3**	**P 4**	**P 5**	**P 6**	**P 7**	**P 8**	**P 9**
	c. Web Link of the Policies, if available	• Whistle Blower Policy • Anti-bribery and Anti-Money laundering Policy • Code of Fair Disclosure of UPSI	• Environment Policy	• Equal Opportunity Policy • Human Rights Policy	• Stakeholder Management Policy	• Human Rights Policy • Equal Opportunity Policy	• Environment Policy	• Responsible Advocacy Policy	• CSR Policy	• Information Technology and Cyber Security Policy
		https://happyforgingsltd.com/corporate-governance/								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	HFL has obtained the following certifications reflecting their unwavering dedication to quality, safety and sustainability. These stand as a testament to their adherence to globally benchmarked standards. • IATF 16949:2016 for Manufacturing of Forged & Machined Components • ISO 14001:2015 Environment Management System • ISO 45001:2018 Occupational Health & Safety Management System • ISO 9001:2015 Quality Management System • EN 9100:2018 for the manufacture of forged and machined components, meeting global aerospace quality benchmarks. • ISO 14064 – 1:2018 Compliance with requirements of GHG protocol								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	HFL has laid down clear and forward-looking commitments across its operational and sustainability landscape. • Reduce Scope 1 and Scope 2 GHG emissions by 50% by 2030 • Achieve 100% Zero Liquid Discharge (ZLD) across all manufacturing sites • Reduce freshwater consumption by 35% by 2031–32 • Install 20 MW of solar power capacity by 2028 • Reduce non-hazardous waste generation by 30% • Reduce Lost Time Injury Frequency Rate (LTIFR) by 50% by 2030								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	• Solar Project – Commenced Installation of Captive Solar Plant of 20 MW capacity • Achieved 100% ZLD across sites • Initiated assesment of 5 out of 10 raw material suppliers in 2025-26 • ~7% YoY reduction in Scope 1 & 2 emissions • Achieved a 14%, 6%, and 4% reduction in Scope 1 & 2 emissions intensity, water intensity, and energy intensity, respectively, per unit of physical output								

Description		This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.
S No.	**Disclosure 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 of ESG: "As we continue our journey as a listed organisation, we are strengthening the integration of Environmental, Social and Governance (ESG) principles into our strategy and operations. During the year, we formalised our ESG roadmap with clear priorities and governance structures to guide execution. Our focus is now on institutionalising ESG practices by strengthening systems, policies, and processes to ensure consistent implementation and accountability. As a key partner to global OEMs, we remain committed to meeting evolving regulatory and customer expectations through high standards of compliance and responsible business conduct. On the environmental front, we are advancing initiatives to improve resource efficiency, increase the use of cleaner energy, and reduce emissions and waste. These efforts are being undertaken alongside a significant capex cycle, with new capacities under ramp-up. The progress achieved reflects this transition phase, with further gains expected as utilisation stabilises. We continue to foster a safe and inclusive workplace, invest in employee development, and strengthen governance oversight. Our endeavour remains to embed ESG as a core pillar of sustainable growth and long-term value creation."
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 P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9	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
Performance against above policies and follow up action	The policies are assessed at required intervals by ESG core committee. The effective implementation is assessed, and requisite modification/amendments are done with the approval of the Board.	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	HFL is compliant with the statutory requirements relevant to the principles. HFL diligently upholds statutory requirements reflecting a commitment to lawful and ethical operations.	
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 DISCLOSURES

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 programs on any of the principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	0	0	0
Key Managerial Personnel	1	Sustainability	50.0%
Employees other than BoD and KMPs	83	Basic ESG Awareness, Communication Skills, HFL Code of Conduct (Human Rights, ABAC, Anti Money Laundering, Core Values, Ethics Policy, POSH, Human Slavery & Child Labour, Working rules), POSH, Safety, Environment Aspect & Impact, HIRA, Occupational Hazards & Use of PPEs, Supervisory Skills, Advanced Excel, Team Building & Motivation, Cyber Security & Data Security	91.0%
Workers	99	Basic ESG Awareness, EHS, Communication Skills, HFL Code of Conduct (Human Rights, ABAC, Anti Money Laundering, Core Values, Ethics Policy, POSH, Human Slavery & Child Labor, Working rules), Human Rights, POSH, Safety, Occupational Hazards & Use of PPEs, HIRA, Supervisory Skills, Advanced Excel Team Building & Motivation	98.6%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Not applicable as no penalties or fines were imposed on the Company				
Settlement	Not applicable as no settlements were made by the Company				
Compounding fee	Not applicable as no compounding fees were levied for the Company				

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Not applicable			
Punishment	Not applicable			

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case details	Name of the regulatory / enforcement agencies / judicial institutions
Not applicable as no such cases were faced by the Company	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

HFL has a robust anti-bribery and anti-money laundering policy and is available in the public domain (https://happyforgingsltd.com/ corporate-governance/). HFL practices zero-tolerance approach to bribery and corruption. It guides all the stakeholders to act professionally, fairly and with utmost integrity. The scope of the policy covers all employees and all third parties of HFL. As per the policy, third party means any individual or organisation who has business dealings with HFL.

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

	2025-26	2024-25
Directors	N/A	N/A
KMPs		
Employees		
Workers		

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

	2025-26		2024-25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	No complaints about conflict of interest in the reporting period.		No complaints about conflict of interest in the reporting period.	
Number of complaints received in relation to issues of conflict of interest of the KMPs				

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable.

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

	2025-26	2024-25
Number of days of accounts payables	25.0	25.4

9. Open-ness of business

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

Parameter	Metrics		2025-26	2024-25
Concentration of Purchases	a.	Purchases from trading houses as % of total purchases	10.3%	15.3%
	b.	Number of trading houses where purchase is made from	348	475
	c.	Purchase from top 10 trading houses as % of total purchase from trading houses	40.9%	38.8%
Concentration of Sales	a.	Sales to dealers / distribution as % of total sales	2.2%	0.3%
	b.	Number of dealers / distributions to whom sales are made	49	4
	c.	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	94.2%	100%
Share of RPTs in	a.	Purchases (Purchases with related parties / Total Purchases)	0.00%	0.05%
	b.	Sales (Sales to related parties / Total Sales)	0.01%	0.01%
	c.	Loans & Advances (Loans & Advances given to related parties / Total loans & advances)	0.00%	0.23%
	d.	(Investments in related parties / Total investments made)	0.38%	0.13%

LEADERSHIP INDICATORS

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

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
5	Overview of ESG	4.7%

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, HFL has processes to avoid and manage conflicts of interest involving Board members. These processes are managed through the Company's Code of Conduct for Directors & Senior Management as well as the terms outlined in the directors' appointment letters.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	2025-26	2024-25	Details of improvements in environmental and social impacts
R&D	0.0%	0.0%	Not Applicable
Capex	0.1%	2.3%	1. Installed a Sigma Air Manager (SAM) system to optimise compressed air network management and enhance energy efficiency. 2. Procured two lithium-ion battery-operated forklifts to support cleaner and more energy-efficient material handling operations.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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

Yes. In 2025-26, all raw material suppliers held valid EMS and OHSMS certifications, along with the requisite licenses and consents to operate. Additionally, sustainable sourcing is governed through the Company's Supplier Code of Conduct, adherence to which is a condition of engagement for all suppliers.

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

100% of raw materials

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Given that HFL's products are supplied directly to OEMs and are integrated into larger assemblies, the Company has limited control over product reclamation at end-of-life. However, HFL ensures responsible waste management within its operational boundary through a robust and compliant framework.

HFL has established comprehensive Standard Operating Procedures (SOPs) for the safe handling, segregation, storage, transportation, and disposal of various waste streams, including:

(a) Plastics (including packaging): Transition towards reusable and returnable packaging systems, with residual plastic waste segregated and routed to authorised recyclers.

(b) E-waste: Collection, secure storage, and disposal through authorised e-waste recyclers in compliance with applicable regulations.

(c) Hazardous waste: Identification, labelling, and handling as per statutory norms, with disposal through certified Treatment, Storage and Disposal Facilities.

(d) Other waste: Scrap metal is recycled through approved channels, while other non-hazardous waste is managed through authorised vendors.

To ensure compliance and traceability, HFL has formal agreements with authorised recyclers and regularly files statutory returns with relevant authorities.

The Company's waste management approach is guided by the principles of Reduce, Reuse, and Recycle, with a focus on minimising waste generation at source, increasing reuse of packaging materials, and maximising recycling of scrap and other waste streams. These practices not only reduce environmental impact but also enhance resource efficiency.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No. Extended Producer Responsibility (EPR) is not applicable to HFL. The nature of the Company's operations do not fall within the scope of EPR obligations as defined under the regulations.

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?

No, the Company has not undertaken any formal Life Cycle Assessment (LCA) for its products as of 2025-26. Company may consider conducting such assessments in a phased manner in the future.

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	
	2025-26	2024-25
Treated water	11.5%	10.0%

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:**

	2025-26			2024-25		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not applicable; as all packaging is provided to our customers for their consumption, ascertaining end-of-life disposal falls outside our operational scope.					
E-waste						
Hazardous waste						
Discarded containers						
Waste & residues containing oil						
MS scrap/ scale/ bur						

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

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Since the product is directly supplied to the OEMs, HFL has limited scope for reclaiming it at the end of its life cycle.	

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% C/A)	Number (D)	% D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	674	674	100.0%	674	100.0%	0	0.0%	-	-	-	-
Female	26	26	100.0%	26	100.0%	26	100.0%	-	-	-	-
Total	**700**	**700**	**100.0%**	**700**	**100.0%**	**26**	**3.7%**	**-**	**-**	**-**	**-**
Other than Permanent Employees											
Male	14	14	100.0%	14	100.0%	0	0.0%	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**14**	**14**	**100.0%**	**14**	**100.0%**	**0**	**0.0%**	**-**	**-**	**-**	**-**

b. **Details of measures for the well-being of workers:**

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 workers											
Male	2,811	2,811	100.0%	2,811	100.0%	-	-	-	-	-	-
Female	1	1	100.0%	1	100.0%	1	100.0%	-	-	-	-
Total	**2,812**	**2,812**	**100.0%**	**2,812**	**100.0%**	**1**	**0.0%**	**-**	**-**	**-**	**-**
Other than Permanent workers											
Male	408	408	100.0%	408	100.0%	N/A	-	-	-	-	-
Female	0	0	-	0	-	0	-	-	-	-	-
Total	**408**	**408**	**100.0%**	**408**	**100.0%**	**N/A**	**-**	**-**	**-**	**-**	**-**

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

	2025-26	2024-25
Cost incurred on well-being measures as a % of total revenue of the Company	0.23%	0.25%

2. **Details of retirement benefits, for Current Fiscal Year and Previous Fiscal Year.**

	2025-26			2024-25		
	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/NA)	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/NA)
PF	100.0%	100.0%	Yes	99.6%	100.0%	Yes
Gratuity	100.0%	100.0%	Yes	100.0%	100.0%	Yes
ESI	46.1%	98.6%	Yes	14.4%	91.9%	Yes
Others – please specify	-	-	-	-	-	-

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, HFL's premises and offices are accessible to differently abled employees and workers, in line with the Rights of Persons with Disabilities Act, 2016. The Company's office and manufacturing facilities are equipped with features such as ramps, lifts, and handrails to support ease of mobility. Transportation facilities are also provided to facilitate convenient commuting for employees. HFL remains committed to addressing any additional accessibility requirements, as needed.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

HFL is committed to providing equal opportunities to all employees and qualified job applicants. The Company follows a strict non-discrimination policy and fosters an inclusive workplace that promotes diversity and equal opportunity. In line with the Rights of Persons with Disabilities Act, 2016, HFL is committed to maintaining a work environment free from discrimination against persons with disabilities. Necessary support, facilities, and reasonable arrangements are provided to enable employees with disabilities to effectively perform their roles. Medical assistance is made available whenever required, and a designated Grievance Officer ensures implementation of the relevant provisions under the Act. HFL also ensures that no individual is denied opportunities on the basis of disability and safeguards employees against coercion, intimidation, or retaliation for raising complaints or supporting investigations under the Act. The Equal Opportunity Employer Policy is available on the Company's website at the following link: https://happyforgingsltd.com/corporate-governance/ (Equal Opportunity Employer Policy)

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

During the reporting period, no permanent employees or workers availed parental leave.

Sl. No.	Particulars	Permanent Employees			Permanent Workers		
		Male	Female	Total	Male	Female	Total
1	Returned to work rate	-	-	-	-	-	-
2	Retention rate	-	-	-	-	-	-

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

	Yes/No (If Yes, then give details of the mechanism in brief)	Details of mechanism
Permanent Workers	Yes	HFL has established a Grievance Redressal Policy to provide employees with a formal platform to raise employment-related concerns. The policy ensures that grievances are addressed promptly, fairly, and impartially by the Grievance Committee, in line with the Company's policies and procedures. The Company has a structured grievance redressal mechanism covering all employee concerns, including human rights-related matters. Designated HR personnel regularly interact with employees and workers on the shop floor, document grievances, and coordinate with the respective process owners for timely resolution. The Welfare Officer maintains a monthly MIS, which is reviewed by the CHRO along with periodic monitoring of grievance records. To strengthen the effectiveness of the process, HFL conducts regular sensitisation and training programmes for HR personnel on conflict resolution and workplace conduct. The Company also provides anonymous reporting channels to encourage employees to raise concerns without fear of retaliation.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

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

Not Applicable, since there is no registered trade union under the Industrial Disputes Act 1947.

	2025-26			2024-25		
	Total employees / workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**700**	**0**	**0.0%**	**631**	**0**	**0.0%**
Male	674	0	0.0%	605	0	0.0%
Female	26	0	0.0%	26	0	0.0%
Total Permanent Workers	**2,812**	**0**	**0.0%**	**2,540**	**0**	**0.0%**
Male	2,811	0	0.0%	2,540	0	0.0%
Female	1	0	0.0%	0	0	-

8. Details of training given to employees and workers

	2025-26					2024-25				
	Total (A)	On Health and Safety Measures		On Skills upgradation		Total (D)	On Health and Safety Measures		On Skills upgradation	
		No. (B)	% (B/A)	No. (C)	%(C/A)		No.(E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	674	462	68.5%	435	64.5%	605	208	34.4%	419	69.3%
Female	26	16	61.5%	20	76.9%	26	7	26.9%	21	80.8%
Total	**700**	**478**	**68.2%**	**455**	**65%**	**631**	**215**	**34.1%**	**440**	**69.7%**
Workers										
Male	2,811	2,338	83.2%	1,960	69.7%	2,540	669	26.3%	2,236	88.0%
Female	1	0	0%	1	100%	0	0	-	0	-
Total	**2,812**	**2,338**	**83.2%**	**1,961**	**69.7%**	**2,540**	**669**	**26.3%**	**2,236**	**88.0%**

9. Details of performance and career development reviews of employees and workers

	2025-26			2024-25		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
Employees						
Male	674	310	46.0%	605	313	51.7%
Female	26	9	34.6%	26	7	26.9%
Total	**700**	**319**	**45.6%**	**631**	**320**	**50.7%**
Workers						
Male	2,811	121	4.3%	2.540	70	2.8%
Female	1	0	0.0%	0	0	-
Total	**2,812**	**121**	**4.3%**	**2,540**	**70**	**2.8%**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, HFL has implemented the Health and Safety Management System (ISO 45001:2018) across all its operations and manufacturing sites. The system defines the framework and requirements for an effective occupational health and safety (OH&S) management system and provides guidance for creating safe and healthy workplaces. By focusing on the prevention of work-related injuries and illnesses and continuously improving OH&S performance, HFL reinforces its commitment to employee well-being and workplace safety.

ISO 45001:2018 supports the establishment, implementation, and continual improvement of the Company's OH&S management practices. It helps identify hazards, minimise OH&S risks, and address system gaps and non-conformities associated with business activities. The framework also enables HFL to strengthen its safety culture and drive continuous improvement across operations.

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

In line with ISO 14001:2015 and ISO 45001:2018 standards, HFL continues to implement measures aimed at enhancing employee well-being, occupational health, and workplace safety. The Company has established a robust hazard identification and risk management framework to drive continuous improvement in health and safety performance. Hazard Identification and Risk Assessment (HIRA) exercises are conducted regularly across all operational levels through a structured six-step process, supervised by trained process owners or qualified safety coordinators with thorough knowledge of operational activities and safety requirements. These initiatives reflect HFL's continued commitment to maintaining a safe and healthy work environment.

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, HFL has established a process for reporting work-related hazards in line with the ISO 45001:2018 Occupational Health & Safety Management System. Employees and workers are encouraged to actively contribute towards maintaining a safe workplace by identifying hazards and reporting unsafe conditions, practices, or behaviours. They are also empowered to adopt preventive measures and withdraw from hazardous situations, including stopping unsafe activities whenever required. The Company conducts regular training and awareness programmes on hazard identification and reporting mechanisms. HFL also sets proactive EHS objectives, monitors progress against safety targets, provides appropriate personal protective equipment (PPE), and promotes its effective usage. In addition, ergonomic practices are integrated into workplace operations, and the Company continues to collaborate across functions to strengthen EHS compliance, awareness, and continuous improvement initiatives.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, HFL arranges periodic and preventive health check-ups for employees beyond the requirements prescribed under the Factories Act, 1948. The Company also has tie-ups with nearby reputed hospitals to provide timely medical support in case of off-site emergencies.

11. Details of safety related incidents, in the following format:

Safety incident/ numbers	Category*	2025-26	2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.6	0.4
Total recordable work-related injuries	Employees	0	0
	Workers	8	5
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

HFL is committed to maintaining a safe and healthy workplace through compliance with ISO 45001 standards and regular Hazard Identification and Risk Assessment (HIRA) evaluations. The Company has implemented various initiatives including daily safety interactions, structured training programmes, permit-based work systems, safety audits, mock drills, near-miss reporting, 5S audits, and periodic health check-ups to strengthen workplace safety and operational efficiency. Key initiatives are outlined below:

1. **Daily Safety Talks:** Regular safety talks are conducted with employees and workers to reinforce awareness regarding PPE usage, safe work practices, and emergency response procedures, thereby promoting a strong safety culture.
2. **Safety and Job-Specific Training:** Employees undergo regular safety and role-based training programmes covering hazard identification, safe operating procedures, and emergency preparedness to minimise workplace risks.
3. **Work Permit System:** A permit-to-work system is followed for high-risk activities such as hot work, confined space entry, and electrical jobs to ensure necessary safety precautions are implemented before execution.
4. **Regular Safety Audits:** Routine safety audits and inspections are conducted across facilities and processes to identify potential hazards and ensure compliance with applicable safety standards and practices.
5. **Safety Committee Meetings:** Safety committee meetings are organised regularly to review safety performance, discuss workplace concerns, and encourage employee participation in safety improvement initiatives.
6. **HIRA:** HFL undertakes HIRA and Aspect & Impact Assessments to systematically identify hazards, evaluate risks, and implement suitable mitigation measures across operations.
7. **Mock Drills:** Mock drills are conducted periodically to evaluate emergency response readiness for scenarios such as fire incidents, chemical spills, and other emergencies.
8. **Near-Miss Incident Reporting:** Employees are encouraged to report near-miss incidents, which are analysed to identify root causes and implement corrective and preventive actions to avoid recurrence.
9. **5S Audit Compliance:** Regular 5S audits are carried out to maintain workplace organisation, cleanliness, and operational discipline, contributing to a safer and more efficient work environment.
10. **Regular Health Checkups:** HFL conducts regular health check-ups and wellness initiatives for employees and workers to monitor occupational health and promote overall well-being.
11. **Reward & Recognition:** HFL recognises and rewards employees and workers for exemplary safety practices, active participation in safety trainings, and contributions towards workplace safety initiatives to promote a strong safety culture.

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

	2025-26			2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	No complaints were made by any employee or worker regarding the working conditions and health & safety.	0	0	No complaints were made by any employee or worker regarding the working conditions and health & safety.
Health & Safety	0	0		0	0	

14. Assessments for the year.

	2025-26
	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

HFL has established a structured corrective and preventive action framework to address identified as well as potential risks and impacts. The Company remains strongly committed to the health, safety, and well-being of its workforce. Although no major incidents were reported during the year, HFL continues to proactively strengthen safety practices, ensure adherence to established safety protocols across its operations, and enhance its safety monitoring mechanisms, including conducting external safety audits for two manufacturing units through certified auditors.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, a compensatory package is available for both Employees & Workers under various insurances. Compensatory Benefits are:

- Funeral benefit under ESI
- Insurance (EDLI) benefit under EPF
- Pension to immediate family members
- Gratuity benefit
- Ex Gratia benefit & funeral benefit under labour welfare

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

HFL maintains regular engagement with contractual labour providers on statutory compliance matters such as PF, ESI, GST, and wages. Agreements executed with labour service providers clearly define compliance requirements and responsibilities to ensure adherence to applicable laws and regulations. The Company has also implemented a Supplier Code of Conduct, which is required to be followed by all supply chain partners to promote responsible business practices, transparency, and accountability across the value chain.

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

	2025-26	2024-25
Employees	0	0
Workers	0	0

No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment

	2025-26	2024-25
Employees	0	0
Workers	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, HFL engages certain employees and workers under Retainership Agreements, particularly individuals possessing critical or specialised skills. Such arrangements are governed by applicable rules, regulations, and mutually agreed terms in line with the Company's Exit Policy (Retirement Cases), with provision for periodic renewal wherever applicable. In addition, HFL provides capacity-building and skill enhancement programmes to employees across all levels and tenures. These initiatives help strengthen professional capabilities and enhance long-term employability.

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	4.7%
Working conditions	

Note: Assessment program commenced towards the end of 2025-26; assessments of the remaining raw material suppliers are planned for 2026-27.

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.**

The supplier assessments were initiated towards the end of 2025-26 and the responses received are currently under review. As of the reporting date, no significant risks or concerns requiring corrective action had been identified. The Company will evaluate the assessment outcomes during 2026-27 and, where necessary, engage with suppliers to implement appropriate corrective and improvement measures.

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

HFL values stakeholder engagement to understand their needs, minimise risks, and build trust. Our stakeholders include employees, investors, customers, suppliers & service providers, government & regulatory authorities and communities. Key stakeholders are identified based on their material impact or influence on our activities. We actively engage with all stakeholders to understand and address their needs and feedback, continuously adapting its business operations and processes to align with these insights.

Our comprehensive Stakeholder Management Policy is accessible on our website.

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

Stakeholder group	Whether identified as Vulnerable/ Marginalised Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagements
Employees	No	• Workshops • Employee Surveys	Periodically	Provide employees with a safe working environment, enhancing their skills through training and providing opportunities for professional growth. Soliciting employee feedback and resolving their issues to ensure their well-being and providing an enabling environment.
Investors	No	• Annual report • Investor presentations • Corporate website • Quarterly & Annual results	Periodically	Protect and increase shareholder value and focus on sustainable growth and profitability.
Customers	No	• Personal Visits • Digital communications • Plant visits	Periodically	To ensure that we are consistently able to deliver high-quality products that meet 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	• Official communication channels • Regulatory audits/ inspections • Environmental compliance • Policy intervention • Good governance	Periodically	Adhere to the regulatory framework and ensure compliances. Liaise with Govt. authorities for Govt. schemes and incentives.
Communities	No	• CSR initiatives and community outreach efforts by our implementation partners	Periodically	To enable sustainable and equitable development of society at large by focusing on the needs of vulnerable and marginalised sections of the society.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

HFL has constituted an ESG Committee to oversee and guide the Company's ESG initiatives and priorities. The Committee is responsible for apprising the Board of Directors on ESG-related targets, projects, initiatives, and the progress achieved against them. The Committee also oversees stakeholder engagement processes, including the development of mechanisms for stakeholder consultations and interactions, and periodically updates the Board on key ESG matters and emerging issues.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   HFL is committed to enhancing our sustainability efforts by engaging with stakeholders to identify and manage environmental and social topics. By incorporating stakeholder inputs, we aim to develop more effective policies and activities that address key issues, fostering stronger community relationships and promoting sustainable growth.

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

   HFL, through its diverse CSR initiatives, is committed to creating positive outcomes for vulnerable and marginalised communities and promoting inclusive development. HFL's CSR initiatives primarily focus on:

   a) Enhancing healthcare facilities by installing diagnostic machines and medical equipment to improve access to affordable healthcare.

   b) Adopting government schools and investing in their physical infrastructure to create a conducive learning environment for underprivileged students.

   c) Providing financial support to educational and vocational training institutes for differently abled children and underprivileged girls.

   d) Undertaking various other initiatives aimed at the maintenance of public parks, animal welfare, and the welfare of 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	2025-26			2024-25		
	Total (A)	No. employees / workers covered (B)	% (B / A)	Total (C)	No. employees / workers covered (D)	% (D / C)
Employees						
Permanent	700	304	43.4%	631	92	14.6%
Other than permanent	14	2	14.3%	8	0	0.0%
Total Employees	**714**	**306**	**42.7%**	**639**	**92**	**14.4%**
Workers						
Permanent	2,812	1,731	61.6%	2,540	633	24.9%
Other than permanent	408	319	78.2%	391	248	63.4%
Total Workers	**3,220**	**2,050**	**63.7%**	**2,931**	**881**	**30.1%**

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

	2025-26					2024-25				
	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	674	0	0.0%	674	100.0%	605	0	0.0%	605	100.0%
Female	26	0	0.0%	26	100.0%	26	0	0.0%	26	100.0%

	2025-26					2024-25				
	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)
Other than Permanent										
Male	14	0	0.0%	14	100.0%	8	0	0.0%	8	100.0%
Female	0	-	-	-	-	0	0	-	0	-
Workers										
Permanent										
Male	2,811	99	3.5%	2712	96.5%	2,540	77	3.0%	2,463	97.0%
Female	1	0	0.0%	1	100.0%	0	0	-	0	-
Other than Permanent										
Male	408	366	89.7%	42	10.3%	391	336	85.9%	55	14.1%
Female	0	-	-	-	-	0	0	-	0	-

3. **Details of remuneration/salary/wages, in the following format:**

a. **Median remuneration/ wages**

Particulars	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	2	31,25,996 p.m.	1	6,06,428 p.m.
Key Managerial Personnel	1	4,33,853 p.m.	1	2,75,156 p.m.
Employees other than BoD and KMP	671	31,320 p.m.	24	26,978 p.m.
Workers	2,811	14,990 p.m.	1	12,170 p.m.

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

	2025-26	2024-25
Gross wages paid to females as % of total wages	1.2%	1.2%

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) serves as the designated focal point responsible for addressing human rights impacts or issues caused or contributed to by the business. The CHRO heads the Human Rights Committee, comprising representatives from various departments to ensure a holistic approach towards human rights matters. The committee is responsible for monitoring, addressing, and mitigating human rights risks across operations and the supply chain. HFL also periodically reviews and updates its policies in line with evolving best practices and stakeholder feedback.

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

   HFL has established a comprehensive Grievance Redressal Policy to address all categories of employee grievances, including those relating to human rights issues. Designated HR personnel regularly visit the shop floor to interact with employees and workers and record their grievances. These grievances are subsequently communicated to the respective process owners for timely resolution. The Welfare Officer maintains a monthly Management Information System (MIS) report, which is reviewed by the CHRO on a regular basis. The CHRO also signs off on the grievance register to ensure appropriate accountability and follow-up actions.

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

	2025-26			2024-25		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labor	0	0	-	0	0	-

	2025-26			2024-25		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Forced Labor/Involuntary Labor	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	2025-26	2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/workers	0.0%	0.0%
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

HFL has implemented a "Prevention of Sexual Harassment at Workplace (POSH) Policy" and constituted an Internal Complaint Committee (ICC) in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Under the POSH Policy, the ICC is required to maintain strict confidentiality of the complainant's identity. HFL remains committed to addressing matters related to sexual harassment with utmost sensitivity and confidentiality throughout the redressal process. In addition, regular awareness and sensitisation sessions are conducted for employees and workers.

HFL also has policies relating to Whistle Blowing, Equal Opportunity and related matters, which contain provisions aimed at protecting the identity of complainants and preventing any adverse consequences or retaliatory actions against them in the future.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, HFL's human rights requirements form an integral part of its business agreements and contracts. The Supplier Code of Conduct requires adherence to the highest ethical standards, including respect for human rights and compliance with applicable labour laws. These requirements help ensure that all business relationships and transactions are carried out in alignment with these fundamental principles.

10. **Assessment for the year**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100.0%
Forced/involuntary labor	100.0%
Sexual harassment	100.0%
Discrimination at workplace	100.0%
Wages	100.0%
Others – please specify	-

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

No risks/concerned were identified during the assessment hence, not applicable.

LEADERSHIP INDICATORS

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

Nil

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

Human rights due diligence assessments are conducted as part of HFL's ISO 45001 audit process. This assessment framework helps ensure that the Company's operations and supply chain adhere to high ethical standards, including compliance with applicable human rights and labour laws. The audit process covers key aspects of the business to identify, assess, and mitigate potential human rights risks.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, HFL's offices and manufacturing facilities are accessible to differently abled visitors in accordance with the requirements of the Rights of Persons with Disabilities Act, 2016. The premises are equipped with accessibility features such as ramps, lifts, and handrails in stairwells to facilitate ease of movement for differently abled individuals. These initiatives reflect HFL's commitment towards fostering an inclusive and accessible environment for all visitors.

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	4.7%
Discrimination at workplace	
Child labor	
Forced/involuntary labor	
Wages	

Note: Assessment program commenced towards the end of 2025-26; assessments of the remaining raw material suppliers are planned for 2026-27

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

The supplier assessments were initiated towards the end of 2025-26 and the responses received are currently under review. As of the reporting date, no significant risks or concerns requiring corrective action had been identified. The Company will evaluate the assessment outcomes during 2026-27 and, where necessary, engage with suppliers to implement appropriate corrective and improvement measures.

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

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

Parameter	Units	2025-26	2024-25
From renewable sources			
Total electricity consumption (A) (Solar)	GJ	23,763	17,852
Total fuel consumption (B)	GJ	0	0
Energy consumption through other sources (C)	GJ	0	0
Total energy consumed from renewable sources (A+B+C)	**GJ**	**23,763**	**17,852**
From non-renewable sources			
Total electricity consumption (D)	GJ	4,51,561	4,24,803
Total fuel consumption (E)	GJ	1,08,108	1,19,043
Energy consumption through other sources (F)	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	**GJ**	**5,59,669**	**5,43,846**
Total energy consumed (A+B+C+D+E+F)	**GJ**	**5,83,432**	**5,61,699**
Energy intensity per rupee of turnover (Total energy consumption / Revenue from operations)		3.8 GJ/Lakh Rupees	4.0 GJ/Lakh Rupees

Parameter	Units	2025-26	2024-25
Energy intensity per rupee of turnover adjusted for Purchasing Power (Total energy consumed / Revenue from operations adjusted for PPP)		-	-
Energy intensity in terms of physical output		9.4 GJ/MT	9.8 GJ/MT[1]
Energy intensity (optional) – the relevant metric may be selected by the entity		-	-

[1]2024-25 intensity ratio has been restated to align with the current year's methodology based on net volume of final output.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Data verification was conducted by Intertek in accordance with ISO 14064-1.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

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

Parameter	Units	2025-26	2024-25
Water withdrawal by source (in kiloliters)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	2,64,918	2,60,263
(iii) Third party water	KL	0	0
(iv) Seawater / desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kiloliters) (i+ii+iii+iv+v)	**KL**	**2,64,918**	**2,60,263**
Total volume of water consumption (in kiloliters)	**KL**	**2,64,918**	**2,60,263**
Water intensity per rupee of turnover (Water consumed/revenue from operations)		1.71 KL/Lakh Rupees	1.85 KL/Lakh Rupees
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)		-	-
Water intensity in terms of physical output		4.3 KL / MT	4.5 KL / MT[1]
Water intensity (optional) - the relevant metric may be selected by the entity			

[1]2024-25 intensity ratio has been restated to align with the current year's methodology based on net volume of final output.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

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

Parameter	2025-26	2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others		
- No treatment	0	0
- With treatment – please specify level of treatment	50,982 Secondary and Tertiary Treatment Level	36,156 Secondary and Tertiary Treatment Level
Total water discharged (in kiloliters)	50,982	36,156

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Water conservation and management continue to remain key ESG priorities for HFL. To minimise water consumption, the Company has implemented comprehensive systems and protocols across its operations. By closely monitoring water usage across various applications, HFL undertakes recycling and reuse initiatives wherever feasible. The Company has installed Sewage Treatment Plants (STPs) and Effluent Treatment Plants (ETPs) at its manufacturing facilities. In addition, HFL has made strategic investments in rainwater harvesting systems to support groundwater replenishment in line with applicable MIDC guidelines.

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

Parameter	Please specify unit	2025-26	2024-25
NOx	mg/Nm³	54.4	28.6
SOx	mg/Nm³	23.5	13.1
Particulate matter (PM)	mg/Nm³	87.7	63.3
Persistent organic pollutants (POP)	mg/Nm³	0.0	0.0
Volatile organic compounds (VOC)	mg/Nm³	0.0	0.0
Hazardous air pollutants (HAP)	mg/Nm³	0.0	0.0
Others – please specify	mg/Nm³	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Please specify unit	2025-26	2024-25
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	9,209	8,771
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	89,057	96,761
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and scope 2 GHG emissions / Revenue from operations)		0.64 MT/Lakh Rupees	0.75MT/Lakh Rupees
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)			
Total Scope 1 and Scope 2 emission intensity in terms of physical output		1.58 tCO_2e/MT	1.84 tCO_2e/MT[1]
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

[1]2024-25 intensity ratio has been restated to align with the current year's methodology based on net volume of final output.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes. The Company is installing a 20 MW captive solar power plant to increase renewable energy usage and has planted over 13,500 trees to support carbon sequestration.

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

Parameter	2025-26	2024-25
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	0	0
E-waste **(B)**	0.28	0
Bio-medical waste **(C)**	0.015	0.06
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)**	20.7	19.9
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	30,236	27,322
Total (A+B+C+D+E+F+G+H)	**30,257**	**27,342**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.2 MT/Lakh Rupees	0.2 MT/Lakh Rupees
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output	0.5	0.5[1]
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

[1]2024-25 intensity ratio has been restated to align with the current year's methodology based on net volume of final output.

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycle	0	0
(ii) Re-used	0	0
(iii) 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	4.2	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	**4.2**	**0**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No independent assessment/ evaluation/assurance has been undertaken.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

HFL prioritises effective waste management by integrating the 3R principles (Reduce, Reuse and Recycle) into its operational and decision-making processes, in alignment with SDG 12 (Responsible Consumption and Production). By following the waste management hierarchy, the Company encourages teams to identify innovative ways to minimise and divert waste, thereby also supporting SDG 11 (Sustainable Cities and Communities) through reduction in environmental impact arising from waste generation. HFL remains committed to reducing both hazardous and non-hazardous waste across its manufacturing facilities, contributing towards SDG 13 (Climate Action) by minimising waste-related emissions.

During the year, HFL continued to undertake initiatives such as recycling waste oil through authorised alternative disposal channels to reduce hazardous waste generation, in line with SDG 12.4 relating to environmentally sound management of chemicals and waste. The Company also focused on recycling ETP sludge to minimise landfill disposal, thereby supporting

SDG 12.5 on waste reduction through prevention, recycling, and reuse. These initiatives reflect HFL's continued commitment towards sustainable operations, while also enabling operational efficiencies and promoting a culture of environmental responsibility.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

In all areas of its activities, HFL is dedicated to regulatory Environmental compliance and ethical conduct. Since we operate in industrial areas/estates, its influence on biodiversity is very modest.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Not applicable		

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

In all areas of its operations, HFL is in compliance with the regulatory and environmental laws.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

HFL is in compliance with all applicable environmental laws.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable				

LEADERSHIP INDICATORS

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area:

(ii) Nature of operations:

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	Units	2025-26	2024-25
Water withdrawal by source (in kiloliters)			
(i) Surface water	KL	Not applicable, as we do not have any operations in areas of water stress.	Not applicable, as we do not have any operations in areas of water stress.
(ii) Groundwater	KL		
(iii) Third party water	KL		
(iv) Seawater / desalinated water	KL		
(v) Others	KL		
Total volume of water withdrawal (in kiloliters) (i+ii +iii+iv+v)	KL		
Total volume of water consumption (in kiloliters)	KL		
Turnover			
Water intensity per rupee of turnover (Water consumed / turnover)	KL/₹		
Water intensity (optional) – the relevant metric may be selected by the entity	GJ		

Parameter	Units	2025-26	2024-25
Water discharge by destination and level of treatment (in kilolitres)			
(i) Into Surface water	KL	Not applicable, as we do not have any operations in areas of water stress.	Not applicable, as we do not have any operations in areas of water stress.
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
(ii) Into Groundwater	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
iii) Into Seawater	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
iv) Sent to third-parties	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
(v) Others	KL		
- No treatment	KL		
- With treatment – please specify level of treatment	KL		
Total water discharged (in kilolitres)	KL		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

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

Parameter	Unit	2025-26	2024-25
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	N/A	N/A
Total Scope 3 emissions per rupee of turnover		N/A	N/A
Total Scope 3 emission intensity (optional)– the relevant metric may be selected by the entity		N/A	N/A

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company plans to conduct assessment and verification of scope 3 emissions in 2026-27

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.**

HFL is committed to maintaining regulatory environmental compliance and upholding ethical conduct across all its operations. Given that we operate within industrial areas and estates, its impact on biodiversity remains minimal.

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:**

S. No.	Initiative Undertaken	Details of the initiative (Web-link, if any, may be provided along- with summary)	Outcome of the initiative
-	-	-	-

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

Yes, HFL recognises the importance of ensuring business continuity and has established policies and procedures to support the continuation of mission-critical operations during unforeseen disruptions. The Company has a well-defined Business Continuity and Disaster Management Plan aimed at strengthening organisational resilience and preparedness. The framework is designed to safeguard operations, employees, assets, and stakeholder interests through structured response mechanisms, risk mitigation measures, and recovery protocols, thereby enabling continuity of key business functions with appropriate foresight and diligence.

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.**

The Company's Supplier Code of Conduct sets expectations relating to environmental responsibility and regulatory compliance. Supplier sustainability assessments commenced in 2025-26 and are planned to be completed for all identified raw material suppliers in 2026-27. Appropriate mitigation measures will be undertaken based on the assessment outcomes, wherever required.

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

4.7%

8. **How many Green Credits have been generated or procured:**

a. **By the listed entity:**

HFL doesn't generate / procure any green credits.

b. **By the top ten (in terms of value of purchases and sales, respectively) value chain partners.**

Not Applicable

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/ associations.**

HFL is affiliated to 5 trade and industry chambers/ associations.

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)	Remarks (if any)
1.	Confederation of Indian Industries (CII)	National	
2.	Association of Indian Forging Industry (AIFI)	National	
3.	Ludhiana Management Association (LMA)	State	
4.	Entrepreneurs' Organisation	Global	
5.	Chamber of Industrial & Commercial Undertakings (CICU)	State	

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
There were no incidents of anti-competitive behavior involving the Company during the reporting period		

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information is available in public domain? (Yes/No)	Frequency of Review by Board	Web Link, if available
HFL puts forward a number of suggestions both directly and through trade bodies with respect to the industry					

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain. (Yes / No)	Relevant Web link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the Fiscal Year (In ₹)
HFL does not have ongoing Rehabilitation and Resettlement (R&R) during the reporting period.						

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

HFL's CSR team has established a community feedback mechanism for all CSR initiatives undertaken by the Company. Meetings and periodic interactions are conducted with community members to understand concerns and obtain feedback. Individuals or groups may raise grievances during the annual feedback exercise or at any other time, as required. Communication channels include verbal interactions, emails, phone calls, and meetings. The CSR Team addresses and resolves grievances in a timely manner. All grievances are treated with due seriousness, and a transparent process is followed for communicating resolutions internally and externally to relevant stakeholders. The grievance redressal policy has been duly approved by the Board. Complaints may also be submitted through the email IDs and contact numbers available on HFL's website: www.happyforgingsltd.com/contact-us/

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

Parameter	2025-26	2024-25
Directly sourced from MSMEs/ small producers	-	-
Directly from within India	100%	100%

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

Location	2025-26	2024-25
Rural	47.5%	42.6%
Semi-urban	0.0%	0.0%
Urban	0.0%	0.0%
Metropolitan	52.5%	57.4%

Place to be categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan)

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

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

S. No.	State	Aspirational District	Amount spent (in ₹)
No project was undertaken in aspirational districts in 2025-26			

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

No

(b) **From which marginalised /vulnerable groups do you procure?**

Not Applicable

(c) **What percentage of total procurement (by value) does it constitute?**

Not applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not applicable

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not applicable				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not applicable

Name of authority	Brief of the Case	Corrective action taken
Not applicable		

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

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1.	Environment (Maintenance of park and planting of trees)	Community at large	NA
2.	Education (Vocational College under Bal Vikas Trust)	200 students	100%
3.	Education (Construction of Government School, Village Umaidpur, Ludhiana)	300 students	100%
4.	Education (Ludhiana Educational Society)	84 students	100%
5.	Education (Noble Foundation for underprivileged children)	150 students	100%
6.	Education (Vocational Rehabilitation center for blind)	85 visually impaired children	100%
7.	Promotion of paralympic sports (Deaf Cricket Federation)	217 hearing impaired people	100%
8.	Support to handicapped students (Ek jot Viklang Bachon Ka School)	80 handicapped people	100%
9.	Animal Welfare (Krishan Balram Gaushala Trust and world Sankirtan Tour trust)	Animal welfare	100%
10.	Promotion and development of traditional arts and handicraft (Saras Mela)	Community at large	100%
11.	Education (Sacred Heart Convent School Alumni Association)	Community at large	NA
12.	Disaster Management (Rangla Punjab)	Community at large	100%
13.	Healthcare (Dialysis machines at Helpful NGO, installed in 2024-25 but became operational in 2025-26	9,000 dialysis were done in 2025-26	Mostly vulnerable and marginalised

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   To effectively receive and address consumer complaints and feedback, HFL has implemented a comprehensive Stakeholder Management Policy. External stakeholders may register complaints, grievances, or feedback through the contact details and email addresses specified in the policy and made available on the Company's website. Further details regarding the process for submitting complaints, grievances, or feedback are available at: https://happyforgingsltd.com/contact-us/.

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	HFL manufactures and supplies forged and machined steel components to OEMs and Tier-1 suppliers, who further integrate these components into final products such as vehicles and machinery. As HFL's products are not end-use consumer goods, it is not feasible to provide product-level labelling relating to environmental or social parameters, safe usage, or disposal practices.
Safe and responsible usage	
Recycling and/or safe disposal	

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

	2025-26			2024-25		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

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

	Number	Reasons for recall
Voluntary recalls	0	Not applicable
Forced recalls	0	Not applicable

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   A cyber security policy has been established to provide support, management direction, and documentation on how information security is managed across HFL. This policy outlines the necessary measures to ensure the secure and reliable flow of information both internally and externally.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not applicable

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches**

   Nil

   b. **Percentage of data breaches involving personally identifiable information of customers**

   Nil

   c. **Impact, if any, of the data breaches**

   NA

LEADERSHIP INDICATORS

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

   All information can be found on the Company's website: https://happyforgingsltd.com/

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

   We provide our products to OEMs, who then integrate and assemble them into final products for consumers. Therefore, we do not have the means to directly inform and educate end users about the safe and responsible use of these products.

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

   HFL does not offer any essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes. Our products feature information such as the manufacturer name, heat code, process number, dispatch number, and part number. We regularly gather customer feedback, and some customers also evaluate our performance based on various parameters using their internal scoring systems.

ANNEXURE 8

SECTION 62(1) (B) READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES 2014

The Brief details of the Employees Stock Options Scheme 2023 are detailed as below:

S. No.	Particulars	ESOP 2023 Scheme
(a)	Options granted during the year (No.)	NIL
(b)	Options vested at the end of the year (No.)	110001
(c)	Options exercised during the year (No.)	108261
(d)	The total number of shares arising as a result of exercise of option (including options that have been exercised but not allotted)	108261 shares
(e)	Options lapsed/ cancelled during the year (No.)	2544
(f)	The exercise price (₹)	190/-
(g)	Variation of terms of options	No
(h)	Money realized by exercise of options during the year (₹)	2,05,69,590/-
(i)	Total no. of options in force at the end of the year	189383
(j)	Employees wise details of options granted to: (Name/ Designation/ No. of options)	
	(i) Key managerial personnel	No fresh options were granted during the year 2025-26
	(ii) Any other employees who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year;	No
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	No

DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AS ON MARCH 31, 2026

No significant changes/modifications in the ESOP 2023 Scheme were done during 2025-26.

ESOP Policy and the annexures can be accessed at : https://happyforgingsltd.com/regulation-46-disclosures/

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regards from time to time. Refer Note No 43 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.

Refer Note no 28 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

C. Details related to ESOP

(i) A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including -

S. No.	Description	ESOP 2023 Scheme
1	Date of Shareholder's Approval	July 29, 2024 by passing Special Resolution in Annual General Meeting in terms of Regulation 12(1) of the SEBI SBEB Regulations
2	Total Number of Options approved under the plan	13,42,485
3	Vesting Requirements	Generally between 1 year to 5 years
4	Maximum Term of Options Granted	5 years
5	Exercise price or pricing formula	190
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	No

(ii) Method used to account for ESOS - Intrinsic or fair value.

Refer Note No. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(iii) Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been 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.

Refer Note No. 43 Notes to Accounts to the Standalone & Consolidated Financial

Statements forming part of this Annual Report

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

Particulars	ESOP 2023 Scheme
Number of options outstanding at the beginning of the year	300188
Number of options granted during the year	NIL
Number of options forfeited, cancelled / lapsed during the year	2544
Number of options vested during the year	110001
Number of options exercised during the year	108261
Number of shares arising as a result of exercise of options (including options that have been exercised but not allotted)	108261
Money realized by exercise of options during the year (H), if scheme is implemented directly by the Company	2,05,69,590
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	189383
Number of options exercisable at the end of the year	60447

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

Refer Note no. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -

(a) senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

No fresh options were granted during the year 2025-26.

(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

No fresh options were granted during the year 2025-26.

(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 93 employees which are subject to achievement of certain milestones.

Disclosures in respect of grants made in three years prior to IPO under each ESOS

Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.

There were no options granted in three years prior to IPO , so no details are being furnished here.

D. Details related to ESPS

NIL

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

Date: 21st May, 2026	**(Paritosh Kumar)**	**(Ashish Garg)**
Place: Ludhiana	DIN:00393387	DIN 01829082
	Chairman and Managing Director	Managing Director

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is founded on the principles of transparency, fairness, accountability, and ethical conduct in all its dealings with stakeholders, including shareholders, customers, employees, vendors, regulators, and the community at large. The Company believes that strong governance practices are fundamental to building trust, sustaining long-term value, and achieving its strategic objectives.

The Company firmly believes that sound Corporate Governance is essential for achieving long-term corporate goals, enhancing stakeholder value, and ensuring sustainable business growth. Effective governance is achieved through a clear demarcation of roles, responsibilities, and accountability at various levels of the organisation, with a well-defined framework governing the functioning of the Board, its committees, and the Senior Management.

The Company conducts its business and discharges its responsibilities towards stakeholders through robust policies, structured processes, and effective internal controls. It recognises the importance of protecting and respecting stakeholder rights and remains committed to maintaining the highest standards of integrity, professionalism, and transparency across the organisation. All Directors, employees, and members of the management team are expected to uphold these values in their conduct and decision-making.

The Company continuously strives to achieve optimum performance at all levels by adhering to best-in-class Corporate Governance practices. It remains committed to long-term sustainability and social responsibility, with a balanced focus on financial performance as well as environmental and social impact, thereby contributing meaningfully to society.

Further, the Company has complied with all applicable requirements of Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Corporate Governance, during the financial year under review.

2. BOARD OF DIRECTORS

a. COMPOSITION OF BOARD:

The composition of the Board of Directors reflects an optimal balance of Executive and Non-Executive Directors and is fully compliant with the requirements of Corporate Governance under the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is chaired by the Executive Chairman, Mr. Paritosh Kumar, who provides leadership to the Board and strategic direction to the Company.

As on 31st March, 2026, the Board comprised six Directors, including three Executive Promoter Directors and three Independent Directors, in accordance with the SEBI LODR Regulations. The Board represents a diverse and balanced mix of professionalism, industry experience, functional expertise, and independent judgment, enabling effective oversight and informed decision-making.

The Board also demonstrates a strong commitment to gender diversity, with two Women Directors- Ms. Megha Garg, Executive Director, and Ms. Rajeswari Karthigeyan, Independent Director whose perspectives and experience contribute meaningfully to Board deliberations.

The overall composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and reflects the Company's commitment to maintaining high standards of Corporate Governance.

b. DETAILS OF BOARD MEETINGS:

The Board of Directors provides strategic direction and exercises oversight over the performance of the management to ensure that the Company adheres to the highest standards of Corporate Governance. The Board offers leadership and guidance to the management and periodically evaluates the effectiveness of management policies and their implementation.

The schedule of Board Meetings is finalised in consultation with all Directors to ensure maximum participation. The agenda for each meeting, together with detailed notes, relevant documents, and presentations, is circulated well in advance to enable informed deliberations. Board Members actively participate in discussions, express independent views, and contribute to decision-making during the meetings.

A comprehensive compliance report covering the applicable laws and regulations is placed before the Board at regular intervals. The Board periodically reviews matters required to be placed before it and considers and approves the quarterly and half-yearly unaudited financial statements, the audited annual financial statements, business plans, annual budgets, and capital expenditure proposals. The agenda for the Board Meetings includes items prescribed under the

SEBI LODR Regulations, to the extent applicable and relevant to the Company.

During the financial year under review, the Board of Directors met four times on 17th May, 2025, 9th August, 2025, 6th November, 2025 and 9th February, 2026. The Company ensured that at least one Board Meeting was held in each quarter and that the gap between any two consecutive meetings did not exceed one hundred and twenty days, in compliance with the provisions of Companies Act 2013 and SEBI LODR Regulations.

The details of the Directors, their positions, attendance at Board Meetings and the last Annual General Meeting, other directorships (excluding Pvt. Ltd. companies, foreign companies, and alternate directorships), and memberships/ chairmanships of Board Committees (limited to the Audit Committee and Stakeholders' Relationship Committee), as on 31st March, 2026, are set out below.

Name of the Director	Category of Directorship	Board Meetings during 2025-26				Total	AGM
		17th May, 2025	9th August, 2025	6th November, 2025	9th February, 2026		29th July, 2025
Mr. Paritosh Kumar	Promoter-Executive	P	P	P	P	4	P
Mr. Ashish Garg	Promoter-Executive	P	P	P	P	4	P
Ms. Megha Garg	Promoter-Executive	P	P	P	P	4	P
Mr. Ravindra Pisharody	Independent Non- Executive	P	P	P	P	4	P
Ms. Rajeswari Karthigeyan	Independent Non- Executive	P	P	P	P	4	P
Mr. Atul B. Lall	Independent Non- Executive	P	P	P	P	4	LA
Mr. Satish Sekhri*	Independent Non- Executive	-	-	-	-	0	-

L.A. means Leave of Absence

*Mr. Satish Sekhri ceased to be an Independent Director of the Company upon completion of his first term of 5 (five) consecutive years, with effect from close of business hours on 3rd May 2025.

As on 31st March, 2026, none of the Directors are related to each other, except Mr. Paritosh Kumar who is the father of Mr. Ashish Garg, Managing Director and Ms. Megha Garg, who is the spouse of Mr. Ashish Garg.

Number of Directorships & Committee Memberships/Chairmanships in Public Companies as on 31st March, 2026 (excluding Private & Foreign Companies):

	No. of directorship (listed Companies) and Committee membership(s)/ chairmanship(s) in Indian Public Companies including the Company as on 31st March, 2026			Directorship in other listed entities as on 31st March, 2026 (category of directorship)
	Number of directorship	Committee membership*	Committee Chairmanship*	
Mr. Paritosh Kumar	1	0	0	NIL
Mr. Ashish Garg	1	2	0	NIL
Ms. Megha Garg	1	1	0	NIL
Mr. Ravindra Pisharody	4	7	4	• Savita Oil & Technologies Limited# • Muthoot Finance Limited# • Kwality Walls (India) Ltd.#

	No. of directorship (listed Companies) and Committee membership(s)/ chairmanship(s) in Indian Public Companies including the Company as on 31st March, 2026			Directorship in other listed entities as on 31st March, 2026 (category of directorship)
	Number of directorship	Committee membership*	Committee Chairmanship*	
Ms. Rajeswari Karthigeyan	2	4	1	• Craftsman Automation Limited#
Mr. Atul B . Lall	4	3	0	• Dixon Technologies (India) Limited\$ • Max Estates Limited@ • Aditya Infotech Limited@

*Committee positions only of the Audit Committee and Stakeholders Relationship Committee in Public Limited Companies including Happy Forgings Limited have been considered.

#Independent , Non-Executive

\$Executive Director

@Non- Independent Non- Executive

The information has been given for the directors who hold directorship in the Company as on 31st March, 2026. While considering directorship in listed companies, debt listed companies have not been considered.

Disclosures regarding appointments or re-appointment of Directors:

- Mr. Ashish Garg (DIN 01829082) will retire by rotation at the ensuing 47th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors approved the re-appointment of Ms. Megha Garg (DIN: 07352042) as a Whole-time Director of the Company for a period of five (5) consecutive years with effect from 29th September, 2026 to 28th September, 2031, subject to the approval of the shareholders.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board approved the re-appointment of Mr. Ravindra Pisharody (DIN: 01875848) as an Independent Director of the Company for a second consecutive term from 16th June, 2027 to 15th November, 2030, subject to the approval of the shareholders.

The brief resume and other information of the above Directors, 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, 2026 is as under:

Name of Director	Number of Shares
Mr. Paritosh Kumar	89,49,900
Mr. Ashish Garg	1,29,46,200
Ms. Megha Garg	24,19,900
Ms. Rajeswari Karthigeyan	NIL
Mr. Ravindra Pisharody	NIL
Mr. Atul B. Lall	NIL

Independent Directors

In the opinion of the Board, each Independent Director fulfils the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is satisfied that all Independent Directors are independent of the management and continue to bring objective judgment and valuable oversight to the Board's deliberations.

The terms and conditions of appointment of the Independent Directors are disclosed on the Company's website and can be accessed at the following link:

https://happyforgingsltd.com/wp-content/uploads/2023/09/ID-appointment-letter.pdf

A certificate from a Practising Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs, or any other statutory authority is annexed to this Report.

Pursuant to the notification dated 22nd October, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have valid registration in the Independent Directors Databank, and the requisite disclosures in this regard have been duly received by the Company.

During the Financial Year 2025–26, two meetings of the Independent Directors were held on 7th February, 2026 and 31st March, 2026, without the presence of any Non-Independent Director or members of the management. At these meetings, the Independent Directors, inter alia, reviewed the performance of the Non-Independent Directors and the Board as a whole, and assessed the quality, adequacy, and timeliness of information flow between the management and the Board. The suggested action points were placed before the Board for consideration and implementation.

The Company has a structured familiarisation programme for Independent Directors. Newly inducted Independent Directors are introduced to the Company's operations by the Managing Director, Executive Directors, and senior management personnel, who provide a comprehensive overview of the business, operational framework, and strategic priorities. Plant visits are also organised to familiarise them with the Company's manufacturing operations and business environment. In addition, they are apprised of the organisational structure, Board procedures, statutory compliances, and the Company's long-term strategy.

The details of the familiarisation programme conducted for the Independent Directors are available on the Company's website at:

https://happyforgingsltd.com/wp-content/uploads/2026/02/familiarisation-program-FY-2025-26.pdf

During the year under review, none of the Independent Directors resigned before the expiry of their tenure. Accordingly, the disclosure requirements relating to the detailed reasons for resignation and confirmation regarding absence of any material reasons other than those stated are 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.	Mr. Paritosh Kumar Mr. Ashish Garg Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall Ms. Megha Garg
Business Operations	Experience and/or knowledge of the industry in which the Company Operates.	Mr. Paritosh Kumar Mr. Ashish Garg 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. 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.	Mr. Paritosh Kumar Mr. Ashish Garg Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall Ms. Megha Garg

Skills/Expertise/Competencies		Director who possess such skills/ expertise/ competencies
Technology	Knowledge of anticipating technological trend, create new business models	Mr. Paritosh Kumar Mr. Ashish Garg Mr. Ravindra Pisharody Ms. Rajeswari Karthigeyan Mr. Atul B. Lall Ms. Megha Garg

3. BOARD COMMITTEES

With a view to ensuring focused oversight of key functional areas and strengthening governance, accountability, and decision-making, the Board has constituted the following Committees:

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Corporate Social Responsibility Committee;

d) Stakeholders Relationship Committee; and

e) Risk Management Committee

These Committees have been constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Each Committee operates within a clearly defined framework and specific terms of reference as approved by the Board. The scope, roles, and responsibilities of the Committees are reviewed by the Board from time to time to ensure continued relevance and effectiveness in line with the evolving regulatory and business environment.

The minutes of the meetings of each Committee are regularly placed before the Board at its subsequent meeting for noting and review, thereby ensuring effective oversight and seamless flow of information between the Committees and the Board.

a) AUDIT COMMITTEE:

The Company has constituted an Audit Committee in compliance with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Audit Committee serves as an important link between the Board of Directors, the Statutory Auditors, and the Internal Auditors, and plays a critical role in strengthening the Company's governance framework. The primary objective of the Committee is to assist the Board in effectively discharging its oversight responsibilities, particularly in relation to the integrity of financial reporting, adequacy and effectiveness of internal financial controls, risk governance, and the performance of statutory and internal audit functions.

The Committee periodically reviews the financial reporting process to ensure that the financial statements present a true and fair view of the affairs of the Company. It also reviews the adequacy of the Company's internal control systems, internal audit framework, compliance mechanisms, and the effectiveness of systems and processes established for governance and risk management.

The Audit Committee functions in accordance with a well-defined Charter, which is aligned with the requirements prescribed under the Companies Act, 2013 and the SEBI LODR Regulations.

The terms of reference of the Audit Committee, inter alia, include the matters specified under the SEBI LODR Regulations, Section 177 of the Companies Act, 2013, and other applicable laws and regulations, as set out below:

Brief description of Terms of Reference:

a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, reappointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;

c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3) of the Companies Act, 2013;

- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications / modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the monitoring agency report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

i) Approval or any subsequent material modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under the SEBI Listing Regulations. Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;

Explanation: The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/ or the Companies Act.

j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

k) Scrutiny of inter-corporate loans and investments;

l) Undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;

m) Evaluation of internal financial controls and risk management systems;

n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

o) To review and monitor key performance indicators (KPIs);

p) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

q) Discussion with internal auditors of any significant findings and follow up there on;

r) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

s) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

t) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

u) Recommending to the board of directors the appointment and removal of the external auditor fixation of audit fees and approval for payment for any other services;

v) Reviewing the functioning of the whistle blower mechanism;

w) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

x) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

y) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for Directors and employees to report their genuine concerns or grievances;

z) Considering and commenting on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

aa) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

bb) Carrying out any other functions and roles as required to be carried out by the Audit Committee as may be decided by the Board as per the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(i) The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;

c) Internal audit reports relating to internal control weaknesses;

d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

e) Statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
- annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice, certified by the statutory auditors of the Company, in terms of Regulation 32(7) of the SEBI Listing Regulations; and

f) Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s); and

g) Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

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 2025-26, Five (5) Audit Committee Meetings were held on 17th May, 2025, 9th August, 2025, 6th November, 2025, 9th February, 2026 and 24th March, 2026. Necessary quorum was present in all the meetings. The time gap between any two consecutive Committee Meetings was not more than one hundred and twenty days. As on 31st March, 2026, following are the members of the Audit Committee with Ms. Rajeswari Karthigeyan , being the Chairperson of the Audit Committee .

1.	Ms. Rajeswari Karthigeyan	Chairperson
2.	Mr. Ashish Garg	Member
3.	Mr. Ravindra Pisharody	Member
4.	Mr. Atul B. Lall	Member

Mr. Satish Sekhri ceased to be a member of the Audit Committee upon completion of his first term of 5 (five) consecutive years, with effect from close of business hours on 3rd May, 2025

Meeting and Attendance during the year:

Name of the Member / Chairperson	Category	17th May, 2025	9th August, 2025	6th November, 2025	9th February, 2026	24th March, 2026
Ms. Rajeswari Karthigeyan- Chairperson	Independent	P	P	P	P	P
Mr. Ashish Garg	Executive	P	P	P	P	P
Mr. Ravindra Pisharody	Independent	P	P	P	P	P
Mr. Atul B. Lall	Independent	P	P	P	P	LA

All the members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

Statutory Auditors, Internal Auditors and their representatives are invited to the Audit Committee Meetings. They have attended the Meetings whenever required during the year under review. The Whole-Time Director, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

Ms. Bindu Garg, Company Secretary and Compliance Officer of the Company acts as the Secretary of the Committee.

b) NOMINATION AND REMUNERATION COMMITTEE:

The terms of reference of the Nomination and Remuneration Committee cover the matters specified in SEBI LODR Regulations and Section 178 of the Companies Act, 2013 are as under:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that

(i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;

(c) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(i) use the services of an external agencies, if required;

(ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and

(iii) consider the time commitments of the candidates.

(d) Devising a policy on Board diversity;

(e) Identifying persons who are qualified to become Directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the Company's policy on specific remuneration packages for Executive Director including pension rights and any compensation payment, and determining remuneration packages of such Directors;

(h) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Director;

(k) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(l) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws ("ESOP Scheme")

(i) Determining the eligibility of employees to participate under the ESOP Scheme;

(ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;

(iii) Date of grant;

(iv) Determining the exercise price of the option under the ESOP Scheme;

(v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;

(vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

(vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;

(viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;

(x) The grant, vest and exercise of option in case of employees who are on long leave;

(xi) Allow exercise of unvested options on such terms and conditions as it mya deem fit;

(xii) The procedure for funding the exercise of options;

(xiii) Forfeiture/ cancellation of options granted;

(xiv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

- the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action; and
- the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.

(m) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(n) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended form time to time, including:

(a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

(b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and

(c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by the Company and its employees, as applicable;

(o) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;

(p) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Composition, Name of Members and Chairperson of Nomination and Remuneration Committee as on 31st March, 2026 is as follows:

1.	Mr. Ravindra Pisharody	Chairperson
2.	Ms. Rajeswari Karthigeyan	Member
3.	Mr. Atul B. Lall	Member

*Mr. Satish Sekhri, who was the Chairperson for Nomination and Remuneration committee ceased to be a member of the Nomination & Remuneration Committee upon completion of his first term of 5 (five) consecutive years, with effect from close of business hours on 3rd May, 2025. On re-constitution of Nomination and Remuneration committee post completion of term of Mr. Satish Sekhri , Mr. Ravindra Pisharody was appointed as Chairperson of the committee.

Meeting and Attendance during the year:

Name of the Member / Chairperson	Category	17th May, 2025
Mr. Ravindra Pisharody	Independent	P
Ms. Rajeswari Karthigeyan	Independent	P
Mr. Atul B. Lall	Independent	P

PERFORMANCE EVALUATION CRITERIA:

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the applicable SEBI Regulations, the Company has in place a structured framework for the performance evaluation of the Independent Directors, the Board as a whole, its Committees, and other Directors. The framework also lays down specific criteria for the evaluation of both Non-Executive and Executive Directors.

The performance evaluation of the Independent Directors was carried out by the Board, excluding the Director being evaluated. Similarly, the evaluation of the Chairman and the Non-Independent Directors was undertaken by the Independent Directors in a separate meeting held for this purpose.

The evaluation exercise was conducted through a structured and comprehensive process covering various aspects of the Board's functioning, including the composition of the Board and its Committees, diversity of experience, professional competencies, participation in strategic decision-making, and overall effectiveness of governance processes.

The performance of individual Directors was assessed on the basis of defined criteria, including their contribution to Board and Committee deliberations, preparedness on matters placed before the Board, quality and value of inputs during discussions, strategic guidance provided, and their awareness of the latest developments and regulatory changes relevant to the industry and business operations of the Company.

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 of Stakeholders' Relationship Committee as on 31st March, 2026 is as follows

1.	Mr. Ravindra Pisharody	Chairperson
2.	Mr. Ashish Garg	Member
3.	Ms. Megha Garg	Member

Ms. Bindu Garg, Company Secretary and Compliance Officer, acts as Secretary of the Committee.

Meetings and attendance during the year:

Name of the Member / Chairperson	Category	Attendance at the meeting held on 9th August, 2025
Mr. Ravindra Pisharody - Chairperson	Non- Executive Independent	P
Mr. Ashish Garg	Executive	P
Ms. Megha Garg	Executive	P

Number of Shareholders' complaints received during the Financial Year 2025-26:

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

During the period under review, (one) 1 complaint was received in the quarter ended 30th September, 2025 and was disposed of during the same quarter. There is no outstanding complaint as on 31st March, 2026.

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, 2026 and the details of members participation at the Meetings of the Committee are as under:

Composition, Name of Members and Chairperson of Corporate Social Responsibility as on 31st March, 2026:

1.	Mr. Paritosh Kumar	Chairperson
2.	Mr. Ashish Garg	Member
3.	Mr. Ravindra Pisharody	Member
4.	Ms. Rajeswari Karthigeyan	Member

*Mr. Satish Sekhri ceased to be a member of the Corporate Social Responsibility Committee upon completion of his first term of 5 (five) consecutive years, with effect from close of business hours on 3rd May, 2025.

Meeting and Attendance during the year:

Name of the Member / Chairperson	Category	Attendance at the Corporate Social Responsibility Committee Meetings held on		
		17th May, 2025	6th November, 2025	9th February, 2026
Mr. Paritosh Kumar	Executive	P	P	P
Mr. Ashish Garg	Executive	P	P	P
Mr. Ravindra Pisharody	Independent	P	P	P
Ms. Rajeswari Karthigeyan	Independent	P	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 1,000 listed companies.

Corporate Risk Evaluation and the methods to control the same is an ongoing process within the Organisation. The Company has a well-defined Risk Management framework to identify, monitor and minimising/mitigating risks as also identifying business opportunities. The terms of reference of the Committee inter alia comprises of the following:

(i) To formulate a detailed risk management policy which shall include:

- framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the committee;
- measures for risk mitigation including systems and processes for internal control of identified risks; and
- business continuity plan.

(ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(iii) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(v) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

(vi) The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

(vii) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

(viii) Laying down risk assessment and minimisation procedures and the procedures to inform Board of the same;

(ix) Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security, as may be delegated by the Board; and

(x) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

The Composition of Risk Management Committee and its meeting and attendance during the year are as under:

Name of the Member / Chairperson	Category	Attendance at the Risk Management Committee Meetings held on	
		9th August, 2025	26th February, 2026
Mr. Ashish Garg- Chairperson	Executive	P	P
Ms. Rajeswari Karthigeyan	Non- Executive Independent	P	P
Ms. Megha Garg	Executive	P	P

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

INDEPENDENT DIRECTORS' MEETING:

In accordance with Secretarial Standard–1 (SS-1) issued by the Institute of Company Secretaries of India and the applicable provisions of the Companies Act, 2013 read with the rules made thereunder, the Independent Directors are required to meet at least once in a financial year.

During the year under review, the Independent Directors met twice on 7th February, 2026 and 31st March, 2026, 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 is necessary for the Board to effectively and reasonably perform its duties.

4. SENIOR MANAGEMENT

The Company had defined the following persons as Senior Management of the Company as on 31st March, 2026.

Ms. Bindu Garg - Company Secretary & Compliance Officer

Mr. Gurjinder Singh - Chief Human Resources Officer

Mr. Mangesh Shantaram Purandare - Chief Marketing Officer

Mr. Narinder Singh Juneja – Chief Operating officer

Mr. Pankaj Kumar Goyal - Chief Financial Officer

Mr. Patwinder Singh - Chief Operating Officer

All Senior Management personnel of the Company are suitably qualified and possess extensive experience in their respective fields, which significantly contributes to the Company's growth and overall performance. There was no change in the Senior Management personnel of the Company as on 31st March, 2026.

5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:

The Nomination and Remuneration Committee has adopted a Policy which, inter alia, deals with the manner of Selection of Board of Directors and their remuneration:

i. Criteria for Selection of Non -Executive Directors:

1. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
2. In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself with regard to the independence nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
3. Nomination and Remuneration Committee ensures that the candidate identified for appointment / reappointment as an Independent Director is not disqualified for appointment / re-Appointment under Section 164 of the Companies Act, 2013.
4. Nomination and Remuneration Committee considers the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
   a. Qualification, expertise and experience of the Directors in their respective fields;
   b. Personal, professional or business standing;
   c. Diversity of the Board.

Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

ii. Remuneration:

(a) Directors with pecuniary relationship or business transaction with the Company:

The Executive Directors receive salary, perquisites, allowances and other benefits in accordance with their terms of appointment, while all the Non-Executive Directors/ Independent Directors receive sitting fees for attending the Board meetings and its committee 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, company 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 2025-26 is given below:

Name of the Director and Designation	Relationship with the director*	Salary and perquisite	Provident Fund	Sitting fee	Commission**	Stock options	Total (in Lakhs)
Mr. Paritosh Kumar, CMD	Father of Mr. Ashish Garg	422.95	7.49	NA	NA	NA	430.44
Mr. Ashish Garg, MD	Son of Mr. Paritosh Kumar & Husband of Ms. Megha Garg	356.55	7.34	NA	NA	NA	363.89
Ms. Megha Garg, Whole Time Director	Wife of Mr. Ashish Garg	75.93	8.56	NA	NA	NA	84.49
Mr. Ravindra Pisharody	None	NA	NA	4.00	16.00	NA	20.00
Ms. Rajeswari Karthigeyan	None	NA	NA	4.00	16.00	NA	20.00
Mr. Atul B. Lall	None	NA	NA	4.00	16.00	NA	20.00

*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.

The tenure of Executive directors is five years as approved by the shareholders. Further, there is no separate service contract.

There is no notice period for the Executive Directors. Further, there is no of severance fees payable to Executive Directors. There are no performance linked incentives for the Executive Directors and the remuneration consists of fixed components only.

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
2024-25	29th July, 2025	Through Video Conferencing, deemed venue is registered office of the Company: B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	11:30 AM
2023-24	29th July, 2024	Through Video Conferencing , deemed venue is registered office of the Company: B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	11.52 AM
2022-23	8th August, 2023	Registered office of the Company: B-XXIX-2254/1, Kanganwal Road, Ludhiana (Pb)-141120	5.00 PM

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on 29th July, 2025

1. Continuation of Mr. Paritosh Kumar, DIN:00393387, as Chairman and Managing Director of the company on attaining the age of seventy years.

Annual General Meeting held on 29th July, 2024

1. To consider and approve continuation of Mr. Satish Sekhri as Non-Executive independent director of the Company for his remaining term beyond 75 years of age.
2. To consider and ratify the Happy Forgings ESOP scheme 2023

Extra-Ordinary General Meeting held during Financial Year 2023-24

Special Resolution passed in EGM held on 31st July, 2023:

1. Reappointment of Mr. Narinder Singh Juneja, DIN 00393525 for the period from 1st January, 2024 to 31st December, 2024 as CEO & WTD of the Company
2. Approval of "Happy Forgings ESOP Scheme 2023".

Special Resolution passed in EGM held on 2nd December, 2023:

1. Amendment to the Articles of Association.

Annual General Meeting held on 8th August, 2023

1. Appointment of Ms. Suman Garg, to the office or place of profit
2. Adoption of updated Articles of Association
3. Raising capital through IPO (Initial Public offering)

POSTAL BALLOT:

During the year under review, no resolution was passed/ proposed through Postal Ballot, and no Extra ordinary General Meeting was held during the year 2025-26.

No resolution was passed through postal ballot in 2024-25 and 2023-24 .

7. MEANS OF COMMUNICATION

(a) The unaudited quarterly results for each of the quarters during 2025-26 were announced within forty-five days of the close of the quarter.

(b) The approved financial results are sent to the stock exchanges forthwith and published in "Financial Express" (English newspaper) and "Jagbani" (local language Punjabi newspaper) within forty-eight hours of approval thereof. The Company's financial results and official press releases are displayed on the Company's website: www.happyforgingsltd.com.

(c) Investor presentations, official press releases and other general information are sent to the stock exchange(s) and are also displayed on the Company's website: www.happyforgingsltd.com

(d) Management Discussion and Analysis report forms a part of the annual report.

(e) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the stock exchanges, viz. BSE Limited and National Stock Exchange of India Limited are filed electronically.

(f) A separate dedicated section under "Investors", on the Company's website gives information about the financials, disclosure under regulation 46, shareholders' information, Annual reports, corporate governance and investor contacts

(g) SEBI processes investor complaints in a centralised web-based complaints redressal system, i.e. SCORES and Smart ODR. Through this system a shareholder can lodge a complaint against the Company for redressal of his grievance. The Company uploads the action taken report on the complaint, which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

(h) The Company has designated an email-ID for investor services, i.e. complianceofficer@happyforgingsltd.co.in and investor.relations@happyforgingsltd.co.in and the same is available on the Company's website, i.e. www.happyforgingsltd.com

8. GENERAL SHAREHOLDERS' INFORMATION:

Day, Date and Time of 47th AGM	Monday, 27th July, 2026 at 11.30 AM
Venue of AGM	Through Video Conferencing/ OAVM
Financial Year	1st April, 2025 to 31st March, 2026
Book Closure Date	Tuesday, 21st July, 2026 to Monday, 27th July, 2026 (both days inclusive)
Registered Office Address	B-XXIX- 2254/1, Kanganwal Road, P O Jugiana, Ludhiana (PB) 141120
Dividend Payment Date	Will be paid within 30 days from the date of approval at the 47th 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 2026-27:

First Quarter Results	On or before 14th August, 2026
Second Quarter/Half Yearly Results	On or before 14th November, 2026
Third Quarter Results	On or before 14th February, 2027
Audited Results for the Financial Year 2026-27	On or before 30th May, 2027

(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 2026-27 have been paid to both the Stock Exchanges.

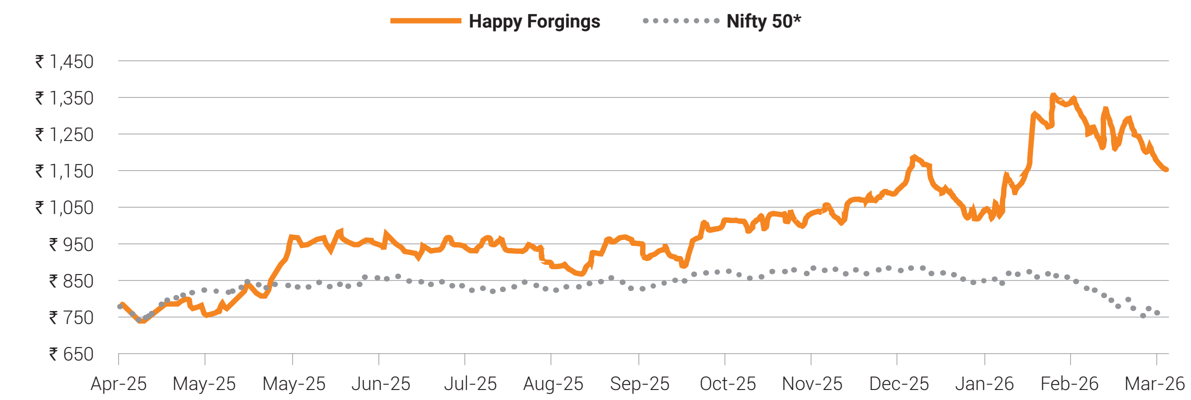
(b) Market Price Data:

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

Month	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
Apr-25	824.0	724.1	980,310	819.2	716.1	34,263
May-25	994.0	753.5	1,022,652	994.0	755.5	112,459
Jun-25	1,020.0	920.1	500,611	1,021.0	921.8	42,363
Jul-25	944.4	909.9	448,011	945.0	910.4	33,129
Aug-25	986.1	962.7	470,242	982.9	961.2	31,193
Sep-25	989.9	964.0	609,814	986.5	964.0	39,175
Oct-25	1,035.5	1,012.1	1,234,808	1,030.7	1,010.2	49,236
Nov-25	1,053.8	1,027.2	1,217,634	1,053.0	1,031.3	50,586
Dec-25	1,170.4	1,114.0	787,407	1,160.6	1,113.1	110,732
Jan-26	1,193.6	1,163.0	619,064	1,190.0	1,164.9	107,509
Feb-26	1,370.0	1,326.5	4,587,319	1,368.1	1,326.1	758,554
Mar-26	1,345.0	1,281.1	1,072,243	1,341.6	1,280.0	109,842

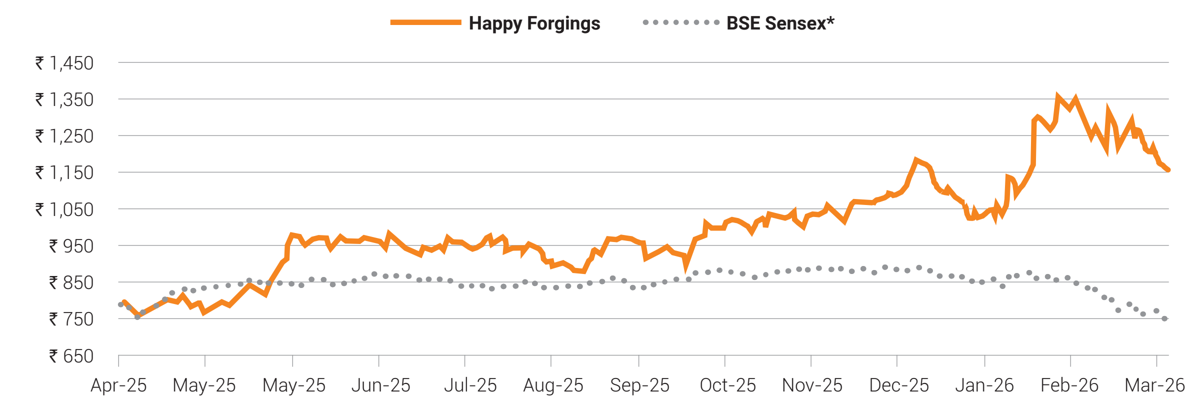
(c) Performance in comparison to broad-based indices

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



*Nifty 50 rebased to Happy Forgings Limited share price

Chart B: Happy Forgings Limited's Share Performance vs. BSE Sensex



*BSE Sensex rebased to Happy Forgings Limited share price

(d) Registrar & Transfer Agents: MUMBAI OFFICE:

MUFG Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli (W), Mumbai 400 083

Phone No. 022-49186270 Fax No. 022-49186060

E-mail: ashok.shetty@in.mpms.mufg.com

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

i. Share Transfers

The Company's registrar and share transfer agent is M/s. MUFG Intime India Pvt. Ltd. (formerly known as Link Intime India Pvt. Ltd.) , Registrar and Share Transfer Agent for dealing with the equity shares listed on NSE and BSE. All the requests relating to transfer, transmission, splitting of Share certificates, dematerialisation and re-materialisation processing, payment of dividends etc. are done by the share transfer agent. Pursuant to the SEBI master circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated 07th May, 2024 securities of the Company shall be issued in dematerialised form only while processing service requests in relation to the issue of duplicate securities certificates, renewal/exchange of securities certificates, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. The Company's equity shares are traded on the Stock Exchanges compulsorily in the Demat mode segment. The Company has constituted stakeholders Relationship Committee to deal with matters concerning the securities of the Company. As per Regulation 40 of the Listing Regulations, as amended, securities of listed entities can be transferred only in dematerialised form, with effect from 1st April, 2019.

Further, one of the shareholder has rematerialised its shareholding into physical form during 2024-25 and is holding 1 (one) share in physical form as on 31st March, 2026.

ii. Physical Shareholding

The Company hereby informs the Members that as per SEBI Circular, effective from 1st April, 2019 physical shares will not be transferred unless and until they are dematerialised.

iii. Dividend:

a. Payment of dividend through National Electronic Clearing Services (NECS)/ National Automated Clearing House(NACH):

The Company provides facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS/NACH, members who hold Shares in demat mode should inform their Depository Participant and such of the members holding Shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue Dividend Warrants to the Members.

b. Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. There was no such amount to be transferred to Investor Education and Protection Fund.

iv. Reconciliation of Share Capital Audit:

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the Issued and Listed Capital of the Company. The Practicing Company Secretary's Certificate with regard to this is submitted to BSE Limited and the National Stock Exchange of India Limited and was placed before Stakeholders Relationship Committee and the Board of Directors.

(f) Distribution of Shareholding:

(i) Shareholding pattern as on 31st March, 2026:

Category	No. of Shares held		Total No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	7,40,47,555	7,40,47,555	78.48
Alternate Investment Funds - III	-	15,36,659	15,36,659	1.63
Body Corporate - Ltd Liability Partnership	-	4,505	4,505	0.00
Clearing member	-	9,320	9,320	0.01
FPI (Corporate) - I	-	13,50,601	13,50,601	1.43
FPI (Corporate) - II	-	2,82,326	2,82,326	0.30
Hindu Undivided Family	-	1,36,671	1,36,671	0.14
Insurance Companies	-	2,03,155	2,03,155	0.22
Mutual Funds	-	1,38,05,350	1,38,05,350	14.63
Non-Resident (Non Repatriable)	-	42,451	42,451	0.04
Non-Resident Indians	-	53,051	53,051	0.06
Other Bodies Corporate	-	2,39,140	2,39,140	0.25
Public	1	26,39,676	26,39,677	2.80
Total	**1**	**9,43,50,460**	**9,43,50,461**	**100.00**

(ii) Distribution of Shareholding as on 31st March, 2026:

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	57523	98.8385	15,60,335	1.6538
501 to 1000	306	0.5258	2,30,059	0.2438
001 to 2000	169	0.2904	2,49,466	0.2644
2001 to 3000	55	0.0945	1,33,313	0.1413
3001 to 4000	24	0.0412	86,356	0.0915
4001 to 5000	14	0.0241	64,294	0.0681
5001 to 10000	39	0.0670	2,74,873	0.2913
10001 & above	69	0.1186	9,17,51,765	97.2457
Grand Total	**58199**	**100.00**	**9,43,50,461**	**100.00**

1share is held in physical form which is counted in above table.

(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, 2026, 9,43,50,460 Equity Shares are in Dematerialised form representing 99.999% of the total 9,43,50,461 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 arising from fluctuations in exchange rates and movements in interest rates. To mitigate such risks, the Company uses derivative financial instruments. The management and monitoring of these risks are carried out by the Treasury Team under the guidance and control of the management, in accordance with the Risk Management Policy for Currency and Interest Rate Risk approved by the Board. The Company maintains an appropriate financial risk governance framework through well-defined policies and procedures to ensure that financial risks are identified, measured and managed in line with the Company's risk management objectives and policies. The Company does not undertake trading in derivative instruments for speculative purposes.

(j) Plant Locations:

1. B-XXIX-2254/1, Kanganwal Road, P O Jugiana, Ludhiana (Punjab)-141120
2. Opposite Hindustan Tyres,(adjoining Waryam Steels), Kanganwal Road, P O Jugiana , Ludhiana (Punjab)- 141120
3. HB No. 220, Post Office Rajgarh, Village Dugri ,Ludhiana (Punjab)- 141421

(k) Address for Correspondence:

a) For Transfer / Dematerialisation of Shares, change of address of members and other queries:

MUFG Intime India Pvt. Ltd. (formerly Link Intime India Pvt. Ltd.)

C 101, 247 Park, L B S Marg, Vikhroli (W), Mumbai 400 083

Phone No. 022-49186270

Fax No. 022- 49186060

E-mail: ashok.shetty@in.mpms.mufg.com

For queries relating to Dividend, Annual Reports etc.:

Ms. Bindu Garg, Company Secretary & Compliance Officer.

E-mail: complianceofficer@happyforgingsltd.co.in

For Investor related queries:

Mr. Vikas Thakur, Head of Investor Relations

E-mail: investor.relations@happyforgingsltd.co.in

b) **Registered Office:**

B-XXIX-2254/1, Kanganwal Road, P O Jugiana Ludhiana- 141120

Phone No. 161- 5217162

complianceofficer@happyforgingsltd.co.in

Corporate Office:

HB No. 220 Post Office Rajgarh Village Dugri, Ludhiana (Punjab)- 141121

Phone No. 161-5217162

complianceofficer@happyforgingsltd.co.in

(l) **Credit ratings:**

ICRA has re-affirmed its long-term rating of [ICRA] AA (Stable) and short-term rating [ICRA] A1+. While the overall rated amount remains unchanged at ₹ 485 Cr. there has been a reallocation in the amounts across the various bank facilities.

CRISIL has reaffirmed its rating of CRISIL AA / stable for various bank facilities amounting to ₹ 485 Cr. While the overall rated amount remains unchanged at ₹ 485 Cr. there has been a reallocation in the amounts across the various bank facilities.

9. OTHER DISCLOSURES:

(a) RELATED PARTY TRANSACTIONS:

All transactions entered with Related Parties defined under Section 188 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 during 2025–26 were in the ordinary course of business and on an arm's length basis. Appropriate disclosures required under Indian Accounting Standard (Ind AS) 24 - Related Party Disclosures, have been made in the Notes forming part of the Financial Statements.

The Company has also adopted a Policy on Related Party Transactions, which is available on the Company's website at https://happyforgingsltd.com/wp-content/uploads/2026/02/Related-Party-Policy.pdf

The Company has not entered any material transactions with related parties, Directors, management, or their relatives, which may have a potential conflict with the interests of the Company at large.

Further, the Register of Contracts and Arrangements in which Directors are interested is placed before the Audit Committee and the Board at regular intervals for review and noting. The detailed disclosures pertaining to Related Party Transactions form part of the Financial Statements included in this Annual report.

(b) COMPLIANCE BY THE COMPANY:

The Company has complied with all the mandatory requirements prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, since the date on which the said regulations became applicable to the Company except for a fine levied by Bombay Stock Exchange Limited and National Stock Exchange of India Limited ₹ 14,160/- (including GST) each on the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Regulation 19(1) and Regulation 19(2) pertaining to the constitution of the Nomination and Remuneration Committee for the quarter ended 30th June, 2025.

The matter was placed before the Board of Directors in its meeting held on 6th November, 2025. The Board noted that the said non-compliance was inadvertent and not willful in nature. The Company has paid the aforesaid fine and has taken necessary steps to strengthen its internal compliance monitoring mechanisms to avoid recurrence of such instances in future.

(i) CODE OF CONDUCT:

The Board of Directors has laid down a comprehensive Code of Conduct applicable to all Board Members and Senior Management Personnel of the Company. The Code sets out the standards of ethical and professional conduct expected from the Directors and senior leadership, particularly in matters relating to integrity in the workplace, business practices, compliance, and dealings with stakeholders.

The Code of Conduct is available on the website of the Company and can be accessed at the following link: https://happyforgingsltd.com/wp-content/uploads/2023/12/Code-of-Conduct-for-Directors-and-Senior-Management-Personnel.pdf

The Company is committed to upholding the highest standards of ethics, transparency, and accountability across all levels of the organisation. During the financial year under review, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by Ashish Garg, Managing Director, forms part 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 adopted a comprehensive Code of Conduct for Prevention of Insider Trading. The Code is applicable to all Promoters, Directors, Designated Persons, their immediate relatives, connected persons, and such employees of the Company who are reasonably expected to have access to unpublished price sensitive information ("UPSI") relating to the Company.

The Code lays down detailed guidelines and procedures to be followed while dealing in the securities of the Company and prescribes the necessary disclosures to be made in this regard. It is aimed at ensuring compliance with the applicable regulatory framework and preventing misuse of unpublished price sensitive information. The Company continues to place strong emphasis on maintaining the highest standards of integrity, transparency, and fairness in dealing with its securities.

(c) VIGIL MECHANISM / WHISTLE BLOWER POLICY:

In compliance with the provisions of Section 177 of the Companies Act, 2013, the Company has established a robust Vigil Mechanism / Whistle Blower Policy for its stakeholders, Directors, and employees to report genuine concerns relating to unethical behaviors, actual or suspected fraud, or any violation of the Company's Code of Conduct.

The mechanism provides adequate safeguards against victimisation of any Director, employee, or stakeholder who avails of this facility and also ensures direct access to the Chairperson of the Audit Committee in appropriate cases.

The Policy is designed to promote a culture of integrity, transparency, and accountability across the organisation. Any stakeholder who becomes aware of any unethical conduct or irregularity may report the same through the reporting channels prescribed in the Policy, including email communication or written correspondence at the address specified therein.

During the financial year under review, no person was denied access to the Chairperson of the Audit Committee. The Vigil Mechanism / Whistle Blower Policy is available on the Company's website at https://happyforgingsltd.com/wp-content/uploads/2025/02/Whistle-Blower-Policy.pdf

DISCLOSURE OF ACCOUNTING TREATMENT:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under the Companies (Indian Accounting Standards) Rules, 2015, read with the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as notified under Section 133 of the Companies Act, 2013 ("the Act"), along with other relevant provisions of the Act.

Previous year's figures have been regrouped, reclassified, or restated, wherever considered necessary, in accordance with Ind AS requirements, to ensure comparability with the figures of the current year. The significant accounting policies, which have been applied consistently, are set out in the Notes forming part of the Financial Statements.

(d) COMPLIANCE WITH MANDATORY REQUIREMENTS

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

MD /CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31st March, 2026 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI LODR Regulations. The certificate is enclosed with this report.

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

The wholly owned subsidiary of the Company does not qualify as a material subsidiary under the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Nevertheless, the Company has adopted a Policy for Determining Material Subsidiaries. The Policy is available on the Company's website at https://happyforgingsltd.com/wp-content/uploads/2024/06/Policy-for-Determining-Material-Subsidiaries.pdf

(f) Web link where policy on dealing with related party transactions is disclosed:

The Company has adopted a comprehensive Policy on Related Party Transactions in line with the applicable provisions of the Companies Act, 2013 and the SEBI LODR Regulations. The Policy is hosted on the Company's website at https://happyforgingsltd.com/wp-content/uploads/2026/02/Related-Party-Policy.pdf

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

The Company is not exposed to any material commodity price risks and, accordingly, no hedging activities were required to be undertaken during the financial year 2025–26.

(h) Details of utiliation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year under review, the Company did not raise any funds by way of preferential allotment or Qualified Institutions Placement (QIP).

(i) Certificate from PCS regarding non-disqualification of Directors:

A certificate has been obtained from M/s Chandrasekaran & Associates, Company Secretaries, New Delhi, a firm of Practicing Company Secretaries, 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 the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), or any other statutory authority. The said certificate forms part of and is annexed to this Report.

(j) During the financial year 2025-26, there were no instances where the Board did not accept any recommendation made by any of its committees.

(k) The total fees payable to the Statutory Auditors of Happy Forgings Limited for the financial year under review amounted to ₹ 68.54 Lakhs, which included an audit fee of ₹ 61 Lakhs. Further, the total fees payable to the Statutory Auditors of HFL Technologies Pvt. Ltd., the wholly owned subsidiary of the Company, amounted to ₹ 40,000 for the financial year under review.

(l) Disclosure in relation to sexual harassment at workplace:

The Company is committed to fostering a safe, healthy, inclusive, and conducive work environment that enables women employees to work with dignity, freedom, and equality. In compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder, the Company has adopted a Policy on Protection of Women against Sexual Harassment at Workplace and constituted an Internal Committee in accordance with the applicable statutory requirements. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at the workplace and to ensure an effective mechanism for the prevention, prohibition, and redressal of complaints relating to such matters and matters incidental thereto. The Internal Committee meets periodically to review compliance and address any matters arising under the Policy. During the financial year under review, no complaints were received under the said Policy.

(m) Loans and Advances to Firms/Companies in which directors are interested

The details of loans and advances granted during the financial year, as well as the outstanding balances as at 31st March, 2026, are disclosed in 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 the Notes to the Standalone Financial Statements.

(n) The Company did not have any material subsidiary during the financial year 2025–26. However, the Company has a wholly owned subsidiary, which was incorporated on 16th March, 2024 and is registered with the Registrar of Companies, Punjab and Chandigarh.

10. DETAILS OF NON- COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE

During the financial year under review, Bombay Stock Exchange Limited and National Stock Exchange of India Limited had levied a fine of ₹ 14,160/- (including GST) each on the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Regulation 19(1) and Regulation 19(2) pertaining to the constitution of the Nomination and Remuneration Committee for the quarter ended 30th June, 2025.

The matter was placed before the Board of Directors in its meeting held on 6th November, 2025. The Board noted that the said non-compliance was inadvertent and not wilful in nature. The Company has paid the aforesaid fine and has taken necessary steps to strengthen its internal compliance monitoring mechanisms to avoid recurrence of such instances in future.

11. NON-MANDATORY REQUIREMENTS

a) Shareholders' Rights

As the quarterly financial results are published in leading newspapers having nationwide circulation, the same are not circulated individually to the shareholders of the Company. However, the quarterly financial results for the period ended 31st March, 2026 have also been uploaded on the website of the Company for easy access by the shareholders and other stakeholders.

b) Unmodified opinion in audit report.

The Statutory Auditors of the Company have issued the Audit Report on the audited financial results for the financial year ending 31st March, 2026 with an unmodified opinion. Further, a declaration to this effect has been duly submitted to the Stock Exchanges in compliance with Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) Reporting of Internal Auditor

In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor, who reports directly to the Audit Committee. The Audit Committee periodically reviews the internal audit reports and, wherever necessary, recommends appropriate corrective and preventive actions.

12. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT

(i) The Company has complied with the corporate governance requirements specified under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable. Further, the securities of the Company were not suspended from trading at any time during the financial year ended 31st March, 2026.

(ii) A certificate from M/s Chandrasekaran & Associates, Company Secretaries, New Delhi, a firm of Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Report.

13. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

There were no shares lying in the Demat Suspense Account or Unclaimed Suspense Account during the financial year under review.

14. DISCLOSURE OF AGREEMENTS, IF ANY, BINDING THE COMPANY

Pursuant to Regulation 30A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company confirms that there are no agreements subsisting as on the date of this Report that may impact the management or control of the Company.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Happy Forgings Limited and having CIN:L28910PB1979PLC004008 and having registered office at BXXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Sanehwal, Ludhiana-141120, Punjab (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and based on the declarations received from respective Directors, we hereby certify that as on Financial Year ended 31st March, 2026, none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of appointment in Company
	Mr. Ashish Garg	01829082	02/12/2015
	Ms. Megha Garg	07352042	07/12/2015
	Mr. Paritosh Kumar	00393387	11/02/2016
	Mr. Ravindra Pisharody	01875848	16/06/2022
	Ms. Rajeswari Karthigeyan	10051618	30/05/2023
	Mr. Atul Behari Lall	00781436	31/07/2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Lakhan Gupta
Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682H000416107

Date: 21st May, 2026
Place: Delhi

CEO/ MANAGING DIRECTOR / CFO CERTIFICATION

To
The Board of Directors
HAPPY FORGINGS LIMITED
LUDHIANA-141120

We, the undersigned, in our capacities as the Managing Director and Chief Financial Officer of Happy Forgings Limited ("the Company") to the best of our knowledge and belief certify that:

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2026 and based on our knowledge and belief, we state that:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.

(b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.

(c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.

(d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:

   (i) significant changes, if any, in internal control over financial reporting during the year;

   (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

   (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Ashish Garg
Managing Director
DIN: 01829082

Place: Ludhiana
Date: 21st May, 2026

Pankaj Kumar Goyal
Chief Financial Officer

Place: Ludhiana
Date : 21st May, 2026

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

We have examined all relevant records of **Happy Forgings Limited ("the Company")** for the purpose of certifying of all the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("LODR Regulations")** for the financial year ended March 31, 2026. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under LODR Regulations except the Nomination & Remuneration Committee was not duly constituted for the period of six days i.e., from 4th May 2025 to 10th May 2025 as stipulated under Regulation 19(1) and 19(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and fine levied in this regard has been duly paid by the Company.

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

Name : Lakhan Gupta
Designation : Partner
Membership No. F12682
Certificate of Practice No. 26704
UDIN: F012682H000416173

Date: 21st May, 2026
Place: Delhi
The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 21st May, 2026

DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Ashish Garg, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2025-26.

(Ashish Garg)
Managing Director
DIN: 01829082

Place: Ludhiana
Date: 21st May, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of

Happy Forgings Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the Standalone Financial Statements of Happy Forgings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2026, 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, 2026, 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, 2026. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Revenue Recognition (as described in Note 2b(i) and Note 20 of the Standalone Financial Statements)	
The Company's revenue is primarily derived from sale of goods. The Company manufactures specialized forged and machined products as per customer specifications. Revenue from the sale of goods is recognized at a point in time when control of the goods is transferred to the customer, which generally occurs upon delivery of goods in accordance with the underlying contracts. The timing of revenue recognition is critical to the reported performance of the Company. Revenue recognition has been identified as a key audit matter due to the risk that revenue may be overstated or recognized prematurely, particularly around the reporting period end, to meet financial performance expectations before the transfer of control has occurred.	Our procedures included the following: - We assessed the appropriateness of the Company's accounting policies for revenue recognition with reference to applicable accounting standards. - We evaluated the design, implementation and tested the operating effectiveness of key internal controls over the recognition of revenue. - We tested on a sample basis, key customer contracts and agreements to identify terms and conditions relating to the 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 has been recognized appropriately when control is transferred.

Key audit matters	How our audit addressed the key audit matter
	- We tested, on a sample basis specific revenue transaction particularly those recorded closer to the year end and after the financial year-end date to assess whether revenue has been recognized in the correct period. - We performed analytical procedures to identify any unusual variances and obtained corroborative explanations for the same. - We evaluated estimates and judgements made by management regarding revenue recognition and ensured that these estimates are reasonable and are consistent with prior periods.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2026, 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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2 (i)(vi) below on reporting under Rule 11(g);
   (g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2026 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 29 to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the Standalone Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 47 to the Standalone Financial Statements, 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, as disclosed in the note 47 to the Standalone Financial Statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 13 to the Standalone Financial Statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that, audit trail feature is enabled for certain changes made using privileged/administrative access rights w.e.f December 11, 2025, as described in note 46 to the Standalone Financial Statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of accounting software wherever audit log was enabled.

Additionally, the audit trail of relevant prior years has been preserved by the company as per the statutory requirements for record retention, to the extent it was enabled and recorded in those respective years.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 26108044KVSSAK7101

Place of Signature: Gurugram
Date: May 21, 2026

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, 2026.

(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, 2026. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such verification and confirmations.

(ii) (b) As disclosed in note 14 to the Standalone Financial Statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) During the year, the Company has provided loans to its employees as follows:

Particulars	Amount (Rs. in lacs)
Aggregate amount granted/ provided during the year - Others (Loans to employees)	52.60
Balance outstanding as at balance sheet in respect of above cases - Others (Loans to employees)	18.89

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.

(iii) (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(iii) (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) 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

ANNEXURE '1' (Contd.)

deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of forging & related components, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and services tax, income-tax, duty of excise that have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Wrong classification of parts of Railway engine(*)	157.01	FY 2015-16 to FY 2017-18	Appellate Tribunal, Chandigarh and Commissioner (Appeals) Goods & Service Tax Commissioner
Goods & Services Tax Act, 2017	Wrong classification of parts of Railway engine (**)	665.78	FY 2017-18 to FY 2019-20	
Income Tax Act, 1961	Additions on account of unaccounted sales of stock/ excess share premium received.	143.24	FY 2015-16	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand for disallowance for late deposition of statutory dues	0.33	FY 2017-18	Commissioner of Income Tax (Appeals)

*Deposit of INR 15.70 lacs with Department against litigation.

**Deposit of INR 332.89 lacs with Department against litigation.

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.

ANNEXURE '1' (Contd.)

Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(xi) (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (xii)(b) and (xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Standalone Financial Statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi) (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 41 to the Standalone Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance

ANNEXURE '1' (Contd.)

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) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies 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: 26108044KVSSAK7101

Place of Signature: Gurugram
Date: May 21, 2026

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAPPY FORGINGS LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to Standalone Financial Statements of Happy Forgings Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to these Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Standalone Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO 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, 2026, 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: 26108044KVSSAK7101

Place of Signature: Gurugram
Date: May 21, 2026

STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2026

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

Particulars	Note No.	As at 31st March, 2026	As at 31st March, 2025
I ASSETS			
Non-current assets			
Property, plant and equipment	3	1,09,687.11	89,908.32
Capital work-in-progress	3(a)	22,930.99	11,628.45
Intangible assets	4	1,103.98	811.68
Intangible assets under development	4(a)	805.99	641.65
Financial assets:			
(i) Investment in subsidiary	5	90.00	10.00
(ii) Other financial assets	6	4,072.22	15,110.06
Non current tax assets (Net)		87.37	-
Other non current assets	7	17,418.42	11,493.82
Total non-current assets		**1,56,196.08**	**1,29,603.98**
Current assets			
Inventories	8	23,275.54	23,242.03
Financial assets:			
(i) Trade receivables	9	39,478.08	42,653.85
(ii) Cash and cash equivalents	10	2,562.54	1,292.69
(iii) Bank balance other than (ii) above	11	2,722.34	12,361.31
(iv) Loans	6.1	18.89	33.26
(v) Other financial assets	6	13,857.27	2,934.66
(vi) Investment	5(a)	23,703.06	7,958.46
Other current assets	7	1,481.71	1,384.00
Total current assets		**1,07,099.43**	**91,860.26**
TOTAL ASSETS		**2,63,295.51**	**2,21,464.24**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,887.01	1,884.84
Other equity	13	2,10,940.63	1,83,083.80
Total equity		**2,12,827.64**	**1,84,968.64**
Non-current liabilities			
Deferred tax liabilities (net)	16	4,899.35	3,932.77
Total non-current liabilities		**4,899.35**	**3,932.77**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14	32,962.25	22,729.01
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		1,462.78	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,480.65	3,769.53
(iii) Other financial liabilities	18	3,749.78	2,528.40
Other current liabilities	19	2,570.01	1,935.17
Employee benefit obligations	15	343.05	485.51
Liabilities for current tax (net)		-	348.64
Total current liabilities		**45,568.52**	**32,562.84**
Total liabilities		**50,467.87**	**36,495.61**
TOTAL EQUITY AND LIABILITIES		**2,63,295.51**	**2,21,464.25**

The accompanying notes referred to above formed an integral part of the Standalone Financial Statements.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2026

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

Particulars	Note No.	For the year ended 31st March, 2026	For the year ended 31st March, 2025
INCOME			
Revenue from operations	20	1,54,633.56	1,40,889.47
Other income	21	3,081.43	3,756.81
TOTAL INCOME (A)		**1,57,714.99**	**1,44,646.28**
EXPENSES			
Cost of raw materials and components consumed	22	60,676.81	60,277.81
(Increase)/decrease in inventories of finished goods, work-in-progress and scrap	23	2,504.00	(1,111.16)
Employee benefits expense	24	13,658.30	12,481.56
Finance costs	25	1,047.31	753.33
Depreciation and amortisation expense	26	8,904.29	7,706.11
Other expenses	27	30,724.90	28,571.22
TOTAL EXPENSES (B)		**1,17,515.61**	**1,08,678.87**
PROFIT BEFORE TAX (C=A-B)		**40,199.38**	**35,967.41**
Tax expense:			
Current tax (net)	16	9,145.76	8,392.70
Adjustments of current tax relating to earlier years	16	(157.29)	89.20
Deferred tax	16	1,046.94	728.05
TOTAL TAX EXPENSE (D)		**10,035.41**	**9,209.95**
PROFIT FOR THE YEAR (E=C-D)		**30,163.97**	**26,757.46**
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	184.89	30.55
Less: Income tax effect on above	16	(46.53)	(7.69)
		138.36	**22.86**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	(319.30)	170.44
Less: Income tax effect on above	16	80.36	(42.90)
		(238.94)	127.54
OTHER COMPREHENSIVE (LOSS)/INCOMEFOR THE YEAR, NET OF TAX		**(100.58)**	**150.40**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**30,063.39**	**26,907.86**
Earnings per share: (In ₹) (Nominal value Rs 2/- per share (31st March, 2025 Rs 2/- per share)			
(i) Basic	28	31.99	28.40
(ii) Diluted	28	31.92	28.39

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2026

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
OPERATING ACTIVITIES		
Profit before tax	**40,199.38**	**35,967.41**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	8,904.29	7,706.11
(Gain)/Loss on disposal of property, plant and equipment	(9.99)	12.06
Interest income on term deposits with bank	(1,595.03)	(2,113.26)
Interest Income on subsidiary loan	-	(11.38)
Interest Income on electricity deposit	(69.73)	(66.15)
Interest Income from other financial assets at amortised cost	(147.35)	(252.90)
Gain on fair valuation of current investment measured at fair value through profit and loss (Unrealised)	(739.35)	(58.46)
Gain on sale of Investment	(341.42)	-
Property, plant and equipment written off	66.13	23.30
Unrealised gain on foreign exchange variation (net)	250.27	(141.38)
Provisions for doubtful receivables, advances and deposits	88.89	20.90
Finance costs	1,047.31	753.33
Share-based payment expense	245.61	508.66
Operating profit before working capital changes	**47,899.01**	**42,348.24**
Working capital adjustments:		
(Increase) in inventories	(33.51)	(825.44)
Decrease/(Increase) in trade receivables	3,459.54	(6,698.81)
Decrease in other financial assets and loans	498.93	1,394.45
Decrease in other assets	12.33	1,702.49
Increase/(Decrease) in trade payable	1,407.32	(1,017.26)
Increase/(Decrease) in other financial liabilities	54.08	(434.39)
Increase in other liabilities	634.84	1,018.85
(Decrease)/Increase in short term provisions	(142.46)	70.50
Net Cash generated from operations	**53,790.08**	**37,558.63**
Less: Income tax paid (net of refund)	(9,320.54)	(8,322.85)
Net Cash flow from operating activities (A)	**44,469.54**	**29,235.78**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment (including capital work in progress, capital creditors and capital advances)	(45,431.69)	(27,098.46)
Payments for acquisition of intangible assets and intangible assets under development	(693.94)	(972.06)
Proceeds from sale of property, plant and equipment	24.97	29.16
Investment in mutual fund	(44,419.98)	(7,900.00)
Proceeds from sale of mutual fund	29,756.01	-
Loan recovered from subsidiary	-	50.00
Investment in subsidiary	(80.00)	-
Proceeds from fixed deposit with bank	27,670.43	36,453.14
Investment in fixed deposit with bank	(18,709.99)	(34,470.44)
Interest received from subsidiary	-	11.38
Interest received	2,121.33	1,953.08
Net cash flow (used in) investing activities (B)	**(49,762.86)**	**(31,944.20)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium	205.70	70.90
Availment of short-term borrowing (net)	10,233.36	8,385.68
Interest paid	(1,047.43)	(741.04)
Dividend paid on equity shares	(2,828.46)	(3,768.20)

STANDALONE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Net cash flow from financing activities (C)	**6,563.17**	**3,947.34**
Net Increase in cash and cash equivalents (A+B+C)	**1,269.85**	**1,238.92**
Cash and cash equivalents at the beginning of the year	1,292.69	53.77
Cash and cash equivalents as at year end	**2,562.54**	**1,292.69**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	2.71	12.85
Balance with banks:		
- On current accounts	2,559.83	1,279.84
Cash and cash equivalent as at year end	**2,562.54**	**1,292.69**

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in bracket indicate cash outflow.

iii) Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.

iv) There are no non-cash transaction in Investing activities & Financing activities.

The accompanying notes referred to above formed an integral part of the Standalone Financial Statements.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2026

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

A. EQUITY SHARE CAPITAL

For the year ended the year ended 31st March, 2026

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2025	9,42,42,200	1,884.84
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at ₹ 2/- face value per share during the year	1,08,261	2.17
As at 31st March, 2026	**9,43,50,461**	**1,887.01**

For the year ended 31st March, 2025

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2024	9,42,04,882	1,884.10
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at ₹ 2/- face value per share during the year	37,318	0.74
As at 31st March, 2025	**9,42,42,200**	**1,884.84**

B. OTHER EQUITY (REFER NOTE 13)

For the year ended the year ended 31st March, 2026

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 31st March, 2025	**59,777.76**	**1,22,411.90**	**995.19**	**(101.06)**	**1,83,083.80**
Profit for the year	-	30,163.97	-		30,163.97
Other comprehensive income	-	138.36	-	(238.94)	(100.58)
Total comprehensive income for the year	**-**	**30,302.33**	**-**	**(238.94)**	**30,063.39**
Issue of equity share during the year (Refer note 43)	203.53	-	-	-	203.53
Exercise of share options (Refer note 43)	515.08	-	(515.08)	-	-
Saving on IPO expenses (Refer note 44)	68.93	-	-	-	68.93
Tax effect on options exercised (Refer note 43)	-	103.94	-	-	103.94
Employee stock based compensation expense (Refer note 43)	-	-	245.62	-	245.62
Dividend paid (Refer note 13e)	-	(2,828.58)	-	-	(2,828.58)
As at 31st March, 2026	**60,565.30**	**1,49,989.59**	**725.73**	**(340.00)**	**2,10,940.63**

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

For the year ended 31st March, 2025

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2024	**59,627.03**	**99,399.77**	**567.10**	**(228.59)**	**1,59,365.30**
Profit for the year	-	26,757.46	-	-	26,757.46
Other comprehensive income	-	22.87	-	127.53	150.40
Total comprehensive income for the year	**-**	**26,780.33**	**-**	**127.53**	**26,907.86**
Issue of equity share during the year (Refer note 43)	70.16	-	-	-	70.16
Exercise of share options (Refer note 43)	80.57	-	(80.57)	-	-
Employee stock based compensation expense (Refer note 43)	-	-	508.66	-	508.66
Dividend paid (Refer note 13e)	-	(3,768.20)	-	-	(3,768.20)
As at 31st March, 2025	**59,777.76**	**1,22,411.90**	**995.19**	**(101.06)**	**1,83,083.80**

The accompanying notes referred to above formed an integral part of the Standalone Financial Statements.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026

1. CORPORATE INFORMATION:

Happy Forgings Ltd. ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in manufacturing of Auto components and engineering parts. The registered office of the Company is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India. The Company's CIN is L28910PB1979PLC004008. Information on related party relationships of the Company is provided in Note 35.

The annual standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors on May 21, 2026.

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 standalone 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
- Equity settled ESOP at grant date fair value

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The standalone financial statements are presented in ₹ and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(ii) Current versus non-current classification

Based on the time involved between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iii) Foreign currencies

- **Functional and presentation currency**

  The standalone financial statements are presented in ₹, which is Company's functional currency.

- **Transactions and balances**

  Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

  Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

  Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2B. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

(i) Revenue from contract with customer

Revenue from contracts with customers is recognised when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to entitle in exchange for the goods or services. The Company has concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2C.

Sale of Goods: Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 7 to 150 days.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of goods provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

Rights of return

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The disclosures of significant estimates and assumptions if any, relating to the estimation of variable consideration for returns are provided in Note 2C.

Sale of Services: Revenue from sale of services in the nature of tooling income, including die design and preparation charges, is recognised when the Company has fulfilled its performance obligation, when the samples of tools/die are submitted to the customer and formal approval is obtained from the customer.

Export Incentives: Revenue from export incentives is accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Trade Receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (ix) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities: A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

Other Income

Dividend Income: Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(ii) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When the grant relates to incentives under "Invest Punjab Scheme", it is accounted as income on a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the approval of the relevant authority is sanctioned and there is a reasonable assurance that the grant will be received.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(iii) Inventory Valuation

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out (FIFO) basis.
- Packing Materials and other products are determined on Weighted Average basis.
- Stores and Spares is value at Weighted Average Value.
- Scrap is valued at estimated realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(iv) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at banks and short-term deposits with banks with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

(v) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Machinery spares which can be used only in connection with an item of Property, Plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation for identified asset/components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Property, Plant & equipment:

Type of Assets	Schedule II life (years)	Useful Lives*
Building –Factory	30	30
Building- others	60	60
Plant & Machinery**	15	3 to 30
Computers	3	3
Office Equipment	5	5
Electrical Fittings & installations	10	10
Furniture & Fixtures	10	10
Vehicles	8	8

*The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

Any item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when asset is derecognised.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives*
Software	6	6
Technical Know-how	4	4

(vii) 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.

(viii) Investment in Subsidiary

A subsidiary is an entity that is controlled by another entity.

Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

The Company controls an investee if, and only if, it has:

a. power over the investee, i.e., existing rights that give it the current ability to direct the relevant activities of the investee;

b. exposure, or rights, to variable returns from its involvement with the investee; and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

c. the ability to use its power over the investee to affect the amount of its returns.

The Company's investments in its subsidiary are accounted at cost less impairment.

(ix) 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.

(x) 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

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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.

(xi) Derivative Financial Instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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.

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.

(xii) Retirement and other employee Benefits

a) Defined Contribution Scheme:

Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis to the Regional Provident fund.

Employee's State Insurance

The Company maintains an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company's contribution to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme are charged to the statement of profit and loss every year.

If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit Plan:

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme.

The Company's Liabilities on account of Gratuity on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19 'Employee Benefits'. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise. They are included in retained earnings through OCI in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income

Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company has a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xiii) Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiv) Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(xv) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST)/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xvi) Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in standalone financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

(xvii) Cash Flow Statement

The Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows" whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(xviii) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xix) Fair Value Measurements

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xx) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

(xxi) Share-based payments

Eligible Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note No. 43

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(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.

a. Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying contracts with customers

The Company enters into Master service agreement (MSA) with its customers which define the key terms of the contract with customers. However, the rates and quantities to be supplied are separately agreed through purchase orders. The Management has exercised judgement to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for sale of goods and tooling income. The Company determined that both the goods and tooling income are capable of being distinct. The fact that the Company regularly sells these goods on a standalone basis indicates that the customer can benefit from it on an individual basis. The Company also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that sale of goods and tooling income is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgement in determining the point in time when the control of the goods and tooling income are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Useful life of property, plant and equipment and intangible assets

The Company uses its technical expertise along with historical and industry trends for determining the economic useful life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

b. Taxes

The Company applies significant judgement in determining income tax provisions due to uncertainties in the interpretation of complex tax regulations, changes in tax laws, and the timing and amount of future taxable income. Provisions are recognised based on reasonable estimates, considering past tax audit experience and differing interpretations between the Company and tax authorities.

Deferred tax assets, particularly those arising from carry-forward losses, are recognised based on the assessment of recoverability. Liabilities are recorded for anticipated tax audit matters based on estimates of additional taxes payable. Any differences between actual outcomes and earlier estimates are recognised in the period in which such outcomes are determined, impacting current and deferred tax balances.

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 defined benefit gratuity and other post-employment benefits is determined using actuarial valuations, which involve significant assumptions such as discount rate, future salary increases, mortality, and attrition. Due to the long-term nature and complexity of these obligations, they are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date, and further details are provided 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 model, which involve various judgements and assumptions.

f. Provision for expected credit losses of trade receivables and contract assets

The Company assesses impairment of trade receivables and contract assets by creating provisions based on an ageing analysis. Receivables are grouped based on days past due, and provision rates are applied to each ageing bucket, reflecting historical credit loss experience and observed default patterns.

These provision rates are reviewed at each reporting date and adjusted, where necessary, to reflect current and forward-looking information, including anticipated economic conditions and customer-specific factors. The assessment of expected credit losses involves significant judgement and is sensitive to changes in assumptions and estimates.

g. Share-based payments

The share options outstanding account is used to record the fair value of equity-settled share-based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options.

h. Provision for inventories

The Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete slow-moving items and net realisable value. The Management is satisfied that adequate allowance for obsolete and slow moving inventories has been made in the financial statements.

2d. New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st April, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a. Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its standalone financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Company's standalone financial statements.

b. Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the standalone financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2025 retrospectively in accordance with Ind AS 8.

The amendments do not have a material impact on the Company's standalone financial statements and have not had an impact on the classification of Company's liabilities.

c. International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the standalone financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1st April, 2025, but not for any interim periods ending on or before 31st March, 2026.

The amendments had no impact on the Company's standalone financial statements as the Company is not in scope of the Pillar Two model rules.

d. Amendments to Ind AS 7 and Ind AS 107 – Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of standalone financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Please refer to Note 14.

2e. Standards notified but not yet effective

The new and amended standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Company's standalone financial statements are disclosed below. The Company will adopt these amendments to the standards, when they become effective.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In accordance with Ind AS 1 currently applicable, breach of an immaterial covenant is ignored deciding in current vs. non-current classification of liabilities. Also, in case of breach of a material covenant of a non-current loan on or before the reporting date, the entity can obtain waiver from the lender after the reporting date and continue to classify the loan as non-current liability.

In accordance with changes to Ind AS 1 already notified by the MCA, the above relaxations to classify loan as non-current liability will not be available from 2026-27 onward and need to be applied retrospectively. Consequently:

- A breach of either material or immaterial covenant will trigger current classification of liability.
- To continue classifying loan as non-current liability, entities will need to obtain waiver from the breach on or before the reporting date.

The Company is currently assessing the impact the amendments will have on its standalone financial statements.

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, 2026 (Contd.)

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

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 31st March, 2024	**5,909.62**	**8,717.49**	**80,217.88**	**504.65**	**1,342.81**	**282.83**	**131.71**	**1,472.55**	**98,579.52**	**12,193.61**
Additions	952.03	165.64	21,483.02	98.77	40.63	54.86	30.03	492.51	23,317.49	22,750.87
Transfers	-	-	-	-	-	-	-	-	-	(23,316.03)
Disposals	-	-	(100.23)	-	(52.78)	-	-	-	(153.01)	
At 31st March, 2025	**6,861.65**	**8,883.13**	**1,01,600.68**	**603.42**	**1,330.66**	**337.69**	**161.74**	**1,965.06**	**1,21,744.01**	**11,628.45**
Additions	-	866.60	25,888.40	89.43	1,298.13	24.53	28.33	277.38	28,472.80	39,423.91
Transfers	-	-	-	-	-	-	-	-	-	(28,121.37)
Disposals	-	-	(2,446.29)	(102.28)	(42.59)	(95.12)	(8.90)	(422.24)	(3,117.42)	-
At 31st March, 2026	**6,861.65**	**9,749.73**	**1,25,042.79**	**590.57**	**2,586.20**	**267.10**	**181.17**	**1,820.20**	**1,47,099.39**	**22,930.99**
Depreciation										
At 31st March, 2024		**1,111.06**	**21,685.59**	**185.62**	**549.09**	**211.53**	**91.19**	**497.97**	**24,332.05**	
Depreciation charge for the year	-	329.63	6,812.38	56.92	148.55	33.26	27.91	183.47	7,592.12	
Disposals	-	-	(39.77)	-	(48.72)	-	-	-	(88.49)	
At 31st March, 2025	**-**	**1,440.69**	**28,458.20**	**242.54**	**648.92**	**244.79**	**119.10**	**681.44**	**31,835.68**	**-**
Depreciation charge for the year	-	350.72	7,723.15	58.67	215.10	35.17	27.76	202.32	8,612.89	-
Disposals	-	-	(2,375.49)	(102.28)	(36.84)	(92.02)	(8.90)	(420.76)	(3,036.29)	-
At 31st March, 2026	**-**	**1,791.41**	**33,805.86**	**198.93**	**827.18**	**187.94**	**137.96**	**463.00**	**37,412.28**	**-**
Net book value										
At 31st March, 2026	**6,861.65**	**7,958.32**	**91,236.93**	**391.64**	**1,759.02**	**79.16**	**43.21**	**1,357.20**	**1,09,687.11**	**22,930.99**
At 31st March, 2025	**6,861.65**	**7,442.44**	**73,142.48**	**360.88**	**681.74**	**92.90**	**42.64**	**1,283.62**	**89,908.32**	**11,628.45**

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: Refer note 27(b) for capitalisation of certain expenses of revenue nature to the cost of Property, plant and equipment/ Capital work in prrogress(CWIP).

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

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

As at 31st March, 2026

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*	20,504.33	2,039.21	387.45	-	22,930.99
ii) Projects temporarily suspended	-	-	-	-	-
Total	**20,504.33**	**2,039.21**	**387.45**	**-**	**22,930.99**

*It includes Building, Plant & Equipment, Electrical Fittings, and Furniture & Fixtures

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2025-26.

As at 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress*	9,770.24	1,243.70	489.53	124.98	11,628.45
ii) Projects temporarily suspended	-	-	-	-	-
Total	**9,770.24**	**1,243.70**	**489.53**	**124.98**	**11,628.45**

*It includes Building, Plant & Equipment, Electrical Fittings, and Furniture & Fixtures

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

4. INTANGIBLE ASSETS

Particulars	Intangible assets	Intangible assets under development
Cost		
At 31st March, 2024	**225.00**	**475.50**
Additions	805.92	865.06
Transfers	-	(698.91)
At 31st March, 2025	**1,030.92**	**641.65**
Additions	583.67	680.90
Transfers	-	(516.56)
At 31st March, 2026	**1,614.59**	**805.99**
Amortisation and impairment		
At 31st March, 2024	**105.25**	**-**
Amortisation charge for the year	113.99	-
At 31st March, 2025	**219.24**	**-**
Amortisation charge for the year	291.37	-
At 31st March, 2026	**510.61**	**-**
Net book value		
At 31st March, 2026	**1,103.98**	**805.99**
At 31st March, 2025	**811.68**	**641.65**

Also refer note 27(b).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

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

At 31st March, 2026

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	505.67	249.60	50.72	-	**805.99**
ii) Projects temporarily suspended	-	-	-	-	**-**
Total	**505.67**	**249.60**	**50.72**	**-**	**805.99**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2025-26

At 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	458.11	183.54	-	-	**641.65**
ii) Projects temporarily suspended	-	-	-	-	**-**
Total	**458.11**	**183.54**	**-**	**-**	**641.65**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25

5. INVESTMENT

Particulars	As at 31st March, 2026	As at 31st March, 2025
Non-current investment		
Investment in wholly owned subsidiary		
9,00,000 (31st March, 2025: 1,00,000) equity shares of ₹ 10/- each fully paid up of HFL Technologies Pvt. Ltd. (at cost)	90.00	10.00
Total	**90.00**	**10.00**

During the financial year 2023-24, the Company incorporated a wholly owned subsidiary, HFL Technologies Pvt. Ltd., on March 16, 2024. (Refer Note 35)

5(a). Investment (Current)

Investments in Liquid Mutual funds measured at Fair value through profit and loss

Particulars	Units		Amount	
	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025
Investments in Mutual Fund (Quoted)				
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹ Nil (31st March, 2025: ₹ 3,600.00)	-	57,152.07	-	3,627.38
Nippon India arbitrage Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹ 11,621.40 (31st March, 2025: ₹ Nil)	3,95,59,408.56	-	11,900.93	-
Axis liquid Fund Direct growth Cost ₹ Nil (31st March, 2025: ₹ 3,100)	-	1,08,334	-	3,123.93
Axis arbitrage Fund Direct growth Cost ₹ 11,341.93 (31st March, 2025: Rs 1,200.00)	5,53,90,850.52	60,51,867	11,802.13	1,207.15
Total			**23,703.06**	**7,958.46**
Aggregate market value of quoted investment			23,703.06	7,958.46

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

6. OTHER FINANCIAL ASSETS

Non-current (Unsecured, Considered good)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Security deposits	1,166.79	1,388.25
Government Incentives receivable (Refer note 39)	1,904.04	804.51
Fixed Deposits to be used for capital expenditure*#	-	12,917.30
Fixed Deposits having remaining maturity of more than twelve months **	1,001.39	-
Total	**4,072.22**	**15,110.06**

#Represents balance of Initial Public Offer (IPO) proceeds of Nil (31st March, 2025: Rs 12,917.30 Lakhs) (Refer note 44).

*Fixed deposit of Nil (31st March, 2025 ₹ 6,850.63) held as margin money against the issuance of letter of credit and bank guarantee.

**includes interest accrued ₹ .045 Lakhs (31st March, 2025: Nil).

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Interest receivable on term deposits	2.48	-
Export benefits recoverable (Duty drawback & IGST Export)	17.67	51.82
Government Incentives receivable (Refer note 39)	654.67	1,801.66
Fixed Deposits with NBFC having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date*	-	1,021.43
Fixed Deposits having original maturity of more than twelve months and having remaining maturity of less than twelve months from balance sheet date**	13,089.58	-
Others	92.87	59.75
Total	**13,857.27**	**2,934.66**

Refer note 36 on Financial instruments for determination of fair value.

*includes interest accrued Nil (31st March, 2025 Rs 21.43 Lakhs)

**includes interest accrued Rs 53.05 Lakhs (31st March, 2025:Nil)

6.1 Loans (Current)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Loan to employees	18.89	33.26
Total	**18.89**	**33.26**

Break up of financial assets carried at fair value through profit & loss

Particulars	As at 31st March, 2026	As at 31st March, 2025
Investment in Mutual Fund (Refer note 5a)	23,703.06	7,958.46
Total	**23,703.06**	**7,958.46**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2026	As at 31st March, 2025
Other Non- current financial assets (Refer note 6)	4,072.22	15,110.06
Trade receivables (Refer note 9)	39,478.08	42,653.85
Cash and cash equivalents (Refer note 10)	2,562.54	1,292.69
Bank balance other than above (Refer note 11)	2,722.34	12,361.31
Other Current financial assets (Refer note 6)	13,857.27	2,934.66
Loans (Refer note 6.1)	18.89	33.26
Investment (Refer note 5)	90.00	10.00
Total	**62,801.34**	**74,395.83**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Capital advances		
Considered good	17,379.93	11,430.62
Considered doubtful	167.01	167.01
	17,546.94	**11,597.63**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**17,379.93**	**11,430.62**
Prepaid expenses	38.49	63.20
Total	**17,418.42**	**11,493.82**

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balances with government authorities		
Considered good	456.96	532.30
Considered doubtful	332.89	358.59
	789.85	**890.89**
Less: Allowance for doubtful balances	(332.89)	(358.59)
Net Balance	**456.96**	**532.30**
Export benefits recoverable (RODTEP)	88.18	54.15
Advance to suppliers	523.24	466.41
Advance to employees*		
- Related parties (refer note 35)	-	27.58
- Others	28.83	5.14
Prepaid expenses	365.20	281.49
Goverment Incentives receivable (Refer note 39)	19.30	16.93
Total	**1,481.71**	**1,384.00**

*includes imprest balances with employees for business related expenses.

8. INVENTORIES

Inventory is valued at lower of cost or NRV, unless otherwise stated

Particulars	As at 31st March, 2026	As at 31st March, 2025
Raw materials and components	7,433.73	5,213.34
Work-in-progress	7,377.84	7,893.44
Finished goods (includes stock in transit)	4,397.28	6,344.32
Stores and spares	3,761.73	3,444.61
Scrap (valued at NRV)	304.96	346.32
Total inventories	**23,275.54**	**23,242.03**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Finished goods	2,628.94	3,163.08
Total	**2,628.94**	**3,163.08**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade receivables	39,465.26	42,651.77
Receivables from related parties (Refer note 35)	12.82	2.08
Total Trade receivables	**39,478.08**	**42,653.85**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	39,107.05	42,315.67
Trade Receivables which have significant increase in credit risk	371.03	338.18
Trade Receivables-credit impaired	298.82	209.93
Total gross trade receivables (a)	**39,776.90**	**42,863.78**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Trade Receivables-credit impaired	(298.82)	(209.93)
Total Impairment allowance (b)	**(298.82)**	**(209.93)**
Net Trade receivables (a+b)	**39,478.08**	**42,653.85**

The carrying amount of trade receivables includes receivables that have been discounted with banks

Particulars	As at 31st March, 2026	As at 31st March, 2025
Receivables discounted from bank	3,170.12	3,019.27
Borrowing availed against said deliverables (Refer note 14.2)	**3,170.12**	**3,019.27**

- For related parties balances, refer Note 35.
- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 7 to 150 days.
- The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in entirely in its balance sheet. Refer note 14A for information on trade receivables pledged as security by the Company.
- The Company's exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 37.

Trade receivables ageing as at 31st March, 2026

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2026					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	29,724.75	9,382.30	-	-	-	-	**39,107.05**
Which have significant increase in credit risk	-	-	254.39	112.89	2.86	0.89	**371.03**
Credit impaired	-	-	28.27	112.89	54.37	17.30	**212.83**
Disputed							**-**
Considered good	-	-	-	-	-	-	**-**
Which have significant increase in credit risk	-	-	-	-	-	-	**-**
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**29,724.75**	**9,382.30**	**282.66**	**225.77**	**57.23**	**104.19**	**39,776.90**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Trade receivables ageing as at 31st March, 2025

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2025					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	30,381.69	11,933.99	-	-	-	-	**42,315.68**
Which have significant increase in credit risk	-	-	297.04	38.40	1.24	1.50	**338.18**
Credit impaired	-	-	33.00	38.40	23.92	28.61	**123.93**
Disputed	-	-	-	-	-	-	**-**
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**30,381.69**	**11,933.99**	**330.04**	**76.80**	**25.16**	**116.10**	**42,863.78**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance with Banks		
- in cash credit account	2,514.14	1,219.46
- in current accounts	45.69	70.53
Cash on hand	2.71	2.70
Total	**2,562.54**	**1,292.69**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Cash on hand	2.71	2.70
Balance with Banks		
- in cash credit account	2,514.14	1,219.46
- in current accounts	45.69	70.53
Total	**2,562.54**	**1,292.69**

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.*	2,722.34	12,361.31
Total	**2,722.34**	**12,361.31**

*includes interest accrued of ₹ 24.74 Lakhs (31st March, 2025: ₹ 575.34 Lakhs)

Fixed deposits earn interest at fixed rates. Short-term deposits are generally made for varying years within twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

Fixed deposit of ₹ 1,530.00. Lakhs (31st March, 2025 ₹ 8,633.20 Lakhs) held as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of Rs 2/- each (31st March, 2025: ₹ 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 Rs 2/- each (31st March, 2025: ₹ 2/- each)	**9,43,50,461**	**1,887.01**	**9,42,42,200**	**1,884.84**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

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, 2025: Rs 2/-per share). Each holder of equity shares is entitled to one vote per share. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid up capital of the Company. The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors (Except for interim dividend) is subject to approval of shareholders in the ensuring Annual General Meeting

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining asset of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,42,42,200	1,884.84	9,42,04,882	1,884.10
Add:- Fresh issue of equity shares (Refer Note 43 & 44)	1,08,261	2.17	37,318	0.74
At the end of the year	**9,43,50,461**	**1,887.01**	**9,42,42,200**	**1,884.84**

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Group

Name of Shareholder	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar	89,49,900	9.49%	89,49,900	9.50%
Sh. Ashish Garg	1,29,46,200	13.72%	1,29,46,200	13.74%
Ayush Capital and Financial Services Pvt. Ltd.	1,07,45,100	11.39%	1,07,45,100	11.40%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.33%	3,80,47,000	40.37%
India Business Excellence Fund - III(Formerly known as Vistra ITCL (India) Ltd.)	-	0.00%	39,10,097	4.15%
SBI Small Cap Fund	**51,41,493**	**5.45%**	**56,43,000**	**5.99%**

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.

d) Details of shares held by Promoters

Name of Shareholder	As at 31st March, 2026		As at 31st March, 2025		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar	89,49,900	9.49%	89,49,900	9.50%	0.01%
Sh. Ashish Garg	1,29,46,200	13.72%	1,29,46,200	13.74%	0.02%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.33%	3,80,47,000	40.37%	0.05%
Smt. Megha Garg	24,19,900	2.56%	24,19,900	2.57%	0.00%
Paritosh Kumar Garg (HUF)	6,85,255	0.73%	6,85,255	0.73%	0.00%
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.27%	0.00%
Ayush Capital and Financial Services Pvt. Ltd.	1,07,45,100	11.39%	1,07,45,100	11.40%	0.01%

e) Aggregate number of equity shares issued as bonus, shares issued for bonus other than cash and shares bought back during the period of five years immediately preceding the reporting date:-

- During the year ended 31st March, 2022, the Company had issued 4,47,49,500 equity shares of ₹ 2/- each aggregating to ₹ 894.99 Lakhs as bonus shares.

f) Aggregate number of equity shares issued under Employee stock option scheme:-

- During the year ended 31st March, 2026, the Company has issued 1,08,261 Equity shares of Rs 2/- each at exercise price of Rs 190/- each aggregating to ₹ 205.70 Lakhs. For details related to employee stock option, Refer Note 43.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(All amount in ₹ Lakhs, except per 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 ₹ 3.00 per share, amounting to ₹ 2,828.58 Lakhs (31st March, 2025: ₹ 4.00 per share, amounting to ₹ 3,768.20 Lakhs), was approved at the Annual General Meeting held on 29th July, 2025.

The dividend amount was subsequently transferred to the Dividend Distribution Account on 31st July, 2025, during the year ended 31st March, 2026.

b) The Board of Directors has proposed a dividend on equity shares of ₹ 4.00 per share, amounting to ₹ 3,774.02 (31st March, 2025: ₹ 3.00 per share, amounting to ₹ 2,827.27 Lakhs), which is subject to approval of shareholders at the ensuing Annual General Meeting. In accordance with applicable accounting standards, this proposed dividend has not been recognised as a liability as at 31st March, 2026.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

14. BORROWINGS

14.1 Current borrowings

Particulars	As at 31st March, 2026	As at 31st March, 2025
Secured		
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	10,455.23	10,085.12
Unsecured		
- Vendor financing from bank [refer note 14A (3)]	14,886.90	9,624.62
- Customer bill discounting from bank [refer note no. 14A (2)]	3,170.12	3,019.27
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	4,450.00	-
Total	**32,962.25**	**22,729.01**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

14.2 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Secured Short term Borrowings	10,455.23	10,085.12
Unsecured Short term Borrowings	22,507.02	12,643.89
Total Borrowings	**32,962.25**	**22,729.01**

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. During the previous year, the Company established a supplier finance arrangement amounting to ₹ 9,624.62 Lakhs, that was offered to one of the Company's supplier. For the supply chain financing agreement entered by the Company, it provided no security to the finance provider. However, the cost of this arrangement was borne by the Company. Also, the payment to the vendor were made at a credit period offered by the banks and not on the original terms of the contract. Accordingly, the same was recognised as borrowings from the Bank as on 31st March, 2025.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

14A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2026	Balance outstanding as at 31st March, 2026	Un-utilised Amount as at 31st March, 2026	Interest rate	Repayable in	Security Details
1	Indian rupee loan (Working Capital) from bank	HDFC Bank	5,000.00	1,065.60	3,934.40	6.50%-8.09%	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Holding Company, both present and future. - Second pari passu charge over all movable fixed assets of the Holding Company, both present and future. - Second pari passu charge on immovable property of the Holding Company located at all the plants.
1	Indian rupee loan (Working Capital) from bank	ICICI Bank	7,000.00	2,389.63	4,610.37	6.75%-9.20%	On Demand, However renewable on annual basis.	
1	Indian rupee loan (Working Capital) from bank	Yes Bank	19,000.00	7,000.00	12,000.00	6.21%-8.50%	On Demand, However renewable on annual basis.	
1	Indian rupee loan (Working Capital) from bank	Yes Bank	5,000.00	-	5,000.00	-	On Demand, However renewable on annual basis.	- Unsecured
1	Indian rupee loan (Working Capital) from bank	CTBC Bank	7,500.00	4,450.00	3,050.00	6.30%-6.40%	On Demand, However renewable on annual basis.	- Unsecured
3	Vendor Financing	Sbi Bank	15,000.00	14,886.91	113.09	5.90%-6.15%	Within 3 months from the discounting	- Unsecured
2	Customer bill discounting from bank	Kotak Mahindra Bank	5,450.00	2,153.03	3,296.97	7.91%-8.99%	Within 90 days from the discounting	- Unsecured
2	Customer bill discounting from bank	IDBI Bank	12,000.00	1,017.08	10,982.92	6.07%-7.37%	As per LC terms	- Unconditional acceptance from LC issuing Bank
3	Vendor Financing from bank	IDBI Bank		-				
2	Customer bill discounting from bank	HDFC Bank	900.00	-	900.00	-	NA	- Post Dated Cheque.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2025	Balance outstanding as at 31st March, 2025	Un-utilised Amount as at 31st March, 2025	Interest rate	Repayable in	Security Details
1	Indian rupee loan (Working Capital) from bank	HDFC Bank	5,000.00	1,118.35	3,924.24	5.50%-9.00%	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Holding Company, both present and future. - Second pari passu charge over all movable fixed assets of the Holding Company, both present and future. - Second pari passu charge on immovable property of the Holding Company located at all the plants.
1	Indian rupee loan (Working Capital) from bank	ICICI Bank	7,000.00	2,466.78	4,533.22	5.90%-9.20%	On Demand, However renewable on annual basis.	
1	Indian rupee loan (Working Capital) from bank	Yes Bank	14,000.00	6,500.00	7,500.00	5.62%-9.32%	On Demand, However renewable on annual basis.	
2	Customer bill discounting from bank	Kotak Mahindra Bank	5,450.00	2,167.85	3,282.15	7.96%-8.11%	Within 90 days from the discounting	- Unsecured
2	Customer bill discounting from bank	IDBI Bank	20,000.00	851.41	9,523.97	7.10%-7.37%	As per LC terms	- Unconditional acceptance from LC issuing Bank
3	Vendor Financing from bank	IDBI Bank		9,624.62				
2	Customer bill discounting from bank	HDFC Bank	5,900.00	-	5,900.00	-	NA	- Post Dated Cheque.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

15. EMPLOYEE BENEFIT OBLIGATION

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current		
Provisions for employees benefits		
- Provision for gratuity (Refer note 33)	70.94	232.19
- Provision for Compensated absences	272.11	253.32
Total	**343.05**	**485.51**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Current income tax		
Current income tax charge	9,145.76	8,392.70
Adjustments in respect of income tax of earlier years	(157.29)	89.20
Deferred tax		
Relating to origination and reversal of temporary differences	1,058.46	708.31
Relating to origination and reversal of temporary differences (for earlier years)	(11.52)	19.74
Income tax expense reported in the Statement of profit and loss	**10,035.41**	**9,209.95**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(46.53)	(7.69)
Tax on items recognising on effective portion of cash flow hedges	80.36	(42.90)

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2026 and 31st March, 2025

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Accounting profit before tax	40,199.38	35,967.41
At India's statutory income tax rate of 25.168% (31st March, 2025: 25.168%)	10,117.38	9,052.28
Previous year tax adjustment	(168.81)	108.94
Non deductible expenses		
Expenses disallowed for tax purpose	168.08	139.08
Deduction claimed	(86.88)	(90.35)
Items Taxed under different tax rates	5.64	-
Reported income tax expenses	**10,035.41**	**9,209.95**
Effective tax rate	**24.96%**	**25.61%**

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, 2026**	**As at 31st March, 2025**	**For the Year ended 31st March, 2026**	**For the year ended 31st March, 2025**
- Impact of difference between tax depreciation /amortisation and depreciation/amortisation for the financial reporting	(5,250.43)	(4,337.38)	(913.05)	(844.00)
- Impact of MTM income As per IND-AS*	125.00	25.62	99.38	71.26
- Provision for doubtful debts/advances	201.02	185.12	15.90	5.26
- Expenses allowed on payment basis (43B items)	146.54	135.37	11.17	1.99
- Others	(121.49)	58.49	(179.98)	(5.46)
Net Deferred tax assets/(Deferred tax liabilities)*	**(4,899.36)**	**(3,932.78)**	**(966.57)**	**(770.95)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ 80.36 Lakhs (31st March, 2025: ₹ (42.90) Lakhs) relating to hedging instruments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
At the beginning of the year	(3,932.77)	(3,161.83)
Tax (expense)/income for the year recognised in statement of profit and loss	(1,046.94)	(728.05)
Tax (expense)/income for the year recognised in OCI	80.36	(42.90)
Deferred Tax Assets/(Liabilities)-Net	**(4,899.35)**	**(3,932.77)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities related to income tax levied by same tax authority.

17. TRADE PAYABLES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	1,462.78	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,473.72	3,536.47
Trade payable to related parties (Refer note 35)	6.93	233.06
Total	**5,943.43**	**4,536.11**

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, 2026

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	-	1,389.82	67.90	5.06	-	-	**1,462.78**
Total outstanding dues of creditors other than micro enterprises and small enterprises	948.34	2,060.35	1,434.31	3.30	34.35	-	**4,480.65**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**948.34**	**3,450.17**	**1,502.21**	**8.36**	**34.35**	**-**	**5,943.43**

As at 31st March, 2025

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises		766.51	0.07	-	-	-	**766.58**
Total outstanding dues of creditors other than micro enterprises and small enterprises	239.15	1,662.10	1,831.04	36.84	0.40	-	**3,769.53**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**239.15**	**2,428.61**	**1,831.11**	**36.84**	**0.40**	**-**	**4,536.11**

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2026	As at 31st March, 2025
Interest on income tax and others	0.72	0.92
Capital creditors-micro enterprises and small enterprises	838.99	104.16
Capital creditors - Other than micro enterprises and small enterprises	744.04	1,184.82
Derivative instruments at fair value through profit or loss(Refer note 36)	678.07	56.22
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	454.44	135.04
Employee dues payable	1,033.52	892.18
Share Issue Expense Payable (Refer Note 44)	-	155.06
Total	**3,749.78**	**2,528.40**

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Contract liabilities*	2,282.22	1,056.43
Statutory dues payable**	287.79	878.74
Total	**2,570.01**	**1,935.17**

*Contract liabilities represent amounts received from customers against contracts for which the related performance obligations are yet to be fulfilled. Accordingly, revenue will be recognised when control of the goods is transferred to the customers.

**It includes statutory dues such as Tax Deducted at Source (TDS), Tax Collected at Source (TCS), Goods and Services Tax (GST), Employee State Insurance (ESI), and Provident Fund (PF) payable.

Break up of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2026	As at 31st March, 2025
Borrowings (Refer Note 14)	32,962.25	22,729.01
Trade Payables (Refer note 17)	5,943.43	4,536.11
Other financial liabilities - current (Refer note 18)	2,617.27	2,337.14
Total	**41,522.95**	**29,602.26**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2026	As at 31st March, 2025
Derivative instruments at fair value through profit or loss (Refer note 18)	678.07	56.22
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	454.44	135.04
Total	**1,132.51**	**191.26**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Sale of Products		
- Sale of finished goods	1,41,424.00	1,28,784.55
Sale of services		
- Die design and preparation charges	859.90	855.91
Total revenue from contract with customer (i)	**1,42,283.90**	**1,29,640.46**
Other operating revenues		
- Sale of manufacturing scrap	10,053.47	9,850.80
- Government Grants (Refer Note no. 39)	2,296.19	1,398.21
Total other operating revenue (ii)	**12,349.66**	**11,249.01**
Total (i+ii)	**1,54,633.56**	**1,40,889.47**

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, 2026	For the year ended 31st March, 2025
Revenue as per contracted price	1,43,291.54	1,30,545.74
Adjustment for:		
Discount and Incentives as per contract/schemes	(1,007.64)	(905.28)
Total Revenue from contract with customers	**1,42,283.90**	**1,29,640.46**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Goods transferred at a point in time	1,41,424.00	1,28,784.55
Services transferred at a point in time	859.90	855.91
Total revenue from contracts with customers	**1,42,283.90**	**1,29,640.46**

20.3 Performance obligation

Sales of Auto components and engineering parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 7 to 150 days.

Sales of services

The performance obligation is satisfied at a point in time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 90 days.

20.4 Contract balances

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade Receivables (Refer Note 9)	39,478.08	42,653.85
Contract Liabilities (Refer Note 19)	2,282.22	1,056.43

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest income		
- on term deposits with bank	1,595.03	2,113.26
- on electricity deposit	69.73	66.15
- on Subsidiary Loan	-	11.38
- from other financial assets at amortised cost	147.35	252.90
Gain on fair valuation of current investment measured at fair value through profit and loss (Unrealised)*	739.35	58.46
Gain on sale of Investment	341.42	-
Gain on Foreign Exchange variation (net)	175.99	503.75
Fair value gain on financial instruments at fair value through profit or loss	-	55.30
Gain from sale of Property, Plant and equipment (net)	9.99	-
Maturity proceeds of Keyman Insurance	-	635.10
Miscellaneous income**	2.57	60.51
Total	**3,081.43**	**3,756.81**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

*Gain on fair valuation of mutual fund (Refer to note 5a)

** Includes rental income and insurance claim other than Maturity proceeds of Keyman Insurance.

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Inventory at the beginning of the year (Refer note 8) (a)	5,213.34	6,451.24
Purchases during the year (b)	62,897.20	59,039.91
Inventory at the end of the year (refer note 8) (c)	7,433.73	5,213.34
Total (a+b-c)	**60,676.81**	**60,277.81**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Inventory at the beginning of the year (Refer note 8)		
-Finished Goods	6,344.32	6,182.97
- Work In progress	7,893.44	7,178.52
- Scrap	346.32	111.43
Sub Total (a)	**14,584.08**	**13,472.92**
Inventory at the end of the year (Refer note 8)		
- Finished Goods	4,397.28	6,344.32
- Work In progress	7,377.84	7,893.44
- Scrap	304.96	346.32
Sub Total (b)	**12,080.08**	**14,584.08**
(Increase)/decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**2,504.00**	**(1,111.16)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Salaries, wages and bonus	11,801.46	10,420.89
Contribution to provident fund and other funds	905.58	855.79
Gratuity (Refer note 33)	255.83	262.74
Leave Compensation/Compensated absences	242.72	238.07
Staff welfare expenses	207.10	195.41
Share-based payments to employees (Refer Note 43)	245.61	508.66
Total	**13,658.30**	**12,481.56**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Code on Social Security

On 21st November, 2025, the Central Government issued four separate notifications in the Official Gazette announcing implementation of four Labour Codes, viz., the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. These four codes replace and consolidate 29 existing labour laws. Following the implementation of the four labour codes, the Central Government has pre-published the draft rules on 31st December, 2025 under the respective Labour Codes. The centre government has notified the rules on 8th May, 2026. To ensure smooth implementation, the Ministry of Labour and Employment has also issued the Frequently Asked Questions (FAQs) on the four codes.

The four codes prescribe an inclusive definition of the term 'wages', which among other matters is relevant for determination of post-employment benefits including gratuity to all employees. In accordance with the definition, certain specified items forming part of remuneration are not included in the wages and these excluded items cannot exceed 50% of total remuneration. If there is an excess, then it is presumed that excess amount also forms part of wages. The four codes also introduce changes related to leave entitlement and encashment for workers. Going forward, workers' leave balance in excess of 30 days will be encashed at the end of each calendar year and workers will have a right to demand encashment for entire leave.

The Company has assessed the impact of these changes based on the best information available up to the date of authorisation of the financial statements. The provisions currently in force do not have a material impact on the Company. However, considering that this is an emerging area and that the Central Government has notified the relevant rules on 8th May, 2026, while the corresponding state-level rules are yet to be notified, the Company will continue to monitor further developments and will account for any impact, as appropriate, based on future regulatory updates.

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest expenses (At amortised Cost)		
- on borrowings	55.03	329.78
- on others*	10.95	3.02
Interest on bill discounting#	282.08	275.51
Interest on vendor financing	634.60	91.20
Other borrowing cost	64.65	53.82
Total	**1,047.31**	**753.33**

#This is net of interest received from Government of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters. (The scheme was valid till Decemebr 31,2024).

*includes interest on income tax of ₹ 0.94 Lakhs (31st March, 2025: Rs 0.89 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Depreciation on property, plant and equipment (refer note 3)	8,612.92	7,592.12
Amortisation on intangible assets (refer note 4)	291.37	113.99
Total	**8,904.29**	**7,706.11**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Consumption of stores and spares	6,743.21	6,443.11
Power and fuel Expenses (net)#	10,498.38	9,910.30
Packing material	1,284.89	1,128.24
Job work charges & Contract Labour	3,427.27	2,842.96
Freight and forwarding charges	2,995.79	2,963.95

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Repairs and maintenance:		
- Plant and machinery	3,125.35	2,891.25
- Building	83.53	66.68
- others	184.84	163.45
Travelling and conveyance expenses	312.43	285.17
Insurance	399.40	327.43
Rent expenses (refer note 31)	60.27	42.19
Advertisement and sales promotion expenses	149.03	114.50
Rates and taxes	98.95	162.15
Legal and professional fees	262.05	238.29
Director's sitting fees	12.00	23.40
Payment to Auditors (refer note. 27a)	68.54	62.66
Provision for doubtful receivables, advances and deposits	63.19	20.90
Loss from sale of Property, Plant and equipment (net)	-	12.06
Property, plant and equipment written off (Refer Note 3)	66.13	23.30
Corporate social responsibility (CSR) expenditure (refer note 34)	655.65	540.00
Donation	1.12	2.54
Miscellaneous expenses	232.88	306.69
Total	**30,724.90**	**28,571.22**

#Power and fuel expenses are net of ₹ 729.53 Lakhs (31st March, 2025: Rs 641.60 Lakhs) on account of electricity duty subsidy from Government. (Refer note 39)

27(a) Payment to Auditors

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
As statutory auditors		
(i) Audit Fee	45.00	40.00
(ii) Limited Review	16.50	15.00
(iii) Certification Fee	2.00	3.55
(iv) Reimbursement of expenses	5.04	4.11
Total	**68.54**	**62.66**

27(b) Capitalisation of expenditures

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/Capital work in progress (CWIP) and Internally generated Intangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest on bank facilities @ 8.85% (31st March, 2025: Nil) (Specific borrowings)	298.05	-
Interest on bank facilities @ 6.66% (31st March, 2025: 7.66%) (General borrowings)	643.90	544.07
Salaries wages and bonus*	599.56	566.09
Total	**1,541.51**	**1,110.16**

*Salaries wages and bonus capitalised to internally generated intangible assets under development and intangible assets ₹ 586.76 Lakhs (31st March, 2025 ₹ 547.39 Lakhs)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(All amount in ₹ Lakhs, except per 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, 2026	For the year ended 31st March, 2025
Profit attributable for basic & diluted earnings	30,163.97	26,757.46
Weighted average number of equity shares for basic EPS*	9,42,98,383	9,42,12,139
Effect of Dilution:		
- Share Options	1,89,950	44,333
Weighted average number of equity shares adjusted for the effect of dilution*	9,44,88,333	9,42,56,472

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Earnings per equity share [nominal value of share ₹ 2/- (31 March 2025: ₹ 2/-]		
Basic, computed based on profit from operations	31.99	28.40
Diluted, computed based on profit from operations	31.92	28.39

29. CONTINGENT LIABILITIES AND COMMITMENTS

	Particulars	As at 31st March, 2026	As at 31st March, 2025
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)	474.21	493.60
(ii)	Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	143.57	143.57
	The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the current status of the individual case and as per legal advice obtained by the Company, wherever applicable, along with the opinion of Management, when ultimately concluded will not have material effect on the results of the operations or financial position of the Company.		
b.	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	42,283.16	28,480.86
c.	**EPCG Commitment**		
	The Company has export obligations to the extent ₹ 18,339.24 Lakhs (as at 31st March, 2025 ₹ 336.53 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.	2,884.18	55.96
d.	**Outstanding Bank guarantees**	2,231.09	1,746.78

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

30. DETAILS OF DUES TO THE MICRO AND SMALL ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Company has certain dues to suppliers registered under Micro, and Small Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	2,301.77	870.74
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.72	0.92
	2,302.49	**871.66**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	22.79	38.51
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	0.97
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	0.72	0.92
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 expenses of ₹ 60.27 Lakhs during the year ended 31st March, 2026 (31st March, 2025: ₹ 42.19 Lakhs) towards short-term leases and leases of low-value assets. These expenses have been recognised under 'Other Expenses' in the Statement of Profit and Loss. The leases primarily relate to facilities taken for sales offices and warehouse operations.

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, 2026	For the year ended 31st March, 2025
Within India	1,20,261.47	1,05,730.60
Outside India	22,022.43	23,909.86
Total	**1,42,283.90**	**1,29,640.46**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Revenue from transactions with a single external customer amounting to 10% or more of the Company's revenues is as follows:

Particulars	Number of customer	Amount
For the year ended 31st March, 2026	1	19,928.56
For the year ended 31st March, 2025	1	17,695.07

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:

Revenue from contract with customers	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	1,203.97	970.80
Current Service Cost	237.21	248.13
Past Service cost	2.53	-
Interest Cost	84.16	70.09
Remeasurements (gains)/losses		
- Actuarial (gains)/losses arising from changes in financial assumptions	(120.33)	31.92
- Actuarial (gains) arising from changes in experience adjustments	(47.55)	(50.75)
Benefits Paid	(65.44)	(66.22)
Present value of defined benefit obligation as at year end	**1,294.55**	**1,203.97**

Revenue from contract with customers	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	973.69	768.51
Remeasurements (gains)/losses		
- Return on plan assets, (excluding amount included in net Interest expense)	85.07	67.21
Employer's Contribution	232.57	204.19
Benefits Paid	(65.44)	(66.22)
Fair Value of Plan Assets as at year end	**1,225.89**	**973.69**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

(iii) Net employee benefit expense recognised in the statement of profit and loss:

Expense recognised in the Statement of Profit or Loss:

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Current Service Cost	237.21	248.13
Past Service cost	2.53	-
Net Interest Cost	16.10	14.61
Net Cost Recognised in the Statement of Profit or Loss	**255.84**	**262.74**

Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Remeasurements (gain)	(167.88)	(18.83)
Actuarial (gain) for the year on asset	(17.01)	(11.72)
Net (gain) recognised in the Other comprehensive income (OCI)	**(184.89)**	**(30.55)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	1,294.55	1,203.97
Fair Value of the Plan Assets at the year end	(1,225.89)	(973.69)
Liability recognised in the Balance Sheet	**68.66**	**230.28**

(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, 2026	As at 31st March, 2025
Present Value of obligation at the end of the year	1,294.55	1,203.97
a) Impact due to increase of 0.5%	(69.63)	(69.57)
b) Impact due to decrease of 0.5%	76.22	76.48

b) Impact of change in Salary increase	As at 31st March, 2026	As at 31st March, 2025
Present Value of obligation at the end of the year	1,294.55	1,203.97
a) Impact due to increase of 0.5%	73.65	73.09
b) Impact due to decrease of 0.5%	(67.92)	(67.34)

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, 2026	As at 31st March, 2025
a) Service cost	304.97	302.33
b) Net interest cost	5.34	16.10
c) Expected expense for the next annual reporting year	310.31	318.42

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2026	As at 31st March, 2025
Discount Rate	7.78%	6.99%
Number of Employees	3,514	3,171
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, 2026	As at 31st March, 2025
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2026	As at 31st March, 2025
0 to 1 years	99.62	87.78
1 to 2 years	58.13	30.79
2 to 3 years	55.72	41.78
3 to 4 years	64.73	44.22
4 to 5 years	59.67	47.85
5 to 6 years	47.04	44.63
6 years and beyond	909.65	906.92
Total	**1,294.56**	**1,203.97**

The average duration of the defined benefit plan obligation at the end of reporting year is 15.60 years (31st March, 2025: 15.90 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, 2026	For the year ended 31st March, 2025
Provident Fund paid to the authorities	722.31	662.68
Employee State insurance paid to authorities	175.26	185.65
Contribution to other funds	8.01	7.46
Total	**905.58**	**855.79**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
a) Gross amount required to be spent by the Company during the year	644.00	534.00
b) Amount approved by the Board to be spent during the year	650.00	540.00

Amount spent during the year:

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Construction/acquisition of any asset	460.50	168.68
On purpose other than above (i) above	195.24	311.58
Total amount spent during the year	**655.74**	**480.26**

Amount spent during the year ending on 31st March, 2026:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	460.50	-	**460.50**
ii) On purposes other than (i) above	195.24	-	**195.24**

Amount spent during the year ending on 31st March, 2025:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	168.68	59.74	**228.42**
ii) On purposes other than (i) above	311.58	-	**311.58**

In case of S. 135(6) (Ongoing project)	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Balance		
- In Separate CSR Unspent A/c	60.00	124.03
Amount required to be spent	460.50	228.42
Amount spent during the year		
- From Company's bank A/c	460.50	168.68
- From Separate CSR Unspent A/c	60.00	124.03
Closing balance		
Amount required to be deposited in separate bank account	-	59.74
Actual amount deposited in Unspent Account after the year ended	-	60.00

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Balance	-	-
Amount required to be spent during the year	189.50	311.58
Amount spent during the year	189.50	311.58
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, 2026 (Contd.)

(All amount in ₹ Lakhs, except per 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 Pvt. Ltd. (a wholly owned subsidiary of the Company)

2) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman and Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
iv.	Narinder Singh Juneja (Upto 31st December, 2024)	CEO & Whole-Time Director
v.	Parkash Bagla (upto 24th May, 2024)	Non - executive Director
vi.	Vikas Giya (upto 30th January, 2025)	Independent Director
vii.	Satish Sekhri (upto 3rd May, 2025)	Independent Director
viii.	Ravindra Pisharody	Independent Director
x.	Rajeswari Karthigeyan	Independent Director
xi.	Atul B. Lall	Independent Director
xi.	Pankaj Kumar Goyal	Chief financial officer
xii.	Bindu Garg	Company Secretary & Compliance Officer

3) Close Member of Key Management Personnel (KMP)

i. Ms. Suman Garg (Wife of Paritosh Kumar)

4) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Pvt. Ltd.

ii. Happy Steels Pvt. Ltd.

iii. Northstar Autocomp Pvt. Ltd.

iv. Paritosh Kumar Garg HUF

v. Ashish Garg & Sons HUF

vi. Garg Family Trust

A) Transactions with related parties during the year:

Particulars	Relation	Transaction	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Happy Steels Ltd. (formerly Happy Steels Pvt. Ltd.)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods(Inclusive of GST)	13.18	5.47
		Job Work Expenses(Inclusive of GST)	0.80	1.13
		Purchase of Raw Material (Inclusive of GST)	-	36.02
Northstar Autocomp Pvt. Ltd.	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of spare (Inclusive of GST)	1.36	-
		Sale of Raw Material(Inclusive of GST)	-	2.01
		Job Work Sales(Inclusive of GST)	-	4.02
HFL Technologies Pvt. Ltd.	Subsidiary Company	Purchase of Unquoted equity shares	80.00	-
		Loan recovered from subsidiary	-	50.00
		Rent Received	0.42	0.42
		Interest on Loan	-	11.37

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Particulars	Relation	Transaction	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Paritosh Kumar	Key Management Personnel	Short term employee benefit#	430.44	430.44
		Imprest##	-	20.24
		Dividend Paid	268.50	358.00
Ashish Garg	Key Management Personnel	Short term employee benefit#	363.89	364.04
		Dividend paid	388.39	517.85
		Imprest##	-	47.10
Megha Garg	Key Management Personnel	Short term employee benefit#	84.49	84.64
		Imprest##	-	4.60
		Dividend paid	72.60	96.80
Narender Singh Juneja (upto 31st December, 2024)	Key Management Personnel	Short term employee benefit#	-	98.10
Bindu Garg	Key Management Personnel	Short term employee benefit#	37.10	38.69
Pankaj Kumar Goyal*	Key Management Personnel	Short term employee benefit#	163.59	88.63
Satish Sekhri	Key Management Personnel	Directors sitting fees	-	6.00
		Commission	9.00	5.00
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	4.00	5.00
		Commission	9.00	5.00
Vikas Giya	Key Management Personnel	Directors sitting fees	-	0.40
Rajeswari Karthigeyan	Key Management Personnel	Commission	9.00	5.00
		Directors sitting fees	4.00	6.00
Atul B.Lall	Key Management Personnel	Directors sitting fees	4.00	6.00
		Commission	9.00	4.25
Ayush Capital & Financial Services Pvt. Ltd.	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	322.35	429.80
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	20.56	27.41
Ashish Garg & Sons (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	7.63	10.17
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	1,141.41	1,521.88
Total			**3,444.71**	**4,293.03**

#Expenses towards gratuity provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

##The imprest has been granted in the normal course of business. Accordingly, it has been excluded for the current financial year.

*₹ 51.49 Lakhs represents the tax effect of the difference between the fair value of share issued at exercise date and the grant date fair value (refer note 43).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2026	As at 31st March, 2025
1	Happy Steels Pvt. Ltd.	Trade payables	-	35.99
2	Happy Steels Pvt. Ltd.	Trade receivable	12.82	2.08
3	Ashish Garg	Imprest	-	27.55
4	Paritosh Kumar	Imprest	-	0.03
5	Paritosh Kumar Garg (HUF)	Other Payable	-	197.07

Terms and conditions of transactions with related parties

Related party transactions are undertaken in the ordinary course of business on an arm's length basis. KMP benefits are recognised in accordance with Ind AS 19; post employment benefits are actuarially determined on an overall basis. No guarantees have been provided or received. No impairment has been recognised on related party receivables (previous year: Nil), based on periodic assessment of recoverability.

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 6)	Level 3	4,072.22	4,072.22	15,110.06	15,110.06
Total Non current financial assets (a)		**4,072.22**	**4,072.22**	**15,110.06**	**15,110.06**
Financial Assets-Current					
At fair value though profit or loss					
(a) Investment in Mutual Fund (Refer note 5a)	Level 1	23,703.06	23,703.06	7,958.46	7,958.46
At Amortised Cost					
(i) Trade receivables (Refer note 9)	Level 3	39,478.08	39,478.08	42,653.85	42,653.85
(ii) Cash and cash equivalents (Refer note 10)	Level 3	2,562.54	2,562.54	1,292.69	1,292.69
(iii) Bank balance other than above (Refer note 11)	Level 3	2,722.34	2,722.34	12,361.31	12,361.31
(iv) Loans (Refer note 6.1)	Level 3	18.89	18.89	33.26	33.26
(v) Other financial assets (Refer note 6)	Level 3	13,857.27	13,857.27	2,934.66	2,934.66
Total Current financial assets (b)		**82,342.18**	**82,342.18**	**67,234.23**	**67,234.23**
Total financial assets (a+b)		**86,414.40**	**86,414.40**	**82,344.29**	**82,344.29**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)	Level 3	32,962.25	32,962.25	22,729.01	22,729.01
(ii) Trade payable (Refer note 17)	Level 3	5,943.43	5,943.43	4,536.11	4,536.11
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	678.07	678.07	56.22	56.22
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	454.44	454.44	135.04	135.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)	Level 3	1,033.52	1,033.52	892.18	892.18
Other payables (Refer note 18)	Level 3	1,583.75	1,583.75	1,444.96	1,444.96
Total Current Financial Liabilities		**42,655.46**	**42,655.46**	**29,793.52**	**29,793.52**
Total Financial Liabilities		**42,655.46**	**42,655.46**	**29,793.52**	**29,793.52**

The management assessed that the fair value of current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments. Further, for non-current financial assets, the management assessed that the fair value approximate their carrying value largely due to the fact that majority of balance is represented by fixed deposits with bank.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

The Following method and assumptions were used to estimate the fair value:

- Investment in mutual funds traded in active markets are determined by reference to quotes from the financial institutions.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

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, 2026 and 31st March, 2025.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports/exports. The Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

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

Foreign currency sensitivity

The following table represents the sensitivity to a reasonably possible change in USD, 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, 2026 (Foreign Currency)	As at 31st March, 2026 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	5,97,262.46	560.61	USD	5%	28.03	(28.03)
Trade Receivables	65,78,179.25	7,110.46	EURO	5%	355.52	(355.52)
Trade Receivables	7,97,214.42	986.53	GBP	5%	49.33	(49.33)
Capital Creditors	1,05,075.00	130.59	GBP	5%	(6.53)	6.53

Particulars	As at 31st March, 2025 (Foreign Currency)	As at 31st March, 2025 (` Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	3,26,557	279.07	USD	5%	13.95	(13.95)
Trade Receivables	76,87,251	7,091.57	EURO	5%	354.58	(354.58)
Trade Receivables	9,41,121	1,036.92	GBP	5%	51.85	(51.85)
Capital Creditors	10,24,680	1,128.99	GBP	5%	(56.45)	56.45
Capital Creditors	10,000	8.55	USD	5%	(0.43)	0.43

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, 2026		As at 31st March, 2025	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	GBP	3,50,000	433.12	28,00,000	3,085.01
Receivables (Forwards contracts sell)*	EURO	1,35,00,000	14,592.37	1,51,50,000	13,976.03

*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, 2026	For the year ended 31st March, 2025
Net foreign exchange (gain) shown as income	(175.99)	(503.75)
Net foreign exchange(gain) shown as income	**(175.99)**	**(503.75)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2026	As at 31st March, 2025
USD	93.86	85.46
EUR	108.09	92.25
GBP	123.75	110.18

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of company's borrowing to interest rate changes as reported to the management at the end of reporting year are as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Floating Rate borrowings (Refer Note 14.1 & 14.2)	32,962.25	22,729.01

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, 2026		
Interest rate (0.5% Movement)	(164.81)	164.81
For the year ended 31st March, 2025		
Interest rate (0.5% Movement)	(164.81)	164.81

(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 ₹ 90.00 Lakhs (As at 31st March, 2025: ₹ 10.00 Lakhs).

B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions are taken. Any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	209.93	189.03
Provision created during the year	88.89	20.90
Balance at the end of the year	**298.82**	**209.93**

The movement in allowance for impairment in respect of other assets is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	525.60	525.60
Provision created during the year	-	-
Provision (reversed) during the year	(25.70)	-
Balance at the end of the year	**499.90**	**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 maximize 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, 2026, the Company has available ₹ 43,887.75 Lakhs (31st March, 2025: ₹ 34,663.58 Lakhs) in form of undrawn committed borrowing limits.

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, 2026				
Borrowings (Refer note 14.1 & 14.2)	32,962.25	-	-	32,962.25
Other financial liabilities (Refer note 18)	3,749.78	-	-	3,749.78
Trade Payable (Refer note 17)	5,943.43	-	-	5,943.43
Total	**42,655.46**	**-**	**-**	**42,655.46**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2025				
Borrowings (Refer note 14.1 & 14.2)	22,729.01	-	-	22,729.01
Other financial liabilities (Refer note 18)	2,528.40	-	-	2,528.40
Trade Payable (Refer note 17)	4,536.11	-	-	4,536.11
Total	**29,793.52**	**-**	**-**	**29,793.52**

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FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

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, 2026	As at 31st March, 2025
Borrowings (Refer note 14.1 & 14.2)	32,962.25	22,729.01
Less: Cash & cash equivalents (Refer note 10)	(2,562.54)	(1,292.69)
Less: Investment (Refer note 5(a))	(23,703.06)	(7,958.46)
Less: Other bank balance (Refer note 11)	(15,283.31)	(12,361.31)
Net debt	(8,586.66)	1,116.55
Total capital	2,12,827.64	1,84,968.64
Capital and net debt	**2,04,240.98**	**1,86,085.19**
Gearing ratio	(4.20%)	0.60%

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, 2026 and 31st March, 2025.

39. RECOGNITION OF GOVERNMENT GRANTS

Under the Invest Punjab Scheme, the Company is eligible for various incentives, including 100% exemption from electricity duty and Infrastructure Development Fund (IDF), Net SGST incentive (calculated based on GST deposited and applicable GST rates), 100% exemption/refund of stamp duty and Change of Land Use (CLU) fees, and 50% exemption on property tax.

Government grants are recognised on an accrual basis upon reasonable assurance. The export incentive income has been recognised based on eligible exports made during the year and has been disclosed under Other Operating Revenue. During the year, the Holding Company recognised ₹ 729.53 Lakhs (netted off expenses), ₹ 1,733.34 Lakhs (SGST/EGS incentives) and ₹ 562.85 Lakhs (export incentives under the Duty Drawback Scheme and the Remission of Duties or Taxes on Export of Products (RoDTEP) Scheme), with corresponding receivables of Rs 19.30 Lakhs, Rs 2,558.71 Lakhs and Rs 105.97 Lakhs respectively.

40. HEDGING ACTIVITIES AND DERIVATIVES

a) Derivatives not designated as hedging instruments:

The Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

b) Derivatives designated as hedging instruments:

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	454.44	135.04

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, 2026 were assessed to be highly effective and unrealised (loss)/gain of ₹ (319.30) Lakhs (31st March, 2025: ₹ 170.44 Lakhs), with a deferred tax (liability)/asset of ₹ 80.36 Lakhs (31st March, 2025: ₹ (42.90) 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, 2026 contracts:

Particulars	Maturity						Total
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	
As at 31st March, 2026							
Foreign exchange derivative contracts (highly probable forecast sales)							
Notional amount (in EURO)	-	15,28,036	16,50,000	-	-	-	31,78,036
Average forward rate (INR/EURO)	-	96.69	97.72	-	-	-	97.22

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2025 contracts:

Particulars	Maturity						Total
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	
As at 31st March, 2025							
Foreign exchange derivative contracts (highly probable forecast sales)							
Notional amount (in EURO)	-	19,48,117	33,00,000	33,00,000	16,50,000	-	1,01,98,117
Average forward rate (INR/EURO)	-	92.00	93.80	96.00	97.72	-	94.80

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2026				
Foreign exchange derivative contracts (in EURO) of exports	31,78,036	454.44	Other current financial liabilities	454.44

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2025				
Foreign exchange derivative contracts(in EURO) of exports	1,01,98,117	135.04	Other current financial liabilities	135.04

The 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, 2026					
Highly probable forecast sales	(319.30)	-	-	-	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, 2025	(135.05)	33.99	(101.06)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(319.30)	80.36	(238.94)
As at 31st March, 2026	(454.35)	114.35	(340.00)

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	As at 31st March, 2026	As at 31st March, 2025	% Change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	2.35	2.82	(16.67)	NA
Debt Equity Ratio (in times)	Total Debt	Shareholder's equity	0.15	0.12	25.00	Primarily due to the increase in the borrowings in the current year.
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	40.66	50.48	(19.45)	NA
Return on Equity Ratio (in%)	Net profit after taxes	Average shareholder's equity	15.31%	15.63%	(2.04)	NA
Inventory Turnover Ratio (in times)	Cost of goods sold	Average inventory	2.72	2.59	5.01	NA
Trade Receivable Turnover Ratio (in times)	Net sales = Gross sales - sales return	Average trade receivable	3.71	3.56	4.21	NA

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Ratio	Numerator	Denominator	As at 31st March, 2026	As at 31st March, 2025	% Change	Reason for variance
Trade Payable Turnover Ratio (in times)	Net purchases = Gross purchases -purchase return	Average trade payable	14.62	14.38	1.66	NA
Net Capital Turnover Ratio (in times)	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	2.48	2.35	5.53	NA
Net Profit Ratio (in%)	Net Profit	Revenue from Operations	19.51%	18.99%	2.73	NA
Return on Capital Employed (in%)	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	16.78%	17.68%	(5.09)	NA
Return on investment (in%)#	Income from Investment	Average Investment	6.83%	0.73%	835.61	The increase is due to investments made by the Company during the previous financial year from March 2025.

#Not Annualised (Annualised Return on investment 6.83% (31st March, 2025: 8.81%))

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Particulars	Opening balance 1st April, 2025	Expense/Other adjustments	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2026
Interest Expense	45.34	1,047.31	(1,047.43)	-	45.22
Short term borrowings	22,686.42	-	10,233.36	-	32,919.78
Dividend paid	-	2,828.58	(2,828.58)	-	-
Issue of Share Capital including securities premium	61,662.60	584.01	205.70	-	62,452.31
Total Liabilities from financing activities	**84,394.36**	**4,459.90**	**6,563.05**	**-**	**95,417.31**

Particulars	Opening balance 1st April, 2024	Expense/Other adjustments	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2025
Interest Expense	33.05	753.33	(741.04)	-	45.34
Short term borrowings	14,300.74		8,385.68	-	22,686.42
Dividend paid	0.00	3,768.20	(3,768.20)	-	-
Issue of Share Capital including securities premium	61,511.13	80.57	70.90	-	61,662.60
Total Liabilities from financing activities	**75,844.92**	**4,602.10**	**3,947.34**	**-**	**84,394.36**

43. EMPLOYEE STOCK OPTION SCHEME

The Company operates the Happy Forgings ESOP Scheme 2023, approved by the Board of Directors on 31st July, 2023. Options are granted to eligible employees subject to specified service and/or performance conditions. The options carry an exercise price of Rs 190 per share and a contractual life of five years, with no cash settlement alternatives. The fair value of options at the grant date is determined using the Black Scholes model, and the expense is recognised over the vesting period. The Company has recognised Rs 245.61 Lakhs (PY: Rs 508.66 Lakhs) as employee benefits expense during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Further, the tax effect of the difference between the fair value of share issued at exercise date and the grant date fair value has been recognised in equity to the extent it relates to cumulative compensation cost, with the balance, if any, recognised in the statement of profit and loss, in accordance with applicable accounting standards. There were no cancellations or modifications to the awards during the year ended 31st March, 2026 and year ended 31st March, 2025. The movement of these options during the year and key inputs in blackscholes model is set out in table below:

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, 2026 Number	31st March, 2026 WAEP (in ₹)	31st March, 2025 Number	31st March, 2025 WAEP (in ₹)
Opening Balance	3,00,188	190	3,51,959	190
Granted during the year	-	-	-	-
Exercised during the year	1,08,261	190	37,318	190
Forfeited during the year	2,544	190	14,453	190
Closing Balance	**1,89,383**	**190**	**3,00,188**	**190**
Exercisable at the end of the year	1,89,383	190	3,00,188	190

The expected life and volatility are based on historical trends and management estimates and may not reflect actual outcomes.

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2026 is 0.54 years (31st March, 2025: 0.65 years).

The exercise prices for options outstanding at the end of the year is ₹ 190.00 per option (31st March, 2025: ₹ 190.00 per option).

List of inputs to the models used for the plan for the year ended 31st March, 2026 and 31st March, 2025:

Particulars	31st March, 2026	31st March, 2025
Weighted average fair values at the measurement date	425.00	425.00
Expected volatility (%)	10.41	10.41
Risk–free interest rate (%)	7.17	7.17
Average Expected life of share options (years)	5 Year	5 Year
Weighted average fair value (₹)	553.70	553.70
Model used	Black Scholes	Black Scholes

44. INITIAL PUBLIC OFFER (IPO)

During the year ended 31st March, 2024, the Company completed its Initial Public Offer ('IPO') of 1,18,65,802 equity shares of face value of 2 each at an issue price of ₹ 850 per share (including a share premium of ₹ 848 per share). The issue comprised of a fresh issue of 47,05,882 equity shares aggregating to ₹ 40,000 Lakhs and offer for sale of 71,59,920 equity shares aggregating to ₹ 60,859.32 Lakhs. The equity shares of the Company were listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (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 were estimated to the fresh issue are ₹ 2,217.67 Lakhs (including taxes).The actual offer expenses in relation to IPO are lower by Rs 196.70 Lakhs. The Company had adjusted its own share of Rs 68.94 Lakhs in this amount in security premium. The utilisation of IPO proceeds from fresh issue (net of IPO related expense of ₹ 2,217.67 Lakhs) is summarised below:

Particulars	31st March, 2025
Amount received from fresh issue	40,000.00
Less: Offer expenses in relation to the Fresh Issue	2,217.67
Net IPO Proceeds available for utilisation	**37,782.33**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

The aforesaid offer related expenses in relation to the Fresh Issue have been adjusted against securities premium as per Section 52 of the Companies Act, 2013.

Particulars	Amount to be utilised as per prospectus	Utilised till 31st March, 2026	Unutilised amounts as at 31st March, 2026
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	17,112.63	-
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**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, 2025	Unutilised amounts as at 31st March, 2025*
Repayment and/or pre-payment in full or part of certain borrowing availed by Company	15,276.00	15,276.00	-
Purchase of equipment, plant and machinery	17,112.63	4,195.33	12,917.30
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**24,865.03**	**12,917.30**

*Net unutilised proceeds as on 31st March, 2025 have been temporarily invested in deposits with scheduled banks.

45. DETAILS OF LOAN GIVEN, INVESTMENT MADE AND GUARANTEE GIVEN UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

Particulars	Relationship with the Company	Principal place of business	Purpose	Nature	As at 31st March, 2026	As at 31st March, 2025
HFL Technologies Pvt. Ltd.	Subsidiary	India	Business Purpose	Investment	90.00	10.00

The Company has accounted for investments in the above entities at cost less impairment loss, if any.

46. The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software at the application, except that, audit trail feature is enabled with effect from 11th December, 2025 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 the accounting software, wherever the audit log was enabled. Additionally, the audit trail of relevant prior years has been preserved by the company as per the statutory requirements for record retention, to the extent it was enabled and recorded in those respective years.

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.

(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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

(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 31st March, 2026.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulysan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

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 Consolidated Financial Statements of Happy Forgings Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2026, 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 and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, 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, 2026, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Revenue Recognition *(as described in Note 2b(i) and Note 20 of the Consolidated Financial Statements)*	
The Holding Company's revenue is primarily derived from sale of goods. The Holding Company manufactures specialized forged and machined products as per customer specifications. Revenue from the sale of goods is recognized at a point in time when control of the goods is transferred to the customer, which generally occurs upon delivery of goods in accordance with the underlying contracts. The timing of revenue recognition is critical to the reported performance of the Holding Company. Revenue recognition has been identified as a key audit matter due to the risk that revenue may be overstated or recognized prematurely, particularly around the reporting period end, to meet financial performance expectations before the transfer of control has occurred.	Our procedures included the following: - We assessed the appropriateness of the Holding Company's accounting policies for revenue recognition with reference to applicable accounting standards. - We evaluated the design, implementation and tested the operating effectiveness of key internal controls over the recognition of revenue. - We tested on a sample basis, key customer contracts and agreements to identify terms and conditions relating to the transfer of control.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key audit matters	How our audit addressed the key audit matter
	- On a sample basis, we tested the revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue has been recognized appropriately when control is transferred. - We tested, on a sample basis specific revenue transaction particularly those recorded closer to the year end and after the financial year-end date to assess whether revenue has been recognized in the correct period. - We performed analytical procedures to identify any unusual variances and obtained corroborative explanations for the same. - We evaluated estimates and judgements made by management regarding revenue recognition and ensured that these estimates are reasonable and are consistent with prior periods.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its 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 companies 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 Board of 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 companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 entity or business activities within the Group of which we are the independent auditors and whose financial information we have audited, 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 entity included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

- We did not audit the financial statements and other financial information, in respect of one subsidiary whose financial statements include total assets of Rs 86.50 lacs as at March 31, 2026, and total revenues of Nil, net cash inflows of Rs. 10.64 lacs for the year ended on that date. These financial statement and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the subsidiary company incorporated in India and to the extent applicable, as noted in the 'Other Matter' paragraph, there are no qualifications or adverse remarks by the respective auditor in the Companies (Auditors Report) Order (CARO) reports of the Company included in the Consolidated Financial Statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary as noted in the 'other matter' paragraph we report, to the extent applicable, that:
   (a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor except for the matters stated in the paragraph 2(i) (vi) below on reporting under Rule 11(g);
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
   (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2 (i)(vi) below on reporting under Rule 11(g);
   (g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and the operating effectiveness of such controls, based on our audit , refer to our separate Report in "Annexure 2" to this report;
   (h) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Holding Company, its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial

statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph :

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 29 to the Consolidated Financial Statements;

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 18 to the Consolidated Financial Statements in respect of such items as it relates to the Group;

iii. There has been no delay in transferring amounts, 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, 2026.

iv. a) The respective managements of the Holding Company and its subsidiary, which is the company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of its knowledge and belief, as disclosed in the note 47 to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary which is the company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief as disclosed in the note 47 to the Consolidated Financial Statements, no funds have been received by the respective Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary which is the company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 14 to the Consolidated Financial Statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi) Based on our examination, which included test checks, and on the basis of the work performed by the respective auditor of the subsidiary, which is a company incorporated in India whose financial statements have been audited under the Act, the Holding Company and its Subsidiary Company have used different accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature has operated throughout the year for all relevant transactions recorded in such softwares at the application level. In respect of the Subsidiary Company, the audit trail functionality became operational upon migration to Tally Prime with effect from October 24, 2025, and has operated thereafter for all relevant transactions; prior to this date, the Subsidiary Company was using Tally software which did not have the feature of recording audit trail. In respect of the Holding Company, the audit trail feature for certain changes made using privileged/administrative access rights was enabled with effect from December 11, 2025, as described in Note 41 to the Consolidated Financial Statements. Further, during the course of our audit and based on the reports of the respective auditor of the subsidiary, we did not come across any instance of the audit trail feature being tampered with in respect of accounting softwares wherever such feature was enabled. Additionally, the audit trail of relevant prior years has been preserved by the Holding Company and the Subsidiary Company as per statutory requirements for record retention, to the extent such audit trail was enabled and recorded in those respective years.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan

Partner

Membership Number: 108044

UDIN: 26108044TPAFMW1669

Place of Signature: Gurugram

Date: May 21, 2026

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, 2026, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated

Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Companyhas 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, 2026, 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: 26108044TPAFMW1669

Place of Signature: Gurugram
Date: May 21, 2026

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2026

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

Particulars	Note No.	As at 31st March, 2026	As at 31st March, 2025
I ASSETS			
Non-current assets			
Property, plant and equipment	3	1,09,738.34	89,959.56
Capital work-in-progress	3(a)	22,941.19	11,638.67
Intangible assets	4	1,103.98	811.68
Intangible assets under development	4(a)	805.99	641.65
Financial assets:			
(i) Other financial assets	6	4,072.22	15,110.06
Non current tax assets (Net)		87.37	-
Other non current assets	7	17,421.62	11,497.02
Total non-current assets		**1,56,170.71**	**1,29,658.64**
Current assets			
Inventories	8	23,275.54	23,242.03
Financial assets:			
(i) Trade receivables	9	39,478.08	42,653.85
(ii) Cash and cash equivalents	10	2,571.66	1,294.61
(iii) Bank balance other than (ii) above	11	2,722.34	12,361.31
(iv) Loans	6.1	18.89	33.26
(v) Other financial assets	6	13,857.27	2,934.66
(vi) Investment	5	23,703.06	7,958.46
Other current assets	7	1,483.22	1,385.44
Total current assets		**1,07,110.06**	**91,863.62**
TOTAL ASSETS		**2,63,280.77**	**2,21,522.26**
II EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,887.01	1,884.84
Other equity	13	2,10,925.49	1,83,069.77
Total equity		**2,12,812.50**	**1,84,954.61**
Non-current liabilities			
Financial liabilities:			
Deferred tax liabilities (net)	16	4,899.35	3,932.78
Total non-current liabilities		**4,899.35**	**3,932.78**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14	32,962.25	22,799.01
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		1,462.78	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,481.05	3,769.81
(iii) Other financial liabilities	18	3,749.78	2,528.40
Other current liabilities	19	2,570.01	1,935.17
Employee benefit obligations	15	343.05	485.51
Liabilities for current tax (net)		-	350.39
Total current liabilities		**45,568.92**	**32,634.87**
Total liabilities		**50,468.27**	**36,567.65**
TOTAL EQUITY AND LIABILITIES		**2,63,280.77**	**2,21,522.26**

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

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Gurugram
Date: 21st May, 2026

Place: Ludhiana
Date: 21st May, 2026

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2026

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

Particulars	Note No.	For the year ended 31st March, 2026	For the year ended 31st March, 2025
INCOME			
Revenue from operations	20	1,54,633.56	1,40,889.47
Other income	21	3,081.01	3,745.01
TOTAL INCOME (A)		**1,57,714.57**	**1,44,634.48**
EXPENSES			
Cost of raw materials and components consumed	22	60,676.81	60,277.81
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	2,504.00	(1,111.16)
Employee benefits expense	24	13,658.30	12,481.56
Finance costs	25	1,047.31	753.33
Depreciation and amortisation expense	26	8,904.29	7,706.11
Other expenses	27	30,725.60	28,571.49
TOTAL EXPENSES (B)		**1,17,516.31**	**1,08,679.14**
PROFIT BEFORE TAX (C=A-B)		**40,198.26**	**35,955.34**
Tax expense:			
Current tax (net)	16	9,145.76	8,394.45
Adjustments of current tax relating to earlier years	16	(157.29)	89.20
Deferred tax	16	1,046.94	728.06
TOTAL TAX EXPENSE (D)		**10,035.41**	**9,211.71**
PROFIT FOR THE YEAR (E=C-D)		**30,162.85**	**26,743.63**
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	184.89	30.55
Less: Income tax effect on above	16	(46.53)	(7.69)
		138.36	22.86
Other comprehensive income to be reclassified to profit or loss in subsequent years			
Net Movement on effective portion of cash flow hedges	40	(319.30)	170.44
Less: Income tax effect on above	16	80.36	(42.90)
		(238.94)	127.54
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(100.58)**	**150.40**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**30,062.27**	**26,894.03**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share (31st March, 2025 ₹ 2/- per share)			
(i) Basic	28	31.99	28.39
(ii) Diluted	28	31.92	28.37

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

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Gurugram
Date: 21st May, 2026

Place: Ludhiana
Date: 21st May, 2026

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2026

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
OPERATING ACTIVITIES		
Profit before tax	**40,198.26**	**35,955.34**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	8,904.29	7,706.11
(Gain)/Loss on disposal of property, plant and equipment	(9.99)	12.06
Interest income on term deposits with bank	(1,595.03)	(2,113.26)
Interest Income from other financial assets at amortised cost	(147.35)	(252.90)
Interest Income on electricity deposit	(69.73)	-
Gain on fair valuation of current investment measured at fair value through profit and loss (Unrealised)	(739.35)	(58.46)
Gain on sale of Investment	(341.42)	-
Property, plant and equipment written off	66.13	23.30
Gain on Foreign Exchange variation (net)	250.27	(141.38)
Provisions for doubtful receivables, advances and deposits	88.89	20.90
Finance costs	1,047.31	753.33
Share-based payment expense	245.61	508.66
Operating profit before working capital changes	**47,897.89**	**42,413.70**
Working capital adjustments:		
(Increase) in inventories	(33.51)	(825.44)
Decrease/(Increase) in trade receivables	3,459.54	(6,698.81)
Decrease in other financial assets and loans	498.93	1,328.24
Decrease in other assets	12.27	1,701.04
Increase/(Decrease) in trade payable	1,407.44	(1,017.33)
Increase/(Decrease) in other financial liabilities	54.08	(434.39)
Increase in other liabilities	633.11	1,018.35
(Decrease)/Increase in short term provisions	(142.46)	70.50
Net Cash generated from operations	**53,787.29**	**37,555.86**
Less: Income tax paid (net of refund)	(9,320.54)	(8,322.63)
Net Cash flow from operating activities (A)	**44,466.75**	**29,233.23**
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment (including capital work in progress, capital creditors and capital advances)	(45,431.69)	(27,113.11)
Payments for acquisition of intangible assets and intangible assets under development	(693.94)	(972.06)
Investment in mutual fund	(44,419.99)	(7,900.00)
Proceeds from sale of property, plant and equipment	24.97	29.16
Proceeds from sale of mutual fund	29,756.01	-
Investment in fixed deposit with bank	(18,709.99)	(34,470.44)
Proceeds from fixed deposit with bank	27,670.43	36,453.14
Interest received	2,121.33	1,953.08
Net cash flow (used in) investing activities (B)	**(49,682.87)**	**(32,020.23)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium (net of share issue expenses)	205.70	70.90
Availment of short-term borrowing (net)	10,233.36	8,455.68
Repayments of long term borrowings	(70.00)	-
Interest paid	(1,047.43)	(741.04)
Dividend paid on equity shares	(2,828.46)	(3,768.20)
Net cash flow from financing activities (C)	**6,493.17**	**4,017.34**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Net Increase in cash and cash equivalents (A+B+C)	**1,277.05**	**1,230.34**
Cash and cash equivalents at the beginning of the year	1,294.61	64.27
Cash and cash equivalents as at year end	**2,571.66**	**1,294.61**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
- Cash on hand	2.71	12.85
Balance with banks:		
- On current accounts	2,568.95	1,281.76
Cash and cash equivalent as at year end	**2,571.66**	**1,294.61**

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in bracket indicate cash outflow.

iii) Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.

iv) There are no non-cash transaction in Investing activities & Financing activities.

The accompanying notes referred to above formed an integral part of the Consolidated Financial Statements.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2026

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

A. EQUITY SHARE CAPITAL

For the year ended the year ended 31st March, 2026

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2025	9,42,42,200	1,884.84
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at 2/- face value per share during the year	1,08,261	2.17
As at 31st March, 2026	**9,43,50,461**	**1,887.01**

For the year ended 31st March, 2025

Particulars	No of shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1st April, 2024	9,42,04,882	1,884.10
Changes in equity capital during the year (Refer note 43)		
Fresh Issue at 2/- face value per share during the year	37,318	0.74
As at 31st March, 2025	**9,42,42,200**	**1,884.84**

B. OTHER EQUITY (REFER NOTE 13)

For the year ended the year ended 31st March, 2026

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 31st March, 2025	**59,777.77**	**1,22,397.88**	**995.19**	**(101.07)**	**1,83,069.77**
Profit for the year	-	30,162.85	-	-	30,162.85
Other comprehensive income	-	138.36	-	(238.94)	(100.58)
Total comprehensive income for the year	**-**	**30,301.21**	**-**	**(238.94)**	**30,062.27**
Issue of equity share during the year (Refer note 43)	203.53	-	-	-	203.53
Exercise of share options (Refer note 43)	515.07	-	(515.07)	-	-
Saving on IPO expenses (Refer note 44)	68.94	-	-	-	68.94
Add: Tax saving on the options exercised (Refer note 43)	-	103.94	-	-	103.94
Employee stock based compensation expense (Refer note 43)	-	-	245.62	-	245.62
Dividend paid (Refer note 13e)	-	(2,828.58)	-	-	(2,828.58)
As at 31st March, 2026	**60,565.31**	**1,49,974.45**	**725.74**	**(340.01)**	**2,10,925.49**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

For the year ended 31st March, 2025

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	Share Based Payment Reserve Account	Cash Flow Hedging Reserve (CFHR)	
As at 1st April, 2024	**59,627.04**	**99,399.58**	**567.10**	**(228.61)**	**1,59,365.12**
Profit for the year	-	26,743.63	-	-	26,743.63
Other comprehensive income	-	22.87	-	127.53	150.40
Total comprehensive income for the year	**-**	**26,766.50**	**-**	**127.53**	**26,894.03**
Issue of equity share during the year (Refer note 43)	70.16	-	-	-	70.16
Exercise of share options (Refer note 43)	80.57	-	(80.57)	-	-
Employee stock based compensation expense (Refer note 43)	-	-	508.66	-	508.66
Dividend paid (Refer note 13e)	-	(3,768.20)	-		(3,768.20)
As at 31st March, 2025	**59,777.77**	**1,22,397.88**	**995.19**	**(101.07)**	**1,83,069.77**

The accompanying notes referred to above formed an integral part of the Consolidated Financial Statements.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2026

1. CORPORATE INFORMATION:

The consolidated financial statements comprise financial statements of Happy Forgings Ltd. ("the Holding Company") and its subsidiary (collectively, the Group) (CIN: L28910PB1979PLC004008) for the year ended 31st March 2025. The Holding Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Group is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India.

The Group is principally engaged in manufacturing of Auto components and engineering parts. Information on other related party relationships of the Group is provided in Note 35.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on 21st May, 2026.

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
- Equity settled ESOP at grant date fair value

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in ₹ and all values are rounded to the nearest 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, 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of

the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When the proportion of the equity held by non-controlling interest changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognised in equity and attributed to the owners of the parent.

(iii) Current versus non-current classification

Based on the time involved between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iv) Foreign currencies

- **Functional and presentation currency**

  The consolidated financial statements are presented in ₹, which is also the Holding Company's functional currency.

- **Transactions and balances**

  Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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 Group expects to entitle in exchange for the goods or services. The Group has concluded that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2C.

Sale of Goods: Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 7 to 150 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of goods provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The disclosures of significant estimates and assumptions if any, relating to the estimation of variable consideration for returns are provided in Note 2C.

Sale of Services: Revenues from sale of services in the nature of Tooling Income/die design and preparation charges are recognised over time using an input method to measure progress towards complete satisfaction of the tool development. The Group recognises revenue from development of tools and dies over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation. Where the Group cannot reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Export Incentives: Revenue from export incentives is accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Trade Receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (ix) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities: A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

Other Income

Dividend Income: Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(ii) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When the grant relates to incentives under "Invest Punjab Scheme", it is accounted as income on a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the approval of the relevant authority is sanctioned and there is a reasonable assurance that the grant will be received.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable 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 Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation for identified asset/ components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Property, Plant & equipment:

Type of Assets	Schedule II life (years)	Useful Lives*
Building-Factory	30	30
Building-others	60	60
Plant & Machinery**	15	3 to 30
Computers	3	3
Office Equipment	5	5
Electrical Fittings & installations	10	10
Furniture & Fixtures	10	10
Vehicles	8	8

*The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

Any item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when asset is derecognised.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6
Technical Know-how	4	4

(vii) 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.

(viii) Impairment of non- financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(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 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 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 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.

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.

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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 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.

(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 Group 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.

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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 Holding Company's Gratuity Scheme.

The Holding Company's Liabilities on account of Gratuity on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19 'Employee Benefits'. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Holding Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise. They are included in retained earnings through OCI in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Holding Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Holding Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income

Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Holding Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Holding Company recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Holding Company has a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xii) Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of

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the Group (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiii) Dividend

The Holding Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Holding Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(xiv) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST) / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of GST / value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xv) Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in consolidated financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

(xvi) Cash Flow Statement

The Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows" whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(xvii) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xviii) Fair Value Measurements

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xix) Leases

The Holding Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

The Holding Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Holding Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.\

(xx) Share-based payments

Eligible Employees (including senior executives) of the Holding Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note No. 43

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Holding Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Holding Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(xxi) Segment Reporting

As per the compliance of Ind AS 108 operating segments are identified based on reports reviewed by CODM (chief operating decision-maker). Operating segments can either be based on products/services or on geographical basis. It is reported in a manner which is consistent with the internal reporting provided to the judgment of CODM.

2C. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements.

a. Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying contracts with customers

The Group enters into Master service agreement (MSA) with its customers which define the key terms of the contract with customers. However, the rates and quantities to be supplied are separately agreed through purchase orders. The Management has exercised judgement to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Group enters into contract with customers for sale of goods and tooling income. The Group determined that both the goods and tooling income are capable of being distinct. The fact that the Group regularly sells these goods on a consolidated basis indicates that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

c) Determination of timing of satisfaction of performance obligation

The Group concluded that sale of goods and tooling income is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgement in determining the point in time when the control of the goods and tooling income are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices.

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

The Group applies significant judgement in determining income tax provisions due to uncertainties in the interpretation of complex tax regulations, changes in tax laws, and the timing and amount of future taxable income. Provisions are recognised based on reasonable estimates, considering past tax audit experience and differing interpretations between the Group and tax authorities.

Deferred tax assets, particularly those arising from carry-forward losses, are recognised based on the assessment of recoverability. Liabilities are recorded for anticipated tax audit matters based on estimates of additional taxes payable. Any differences between actual outcomes and earlier estimates are recognised in the period in which such outcomes are determined, impacting current and deferred tax balances.

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 defined benefit gratuity and other post-employment benefits is determined using actuarial valuations, which involve significant assumptions such as discount rate, future salary increases, mortality, and attrition. Due to the long-term nature and complexity of these obligations, they are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date, and further details are provided 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 model, which involve various judgements and assumptions.

f. Provision for expected credit losses of trade receivables and contract assets

The Group assesses impairment of trade receivables and contract assets by creating provisions based on an ageing analysis. Receivables are grouped based on days past due, and provision rates are applied to each ageing bucket, reflecting historical credit loss experience and observed default patterns.

These provision rates are reviewed at each reporting date and adjusted, where necessary, to reflect current and forward-looking information, including anticipated economic conditions and customer-specific factors. The assessment of expected credit losses involves significant judgement and is sensitive to changes in assumptions and estimates.

g. Share-based payments

The share options outstanding account is used to record the fair value of equity-settled share-based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options.

h. Provision for inventories

The Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the consolidated financial statements for any obsolete slow-moving items and net realisable value. The Management is satisfied that adequate allowance for obsolete and slow moving inventories has been made in the consolidated financial statements.

2D. NEW AND AMENDED STANDARDS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st April 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a. Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its consolidated financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1st April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Group consolidated financial statements.

b. Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the consolidated financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after 1st April 2025 retrospectively in accordance with Ind AS 8.

The amendments do not have a material impact on the Group consolidated financial statements and have not had an impact on the classification of Group liabilities.

c. International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the consolidated financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1st April 2025, but not for any interim periods ending on or before 31st March, 2026.

The amendments had no impact on the Group consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

d. Amendments to Ind AS 7 and Ind AS 107 – Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group consolidated financial statements as the Group does not have supplier finance arrangements.

2E. STANDARDS NOTIFIED BUT NOT YET EFFECTIVE

The new and amended standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Group consolidated financial statements are disclosed below. The Group will adopt these amendments to the standards, when they become effective.

Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In accordance with Ind AS 1 currently applicable, breach of an immaterial covenant is ignored deciding in current vs. non-current classification of liabilities. Also, in case of breach of a material covenant of a non-current loan on or before the reporting date, the entity can obtain waiver from the lender after the reporting date and continue to classify the loan as non-current liability.

In accordance with changes to Ind AS 1 already notified by the MCA, the above relaxations to classify loan as non-current liability will not be available from 2026-27 onward and need to be applied retrospectively. Consequently:

- A breach of either material or immaterial covenant will trigger current classification of liability.
- To continue classifying loan as non-current liability, entities will need to obtain waiver from the breach on or before the reporting date.

The Group is currently assessing the impact the amendments will have on its consolidated financial statements.

2F. CLIMATE RELATED MATTERS

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group 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, 2026 (Contd.)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 31st March, 2024	**5,909.62**	**8,717.49**	**80,217.88**	**504.65**	**1,342.81**	**282.83**	**131.71**	**1,472.55**	**98,579.52**	**12,193.62**
Additions	1,003.27	165.64	21,483.02	98.77	40.63	54.86	30.03	492.51	23,368.73	22,761.08
Transfers	-	-	-	-	-	-	-	-	-	(23,316.03)
Disposals	-	-	(100.23)	-	(52.78)	-	-	-	(153.01)	-
At 31st March, 2025	**6,912.89**	**8,883.13**	**1,01,600.67**	**603.42**	**1,330.66**	**337.69**	**161.74**	**1,965.06**	**1,21,795.25**	**11,638.67**
Additions	-	866.60	25,888.40	89.43	1,298.13	24.53	28.33	277.36	28,472.78	39,423.89
Transfers	-	-	-	-	-	-	-	-	-	(28,121.37)
Disposals	-	-	(2,446.29)	(102.28)	(42.59)	(95.11)	(8.91)	(422.24)	(3,117.42)	
At 31st March, 2026	**6,912.89**	**9,749.73**	**1,25,042.78**	**590.57**	**2,586.20**	**267.11**	**181.16**	**1,820.17**	**1,47,150.61**	**22,941.19**
Depreciation										
At 31st March, 2024		**1,111.06**	**21,685.59**	**185.62**	**549.09**	**211.53**	**91.19**	**497.97**	**24,332.05**	**-**
Depreciation charge for the year	-	329.63	6,812.38	56.92	148.55	33.26	27.91	183.47	7,592.13	-
Disposals	-	-	(39.77)	-	(48.72)	-	-	-	(88.49)	-
At 31st March, 2025	**-**	**1,440.69**	**28,458.19**	**242.54**	**648.93**	**244.79**	**119.10**	**681.44**	**31,835.69**	**-**
Depreciation charge for the year	-	350.72	7,723.15	58.67	215.10	35.17	27.76	202.32	8,612.89	-
Disposals	-	-	(2,375.49)	(102.28)	(36.84)	(92.02)	(8.90)	(420.77)	(3,036.30)	-
At 31st March, 2026	**-**	**1,791.41**	**33,805.85**	**198.93**	**827.19**	**187.94**	**137.96**	**462.99**	**37,412.27**	**-**
Net book value										
At 31st March, 2026	**6,912.89**	**7,958.32**	**91,236.93**	**391.64**	**1,759.01**	**79.17**	**43.20**	**1,357.18**	**1,09,738.34**	**22,941.19**
At 31st March, 2025	**6,912.89**	**7,442.44**	**73,142.48**	**360.88**	**681.74**	**92.90**	**42.64**	**1,283.62**	**89,959.56**	**11,638.67**

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 Group.

Note 3: Refer note 27(b) for capitalisation of certain expenses of revenue nature to the cost of Property, plant and equipment/ Capital work in prrogress(CWIP).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

As at 31st March, 2026

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*	20,504.33	2,049.41	387.45	-	22,941.19
ii) Projects temporarily suspended	-	-	-	-	-
Total	**20,504.33**	**2,049.41**	**387.45**	**-**	**22,941.19**

*It includes Building, Plant & Equipment, Electrical Fittings, and Furniture & Fixtures

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2025-26.

As at 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress*	9,780.46	1,243.70	489.53	124.98	11,638.67
ii) Projects temporarily suspended	-	-	-	-	-
Total	**9,780.46**	**1,243.70**	**489.53**	**124.98**	**11,638.67**

*It includes Building, Plant & Equipment, Electrical Fittings, and Furniture & Fixtures

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25.

4. INTANGIBLE ASSETS

Particulars	Intangible assets	Intangible assets under development
Cost		
At 31st March, 2024	**225.00**	**475.50**
Additions	805.92	865.06
Transfers	-	(698.91)
At 31st March, 2025	**1,030.91**	**641.65**
Additions	583.67	680.90
Transfers		(516.56)
At 31st March, 2026	**1,614.58**	**805.99**
Amortisation		
At 31st March, 2024	**105.25**	**-**
Amortisation charge for the year	113.99	-
At 31st March, 2025	**219.23**	**-**
Amortisation charge for the year	291.37	-
At 31st March, 2026	**510.60**	**-**
Net book value		
At 31st March, 2026	**1,103.98**	**805.99**
At 31st March, 2025	**811.68**	**641.65**

Also refer note 27(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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

At 31st March, 2026

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	505.67	249.60	50.72	-	**805.99**
ii) Projects temporarily suspended	-	-	-	-	**-**
Total	**505.67**	**249.60**	**50.72**	**-**	**805.99**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2025-26

At 31st March, 2025

Particulars	Amount in CWIP for a year of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	458.11	183.54	-	-	**641.65**
ii) Projects temporarily suspended	-	-	-	-	**-**
Total	**458.11**	**183.54**	**-**	**-**	**641.65**

There is no project whose completion is overdue, suspended or has exceeded its cost compared to its original plan during the financial year 2024-25

5. INVESTMENT (CURRENT)

Investments in Liquid Mutual funds measured at Fair value through profit and loss

Particulars	Units		Amount	
	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025
Investments in Mutual Fund (Quoted)				
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹ Nil (31st March, 2025: ₹3,600.00)	-	57,152.07	-	3,627.38
Nippon India arbitrage Fund - Direct Plan Growth Plan - Growth Option (LFAGG) Cost ₹ 11,621.40 (31st March, 2025: ₹ Nil)	3,95,59,408.56		11,900.93	-
"Axis liquid Fund Direct growth Cost ₹ Nil (31st March, 2025: ₹ 3,100)"	-	1,08,334.33	-	3,123.93
"Axis arbitrage Fund Direct growth Cost ₹ 11,341.93 (31st March, 2025: ₹ 1,200.00)"	5,53,90,850.52	60,51,867.11	11,802.13	1,207.15
Total			**23,703.06**	**7,958.46**
Aggregate market value of quoted investment			23,703.06	7,958.46

6. OTHER FINANCIAL ASSETS

Non-current (Unsecured, Considered good)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Security deposits	1,166.79	1,388.25
Government Incentives receivable (Refer note 39)	1,904.04	804.51
Fixed Deposits to be used for capital expenditure *#	-	12,917.30
Fixed Deposits having remaining maturity of more than twelve months **	1,001.39	-
Total	**4,072.22**	**15,110.06**

#Represents balance of Initial Public Offer (IPO) proceeds of Nil (31st March, 2025: ₹ 12,917.30 Lakhs) (Refer note 44).

*Fixed deposit of Nil (31st March, 2025 ₹ 6,850.63) held as margin money against the issuance of letter of credit and bank guarantee.

**includes interest accrued ₹ .045 Lakhs (31st March, 2025: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Current (Unsecured, Considered good)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Interest receivable on term deposits	2.48	-
Export benefits recoverable (Duty drawback & IGST Export)	17.67	51.82
Government Incentives receivable (Refer note 39)**	654.67	1,801.66
Others	92.87	59.75
Fixed Deposits with NBFC having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date*	-	1,021.43
Fixed Deposits having original maturity of more than twelve months and having remaining maturity of less than twelve months from balance sheet date**	13,089.58	-
Total	**13,857.27**	**2,934.66**

Refer note 36 on Financial instruments for determination of fair value.

*includes interest accrued Nil (31st March, 2025 ₹ 21.43 Lakhs)

**includes interest accrued ₹ 53.05 Lakhs (31st March, 2025:Nil)

6.1 Loans (Current)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Loan to employees	18.89	33.26
Total	**18.89**	**33.26**

Break up of financial assets carried at fair value through profit & loss

Particulars	As at 31st March, 2026	As at 31st March, 2025
Investment in Mutual Fund (Refer note 5a)	23,703.06	7,958.46
Total	**23,703.06**	**7,958.46**

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2026	As at 31st March, 2025
Other Non- current financial assets (Refer note 6)	4,072.22	15,110.06
Trade receivables (Refer note 9)	39,478.08	42,653.85
Cash and cash equivalents (Refer note 10)	2,571.66	1,294.61
Bank balance other than above (Refer note 11)	2,722.34	12,361.31
Other Current financial assets (Refer note 6)	13,857.27	2,934.66
Loans (Refer note 6.1)	18.89	33.26
Total	**62,720.46**	**74,387.75**

7. OTHER ASSETS

Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Capital advances		
Considered good	17,383.13	11,433.82
Considered doubtful	167.01	167.01
	17,550.14	**11,600.83**
Less: Allowance for doubtful advances	(167.01)	(167.01)
Net capital advances	**17,383.13**	**11,433.82**
Prepaid expenses	38.49	63.20
Total	**17,421.62**	**11,497.02**

Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balances with government authorities		
Considered good	458.47	533.74
Considered doubtful	332.89	358.59
	791.36	**892.33**
Less: Allowance for doubtful balances	(332.89)	(358.59)
Net Balance	**458.47**	**533.74**
Export benefits recoverable (RODTEP)	88.18	54.15
Advance to suppliers	523.24	466.41
Advance to employees*		
- Related parties (refer note 35)	-	27.58
- Others	28.83	5.14
Prepaid expenses	365.20	281.49
Goverment Incentives receivable (Refer note 39)	19.30	16.93
Total	**1,483.22**	**1,385.44**

*includes imprest balances with employees for business related expenses.

8. INVENTORIES

Inventory is valued at lower of cost or NRV, unless otherwise stated

Particulars	As at 31st March, 2026	As at 31st March, 2025
Raw materials and components	7,433.73	5,213.34
Work-in-progress	7,377.84	7,893.44
Finished goods (includes stock in transit)	4,397.28	6,344.32
Stores and spares	3,761.73	3,444.61
Scrap (valued at NRV)	304.96	346.32
Total inventories	**23,275.54**	**23,242.03**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Finished goods	2,628.94	3,163.08
Total	**2,628.94**	**3,163.08**

9. TRADE RECEIVABLES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade receivables	39,465.26	42,651.77
Receivables from related parties (Refer note 35)	12.82	2.08
Total Trade receivables	**39,478.08**	**42,653.85**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	39,107.05	42,315.67
Trade Receivables which have significant increase in credit risk	371.03	338.18
Trade Receivables-credit impaired	298.82	209.93
Total gross trade receivables (a)	**39,776.90**	**42,863.78**

Particulars	As at 31st March, 2026	As at 31st March, 2025
(b) Impairment allowance (allowance for bad and doubtful debts)		
Trade Receivables-credit impaired	(298.82)	(209.93)
Total Impairment allowance (b)	**(298.82)**	**(209.93)**
Net Trade receivables (a+b)	**39,478.08**	**42,653.85**

The carrying amount of trade receivables includes receivables that have been discounted with banks

Particulars	As at 31st March, 2026	As at 31st March, 2025
Receivables discounted from bank	3,170.12	3,019.27
Borrowing availed against said deliverables (Refer note 14.2)	**3,170.12**	**3,019.27**

- For related parties balances, refer Note 35.
- For terms and conditions relating to related parties receivables, refer Note 35.
- Trade receivables are non-interest bearing and are generally on terms of 7 to 150 days.
- The carrying amount of trade receivables includes receivables which are discounted with banks. The Holding Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Holding Company has retained the late payment and credit risk. Accordingly, the Holding Company continues to recognise the transferred assets in entirely in its balance sheet. Refer note 14A for information on trade receivables pledged as security by the Holding Company.
- The Group's exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 37.

Trade receivables ageing as at 31st March, 2026

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2026					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	29,724.75	9,382.30	-	-	-	-	**39,107.05**
Which have significant increase in credit risk	-	-	254.39	112.89	2.86	0.89	**371.03**
Credit impaired	-	-	28.27	112.89	54.37	17.30	**212.83**
Disputed							
Considered good	-	-	-	-	-	-	**-**
Which have significant increase in credit risk	-	-	-	-	-	-	**-**
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**29,724.75**	**9,382.30**	**282.66**	**225.77**	**57.23**	**104.19**	**39,776.90**

Trade receivables ageing as at 31st March, 2025

Particulars	Current but not due	Outstanding from the due date of payment as on 31st March, 2025					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Considered good	30,381.69	11,933.99	-	-	-	-	**42,315.68**
Which have significant increase in credit risk	-	-	297.04	38.40	1.24	1.50	**338.18**
Credit impaired	-	-	33.00	38.40	23.92	28.61	**123.93**
Disputed	-	-	-	-	-	-	**-**
Credit impaired	-	-	-	-	-	85.99	**85.99**
Total	**30,381.69**	**11,933.99**	**330.04**	**76.80**	**25.16**	**116.10**	**42,863.78**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

10. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance with Banks		
- in cash credit account	2,514.14	1,219.46
- in current accounts	54.81	72.45
Cash on hand	2.71	2.70
Total	**2,571.66**	**1,294.61**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Cash on hand	2.71	2.70
Balance with Banks		
- in cash credit account	2,514.14	1,219.46
- in current accounts	54.81	72.45
Total	**2,571.66**	**1,294.61**

11. OTHER BANK BALANCES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Fixed Deposits having original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date.*	2,722.34	12,361.31
Total	**2,722.34**	**12,361.31**

*includes interest accrued of ₹ 24.74 Lakhs (31st March, 2025: ₹ 575.34 Lakhs)

Fixed deposits earn interest at fixed rates. Short-term deposits are generally made for varying years within twelve months, depending on the cash requirements of the Holding Company, and earn interest at the respective deposit rates.

Fixed deposit of ₹ 1,530.00. Lakhs (31st March, 2025 ₹ 8,633.20 Lakhs) held as margin money against the issuance of letter of credit and bank guarantee.

12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 2/- each (31st March, 2025: ₹ 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, 2025: ₹ 2/- each)	**9,43,50,461**	**1,887.01**	**9,42,42,200**	**1,884.84**

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, 2025: ₹ 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, 2026 (Contd.)

b) Reconciliation of the number of shares outstanding (Equity Share of ₹ 2/- each fully paid up):

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	9,42,42,200	1,884.84	9,42,04,882	1,884.10
Add:- Fresh issue of equity shares (Refer Note 43 & 44)	1,08,261	2.17	37,318	0.74
At the end of the year	**9,43,50,461**	**1,887.01**	**9,42,42,200**	**1,884.84**

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Holding Company

Name of Shareholder	As at 31st March, 2026		As at 31st March, 2025	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar	89,49,900	9.49%	89,49,900	9.50%
Sh. Ashish Garg	1,29,46,200	13.72%	1,29,46,200	13.74%
Ayush Capital and Financial Services Pvt. Ltd.	1,07,45,100	11.39%	1,07,45,100	11.41%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.33%	3,80,47,000	40.39%
India Business Excellence Fund - III (Formerly known as Vistra ITCL (India) Ltd.)	-	0.00%	39,10,097	4.15%
SBI Small Cap Fund	51,41,493	5.45%	56,43,000	5.99%

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.

d) Details of shares held by Promoters

Name of Shareholder	As at 31st March, 2026		As at 31st March, 2025		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar	89,49,900	9.49%	89,49,900	9.50%	0.01%
Sh. Ashish Garg	1,29,46,200	13.72%	1,29,46,200	13.74%	0.02%
Paritosh Kumar (Garg Family Trust)	3,80,47,000	40.33%	3,80,47,000	40.37%	0.05%
Smt. Megha Garg	24,19,900	2.56%	24,19,900	2.57%	0.00%
Paritosh Kumar Garg (HUF)	6,85,255	0.73%	6,85,255	0.73%	0.00%
Ashish Garg & Sons (HUF)	2,54,200	0.27%	2,54,200	0.27%	0.00%
Ayush Capital and Financial Services Pvt. Ltd.	1,07,45,100	11.39%	1,07,45,100	11.40%	0.01%

e) Aggregate number of equity shares issued as bonus, shares issued for bonus other than cash and shares bought back during the period of five years immediately preceding the reporting date:-

- During the year ended 31st March, 2022, the Holding Company had issued 4,47,49,500 equity shares of ₹ 2/- each aggregating to ₹ 894.99 Lakhs as bonus shares.

f) Aggregate number of equity shares issued under Employee stock option scheme:-

- During the year ended 31st March, 2026 , the Holding Company has issued 1,08,261 Equity shares of ₹ 2/- each at exercise price of ₹ 190/- each aggregating to ₹ 205.70 Lakhs. For details related to employee stock option, Refer Note 43.

13. OTHER EQUITY (ALSO REFER TO STATEMENT OF CHANGES IN EQUITY)

Nature and purpose of reserves

(a) Securities premium

Securities premium represents the excess consideration received by the Holding Company over the face value of the shares issued to the shareholders. This will be utilised in accordance with the provisions of the Companies Act, 2013.

(b) Retained earnings

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to the Shareholders. Retained earning includes re-measurement (loss)/ gain on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

(c) Share Based Payment Reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan. Refer Note no 43.

(d) Cash Flow Hedge Reserve

The Holding Company uses hedging instruments as part of its management of exposure to risks associated with foreign currency. For hedging foreign currency, the Holding Company uses foreign exchange forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amount recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

e) Distribution made and proposed

a) The final dividend on equity shares of ₹ 3.00 per share, amounting to ₹ 2,828.58 Lakhs (31st March, 2025: ₹ 4.00 per share, amounting to ₹ 3,768.20 Lakhs), was approved at the Annual General Meeting held on 29th July, 2025. The dividend amount was subsequently transferred to the Dividend Distribution Account on July 31, 2025, during the year ended 31st March, 2026.

b) The Board of Directors of the Holding Company has proposed a dividend on equity shares of ₹ 4.00 per share, amounting to ₹ 3,774.02 (31st March, 2025: ₹ 3.00 per share, amounting to ₹ 2,827.27 Lakhs), which is subject to approval of shareholders at the ensuing Annual General Meeting. In accordance with applicable accounting standards, this proposed dividend has not been recognised as a liability as at 31st March, 2026.

The Holding Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

14. BORROWINGS

14.1 Current borrowings

Particulars	As at 31st March, 2026	As at 31st March, 2025
Secured		
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	10,455.23	10,085.12
Unsecured		
- Vendor financing from bank [refer note 14A (3)]	14,886.90	9,624.62
- Customer bill discounting from bank [refer note no. 14A (2)]	3,170.12	3,019.27
- Indian rupee loan (Working Capital) from bank [refer note no. 14A (1)]	**4,450.00**	**-**
- Loan from directors	-	70.00
Total	**32,962.25**	**22,799.01**

14.2 Summary of secured and unsecured loans as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Secured Short term Borrowings	10,455.23	10,085.12
Unsecured Short term Borrowings	22,507.02	12,713.89
Total Borrowings	**32,962.25**	**22,799.01**

Notes:

1. The Holding Company has been sanctioned working capital limits in excess of Rupees 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 Company with such banks are in aggrement with the books of accounts of the Holding Company.
2. During the previous year, the Holding Company established a supplier finance arrangement amounting to ₹ 9,624.62 Lakhs, that was offered to one of the Holding Company's supplier. For the supply chain financing agreement entered by the Holding Company, it provided no security to the finance provider. However, the cost of this arrangement was borne by the Holding Company. Also, the payment to the vendor were made at a credit period offered by the banks and not on the original terms of the contract. Accordingly, the same was recognised as borrowings from the Bank as on 31st March, 2025.

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FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

14A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2026	Balance outstanding as at 31st March, 2026	Un-utilised Amount as at 31st March, 2026	Interest rate	Repayable in	Security Details
1	Indian rupee loan (Working Capital) from bank	HDFC Bank	5,000.00	1,065.60	3,934.40	6.50%-8.09%	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Holding Company, both present and future
1	Indian rupee loan (Working Capital) from bank	ICICI Bank	7,000.00	2,389.63	4,610.37	6.75%-9.20%	On Demand, However renewable on annual basis.	- Second pari passu charge over all movable fixed assets of the Holding Company, both present and future
1	Indian rupee loan (Working Capital) from bank	Yes Bank	19,000.00	7,000.00	12,000.00	6.21%-8.50%	On Demand, However renewable on annual basis.	- Second pari passu charge on immovable property of the Holding Company located at all the plants
1	Indian rupee loan (Working Capital) from bank	Yes Bank	5,000.00	-	5,000.00	-	On Demand, However renewable on annual basis.	- Unsecured
1	Indian rupee loan (Working Capital) from bank	CTBC Bank	7,500.00	4,450.00	3,050.00	6.30%-6.40%	On Demand, However renewable on annual basis.	- Unsecured
3	Vendor Financing	Sbi Bank	15,000.00	14,886.91	113.09	5.90%-6.15%	Within 3 months from the discounting	- Unsecured
2	Customer bill discounting from bank	Kotak Mahindra Bank	5,450.00	2,153.03	3,296.97	7.91%-8.99%	Within 90 days from the discounting	- Unsecured
2	Customer bill discounting from bank	IDBI Bank	12,000.00	1,017.08	10,982.92	6.07%-7.37%	As per LC terms	- Unconditional acceptance from LC issuing Bank
3	Vendor Financing from bank	IDBI Bank		-				
2	Customer bill discounting from bank	HDFC Bank	900.00	-	900.00	Nil	NA	- Post Dated Cheque.

Note Ref.	Nature	Bank Name	Sanctioned as at 31st March, 2025	Balance outstanding as at 31st March, 2025	Un-utilised Amount as at 31st March, 2025	Interest rate	Repayable in	Security Details
1	Indian rupee loan (Working Capital) from bank	HDFC Bank	5,000.00	1,118.35	3,924.24	5.50%-9.00%	On Demand, However renewable on annual basis.	- First pari passu charge over entire current assets of the Holding Company, both present and future - Second pari passu charge over all movable fixed assets of the Holding Company, both present and future - Second pari passu charge on immovable property of the Holding Company located at all the plants
1	Indian rupee loan (Working Capital) from bank	ICICI Bank	7,000.00	2,466.78	4,533.22	5.90%-9.20%	On Demand, However renewable on annual basis.	
1	Indian rupee loan (Working Capital) from bank	Yes Bank	14,000.00	6,500.00	7,500.00	5.62%-9.32%	On Demand, However renewable on annual basis.	
2	Customer bill discounting from bank	Kotak Mahindra Bank	5,450.00	2,167.85	3,282.15	7.96%-8.11%	Within 90 days from the discounting	- Unsecured
2	Customer bill discounting from bank	IDBI Bank	20,000.00	851.41	9,523.97	7.10%-7.37%	As per LC terms	- Unconditional acceptance from LC issuing Bank
3	Vendor Financing from bank	IDBI Bank		9,624.62				
2	Customer bill discounting from bank	HDFC Bank	5,900.00	-	5,900.00	Nil	NA	- Post Dated Cheque.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

15. EMPLOYEE BENEFIT OBLIGATION

Particulars	As at 31st March, 2026	As at 31st March, 2025
Current		
Provisions for employees benefits		
- Provision for gratuity (Refer note 33)	70.94	232.19
- Provision for Compensated absences	272.11	253.32
Total	**343.05**	**485.51**

16. INCOME TAX AND DEFERRED TAX LIABILITIES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Current income tax		
Current income tax charge	9,145.76	8,394.45
Adjustments in respect of income tax of earlier years	(157.29)	89.20
Deferred tax		
Relating to origination and reversal of temporary differences	1,058.18	708.32
Relating to origination and reversal of temporary differences (for earlier years)	(11.24)	19.74
Income tax expense reported in the Statement of profit and loss	**10,035.41**	**9,211.71**
OCI Section		
Tax on items recognised in OCI On remeasurement of defined benefit plans	(46.53)	(7.69)
Tax on items recognising on effective portion of cash flow hedges	80.36	(42.90)

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 31st March, 2026 and 31st March, 2025

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Accounting profit before tax	40,198.26	35,955.34
At India's statutory income tax rate of 25.168 % (31st March, 2025: 25.168%)	10,117.10	9,049.24
Previous year tax adjustment	(168.53)	113.74
Non deductible expenses		
Expenses disallowed for tax purpose	168.08	139.08
Deduction claimed	(86.88)	(90.35)
Items Taxed under different tax rates	5.64	-
Reported income tax expenses	**10,035.41**	**9,211.71**
Effective tax rate	**24.96%**	**25.62%**

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, 2026**	**As at 31st March, 2025**	**For the Year ended 31st March, 2026**	**For the year ended 31st March, 2025**
- Impact of difference between tax depreciation/amortisation and depreciation/amortisation for the financial reporting	(5,250.43)	(4,337.38)	(913.05)	(844.00)
- Impact of MTM income As per IND-AS*	125.00	25.62	99.38	71.26
- Provision for doubtful debts/advances	201.02	185.12	15.90	5.26
- Expenses allowed on payment basis (43B items)	146.54	135.37	11.17	1.99
- Others	(121.48)	58.49	(179.97)	(5.46)
Net Deferred tax assets/ (Deferred tax liabilities)*	**(4,899.35)**	**(3,932.78)**	**(966.57)**	**(770.96)**

*Includes impact of deferred tax (liability)/asset recognised in OCI of ₹ 80.36 Lakhs (31st March, 2025: ₹ (42.90) Lakhs) relating to hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
At the beginning of the year	(3,932.78)	(3,161.82)
Tax (expense)/income for the year recognised in statement of profit and loss	(1,046.94)	(728.06)
Tax (expense)/income for the year recognised in OCI	80.36	(42.90)
Deferred Tax Assets/(Liabilities)-Net	**(4,899.36)**	**(3,932.78)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities related to income tax levied by same tax authority.

17. TRADE PAYABLES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	1,462.78	766.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,474.12	3,536.75
Trade payable to related parties (Refer note 35)	6.93	233.06
Total	**5,943.83**	**4,536.39**

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, 2026

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	-	1,389.82	67.90	5.06	-	-	**1,462.78**
Total outstanding dues of creditors other than micro enterprises and small enterprises	948.74	2,060.35	1,434.31	3.30	34.35	-	**4,481.05**
Disputed dues of micro enterprises and small enterprises	-		-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**948.74**	**3,450.17**	**1,502.21**	**8.36**	**34.35**	**-**	**5,943.83**

As at 31st March, 2025

Particulars	Unbilled	Not due	Outstanding for following years from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises		766.51	0.07	-	-	-	**766.58**
Total outstanding dues of creditors other than micro enterprises and small enterprises	239.43	1,662.10	1,831.04	36.84	0.40	-	**3,769.81**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**239.43**	**2,428.62**	**1,831.11**	**36.84**	**0.40**	**-**	**4,536.39**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

18. OTHER FINANCIAL LIABILITIES-CURRENT

Particulars	As at 31st March, 2026	As at 31st March, 2025
Interest on income tax and others	0.72	0.92
Capital creditors-micro enterprises and small enterprises	838.99	104.16
Capital creditors - Other than micro enterprises and small enterprises	744.04	1,184.82
Derivative instruments at fair value through profit or loss(Refer note 36)	678.07	56.22
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	454.44	135.04
Employee dues payable	1,033.52	892.18
Share Issue Expense Payable (Refer Note 44)	-	155.06
Total	**3,749.78**	**2,528.40**

19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2026	As at 31st March, 2025
Contract liabilities *	2,282.22	1,056.43
Statutory dues payable**	287.79	878.74
Total	**2,570.01**	**1,935.17**

*Contract liabilities represent amounts received from customers against contracts for which the related performance obligations are yet to be fulfilled. Accordingly, revenue will be recognised when control of the goods is transferred to the customers.

**It includes statutory dues such as Tax Deducted at Source (TDS), Tax Collected at Source (TCS), Goods and Services Tax (GST), Employee State Insurance (ESI), and Provident Fund (PF) payable.

Break up of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2026	As at 31st March, 2025
Borrowings (Refer Note 14)	32,962.25	22,799.01
Trade Payables (Refer note 17)	5,943.83	4,536.39
Other financial liabilities - current (Refer note 18)	2,617.27	2,337.14
Total	**41,523.35**	**29,672.54**

Break up of financial liabilities carried at fair value

Particulars	As at 31st March, 2026	As at 31st March, 2025
Derivative instruments at fair value through profit or loss (Refer note 18)	678.07	56.22
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	454.44	135.04
Total	**1,132.51**	**191.26**

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Sale of Products		
- Sale of finished goods	1,41,424.00	1,28,784.55
Sale of services		
- Die design and preparation charges	859.90	855.91
Total revenue from contract with customer (i)	**1,42,283.90**	**1,29,640.46**
Other operating revenues		
- Sale of manufacturing scrap	10,053.47	9,850.80
- Government Grants (Refer Note no. 39)	2,296.19	1,398.21
Total other operating revenue (ii)	**12,349.66**	**11,249.01**
Total (i+ii)	**1,54,633.56**	**1,40,889.47**

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, 2026	For the year ended 31st March, 2025
Revenue as per contracted price	1,43,291.54	1,30,545.74
Adjustment for:		
Discount and Incentives as per contract/schemes	(1,007.64)	(905.28)
Total Revenue from contract with customers	**1,42,283.90**	**1,29,640.46**

20.2 Timing of revenue recognition

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Goods transferred at a point in time	1,41,424.00	1,28,784.55
Services transferred at a point in time	859.90	855.91
Total revenue from contracts with customers	**1,42,283.90**	**1,29,640.46**

20.3 Performance obligation

Sales of Auto components and engineering parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 7 to 150 days.

Sales of services

The performance obligation is satisfied at a point in time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 90 days.

20.4 Contract balances

Particulars	As at 31st March, 2026	As at 31st March, 2025
Trade Receivables (Refer Note 9)	39,478.08	42,653.85
Contract Liabilities (Refer Note 19)	2,282.22	1,056.43

21. OTHER INCOME

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest income		
-on term deposits with bank	1,595.03	2,113.26
-on electricity deposit	69.73	66.15
-from other financial assets at amortised cost	147.35	252.90
Gain on fair valuation of current investment measured at fair value through profit and loss (net)*	739.35	58.46
Gain on sale of Investment	341.42	-
Gain on Foreign Exchange variation (net)	175.99	503.75
Fair value gain on financial instruments at fair value through profit or loss	-	55.30
Gain from sale of Property, Plant and equipment (net)	9.99	-
Maturity proceeds of Keyman Insurance	-	635.10
Miscellaneous income**	2.15	60.09
Total	**3,081.01**	**3,745.01**

*Gain on fair valuation of mutual fund (Refer to note 5)

** Includes rental income and insurance claim other than Maturity proceeds of Keyman Insurance .

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Inventory at the beginning of the year (Refer note 8) (a)	5,213.34	6,451.24
Purchases during the year (b)	62,897.20	59,039.91
Inventory at the end of the year (refer note 8) (c)	7,433.73	5,213.34
Total (a+b-c)	**60,676.81**	**60,277.81**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND SCRAP

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Inventory at the beginning of the year (Refer note 8)		
- Finished Goods	6,344.32	6,182.97
- Work In progress	7,893.44	7,178.52
- Scrap	346.32	111.43
Sub Total (a)	**14,584.08**	**13,472.92**
Inventory at the end of the year (Refer note 8)		
- Finished Goods	4,397.28	6,344.32
- Work In progress	7,377.84	7,893.44
- Scrap	304.96	346.32
Sub Total (b)	**12,080.08**	**14,584.08**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (a-b)	**2,504.00**	**(1,111.16)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Salaries, wages and bonus	11,801.46	10,420.89
Contribution to provident fund and other funds	905.58	855.79
Gratuity (Refer note 33)	255.83	262.74
Leave Compensation/Compensated absences	242.72	238.07
Staff welfare expenses	207.10	195.41
Share-based payments to employees (Refer Note 43)	245.61	508.66
Total	**13,658.30**	**12,481.56**

Code on Social Security

On 21st November, 2025, the Central Government issued four separate notifications in the Official Gazette announcing implementation of four Labour Codes, viz., the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. These four codes replace and consolidate 29 existing labour laws. Following the implementation of the four labour codes, the Central Government has pre-published the draft rules on 31st December, 2025 under the respective Labour Codes. The centre government has notified the rules on 8th May, 2026. To ensure smooth implementation, the Ministry of Labour and Employment has also issued the Frequently Asked Questions (FAQs) on the four codes.

The four codes prescribe an inclusive definition of the term 'wages', which among other matters is relevant for determination of post-employment benefits including gratuity to all employees. In accordance with the definition, certain specified items forming part of remuneration are not included in the wages and these excluded items cannot exceed 50% of total remuneration. If there is an excess, then it is presumed that excess amount also forms part of wages. The four codes also introduce changes related to leave entitlement and encashment for workers. Going forward, workers' leave balance in excess of 30 days will be encashed at the end of each calendar year and workers will have a right to demand encashment for entire leave.

The Group has assessed the impact of these changes based on the best information available up to the date of authorization of the consolidated financial statements. The provisions currently in force do not have a material impact on the Group. However, considering that this is an emerging area and that the Central Government has notified the relevant rules on May 08, 2026, while the corresponding state-level rules are yet to be notified, the Group will continue to monitor further developments and will account for any impact, as appropriate, based on future regulatory updates.

25. FINANCE COSTS (REFER NOTE 27(B))

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest expenses (At amortised Cost)		
- on borrowings	55.03	329.78
- on others *	10.95	3.02
Interest on bill discounting#	282.08	275.51
Interest on vendor financing	634.60	91.20
Other borrowing cost	64.65	53.82
Total	**1,047.31**	**753.33**

This is net of interest received from Government of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters. (The scheme was valid till Decemebr 31,2024).

* includes interest on income tax of ₹ 0.94 Lakhs (31st March, 2025: ₹ 0.89 Lakhs)

26. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Depreciation on property, plant and equipment (refer note 3)	8,612.92	7,592.12
Amortisation on intangible assets (refer note 4)	291.37	113.99
Total	**8,904.29**	**7,706.11**

27. OTHER EXPENSES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Consumption of stores and spares	6,743.21	6,443.11
Power and fuel Expenses (net)#	10,498.38	9,910.30
Packing material	1,284.89	1,128.24
Job work charges & Contract Labour	3,427.27	2,842.96
Freight and forwarding charges	2,995.79	2,963.95
Repairs and maintenance:		
- Plant and machinery	3,125.35	2,891.25
- Building	83.53	66.68
- others	184.84	163.45
Insurance	399.40	327.43
Travelling and conveyance expenses	312.43	285.17
Rent expenses (refer note 31)	60.27	42.19
Advertisement and sales promotion expenses	149.03	114.50
Rates and taxes	98.95	162.17
Legal and professional fees	262.35	238.54
Director's sitting fees	12.00	23.40
Payment to Auditors (refer note. 27a)	68.94	62.66
Provision for doubtful receivables, advances and deposits	63.19	20.90
Loss from sale of Property, Plant and equipment (net)	-	12.06
Property, plant and equipment written off	66.13	23.30
Corporate social responsibility (CSR) expenditure (refer note 34)	655.65	540.00
Donation	1.12	2.54
Miscellaneous expenses	232.88	306.69
Total	**30,725.60**	**28,571.49**

#Power and fuel expenses are net of ₹ 729.53 Lakhs (31st March, 2025: ₹ 641.60 Lakhs) on account of electricity duty subsidy from Government. (Refer note 39)

27(a) Payment to Auditors

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
As statutory auditors		
(i) Audit Fee	45.40	40.00
(ii) Limited Review	16.50	15.00
(iii) Certification charges	2.00	3.55
(iv) Reimbursement of expenses	5.04	4.11
Total	**68.94**	**62.66**

27(b) Capitalisation of expenditures

The Holding Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/ Capital work in progress (CWIP) and Internally generated Intangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Interest on bank facilities @8.85% (31st March, 2025:Nil) (Specific borrowings)	298.05	-
Interest on bank facilities @6.66% (31st March, 2025: 7.66%) (General borrowings)	643.90	544.07
Salaries wages and bonus*	599.56	566.09
Total	**1,541.52**	**1,110.16**

*Salaries wages and bonus capitalised to internally generated intangible assets under development and intangible assets ₹586.76 Lakhs (31st March, 2025 ₹547.39 Lakhs)

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, 2026	For the year ended 31st March, 2025
Profit attributable for basic & diluted earnings	30,162.85	26,743.63
Weighted average number of equity shares for basic EPS*	9,42,98,383	9,42,12,139
Effect of Dilution:		
- Share Options	1,89,950	44,333
Weighted average number of equity shares adjusted for the effect of dilution*	9,44,88,333	9,42,56,472

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Earnings per equity share [nominal value of share ₹ 2 /- (31st March, 2025: ₹2/-]		
Basic, computed based on profit from operations	31.99	28.39
Diluted, computed based on profit from operations	31.92	28.37

29. CONTINGENT LIABILITIES AND COMMITMENTS

	Particulars	As at 31st March, 2026	As at 31st March, 2025
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)	474.21	493.60
(ii)	Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	143.57	143.57
	The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the current status of the individual case and as per legal advice obtained by the Holding Company, wherever applicable, along with the opinion of Management, when ultimately concluded will not have material effect on the results of the operations or financial position of the Holding Company.		
b.	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	42,283.16	28,480.86
c.	**EPCG Commitment**		
	The Company has export obligations to the extent 18,339.24 Lakhs (as at 31st March, 2025 336.53 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.	2,884.18	55.96
d.	**Outstanding Bank guarantees**	**2,231.09**	**1,746.78**

30. DETAILS OF DUES TO THE MICRO AND SMALL ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The Holding Company has certain dues to suppliers registered under Micro, and Small Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	2,301.77	870.74
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.72	0.92
	2,302.49	**871.66**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	22.79	38.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Particulars	As at 31st March, 2026	As at 31st March, 2025
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	-	-
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	0.72	0.92
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 expenses of ₹60.27 Lakhs during the year ended 31st March, 2026 (31st March, 2025: ₹42.19 Lakhs) towards short-term leases and leases of low-value assets. These expenses have been recognised under 'Other Expenses' in the Statement of Profit and Loss. The leases primarily relate to facilities taken for sales offices and warehouse operations

32. SEGMENT INFORMATION

The Group' business comprises only the Forging segment where the Group sells forged products comprising of forgings and machined components for the automotive and industrial sector. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The disclosure requirements of Ind AS 108- operating Segments" notified by the Companies (Accounting standard) Rules 2006 (as amended) is not applicable.

The Group's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance.

As the Cheif operating decision maker of the Group assesses the financial performance and position of the Group as a whole and maker strategic decision, the management considers manufacturing of forgings and related components as a single operating segment as per Ind As 108, hence separate segment disclosure, have not been furnished.

The following table shows the distribution of the Group's net revenue by geographical market, regardless of where the goods were produced:

Revenue from contract with customers	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Within India	1,20,261.47	1,05,730.60
Outside India	22,022.43	23,909.86
Total	**1,42,283.90**	**1,29,640.46**

Revenue from transactions with a single external customer amounting to 10% or more of the Holding Company's revenues is as follows:

Particulars	Number of customer	Amount
For the year ended 31st March ,2026	1	19,928.56
For the year ended 31st March, 2025	1	17,695.07

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

33. EMPLOYEE BENEFITS OBLIGATION

(I) Defined benefit schemes

(A) Gratuity (Funded)

The Holding Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Holding Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. the Holding Company pays contribution to Life Insurance Corporation of India to fund its plan.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Revenue from contract with customers	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	1,203.97	970.80
Current Service Cost	237.21	248.13
Past Service cost	2.53	-
Interest Cost	84.16	70.09
Remeasurements (gains)/losses		
- Actuarial (gains)/losses arising from changes in financial assumptions	(120.33)	31.92
- Actuarial (gains)/losses arising from changes in experience adjustments	(47.55)	(50.75)
Benefits Paid	(65.44)	(66.22)
Present value of defined benefit obligation as at year end	**1,294.55**	**1,203.97**

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
(ii) Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	973.69	768.51
Remeasurements (gains)/losses		
- Return on plan assets, (excluding amount included in net Interest expense)	85.07	67.21
Employer's Contribution	232.57	204.19
Benefits Paid	(65.44)	(66.22)
Fair Value of Plan Assets as at year end	**1,225.90**	**973.69**

(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, 2026	For the year ended 31st March, 2025
Current Service Cost	237.21	248.13
Past Service cost	2.53	
Net Interest Cost/(Income)	16.10	14.61
Net Cost Recognised in the Statement of Profit or Loss	**255.83**	**262.74**

Expense recognised in the Other Comprehensive Income:

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Remeasurements (gains)/losses	(167.88)	(18.83)
Actuarial (gain) /Loss for the year on asset	(17.01)	(11.72)
Net Cost/ (gain) Recognised in the Other comprehensive income (OCI)	**(184.89)**	**(30.55)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(iv) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	1,294.55	1,203.97
Fair Value of the Plan Assets at the year end	(1,225.90)	(973.69)
Liability/(Asset) Recognised in the Balance Sheet	**68.65**	**230.28**

(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, 2026	As at 31st March, 2025
Present Value of obligation at the end of the year	1,294.55	1,203.97
a) Impact due to increase of 0.5%	(69.63)	(69.57)
b) Impact due to decrease of 0.5%	76.22	76.48

b) Impact of change in Salary increase	As at 31st March, 2026	As at 31st March, 2025
Present Value of obligation at the end of the year	1,294.55	1,203.97
a) Impact due to increase of 0.5%	73.65	73.09
b) Impact due to decrease of 0.5%	(67.92)	(67.34)

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, 2026	As at 31st March, 2025
a) Service cost	304.97	302.33
b) Net interest cost	5.34	16.10
c) Expected expense for the next annual reporting year	310.31	318.42

(vii) Significant Actuarial Assumptions

Particulars	As at 31st March, 2026	As at 31st March, 2025
Discount Rate	7.78%	6.99%
Number of Employees	3,514	3,171
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

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, 2026	As at 31st March, 2025
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation

Year	As at 31st March, 2026	As at 31st March, 2025
0 to 1 years	99.62	87.78
1 to 2 years	58.13	30.79
2 to 3 years	55.72	41.78
3 to 4 years	64.73	44.22
4 to 5 years	59.67	47.85
5 to 6 years	47.04	44.63
6 years and beyond	909.65	906.92
Total	**1,294.55**	**1,203.97**

The average duration of the defined benefit plan obligation at the end of reporting year is 15.60 years (31st March, 2025: 15.90 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, 2026	For the year ended 31st March, 2025
Provident Fund paid to the authorities	722.31	662.68
Employee State insurance paid to authorities	175.26	185.65
Contribution to other funds	8.01	7.46
Total	**905.58**	**855.79**

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
a) Gross amount required to be spent by the Holding Company during the year	644.00	534.00
b) Amount approved by the Board to be spent during the year	650.00	540.00

Amount spent during the year:

Particulars	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Construction / acquisition of any asset	460.50	168.68
On purpose other than above (i) above	195.24	311.58
Total amount spent during the year	**655.74**	**480.26**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Amount spent during the year ending on 31st March, 2026:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	460.50	-	**460.50**
ii) On purposes other than (i) above	195.24	-	**195.24**

Amount spent during the year ending on 31st March, 2025:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	168.68	59.74	**228.42**
ii) On purposes other than (i) above	311.58	-	**311.58**

In case of S. 135(6) (Ongoing project)	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Balance		
- With Holding Company	-	-
- In Separate CSR Unspent A/c	60.00	124.03
Amount required to be spent	460.50	228.42
Amount spent during the year		
- From Holding Company's bank A/c	460.50	168.68
- From Separate CSR Unspent A/c	60.00	124.03
Closing balance		
- With Holding Company		-
- In Separate CSR Unspent A/c		-
Amount required to be deposited in separate bank account	-	59.74
Actual amount deposited in Unspent Account after the year ended	-	60.00

In case of S. 135(5) (Other than ongoing project)	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Opening Balance	-	-
Amount required to be spent during the year	189.50	311.58
Amount spent during the year	189.50	311.58
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
Closing Balance	-	-

35. RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", with whom transactions have taken place during the year are given below:

1) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman and Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
iv.	Narinder Singh Juneja (Upto 31st December, 2024)	CEO & Whole-Time Director
v.	Parkash Bagla (upto 24th May, 2024)	Non - executive Director
vi.	Vikas Giya (upto 30th January, 2025)	Independent Director
vii.	Satish Sekhri (upto 3rd May, 2025)	Independent Director
viii.	Ravindra Pisharody	Independent Director
x.	Rajeswari Karthigeyan	Independent Director
xi.	Atul B. Lall	Independent Director
xi.	Pankaj Kumar Goyal	Chief financial officer
xii.	Bindu Garg	Company Secretary & Compliance Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

2) Close Member of Key Management Personnel (KMP)

i. Ms. Suman Garg (Wife of Paritosh Kumar)

3) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Pvt. Ltd.

ii. Happy Steels Pvt. Ltd.

iii. Northstar Autocomp Pvt. Ltd.

iv. Paritosh Kumar Garg HUF

v. Ashish Garg & Sons HUF

vi. Garg Family Trust

A) Transactions with related parties during the year:

Particulars	Relation	Transaction	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Happy Steels Ltd. (formerly Happy Steels Pvt. Ltd.)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of finished goods(Inclusive of GST)	13.18	5.47
		Job Work Expenses(Inclusive of GST)	0.80	1.13
		Purchase of Raw Material (Inclusive of GST)	-	36.02
Northstar Autocomp Pvt. Ltd.	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Sale of spare (Inclusive of GST)	1.36	-
		Sale of Raw Material(Inclusive of GST)	-	2.01
		Job Work Sales(Inclusive of GST)	-	4.02
Paritosh Kumar	Key Management Personnel	Short term employee benefit#	430.44	430.44
		Imprest##	-	20.24
		Dividend Paid	268.50	358.00
Ashish Garg	Key Management Personnel	Short term employee benefit#	363.89	364.04
		Repayment of Loan	70.00	-
		Loan Taken	-	70.00
		Dividend paid	388.39	517.85
		Imprest##	-	47.10
Megha Garg	Key Management Personnel	Short term employee benefit#	84.49	84.64
		Imprest##	-	4.60
			72.60	96.80
Narender Singh Juneja (upto 31st December, 2024)	Key Management Personnel	Short term employee benefit#	-	98.10
Bindu Garg	Key Management Personnel	Short term employee benefit#	37.10	38.69
Pankaj Kumar Goyal*	Key Management Personnel	Short term employee benefit#	163.59	88.63
Satish Sekhri	Key Management Personnel	Directors sitting fees	-	6.00
		Commission	9.00	5.00
Ravindra Pisharody	Key Management Personnel	Directors sitting fees	4.00	5.00
		Commission	9.00	5.00
Vikas Giya	Key Management Personnel	Directors sitting fees	-	0.40
Rajeswari Karthigeyan	Key Management Personnel	Commission	9.00	5.00
		Directors sitting fees	4.00	6.00
Atul B.Lall	Key Management Personnel	Directors sitting fees	4.00	6.00
		Commission	9.00	4.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Particulars	Relation	Transaction	For the Year ended 31st March, 2026	For the year ended 31st March, 2025
Ayush Capital & Financial Services Pvt. Ltd.	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	322.35	429.80
Paritosh Kumar Garg (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	20.56	27.41
Ashish Garg & Sons (HUF)	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	7.63	10.17
Garg Family Trust	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	Dividend paid	1,141.41	1,521.88
Total			**3,513.89**	**4,301.24**

#Expenses towards gratuity provisions are determined by actuary on an overall Holding Company basis at the end of each year and, accordingly have not been considered in the above information.

##The imprest has been granted in the normal course of business. Accordingly, it has been excluded for the current financial year.

*₹51.49 Lakhs represents the tax effect of the difference between the fair value of share issued at exercise date and the grant date fair value (refer note 43).

Balance with related Parties as at year end:

Sr. No.	Name of Party	Nature of Balances	As at 31st March, 2026	As at 31st March, 2025
1	Happy Steels Pvt. Ltd.	Trade payables	-	35.99
2	Happy Steels Pvt. Ltd.	Trade receivable	12.82	2.08
3	Ashish Garg	Imprest	-	27.55
4	Paritosh Kumar	Imprest	-	0.03
5	Ashish Garg	Unsecured Loan	-	70.00
6	Paritosh Kumar Garg (HUF)	Other Payable	-	197.07

Terms and conditions of transactions with related parties

Related party transactions are undertaken in the ordinary course of business on an arm's length basis. KMP benefits are recognised in accordance with Ind AS 19; post employment benefits are actuarially determined on an overall basis. No guarantees have been provided or received. No impairment has been recognised on related party receivables (previous year: Nil), based on periodic assessment of recoverability.

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 6)	Level 3	4,072.22	4,072.22	15,110.06	15,110.06
(ii) Loans (Refer note 6.1)	Level 3	-	-	-	-
(iii) Investment (Refer note 5)	Level 3	-	-	-	-
Total Non current financial assets (a)		**4,072.22**	**4,072.22**	**15,110.06**	**15,110.06**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Current					
At fair value though profit or loss					
(a) Investment in Mutual Fund (Refer note 5a)	Level 1	23,703.06	23,703.06	7,958.46	7,958.46
At Amortised Cost					
(i) Trade receivables (Refer note 9)	Level 3	39,478.08	39,478.08	42,653.85	42,653.85
(ii) Cash and cash equivalents (Refer note 10)	Level 3	2,571.66	2,571.66	1,294.61	1,294.61
(iii) Bank balance other than above (Refer note 11)	Level 3	2,722.34	2,722.34	12,361.31	12,361.31
(iv) Loans (Refer note 6.2)	Level 3	18.89	18.89	33.26	33.26
(v) Other financial assets (Refer note 6)	Level 3	13,857.27	13,857.27	2,934.66	2,934.66
Total Current financial assets (b)		**82,351.30**	**82,351.30**	**67,236.15**	**67,236.15**
Total financial assets (a+b)		**86,423.52**	**86,423.52**	**82,346.21**	**82,346.21**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2026		As at 31st March, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14.1)	Level 3	32,962.25	32,962.25	22,799.01	22,799.01
(ii) Trade payable (Refer note 17)	Level 3	5,943.83	5,943.83	4,536.39	4,536.39
At fair value though profit or loss					
(iii) Derivative financial instruments (Refer note 18)	Level 2	678.07	678.07	56.22	56.22
At fair value though Other Comprehensive Income					
(iv) Derivative financial instruments (Refer note 18)	Level 2	454.44	454.44	135.04	135.04
Others					
At Amortised Cost					
Employee dues payable (Refer note 18)	Level 3	1,033.52	1,033.52	892.18	892.18
Other payables (Refer note 18)	Level 3	1,583.75	1,583.75	1,444.96	1,444.96
Total Current Financial Liabilities		**42,655.86**	**42,655.86**	**29,863.80**	**29,863.80**
Total Financial Liabilities		**42,655.86**	**42,655.86**	**29,863.80**	**29,863.80**

The management assessed that the fair value of current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments. Further, for non-current financial assets, the management assessed that the fair value approximate their carrying value largely due to the fact that majority of balance is represented by fixed deposits with bank.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

The Following method and assumptions were used to estimate the fair value:

- Investment in mutual funds traded in active markets are determined by reference to quotes from the financial institutions.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

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, 2026 and 31st March, 2025.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Holding Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Holding Company's operating activities by way of direct imports/exports. The Holding Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the sensitivity to a reasonably possible change in USD, 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, 2026 (Foreign Currency)	As at 31st March, 2026 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	5,97,262	560.61	USD	5%	28.03	(28.03)
Trade Receivables	65,78,179	7,110.46	EURO	5%	355.52	(355.52)
Trade Receivables	7,97,214	986.53	GBP	5%	49.33	(49.33)
Capital Creditors	1,05,075	130.59	GBP	5%	(6.53)	6.53

Particulars	As at 31st March, 2025 (Foreign Currency)	As at 31st March, 2025 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	3,26,557	279.07	USD	5%	13.95	(13.95)
Trade Receivables	76,87,251	7,091.57	EURO	5%	354.58	(354.58)
Trade Receivables	9,41,121	1,036.92	GBP	5%	51.85	(51.85)
Capital Creditors	10,24,680	1,128.99	GBP	5%	(56.45)	56.45
Capital Creditors	10,000	8.55	USD	5%	(0.43)	0.43

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:

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Particulars	Currency	As at 31st March, 2026		As at 31st March, 2025	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	GBP	3,50,000	433.12	28,00,000	3,085.01
Receivables (Forwards contracts sell)*	EURO	1,35,00,000	14,592.37	1,51,50,000	13,976.03

*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, 2026	For the year ended 31st March, 2025
Net foreign exchange (gain) shown as operating expenses	(175.99)	(503.75)
Net foreign exchange(gain)/losses shown as operating expenses	**(175.99)**	**(503.75)**

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31st March, 2026	As at 31st March, 2025
USD	93.86	85.46
EUR	108.09	92.25
GBP	123.75	110.18

(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 The Holding Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of Holding company's borrowing to interest rate changes as reported to the management at the end of reporting year are as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Floating Rate borrowings (Refer Note 14.1 & 14.2)	32,962.25	22,799.01

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, 2026		
Interest rate (0.5% Movement)	(164.81)	164.81
For the year ended 31st March, 2025		
Interest rate (0.5% Movement)	(114.00)	114.00

(iii) Commodity price risk

The Holding Company is affected by price volatility of certain commodities. The principal raw materials for the Holding Company products are alloy and carbon steel in the form of rounds and billets which are purchased by the Holding Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors which is subject to price negotiations. Due to significant volatility in prices of steel, the 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 ₹90.00 Lakhs (As at 31st March, 2025: ₹10.00 Lakhs).

B. Credit

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Holding Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions are taken. Any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	209.93	189.03
Provision created during the year	88.89	20.90
Provision utilised/(reversed) during the year	-	-
Balance at the end of the year	**298.82**	**209.93**

The movement in allowance for impairment in respect of other assets is as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	525.60	525.60
Provision created during the year	(25.70)	-
Balance at the end of the year	**499.90**	**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 Group 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

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buyers' credit facilities. As at 31st March, 2025, the Company has available ₹43,887.75 Lakhs (31st March, 2025: ₹34,663.58 Lakhs) in form of undrawn committed borrowing limits.

The table below summarises the maturity profile of the Holding 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, 2026				
Borrowings (Refer note 14.1 & 14.2)	32,962.25	-	-	32,962.25
Other financial liabilities (Refer note 18)	3,749.78	-	-	3,749.78
Trade Payable (Refer note 17)	5,943.83	-	-	5,943.83
Total	**42,655.86**	**-**	**-**	**42,655.86**

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
As at 31st March, 2025				
Borrowings (Refer note 14.1 & 14.2)	22,799.01	-	-	22,799.01
Other financial liabilities (Refer note 18)	2,528.40	-	-	2,528.40
Trade Payable (Refer note 17)	4,536.39	-	-	4,536.39
Total	**29,863.80**	**-**	**-**	**29,863.80**

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, 2026	As at 31st March, 2025
Borrowings (Refer note 14.1 & 14.2)	32,962.25	22,799.01
Less: Cash & cash equivalents (Refer note 10)	(2,571.66)	(1,294.61)
Less: Investment (Refer note 5)	(23,703.06)	(7,958.46)
Less: Other bank balance (Refer note 11)	(15,283.31)	(12,361.31)
Net debt	(8,595.78)	1,184.63
Total capital	2,12,812.50	1,84,954.61
Capital and net debt	**2,04,216.72**	**1,86,139.24**
Gearing ratio	-4.21%	0.64%

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, 2026 and 31st March, 2025.

39. RECOGNITION OF GOVERNMENT GRANTS

Under the Invest Punjab Scheme, the Holding Company is eligible for various incentives, including 100% exemption from electricity duty and Infrastructure Development Fund (IDF), Net SGST incentive (calculated based on GST deposited and applicable GST rates), 100% exemption/refund of stamp duty and Change of Land Use (CLU) fees, and 50% exemption on property tax.

Government grants are recognised on an accrual basis upon reasonable assurance. The export incentive income has been recognised based on eligible exports made during the year and has been disclosed under Other Operating Revenue. During the year, the Holding Company recognised ₹729.53 Lakhs (netted off expenses), ₹1,733.34 Lakhs (SGST/EGS incentives) and ₹562.85 Lakhs (export incentives under the Duty Drawback Scheme and the Remission of Duties or Taxes on Export of Products (RoDTEP) Scheme), with corresponding receivables of ₹19.30 Lakhs, ₹2,558.71 Lakhs and ₹105.97 Lakhs respectively.

40. HEDGING ACTIVITIES AND DERIVATIVES

a) Derivatives not designated as hedging instruments:

The Holding Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

b) Derivatives designated as hedging instruments:

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	454.44	135.04

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, 2026 were assessed to be highly effective and unrealised (loss) gain of ₹(319.30) Lakhs (31st March, 2025:₹170.44 Lakhs), with a deferred tax (liability) asset of ₹80.36 Lakhs (31st March, 2025: ₹(42.90) Lakhs) relating to the hedging instruments, is included in OCI.

Valuation Technique

The Holding Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by the reference to market prices.

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2026 contracts:

Particulars	Maturity						Total
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	
As at 31st March, 2026							
Foreign exchange derivative contracts (highly probable forecast sales)							
Notional amount (in EURO)	-	15,28,036	16,50,000	-	-	-	31,78,036
Average forward rate (₹ /EURO)	-	96.69	97.72	-	-	-	97.22

The following table includes the maturity profile of the foreign exchange derivative as on 31st March, 2025 contracts:

Particulars	Maturity						Total
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	
As at 31st March, 2025							
Foreign exchange derivative contracts (highly probable forecast sales)							
Notional amount (in EURO)	-	19,48,117	33,00,000	33,00,000	16,50,000	-	1,01,98,117
Average forward rate (EURO/₹)	-	92.00	93.80	96.00	97.72	-	94.80

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2026				
Foreign exchange derivative contracts(in EURO) of exports	31,78,036	454.44	Other current financial liabilities	454.44

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at 31st March, 2025				
Foreign exchange derivative contracts(in EURO) of exports	1,01,98,117	135.04	Other current financial liabilities	135.04

The 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, 2026					
Highly probable forecast sales	(319.30)	-	-	-	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, 2025	(135.05)	33.99	(101.06)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(319.30)	80.36	(238.94)
As at 31st March, 2026	(454.35)	114.35	(340.00)

41. The Holding Company and its Subsidiary Company have used accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature has operated throughout the year for all relevant transactions recorded in such software at the application level. In respect of the Subsidiary Company, the audit trail functionality became operational upon migration to Tally Prime with effect from 24th October, 2025, and has operated thereafter for all relevant transactions; prior to this date, the Subsidiary Company was using Tally software which did not have the feature of recording audit trail. In respect of the Holding Company, the audit trail feature for certain changes made using privileged/administrative access rights was enabled with effect from 11th December, 2025. Further, during the course of our audit and based on the reports of the respective auditor of the subsidiary, we did not come across any instance of the audit trail feature being tampered with in respect of accounting software wherever such feature was enabled. Additionally, the audit trail of relevant prior years has been preserved by the Holding Company and the Subsidiary Company as per statutory requirements for record retention, to the extent such audit trail was enabled and recorded in those respective years.

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Financing activities

Particulars	Opening balance 1st April, 2025	Expense/Other adjustments	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2026
Interest Expense	45.34	1,047.31	(1,047.43)	-	45.22
Short term borrowings	22,756.42	-	10,163.36	-	32,919.78
Dividend paid	-	2,828.58	(2,828.58)	-	-
Issue of Share Capital including securities premium	61,662.60	584.01	205.70	-	62,452.31
Total Liabilities from financing activities	**84,464.36**	**4,459.90**	**6,493.05**	**-**	**95,417.31**

Particulars	Opening balance 1st April, 2024	Expense/Other adjustments	Cash flows	Non-cash transactions Fair value changes	Closing balance 31st March, 2025
Interest Expense	33.05	753.33	(741.04)	-	45.34
Short term borrowings	14,300.74	-	8,455.68	-	22,756.42
Dividend paid	0.00	3,768.20	(3,768.20)	-	-
Issue of Share Capital including securities premium	61,511.13	80.57	70.90	-	61,662.60
Total Liabilities from financing activities	**75,844.92**	**4,602.10**	**4,017.34**	**-**	**84,464.36**

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43. EMPLOYEE STOCK OPTION SCHEME

The Holding Company operates the Happy Forgings ESOP Scheme 2023, approved by the Board of Directors on 31st July, 2023. Options are granted to eligible employees subject to specified service and/or performance conditions. The options carry an exercise price of ₹190 per share and a contractual life of five years, with no cash settlement alternatives. The fair value of options at the grant date is determined using the Black Scholes model, and the expense is recognised over the vesting period. The Holding Company has recognised ₹245.61 Lakhs (PY: ₹508.66 Lakhs) as employee benefits expense during the year. Further, the tax effect of the difference between the fair value of share issued at exercise date and the grant date fair value has been recognised in equity to the extent it relates to cumulative compensation cost, with the balance, if any, recognised in the statement of profit and loss, in accordance with applicable accounting standards.There were no cancellations or modifications to the awards during the year ended 31st March, 2026 and year ended 31st March, 2025. The movement of these options during the year and key inputs in blackscholes model is set out in table below:

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, 2026	31st March, 2026	31st March, 2025	31st March, 2025
	Number	WAEP (in ₹)	Number	WAEP (in ₹)
Opening Balance	3,00,188	190	3,51,959	190
Granted during the year		-		-
Exercised during the year	1,08,261	190	37,318	190
Forfeited during the year	2,544	190	14,453	190
Closing Balance	**1,89,383**	**190**	**3,00,188**	**190**
Exercisable at the end of the year	1,89,383	190	3,00,188	190

The expected life and volatility are based on historical trends and management estimates and may not reflect actual outcomes.

The weighted average remaining contractual life for the share options outstanding as at 31st March, 2026 is 0.54 years (31st March, 2025: 0.65 years).

The exercise prices for options outstanding at the end of the year is ₹190.00 per option (31st March, 2025: ₹190.00 per option).

List of inputs to the models used for the plan for the year ended 31st March, 2026 and 31st March, 2025:

Particulars	31st March, 2026	31st March, 2025
Weighted average fair values at the measurement date	425.00	425.00
Expected volatility (%)	10.41	10.41
Risk–free interest rate (%)	7.17	7.17
Average Expected life of share options (years)	5 Year	5 Year
Weighted average fair value (₹)	553.70	553.70
Model used	Black Scholes	Black Scholes

44. INITIAL PUBLIC OFFER (IPO)

During the year ended 31st March, 2024, the Holding Company completed its Initial Public Offer ('IPO') of 1,18,65,802 equity shares of face value of 2 each at an issue price of ₹850 per share (including a share premium of ₹848 per share). The issue comprised of a fresh issue of 47,05,882 equity shares aggregating to ₹40,000 Lakhs and offer for sale of 71,59,920 equity shares aggregating to ₹60,859.32 Lakhs. The equity shares of the Hodling Company were listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (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.

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The total offer expenses were estimated to the fresh issue are ₹2,217.67 Lakhs (including taxes).The actual offer expenses in relation to IPO are lower by ₹196.70 Lakhs. The Holding Company had adjusted its own share of ₹68.94 Lakhs in this amount in security premium. 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, 2026	Unutilised amounts as at 31st March, 2026
Repayment and/ or pre-payment in full or part of certain borrowing availed by Holding Company	15,276.00	15,276.00	-
Purchase of equipment, plant and machinery	17,112.63	17,112.63	-
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**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, 2025	Unutilised amounts as at 31st March, 2025*
Repayment and/ or pre-payment in full or part of certain borrowing availed by Holding Company	15,276.00	15,276.00	-
Purchase of equipment, plant and machinery	17,112.63	4,195.33	12,917.30
General Corporate purposes	5,393.70	5,393.70	-
Total	**37,782.33**	**24,865.03**	**12,917.30**

*Net unutilised proceeds as on 31st March, 2025 have been temporarily invested in deposits with scheduled banks.

45. DETAILS OF SUBSIDIARY WITH OWNERSHIP % AND PLACE OF BUSINESS.

Name of the Company	Method of Accounting for the investment	Nature	Principal activities	Country of incorporation	% equity interest As at 31st March, 2026	% equity interest As at 31st March, 2025
HFL Technologies Pvt. Ltd.	At Cost	Subsidiary	Manufacture of steel products	India	100.00%	100.00%

46. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTITIES CONSOLIDATED AS SUBSIDIARIES

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2026	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, 2026		For the year ended 31st March, 2026					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Holding Company										
Happy Forgings Ltd.	India	100%	-	2,12,827.65	100%	30,163.97	100%	(100.58)	100%	30,063.39

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S.No.	Country of Incorporation	Percentage holding as at 31st March, 2026	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, 2026		For the year ended 31st March, 2026					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Subsidiary										
HFL Technologies Pvt. Ltd.	India	0%	-	86.10	0%	(1.12)	0%	-	0%	(1.12)
Total				**2,12,913.75**		**30,162.85**		**(100.58)**		**30,062.27**
Eliminations				101.25		-		-		-
Happy Forgings Ltd. Consolidated Financial Statements				**2,12,812.50**		**30,162.85**		**(100.58)**		**30,062.27**

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2025	Net Assets, i.e. total assets minus liabilities as at		Share in profit and loss		Share in other Comprehensive income		Share in total comprehensive income	
			As at 31st March, 2025		For the year ended 31st March, 2025					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Holding Company										
Happy Forgings Ltd.	India	100%	-	1,84,968.64	100%	26,757.46	100%	150.40	100%	26,907.86
Subsidiary										
HFL Technologies Pvt. Ltd.	India	0%	-	8.95	0%	(0.71)	0%	-	0%	(0.71)
Total				**1,84,977.59**		**26,756.75**		**150.40**		**26,907.15**
Eliminations				(22.98)		(13.12)		-		(13.12)
Happy Forgings Ltd. Consolidated Financial Statements				**1,84,954.61**		**26,743.63**		**150.40**		**26,894.03**

47. OTHER STATUTORY INFORMATION

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.

(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory year.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2026 (Contd.)

(vii) TheGroup does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) the Group is not declared as wilful defaulter by any bank or financial institution.

48. EVENTS AFTER REPORTING DATE:

There are no events occurred after the reporting year which may impact the financial position as on 31st March, 2026.

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 21st May, 2026

For and on behalf of the board of directors of
Happy Forgings Limited

Paritosh Kumar
Chairman Cum Managing Director
DIN: 00393387

Ashish Garg
Managing Director
DIN: 01829082

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 21st May, 2026

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: BXXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Sahnewal, Ludhiana,Punjab, India, 141120.

Corporate Office: H.B No.220, P O Rajgarh, Village- Dugri, Ludhiana-141 421

CIN: L28910PB1979PLC004008; **Tel:** +161 5217162

Website: www.happyforgingsltd.com **Email:** complianceofficer@happyforgingsltd.co.in

NOTICE is hereby given that the Forty Seventh (47th) Annual General Meeting ("AGM") of the members of Happy Forgings Limited ("the Company"), will be held on Monday , 27th July 2026 at 11:30 A.M. (IST) through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. (a) **Adoption of the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2026**

"RESOLVED THAT the audited standalone financial statements of the Company for the year ended 31st March, 2026 containing the Balance Sheet as at that date, the Statement of Profit & Loss, statement of changes in equity and the Cash Flow Statement for the year ended on that date together with the Notes and the Reports of Auditors and Board of Directors Report along with its annexures thereon be and are hereby approved and adopted."

1. (b) **Adoption of the Audited Consolidated Financial Statements for the financial year ended 31st March, 2026**

"RESOLVED THAT the audited consolidated financial statements for the year ended 31st March, 2026 containing the Balance Sheet as at that date, the Statement of Profit & Loss, statement of changes in equity and the Cash Flow Statement for the year ended on that date together with the Notes and the Auditors' Report thereon be and are hereby approved and adopted."

2. **To declare final dividend of ₹ 4 per equity share for the Financial year ended 31st March, 2026.**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT final 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 31st March, 2026."

3. **Mr. Ashish Garg (DIN: 01829082), Managing Director liable to retire by rotation, and being eligible for reappointment offers himself for reappointment.**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013, Mr. Ashish Garg (DIN: 01829082), Managing Director who retires by rotation, and being eligible offers himself for reappointment, be and is hereby re-appointed as a director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. **Ratification of remuneration payable to M/s. Rajan Sabharwal & Associates, Cost Auditors of the Company.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the members of the Company hereby ratifies the remuneration not exceeding ₹ 1,50,000/- (Rupees one Lakh and fifty thousand only) plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the cost audit payable to M/s. Rajan Sabharwal and Associates, Ludhiana (having Firm Registration No. 101961), appointed as Cost Auditors of the Company by the Board of Directors of the Company on 21st May, 2026 for the Financial year 2026-27 upon recommendation of the audit committee of the Company.

RESOLVED FURTHER that the Board of Directors (hereinafter referred to as the "Board" which expression shall also include any Committee duly constituted by the Board) of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary for the purpose of giving effect to the aforesaid resolution."

5. **To approve the commission payable to the Independent Directors of the Company**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule V of the Companies Act, 2013 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulation 17(6)(a) and all other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force, and in accordance with provisions of the Articles of Association of the Company, pursuant to the recommendations of Nomination & Remuneration Committee and Board of directors of the Company , the approval of the shareholders of the Company be and is hereby accorded to pay remuneration by way of commission to Non-Executive Directors (including Independent Directors) of the Company within the overall maximum limit of upto one percent (1%) of Net Profits of the Company during the financial year computed in accordance with the provisions of Section 198 of the Act, in aggregate (to be distributed in such manner and proportion as the Board of Directors of the Company (the "Board") may decide from time to time based on the recommendations of the Nomination and Remuneration Committee), in addition to the sitting fees / reimbursement of expenses (if any) in a manner that the aggregate commission payable to all the Non-Executive Directors (including Independent Directors) shall not exceed the following amount

a) Commission to Mr. Ravindra Pisharody – ₹ 16 Lakhs

b) Commission to Ms. Rajeswari Karthigeyan- ₹ 16 Lakhs

c) Commission to Mr. Atul B Lall – ₹ 16 Lakhs

for the Financial Year 2025-26 in accordance with the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the 'Act')

RESOLVED FURTHER THAT the above remuneration shall be in addition to fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

RESOLVED FURTHER THAT the Compliance Officer or the Chief Financial Officer , be and is hereby severally, authorized 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."

6. **To re-appoint Ms. Megha Garg, (DIN 07352042) as the Whole-Time Director for a term of another five years**

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 149, 152, 190, 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 17 and other applicable provisions of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended and rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of the Articles of Association of the Company, and the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors, approval of the Members of the Company be and is hereby accorded for the re-appointment of Ms. Megha Garg (DIN:07352042) as Whole time Director of the Company for a period of 5 (Five) consecutive years, on expiry of her present term of office, with effect from 29th September, 2026 to 28th September, 2031 (both days inclusive), liable to retire by rotation and on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment including remuneration in such manner as may be agreed between the Board of Directors and Ms. Megha Garg.

RESOLVED FURTHER THAT the remuneration payable to Ms. Megha Garg, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Act or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors or Company Secretary be and is hereby authorised to do all such acts and take such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **Re-appointment of Mr. Ravindra Pisharody, DIN 01875848, Independent Director of the Company for second term starting from 16th June, 2027 till 15th November, 2030**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment & Qualification of Directors) Rules, 2014, read with Schedule IV to the said Act, and Regulation 17, 25 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force, and the Articles of Association of the Company, and based on the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Ravindra Pisharody, (DIN: 01875848), who was appointed as an Independent Director for a term of 5 (five) consecutive years to hold office upto 15th June, 2027 and being eligible for re-appointment has submitted a declaration that he meets the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, be and is hereby re-appointed as an Independent Director of the Company (whose directorship is not liable to retirement by rotation), to hold office for a second term commencing from 16th June, 2027 upto 15th November, 2030 i.e ,for three years and five months in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director.

RESOLVED FURTHER THAT the Board of Directors or the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution.

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997

Date: 21st May, 2026
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 7 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the Special businesses under Item Nos. 4 to 7, being considered unavoidable, be transacted at the 47th AGM of the Company. The Explanatory Statement also contains material facts pertaining to special business mentioned at Item No. 6 & 7 of the said Notice as required under sub- regulation (3) of Regulation 36 of SEBI (LODR) Regulations, 2015

2. In view of General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 20/2021 21/2021, 02/2022, 10/2022 and 09/2024 dated 8th April, 2020, 13th April, 2020, 5th May, 2020, 13th January, 2021, 8th December, 2021, 14th December, 2021, 5th May, 2022 and 28th December, 2022, 25th September, 2023, 19th September 2024 respectively read with Circular No. 03/2025 dated 22nd September 2025 ("Collectively referred as MCA Circulars"), issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021, SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated 13th May, 2022, SEBI/HO/ CFD/CMD2/CIR/P/2023/5 dated 5th January, 2023, Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October, 2023 read with Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 updated on 30.01.2026 ("Collectively referred as SEBI Circulars") issued by the Securities and Exchange Board of India (SEBI), (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 47th 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 47th 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 47th 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 47th AGM. However, Institutional/Corporate Members are required to send a scanned copy of their Board or Governing Body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through e-Voting/ remote e-Voting. The said Resolution/ Authorization shall be sent to Scrutinizer 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 47th 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 21st day of July, 2026 to Monday, the 27th day of July, 2026 (both days inclusive) for the purpose of Dividend and AGM.

6. In compliance with the Circulars, the Annual Report 2025-26, the Notice of the 47th 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). Pursuant to Regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will send letters to those members who have not registered their email addresses with the Company or the Registrar & Share Transfer Agent or Depository, providing the web-link, including the exact path for accessing the Annual Report for the Financial Year 2025-26 and the Notice of the 47th Annual General Meeting of the Company.

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 47th AGM. For this purpose, the Company has entered into an arrangement with MUFG Intime India Private Limited (formerly Link Intime India Private Limited) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as

voting on the date of the 47th AGM will be provided by MUFG Intime India Private Limited.

8. The manner of voting remotely by Members including the Members who have not registered their e-mail addresses is provided in the instructions for e-voting section which forms the part of this Notice.

9. Members may please note that the Notice and Annual Report of the 47th AGM will also be available on the website of the Company at www.happyforgingsltd.com, websites of the Stock Exchanges, i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively and also on the website of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) at https://instavote.linkintime.co.in.

10. SEBI has mandated the submission of Permanent Account Number (PAN), KYC details and nomination by physical shareholders and linking PAN with Aadhaar vide its circular No. SEBI/ HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, and circular no. SEBI/HO/MIRSD/POD-1/P/ CIR/2023/181 dated 17th November, 2023. Therefore, shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA i.e. MUFG Intime India Private Limited. Members holding shares in electronic form are requested to submit/ update their PAN to their Depository Participants. To mitigate unintended challenges on account of freezing of folios, SEBI vide the afore-mentioned circular has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

11. Members are requested to provide/update their name, postal address, email address, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.

    i. For shares held in electronic form: to their Depository Participants

    ii. For shares held in physical form: to the Company's RTA in prescribed Form ISR-1 and other forms pursuant to SEBI Master Circular No. SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated 12th October, 2023.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the certificate from Secretarial Auditors of the Company pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all other documents will be available electronically for inspection by the Members during the 47th AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members during the AGM. Members seeking to inspect such documents can send an e-mail to complianceofficer@happyforgingsltd.co.in

13. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated 31st July, 2023, and SEBI/HO/OIAE/ OIAE_IAD-1/P/CIR/2023/135 dated 4th August, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated 31st July, 2023 (updated as on 11th August, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login)

14. The Board of Directors of the Company ("the Board") has appointed Mr. Parminder Singh Bathla (FCS 4391 & C.P. No.2585) proprietor M/s. P S Bathla & Associates, Company Secretaries, as the Scrutinizer ("Scrutinizer"), for conducting the voting process in a fair & transparent manner.

15. The Scrutinizer shall after the conclusion of e-voting at the 47th AGM shall make a scrutinizer'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 authorized by him, within 2 working days or 3 days, whichever is earlier, from the conclusion of the 47th AGM, who shall then countersign and declare the result of the voting forthwith.

16. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.happyforgingsltd.com and on the website of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) at https://instavote.linkintime.co.in immediately after the declaration of Results by the Chairperson or a person authorized 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 47th AGM, forms integral part of the Notice of the 47th AGM as Annexure I. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

18. As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiatives and register your e-mail address to receive all communication and documents including Annual Reports from time to time in electronic form to the e-mail address provided by you. Members may send such communication to their respective Depository Participants (DPs).

19. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may contact their respective DPs for recording their Nomination.

20. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.

21. Members desirous of obtaining any information/ clarification relating to the accounts are requested to submit their query in writing to the Company well in advance so as to enable the Management to keep the information ready.

22. Members who would like to express their views/ ask questions as a speaker during the Meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, e-mail ID, mobile number at complianceofficer@happyforgingsltd.co.in four days in advance of AGM date. Only those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the Meeting. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.

23. E-Voting

(i) Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of SEBI Listing Regulations and the MCA Circulars, the Company is pleased to provide the facility to Members to exercise their right to vote, on the Resolutions proposed to be passed at AGM, by electronic means. The Company has engaged the services of MUFG Intime India Private Limited (formerly Link Intime India Private Limited) to provide the remote e-voting facility on InstaVote and the e-voting system on the date of the AGM on InstaMeet.

(ii) The members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/OAVM Facility but shall not be entitled to cast their vote again.

(iii) The remote e-voting period commences on Friday, 24th July, 2026 (9:00 am) (IST) and ends on Sunday, 26th July, 2026 (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, 20th July, 2026 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by MUFG Intime India Private Limited (formerly Link Intime India Private Limited) for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently

(iv) The process and manner for remote e-voting is as under:

Remote e-Voting Instructions for shareholders

In terms of SEBI Master circular no. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access remote e-Voting facility.

Login method for Individual shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode with NSDL

METHOD 1 - NSDL OTP based login

a) Visit URL: https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp

b) Enter your 8 - character DP ID, 8 - digit Client Id, PAN, Verification code and generate OTP.

c) Enter the OTP received on your registered email ID/ mobile number and click on login.

d) Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - NSDL IDeAS facility

Shareholders registered for IDeAS facility:

a) Visit URL: https://eservices.nsdl.com and click on "Beneficial Owner" icon under "IDeAS Login Section".

b) Enter IDeAS User ID, Password, Verification code & click on "Log-in".

c) Post successful authentication, you will be able to see e-Voting services under Value added services section. Click on "Access to e-Voting" under e-Voting services.

d) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for 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) Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on "Submit".

c) Enter the last 4 digits of your bank account / generate 'OTP'

d) Post successful registration, user will be provided with Login ID and password.

e) Follow steps given above in points (a-d).

Shareholders/ Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

Google Play App Store

METHOD 3 - NSDL e-voting website

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 16-digit demat account no. held with NSDL), Password/OTP and a Verification Code as shown on the screen & click on "Login".

d) Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL

METHOD 1 - CDSL e-voting page

a) Visit URL: https://www.cdslindia.com.

b) Go to e-voting tab.

c) Enter 16-digit Demat Account Number (BO ID) and PAN No. and click on "Submit".

d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account

e) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - CDSL Easi/ Easiest facility:

Shareholders registered for Easi/ Easiest facility:

a) Visit URL: https://web.cdslindia.com/myeasitoken/Home/Login or Visit URL: www.cdslindia.com, click on "Login" and select "My Easi New (Token)".

b) Enter existing username, Password & click on "Login".

c) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for Easi/ Easiest facility:

a) To register, visit URL: https://web.cdslindia.com/myeasitoken/Home/EasiRegistration / https://web.cdslindia.com/myeasitoken/Home/EasiestRegistration.

b) Proceed with updating the required fields for registration.

c) Post successful registration, user will be provided username and password on the registered email id. Follow steps given above in points (a-c).

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for e-voting facility.

a) Login to DP website

b) After Successful login, user shall navigate through "e-voting" option.

c) Click on e-voting option, user will be redirected to NSDL / CDSL Depository website after successful authentication, wherein user can see e-voting feature.

d) Post successful authentication, click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode.

Shareholders holding shares in physical mode / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register and vote on InstaVote as under:

STEP 1: LOGIN / SIGNUP on InstaVote

Shareholders registered for INSTAVOTE facility:

a) Visit URL: https://instavote.linkintime.co.in & click on "Login" under 'SHARE HOLDER' tab.

b) Enter details as under:

1. User ID: Enter User ID
2. Password: Enter existing Password
3. Enter Image Verification (CAPTCHA) Code
4. Click "Submit".

(Home page of e-voting will open. Follow the process given under "Steps to cast vote for Resolutions")

Instavote USER ID	
NSDL	UserID is 8 Charecter DP ID followed by 8 Digit Client ID (e.g. IN123456) and 8 Digit Client ID (e.g. 12345678)
CDSL	User ID is 16 Digit Beneficiary ID
Shares held in physical form	UserID is Event No + Folio No. registered with the Company

Shareholders not registered for INSTAVOTE facility:

a) Visit URL: https://instavote.linkintime.co.in & click on "Sign Up" under 'SHARE HOLDER' tab & register with details as under:

1. User ID: Enter User ID
2. 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.
3. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP/ Company - in DD/MM/YYYY format)
4. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
   - Shareholders, holding shares in **NSDL** form, shall provide 'point 4' above.
   - Shareholders, holding shares in **CDSL** form, shall provide 'point 3' or 'point 4' above.
   - Shareholders, holding shares in **physical form** but have not recorded 'point 3' and 'point 4', shall provide their Folio number in 'point 4' above
5. 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).
6. Enter Image Verification (CAPTCHA) Code.
7. Click "Submit" (You have now registered on InstaVote).

Post successful registration, click on **"Login"** under 'SHARE HOLDER' tab & follow steps given above in points (a-b).

STEP 2: Steps to cast vote for Resolutions through InstaVote

A. Post successful authentication and redirection to InstaVote inbox page, you will be able to see the "Notification for e-voting".

B. Select 'View' icon. E-voting page will appear.

C. 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).

D. After selecting the desired option i.e. Favour / Against, click on 'Submit'.

E. 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.

NOTE: Shareholders may click on "Vote as per Proxy Advisor's Recommendation" option and view proxy advisor recommendations for each resolution before casting vote. "Vote as per Proxy Advisor's Recommendation" option provides access to expert insights during the e-Voting process. Shareholders may modify their vote before final submission.

Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently.

Non-Individual Body corporate shareholders shall send a scanned copy of the board resolution authorising its representative to vote, to the scrutinizer at registered email address with a copy marked to RTA at enotices@in.mpms.mufg.com and the Company at registered email address

Guidelines for Institutional shareholders ("Custodian / Corporate Body/ Mutual Fund")

STEP 1 – Custodian / Corporate Body/ Mutual Fund Registration

A. Visit URL: https://instavote.linkintime.co.in

B. Click on "Sign Up" under "Custodian / Corporate Body/ Mutual Fund"

C. Fill up your entity details and submit the form.

D. A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.

E. Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person's email ID. (You have now registered on InstaVote)

STEP 2 – Investor Mapping

A. Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

B. Click on "Investor Mapping" tab under the Menu section

C. Map the Investor with the following details:

1) 'Investor ID' – Investor ID for NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678; Investor ID for CDSL demat account is 16 Digit Beneficiary ID.

2) 'Investor's Name - Enter Investor's Name as updated with DP.

3) 'Investor PAN' - Enter your 10-digit PAN.

4) 'Power of Attorney' - Attach Board resolution or Power of Attorney.

NOTE: File Name for the Board resolution/ Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID.

Further, Custodians and Mutual Funds shall also upload specimen signatures.

D. Click on Submit button. (The investor is now mapped with the Custodian / Corporate Body/ Mutual Fund Entity). The same can be viewed under the "Report section".

STEP 3 – Steps to cast vote for Resolutions through InstaVote

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) Click on "Votes Entry" tab under the Menu section.

c) Enter the "Event No." for which you want to cast vote.

Event No. can be viewed on the home page of InstaVote under "On-going Events".

d) Enter "16-digit Demat Account No.".

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). After selecting the desired option i.e. Favour / Against, click on 'Submit'.

f) 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).

METHOD 2 - VOTES UPLOAD

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) After successful login, you will see "Notification for e-voting".

c) Select "View" icon for "Company's Name / Event number".

d) E-voting page will appear.

e) Download sample vote file from "Download Sample Vote File" tab.

f) Cast your vote by selecting your desired option 'Favour / Against' in the sample vote file and upload the same under "Upload Vote File" option.

g) Click on 'Submit'. 'Data uploaded successfully' message will be displayed.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

NOTE: Non-Individual Body corporate shareholders shall send a scanned copy of the board resolution authorising its representative to vote, to the scrutinizer at registered email address with a copy marked to RTA at enotices@in.mpms.mufg.com and the Company at registered email address.

HELPDESK:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000.

Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending request at evoting@nsdl.co.in or call at: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:

Individual Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

Instavote USER ID	
NSDL	UserID is 8 Charecter DP ID followed by 8 Digit Client ID (e.g. IN123456) and 8 Digit Client ID (e.g. 12345678)
CDSL	User ID is 16 Digit Beneficiary ID
Shares held in physical form	UserID is Event No + Folio No. registered with the Company

- Click on "**Login**" under 'SHARE HOLDER' tab.
- Further Click on "**forgot password?**"
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

In case Custodian / Corporate Body/ Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

- Click on 'Login' under "Custodian / Corporate Body/ Mutual Fund" tab
- Further Click on "**forgot password?**"
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

In case shareholders have a valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

General Instructions - Shareholders

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

INSTAMEET VC INSTRUCTIONS:

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 03/2025 dated 22nd September, 2025, the companies can continue to conduct AGMs by VC or OAVM, as per the existing procedural requirements. Till further orders, the relaxations will remain in force.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

b) Visit URL: https://instameet.in.mpms.mufg.com & click on "Login".

c) Select the "Company Name" and register with your following details:

d) Select Check Box - Demat Account No. / Folio No. / PAN

- Shareholders holding shares in NSDL/ CDSL demat account shall select check box - Demat Account No. and enter the 16-digit demat account number.
- Shareholders holding shares in physical form shall select check box – Folio No. and enter the Folio Number registered with the Company.
- Shareholders shall select check box – PAN and enter 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 by MUFG Intime, if applicable.
- Mobile No: Mobile No. as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.
- Email ID: Email Id as updated with DP is displayed automatically. Shareholders who have not updated their Email Id with the DP shall enter the Email Id.

e) Click "Go to Meeting"

You are now registered for InstaMeet, and your attendance is marked for the meeting.

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

a) Shareholders who would like to speak during the meeting must register their request with the Company at company's registered email address.

b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the Company.

c) Shareholders will receive "speaking serial number" once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

d) Other shareholder who has not registered as "Speaker Shareholder" may still ask questions to the panellist via active chat-board during the meeting.

*Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under:

a) On the Shareholders VC page, click on link "Cast your vote".

b) Enter your 16-digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet.

c) Click on 'Submit'.

d) After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

e) Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

f) After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/ Members, who will be present in the General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the General Meeting will be eligible to attend/ participate in the General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

Helpdesk:

Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000 / 4918 6175.

Other information related to e-voting

a. A person, whose name is recorded in the register of members or in the register of beneficial owners of the Company, as on the cut-off date i.e. Monday, 20th July, 2026 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, 20th July, 2026

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 Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, within 2 working days or 3 days, whichever is earlier, from the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The results along-with the consolidated Scrutinizer's Report shall be declared by means of:

(i) dissemination on the website of the Company i.e.www.happyforgingsltd.com and website of MUFG Intime India Private Limited i.e. https://instavote.linkintime.co.in/ and

(ii) communication to BSE Limited and National Stock Exchange of India Limited, thereby enabling them to disseminate the same on their respective websites

25. Correspondence

Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company at complianceofficer@happyforgingsltd.co.in quoting their folio number or DP ID - client ID, as the case may be.

26. Payment of Dividend

The final dividend, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days of the Annual General Meeting as under:

(i) To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), as of the close of business hours on Monday, 20th July, 2026

(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, 20th July, 2026.

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 dematerialized 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:

Members may note that the Income-tax Act, 2025, ("the IT Act 2025"), mandates that dividend paid or distributed by a company shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. To enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act 2025.

For resident shareholders,

taxes shall be deducted at source under Section 393 of the IT Act as follows:

Members having valid Permanent Account Number (PAN)	10% or as notified by the Government of India
Members not having PAN / valid PAN	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to resident individual shareholders if the total dividend to be received by them during tax year 2026-27 does not exceed ₹ 10,000 and also in cases where members provide Form 121, subject to conditions specified in the IT Act 2025. Resident shareholders may also submit any other document as prescribed under the IT Act 2025 to claim a lower / nil withholding of tax. PAN is mandatory for members providing Form 121 or any other document as mentioned above.

For non-resident shareholders,

taxes are required to be withheld in accordance with the provisions of Section 393 and other applicable sections of the IT Act 2025, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 159 of the IT Act 2025, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("tax treaty" or "DTAA"), on submission of the documents as prescribed under IT Act 2025.

In case of Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI),

tax will be deducted under Section 393 of the IT Act 2025 at the rate of 20% (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the documents as prescribed under IT Act 2025, if applicable.

The required forms/ documents can be submitted through https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html by Monday, 20th July, 2026.

28. No amount was required to be transferred to Investor Education and Protection Fund ("IEPF") as no amount is due for more than 7 years.

29. **Information for Non-Resident Indian Shareholders**

    Non-resident Indian shareholders are requested to immediately inform the Company/ RTA, if shares are held in physical mode or to their DP, if the holding is in electronic mode, regarding change in the residential status on return to India for permanent settlement and/ or the particulars of the NRE account with a bank in India, if not furnished earlier.

30. **Depository System**

    The Company has entered into agreements with the Depositories. The Depository System envisages the elimination of several problems involved in the scrip based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. As per SEBI Circular with effect from April 1, 2019, the Company has stopped effecting transfer of securities in physical form.

    Members are therefore requested to demat their physical holding for any further transfer. Members can however continue to make request for transmission or transposition of securities held in physical form.

    However, as per SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, the Company / RTA will issue Letter of Confirmation (LOC) in lieu of share certificate, which should be dematerialized 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: 21st May 2026

EXPLANATORY STATEMENT

Pursuant to section 102 of the Companies Act 2013, in respect of item no 4, 5, 6 & 7 forming part of the notice

ITEM NO. 4: RATIFICATION OF FEE PAYABLE TO COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company is required to have an audit of its cost records by the Cost Accountant. Based on the recommendation of the Audit Committee, the Board at its meeting held on 21st May, 2026, approved the appointment of M/s. Rajan Sabharwal and Associates, Ludhiana (having Firm Registration No. 101961), as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company, pertaining to the relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014, for the financial year 2026-27 at a remuneration not exceeding ₹ 1,50,000/- (Rupees one Lakh and fifty thousand only) plus applicable taxes, out-of-pocket and other expenses.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, ratification for the remuneration payable to the Cost Auditors to audit the cost records of the Company for the said financial year by way of an Ordinary Resolution is being sought from the members as set out at Item No. 4 of the Notice.

M/s. Rajan Sabharwal and Associates have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for previous years under the provisions of the Act.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members. None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO 5: TO APPROVE THE COMMISSION PAYABLE TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In terms of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended), the board shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting. The Non-Executive Directors (including Independent Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, macroeconomics, governance, legal, finance and risk management and it is necessary that adequate compensation should be given to the Non-Executive (Non-Independent and Independent) Directors ("NEDs") for the valuable contribution made by them towards the business of the Company. Pursuant to the provisions of Section 197 of the Act, an amount not exceeding one percent per annum of the Net Profits of the Company, calculated in accordance with the provisions of Sections 197 and 198 of the Act, could be paid by way of commission to directors who are neither managing directors nor whole-time directors. Considering the above, based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company (the "Board") at its Meeting held on May 21, 2026 felt it prudent to approach the Members of the Company seeking their approval by way of an Ordinary Resolution for payment of remuneration to the NEDs of the Company. Such payment will be in addition to the sitting fees for attending Board/Committee Meetings. Considering the aforesaid recommendations and in terms of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended), approval of the Members of the Company is hereby sought to pay remuneration, by way of commission, to the NEDs of the Company. In view of the above, the approval of the Members of the Company is sought to pay commission to NEDs an amount of

a) Commission to Mr. Ravindra Pisharody ₹ 16 Lakhs

b) Commission to Ms. Rajeswari Karthigeyan ₹ 16 Lakhs

c) Commission to Mr. Atul B Lall ₹ 16 Lakhs

for the FY 2025-26 in accordance with the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the 'Act')

Except the Independent Directors of the Company being the concerned directors, to the extent of the remuneration that may be received by them from time to time and their relatives, to the extent of their shareholding, if any, in the Company, no other Director or Key Managerial Personnel of the Company, or their relatives, is concerned or interested financially or otherwise in the Resolution No. 5 as contained in the Notice.

The Board recommends the Resolution No.5 as an Ordinary Resolution.

ITEM NO 6: TO RE-APPOINT MS. MEGHA GARG, (DIN 07352042) AS THE WHOLE-TIME DIRECTOR FOR A TERM OF ANOTHER FIVE YEARS

Based on the recommendation of Nomination and Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors has reappointed Ms. Megha Garg, DIN 07352042, as Whole time Director of the Company for a period of 5 (Five) consecutive years w.e.f. 29th September, 2026, subject to approval of the members in General Meeting upon terms and conditions set out in the draft agreement to be entered into by the Company with her as approved by the Board of Directors.

Ms. Megha Garg has been actively involved in the day-to-day affairs and management of the Company and has played a key role in strengthening the Company's Environmental, Social and Governance (ESG) framework and initiatives. Under her leadership, the Company has made substantial progress in integrating sustainable business practices, enhancing governance standards and driving responsible business conduct.

She possesses rich experience, business acumen and leadership skills, which have been instrumental in operational management and strategic decision-making of the Company. Her continued association with the Company would be beneficial for ensuring continuity in leadership, effective execution of ESG initiatives and achieving the long-term objectives of the Company. It would be therefore in the interest of the Company to re-appoint Ms. Megha Garg, DIN 07352042, as Whole time Director of the Company.

Ms. Megha Garg has submitted her disclosure in Form MBP-1 in terms of Section 184(1) of the Companies Act, 2013 (the 'Act') read with Rule 9(1) of Companies (Meetings of Board and its Powers) Rules, 2014 along with a declaration in Form DIR-8 to the effect that she is not disqualified from being appointed as a Director in terms of Section 164 of the Act and consent to act as a Director in prescribed Form DIR-2. Further, she satisfies all the conditions set out in Part-I of Schedule V to the Act as well as conditions set out under sub-section (3) of Section 196 of the Act for being eligible for her re-appointment. She is neither disqualified from being appointed as Director in terms of Section 164 of the Act nor debarred from holding the office of a Director by virtue of any order of SEBI, MCA or any other such Authority.

The Company has received a notice in writing from a Member under Section 160 of the Act proposing the candidature of Ms. Megha Garg for the office of Director of the Company.

The material terms and conditions of the said draft Agreement are as under:

Period of Agreement: 29th September, 2026 to 28th September, 2031

Remuneration:

a) Salary of ₹ 10,00,000/- per month with a power to the Board to give one or more increments subject to maximum salary of ₹ 15,00,000/- per month during her tenure

b) Perquisites/Allowances: Whole time Director shall be entitled to the following perquisites/allowances:

House rent allowance, conveyance allowance, bonus, reimbursement of medical expenses(whether in India or abroad) and medical insurance premium for self and family, fees of clubs subject to maximum of two clubs which will include admission fees but will not include life membership fees, use of car with driver and telephone and internet facilities at residence and mobile phone facility, personal accident insurance, assignment of key man and other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board from time to time.

Whole time Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

i) contribution to the Provident Fund, Contribution to Gratuity Fund as per the rules of the Company.

ii) Gratuity payable at the rate not exceeding half a month's salary for every completed year of service.

iii) Encashment of leave as per rules of the Company.

Explanation: For the purpose of this Agreement, "Family" means the spouse, dependent parents and dependent children of Whole time Director.

Perquisites and allowances together with the salary payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling set out in Section 197 read with Schedule V of the Companies Act,2013 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

Where in any financial year during her tenure as Whole time Director, if the Company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites/allowances as aforesaid.

Whole time Director shall be entitled to:

a) the reimbursement of entertainment expenses actually incurred by her in the course of business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors; and

b) the reimbursement of travelling, hotel and other expenses incurred by her in India and abroad exclusively for the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors

No sitting fees shall be payable to her for attending the meeting of the Board of Directors or Committee thereof.

The total remuneration paid to Ms. Megha Garg excluding items specifically exempted under Schedule V of the Act, shall not at any time during the tenure exceed the limits prescribed under Schedule V except as may be allowed by the Act.

In the event of loss or inadequacy of profits in any financial year, Ms. Megha Garg shall be entitled to receive remuneration including perquisites, etc. upto the limit as approved by the members herein above, as minimum remuneration.

The Board shall have the discretion and authority to modify the aforesaid terms and remuneration within, however, the limit as approved by the members.

In the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby

authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Board and Ms. Megha Garg be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law."

Copies of the relevant documents pertaining to this Ordinary Resolution at Item no. 6 are open for inspection by the Members on any working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

This Explanatory Statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act.

Ms. Megha Garg is interested in the said resolution as it pertains to her own re- appointment. Mr. Paritosh Kumar and Mr. Ashish Garg are deemed to be interested in the said resolution as both are related to Ms. Megha Garg.

Details of Ms. Megha Garg are provided in the notes to the Notice. The other relatives of Ms. Megha Garg may be deemed to be interested in the said resolution at Item No.6 of the Notice to the extent of their shareholding, if any, in the Company.

None of the other Directors, Key Managerial Personnels of the Company and their relatives are, in any way, concerned or interested, financially, or otherwise, in the said resolution.

The Board is of the opinion that her reappointment as Whole Time Director is in the best interest of the Company and recommends the resolution no 6 for approval of the shareholders by way of ordinary resolution.

ITEM NO 7: RE-APPOINTMENT OF MR RAVINDRA PISHARODY , DIN 01875848, INDEPENDENT DIRECTOR OF THE COMPANY FOR SECOND TERM

The Board of Directors of the Company had appointed Mr. Ravindra Pisharody, (DIN: 01875848), as an Independent Director on the Board of Directors for a period of 5 years with effect from 16th June, 2022 to 15th June, 2027, which was approved by the shareholders in the Annual General Meeting held on 29th September 2022. The First term of Mr. Ravindra Pisharody (i.e. 5 years) as an Independent Director of the Company will expire on 15th June, 2027. Based on the recommendation of the Nomination and Remuneration Committee in its meeting held on 21st May, 2026, the Board of Directors of the Company re-appointed Mr. Ravindra Pisharody, (DIN: 01875848), as an Independent Director in the meeting held on 21st May, 2026 for a second term of consecutive three years and five months i.e. from 16th June, 2027 to 15th November, 2030 .

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, considering the extensive experience, valuable guidance and significant contributions made by Ravindra Pisharody during his tenure as an Independent Director of the Company, is of the opinion that his continued association would be beneficial to the Company. Accordingly, the Board recommends the re-appointment of Mr. Ravindra Pisharody as an Independent Director of the Company.

The Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ravindra Pisharody for the office of Director of the Company.

Mr. Ravindra Pisharody has confirmed that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and is not debarred from holding the office of Director by virtue of any order passed by SEBI or any other authority. He has also furnished his consent to act as Director of the Company.

The Company has also received a declaration from Mr. Ravindra Pisharody confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Section 150 of the Act and the rules made thereunder, Mr. Ravindra Pisharody is registered with the Indian Institute of Corporate Affairs (IICA) and he is exempted from appearing for the online proficiency self-assessment test.

Brief profile of Mr. Ravindra Pisharody, including his expertise in specific functional areas, details of directorships and committee positions held in other companies and shareholding in the Company, as required under the SEBI (LODR) Regulations, 2015, forms part of Annexure-1 to this Notice.

Mr. Ravindra Pisharody , DIN 01875848, Independent Director will be entitled to the sitting fees for each board meeting / committee meeting as decided by the Board in terms of Section 197 of the Act, read with Schedule V thereto, in line with the Nomination and Remuneration Policy of the Company. He is also entitled to commission and reimbursement of travelling expenses for attending board , committee and other meetings.

In compliance with Schedule IV of the Act, the Listing Regulations, Performance Evaluation was, inter alia, carried out internally with respect to reappointment of Independent director. Accordingly, the performance of Mr. Ravindra Pisharody was evaluated and he is effective and efficient on discharging his roles and responsibilities as an Independent Director of the Company. The Board and its allied Committees have benefitted from his relevant specialization and expertise in the knowledge. Based on the positive evaluation by the Board, the Nomination & Remuneration Committee, recommended the re-appointment of Mr. Ravindra Pisharody and Board of Directors of the Company has approved and recommended his re-appointment for a second term of consecutive three years and five months from 16th June, 2027 to 15th November, 2030, as provided in the resolution. Therefore, it is proposed to seek the member's approval for the re-appointment of Mr. Ravindra Pisharody as a Non-Executive & Independent Director of the Company, in terms of the applicable provisions of the Act.

Mr. Ravindra Pisharody is interested in the resolution set out at Item No. 7 of the Notice, which pertains to his re-appointment on the Board of the Company.

The relatives of Mr. Ravindra Pisharody 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.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in anyway, concerned or interested, financially or otherwise, in this resolution.

Copies of the relevant documents pertaining to this Special Resolution at Item no. 7 are open for inspection by the Members at the Registered Office of the Company during business hours on all working days between 11.00 a.m. and 1.00 p.m. The Board recommends passing of the resolution at Item No. 7 of the Notice as a Special Resolution.

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997

Date: 21st May, 2026
Place: Ludhiana

Registered Office:
BXXIX, 2254/1, Kanganwal Road,
P.O. Jugiana, Ludhiana, Sanehwal,
Ludhiana, Punjab, India, 141120.
CIN: L28910PB1979PLC004008

ANNEXURE - I

Details of Directors seeking appointment/ re-appointment at the AGM

(Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard–2 on General Meetings issued by the Institute of Company Secretaries of India)

Name of the Director	Mr. Ashish Garg	Ms. Megha Garg	Mr. Ravindra Pisharody
DIN	01829082	07352042	01875848
Category	Managing Director	Whole Time Director	Independent Director
Nationality	Indian	Indian	Indian
Date of Birth and Age	8th April, 1985 (41 years)	20th July, 1985 (40 years)	24th November 1955 (70 years)
Date of first appointment on Board	1st October, 2007	7th December, 2015	16th June, 2022
Qualification	Bachelor of Science (Accounting and finance) and Master of Science (Manufacturing Systems Engineering)	Bachelor's degree in science (Economics) from the University of Nottingham, UK	B.Tech, Electronics from IIT, Kharagpur and PGDM from IIM, Calcutta.
Brief Resume, Experience and Nature of Expertise in specific functional areas	Mr. Ashish Garg is the Managing Director of Happy Forgings Limited . He oversees the Company's day-to-day operations and plays a key role in shaping its growth strategy. With over 18 years of experience across operational excellence, business development and financial management, he brings a strong blend of technical and strategic expertise to the organisation. He has been instrumental in driving the Company's expansion initiatives and strengthening its capabilities to support long-term growth.	Ms. Megha Garg is a Whole-time Director of Happy Forgings Limited. She has approximately nine years of experience in the industrial sector. She manages the Company's online digital marketing for prospect engagement and lead generation, and spearheads ESG initiatives.	Mr. Ravindra Pisharody has approximately 40 years of experience. In view of the complexity, heightened accountability, and evolving governance expectations associated with a listed company, Mr. Ravindra Pisharody brings a distinguished combination of leadership experience, strategic acumen, and board-level insight that is highly aligned with the requirements of the role. His extensive leadership background, global exposure, and active participation in industry bodies enable him to provide valuable strategic guidance, strengthen governance practices, and exercise effective oversight in complex business environments. His expertise includes: 1. Business development, strategic management, and corporate leadership, and global operations; Proficiency in board governance and strategic oversight; Organisational growth, large-scale operations, and risk management; Experience in business strategy formulation and execution;
Number of meetings of the Board attended during the year 2025-26	04	04	04
Terms and conditions of appointment or re-appointment	NA	Re-appointed as Whole Time Director for a period of five years with effect from 29th September, 2026 to 28th September, 2031	Re-appointed as Independent Director for a second term with effect from 16th June 2027 to 15th November 2030.
Directorships in other Companies (unlisted)	• Ayush Capital and Financial Services P Ltd • HFL Technologies P Ltd	Nil	• Savita Greentec Limited • Bonfiglioli Drive Solutions Pvt Ltd • Bonfiglioli Transmissions Limited

Name of the Director	Mr. Ashish Garg	Ms. Megha Garg	Mr. Ravindra Pisharody
Names of Listed entities in which the person holds the directorship	• Happy Forgings Limited	• Happy Forgings Limited	• Happy Forgings Limited • Savita Oil Technologies Limited • Muthoot Finance Limited • Kwality Wall's (India) Limited
Membership/ Chairpersonship of Committees in companies	**Happy Forgings Limited** - Chairperson of Risk Management Committee - Member of Audit Committee - Member of CSR Committee - Member of Stakeholders' Relationship Committee	**Happy Forgings Limited** -Member of Risk Management Committee -Member of Stakeholders' Relationship Committee	**Savita Oil Technologies & Limited** - Chairperson of Nomination and Remuneration Committee - Member of Corporate Social Responsibility Committee - Member of Audit Committee **Muthoot Finance Limited** - Chairperson of Stakeholders Relationship Committee **Happy Forgings Limited** - Chairperson of Nomination and Remuneration Committee - Chairperson of Stakeholders Relationship Committee - Member of Corporate Social Responsibility Committee - Member of Audit Committee **Bonfiglioli Transmissions Limited** - Chairperson of Audit Committee - Chairperson of Stakeholders Relationship Committee - Member of Nomination and Remuneration Committee **Kwality Wall's(India) Limited** - Member of Stakeholders Relationship Committee
Listed entities from which the Director has resigned in last 3 (three) years	Nil	Nil	NIL
Number of shares held in the Company as on 31st March 2026	1,29,46,200 Equity shares of FV ₹ 2/- each	24,19,900 Equity shares of FV of ₹ 2/- each	NIL
Details of remuneration sought to be paid and remuneration last drawn by such person	Details are in the corporate Governance report	Details are in the explanatory statement to the Notice and the corporate Governance report	Details are in the explanatory statement to the Notice and the corporate Governance report
Relationships between Directors inter-se and other Manager, Key Managerial Personnel of the company	Son of Mr. Paritosh Kumar, Chairman and Managing Director of the Company and Husband of Ms. Megha Garg, Whole Time Director of the Company.	Wife of Mr. Ashish Garg, Managing Director of the Company and daughter in-law of Mr. Paritosh Kumar, Chairman and Managing Director of the Company.	NA

Name of the Director	Mr. Ashish Garg	Ms. Megha Garg	Mr. Ravindra Pisharody
Occupation	Business	Business	Professional
The skills and capabilities required for the role and the manner in which the proposed person meets such requirements	NA	NA	Mr. Ravindra Pisharody possesses leadership and Strategic Management skills , Sales, Marketing and Global Business Exposure, Corporate Governance and Board Experience, Financial and Risk Management Acumen which are required for the role.

By order of the Board of Directors
For Happy Forgings Limited

Bindu Garg
Company Secretary & Compliance Officer
Membership No. F6997

Date: 21st May, 2026
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 - 141 120, Punjab, India

CIN: L28910PB1979PLC004008

Contact: +91-161-2510421

www.happyforgingsltd.com