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HAPPY FORGINGS LIMITED

DRAFT RED HERRING PROSPECTUS
Dated August 14, 2023
(Please read Section 32 of the Companies Act, 2013)
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

HAPPY FORGINGS LIMITED

CORPORATE IDENTITY NUMBER: U28910PB1979PLC004008

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India	H.B 220, Post Office – Rajgarh, Village Dugri, Ludhiana – 141 421, Punjab, India	Bindu Garg *Company Secretary and Compliance Officer*	**Email:** complianceofficer@happyforgingsltd.co.in **Telephone:** +91 161 5217162	www.happyforgingsltd.com

NAMES OF OUR PROMOTERS: PARITOSH KUMAR, ASHISH GARG, MEGHA GARG, AYUSH CAPITAL & FINANCIAL SERVICES PRIVATE LIMITED, GARG FAMILY TRUST, PARITOSH KUMAR GARG (HUF) AND ASHISH GARG & SONS (HUF)

DETAILS OF OFFER TO PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY – 6(1) / 6(2) & SHARE RESERVATION AMONG QIB, NIB & RIB
Fresh Issue and Offer for Sale	Up to [●] Equity Shares aggregating up to ₹5,000 million	Up to 8,054,910 Equity Shares aggregating up to ₹[●] million	Up to [●] Equity Shares aggregating up to ₹[●] million	The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For details of share reservation among QIBs, NIBs and RIBs, see "*Offer Structure*" on page 436.

DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS

NAME	TYPE	NUMBER OF SHARES OFFERED / AMOUNT (₹ IN MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
Paritosh Kumar Garg (HUF)	Promoter	Up to 5,369,940 Equity Shares aggregating up to ₹[●] million	2.02
India Business Excellence Fund – III	Investor	Up to 2,684,970 Equity Shares aggregating up to ₹[●] million	189.95

**As certified by Goel Garg & Co., Chartered Accountants, pursuant to their certificate dated August 14, 2023.*

RISKS IN RELATION TO THE FIRST OFFER

The face value of the Equity Shares is ₹2 each. The Floor Price, Cap Price and Offer Price determined by our Company and the Investor Selling Shareholder in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for the Offer Price*" on page 121, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does, SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 35.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders severally, and not jointly, accepts responsibility for and confirms the statements made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to them and their respective portion of the Offered Shares, and assumes responsibility that such statements are true and correct in all material respects and are not misleading in any material respect. However, each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter-alia, any of the statements made by or relating to our Company or its business or any of the other Selling Shareholder in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). For the purposes of the Offer, [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

NAME OF BRLMS AND LOGO		CONTACT PERSON	EMAIL AND TELEPHONE
JM Financial Limited	JM FINANCIAL	Prachee Dhuri	**Email:** hfl.ipo@jmfl.com **Telephone:** + 91 22 6630 3030
Axis Capital Limited	AXIS CAPITAL	Jigar Jain	**E-mail**: hfl.ipo@axiscap.in **Telephone:** + 91 22 4325 2183

Equirus Capital Private Limited		Mrunal Jadhav	**E-mail**: hfl.ipo@equirus.com **Telephone:** + 91 22 4332 0734
Motilal Oswal Investment Advisors Limited^		Ritu Sharma	**E-mail**: hfl.ipo@motilaloswal.com **Telephone:** + 91 22 7193 4380

REGISTRAR TO THE OFFER

NAME OF REGISTRAR	CONTACT PERSON	EMAIL AND TELEPHONE
Link Intime India Private Limited	Shanti Gopalkrishnan	**E-mail:** happyforgings.ipo@linkintime.co.in **Telephone**: + 91 810 811 4949

BID / OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE	[●]*	BID / OFFER OPENS ON	[●]	BID / OFFER CLOSES ON#	[●]**

^ *In compliance with the proviso to Regulation 21A(1) and explanation (iii) to Regulation 21A(1) of the SEBI (Merchant Bankers) Regulations, 1992, Motilal Oswal Investment Advisors Limited will be involved only in the marketing of the Offer. Motilal Oswal Investment Advisors Limited has signed the due diligence certificate and has been disclosed as a BRLM to the Offer.*

* *Our Company and the Investor Selling Shareholder in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Offer Opening Date.*

** *Our Company and the Investor Selling Shareholder in consultation with the BRLMs, may consider closing the Bid / Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations.*

The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

DRAFT RED HERRING PROSPECTUS
Dated August 14, 2023
Please read Section 32 of the Companies Act, 2013
(*This Draft Red Herring Prospectus will be updated upon filing with the RoC)*
100% Book Built Offer

HAPPY FORGINGS LIMITED

HAPPY FORGINGS LIMITED

Our Company was incorporated as 'Happy Forgings Private Limited' at Jalandhar, Punjab as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated July 2, 1979, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on March 31, 1998, and the name of our Company was changed to 'Happy Forgings Limited', and a fresh certificate of incorporation dated April 1, 1998 was issued to our Company by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For further details on the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 247.

Corporate Identity Number: U28910PB1979PLC004008; **Website:** www.happyforgingsltd.com;
Registered Office: B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India;
Corporate Office: H.B 220, Post Office - Rajgarh, Village Dugri, Ludhiana– 141 421, Punjab, India;
Contact Person: Bindu Garg, Company Secretary and Compliance Officer;
Telephone: +91 161 5217162; **Email:** complianceofficer@happyforgingsltd.co.in

THE PROMOTERS OF OUR COMPANY ARE PARITOSH KUMAR, ASHISH GARG, MEGHA GARG, AYUSH CAPITAL & FINANCIAL SERVICES PRIVATE LIMITED, GARG FAMILY TRUST, PARITOSH KUMAR GARG (HUF) AND ASHISH GARG & SONS (HUF)

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH OF OUR COMPANY ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹5,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 8,054,910 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹[●] MILLION, UP TO 5,369,940 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY PARITOSH KUMAR GARG (HUF) (THE "PROMOTER SELLING SHAREHOLDER") AND UP TO 2,684,970 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY INDIA BUSINESS EXCELLENCE FUND – III (THE "INVESTOR SELLING SHAREHOLDER" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS"), AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER WILL CONSTITUTE [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER, IN CONSULTATION WITH THE BRLMS, MAY CONSIDER A PRE-IPO PLACEMENT OF SPECIFIED SECURITIES FOR CASH CONSIDERATION AGGREGATING UP TO ₹1,000 MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER COMPLYING WITH RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR").

THE FACE VALUE OF THE EQUITY SHARE IS ₹2 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED PUNJABI DAILY NEWSPAPER, PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID / OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid / Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid / Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid / Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid / Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank(s), as applicable.

This Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, the "**QIB Portion**"), provided that our Company and the Investor Selling Shareholder in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"). One-third of the Anchor Investor Portion shall be reserved for the domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (the "**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders (out of which one-third of the portion available to Non-Institutional Bidders shall be reserved for Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million and two-third shall be reserved for Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other sub-category) and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, are required to participate in the Offer by mandatorily utilising the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA Account (as defined hereinafter) and UPI ID in case of UPI Bidders (as defined hereinafter), as applicable, pursuant to which their corresponding Bid Amounts will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see "*Offer Procedure*" on page 439.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue by our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹2 each. The Offer Price, Floor Price or the Price Band as determined by our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for the Offer Price*" on page 121, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 35.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders severally, and not jointly, accepts responsibility for and confirms the statements made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to them and their respective portion of the Offered Shares, and assumes responsibility that such statements are true and correct in all material respects and are not misleading in any material respect. However, each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter-alia, any of the statements made by or relating to our Company or its business or any of the other Selling Shareholder in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, [●] is the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid / Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 476.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
JM FINANCIAL	AXIS CAPITAL	equirus	MOTILAL OSWAL INVESTMENT BANKING	LINKIntime
JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025, Maharashtra, India **Telephone**: +91 22 6630 3030 **E-mail**: hfl.ipo@jmfl.com **Investor Grievance E-mail**: grievance.ibd@jmfl.com **Website**: www.jmfl.com **Contact person**: Prachee Dhuri **SEBI Registration No.**: INM000010361	**Axis Capital Limited** 1st Floor, Axis House C-2, Wadia International Centre P.B. Marg, Worli, Mumbai 400 025 Maharashtra, India **Telephone:** + 91 22 4325 2183 **E-mail**: hfl.ipo@axiscap.in **Investor Grievance E-mail:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact person:** Jigar Jain **SEBI Registration No.:** INM000012029	**Equirus Capital Private Limited** 12th Floor, C Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India **Telephone:** + 91 22 4332 0734 **E-mail**: hfl.ipo@equirus.com **Investor Grievance E-mail:** investorsgrievance@equirus.com **Website:** www.equirus.com **Contact person:** Mrunal Jadhav **SEBI Registration No.:** INM000011286	**Motilal Oswal Investment Advisors Limited**^ Motilal Oswal Tower, Rahimtullah, Sayani Road, Opposite Parel ST Depot, Prabhadevi Mumbai – 400 025, Maharashtra, India **Telephone:** +91 22 7193 4380 **E-mail:** hfl.ipo@motilaloswal.com **Investor Grievance E-mail:** moiaplredressal@motilaloswal.com **Website:** www.motilaloswalgroup.com **Contact person:** Ritu Sharma **SEBI Registration No.:** INM000011005	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg Vikhroli (West), Mumbai – 400 083 Maharashtra, India **Telephone:** + 91 810 811 4949 **E-mail:** happyforgings.ipo@linkintime.co.in **Investor Grievance E-mail**: happyforgings.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Contact person**: Shanti Gopalkrishnan **SEBI Registration No**: INR000004058

BID / OFFER PROGRAMME			
BID / OFFER OPENS ON	[●]*	**BID / OFFER CLOSES ON#**	[●]**

^ *In compliance with the proviso to Regulation 21A(1) and explanation (iii) to Regulation 21A(1) of the SEBI (Merchant Bankers) Regulations, 1992, Motilal Oswal Investment Advisors Limited will be involved only in the marketing of the Offer. Motilal Oswal Investment Advisors Limited has signed the due diligence certificate and has been disclosed as a BRLM to the Offer.*

* *Our Company and the Investor Selling Shareholder in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Offer Opening Date.*

** *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider closing the Bid / Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations.*

The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, circular, notification, direction, clarification or policy shall be to such legislation, act, regulation, rule guidelines, circular, notification, direction, clarification or policy as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Basis for the Offer Price", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies in India", "Restated Financial Information", "Outstanding Litigation and Other Material Developments", "Offer Procedure" and "Main Provisions of the Articles of Association" on pages 121, 137, 144, 243, 280, 399, 439 and 461 respectively will have the meaning ascribed to such terms in those respective sections.

General terms

Term	Description
our Company / the Company / the Issuer / we / us / our	Happy Forgings Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India and its corporate office at H.B 220, Post Office - Rajgarh, Village Dugri, Ludhiana– 141 421, Punjab, India

Company-related terms

Term	Description
AoA / Articles of Association / Articles	The articles of association of our Company, as amended from time to time
Audit Committee	Audit committee of the Board of Directors, constituted in accordance with the Companies Act, 2013 and the SEBI Listing Regulations, described in "*Our Management – Corporate Governance*" on page 260
Auditors / Statutory Auditors	The statutory auditors of our Company, being S.R. Batliboi & Co. LLP, Chartered Accountants
Board / Board of Directors	The board of directors of our Company, and where applicable or implied by context, any duly constituted committee thereof
Chairman and Managing Director	The chairman and managing director of the Company, namely Paritosh Kumar. For details, see *"Our Management – Board of Directors"* on page 252
Chief Financial Officer / CFO	The chief financial officer of our Company, namely Pankaj Kumar Goyal. For details, see "*Our Management – Key Managerial Personnel and Senior Management*" on page 270
Chief Executive Officer	The chief executive officer of our Company, namely Narinder Singh Juneja. For details, see "*Our Management – Board of Directors*" on page 252
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely Bindu Garg. For details, see "*Our Management – Key Managerial Personnel and Senior Management*" on page 270
Corporate Office	The corporate office of our Company, situated at H.B 220, Post Office - Rajgarh, Village Dugri, Ludhiana– 141 421, Punjab, India
Corporate Social Responsibility Committee	The corporate social responsibility committee of the Board of Directors, described in "*Our Management – Corporate Governance*" on page 260
Director(s)	The director(s) on the Board of our Company, as appointed from time to time.
Dugri Facility	The manufacturing facility of our Company located at H.B 220, Post Office - Rajgarh, Village Dugri, Ludhiana– 141 421, Punjab, India
ESOP Scheme	Happy Forgings ESOP Scheme 2023 as described in "*Capital Structure – Employee Stock Option Scheme*" on page 102
Equity Share(s)	The equity shares of our Company of face value of ₹2 each
Executive Director(s)	The executive director(s) of our Company, being Paritosh Kumar, Ashish Garg, Megha Garg and Narinder Singh Juneja. For further details of our Executive Director(s), see "*Our Management*" on page 252

Term	Description
Group Companies	Our group companies, as disclosed in the section "*Group Companies"* on page 407
Investment Agreement	Investment agreement dated August 22, 2018, as amended and modified pursuant to the letters dated September 14, 2018, December 27, 2018 and November 10, 2021, executed amongst our Company, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, India Business Excellence Fund – III, Suman Garg, Paritosh Kumar Garg (HUF) (represented by its karta Paritosh Kumar), Megha Garg, Ashish Garg & Sons (HUF) (represented by its karta Ashish Garg) and Sheena Gupta, as amended by the waiver cum amendment agreement dated August 11, 2023 executed by and amongst our Company, Investor Selling Shareholder, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, Suman Garg, Paritosh Kumar Garg (HUF) (represented by its karta Paritosh Kumar), Megha Garg, Ashish Garg & Sons (HUF) (represented by its karta Ashish Garg) and Sheena Gupta
Independent Director(s)	The independent director(s) of our Company, namely Satish Sekhri, Vikas Giya, Ravindra Pisharody, Rajeswari Karthigeyan and Atul Behari Lall
Investor Selling Shareholder/ India Business Excellence Fund-III	India Business Excellence Fund – III, a scheme of business excellence trust III and acting through its investment manager, MO Alternates
IPO Committee	IPO committee of the Board of Directors, comprising Paritosh Kumar, Ashish Garg, Megha Garg and Prakash Bagla.
Joint Venture	The erstwhile joint venture of our Company namely, Linchpin Technologies Private Limited
Kanganwal Facility I	The manufacturing facility of our Company located at Opposite Hindustan Tyres, Adjoining Waryam Steels, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India
Kanganwal Facility II	The manufacturing facility of our Company located at BXXIX 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as described in "*Our Management – Key Managerial Personnel and Senior Management*" on page 270
Managing Director(s)	The managing directors of our Company, being Paritosh Kumar and Ashish Garg, as described in *"Our Management"* on page 252
Materiality Policy	The policy adopted by our Board pursuant to its resolution dated August 8, 2023, for identification of material (a) outstanding litigation proceedings of our Company, our Promoters and our Directors; (b) group companies; and (c) creditors, pursuant to the disclosure requirements under the SEBI ICDR Regulations, for the purposes of disclosure in this Draft Red Herring Prospectus
MoA / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
MO Alternates	Motilal Oswal Alternate Investment Advisors Private Limited (*formerly known as Motilal Oswal Private Equity Investment Advisors Private Limited*)
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors, described in "*Our Management – Corporate Governance*" on page 260
Nominee Director	Prakash Bagla, the nominee Director of the Company. For details, see "*Our Management – Arrangement or understanding with major Shareholders, customers, suppliers or others*" on page 257
Non-executive Directors	The non-executive directors of our Company, namely, Prakash Bagla, Satish Sekhri, Vikas Giya, Ravindra Pisharody, Rajeswari Karthigeyan and Atul Behari Lall
Promoter(s)	The promoters of our Company, namely Paritosh Kumar, Ashish Garg, Megha Garg, Ayush Capital & Financial Services Private Limited, Garg Family Trust, Paritosh Kumar Garg (HUF) and Ashish Garg & Sons (HUF)
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed in "*Our Promoters and Promoter Group*" on page 273
Promoter Selling Shareholder	Paritosh Kumar Garg (HUF)
Registered Office	The registered office of our Company, situated at B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India
Restated Financial Information	The restated financial information of our Company comprising: (i) the restated consolidated summary statement of assets and liabilities of the Company and its Joint Venture as at March 31, 2023 and March 31, 2022, the restated consolidated summary statement of profit and loss (including other comprehensive income), the restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2023 and March 31, 2022 together with the summary statement of significant accounting policies, and other explanatory information relating to such financial periods; and (ii) the restated standalone summary statement of assets and liabilities as at March 31, 2021, the restated standalone summary statement of profit and loss (including other comprehensive income), the restated

Term	Description
	standalone summary statement of cash flows and the restated standalone summary statement of changes in equity for the financial year ended March 31, 2021 together with the summary statement of significant accounting policies and other explanatory information relating to March 31, 2021, are derived from our audited consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022 and audited standalone financial statements as at and for the years ended March 31, 2021, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI
Ricardo	Ricardo India Private Limited
Ricardo Report	Industry report titled "*Industry Report on Global and Indian Forging and Machining Markets*" dated August 8, 2023, which is exclusively prepared for the purpose of the Offer and issued by Ricardo and is commissioned and paid for by our Company. Ricardo was appointed on May 16, 2023. The Ricardo Report will be available on the website of our Company at https://happyforgingsltd.com/investors until the Bid / Offer Closing Date.
Risk Management Committee	The risk management committee of the Board of Directors, described in "*Our Management – Corporate Governance*" on page 260
RoC / Registrar of Companies	The Registrar of Companies, Punjab and Chandigarh at Chandigarh
Senior Management	The senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as described in "*Our Management – Key Managerial Personnel and Senior Management*" on page 270
Selling Shareholder(s)	Collectively, the Promoter Selling Shareholder and the Investor Selling Shareholder
Shareholder(s)	The equity shareholders of our Company whose names are entered into (i) the register of members of our Company; or (ii) the records of a depository as a beneficial owner of Equity Shares
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board of Directors, described in "*Our Management – Corporate Governance*" on page 260
Whole-time Director(s)	The whole-time director(s) of our Company, namely, Megha Garg and Narinder Singh Juneja

Offer-related terms

Term	Description
Abridged Prospectus	The memorandum containing such salient features of a prospectus as may be specified by the SEBI in this regard
Acknowledgement Slip	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allot / Allotment / Allotted	Unless the context otherwise requires, allotment or transfer, as the case may be of Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to all Bidders who have Bid in the Offer, after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹100.00 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs during the Anchor Investor Bidding Date
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date or Anchor Investor Bid/ Offer Period	The date, being one Working Day prior to the Bid / Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid / Offer Closing Date

Term	Description
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Investor Selling Shareholder in consultation with the BRLMs, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Applications Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB or to block the Bid Amount using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the UPI Bidders blocked upon acceptance of UPI Mandate Request by the UPI Bidders to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form(s)	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Sponsor Bank(s) and Public Offer Account Bank(s)
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Structure*" on page 436
Bid	An indication to make an offer during the Bid / Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid in the Offer, as applicable
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid / Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] edition of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab where our Registered Office is located). In case of any revisions, the extended Bid / Offer Closing Date shall also be notified on the website of the BRLMs and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations and communicated to the Designated Intermediaries and the Sponsor Bank(s), and shall also be notified in an advertisement in the same newspapers in which the Bid / Offer Opening Date was published, as required under the SEBI ICDR Regulations. Our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers may consider closing the Bid / Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bid / Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] edition of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab where our Registered Office is located)
Bid / Offer Period	Except in relation to Anchor Investors, the period between the Bid / Offer Opening Date and the Bid / Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and in accordance with the terms of the Red Herring Prospectus. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors

Term	Description
	Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid / Offer Period for the QIB Category one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which at the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers / BRLMs	The book running lead managers to the Offer namely JM Financial Limited, Axis Capital Limited, Equirus Capital Private Limited and Motilal Oswal Investment Advisors Limited
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on / after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. The Cap Price shall be at least 105% of the Floor Price and shall not be more than 120% of the Floor Price
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant(s) / CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the UPI Circulars issued by SEBI, and as per the list available on the websites of BSE and NSE, as updated from time to time
Cut-off Price	Offer Price, finalised by our Company and the Investor Selling Shareholder in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs, including Anchor Investors, and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father / husband, investor status, occupation and bank account details and UPI ID, where applicable
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time
Designated Date	The date on which funds are transferred from the Escrow Account(s) and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account(s) or the Refund Account(s), as appropriate, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange in terms of the Red Herring Prospectus, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs and Non-Institutional Investors Bidding with an application size of up to ₹0.50 million (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate / agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders with an application size of more than ₹0.50 million (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, Sub-Syndicate / agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.

Term	Description
	The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus / DRHP	This draft red herring prospectus dated August 14, 2023, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Cash Escrow and Sponsor Bank Agreement	Agreement dated [●] to be entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members and the Banker(s) to the Offer for, among other things, the appointment of the Escrow and Sponsor Bank(s), the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account(s) and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit / NEFT / RTGS / NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	The Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account(s) will be opened, in this case being [●]
Equirus	Equirus Capital Private Limited
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue component of the Offer comprising an issuance by our Company of up to [●] Equity Shares at ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹5,000 million. The Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR
Fugitive Economic Offender	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
General Information Document / GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
Gross Proceeds	The Offer proceeds from the Fresh Issue
JM Financial	JM Financial Limited
Mobile App(s)	The mobile applications listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 or such other website as may be updated from time to time, which may be used by UPI Bidders to submit Bids using the UPI Mechanism as provided under 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019
Motilal Oswal	Motilal Oswal Investment Advisors Limited
Minimum NIB Application Size	Bid amount of more than ₹0.20 million in the specified lot size
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement dated [●] to be entered into between our Company and the Monitoring Agency
Mutual Fund	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996

Term	Description
Mutual Fund Portion	Up to 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	The proceeds from the Fresh Issue less the Offer related expenses applicable to the Fresh Issue. For further details regarding the use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 105
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders / NIBs	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹0.20 million (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million, and (ii) two-thirds of the Non-Institutional Portion will be available to Bidders shall be reserved for Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories of the Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Bidders
Offer	The initial public offering of up to [●] Equity Shares for cash at a price of ₹[●] each, aggregating up to ₹[●] million comprising the Fresh Issue and the Offer for Sale. The Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR
Offer Agreement	The agreement dated August 14, 2023, amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the requirements of the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale component of the Offer of up to 8,054,910 Equity Shares aggregating up to ₹[●] million, comprising up to 5,369,940 Equity Shares aggregating up to ₹[●] million by Paritosh Kumar Garg (HUF) and up to 2,684,970 Equity Shares aggregating up to ₹[●] million by India Business Excellence Fund – III
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders, in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus The Offer Price will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 105
Offered Shares	Up to 8,054,910 Equity Shares aggregating up to ₹[●] million being offered by the Selling Shareholders as part of the Offer for Sale, comprising up to 5,369,940 Equity Shares aggregating up to ₹[●] million by Paritosh Kumar Garg (HUF) and up to 2,684,970 Equity Shares aggregating up to ₹[●] million by India Business Excellence Fund – III
Pre-IPO Placement	A pre-IPO placement of specified securities for cash consideration aggregating up to ₹1,000 million, which may be undertaken by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of the specified securities issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards the objects of the Offer.
Price Band	Price band ranging from a minimum price of ₹[●] per Equity Share (Floor Price) to the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs, and will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] edition of [●] (a widely circulated Punjabi daily newspaper, Punjabi being the regional language of Punjab, where our

Term	Description
	Registered Office is located) at least two Working Days prior to the Bid / Offer Opening Date, with the relevant financial ratios calculated at the Floor price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Investor Selling Shareholder in consultation with the BRLMs, will finalise the Offer Price
Promoters' Contribution	Aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company that is eligible to form part of the minimum promoters' contribution, as required under the provisions of the SEBI ICDR Regulations, held by our Promoters, which shall be locked-in for a period of three years from the date of Allotment.
Prospectus	The prospectus to be filed with the RoC in accordance with the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined in accordance with the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	Bank account(s) to be opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	The banks with which the Public Offer Account(s) is opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
Qualified Institutional Buyers / QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIB Bidders	QIBs who Bid in the Offer
QIB Category / QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer, consisting of up to [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investors) on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price
Red Herring Prospectus / RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid / Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 and the UPI Circulars, issued by SEBI and the Stock Exchanges
Registrar Agreement	The agreement dated August 12, 2023, amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents / RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023, issued by SEBI and in terms of the UPI Circulars
Registrar to the Offer / Registrar	Link Intime India Private Limited
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Bidder(s) / RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹0.20 million in any of the bidding options in the Offer (including HUFs applying through their *karta* and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of up to [●] Equity Shares, which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual

Term	Description
	Bidders can revise their Bids during the Bid / Offer Period and withdraw their Bids until Bid / Offer Closing Date
Self-Certified Syndicate Bank(s) / SCSB(s)	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as may be prescribed by SEBI from time to time In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time. In accordance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●]
Share Escrow Agreement	Agreement dated [●] to be entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders
Sponsor Bank(s)	The Banker(s) to the Offer registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and/or payment instructions of the UPI Bidders, using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being [●] and [●]
Stock Exchanges	Collectively, BSE and NSE
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate / Members of the Syndicate	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement dated [●] to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar in relation to collection of Bid cum Application Forms by Syndicate
Syndicate Members	Intermediaries (other than the BRLMs) registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter
Systemically Important Non-Banking Financial Company / NBFC-SI	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] to be entered into among the Underwriters, our Company and the Selling Shareholders on or after the Pricing Date, but prior to filing of the Prospectus with the RoC
UPI	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
UPI Bidder(s)	Collectively, individual investors applying as (i) Retail Individual Bidders, in the Retail Portion, and (ii) Non-Institutional Bidders with an application size of up to ₹0.50 million in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA

Term	Description
	Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹0.50 million shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL-2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these circulars are not rescinded by SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023), SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular with circular number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent that such circulars pertain to the UPI Mechanism), SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI and Stock Exchanges in this regard
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidder by way of a notification on the UPI Mobile App and by way of a SMS directing the UPI Bidder to such UPI Mobile App) to the UPI Bidder initiated by the Sponsor Bank(s) to authorise blocking of funds in the relevant ASBA Account through the UPI Mobile App equivalent to the Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by a UPI Bidder to make a Bid in the Offer in accordance with the UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter or a Fraudulent Borrower	A company or person, as the case may be, categorised as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI
Working Day	All days on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid / Offer Period, the expression "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Bid / Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in Mumbai, India, as per the circulars issued by SEBI

Conventional and general terms and abbreviations

Term	Description
AIF(s)	Alternative Investment Funds
AGM	Annual general meeting
AY	Assessment year
BSE	BSE Limited
Calendar Year or year	Unless the context otherwise requires, shall refer to the 12 months period ending December 31
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations

Term	Description
Category I FPIs	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act, 1956	The erstwhile Companies Act, 1956, along with the relevant rules made thereunder
Companies Act / Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force
Consolidated FDI Policy	The consolidated foreign direct policy bearing DPITT file number 5(2)/2020-FDI Policy dated October 15, 2020, and effective from October 15, 2020, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
COVID - 19	Coronavirus disease 2019, a respiratory illness caused by the Novel Coronavirus and a public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate social responsibility
Depositories	NSDL and CDSL, collectively
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s identity number
DPIIT	The Department for Promotion of Industry and Internal Trade (earlier known as Department of Industrial Policy and Promotion)
EGM	Extraordinary general meeting
EPS	Earnings per share
ESI Act	Employees’ State Insurance Act, 1948
ESIC	Employees’ State Insurance Corporation
Euro	Euro, the official currency of the European Union
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA NDI Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal / Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIR	First information report
FPIs	Foreign Portfolio Investors, as defined under SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000) registered with SEBI
GAAR	General anti-avoidance rules
GDP	Gross Domestic Product
GoI / Government / Central Government	Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IFSC	Indian Financial System Code
IGST	Integrated Goods and Services Tax
Income Tax Act/ IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the IAS Rules and other relevant provisions of the Companies Act, 2013
Ind AS 24	Indian Accounting Standard 24, “Related Party Disclosures”, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with the IAS Rules and other relevant provisions of the Companies Act, 2013
Indian GAAP	Accounting standards notified under Section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended
INR / Rupee / ₹ / Rs.	Indian Rupee, the official currency of the Republic of India
IRDAI	Insurance Regulatory and Development Authority of India
ISIN	International Securities Identification Number
IT	Information Technology

Term	Description
KYC	Know Your Customer
MCA	The Ministry of Corporate Affairs, Government of India
MCLR	Marginal Cost of Funds Based Landing Rate
Mn / mn	Million
MoU	Memorandum of Understanding
MSMEs	Small scale undertakings as per the Micro, Small and Medium Enterprises Development Act, 2006
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A.	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NR / Non-Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs and FVCIs
NRI / Non-Resident Indian	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas corporate body, a company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003, and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCORES	Securities and Exchange Board of India Complaints Redress System, a centralized web based complaints redressal system launched by SEBI
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
STT	Securities Transaction Tax
Trade Marks Act	Trade Marks Act, 1999
US$ / USD / US Dollar	United States Dollar, the official currency of the United States of America
USA / U.S. / US	United States of America and its territories and possessions, including any state of the United States
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and

Term	Description
	Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

Business, technical and industry-related terms

Term	Description
BEV	Battery Electric Vehicle
CAD	Computer-aided Design
CAM	Computer Aided Manufacturing
Cash Conversion Cycle	Cash conversion cycle is calculated as inventory days plus trade receivable days minus Trade payable days. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') which is a sum of cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress, scrap, purchase of traded goods and cost of services, multiplied by 365 days. Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days. Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.
CNC	Computer Numerical Control
CNG	Compressed Natural Gas
Debt/ Total Net Worth	Debt/ Total Net worth is calculated as total debt (including current and non-current borrowings) divided by total equity
EBITDA	EBITDA is calculated as profit for the year minus other income and share of net profit of joint venture plus finance costs, depreciation and amortisation, total income tax expenses.
EBITDA Margin (%)	EBITDA margin is calculated as EBITDA divided by Revenue from Operations.
ECV	Electrically Chargeable
EV	Electric Vehicle
GHG	Green House Gas
Gross Fixed Assets Turnover Ratio	Gross fixed assets turnover ratio is calculated as revenue from operations for the year divided by cost of property, plant and equipment.
Gross Margin	Gross margin is calculated as Gross Profit divided by Revenue from Operations.
Gross Profit	Gross profit is calculated as revenue from operations minus cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress and scrap
Growth in revenue from operations (%)	Growth in revenue from operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year
HEV	Hybrid Electric Vehicle
H2-ICE	Hydrogen Internal Combustion Engine
ICE	Internal Combustion Engine
LCV	Light Commercial Vehicle
LNG	Liquified Natural Gas
OEMs	Original Equipment Manufacturers
OHV	Off-Highway Vehicle
Profit After Tax / PAT	Profit after tax means restated profit for the year
Profit After Tax Margin / PAT Margin	PAT margin is calculated as restated profit for the year divided by Revenue from Operations.
PV	Passenger Vehicle
Restated Profit	Restated profit for the year
Return on Capital Employed/ (ROCE)	Return on capital employed is calculated as EBIT divided by Capital Employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs.
Return on Equity	Return on equity is calculated as restated profit for the year divided by total equity.
Revenue from Operations	Revenue from operations means the revenue from operations for the year
Revenue from Sale of products and services (domestic) (%)	Percentage of revenue (%) from domestic is calculated as revenue from domestic sale of products and services divided by total revenue from sale of products and services.
Revenue from Sale of products and services (exports) (%)	Percentage of revenue (%) from exports is calculated as revenue from exports sale of products and services divided by total revenue from sale of products and services
Revenue from Sale of Forged Products (%)	Percentage of revenue (%) from forged products is calculated as revenue from sale of forged products divided by total revenue from sale of products

Term	Description
Revenue from Sale of Machined components (%)	Percentage of revenue (%) from machined products is calculated as revenue from sale of machined products divided by total revenue from sale of products
Revenue from Sale of products (split by End-use Industry)	Percentage of revenue (%) from a particular end use industry has been calculated as a revenue from sale of products from that particular end use industry (Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications) divided by the total revenue from sale of products
RFQ	Request for Quote
Total Sales Volume	Total sales volume is the volume of products sold during the year, in terms of metric tonnes (MT), including scrap
2W	Two-wheeler

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

All references herein to the "US", the "U.S.", the "USA", or the "United States" are to the United States of America and its territories and possessions and all references to "U.K.", or "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

Page Numbers

Unless indicated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Financial data

Unless stated otherwise or the context otherwise requires, the financial information in this Draft Red Herring Prospectus is derived from the Restated Financial Information.

Unless the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from (i) our restated consolidated summary statement of assets and liabilities of the Company and its Joint Venture as at March 31, 2023 and March 31, 2022, our restated consolidated summary statement of profit and loss (including other comprehensive income), our restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2023 and March 31, 2022 together with the summary statement of significant accounting policies, and other explanatory information relating to such financial periods; and (ii) our restated standalone summary statement of assets and liabilities as at March 31, 2021, our restated standalone summary statement of profit and loss (including other comprehensive income), our restated standalone summary statement of cash flows and the restated standalone summary statement of changes in equity for the financial year ended March 31, 2021 together with the summary statement of significant accounting policies and other explanatory information relating to March 31, 2021, are derived from our audited consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022 and audited standalone financial statements as at and for the years ended March 31, 2021, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI.

For further information on our Company's financial information, see "*Financial Information*" on page 280.

In this Draft Red Herring Prospectus, we have compared our consolidated financial information as of and for the year ended March 31, 2022 and March 31, 2023 and our standalone financial information as of and for the year ended March 31, 2021 and these periods are not comparable to each other.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Our Company's financial year commences on April 1 and ends on March 31 of the next calendar year. Accordingly, all references in this Draft Red Herring Prospectus to a particular Financial Year, Fiscal or Fiscal Year, unless stated otherwise, are to the 12-month period ended on March 31 of that particular calendar year.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind

AS, the Companies Act 2013, the SEBI ICDR Regulations and Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS, see *"Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition"* on page 64.

Unless the context otherwise indicates, any percentage amounts (excluding certain operational metrics), with respect to the financial information of our Company in this Draft Red Herring Prospectus have been derived from the Restated Financial Information.

Non-GAAP measures

Certain non-GAAP measures presented in this Draft Red Herring Prospectus such as Gross Profit, Gross Margin, EBITDA, EBITDA Margin, PAT Margin, Return on Equity, Return on Capital Employed, Gross Fixed Asset Turnover Ratio and Net Debt to EBITDA are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the year / period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP measures, and other statistical and other information relating to our operations and financial performance, may not be computed on the basis of any standard methodology that is applicable across the industry and, therefore, a comparison of similarly titled Non-GAAP measures or statistical or other information relating to operations and financial performance between companies may not be possible. Other companies may calculate the Non-GAAP measures differently from us, limiting their usefulness as a comparative measure. Although the Non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, we compute and disclose them as our Company's management believes that they are useful information in relation to our business and financial performance.

Industry and market data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been derived from a report dated August 8, 2023 and titled "*Industry Report on Global and Indian Forging and Machining Markets*" (the "**Ricardo Report**") that has been commissioned and paid for by our Company and prepared by Ricardo India Private Limited exclusively for the purpose of understanding the industry our Company operates in, exclusively in connection with the Offer. The Ricardo Report is available on the website of our Company at https://happyforgingsltd.com/investors, until the Bid / Offer Closing Date. Ricardo has confirmed vide its letter dated August 8, 2023 that it is an independent agency, and is not related, in any manner, to our Company, our Directors, our Promoters, our Key Managerial Personnel, our Senior Management, the Selling Shareholders or the Book Running Lead Managers.

The data used in these sources may also have been reclassified by us for the purposes of presentation and may also not be comparable. Further, industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with, and understanding of, the methodologies used in compiling such information. There are no standard data gathering methodologies in the industry in which we conduct business and methodologies, and assumptions may vary widely among different market and industry sources. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the Ricardo Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks*" on page 58. Accordingly, no investment decisions should be made based on such information.

In accordance with the SEBI ICDR Regulations, the section "*Basis for the Offer Price*" on page 121 includes information relating to our peer group companies, which has been derived from publicly available sources.

Currency and Units of Presentation

All references to:

- '**Rupees**' or '**₹**' or '**Rs.**' or **INR** are to Indian Rupees, the official currency of the Republic of India.
- '**U.S.$**', '**U.S. Dollar**', '**USD**' or '**U.S. Dollars**' are to United States Dollars, the official currency of the United States of America.
- '**Euro**' are to Euro, the official currency of the European Union.
- "**GBP**" are to Pound, the official currency of the United Kingdom.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. Except otherwise stated, all figures have been expressed in million. One million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than million, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Figures sourced from third-party industry sources may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such number of decimal points as provided in such respective sources. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Exchange rates

This Draft Red Herring Prospectus may contain conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

(in ₹)

Currency	Exchange Rate as on		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
1 USD	82.22	75.81	73.50
1 EUR	89.61	84.66	86.10
1 GBP	101.87	99.55	100.95

Source: www.fbil.org.in

Note: The exchange rates are rounded off to two decimal places and in case March 31 of any of the respective years is a public holiday, the previous Working Day not being a public holiday has been considered.

Notice to Prospective Investors in the United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to U.S. QIBs in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in "offshore transactions" (as defined under Regulation S) in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

Notice to Prospective Investors in the European Economic Area

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares in Member States of the European Economic Area ("**EEA**") (each a "**Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Book Running Lead Managers to produce a prospectus for such offer. None of the Company or the Book Running Lead Managers have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Book Running Lead Managers which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the Equity Shares the subject of the Offer have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Book Running Lead Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, persons: (A) (i) who have professional experience in matters relating to investments and who are investment professionals falling within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**FSMA Order**"), (ii) falling within Article 49(2)(a) to (d) of the FSMA Order, and (iii) to whom it may otherwise lawfully be communicated; and (B) who are "qualified investors" within the meaning of Article 2I of the Prospectus Regulation (Regulation (EU) 2017/1129) as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018 (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom, by persons who are not relevant persons. Any investment or investment activity to which the document relates is available only to, in the United Kingdom, relevant persons. The communication of this Draft Red Herring Prospectus to any person who is not a relevant person is unauthorized and may contravene the Financial Services and Markets Act 2000, as amended.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the Equity Shares the subject of the Offer have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Book Running Lead Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical fact and may be described as "forward-looking statements". These forward looking statements include statements which can generally be identified by words or phrases such as *"aim", "anticipate", "are likely", "believe", "continue", "can", "shall", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "project", "propose", "seek to", "will", "will achieve", "will continue", "will likely", "will pursue"* or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. These forward-looking statements are based on our management's belief and assumptions, current plans, estimates and expectations, which in turn are based on currently available information. As a result, actual results could be materially different from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance.

Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as statements based on them could prove to be inaccurate. Actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This may be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries we cater to, and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our business largely depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significantly adverse impact on our business;
- Any breach of conditions under the purchase orders upon which our business and results of operations are dependent;
- Our business is dependent on the performance of certain industries particularly commercial vehicles, farm equipment and off-highway vehicles both in the Indian and overseas markets;
- Any failure to comply with strict performance requirements thereby resulting in cancellation of our existing and future orders;
- Our business is dependent on the availability and cost of steel and any disruption to such timely and adequate supply of steel, or volatility in the prices of steel may adversely impact our business;
- Our business is dependent on the performance of the automotive sector globally, including in our key markets such as US, Europe, India and China;
- Failure to export our products to various countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, United Kingdom and United States of America on account of any adverse events affecting these countries;
- We derive substantial portion of our revenue from the sale of crankshaft and loss of sales due to reduction in demand for crankshafts would have a material adverse effect on our business;
- Our manufacturing facilities are critical to our business and any shutdown of such manufacturing facilities would have a material adverse effect on our business, results of operations and financial conditions;
- Our manufacturing facilities are critical to our business. Any disruption in the continuous operations of our manufacturing facilities, including natural calamities, or civil disruptions would have a material adverse effect on our business, results of operations and financial conditions; and
- Our business involves activities and materials which are hazardous in nature and any occurrence of such

hazard may adversely impact our business.

For a further discussion of factors that could cause our actual results to differ from our estimates and expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 203 and 357, respectively.

Neither our Company, nor the Selling Shareholders, nor the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares from the date of the Red Herring Prospectus until the date of Allotment. In accordance with the requirements of SEBI, each of the Selling Shareholders (through our Company and the BRLMs) shall, severally and not jointly, to the extent of statements specifically made or confirmed by them in relation to themselves and their respective portion of Offered Shares in this Draft Red Herring Prospectus, ensure that investors in India are informed of material developments until the date of Allotment.

SECTION II - SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Our Business", "Industry Overview", "Our Promoters and Promoter Group", "Financial Information" and "Outstanding Litigation and Other Material Developments" on pages 35, 71, 86, 105, 203, 144, 273, 280 and 399 respectively of this Draft Red Herring Prospectus.

Primary business of our Company

We are an engineering led manufacturer of safety critical, heavy forged and high precision machined components. We manufacture a wide range of forged and machined products such as crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, planetary carriers, suspension brackets and valve bodies across industries for a diversified base of customers. We cater to domestic and global OEMs manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, we cater to manufacturers of farm equipment, off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.

Summary of the industry in which our Company operates

The global forging and machining markets are estimated to be valued at approximately USD 71.9 billion and USD 52.5 billion, respectively, in 2023 and is expected to grow at a CAGR of 5.1% and 5.2% to reach USD 97.0 billion and USD 71.2 billion, respectively, by 2029 (*Source: Ricardo Report*). Further, the forging and machining markets in India are estimated to be valued at approximately USD 7.3 billion and USD 5.4 billion, respectively, in Fiscal 2024 and is expected to grow at a CAGR of 7.1% and 8.4% to reach USD 10.2 billion and USD 8.0 billion, by Fiscal 2029, respectively (*Source: Ricardo Report*).

Name of Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters are Paritosh Kumar, Ashish Garg, Megha Garg, Ayush Capital & Financial Services Private Limited, Garg Family Trust, Paritosh Kumar Garg (HUF) and Ashish Garg & Sons (HUF). For further details, see "*Our Promoters and Promoter Group*" on page 273.

Offer size

The following table summarizes the details of the Offer. For further details, see "*The Offer*" and "*Offer Structure*" on pages 71 and 236, respectively.

Offer(1)	Up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of [●] per Equity Share), aggregating up to ₹[●] million
of which	
(i) Fresh Issue(1)^	Up to [●] Equity Shares aggregating up to ₹5,000 million
(ii) Offer for Sale(2)	Up to 8,054,910 Equity Shares aggregating up to ₹[●] million being offered by the Selling Shareholders (comprising up to 5,369,940 Equity Shares aggregating up to ₹[●] million by Paritosh Kumar Garg (HUF) and up to 2,684,970 Equity Shares aggregating up to ₹[●] million by India Business Excellence Fund – III)

(1) *The Offer has been authorized by a resolution of our Board dated August 8, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated August 8, 2023.*

(2) *Each of the Selling Shareholders, severally and not jointly, confirm that their respective portion of the Offered Shares are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. Each Selling Shareholder has, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 410.*

^ *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.*

The Offer shall constitute [●]% of the post Offer paid up Equity Share capital of our Company.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(in ₹ million)

Objects	Amount**
Purchase of equipment, plant and machinery	2,135.96
Prepayment of all or a portion of certain outstanding borrowings availed by our Company	1,900.00
General corporate purposes#	[●]
Net Proceeds*	[●]

#The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.
**To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*
***Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of the specified securities issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards the objects of the Offer.*

For further details, see "*Objects of the Offer*" on page 105.

Aggregate pre-Offer shareholding of our Promoters, the members of our Promoter Group (other than our Promoters) and the Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters, the members of our Promoter Group (other than our Promoters), and the Selling Shareholders, as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

S. No.	Name of Shareholder	Number of Equity Shares	% of total pre-Offer paid up Equity Share capital
Promoters			
1.	Garg Family Trust	38,047,000	42.51%
2.	Ashish Garg	12,946,200	14.47%
3.	Ayush Capital & Financial Services Private Limited	10,745,100	12.01%
4.	Paritosh Kumar	8,949,900	10.00%
5.	Paritosh Kumar Garg (HUF)#	5,607,700	6.27%
6.	Megha Garg	2,419,900	2.70%
7.	Ashish Garg & Sons (HUF)	254,200	0.28%
	Total (A)	**78,970,000**	**88.24%**
Selling Shareholders (apart from our Promoter Selling Shareholder)			
8.	India Business Excellence Fund – III	10,529,000	11.76%
	Total (B)	**10,529,000**	**11.76%**
	Total (C = A + B)	**89,499,000**	**100.00%**

#Also a Promoter Selling Shareholder.

As on the date of this Draft Red Herring Prospectus, the members of our Promoter Group do not hold any Equity Shares in our Company.

Summary of information derived from the Restated Financial Information

The following information has been derived from our Restated Financial Information for the last three Fiscals:

(₹ in million, except per share data)

Particulars	As at and for the Fiscal ended		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**
Equity Share capital	179.00	179.00	89.50
Net worth(1)	9,883.06	7,876.24	6,451.59
Revenue from operations	11,965.30	8,600.46	5,849.58
Restated profit for the year	2,087.01	1,422.89	864.48
Earnings per share (basic)(2) (in ₹)	23.32	15.90	9.66
Earnings per share (diluted)(3) (in ₹)	23.32	15.90	9.66
Net asset value per Equity Share(4)	110.43	88.00	72.09
Total borrowings(5)	2,185.16	2,403.52	1,534.70

Notes:
1. *Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure*

and miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

2. *Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.*
3. *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year.*
4. *Net asset value per equity share is calculated as total equity divided by weighted average number of equity shares.*
5. *Total borrowings means total of non-current borrowings and current borrowing, and excludes transaction cost.*

For further details, see *"Restated Financial Information" and "Other Financial Information"* on pages 280 and 354 respectively.

Auditor qualifications

There are no qualifications by our Statutory Auditors which have not been given effect to in the Restated Financial Information.

Summary of outstanding litigation

A summary of outstanding litigation proceedings as on the date of this Draft Red Herring Prospectus as disclosed in the section titled "*Outstanding Litigation and Other Material Developments*" in terms of the SEBI ICDR Regulations is provided below:

Category of individuals / entities	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action	Material civil litigation#	Aggregate amount involved* (₹ in million)
Company						
By the Company	1	N.A.	N.A.	N.A.	Nil	16.70
Against the Company	1	24	Nil	N.A.	Nil	69.41
Directors*						
By the Directors	1	N.A.	N.A.	N.A.	Nil	16.70
Against the Directors	1	Nil	Nil	N.A.	Nil	Nil
Promoters						
By the Promoters	1	N.A.	N.A.	N.A.	Nil	16.70
Against the Promoters	1	Nil	Nil	Nil	Nil	Nil

 # Determined in accordance with the Materiality Policy.
** To the extent quantifiable.*
*** Including Directors who are Promoters of our Company.*

Further, as on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving any of our Group Companies which will have a material impact on our Company. For further details, see "*Outstanding Litigation and Other Material Developments*" on page 399.

Risk factors

Specific attention of the investors is invited to "*Risk Factors*" on page 35 to have an informed view before making an investment decision.

Summary of contingent liabilities

As of March 31, 2023, our contingent liabilities as per Ind AS 37 and as per the Restated Financial Information were as follows:

Particulars	Amount (in ₹ million)
Contingent Liabilities	

Particulars	Amount (in ₹ million)
Claims against the Company not acknowledged as debts:	
(i) Excise/Goods & service tax demands	18.74
(ii) Income tax demands	17.31
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.	

For further information on such contingent liabilities as at March 31, 2023 as per Ind AS 37, see "*Restated Financial Information – Note 29. Contingent liabilities and commitments*" on page 335.

Summary of related party transactions

A summary of the related party transactions entered into by our Company in Fiscals 2023, 2022 and 2021, and as per Ind AS 24 – Related Party Disclosures read with SEBI ICDR Regulations derived from the Restated Financial Information is detailed below:

(₹ in million)

Particulars	Year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence			
Sale of finished goods			
Happy Steels Private Limited	1.07	0.16	0.49
Northstar Autocomp Private Limited	0.81	-	-
Total	**1.88**	**0.16**	**0.49**
Sale of Scrap			
Technomec Industries	-	-	0.12
Total	**-**	**-**	**0.12**
Sale of Raw Material			
Happy Steels Private Limited	-	-	0.02
Technomec Industries	-	0.67	0.64
Venus Industrial Corporation	-	3.49	42.50
Northstar Autocomp Private Limited	0.03	0.20	-
Gamo Forgings Private Limited	-	-	0.01
Total	**0.03**	**4.36**	**43.17**
Job Work Sales			
Technomec Industries	0.02	0.02	0.02
Happy Steels Private Limited	-	0.12	-
Northstar Autocomp Private Limited	0.08	-	-
Venus Industrial Corporation	-	0.23	1.19
Total	**0.10**	**0.37**	**1.21**
Job Work Expenses			
Happy Steels Private Limited	0.19	0.41	0.18
Technomec Industries	6.41	7.51	7.49
Gamo Forgings Private Limited	-	-	0.29
Total	**6.60**	**7.92**	**7.96**
Reimbursement of expenses			
Technomec Industries	0.19	0.27	0.30
Total	**0.19**	**0.27**	**0.30**
Purchase of PPE			
Happy Steels Private Limited	3.19	-	-
Total	**3.19**	-	-
Repair work expenses			
Happy Steels Private Limited	-	0.01	-
Total	**-**	**0.01**	**-**
Purchase of unquoted equity shares of Linchpin Technologies Private Limited			
VVDN Technologies Private Limited	-	4.12	-
Total	**-**	**4.12**	**-**
Sale of unquoted equity shares of Linchpin			

(₹ *in million*)

Particulars	**Year ended**		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**
Technologies Private Limited			
VVDN Technologies Private Limited	4.31	-	-
Total	**4.31**	-	-
Key Management Personnel and their relatives			
Loan taken			
Suman Garg	-	-	4.42
Paritosh Kumar	-	-	8.41
Ashish Garg	-	-	4.53
Megha Garg	-	-	3.20
Total	-	-	**20.56**
Repayment of loan			
Suman Garg	-	-	13.19
Paritosh Kumar	-	-	22.23
Ashish Garg	19.00	7.50	6.52
Megha Garg	1.00	-	3.41
Total	**20.00**	**7.50**	**45.35**
Interest on loan			
Suman Garg	-	-	0.83
Paritosh Kumar	-	-	1.43
Ashish Garg	1.17	2.28	2.54
Megha Garg	0.09	0.09	0.24
Total	**1.26**	**2.37**	**5.04**
Reimbursement of capital expenditure incurred on immovable property			
Paritosh Kumar	-	-	39.00
Total	-	-	**39.00**
Short term employee benefit#			
Suman Garg	6.06	4.63	5.77
Paritosh Kumar	20.15	16.18	20.18
Ashish Garg	19.67	15.85	19.77
Megha Garg	4.77	3.64	4.54
Narender Singh Juneja	5.82	4.85	4.08
Bindu Garg	2.85	1.19	1.79
Depesh Kumar	0.54	1.47	-
Pankaj Kumar Goyal	2.21	2.13	1.20
Total	**62.07**	**49.94**	**57.33**
Directors sitting fees			
Satish Sekhri	0.40	0.40	0.40
Nitin Aggarwal	0.03	0.05	0.06
Suresh Chander Garg	-	0.05	0.06
Ravindra Pisharody	0.30	-	-
Vikas Giya	0.03	0.05	0.06
Total	**0.76**	**0.55**	**0.58**
Commission			
Satish Sekhri	-	0.60	1.10
Total	-	**0.60**	**1.10**

#*Expenses towards gratuity and leave encashment provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.*

For further details, see "*Other Financial Information – Related Party Transactions*" on page 355.

Financing arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives (as defined in Companies Act, 2013) have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity, if any, during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which Equity Shares were acquired by the Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which Equity Shares were acquired by the Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus, is set forth below:

S. No.	Name	Number of Equity Shares acquired in the last one year preceding the date of this Draft Red Herring Prospectus	Weighted average price of acquisition per Equity Share (in ₹)[&]
Promoters			
1.	Paritosh Kumar	2,438,000	Nil*
2.	Ashish Garg	Nil	N.A.
3.	Megha Garg	Nil	N.A.
4.	Ayush Capital & Financial Services Private Limited	Nil	N.A.
5.	Garg Family Trust	38,047,000	Nil*
6.	Paritosh Kumar Garg (HUF)[#]	Nil	N.A.
7.	Ashish Garg & Sons (HUF)	Nil	N.A.
Selling Shareholder (other than the Promoter Selling Shareholder)			
1.	India Business Excellence Fund – III	Nil	N.A.

**Equity Shares acquired through gift.*
[#]Also a Promoter Selling Shareholder.
[&]As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.

Weighted average cost of acquisition of all shares transacted in the three years, 18 months and one year preceding the date of this Draft Red Herring Prospectus:

Period	Weighted average cost of acquisition per Equity Share (in ₹)[^%]	Cap Price is 'x' times the weighted average cost of acquisition*	Range of acquisition price per Equity Share: lowest price – highest price (in ₹)[^]
Last one year preceding the date of this Draft Red Herring Prospectus	Nil	[●]	Nil
Last 18 months preceding the date of this Draft Red Herring Prospectus	Nil	[●]	Nil
Last three years preceding the date of this Draft Red Herring Prospectus	Nil	[●]	Nil

[^] As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.
**To be updated in the Prospectus.*
[%]Computed based on the Equity Shares acquired/allotted/purchased (including acquisition pursuant to transfer by way of gift and bonus issue).

Details of price at which Equity Shares were acquired in the three years preceding the date of this Draft Red Herring Prospectus

The details of the price at which Equity Shares were acquired in the three years preceding the date of this Draft Red Herring Prospectus, by our Promoters, Promoter Group, Selling Shareholders and the shareholders entitled with right to nominate directors or any other rights, are disclosed below:

S. No.	Name of the acquirer / shareholder	Date of acquisition of Equity Shares	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)*
Promoters				
1.	Paritosh Kumar	May 16, 2023	2,438,000	Nil[$]
		March 30, 2022	17,830,300	Nil[^]
2.	Ashish Garg	March 30, 2022	6,473,100	Nil[^]
3.	Megha Garg	March 30, 2022	1,209,950	Nil[^]
4.	Ayush Capital & Financial Services Limited	March 30, 2022	5,372,550	Nil[^]
5.	Ashish Garg & Sons (HUF)	March 30, 2022	127,100	Nil[^]
6.	Paritosh Kumar Garg (HUF)[#]	March 30, 2022	2,803,850	Nil[^]
7.	Garg Family Trust	August 7, 2023	38,047,000	Nil[$]

S. No.	Name of the acquirer / shareholder	Date of acquisition of Equity Shares	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)[*]
Promoter Group				
8.	Suman Garg	August 7, 2023	29,148,700	Nil[$]
		July 12, 2023	6,500	Nil[$]
		June 23, 2023	3,900	Nil[$]
		March 30, 2022	4,443,950	Nil[^]
9.	Sheena Gupta	March 30, 2022	1,219,000	Nil[^]
10.	Sudesh Kumari Aggarwal	March 30, 2022	650	Nil[^]
11.	Satish Kumar	July 7, 2023	1,300	Nil[$]
		February 12, 2022	13	Nil[@]
		March 30, 2022	1,300	Nil[^]
12.	Satish Kumar and Sons (HUF)	March 30, 2022	650	Nil[^]
Selling Shareholder (other than the Promoter Selling Shareholder)				
13.	India Business Excellence Fund – III[&]	March 30, 2022	5,264,500	Nil[^]

[*] *As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.*
[#] *Also a Selling Shareholder.*
[&] *Also a Shareholder having nomination right.*
[^] *Equity Shares issued pursuant to a bonus issue of Equity Shares in the ratio 1:1 authorised by a resolution of our Board dated February 12, 2022 and a resolution of our Shareholders dated February 14, 2022.*
[$] *Equity Shares acquired through gift.*
[@] *Equity Shares acquired pursuant to transmission of Equity Shares.*

Average cost of acquisition

The average cost of acquisition of Equity Shares by our Promoters and the Selling Shareholders as at the date of this Draft Red Herring Prospectus is set forth below:

S. No.	Name	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)[*]
Promoters			
1.	Garg Family Trust	38,047,000	Nil
2.	Ashish Garg	12,946,200	3.47
3.	Ayush Capital & Financial Services Private Limited	10,745,100	4.81
4.	Paritosh Kumar	8,949,900	2.33
5.	Megha Garg	2,419,900	9.79
6.	Ashish Garg & Sons (HUF)	254,200	7.87
7.	Paritosh Kumar Garg (HUF)[#]	5,607,700	2.02
Selling Shareholders (other than the Promoter Selling Shareholder)			
8.	India Business Excellence Fund – III	10,529,000	189.95

[*] *As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.*
[#] *Also a Promoter Selling Shareholder.*

For further details of the average cost of acquisition of our Promoters, see "*Capital Structure – Build-up of the Promoters' shareholding in our Company*" on page 93.

Details of pre-IPO placement

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a pre-IPO placement of specified securities for cash consideration aggregating up to ₹1,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash or pursuant to a bonus issue in the one year preceding the date of this Draft Red Herring Prospectus.

Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company has not applied for an exemption from complying with any provisions of securities laws by SEBI.

SECTION III – RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any or a combination of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a more detailed understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Restated Financial Information" on pages 203, 144, 357 and 280, respectively, as well as the other financial information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors in our Equity Shares should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment in India, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 25. Unless otherwise indicated, the financial information included herein is based on our Restated Financial Information included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Information" on page 280.

In this section, we have compared consolidated financial information as of and for the year ended March 31, 2022 and March 31, 2023 with our standalone financial information as of and for the year ended March 31, 2021.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Report on Global and Indian Forging and Machining Markets" dated August 8, 2023 (the "**Ricardo Report**") prepared and issued by Ricardo India Private Limited, appointed by us pursuant to an engagement letter dated May 16, 2023 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Offer. The Ricardo Report is available on the website of our Company at https://happyforgingsltd.com/investors until the Bid / Offer Closing Date. Unless otherwise indicated, financial, operational, industry and other related information derived from the Ricardo Report and included herein with respect to any particular calendar year or Fiscal refers to such information for the relevant calendar year or Fiscal.*

Internal Risk Factors

Internal risks relating to business, operations and industry

1. ***Our business largely depends upon our top 10 customers which contributed 70.08%, 74.64% and 79.22% in Fiscal 2023, 2022 and 2021. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We derive a significant portion of our revenue from our top 10 customers. Loss of all or a substantial portion of sales to any of our top 10 customers, in particular for any reason (including, due to loss of contracts or failure to negotiate acceptable terms, loss of market share of these customers in their industries, disputes with these customers, adverse change in the financial condition of these customers, decline in their sales, plant shutdowns, labour strikes or other work stoppages affecting production of these customers), could have an adverse impact on our business, results of operations, financial condition and cash flows. While there has been no loss of any of our top 10 customers in the last three Fiscals, there is no assurance that such instance will not arise in the future.

The following table sets forth revenue from our top one, top three, top five and top ten customers in the years indicated:

Customers	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Revenue from Customers (₹ million)	Percentage of Revenue from Operations	Revenue from Customers (₹ million)	Percentage of Revenue from Operations	Revenue from Customers (₹ million)	Percentage of Revenue from Operations
Top One	1,762.13	14.73%	1,392.55	16.19%	819.26	14.01%
Top Three	4,061.55	33.94%	3,032.82	35.26%	2,055.90	35.15%
Top Five	5,657.08	47.28%	4,248.12	49.39%	2,955.76	50.53%
Top Ten	8,384.81	70.08%	6,418.99	74.64%	4,634.06	79.22%

Further, the volume and timing of sales to our top 10 customers may vary due to variation in demand for such customers' products or on account of their manufacturing and growth strategy. Thus, any decrease in the demand for our products from our top 10 customers, or a termination of our arrangements altogether, would adversely impact our results of operations, financial condition and cash flow. These customers may change their outsourcing strategy by moving more work in-house, replace us with our competitors, or replace their existing products with alternative products which we do not supply. Also, these customers may demand price reductions and there is no assurance that we will be able to offset any reduction of prices to these customers with reductions in our costs or by acquiring new customers.

2. ***We do not have firm commitment agreements with our customers. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, cash flows and results of operations.***

We typically rely on blanket purchase orders issued by our customers from time to time that set out the price per unit of the products that are to be supplied to/ purchased by them from us. Pursuant to the purchase order, our customers provide us the quantities of units to be supplied along with the delivery schedules specifying the details of delivery.

Further, we have purchase and supply agreements with some of our customers. These agreements set forth the terms of sales but do not bind these customers to any specific products, specifications, purchase volumes or duration and can be terminated by these customers with or without cause and without compensation. Under the purchase and supply agreement, these customers provide us only with forecast volume for the product and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections or to place new orders with us and as a result, our sales from period to period may fluctuate as a result of changes in our customers' supplier preference. Such volume projections are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Further, some of the purchase and supply agreements that we have entered into with our customers are governed by foreign laws, which may create both legal and practical difficulties in the case of disputes and affect our ability to enforce our rights under these agreements or to collect damages, if awarded. In Fiscal 2023, 2022 and 2021, we served seven, seven and six international customers, representing 10.61%, 12.28% and 10.91% of the total customers served during Fiscal 2023, 2022 and 2021, respectively. While there has been no instance in the last three Fiscals where any of our customers initiated a legal proceeding against us and we could not enforce our rights on account of difficulties posed by foreign laws, there is no assurance that such instance will not arise in the future. Further, since our arrangement with our customers are not exclusive, it entitles the customers to replace us with another supplier.

3. ***Our business is dependent on the performance of certain industries particularly commercial vehicles, farm equipment and off-highway vehicles both in the Indian and overseas markets. Any adverse changes in the conditions affecting these industries can adversely impact our business, results of operations, cash flows and financial condition.***

In the automotive sector, we primarily cater to domestic and global original equipment manufacturers which manufacture commercial vehicles. In the non-automotive sector, we cater to manufacturers of farm equipment, off-highway vehicles and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries. We are exposed to fluctuations in the performance of these industries. In India, these industries may perform differently and be subject to market and regulatory developments that are dissimilar to such industries in other parts of the world. Our sales are directly dependent on the production level of these industries domestically and globally, and are affected by inventory levels of manufacturers operating in these industries. The tables below set out the revenues generated from various end-use industries and as a percentage of our revenue from sale of products:

End-use Industry	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products
Commercial Vehicles	4,656.76	43.65%	3,355.58	42.72%	2,054.10	37.50%
Farm Equipment	3,925.19	36.79%	3,179.74	40.48%	2,402.91	43.87%
Off-Highway Vehicles	1,692.55	15.86%	1,162.71	14.80%	910.39	16.62%
Industrial*	394.99	3.70%	157.62	2.01%	110.00	2.01%
Revenue from the Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**

**Sale of products to manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.*

Further, production and sales of the vehicles for which we supply products are affected by a variety of other factors that are beyond our control, including changes in government policies, changes in consumer demand, product mix shifts favouring other types of vehicles, fuel prices, vehicle electrification, economic conditions, demographic trends, employment and income levels and interest rates, disruptions in these industries' supply chain, vehicle age, labour relations, regulatory requirements, credit availability and cost of credit and general economic and industry conditions.

Reduced demand in the industries we currently supply to, continued uncertainty and other unexpected fluctuations or change in regulations, customs, taxes or other barriers or restrictions adversely affecting the market, particularly the vehicle industry, could have a material adverse impact on our business, results of operations, cash flows and financial condition.

4. ***We are subject to strict performance requirements, including, but not limited to, quality and delivery, by our customers, and any failure by us to comply with these performance requirements may lead to the cancellation of existing and future orders, recalls or warranty and liability claims.***

We are engaged in the manufacturing and supply of critical and complex products which are required to meet precise and specific requirements including in terms of quality, measurements and tolerances. Failure by us to achieve or maintain compliance with these requirements or quality standards may disrupt our ability to supply products sufficient to meet our customers' demands, lead to the cancellation of existing and future orders, result in us incurring costs for repairing or replacing defective products as well as conducting product recalls and paying warranty and liability claims, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our agreements with customers or purchase orders issued by them, have standard liability clauses in relation to quality and delivery of our products, which ordinarily do not have any limits. Accordingly, we are required to provide warranty for such quality and delivery related obligations, which may or may not be capped in terms of time or monetary value. Further, the supply of defective products may result in our customers initiating litigation against us, which could materially harm our reputation, business, financial condition, cash flows and results of operations.

Furthermore, we may be subject to liability claims by third parties in the event that the use of any of our products results in personal injury or property damage, which could adversely affect our reputation and business and, to the extent not covered by insurance, our results of operations, financial condition and cash flows. Although we have obtained product liability insurance, we may not be covered for all situations that may arise with regard to any defects in our products. While there have been no instances where we were subject to any product liability claims in the last three Fiscals, we cannot guarantee that we can continue to comply with all regulatory requirements or the quality standards required by our customers and there can be no assurance that no product liability claim will arise in the future. Further, while there have been no instances where we had to recall our products in the last three Fiscals, we cannot assure you that such instance will not arise in the future.

5. *Our business and profitability is substantially dependent on the availability and cost of our steel, our primary raw material and any disruption to the timely and adequate supply of steel, or volatility in the prices of Steel may adversely impact our business, results of operations, cash flows and financial condition*

We are engaged in manufacturing complex and high precision heavy forged machined components, requiring steel of certain technical specifications. The table below provides cost of raw materials and components consumed as a percentage of our total expenses in the years indicated:

Fiscal 2023		Fiscal 2022		Fiscal 2021	
Consolidated		Consolidated		Standalone	
Cost of Raw Materials and Components Consumed (₹ million)	Percentage of Total Expenses	Cost of Raw Materials and Components Consumed (₹ million)	Percentage of Total Expenses	Cost of Raw Materials and Components Consumed (₹ million)	Percentage of Total Expenses
5,477.24	59.39%	4,358.47	64.66%	2,572.56	54.30%

The table below provides our cost of steel sourced from suppliers as a percentage of our total cost of raw materials consumed and revenue from operations in the years indicated:

Fiscal 2023			Fiscal 2022			Fiscal 2021		
Consolidated			Consolidated			Standalone		
Cost of Steel Sourced from Suppliers (₹ million)	Percentage of Cost of Raw Materials and Components Consumed	Percentage of Revenue from Operations	Cost of Steel Sourced from Suppliers (₹ million)	Percentage of Cost of Raw Materials and Components Consumed	Percentage of Revenue from Operations	Cost of Steel Sourced from Suppliers (₹ million)	Percentage of Cost of Raw Materials and Components Consumed	Percentage of Revenue from Operations
5,164.83	94.30%	43.17%	4,374.04	100.36%	50.86%	2,887.76	112.25%	49.37%

We may experience volatility in the cost or availability of steel. While our arrangements with customers allow us to seek an upward revision in pricing, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the prices for our customers, to account for the increase in the prices of such raw materials. Our ability to pass through steel costs or otherwise mitigate these cost increases could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our costs for procuring our primary raw material could increase, and our business, cash flows and results of operations could be adversely affected.

Any increase in prices of steel could have an impact on our working capital as we would require additional funds to procure the necessary steel at the higher prices. As a result, we may be required to allocate a larger portion of our working capital towards purchasing raw materials to maintain our production levels. This increased allocation towards purchase or steel can potentially strain our working capital availability.

6. *We export our products to various countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, United Kingdom and United States of America. Any adverse events affecting these countries could have an adverse impact on our results from operations.*

During Fiscal 2021 to Fiscal 2023, we exported our products to nine countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, United Kingdom and United States of America. For more information on the geographies where we exported our products and revenues generated in Fiscal 2021, 2022 and 2023, see "*Our Business – Customers*" on page 236. As per Ind AS 108 "Operating Segments", the following table sets forth our revenue from contract with customers outside India in the years indicated:

Fiscal 2023		Fiscal 2022		Fiscal 2021	
Consolidated		Consolidated		Standalone	
Revenue from Contract with Customers Outside India (₹ million)	Percentage of Total Revenue from Contract with Customers	Revenue from Contract with Customers Outside India (₹ million)	Percentage of Total Revenue from Contract with Customers	Revenue from Contract with Customers Outside India (₹ million)	Percentage of Total Revenue from Contract with Customers
1,383.51	12.89%	868.14	10.94%	481.05	8.77%

These export destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such countries will not increase. Further, an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition, cash flows and results of operations. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export, and consequently, our business, financial condition, cash flows and results of operations. Additionally, export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition, cash flows and results of operations. Further, our inability to secure any license, certification, registrations and permits that may become necessary in other jurisdictions to which we export our products, in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have a material adverse effect on the overall business, results of operations, cash flows and financial condition.

7. *We derive a substantial portion of our revenue from the sale of crankshafts and loss of sales due to reduction in demand for crankshafts would have a material adverse effect on our business, financial condition, results of operations and cash flows.*

We rely heavily on revenue generated from the sale of crankshafts, which are not currently utilized in battery-electric vehicles. As per the Ricardo Report, heavy-duty vehicles such as trucks, off-highway vehicles, tractors require more power and have different operating requirements than passenger vehicles, which makes it more difficult to switch to EVs. As a result, many heavy-duty vehicles will continue to use ICE or alternative engine technologies that require crankshafts (*Source: Ricardo Report*). However, if there is a significant increase in the adoption of battery-electric vehicles, particularly in commercial vehicles, farm equipment, or off-high vehicles, it could adversely affect our financial condition, cash flows, and results of operations, as the market for crankshafts may shrink. While we have not experienced any material decline in our sale of crankshafts in the last three Fiscals due to the penetration of electric vehicles, there is no assurance that we will not face any such decline in sale of crankshafts in the future. The table below sets out the revenues generated from sale of crankshafts and as a percentage of our revenue from sale of products:

Product	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Sale of Crankshafts (₹ million)	Percentage of Revenue from Sale of Products	Sale of Crankshafts (₹ million)	Percentage of Revenue from Sale of Products	Sale of Crankshafts (₹ million)	Percentage of Revenue from Sale of Products
Crankshaft	4,831.74	45.29%	3,274.23	41.68%	2,576.49	47.04%

Our future success will also depend in part on our ability to reduce our dependence on crankshaft by introducing new products as well as product or feature enhancements in a timely manner. We may not be able to install and commission the facilities required to manufacture new products for our customers in time for the start of production, and the transitioning of our manufacturing facilities and resources to full production for new products may impact production rates or other operational efficiency measures at our facilities. There can also be no assurance that any products we introduce will achieve market acceptance. Any failure to successfully manufacture and market new products could adversely affect our business, financial condition, cash flows and results of operations.

8. ***Our manufacturing facilities are subject to operating risks. Any shutdown of our manufacturing facilities of our existing or future manufacturing facilities or other production problems caused by unforeseen events may reduce sales and adversely affect our business, cash flows, results of operations and financial condition.***

As of the date of this Draft Red Herring Prospectus, we own and operate three manufacturing facilities, of which two are located at Kanganwal in Ludhiana, Punjab and one located at Dugri in Ludhiana, Punjab. Our manufacturing facilities are subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing plants, including as a result of regulatory actions;
- problems with supply chain continuity, including as a result of natural or man-made disasters at any of our manufacturing facilities;
- manufacturing shutdowns, breakdown or failure of equipment, equipment performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- labour disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- any changes in the availability of power or water availability which impacts the entire region;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply; and
- changes in political relationships between India and the countries in which we export and local political tensions.

Except for the temporary shutdown of our two facilities located at Kanganwal in Ludhiana, Punjab for 43 days (i.e., from March 22, 2020 to May 3, 2020) on account of Covid-19 pandemic, there has not been any other instance of a material disruptions in the production by our manufacturing facilities in the last three Fiscals which had an adverse affect on our business, financial conditions, cash flows and results of operations. There is no assurance that our business and financial results may not be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above. Disruption in our manufacturing operations may result in reduced production and reduced sales or higher costs to arrange for alternative arrangements to meet our customer obligations.

Further, as of the date of this Draft Red Herring Prospectus, we operate three manufacturing facility with two manufacturing facilities located at Kanganwal in Ludhiana, Punjab and one located at Dugri in Ludhiana, Punjab. In Fiscal 2023, 2022 and 2021, our overall forging capacity utilization was 62.96%, 67.30% and 60.37%, respectively and our overall machining capacity utilization was 79.24%, 78.25% and 70.57%, respectively. For further information, see "*Our Business – Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation*" on page 229. While our overall machining capacity utilization has increased in the last three Fiscals, under utilization of our existing manufacturing facilities for machining may arise due to various reasons such as changes in demand for our products and supply chain disruptions, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

9. ***All of our three manufacturing facilities are located in Ludhiana, Punjab which exposes our operations to potential risks arising from local and regional factors such as adverse social and political events, weather conditions and natural disasters***

All of our three manufacturing facilities are located in Ludhiana, Punjab. Due to the geographic concentration of our manufacturing facilities in Ludhiana, Punjab, our operations are susceptible to local and regional factors, such as civil unrest as well as other adverse social, economic and political events in Punjab, weather conditions, natural disasters, regional conflicts and other unforeseen events and circumstances. Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in Punjab, or changes in policies of the state or local governments or the government of India or adverse developments related to competition in Punjab, may adversely affect our business, financial conditions, cash flows, and results of operations.

10. ***Our operations involve activities and materials which are hazardous in nature and could result in a suspension of operations and/or the imposition of civil or criminal liabilities which could adversely affect our business, results of operations, cash flow and financial condition.***

Our operations are subject to operating risks associated with forged and machined products manufacturing. Certain operations at our manufacturing facilities, including die-grinding, forging or heat treatment can cause accidents during the manufacturing process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties or equipment and the properties of others or to the environment. For instance, the audiometry of our employees may be impacted by the sound generated from hammering of forged products. Despite ensuring that employee safety manuals covering employee safety and environmental procedures are in place and that hazard identification and risk assessments with respect to our operations are periodically carried out, our operations are subject to significant hazards, including explosions, fires, mechanical failures and other operational problems, inclement weather and natural disasters, discharges or releases of hazardous substances, chemicals or gases; and other environmental risks. In 2021, a technical error in a broke down machine led to death of an employee who was working on the same to fix the machine. A compensation of ₹1.8 million was paid to the deceased family. Also, in 2018, we faced an industrial accident in the factory premises of our Kanganwal Facility I, due to the explosion of an argan (CO2) mixer gas cylinder which led to the death of one of the employees. In connection with this accident, the State of Punjab through Assistant Director of Factories, Circle No. 1, Ludhiana filed a complaint dated April 5, 2019 against our Chairman and Managing Director, Paritosh Kumar in the Court of Chief Judicial Magistrate, Ludhiana, alleging violation of Section 7A(2) of the Factories Act, 1948 and Rule 66D of the Punjab Factory Rules, 1952. For further information, see "*Outstanding Litigation and Other Material Information – Litigation proceedings involving our Directors – Criminal proceedings – Litigation against our Directors*" on page 401.

The occurrence of any of these hazards could result in a suspension of operations and/or the imposition of civil or criminal liabilities. We may also face claims and litigation, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations, cash flows and financial condition could be adversely affected. Further, our customers may require us to invest in additional safety protocols which impose incremental expenses and may impact our ability to operate at optimum efficiencies. Any such action by any of our customers may adversely impact our business, results of operations, cash flows and financial condition.

11. ***We depend on a few suppliers for the supply of steel, our primary raw material. Further, we do not have definitive supply agreements with our suppliers for the supply of steel. Interruptions in the supply of steel could adversely affect our business, financial condition, results of operations and cash flows.***

We are engaged in manufacturing complex and high precision heavy forged machined components, requiring steel of certain technical specifications. High quality steel that meets our requirements is typically supplied by a limited number of suppliers in the Indian market, hence we rely on a few suppliers to supply steel for our operations. We do not enter into definite-term agreements with our suppliers (who typically supply us through purchase orders) and they may not perform their obligations in a timely manner or at all, resulting in delays to our production schedule and adversely affecting our output. We cannot assure that no instance will arise in the future where delay in supply of steel could have an adverse impact on our results of operations, cash flows, financial condition or business, we cannot assure that such instance will not arise in the future. The table below provides our cost of steel sourced from suppliers as a percentage of our total cost of materials consumed and revenue from operations in the years indicated:

Fiscal 2023			**Fiscal 2022**			**Fiscal 2021**		
Consolidated			**Consolidated**			**Standalone**		
Cost of Steel Sourced from Suppliers (₹ million)	**Percentage of Total Cost of Materials Consumed**	**Percentage of Revenue from Operations**	**Cost of Steel Sourced from Suppliers (₹ million)**	**Percentage of Total Cost of Materials Consumed**	**Percentage of Revenue from Operations**	**Cost of Steel Sourced from Suppliers (₹ million)**	**Percentage of Total Cost of Materials Consumed**	**Percentage of Revenue from Operations**
5,164.83	94.30%	43.17%	4,374.04	100.36%	50.86%	2,887.76	112.25%	49.37%

The table below provides the cost of steel sourced from our top one, top three and top five suppliers:

Category	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Cost of Steel Sourced (₹ million)	Percentage of Total Cost of Steel Sourced	Cost of Steel Sourced (₹ million)	Percentage of Total Cost of Steel Sourced	Cost of Steel Sourced (₹ million)	Percentage of Total Cost of Steel Sourced
Top One	2,720.06	52.67%	2,227.32	50.92%	1,328.29	46.00%
Top Three	4,624.43	89.54%	3,859.10	88.23%	2,670.32	92.47%
Top Five	4,988.87	96.59%	4,240.24	96.94%	2,828.29	97.94%

While there has been no instance where our suppliers were unable to supply us desired quantities of the specific grades of steel or any instance where we could not find a replacement for any particular supplier, we cannot assure you that such instances will not arise in future. In the event if any of our supplier shows its inability to provide us the specific grades of steel and even if we may be able to procure such specific grades of steel from other suppliers, there is no guarantee that we will be able to do so at the same price or within our delivery timelines. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements, which may have an impact on our ability to procure an uninterrupted supply of steel, which in turn may affect our profit margins and financial performance. We may also be required to replace a supplier if its products or services do not meet our safety, quality or performance standards.

12. ***We are dependent on third parties for the transportation and timely delivery of our products to customers. Any failure by or loss of a third party transport service provider could result in delays and increased costs, which may adversely affect our business.***

We rely on third parties for the transportation services for the timely delivery of our products to our customers located in India and other countries. The following table sets forth the freight charges and forwarding charges incurred as a percentage of our total expenses and revenue from operations in the years indicated:

Particulars	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Consolidated			Consolidated			Standalone		
	Amount (₹ million)	Percentage of Total Expenses	Percentage of Revenue from Operations	Amount (₹ million)	Percentage of Total Expenses	Percentage of Revenue from Operations	Amount (₹ million)	Percentage of Total Expenses	Percentage of Revenue from Operations
Freight and Forwarding Charges	258.59	2.80%	2.16%	201.15	2.98%	2.34%	102.56	2.16%	1.75%

We use different modes of transportation, including road, air, rail and sea for our domestic and overseas operations. We engage third-party logistic service providers to provide support our transportation requirements. In the event that these third party logistic service providers are unable to provide services for our operations for reasons which are beyond our control and we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, cash flows, financial condition, results of operations and reputation may be adversely affected.

Disruptions of transportation services because of natural disasters, pandemics, mass protests, civil unrest, strikes, lockouts or other events may affect our delivery schedules and impair our supply to our customers. For instance, there was mass protest by farmers in several parts of the country like Delhi, Haryana and Punjab, against three farm acts which were passed by the Parliament of India in September 2020.

While delivery of products to customers within India is generally shipped by road, the majority of our shipments to the foreign markets are by sea and subject to associated risks, including damage or loss of containers due to shipwreck, mishandling of our shipment at port or at sea, damage during transportation and loading and unloading. While we maintain marine open inland declaration policy to cover various risks during the transit of goods overseas, any damage suffered by us in excess of coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third party transportation providers. Further, the unavailability of adequate port and shipping infrastructure for transportation of our products to our foreign markets may have an adverse effect on our business, financial condition, cash flows and results of operations.

13. ***We have significant power and fuel requirements and any disruption to power or fuel sources could increase our production costs and adversely affect our business, financial condition, cash flows and results of operations.***

We require substantial power and fuel for our manufacturing facilities. The following table sets forth below our power and fuel expenses (net) in the years indicated:

Fiscal 2023			Fiscal 2022			Fiscal 2021		
Consolidated			Consolidated			Standalone		
Power and Fuel Expenses (net)* (₹ million)	Percentage of Total Expenses (%)	Percentage of Revenue from Operations	Power and Fuel Expenses (net)* (₹ million)	Percentage of Total Expenses (%)	Percentage of Revenue from Operations	Power and Fuel Expenses (net)* (₹ million)	Percentage of Total Expenses (%)	Percentage of Revenue from Operations
757.64	8.22%	6.33%	676.54	10.04%	7.87%	462.63	9.77%	7.91%

**Power and fuel expenses are net of ₹34.32 million in Fiscal 2023, ₹31.49 million in Fiscal 2022 and ₹55.62 million in Fiscal 2021 on account of electricity duty subsidy receivable from Government.*

While we have installed solar panels in all our manufacturing facilities, we continue to use energy from other sources as well. We purchase utilities for our operations from the state electricity boards. In case the cost of electricity from state electricity boards is increased significantly and we are not able to pass on such increase to our customers, our cost of production and profitability will be adversely affected. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any significant increase in power price or increased interruptions may require us to add captive power generation capacity which will lead to incremental capital expenditure which may adversely impact our results from operations. If energy costs were to rise, or if electricity supplies or supply arrangements were disrupted, our business and results from operations will be adversely impacted.

Internal risks relating to financials

14. ***Our Statutory Auditors have included a disclaimer of opinion in the annexure to their report on the internal financial controls on the standalone financial statements of our Company for the year ended March 31, 2021. Further, our Statutory Auditors have included certain qualifications in the annexure to their audit reports on the Companies (Auditor's Report) Order, 2016 / Companies (Auditor's Report) Order, 2020, for the years ended March 31, 2023 and March 31, 2021.***

Our Statutory Auditors have included a disclaimer of opinion in the annexure to their report on the internal financial controls on the standalone financial statements of our Company for the year ended March 31, 2021. As per the opinion, our Company's internal financial control over financial reporting for the financial statements as at and for the year ended March 31, 2021 was not established in compliance with criteria based on or considering the essential components of internal control stated in the "*Guidance Note on Audit of Internal Financial Controls Over Financial Reporting*" issued by ICAI. Because of this reason, our Statutory Auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for their opinion whether our Company had adequate internal financial controls with reference to the financial statements as at March 31, 2021 and whether such internal financial controls were operating effectively. Accordingly, our Statutory did not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these financial statements for the year ended March 31, 2021.

Further, our Statutory Auditors have included the following qualifications in the annexure to their audit reports on the Companies (Auditors Report) Order, 2016/ Companies (Auditor's Report) Order, 2020 for the year ended March 31, 2023 and March 31, 2021:

As at and for the year ended March 31, 2023

- Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to the Statutory Auditors and based on audit procedures performed by the Statutory Auditors, 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.

As at and for the year ended March 31, 2021

- Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.

There is no assurance that our auditors' reports for any future fiscal periods will not contain such qualifications which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected. Further, with respect to the statutory dues mentioned above which have been deposited with delays in a few cases, we cannot assure that we will not have such similar issues in the future. Further, any failure or delay in payment of such statutory dues may expose us to statutory and regulatory action, as well as significant penalties, and may adversely impact our business, results of operations, cash flows and financial condition.

15. *Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage which may impact on our financial condition, cash flows and results in operations.*

We maintain insurance cover for our properties, including protection from fire, burglary and theft. In addition, we maintain marine export import insurance open policy, marine open inland declaration policy and marine open import declaration policy to cover various risks during the transit of goods across India and overseas, respectively, a public liability act policy to cover product liability risk, group accident guard insurance policy for our employees, group health (floater) insurance mediclaim polices for our employees and insurance policies covering directors' and officers' liability. For further information on the insurance policies availed by us, see "*Our Business – Insurance*" on page 241.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our manufacturing facilities or corporate offices or in the regions or areas where our manufacturing facilities or corporate offices are located. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, on time, or at all. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, cash flows, financial condition and results of operations could be adversely affected. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. While there has been no instance in the last three Fiscals where any event occurred where we experienced losses exceeding our insurance coverage, there is no assurance that such instance will not arise in the future. In Fiscal 2023, 2022, and 2021, we received insurance claims amounting to ₹2.49 million, ₹0.96 million and ₹ nil, respectively, for the damages suffered by our products during transportation. The following table sets forth details of coverage of our insurance policies against the total insurable assets in the years indicated:

Particulars	As of / For the Year Fiscal 2023		As of / For the Year Fiscal 2022		As of / For the Year Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of the Total Insurable Assets*	Amount (₹ million)	Percentage of the Total Insurable Assets*	Amount (₹ million)	Percentage of the Total Insurable Assets*
Coverage of Insurance Policies	12,685.77	147.32%	10,695.02	133.29%	7,938.01	145.51%

**Insurable Assets include buildings, plant and equipment, furniture and fixtures, office equipment's, computers, electrical fittings and equipment, die and inventories in hand, vehicles and capital work-in-progress.*

Further, as of March 31, 2023, 2022 and 2021, our total uninsured assets which includes freehold land, intangible assets, scrap inventory, intangible assets under development were ₹616.91, ₹500.23 million and ₹310.56 million, representing 4.65%, 4.43% and 3.54% of our total assets as of March 31, 2023, 2022 and 2021, respectively. Any damage or loss to these uninsured assets due to unforeseen events such as natural disasters, accidents, thefts, or other incidents may impact our results of operations, cash flows and financial condition and result in significant monetary losses.

16. ***We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition.***

We have entered into various financing arrangements with various lenders for short-term and long terms facilities. As of July 15, 2023, our total outstanding borrowings amounted to ₹2,032.27 million. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have significant consequences, including, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditure and reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions.

Our financing arrangements include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions including altering our capital structure, further issuance of any Equity Shares, effecting any scheme of amalgamation or reconstruction, changing the management and dilution of Promoters' shareholding, alteration in the constitutional documents and creation of security. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. As of the date of this Draft Red Herring Prospectus, we have received all consents required from our lenders in connection with the Offer.

In terms of security, we are required to create a mortgage or charge over our current assets, movable and immovable properties. We may also be required to furnish additional security if required by our lenders. Additionally, these financing agreements also require us to maintain certain financial ratios such as debt to equity ratio, current ratio, fixed asset coverage ratio, equity ratio (calculated as total outside liability/ tangible net worth) and total debt/ adjusted tangible net worth. While there has been no breach of such covenants in the last three Fiscals, there can be no assurance that we will be able to comply with these financial or other covenants at all times or that we will be able to obtain the consent necessary to take the actions that we believe are required to operate and grow our business. In Fiscal 2013, our Company had entered into a debt restructuring arrangement with consortium of banks (i.e., State Bank of Bikaner & Jaipur, State Bank of India, State Bank of Patiala, Punjab & Sind Bank and IDBI Bank Limited) with respect to the total debt of ₹2,107.90 million. The terms of the debt restructuring, among other things, included (i) restructuring period stretched to nine years and four months payable up to March 31, 2022; (ii) repayment period stretched to seven years and nine months (ii) reduction of interest rates across the loan facilities; (iii) sanction of additional term loan; and (iv) reduction of working capital limit. The outstanding debt was repaid by us in Fiscal 2021 and as of the date of this Draft Red Herring Prospectus, there is no outstanding amount with respect to the debt amount which was restructured. Except the above instance, there has been no re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks in the last three Fiscals.

Further, we are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to charge the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating.

17. ***Pricing pressure from our customers may adversely affect our gross margin, profitability and ability to increase our prices, which may in turn have a material adverse effect on our results of operations, cash flows and financial condition.***

We may experience pressure from our customers to reduce our prices, which may affect our profit margins going forward. In the past, we offered discount and incentives to our customers as per the arrangement with them. The table below sets forth the details of the discount and incentives to our customers as per contract/ schemes as per Ind AS 115 in the years indicated:

Fiscal 2023		Fiscal 2022		Fiscal 2021	
Consolidated		Consolidated		Standalone	
Discount and Incentives as per Contract/ Schemes (₹ million)	Percentage of Revenue from Operations	Discount and Incentives as per Contract/ Schemes (₹ million)	Percentage of Revenue from Operations	Discount and Incentives as per Contract/ Schemes (₹ million)	Percentage of Revenue from Operations
29.23	0.24%	9.56	0.11%	3.29	0.06%

Offering additional discount and incentives to retain our customers in the future may have an adverse impact on the results of operations, cash flows and financial conditions of our Company.

Our business is capital intensive and requires us to maintain a large and fixed cost base. Our profitability is dependent, in part, on our ability to spread fixed costs over higher sales volume. However, we may not be able to spread such fixed costs effectively as our customers generally negotiate for larger discount in price as the volume of their orders increases. To maintain our profit margins, we seek price reductions from our suppliers, improve production processes to increase manufacturing efficiency and streamline product designs to reduce costs.

We also focus on value engineering activities to reduce costs in different operational areas. If we are unable to offset customer price reductions in the future through increased volumes, improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our results of operations, cash flows and financial condition may be materially adversely affected. Further, our competitors may resort to aggressive pricing strategies to gain a larger market share and which may exert downward pressure on our pricing levels and profit margins and as a result, we may be required to reduce our prices which in turn may have an adverse impact on our results of operations, cash flows and financial conditions.

18. *Exchange rate fluctuations may adversely affect our business, financial conditions, cash flows and results of operations.*

Our financial statements are presented in Indian Rupees. However, our revenue are influenced by the currencies that we export in as well as by currencies of countries from where we procure our plant and machinery. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the USD, Euro, and GBP, may have a material impact on our results of operations, cash flows and financial condition.

The table below sets forth details:

Particulars	As of March 31, 2023		As of March 31, 2022		As of March 31, 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Operations	Amount (₹ million)	Percentage of Revenue from Operations	Amount (₹ million)	Percentage of Revenue from Operations
Foreign-Currency Receivables	541.03	4.52%	297.96	3.46%	120.91	2.07%

While we hedge our foreign currency exchange risk by entering into forward exchange contracts, we cannot assure you that our measures will adequately protect our business operations, financial conditions, results of operations and cash flows from the full effects of exchange rate fluctuations. Failure to hedge effectively against exchange rate fluctuations may adversely affect our business operations, financial conditions, results of operations and cash flows. As of March 31, 2023, ₹50.17 million of our foreign currency exposure was unhedged.

Further, the table below sets forth details of our gain on foreign exchange variation (net) as a percentage of our revenue from operations:

Fiscal 2023		Fiscal 2022		Fiscal 2021	
Consolidated		Consolidated		Standalone	
Gain on Foreign Exchange Variation (net) (₹ million)	Percentage of Revenue from Operations	Gain on Foreign Exchange Variation (net) (₹ million)	Percentage of Revenue from Operations	Gain on Foreign Exchange Variation (net) (₹ million)	Percentage of Revenue from Operations
45.46	0.38%	44.55	0.52%	9.82	0.17%

19. ***We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain the required additional capital and financing when needed.***

Our business is capital intensive. We have expanded and upgraded our existing manufacturing facilities in the last three Fiscals. The following table sets forth details of our capital expenditure (i.e. payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance)) as a percentage of gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) in the years indicated:

As of / For the Year ended March 31, 2023		As of / For the Year ended March 31, 2022		As of / For the Year ended March 31, 2021	
Consolidated		Consolidated		Standalone	
Capital Expenditure* (₹ million)	Percentage of the Gross Block**	Capital Expenditure* (₹ million)	Percentage of the Gross Block**	Capital Expenditure* (₹ million)	Percentage of the Gross Block**
1,745.87	18.70%	1,908.42	23.91%	916.64	16.76%

**Capital Expenditure comprises payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance).*
*** Gross Block comprises cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development.*

Further, in Fiscal 2023, 2022 and 2021, our working capital requirement was ₹2,327.00 million, ₹1,797.12 million and ₹1,557.18 million, respectively. We intend to fund purchase of certain equipment, plant and machinery from the Net Proceeds and the total amount to be financed from Net Proceeds for such capital expenditure is approximately ₹2,135.96 million. For further information, see "*Objects of the Issue – Purchase of equipment, plant and machinery*" on page 106.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen events beyond our control, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the industries we operate.

Our sources of additional capital, where required to meet our capital expenditure plans or funding working capital requirement, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. Further, our budgeted resources may prove insufficient to meet our requirements which could drain our internal accruals or compel us to raise additional capital. If we are required to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of manufacturing and other work before payment is received from customers. Our inability to obtain adequate amount of working capital at such terms which are favourable to us and in a timely manner or at all may also have an adverse effect on our results of operations, cash flows and financial condition. Continued increases in our working capital requirements may have an adverse effect on our results of operations, cash flows and financial condition.

20. ***We have certain contingent liabilities that have been disclosed in our financial statements, which if they materialize, may adversely affect our results of operations, cash flows and financial condition.***

As of March 31, 2023, our contingent liabilities as per Ind AS 37 that have been disclosed in our Restated Financial Information, were as follows:

Particulars	**Amount (₹ million)**
Excise/ goods & services tax demands	18.74
Income tax demands	17.31

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, cash flows, financial condition and results of operations. For further information of contingent liability as at March 31, 2023 as per Ind AS 37, see "*Restated Financial Information – Note 29. Contingent liabilities and commitments*" on page 335.

21. ***We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions include, among other things, sale of finished goods, purchase of raw materials, sale of scrap, loans taken from Directors and interest on such loans, short term employee benefits and directors sitting fees. While all such transactions have been conducted on an arm's length basis, in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act, the SEBI Listing Regulations and other application laws. Further, it is likely that we may enter into additional related party transactions in the future. Such future related party transactions may potentially involve conflicts of interest. The table below provides details of absolute sum of all related party transactions and the percentage of such related party transactions to our revenue from operations in the years indicated:

Particulars	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
	Consolidated	**Consolidated**	**Standalone**
	(₹ million, except percentages)		
Absolute sum of all Related Party Transactions*	100.37	78.16	222.20
Revenue from Operations	11,965.30	8,600.46	5,849.58
Absolute sum of all Related Party Transactions* as a Percentage of Revenue from Operations	0.84%	0.91%	3.80%

**Including debits, credits and balance sheet transactions without netting off.*

For further information on our related party transactions, see "*Summary of the Offer Document – Summary of Related Party Transactions*" and "*Other Financial Information – Related Party Transactions*" on pages 30 and 355.

Internal risks relating to legal and regulatory factors

22. ***We are unable to trace some of our historical records including forms filed with the Registrar of Companies***

Certain of our Company's corporate records and form filings are not traceable. These corporate records and form filings include: (i) Form 2 in respect of allotment of equity shares of the Company on August 10, 1979 and March 15, 1990; (ii) Form 23 in respect of the approval of the shareholders of the preferential issue and allotment of equity shares of the Company on March 31, 2001, September 22, 2001, January 4, 2002 and March 31, 2004(iii) Form MGT-14 in respect of the board resolution approving the private placement of equity shares of the Company passed on August 28, 2018; (iv) share transfer forms in relation to the share transfers undertaken by the shareholders of the Company made prior to or during 2015; (v) annual returns of the Company prior to 2001; and (vi) annual return of the Company for Fiscal 2002.

While we have conducted searches of our records at our Company's offices, on the MCA portal maintained by the Ministry of Corporate Affairs, we have not been able to trace the aforementioned corporate records. In this regard, we have also relied on the search report dated August 12, 2023 prepared by Shirin Bhatt and Associates, an independent practicing company secretary, which was prepared basis their physical search of the documents available with the Registrar of Companies and search of the information and records available on the portal of the Ministry of Corporate Affairs. Accordingly, we have included the details of the build-up of the share capital of the

Company and the build-up of the Promoters' shareholding in our Company in this DRHP, by placing reliance on other corporate records such the resolutions passed by the Board and Shareholders, where applicable and available, annual returns filed by our Company, to the extent available, the register of members and register of transfers, maintained by our Company and board resolutions noting share transfers, for our disclosures. With respect to the appointment of two of our Directors, Narinder Singh Juneja and Vikas Giya, our Company has not been able to file the requisite form in respect of shareholders' resolutions passed on May 5, 2006 and March 30, 2015 respectively, for regularising their appointment as a Director of our Company. We cannot assure you that, in future, we will not be subjected to any liability on account of such non-compliances. Although no legal proceedings or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, if we are subject to any such liability, it may have a material adverse effect on our reputation, financial condition, cash flows and results of operations. Further, there can be no assurance that there will be no such delays or non-compliances in the future and our Company will not be subject to adverse actions by the authorities.

23. ***We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations.***

We are required to obtain certain approvals, registrations, permissions and licenses under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business such as consent to operate issued by the Punjab Pollution Control Board, Ludhiana, registration and license to work as factory issued by the Chief Inspector of Factories, Department of Labour, Punjab, certificate of building stability issued by the Joint Director of Factories, Punjab, amongst others, all of which to carry out/ undertake our operations. A majority of these approvals, including the consent to operate under environmental laws, are granted for a limited duration and require renewal from time to time. These approvals, licenses, registrations and permissions may be subject to numerous conditions. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, or if we fail to comply with applicable conditions or it is claimed that we have breached any such conditions, our license or permission for carrying on a particular activity may be suspended or cancelled and we may not be able to carry on such activity, which could adversely affect our business, results of operations, cash flows and financial condition. While there has been no instance in the last three Fiscals where our license was suspended or cancelled by any regulatory authority which impacted our operations, there is no assurance that such instance will not arise in the future. One of our approval has expired in the ordinary course of business, for which we have made an application dated June 13, 2023 with EEPC India (formerly known as Engineering Export Promotion Council) which is pending as of the date of this Draft Red Herring Prospectus. For further information on the nature of approvals and licenses required for our business, see "*Government and Other Approvals*" on page 404. In addition, we have and may need to in the future, apply for certain additional approvals, including the renewal of approvals, which may expire from time to time.

There is no assurance that such approvals and licenses will be granted or renewed in a timely manner or at all by the relevant governmental or regulatory authorities. Failure to obtain or renew such approvals and licenses in a timely manner would make our operations non-compliant with applicable laws and may result in the imposition of penalties by relevant authorities, and may also prevent us from carrying out our business. Our licenses and approvals are subject to various conditions, including periodic renewal and maintenance standards. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses and registrations could expose us to legal action, compliance costs or liabilities, or could affect our ability to continue to operate at the locations or in the manner in which we have been operating thus far.

24. ***We do not have trademark registration for our new corporate logo HAPPY FORGINGS LIMITED . If we are unable to register our corporate logo, we may not be able to protect or enforce our rights to own or use our corporate logo which could have an adverse effect on our business and competitive position.***

We have filed applications under classes 7, 12 and 35 each dated September 30, 2022, with the Registrar of Trade Marks, Delhi to register our current corporate logo under the provisions of the Trade Marks Act and the Trade Mark Rules, 2002. On June 1, 2023, the applications filed by our Company under classes 12 and 35 of the Trade Marks Act have received objections from the Trade Mark Registry, Delhi. Our Company on July 1, 2023 has submitted replies to each of the objections stating that our Company has used these trade marks since the year 1979 and have been using the same continuously without any interruption in relation to our goods. Further, an application filed for a similar trademark under class 7 of the Trade Marks Act by our Company has been accepted by the Trade Mark Registry, Delhi and the said trade mark has been advertised in the trademarks journal. We have submitted the necessary documents requested by the Trade Mark Registry, Delhi to support our claim regarding our applications under classes 12 and 35 of the Trade Marks Act. As on the date of this Draft Red Herring Prospectus, the status of both of these applications under classes 12 and 35 is objected. For further information on our registered trademarks and trademarks which are pending for registration and are under objection, see "*Government and Other Approvals*" on page 404. Consequently, we do not enjoy the statutory protections on our corporate logo accorded to registered trademarks in India. If we are unable to register trademark for our corporate logo for various reasons including our inability to remove objections to any trademark application or protect our claim in relation to the present objections raised by the Trade Mark Registry, Delhi, or if any of our unregistered trademark are registered in favour of or used by a third party in India or abroad, we may not be able to claim registered ownership of such trademark and consequently, we may not be able to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, causing damage to our business prospects, reputation and goodwill in India and abroad. Further, any adverse outcome of these opposition proceedings may hinder our ability to use these logos in part or at all in the future. This in turn could affect our reputation, business, results of operations and prospects.

Further, the defence of intellectual property suits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. We may not achieve a favourable outcome in any such litigation. While we have not experienced any instances of infringement of intellectual property or related litigation in the past three Fiscals, there is no assurance that such instances will not occur in the future and if any claim is adversely determined against us (including in relation to our present applications under classes 12 and 35 of the Trade Marks Act) in any of such potential litigation or proceedings, we could be subject to significant liability to third parties. We could further be subject to injunctions prohibiting the production or sale of our products. Protracted litigation could also result in our existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. Regardless of their merits, such claims could materially and adversely affect our relationships with current or future customers, result in costly litigation, delay or disrupt supply of products, divert management's attention and resources, subject us to significant liabilities, or require us to cease certain activities.

25. *Our Company, Promoters, and Directors are or may be involved in certain legal and regulatory proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.*

There are outstanding legal and regulatory proceedings involving our Company, our Promoters, and Directors which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, continuity of our management, business, cash flows, financial condition and results of operations. For instance, a complaint was filed by the State of Punjab through Assistant Director of Factories, Circle No. 1, Ludhiana against one of our Promoters, Paritosh Kumar in the Court of Chief Judicial Magistrate, Ludhiana, in connection with the industrial accident that occurred due to the blast of an argan (CO2) gas cylinder on November 21, 2018, in the factory premises of our Kanganwal Facility I, leading to the death of one of our workers. The matter is currently pending. For further information, see "*Outstanding Litigation and Other Material Developments – Litigation against our Company*" on page 400.

The summary of such outstanding material legal and regulatory proceedings as on the date of this Draft Red Herring Prospectus is set out below:

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material civil litigation#	Aggregate amount involved (₹ in million)*
Company						
By the Company	1	N.A.	N.A.	N.A.	Nil	16.70
Against the Company	1	24	Nil	N.A.	Nil	69.41
Directors**						

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material civil litigation#	Aggregate amount involved (₹ in million)*
By the Directors	1	N.A.	N.A.	N.A.	Nil	16.70
Against the Directors	1	Nil	Nil	N.A.	Nil	Nil
Promoters						
By Promoters	1	N.A.	N.A.	N.A.	Nil	16.70
Against Promoters	1	Nil	Nil	Nil	Nil	Nil

 # Determined in accordance with the Materiality Policy.
** To the extent ascertainable and quantifiable.*
***Including Directors who are Promoters of our Company.*

Further, as on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving any of our Group Companies which will have a material impact on our Company.

We cannot assure you that any of these matters will be settled in favour of our Company, Promoters, or Directors, respectively, or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings may have an adverse effect on our business, financial position, prospects, cash flows, results of operations and our reputation. For further information, see "*Outstanding Litigation and Other Material Developments*" on page 399.

Internal risks relating to the objects of the Offer

26. *We intend to utilise a portion of the Net Proceeds for funding the purchase of certain equipment, plant and machinery. We are yet to place orders for purchase of a majority of such equipment, plant and machinery and there can be no assurance that we will be able to place orders for such equipment and machinery, in a timely manner or at all.*

We intend to utilise a portion of the Net Proceeds for purchase of certain equipment, plant and machinery as part of our existing manufacturing facilities. While we have obtained the quotations from various vendors in relation to such equipment, plant and machinery, most of these quotations are valid for a limited period of time and may be subject to revisions, and other commercial factors. The cost of such equipment, plant and machinery may escalate due to changes in import duties, foreign exchange fluctuations, shortage of such machines, or increase in the cost of raw material. We are yet to place orders for equipment, plant and machinery except for (i) hot forging press type GLF 10000 R; and (ii) automatic die holder, crankshaft cassette and swivel arm for die changing for forging press type GLF 6300R from Farina Presse S.r.l Unico Socio for which we have made an advance payment of ₹132.53 million and ₹10.13 million, respectively, each amounting to 25.00% of the total cost of the respective machines. Accordingly, we are yet to place orders for such plant, machineries and equipment for an aggregate amount of ₹2,135.96 million which constitutes 93.74% of the total estimated cost in relation to the purchase of machinery and equipment. We have estimated the total cost of such purchase of equipment, plant and machinery to be ₹2,278.62 million out of which ₹2,135.96 million will be funded from the Net Proceeds. For further information, see "*Objects of the Offer – Purchase of equipment, plant and machinery*" on page 106. There can be no assurance that we will be able to place orders for such machineries, in a timely manner or at all.

Further, the costs of such machinery may escalate or vary based on external factors which may not be in our control. If our actual expenses on equipment and machinery significantly exceed our estimates, or even if our estimates were sufficient for such purchases, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. We may not be able to install and duly utilise the machinery to be purchased form the Net Proceeds due to factors beyond our control such as labour shortages, inadequate performance of the equipment and machinery installed in our manufacturing facilities, defects in design or construction, the possibility of unanticipated future regulatory restrictions, taxes and duties, environment and ecology costs and other external factors. Additionally, in the event of any delay in placement of such orders, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly, which could have an adverse impact on our growth, prospects, cash flows, results of operations and financial condition.

27. ***Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.***

We propose to utilize the Net Proceeds towards prepayment of all or a portion of certain borrowings availed by our Company, purchase of certain equipment, plant and machinery and general corporate purposes. For further details of the proposed objects of the Offer, see "*Objects of the Offer*" beginning on page 105. Further, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of the Shareholders through a special resolution. In the event of any such circumstances that require us to vary the disclosed utilization of the Net Proceeds, we may not be able to obtain the approval of the Shareholders in a timely manner, or at all. Any delay or inability in obtaining such approval of the Shareholders may adversely affect our business or operations. Further, our Promoters or controlling shareholders, if applicable, would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI.

Additionally, the requirement on Promoters or controlling shareholders, if applicable, to provide an exit opportunity to such dissenting shareholders of our Company may deter our Promoters or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that our Promoters or the controlling shareholders of our Company if applicable, will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to vary the objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business, financial conditions, cash flows and results of operations.

28. ***Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, cash flows, financial condition and results of operations may be adversely affected.***

We intend to use the Net Proceeds of the Fresh Issue for the purposes described in "*Objects of the Offer*" on page 105. The objects of the Fresh Issue and deployment of funds have not been appraised by any external agency or any bank or financial institution or any other independent agency. Whilst a monitoring agency will be appointed for monitoring utilization of the Net Proceeds, the proposed utilization of Net Proceeds is based on our current business plan, management estimates, prevailing market conditions and other commercial considerations, which are subject to change and may not be within the control of our management. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Further, pending utilization of Net Proceeds towards the Objects of the Offer, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board or IPO Committee. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of Net Proceeds.

Other internal risks

29. ***We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our business, financial condition, cash flows and results of operations.***

We are subject to counterparty credit risk and a significant delay in receiving payments or non-receipt of large payments from our customers may adversely impact our business, financial condition, cash flows and results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. There is no assurance that we will accurately assess the creditworthiness of our customers. In Fiscal 2023, 2022 and 2021, our Company made a provision for doubtful receivables and advance for ₹1.84 million, ₹0.58 million, and ₹50.76 million, respectively. Further, macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. The following table sets forth below details of our credit cycle, as well as our trade receivables, in the corresponding years:

Particular	As of/ For the Year Ended March 31,		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
Average Credit Cycle (Number of Days)	83	82	95
Trade Receivables (₹ million)	3,080.61	2,220.36	1,657.69
Trade Receivables, as a Percentage of Revenue from Operations (%)	25.75%	25.82%	28.34%

We are also dependent upon the market for financing, and the inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition. If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

30. ***Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and cash flows.***

Our operations may be subject to incidents of theft or damage to inventory in transit and prior to or during godown stocking. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. For instance, our Chairman and Managing Director, Paritosh Kumar filed a criminal complaint dated July 24, 2020 before the Commissioner of Police, Ludhiana against P. Sarvanan in his capacity as president of Saran Corporation Limited ("**Respondent**"), alleging violation of Sections 406 and 420 of the Indian Penal Code, 1860 on the ground of defrauding our Company by avoiding delivery of 4,000 tonne forging press machine pursuant to payment of an advance amount aggregating to 26.00 million Japanese Yen by our Company. Thereafter, a first information report ("**FIR**") dated June 28, 2021 was registered at Police Station, Sahnewal, Ludhiana. Aggrieved by the FIR, the Respondent filed a petition under Section 483 of Code of Criminal Procedure, 1974 in the High Court of Punjab and Haryana ("**High Court**") seeking inter-alia to quash the FIR and to grant a stay on any further proceedings. The matter is currently pending.

For further information, see "*Outstanding Litigation and Other Material Information – Litigation proceedings involving our Directors – Criminal proceedings – Litigation by our Directors*" on page 401. There can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations, cash flows and financial condition. Additionally, losses due to theft, fire, breakage or damage caused by other casualties, could adversely affect our results of operations, cash flows and financial condition.

31. ***Our Company may not be successful in implementing its strategies, including growing our product portfolio to cater to the industries such as oil and gas, power generation, wind turbine and defence and foraying into lightweight forging with introduction of aluminium components, which could adversely affect our business, cash flows, results of operations and future prospects.***

The success of our business depends largely on our ability to effectively implement our business strategies. There is no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of our customers. We expect our strategies to place significant demands on our management and other resources and require us to continue growing our product portfolio and improving our operational, financial and other internal efficiencies. Further, our strategy of growing product portfolio to cater to the industries such as oil and gas, power generation, wind turbine and defence, foraying into lightweight forging with introduction of aluminium components and explore manufacturing of certain powertrain components for the electric vehicle market involves understanding different product specifications, technology and other factors, which we may currently be unfamiliar with.

In order to achieve future growth, we may be required to accurately assess new markets, develop new products, identify and enter into new customers in such industries/ markets, obtain sufficient financing for our expected capital expenditure, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. If we are unable to execute or manage our strategies effectively, our business and financial results will be adversely affected. Also, see "*Our Business – Business Strategies*" on page 218.

32. *Any failure to compete effectively in the highly competitive forged and machined components industry could have a material adverse effect on our business, financial condition, results of operations and cash flows.*

We face competition in India and overseas in our business, which is based on many factors, including product quality and reliability, breadth of product range, product design and innovation, technology, manufacturing capabilities, scope and quality of service, price and brand recognition. We compete with global competitors to retain our existing business as well as to acquire new business. Some of our competitors may have certain advantages, including greater financial, technical and/ or marketing resources, which could enhance their ability to finance acquisitions, fund international growth, respond more quickly to technological changes and/ or operate in more diversified geographies and product portfolios.

Some of our competitors may be able to produce similar or equivalent products at lower costs than we can produce them. Accordingly, we may not be able to compete effectively with our competitors or may be required to reduce prices to remain competitive, which may have an adverse effect on our business, profitability margins, financial condition, results of operations and cash flows.

Further, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers who may have an existing relationship with our customers that may reduce or entirely replace our business with those customers.

33. *We depend on our senior management and other personnel with technical expertise, and if we are unable to recruit and retain qualified and skilled personnel, our business and our ability to operate or grow our business may be adversely affected.*

We are led by our Promoters, Paritosh Kumar, Chairman and Managing Director of our Company and Ashish Garg, Managing Director of our Company, who have over 44 years and 17 years of experience in the industrial sector, respectively, and have been instrumental in the growth of our business. In addition, our Senior Management have significant experience in operations and has contributed to the growth of our business. For further details, see "*Our Management*" on page 252.

Our future performance would depend on the continued service of our Promoters, Senior Management, Key Managerial Personnel, persons with technical expertise, and the loss of any senior employee and the inability to find an adequate replacement may impair our relationship with key customers and our level of technical expertise, which may adversely affect our business, cash flows, financial condition, results of operations and prospects. While there has been no instance in the last three Fiscals where the resignation of any Senior Management or Key Managerial Personnel had an adverse impact on our business, results of operations, cash flows or financial conditions, there is no assurance that such instance will not arise in the future. Our future success, amongst other factors, will depend upon our ability to continue to attract, train and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop technologically advanced forged and machined products and support key customers and products. We may therefore need to increase compensation and other benefits in order to attract and retain personnel in the future, which may adversely affect our business, financial conditions, cash flows and results of operations.

The market for qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people. The specialised skills we require in our industry are difficult and time-consuming to acquire and, as a result, are in short supply. The following table sets forth the attrition rate in the years indicated:

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Number of Employees Resigned	821	935	760
Attrition Rate*	29.98%	38.49%	37.68%

**Attrition rate is calculated as overall exits including retired employees divided by average number of employees.*

Our inability to hire, train and retain a sufficient number of qualified employees could delay our ability to bring new products or services to the market and impair the success of our operations. This could have an adverse effect on our business, financial conditions, cash flows and results of operations.

Our success also depends, in part, on key customer relationships forged by our senior management. If we were to lose these members of the senior management, we cannot assure you that we will be able to continue to maintain key customer relationships or renew them, which could adversely affect our business, financial condition, results of operations and cash flows.

34. *We currently avail benefits under certain Government incentive schemes. Cancellation or our inability to meet the conditions under such schemes may result in adversely affect our business operations, cash flows, results of operations and financial condition.*

In the last three Fiscals, we availed certain incentives such as (i) investment subsidy where we receive reimbursement of net SGST on intra-state sales (i.e., 100% of net SGST for 15 years with a cap of 200% of Fixed capital investment); (ii) exemption from electricity duty (i.e., 100% exemption for 15 years); and (iii) exemption from external development charges/ change of land use charges (100% exemption). Further, we avail export incentives under the Duty Drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme. The table below sets forth details relating to government grants recognised as per Ind AS 20:

Fiscal 2023		Fiscal 2022		Fiscal 2021	
Consolidated		Consolidated		Standalone	
Government Grants (₹ million)	Percentage of Revenue from Operations (%)	Government Grants (₹ million)	Percentage of Revenue from Operations (%)	Government Grants (₹ million)	Percentage of Revenue from Operations (%)
355.92	2.97%	19.47	0.23%	16.75	0.29%

Further, the above government grants recognised as per Ind AS 20, among other things, include export incentives under the Duty Drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme ("**RoDTEP**") aggregating to ₹32.36 million, ₹19.47 million and ₹16.75 million in Fiscal 2023, 2022 and 2021, respectively. Our profitability will be affected to the extent that such benefits will not be available beyond the periods currently contemplated. Our profitability may be further affected in the future if any of such benefits are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the conditions required to be complied with in order to avail ourselves of each of these benefits. Further, our inability to meet the conditions as prescribed under such schemes would make our Company less competitive against its competitors who have been availing this scheme by complying all conditions.

35. *We have not incurred certain required portions of our profits towards corporate social responsibility ("CSR") requirements under the Companies Act 2013.*

The Companies Act 2013 stipulates the requirement of formulation of a corporate social responsibility policy and mandates our Board of Directors to ensure that our Company spends, in each Fiscal, at least two percent of the average net profits of our Company during the three immediately preceding Fiscals, in accordance with its CSR policy. In Fiscal 2023, 2022 and 2021, while our Company has made profits and accordingly allocated certain portion of such profits towards CSR activities formulated under our CSR policy, our Company has not incurred the requisite portion of the expenditure towards such activities in Fiscals 2023 and 2021. The following table sets forth the details with respect to the gross amount required to be spent, amount approved by the Board and total amount spent towards the CSR activities in the years indicated:

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Gross amount required to be spent by our Company during the year (₹ million)	27.16	24.49	23.36
Amount approved by the Board during the year (₹ million)	30.00	27.00	23.36
Total amount spent during the year (₹ million)	21.45	32.02	14.44
Amount required to be deposited in separate bank account (₹ million)	5.70	-	8.92
Actual amount deposited in unspent account after the year end (₹ million)	6.00	-	9.50

During Fiscal, 2021, we could not spend the total required to be spent towards the CSR activities and as a result, an amount ₹9.50 million was deposited in an unspent account, of which ₹5.35 million was utilised in Fiscal 2022 and ₹4.15 million in Fiscal 2023 towards CSR activities. Similarly, during Fiscal 2023, we could not spend the total amount required to be spent towards the CSR activities and as a result, an amount of ₹6.00 million was deposited in an unspent account and we cannot assure you that we will be able utilise the aforesaid amount towards any CSR activities. We may be subject to imposition of notices or penalties under the Companies Act, 2013 from the Ministry of Corporates Affairs, Government of India for non-compliance in relation to our CSR expenditure, which could adversely affect our reputation and business.

36. ***Any disruption to the steady and regular supply of workforce for our operations, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce or our inability to control the composition and cost of our workforce could adversely affect our business, cash flows and results of operations.***

Our manufacturing activities are labour intensive, require our management to undertake significant labour interface, and expose us to the risk of industrial action. As on June 30, 2023, we had 3,029 employees. We may be subject to industrial unrest, slowdowns, and increased wage costs, which may adversely affect our business, financial conditions, cash flows and results of operations. While we consider our relationship with our employees to be good and there has been no such instance in the three Fiscals, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

Our Company also appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. As on June 30, 2023, we had engaged 110 contract labourers. Although we do not engage these laborers directly, it is possible under Indian law that we may be held responsible for wage payments to laborers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial conditions, cash flows and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract laborers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business, cash flows and results of operations.

Further, work stoppages due to strikes or other events could result in slowdowns or closures of our operations which could have an adverse effect on our business, cash flows and results of operations. While there has been no instance in the last three Fiscals where we experienced work stoppages due to strikes or labour unrest that resulted in closure of our operations, there is no assurance that we may not experience any such events in the future.

37. ***Technology failures could disrupt our operations and adversely affect our business operations and financial performance.***

IT systems are critical to our ability to manage our manufacturing process, inventory management, financial management, data handling and supply chain management, to maximize efficiencies and optimize costs. Our IT systems enable us to coordinate our operations, from automated manufacturing to logistics and transport, invoicing, customer relationship management and decision support. In Fiscal 2019 and Fiscal 2020, we incurred a total of ₹11.14 million for purchase of SAP license and implementation of SAP platform which helps us with business functions including production, materials, finance, inventory, maintenance, and human resource management. For further information, see "*Our Business – Information Technology*" on page 241.

If we do not allocate and effectively manage the resources necessary to implement and sustain the proper IT infrastructure, we could be subject to transaction errors and processing inefficiencies. Challenges relating to the revamping or implementation of new IT structures can also subject us to certain errors, inefficiencies, disruptions and, in some instances, loss of consumers. Our IT systems and the systems of our third party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although we have security initiatives and disaster recovery plans in place to mitigate its risk to these vulnerabilities, such measures may not have been effectively implemented or may not be adequate to ensure that its operations are not disrupted.

38. ***We may undertake acquisitions, investments, joint ventures or other strategic alliances, which may have a material adverse effect on our ability to manage our business, and such undertakings may be unsuccessful.***

We may undertake acquisitions, investments, joint ventures or other strategic alliances to expand our business operations. In the past, with effect from January 8, 2022, we acquired 33.33% shareholding in Linchpin Technologies Private Limited pursuant to a joint venture agreement with VVDN Technologies Private Limited. However, due to various commercial considerations, we divested our shareholding in Linchpin Technologies Private Limited on March 31, 2023 pursuant to a share purchase agreement between our Company and VVDN Technologies Private Limited. Any future acquisitions may expose us to new operational, regulatory, market and geographic risks as well as risks associated with additional capital requirements as well as other considerable risks, including:

- our inability to integrate new operations, personnel, products, services and technologies;
- unforeseen or hidden liabilities, including exposure to lawsuits associated with newly acquired companies;
- the diversion of resources from our existing businesses;
- failure to comply with laws and regulations as well as industry or technical standards of the overseas markets into which we may expand;
- our inability to generate sufficient revenues to offset the costs and expenses of such acquisitions or strategic investment; and
- potential loss of, or harm to employees or customer relationships.

Any of these events could disrupt our ability to manage our business, which in turn could have a material adverse effect on our financial condition, cash flows and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions, and we may be unable to recover our investment in such initiatives.

39. ***The COVID-19 pandemic impacted our business and operations. Future similar events may have an adverse effect on our business prospects and financial performance.***

The outbreak of the COVID-19 pandemic impacted our business and operations in the following manner:

- Shutdown of two of our manufacturing facilities located at Kanganwal in Ludhiana, Punjab for 43 days (March 22, 2020 to May 3, 2020);
- Temporary closure of our office and decline in the availability of workforce due to employees contracting the virus and restrictions on travel and movement due to lockdowns imposed by various state governments which affected commute of employees to our manufacturing facilities; and
- Compliance with evolving government regulations, including with respect to social distancing measures and sanitization practices.
- While there was no cost overrun, we experienced delay in installation of one of our machinery "Robot Gripper Up & Down Receiving Table".

There can be no assurance that we will be able to successfully achieve our expansion strategies in the event similar pandemic happens in India that lead to restrictive measures or hamper overall economic condition.

40. ***Information relating to our annual installed capacity, annual average available capacity and the historical capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.***

The information relating to the annual installed capacity, average annual available capacity and capacity utilisation of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineer in the calculation of our capacity. These assumptions and estimates include standard capacity calculation practice in the Indian forging industry and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities and the annual average available capacities include 300 working days in a year, at three shifts per day operating for 8 hours a day.

Actual production levels and capacity utilization rates may therefore vary significantly from the annual installed and annual average available installed capacity of our facilities. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. For information regarding capacity of our manufacturing facilities, see "*Our Business – Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation*" on page 229.

41. *Our Promoters and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Offer and their interests may differ from those of the other shareholders.*

As on the date of this Draft Red Herring Prospectus, our Promoters and members of the Promoter Group collectively held 88.24% of the paid-up equity share capital of our Company on a fully diluted basis. For further information on their shareholding pre and post-Offer, see "*Capital Structure*" on page 86. After the completion of the Offer, our Promoters along with the members of Promoter Group will continue to collectively hold majority of the shareholding in our Company and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditure or any other matter requiring special resolution. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoters as our controlling shareholders could conflict with our interests or the interests of our other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business. For further information in relation to the interests of our Promoters in the Company, please see "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 273 and 252, respectively.

42. *Certain sections of this Draft Red Herring Prospectus disclose information from the Ricardo Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.*

We have availed the services of an independent third-party research agency, Ricardo, appointed by our Company pursuant to an engagement letter dated May 16, 2023, to prepare an industry report titled "*Industry Report on Global and Indian Forging and Machining Markets*" dated August 8, 2023, for purposes of inclusion of such information in this Draft Red Herring Prospectus to understand the industry in which we operate. Our Company, our Promoters, and our Directors are not related to Ricardo. This Report has been commissioned by our Company exclusively in connection with the Offer for a fee. This Ricardo Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Further the commissioned report is not a recommendation to invest or divest in our Company. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Draft Red Herring Prospectus, when making their investment decisions.

43. *Our Promoters and Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.*

Our Promoters and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. The table below sets forth the details of remuneration and shareholding of our Promoters and Directors, as applicable:

Names	Percentage of total pre-Offer paid up Equity Share capital	Remuneration in Fiscal 2023 (in ₹ million)
Promoters		
Garg Family Trust	42.51%	N.A.
Ashish Garg*	14.47%	19.67
Ayush Capital & Financial Services	12.01%	N.A.

Private Limited		
Paritosh Kumar**	10.00%	20.15
Paritosh Kumar Garg (HUF)	6.27%	N.A.
Megha Garg***	2.70%	4.77
Ashish Garg & Sons (HUF)	0.28%	N.A.
Directors		
Satish Sekhri	N.A.	0.40
Vikas Giya	N.A.	0.03
Ravindra Pisharody	N.A.	0.30
Narinder Singh Juneja	N.A.	5.82

**Also our Managing Director*.
***Also our Chairman and Managing Director.*
****Also our Whole-time Director.*

There can be no assurance that our directors will exercise their rights as Shareholders to the benefit and best interest of our Company. For further details, see "*Capital Structure*" and "*Our Management*" on pages 86 and 252 respectively.

44. ***Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity, Gross Fixed Assets Turnover Ratio, Gross Profit, Gross Margin and Net Debt to EBITDA have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity, Gross Fixed Assets Turnover Ratio, Gross Profit, Gross Margin and Net Debt to EBITDA have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance.

These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

45. ***The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price.***

The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price. The details of the average cost of acquisition of Equity Shares held by our Selling Shareholders as at the date of the DRHP is set out below.

Name	Number of Equity Shares	Average Cost of Acquisition per Equity Share (in ₹) *
Paritosh Kumar Garg (HUF)	5,607,700	2.02
India Business Excellence Fund – III	10,529,000	189.95

**As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.*

For more details regarding weighted average cost of acquisition of Equity Shares by our Selling Shareholders and build-up of Equity Shares by our Selling Shareholders in our Company, see "*Summary of the Offer Document – Average cost of acquisition*" on page 33.

46. ***Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business, financial conditions, cash flows and results of operations.***

The cost and availability of capital depends on our credit ratings. Our long-term loan facilities and working capital facilities were assigned AA- (AA minus) by ICRA on December 20, 2022 and AA- (AA minus) by CRISIL on July 22, 2022. Credit ratings reflects the opinion of the rating agency on our management, track record, diversified clientele, increase in scale and operations and margins, medium term revenue visibility and operating cycle.

While we have not experienced downgrading in our credit rating in the last three Fiscals, any downgrade in our credit ratings or our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, could increase borrowing costs, will give the right to our lenders to review the facilities availed by us under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows.

47. ***Certain of our Promoter Group entities and Group Companies are in businesses similar to ours and this may result in conflict of interest with us.***

Our Promoter Group entities and Group Companies namely Happy Steels Private Limited, Gamo Forgings Private Limited and Northstar Autocomp Private Limited are engaged in the business of upsetter forging or press forging of auto components. As these entities are in similar lines of business to our Company, there can be no assurance that conflicts of interest will not occur between our business and the businesses of such entities, which could have an adverse effect on our business, financial condition, cash flows and results of operations.

48. ***In this Draft Red Herring Prospectus, we have compared consolidated financial information as of and for the year ended March 31, 2023 and for the year ended March 31, 2022 with our standalone financial information as of and for the year ended March 31, 2021. These periods are not comparable to each other.***

With effect from January 8, 2022, we acquired 33.33% shareholding in Linchpin Technologies Private Limited pursuant to a joint venture agreement with VVDN Technologies Private Limited and such investment was divested on March 31, 2023, pursuant to a share purchase agreement between our Company and VVDN Technologies Private Limited. As a result of the investment, our audited consolidated statements of profit and loss for the year ended March 31, 2023 and for the year ended March 31, 2022 consolidate the operations of Linchpin Technologies Private Limited. In addition, our audited, consolidated balance sheets as of March 31, 2023 and as of March 31, 2022 consolidate the assets and liabilities of Linchpin Technologies Private Limited. As a result, our audited consolidated financial statements for the year ended March 31, 2023 and for the year ended March 31, 2022 are not comparable with prior period standalone financial statements for the year ended March 31, 2021 and therefore, our Restated Financial Information are not comparable as well.

External Risk Factors

Risks relating to India

49. ***Changing laws, rules and regulations in India could lead to new compliance requirements that are uncertain.***

Our business, financial performance, cash flow and results of operations could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Our business, cash flows, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. The regulatory and policy environment in which we operate are evolving and are subject to change. The GoI may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that hazardous into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

For instance, the GoI has recently introduced the Code on Social Security, 2020 ("**Social Security Code**"); the Occupational Safety, Health and Working Conditions Code, 2020; the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations (collectively, the "**Labour Codes**"). The GoI has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund. In another example, the GoI has made it mandatory for business establishments with turnover above a certain size to offer digital modes of payment from November 2019, with no charges being levied on the consumers or the merchants by banks and payment service providers. Such measures could adversely impact our income streams in the future and adversely affect its financial performance.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows, financial condition and prospects. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our financial conditions, cash flows and results of operations.

50. ***Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events such as political instability, including strikes, demonstrations, protests, marches or other types of civil disorder, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19. A worsening of the current outbreak of COVID-19 pandemic or future outbreaks of COVID-19 or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

51. ***A downgrade in ratings of India and other jurisdictions we operate in may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any further adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

52. *We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.*

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition, cash flows and results of operations.

The Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") was recently notified. The Competition Amendment Act amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

53. *Financial and political instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States of America, Europe and certain emerging economies in Asia. In particular, the ongoing military conflicts between Russia and Ukraine could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability including possibility of default in the US debt market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects.

54. ***The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of the Equity Shares.***

Any change in Indian tax laws could have an effect on our operations. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("**GST**"), and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 ("**IT Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate.

Further, the Government of India has announced the union budget for Fiscal 2024, pursuant to which the Finance Act, 2023, came into force on April 1, 2023 which has introduced various amendments to the IT Act. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

55. ***If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our* consumers *thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our consumers, whether entirely or in part, and may adversely affect our business, results of operations, cash flows and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our consumers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

56. ***Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the BRLMs or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.***

Our Company is a company incorporated under the laws of India and all of our Directors are located in India. All of our assets and our Directors, Key Managerial Personnel and Senior Management are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such an amount may also be subject to income tax in accordance with applicable law.

57. ***Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Suppliers from whom we purchased machinery and equipment in the past may now belong to a sanctioned country or be included in the OFAC's specially designated list, even though they were not at the time of purchase. Engaging with such suppliers for maintenance and repair purposes could potentially violate applicable sanctions restrictions. Further, our customers may be located in jurisdictions to which certain OFAC-administered and other sanctions apply. While we have implemented internal controls to ensure compliance with applicable sanctions regulations and restrictions, since we carry on business with customers with global operations, we may not have any control over whether such customers transact business with entities subject to such sanctions regimes. Although we do believe that our operations are not in violation of any applicable sanctions regimes, if it were determined that our customers are involved in transactions that are in violation of any such sanctions regimes, we could be subject to penalties, and our reputation and future business prospects could be adversely affected.

58. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Restated Financial Information are derived from our audited consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022 and audited standalone financial statements as at and for the years ended March 31, 2021, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in

Company Prospectuses (Revised 2019)" issued by ICAI. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

59. ***Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

On listing, we may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Offer due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

Risks relating to the Equity Shares and this Offer

60. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price, price to earnings ratio and market capitalization to revenue multiple based on the Offer Price of our Company, may not be indicative of the market price of the Company on listing or thereafter.***

Our revenue from operations and restated profit for the year for Fiscal 2023 was ₹11,965.30 million and ₹2,087.01 million, respectively. The table below provides details of our price to earnings ratio and market capitalization to revenue from operations at the upper end of the Price Band:

Particulars	Price to Earnings Ratio	Market Capitalization to Revenue
For Fiscal 2023	[●]	[●]

**To be populated at Prospectus stage.*

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and Investor Selling Shareholder in consultation with the BRLMs. The relevant financial parameters based on which the Price Band will be determined shall be disclosed in the advertisement that will be issued for the publication of the Price Band. Further, the Offer Price of the Equity Shares is proposed to be determined on the basis of assessment of market demand for the Equity Shares offered through the book-building process prescribed under the SEBI ICDR Regulations, and certain quantitative and qualitative factors as set out in the section "*Basis for Offer Price*" on page 121 and the Offer Price, multiples and ratios may not be indicative of the market price of the Company on listing or thereafter.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock

Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, COVID-19 related or similar situations, announcements by third parties or governmental entities of significant claims or proceedings against us, volatility in the securities markets in India and other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. As a result, we cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing. Further, the market price of the Equity Shares may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price.

61. ***Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements.***

Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future will depend upon our future results of operations, financial condition, profit after tax available for distribution, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future consistent with our past practices, or at all. For information pertaining to dividend policy and the dividend declared during the period from April 1, 2023 until the date of this Draft Red Herring Prospectus, see "*Dividend Policy*" on page 279.

62. ***The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all*.**

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares. There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after the Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including, among others:

- the failure of security analysts to cover the Equity Shares after the Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our Shareholders;
- investor perception of us and the industry in which we operate;
- changes in accounting standards, policies, guidance, interpretations of principles;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations; and

- the public's reaction to our press releases and adverse media reports.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

63. *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on equity shares sold on an Indian stock exchange. Any capital gain exceeding ₹100,000, realized on the sale of listed equity shares on a recognised stock exchange, held for more than 12 months may be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further any capital gain realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less immediately preceding the date of transfer, will be subject to short-term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain realised upon the sale of the Equity Shares. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

64. *Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.*

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment and transfer of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

65. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.*

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. Any disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity

Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

66. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.*

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

The Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 459.

67. *QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the submission of their Bid, and Retail Individual Bidders are not permitted to withdraw their Bids after closure of the Bid/ Offer Closing Date.*

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

Retail Individual Bidders can revise their Bids during the Bid / Offer Period and withdraw their Bids until Bid / Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within six Working Days from the Bid / Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

68. ***Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

69. ***Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

70. ***The requirements of being a publicly listed company may strain our resources***.

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations, which will, among other things, require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, results of operations, cash flows and financial condition. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

71. ***Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

SECTION IV – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares(1)	Up to [●] Equity Shares, aggregating up to ₹[●] million
of which:	
(i) Fresh Issue(1)^	Up to [●] Equity Shares, aggregating up to ₹5,000 million
(ii) Offer for Sale(2)	Up to 8,054,910 Equity Shares, aggregating up to ₹[●] million
The Offer comprises of:	
A) QIB Portion (3)(4)	Not more than [●] Equity Shares
of which:	
(i) Anchor Investor Portion	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
of which:	
(a) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	[●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion (5)(6)	Not less than [●] Equity Shares
of which:	
(i) One-third of the Non-Institutional Portion available for allocation to Non-Institutional Bidders with a Bid Amount of more than ₹0.2 million to ₹1.00 million	[●] Equity Shares
(ii) Two-third of the Non-Institutional Portion available for allocation to Non-Institutional Bidders with a Bid Amount of more than ₹1.00 million	[●] Equity Shares
C) Retail Portion (5)	Not less than [●] Equity Shares
Pre- and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	89,499,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 105 for information on the use of proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

Notes:

^ *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.*

(1) The Offer has been authorized by a resolution of our Board dated August 8, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated August 8, 2023. The Offer shall be made in accordance with Rule 19(2)(b) of the SCRR.

(2) Each of the Selling Shareholders, severally and not jointly, confirms that their respective portion of the Offered Shares are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 410.

(3) Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 439.

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLMs, Registrar to the Offer and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the balance valid Bids will be made proportionately towards Fresh Issue and the Offered Shares.

(5) *Allocation to all categories, except Anchor Investors, if any, Non-Institutional Bidders and Retail Individual Bidders, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For details, see "Offer Procedure" on page 439.*

(6) *The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million, and (ii) two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders. The Allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.*

For details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure*" and "*Offer Procedure*" on pages 436 and 439, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 430.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Financial Information. The restated financial information presented below may differ in certain significant respects from financial statements prepared in accordance with generally accepted accounting principles in other countries, including IFRS. For details, see "Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition" on page 64. The summary financial information presented below should be read in conjunction with "Restated Financial Information", including the notes and annexures thereto, on page 280 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 357.

Summary statement of balance sheet

(in ₹ million)

Particulars	**As at**		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**
ASSETS			
Non-current assets			
Property, plant and equipment	6,769.62	4,546.35	4,145.22
Capital work-in-progress	747.51	2,122.55	394.22
Intangible assets	14.81	15.58	1.31
Intangible assets under development	-	-	9.52
Investment in Joint Venture	-	4.17	-
Financial assets:			
(i) Other financial assets	314.96	74.67	71.67
Non-current tax assets (net)	-	1.69	1.69
Other non-current assets	515.21	277.83	766.18
Total non-current assets	**8,362.11**	**7,042.84**	**5,389.81**
Current assets			
Inventories	1,696.03	1,839.84	1,215.67
Financial assets:			
(i) Trade receivables	3,080.61	2,220.36	1,657.69
(ii) Cash and cash equivalents	0.13	0.20	28.87
(iii) Bank balance other than (ii) above	3.28	14.40	248.96
(iv) Loans	2.71	1.90	1.33
(v) Other financial assets	6.75	31.31	21.56
Current tax assets	2.34	-	-
Other current assets	101.55	141.67	193.78
Total current assets	**4,893.40**	**4,249.68**	**3,367.86**
Assets held for sale	6.17	6.17	6.17
TOTAL ASSETS	**13,261.68**	**11,298.69**	**8,763.84**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	179.00	179.00	89.50
Other equity	9,704.07	7,697.24	6,362.09
Total equity	**9,883.07**	**7,876.24**	**6,451.59**
Non-current liabilities			
Financial liabilities:			
(i) Borrowings	581.76	740.46	299.96
Deferred tax liabilities (net)	230.45	229.43	201.61
Total non-current liabilities	**812.21**	**969.89**	**501.57**
Current liabilities			
Financial liabilities			
(i) Borrowings	1,603.40	1,663.06	1,234.74

(in ₹ million)

Particulars	As at		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	60.66	53.31	64.31
Total outstanding dues of creditors other than micro enterprises and small enterprises	416.71	389.00	315.03
(iii) Other financial liabilities	259.87	204.86	73.29
Other current liabilities	77.73	54.74	84.93
Provisions	37.88	26.69	18.99
Liabilities for current tax (net)	110.15	60.90	19.39
Total current liabilities	**2,566.40**	**2,452.56**	**1,810.68**
Total liabilities	**3,378.61**	**3,422.45**	**2,312.25**
TOTAL EQUITY AND LIABILITIES	**13,261.68**	**11,298.69**	**8,763.84**

Summary statement of profit and loss

(in ₹ million, unless otherwise specified)

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
Income			
Revenue from operations	11,965.30	8,600.46	5,849.58
Other Income	57.41	60.59	58.55
TOTAL INCOME (I)	**12,022.71**	**8,661.05**	**5,908.13**
Expenses			
Cost of raw materials and components consumed	5,477.24	4,358.47	2,572.56
(Increase) / decrease in inventories of finished goods, work-in-progress and scrap	33.32	(474.55)	(56.53)
Employee benefits expense	877.76	686.78	489.98
Finance costs	124.75	71.59	117.84
Depreciation and amortization expense	541.82	377.40	357.56
Other expenses	2,167.58	1,720.89	1,256.11
TOTAL EXPENSES (II)	**9,222.47**	**6,740.58**	**4,737.52**
Restated profit before share of profit of a Joint Venture and tax (III = I + II)	**2,800.24**	**1,920.47**	**1,170.61**
Share of net profit of Joint Venture (IV)	0.05	0.05	-
RESTATED PROFIT BEFORE TAX (V = III + IV)	**2,800.29**	**1,920.52**	**1,170.61**
Tax expense:			
Current tax (net)	685.43	469.16	315.78
Adjustments of tax relating to earlier periods	(0.92)	1.75	0.02
Deferred tax charge / (credit)	28.77	26.72	(9.67)
TOTAL INCOME TAX EXPENSE (VI)	**713.28**	**497.63**	**306.13**
RESTATED PROFIT FOR THE YEAR (VII = V- VI)	**2,087.01**	**1,422.89**	**864.48**
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements gain / (losses) on defined benefit plans	3.11	4.35	3.15
Less: Income tax effect on above	0.78	1.09	0.79
Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**2.33**	**3.26**	**2.36**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net movement on effective portion of cash flow	(110.26)	-	-

(in ₹ million, unless otherwise specified)

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
hedges			
Less: income tax effect on above	27.75	-	-
Total Other comprehensive income to be reclassified to profit or loss in subsequent periods	**(82.51)**	**-**	**-**
RESTATED OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR, NET OF TAX	**(80.18)**	**3.26**	**2.36**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,006.83**	**1,426.15**	**866.84**
Earnings per share: (in ₹)			
(Nominal value ₹2/- per share (March 31, 2022 ₹2 per share, March 31, 2021 ₹100 per share)*			
(i) Basic	23.32	15.90	9.66
(ii) Diluted	23.32	15.90	9.66

**During the Financial year 2021-22, our Company has sub divided its Equity Shares in the ratio of 50 Equity Shares of ₹2 each for the 1 equity share of ₹100 each. Accordingly, the earnings per share ("EPS") for the respective years have been restated in accordance with Ind AS 33 "Earning per share".*

Summary statement of cash flows

(in ₹ million)

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
Cash flow from operating activities			
Profit before tax	**2,800.29**	**1,920.52**	**1,170.61**
Adjustments to reconcile restated profit before tax to net cash flows			
Depreciation and amortization expense	541.82	377.40	357.56
Share of net profit of Joint Venture	(0.05)	(0.05)	-
Gain on disposal of property, plant and equipment	(0.46)	-	-
Property, plant and equipment written off	15.80	-	10.83
Fair value loss / (gain) on financial instruments at fair value through profit and loss	25.67	(7.24)	(3.66)
Interest income	(5.43)	(7.24)	(42.59)
Gain on sale of investment	(0.09)	-	(0.26)
Provision for doubtful debts / advances	1.84	0.58	50.76
Unrealised foreign exchange (gain) /loss (net)	8.22	(33.15)	1.23
Liabilities written back to the extent no longer required	-	-	(0.12)
Finance costs	124.75	71.59	117.84
Operating profit before working capital changes	**3,512.36**	**2,322.41**	**1,662.20**
Working capital adjustments:			
(increase) / decrease in inventories	143.77	(624.17)	(459.17)
(increase) / decrease in trade receivables	(827.23)	(561.04)	(287.70)
(increase) / decrease in other financial assets	(223.25)	(19.93)	6.03
decrease / (increase) in other assets	38.24	(0.46)	(125.38)
(decrease) in long term provisions	-	-	(5.97)
increase in trade payables	34.95	63.59	20.41
increase in other financial current liabilities	16.80	32.52	24.52
increase in other current liabilities	22.99	9.04	0.55
increase in short term provisions	14.31	12.06	2.16
Cash generated from operations	**2,732.94**	**1,234.02**	**837.65**
Less: income tax paid (net of refund)	638.36	431.08	339.12

(in ₹ million)

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
	Consolidated	Consolidated	Standalone
Cash flow from operating activities (A)	**2,094.58**	**802.94**	**498.53**
Cash flow from investing activities			
Payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance)	(1,745.87)	(1,908.42)	(916.64)
Proceeds from sale of property, plant and equipment	0.99	-	-
(Purchase) / sale of investment in Joint Venture	4.31	(4.12)	-
(Purchase) / sale of current investment (net)	-	-	0.26
Proceeds from term deposit	14.41	234.56	316.86
(Investment) in term deposit	(3.29)	-	(28.68)
Interest received (finance income)	4.91	21.18	41.35
Net cash flow used in investing activities (B)	**(1,724.54)**	**(1,656.80)**	**(586.85)**
Cash flow from financing activities			
Availment of long-term borrowings	169.53	512.97	-
(Repayment) of long-term borrowings	(148.02)	(36.52)	(292.39)
(Expense) incurred on increase in authorized share capital	-	(1.50)	-
Availment / (Repayment) of short-term borrowing (net)	(252.99)	426.03	663.21
(Repayment) of loan from directors	(20.00)	(7.87)	(40.70)
Availment of loan from directors	-	-	20.57
Interest paid	(118.62)	(67.91)	(253.97)
Net cash flow from / (used in) financing activities (C)	**(370.10)**	**825.20**	**96.72**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(0.06)**	**(28.66)**	**8.40**
Cash and cash equivalents at the beginning of the year	0.20	28.86	20.46
Cash and cash equivalents as at year end	**0.13**	**0.20**	**28.86**

GENERAL INFORMATION

Our Company was incorporated as 'Happy Forgings Private Limited' at Jalandhar, Punjab as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated July 2, 1979, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the EGM of our Shareholders held on March 31, 1998, and the name of our Company was changed to 'Happy Forgings Limited', and a fresh certificate of incorporation dated April 1, 1998 was issued to our Company by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For further details on the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 247.

Registered Office and Corporate Office of our Company

The address and certain other details of our Registered Office and Corporate Office are as follows:

Registered Office:

Happy Forgings Limited
B XXIX, 2254/1 Kanganwal Road
P.O. Jugiana
Ludhiana – 141 120
Punjab, India
Telephone: +91 161 5217162
Website: www.happyforgingsltd.com

Corporate Office:

Happy Forgings Limited
H.B 220, Post Office – Rajgarh
Village Dugri,
Ludhiana – 141 120
Punjab, India
Telephone: +91 161 5217162

For details of the changes in our registered office, see "*History and Certain Corporate Matters – Change in registered office of our Company*" on page 247.

Company Registration Number and Corporate Identity Number

The registration number and corporate identity number of our Company are set forth below:

Particulars	Number
Company Registration Number	004008
Corporate Identity Number	U28910PB1979PLC004008

The Registrar of Companies

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies, Punjab and Chandigarh
1st Floor, Corporate Bhawan
Plot No. 4-B, Sector 27-B
Chandigarh – 160 019
Punjab, India

Board of Directors

The following table sets out the brief details of our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Paritosh Kumar *Chairman and Managing Director*	00393387	House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India
Ashish Garg *Managing Director*	01829082	House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India
Megha Garg *Whole-time Director*	07352042	House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India
Narinder Singh Juneja *Chief Executive Officer and Whole-time Director*	00393525	House #HM-321, Jamalpur Colony, Focal Point, S.O, Ludhiana – 141 010, Punjab, India
Prakash Bagla *Nominee Director**	03043874	C-2008, Oberoi Splendor, Jogeshwari Vikhroli Link Road, Opposite Majas Bus Depot, Jogeshwari East, Mumbai – 400 060, Maharashtra, India
Satish Sekhri *Independent Director*	00211478	R-6, Sacred Heart Town, V Shivshakar Road, Near Shinde Chatri, Wanowarie, Pune – 411 040, Maharashtra, India
Vikas Giya *Independent Director*	01399764	3012, Near BCM School, Sector 32A, Chandigarh Road, Focal Point Ludhiana – 141 010, Punjab, India
Ravindra Pisharody *Independent Director*	01875848	C/O, Flat No 1601, T7, Emerald Isle, Powai, Saki Vihar Road, Mumbai Suburban, Mumbai – 400 072, Maharashtra, India
Rajeswari Karthigeyan *Independent Director*	10051618	#24, Classica Apartment, 1st Floor, Club Road, Chetpet, Chennai – 600 031, Tamil Nadu, India
Atul Behari Lall *Independent Director*	00781436	405, Nilgiri Apartments, Alaknanda, Aali, South Delhi – 110 019, New Delhi, India

* *Nominee of MO Alternates.*

For further details of our Board of Directors, see "*Our Management – Board of Directors*" on page 252.

Company Secretary and Compliance Officer

Bindu Garg is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

Bindu Garg
B XXIX, 2254/1, Kanganwal Road
P.O. Jugiana, Ludhiana – 141 120,
Punjab, India
Telephone: +91 161 5217162
Email: complianceofficer@happyforgingsltd.co.in

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg
Vikhroli (West), Mumbai – 400 083
Maharashtra, India
Telephone: + 91 810 811 4949
Email: happyforgings.ipo@linkintime.co.in
Investor grievance email: happyforgings.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No: INR000004058

Book Running Lead Managers

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai – 400 025

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Center
Pandurang Budhkar Marg, Worli

Maharashtra, India
Telephone: + 91 22 6630 3030
Email: hfl.ipo@jmfl.com
Investor grievance email:
grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No: INM000010361

Mumbai – 400 025, Maharashtra, India
Telephone: +91 22 4325 2183
Email: hfl.ipo@axiscap.in
Investor grievance email:
complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Jigar Jain
SEBI Registration No: INM000012029

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex
N. M. Joshi Marg, Lower Parel
Mumbai – 400 013, Maharashtra, India
Telephone: + 91 22 4332 0734
Email: hfl.ipo@equirus.com
Investor grievance email:
investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Mrunal Jadhav
SEBI Registration No: INM000011286

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah, Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai – 400 025, Maharashtra, India
Telephone: + 91 22 7193 4380
Email: hfl.ipo@motilaloswal.com
Investor grievance email:
moiaplredressal@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact Person: Ritu Sharma
SEBI Registration No: INM000011005

Syndicate Members

[●]

Inter-se allocation of responsibilities of the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	BRLMs	JM Financial
2.	Drafting and approval of all statutory advertisement	BRLMs	JM Financial
3.	Appointment of Intermediaries - Registrar to the Offer and Advertising Agency including coordination of all agreements to be entered into with such Intermediaries	BRLMs	JM Financial
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc.	BRLMs	Axis
5.	Appointment of Intermediaries - Printers, Banker(s) to the Offer, Monitoring Agency and other intermediaries, including coordination of all agreements to be entered into with such Intermediaries	BRLMs	Equirus
6.	Preparation of road show presentation	BRLMs	Axis / Motilal Oswal*
7.	Preparation of frequently asked questions	BRLMs	Motilal Oswal*
8.	International institutional marketing of the Offer, which will cover, inter alia: • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	BRLMs	Axis
9.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy	BRLMs	JM Financial

	• Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules		
10.	Retail marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies, preparation of publicity budget • Finalising media, marketing and public relations strategy; • Arranging for selection of underwriters and underwriting agreement; • Finalising collection centers; • Finalising centres for holding conferences for brokers etc.; and • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	BRLMs	Motilal Oswal*
11.	Non-Institutional marketing of the Offer, which will cover, inter alia: • Finalising media, marketing and public relations strategy; and • Finalising centres for holding conferences for brokers, etc	BRLMs	Equirus
12.	Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	BRLMs	Axis
13.	Managing the book and finalization of pricing in consultation with the Company.	BRLMs	Axis
14.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of final post Offer report to SEBI Filing of media compliance report.	BRLMs	Equirus

**In compliance with the proviso to Regulation 21A(1) and explanation (iii) to Regulation 21A(1) of the SEBI (Merchant Bankers) Regulations, 1992, Motilal Oswal Investment Advisors Limited will be involved only in the marketing of the Offer. Motilal Oswal Investment Advisors Limited has signed the due diligence certificate and has been disclosed as a BRLM to the Offer.*

Legal Counsel to our Company as to Indian Law

Khaitan & Co
Max Towers
7th & 8th Floors
Sector 16B Noida
Gautam Buddh Nagar 201 301

Uttar Pradesh, India
Telephone: +91 120 479 1000

Statutory Auditors to our Company

S.R. Batliboi & Co. LLP, **Chartered Accountants**
67, Institutional Area
Sector 44, Gurugram – 122 003
Haryana, India
Email: srbc@srb.in
Telephone: +91 124 681 6000
Firm registration number: 301003E/E300005
Peer review number: 013326

Except as mentioned below, there has been no change in our statutory auditors in the three years preceding the date of this Draft Red Herring Prospectus:

Name of statutory auditor	Date of change	Reason
SS Kothari Mehta & Company 68, Okhla Industrial Estate, Phase III, Delhi – 110 020, New Delhi, India **E-mail:** mis@sskmin.com **Firm registration number:** 000756N **Peer review number:** 008927	January 28, 2021	Resignation as statutory auditor of our Company
S.R. Batliboi & Co. LLP, Chartered Accountants 67, Institutional Area Sector 44, Gurugram – 122 003 Haryana, India **E-mail:** srbc@srb.in **Firm registration number:** 301003E/E300005 **Peer review number:** 013326	February 26, 2021	Appointment as statutory auditors of our Company in accordance with the Investment Agreement

Bankers to our Company

ICICI Bank Limited
ICICI Bank Towers
Near Chakli Circle, Old Padra Road
Vadodra – 390 020
Gujarat, India
Telephone: +91 22 2653 1414
Email: IR@icicibank.com
Website: www.icicibank.com
Contact Person: Anup Gupta

Banker(s) to the Offer

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available on the SEBI website at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated SCSB Branches with which an ASBA Bidder (other than an RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the ASBA Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, and at such other websites as may be prescribed by SEBI from time to time.

Self-Certified Syndicate Banks eligible as Issuer Banks for UPI

In accordance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders may apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI. The list of SCSBs through which Bids can be submitted by UPI Bidders, including details such as the eligible mobile applications and UPI handle which can be used for such Bids, is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and UPI Bidders) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, which may be updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA Forms from Bidders (other than UPI Bidders), including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and https://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms from Bidders (other than UPI Bidders) at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms from Bidders (other than UPI Bidders) at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Credit Rating

As this is an Offer consisting only of Equity Shares, there is no requirement to obtain credit rating for the Offer.

Debenture Trustee

As this is an Offer consisting only of Equity Shares, the appointment of a debenture trustee is not required.

Appraising Entity

No appraising entity has been appointed in relation to the Offer.

Monitoring Agency

Our Company shall, in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a monitoring agency for monitoring the utilisation of the Net Proceeds from the Fresh Issue. The relevant details shall be included in the Red Herring Prospectus. For details in relation to the proposed utilisation of the Net Proceeds from the Fresh Issue, see "*Objects of the Offer*" on page 105.

Grading of the Offer

No credit agency registered with SEBI has been appointed for obtaining grading for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 14, 2023, from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors and in respect of their (i) examination report dated August 8, 2023 on our Restated Financial Information; and (ii) report dated August 14, 2023 on the statement of special tax benefits is included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has also received written consent dated August 14, 2023, from Goel Garg & Co., Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.

Additionally, our Company has received a written consent, pursuant to the certificate dated August 10, 2023, from Anil Kumar Soni, independent chartered engineer, to include his name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in relation to their certificate on capacity and capacity utilisation, included under "*Our Business*" on page 203 of this Draft Red Herring Prospectus.

Such consents each from the independent chartered accountant and the independent chartered engineer have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Underwriting Agreement

After the determination of the Offer Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, address, telephone and email of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount underwritten (in ₹ million)
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned underwriting commitment is indicative and will be finalized after determination of the Offer Price and Basis of Allotment and will be subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them.

Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

Filing

A copy of this Draft Red Herring Prospectus has been filed through SEBI's online intermediary portal at https://siportal.sebi.gov.in, in accordance with SEBI master circular bearing reference SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and as specified in Regulation 25(8) of the SEBI ICDR Regulations.

It will also be filed with SEBI at the following address:

Securities and Exchange Board of India
SEBI Head Office
SEBI Bhavan, Plot No. C4-A
"G" Block, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013, will be filed with the RoC**,** and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band will be decided by our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers, and if not disclosed in the Red Herring Prospectus, will be advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Punjabi daily newspaper (Punjabi being the regional language of Punjab, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid / Offer Opening Date, and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. The Offer Price shall be determined by our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers, after the Bid / Offer Closing Date. For details, see "*Offer Procedure*" on page 439.

All Bidders, other than Anchor Investors, shall only participate in this Offer through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs. UPI Bidders shall participate through the ASBA process, either by (i) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (ii) using the UPI Mechanism. Non-Institutional Bidders with an application size of up to ₹0.50 million shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid / Offer Period and withdraw their Bids until the Bid / Offer Closing Date. Further, Anchor Investors in the Anchor Investor Portion cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors) will be on a proportionate basis while allocation to Anchor Investors will be on a discretionary basis. Additionally, allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non – Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis. For an illustration of the Book Building Process and further details, see "*Terms of the Offer*" and "*Offer Procedure*" on pages 430 and 439, respectively.

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgement about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, see "*Offer Procedure*" beginning on page 439.

CAPITAL STRUCTURE

The Equity Share capital of our Company as, on the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹ except share data)

		Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL(1)**		
	150,000,000 Equity Shares	300,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	89,499,000 Equity Shares	178,998,000	-
C	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares(2)(3)	[●]	[●]
	Which includes		
	Fresh Issue of up to [●] Equity Shares(2)^	[●]	Up to 5,000,000,000
	Offer for Sale of up to 8,054,910 Equity Shares by the Selling Shareholders(3)	Up to 16,109,820	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares*	[●]	-
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	2,161,801,297	
	After the Offer	[●]	

** To be updated upon finalization of the Offer Price.*

^ Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

(1) For details in relation to the changes in the authorised share capital of our Company in the last 10 years, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 247.

(2) The Offer has been authorized by a resolution of our Board dated August 8, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated August 8, 2023. The Offer shall be made in accordance with Rule 19(2)(b) of the SCRR.

(3) Each of the Selling Shareholders, severally and not jointly, confirms that their respective portion of the Offered Shares are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 410. Further, our Board has taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on August 8, 2023.

Notes to the Capital Structure

1. **Equity share capital history of our Company**

The following table sets forth the history of the equity share capital of our Company:

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of consideration	Cumulative number of equity shares
July 2, 1979	10 equity shares were allotted to Chanan Ram Garg and 10 equity shares were allotted to Paritosh Kumar	Subscription to MoA	20	100.00	100.00	Cash	20
August 10, 1979	10 equity shares were allotted to Parveen Kumar	Further issue*	10	100.00	100.00	Cash	30
March 15, 1990	870 equity shares were allotted to Paritosh Kumar	Further issue*	870	100.00	100.00	Cash	900
March 25, 1991	5,650 equity shares were allotted to Chanan Ram Garg, 2,550 equity shares were allotted to Paritosh Kumar, 2,650 equity shares were allotted to Sanjiv Kumar, 4,850 equity shares were allotted to Parveen Kumar, 2,450 equity shares	Further issue	19,300	100.00	100.00	Cash	20,200

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of consideration	Cumulative number of equity shares
	were allotted to Kewal Krishan Goyal and 1,150 equity shares were allotted to Rajive Kumar Goyal						
March 10, 1994	3,130 equity shares were allotted to Ashish Garg, 1,780 equity shares were allotted to Shina Garg, 1,820 equity shares were allotted to Deepak Garg, 1,800 equity shares were allotted to Abhishek Garg, 910 equity shares were allotted to Deepti Garg, 530 equity shares were allotted to Ankita Garg, 4,000 equity shares were allotted to Sanjeev Garg, 5,000 equity shares were allotted to Parveen Kumar, 2,400 equity shares were allotted to Chanan Ram Garg and 5,200 equity shares were allotted to Chanan Ram HUF	Further issue	26,570	100.00	100.00	Cash	46,770
July 31, 1994	500 equity shares were allotted to Kewal Krishan Goyal, 2,000 equity shares were allotted to C. P. Goyal, 50 equity shares were allotted to Rajive Goyal, 350 equity shares were allotted to Promila Goyal, 700 equity shares were allotted to Sneh Lata Goyal and 12,760 equity shares were allotted to Paritosh Kumar	Further issue	16,360	100.00	100.00	Cash	63,130
August 31, 1994	53,976 equity shares were allotted to Paritosh Kumar, 6,030 equity shares were allotted to Rajive Kumar Goyal, 22,800 equity shares were allotted to Sanjive Garg, 25,878 equity shares were allotted to Parveen Kumar, 18,108 equity shares were allotted to Chanan Ram Garg, 7,530 equity shares were allotted to Kewal Krishan Goyal, 63 equity shares were allotted to Neeraj Garg, 15 equity shares were allotted to Pushpawati Goyal, 15 equity shares were allotted to Suman Garg, 5,475 equity shares were allotted to Deepak Garg, 5,415 equity shares were allotted to Abhishek Garg, 15 equity shares were allotted to Bindu Garg, 15 equity shares were allotted to Sanjive Garg HUF, 5,355 equity shares were allotted to Sheena Garg, 1,605 equity shares were allotted to Ankita Garg, 2,745 equity shares were allotted to Deepti Garg, 15,600 equity shares were allotted to Chanan Ram HUF, 15 equity shares were allotted to Rajni Garg, 9,405 equity shares were allotted to Ashish Garg, 15 equity shares were allotted to Jamna Dass Aggarwal & Sons, 15 equity shares were allotted to Vineet Goyal, 1,200 equity shares were allotted to Promila Goyal, 6,000 equity shares were allotted to C. P. Goyal and 2,100 equity shares were allotted to Sneh Lata Goyal	Bonus issue in the ratio of 3:1	189,390	100.00	N.A.	N.A.	252,520
December 31, 1994	800 equity shares were allotted to C. P. Goyal, 700 equity shares were allotted to Rajiv Goyal, 2,500 equity shares were allotted to Promila Goyal, 9,000 equity shares were allotted to Paritosh Kumar	Further issue	14,750	100.00	100.00	Cash	267,270

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of consideration	Cumulative number of equity shares
	and 1,750 equity shares were allotted to Suman Garg						
February 28, 1995	5,000 equity shares were allotted to Suman Garg, 5,000 equity shares were allotted to Chanan Ram Garg, 5,000 equity shares were allotted to Sanjeev Garg, 2,000 equity shares were allotted to Neeraj Garg and 1,500 equity shares were allotted to Bindu Garg	Further issue	18,500	100.00	100.00	Cash	285,770
March 31, 1995	5,350 equity shares were allotted to Paras Builders P Ltd., 5,350 equity shares were allotted to Mallo Constructions Pvt Limited, 5,350 equity shares were allotted to Dhanraj Bhartraj Properties P Limited, 4,000 equity shares were allotted to Sanjay Arvin Tpt. Co. Private Limited, 4,500 equity shares were allotted to Samudra Advertising & Marketing P Ltd. and 5,000 equity shares were allotted to Goenka Grains Enterprises Private Ltd *Note: These equity shares were partly paid up at the time of such allotment. Due to non-payment of the unpaid amount due and payable on allotment, these shares were forfeited pursuant to a resolution passed by our Board on May 1, 1998 and were subsequently re-issued in the following manner pursuant to the resolution passed by our Board on May 15, 1998: 160,500 equity shares were allotted to Neeraj Garg, 40,000 equity shares were allotted to Bindu Garg, 45,000 equity shares were allotted to Parveen Kumar and 50,000 equity shares were allotted to Sanjiv Kumar.*	Further issue	29,550	100.00	100.00	Cash	315,320
April 3, 1995	450 equity shares were allotted to Paritosh Kumar Garg (HUF), 450 equity shares were allotted to Parveen Kumar - HUF, 250 equity shares were allotted to Promila Goyal, 350 equity shares were allotted to Rajive Kumar HUF, 500 equity shares were allotted to Pushpawati Goyal, 800 equity shares were allotted to Kewal Krishan Goyal HUF, 400 equity shares were allotted to Bindu Garg, 610 equity shares were allotted to Sanjiv Kumar HUF, 300 equity shares were allotted to Neeraj Garg, 100 equity shares were allotted to Rajive Kumar Goyal and 400 equity shares were allotted to Vineet Goyal	Further issue	4,610	100.00	100.00	Cash	319,930
November 30, 1995	1,000 equity shares were allotted to Vineet Goyal, 500 equity shares were allotted to Kewal Krishan Goyal, 1,000 equity shares were allotted to Kewal Krishan Goyal and Sons, 500 equity shares were allotted to Pushpawati Goyal, 2,550 equity shares were allotted to Paritosh Kumar and 2,350 equity shares were allotted to Suman Garg	Further issue	7,900	100.00	100.00	Cash	327,830
March 30,	15,000 equity shares were allotted to	Further	15,000	100.00	100.00	Cash	342,830

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of considera tion	Cumulati ve number of equity shares
1996	Paritosh Kumar	issue					
April 30, 1996	8,800 equity shares were allotted to Paritosh Kumar, 4,900 equity shares were allotted to Suman Garg, 4,000 equity shares were allotted to Sanjeev Garg and 3,000 equity shares were allotted to Parveen Garg	Further issue	20,700	100.00	100.00	Cash	363,530
May 22, 1996	1,000 equity shares were allotted to Bindu Garg, 1,000 equity shares were allotted to Suman Garg, 1,000 equity shares were allotted to Neeraj Garg, 1,000 equity shares were allotted to Chanan Ram HUF, 1,000 equity shares were allotted to Parveen Kumar HUF, 1,000 equity shares were allotted to Paritosh Kumar Garg (HUF), 1,000 equity shares were allotted to Sanjeev Kumar HUF and 8,250 equity shares were allotted to Chanan Ram Garg	Further issue	15,250	100.00	100.00	Cash	378,780
Each equity share of our Company of face value of ₹100 was sub-divided to 10 equity shares of face value of ₹10 each, pursuant to the resolution passed by our Shareholders on March 31, 1998.							
March 31, 2001	100 equity shares were allotted to Amita Rani, 100 equity shares were allotted to Jai Prakash Aggarwal, 100 equity shares were allotted to Nitin Aggarwal, 100 equity shares were allotted to Satish Kumar & Sons HUF, 100 equity shares were allotted to Satish Kumar, 100 equity shares were allotted to Prateek Aggarwal, 100 equity shares were allotted to Sudeept Aggarwal and 100 equity shares were allotted to Sudesh Kumari Aggarwal	Preferentia l allotment	800	10.00	10.00	Cash	3,788,600
September 22, 2001	245,000 equity shares were allotted to Paritosh Kumar and 15,000 equity shares were allotted to Suman Garg	Preferentia l allotment	260,000	10.00	10.00	Cash	4,048,600
January 4, 2002	17,500 equity shares were allotted to Sheena Garg, 5,000 equity shares were allotted to Ashish Garg, 7,500 equity shares were allotted to Paritosh Kumar, 120,000 equity shares were allotted to Sukhdev Kr Aggarwal, 50,000 equity shares were allotted to Ritu Aggarwal and 50,000 equity shares were allotted to Urmil Gupta	Preferentia l allotment	250,000	10.00	10.00	Cash	4,298,600
March 31, 2004	50,000 equity shares were allotted to Ayush Capital & Financial Services Private Limited, 33,500 equity shares were allotted to Chanan Ram HUF, 35,000 equity shares were allotted to Chanan Ram Garg, 17,000 equity shares were allotted to Paritosh Kumar and 15,000 equity shares were allotted to Paritosh Kumar Garg (HUF)	Preferentia l allotment	150,500	10.00	10.00	Cash	4,449,100
December 31, 2004	35,250 equity shares were allotted to Chanan Ram Garg, 641,352 equity shares were allotted to Paritosh Kumar, 95,010 equity shares were allotted to Suman Garg, 54,924 equity shares were allotted to Sheena Garg, 143,154 equity shares were allotted to Ashish Garg, 59,850 equity shares were allotted to Chanan Ram Garg HUF, 43,080 equity shares	Bonus issue in the ratio of 3:10	1,334,730	10.00	N.A.	N.A.	5,783,830

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of consideration	Cumulative number of equity shares
	were allotted to Paritosh Kumar Garg (HUF), 261,870 equity shares were allotted to Ayush Capital & Financial Services Private Limited, 30 equity shares were allotted to Amita Rani, 30 equity shares were allotted to Jai Parkash Aggarwal, 30 equity shares were allotted to Nitin Aggarwal, 30 equity shares were allotted to Satish Kumar & Sons (HUF), 30 equity shares were allotted to Satish Kumar, 30 equity shares were allotted to Prateek Aggarwal, 30 equity shares were allotted to Sudeept Aggarwal and 30 equity shares were allotted to Sudesh Kumari Aggarwal						
March 31, 2005	2,410 equity shares were allotted to Chanan Ram Garg, 61,100 equity shares were allotted to Paritosh Kumar, 5,500 equity shares were allotted to Suman Garg, 3,800 equity shares were allotted to Sheena Garg, 7,100 equity shares were allotted to Ashish Garg, 4,070 equity shares were allotted to Chanan Ram Garg HUF, 1,800 equity shares were allotted to Paritosh Kumar Garg (HUF) and 17,660 equity shares were allotted to Ayush Capital & Financial Services Private Limited	Preferential allotment	103,440	10.00	160.00	Cash	5,887,270
January 28, 2011	28,000 equity shares were allotted to Paritosh Kumar, 4,000 equity shares were allotted to Suman Garg, 2,000 equity shares were allotted to Sheena Garg, 7,000 equity shares were allotted to Ashish Garg, 29,000 equity shares were allotted to Paritosh Kumar Garg (HUF) and 214,762 equity shares were allotted to Ayush Capital & Financial Services Private Limited	Preferential allotment	284,762	10.00	100.00	Cash	6,172,032
March 28, 2013	170,000 equity shares were allotted to Ayush Capital & Financial Services Private Limited	Preferential allotment	170,000	10.00	88.00	Cash	6,342,032
June 28, 2013	357,968 equity shares were allotted to Ayush Capital & Financial Services Private Limited	Preferential allotment	357,968	10.00	88.00	Cash	6,700,000
The equity shares of our Company of face value of ₹10 were consolidated to equity shares of face value of ₹100 each, pursuant to the resolution passed by our Shareholders on March 5, 2014.							
March 26, 2014	46,700 equity shares were allotted to Ayush Capital & Financial Services Private Limited	Preferential allotment	46,700	100.00	732.50	Cash	716,700
March 27, 2015	29,872 equity shares were allotted to Paritosh Kumar	Rights issue	29,872	100.00	786.70	Cash	746,572
March 31, 2016	19,566 equity shares were allotted to Paritosh Kumar, 10,598 equity shares were allotted to Megha Garg, 6,522 equity shares were allotted to Ashish Garg, 4,811 equity shares were allotted to Suman Garg and 1,631 equity shares were allotted to Paritosh Kumar Garg (HUF)	Rights issue	43,128	100.00	1,226.60	Cash	789,700
September 15, 2018	21,058 equity shares were allotted to India Business Excellence Fund – III	Private placement	21,058	100.00	18,995.00	Cash	810,758
October 10,	31,587 equity shares were allotted to India	Private	31,587	100.00	18,995.00	Cash	842,345

Date of allotment of equity shares	Details of allottees	Reason / nature of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Form of consideration	Cumulative number of equity shares
2018	Business Excellence Fund – III	placement					
December 18, 2018	36,851 equity shares were allotted to India Business Excellence Fund – III	Private placement	36,851	100.00	18,995.00	Cash	879,196
January 31, 2019	15,794 equity shares were allotted to India Business Excellence Fund – III	Private placement	15,794	100.00	18,995.00	Cash	894,990
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.							
March 30, 2022	17,830,300 Equity Shares were allotted to Paritosh Kumar, 6,473,100 Equity Shares were allotted to Ashish Garg, 53,72,550 Equity Shares were allotted to Ayush Capital & Financial Services Private Limited, 5,264,500 Equity Shares were allotted to India Business Excellence Fund – III, 4,443,950 Equity Shares were allotted to Suman Garg, 2,803,850 Equity Shares were allotted to Paritosh Kumar Garg (HUF), 1,219,000 Equity Shares were allotted to Sheena Garg, 1,209,950 Equity Shares were allotted to Megha Garg, 127,100 Equity Shares were allotted to Ashish Garg & Sons (HUF), 650 Equity Shares were allotted to Sudesh Kumari Aggarwal, 650 Equity Shares were allotted to Sudeept Aggarwal, 650 Equity Shares were allotted to Satish Kumar & Sons (HUF), 1,300 Equity Shares were allotted to Satish Kumar, 650 Equity Shares were allotted to Prateek Aggarwal, 650 Equity Shares were allotted to Nitin Aggarwal and 650 Equity Shares were allotted to Amita Rani.	Bonus issue in the ratio of 1:1	44,749,500	2.00	N.A.	N.A.	89,499,000

Our Company has been unable to trace Form 2 for return of allotment for such allotments. Accordingly, we have relied on board resolutions approving the allotment of shares. For further details, see "Risk Factors – Internal risks relating to legal and regulatory factors – We are unable to trace some of our historical records including forms filed with the Registrar of Companies" on page 48.

2. **Equity shares issued for consideration other than cash or out of revaluation reserves or by way of a bonus issue**

Our Company has not issued any Equity Shares out of its revaluation reserves or for consideration other than cash since incorporation.

Except as set forth below, our Company has not issued any Equity Shares, as a bonus issue:

Date of allotment of equity shares	Details of allottees	Nature of allotment	Number of equity shares allotted	Face value per equity share (₹)
August 31, 1994	53,976 equity shares were allotted to Paritosh Kumar, 6,030 equity shares were allotted to Rajive Kumar Goyal, 22,800 equity shares were allotted to Sanjive Garg, 25,878 equity shares were allotted to Parveen Kumar, 18,108 equity shares were allotted to Chanan Ram Garg, 7,530 equity shares were allotted to Kewal Krishan Goyal, 63 equity shares were allotted to Neeraj Garg, 15 equity shares were allotted to Pushpawati Goyal, 15 equity shares were allotted to Suman Garg, 5,475 equity shares were allotted to Deepak Garg, 5,415 equity shares were allotted to Abhishek Garg, 15 equity shares were allotted to Bindu Garg, 15 equity shares were allotted to Sanjive Garg HUF, 5,355 equity shares were allotted to Sheena Garg, 1,605	Bonus issue in the ratio of 3:1	189,390	100.00

Date of allotment of equity shares	Details of allottees	Nature of allotment	Number of equity shares allotted	Face value per equity share (₹)
	equity shares were allotted to Ankita Garg, 2,745 equity shares were allotted to Deepti Garg, 15,600 equity shares were allotted to Chanan Ram HUF, 15 equity shares were allotted to Rajni Garg, 9,405 equity shares were allotted to Ashish Garg, 15 equity shares were allotted to Jamna Dass Aggarwal & Sons, 15 equity shares were allotted to Vineet Goyal, 1,200 equity shares were allotted to Promila Goyal, 6,000 equity shares were allotted to C. P. Goyal and 2,100 equity shares were allotted to Sneh Lata Goyal			
December 31, 2004	35,250 equity shares were allotted to Chanan Ram Garg, 641,352 equity shares were allotted to Paritosh Kumar, 95,010 equity shares were allotted to Suman Garg, 54,924 equity shares were allotted to Sheena Garg, 143,154 equity shares were allotted to Ashish Garg, 59,850 equity shares were allotted to Chanan Ram Garg HUF, 43,080 equity shares were allotted to Paritosh Kumar Garg (HUF), 261,870 equity shares were allotted to Ayush Capital & Financial Services Private Limited, 30 equity shares were allotted to Amita Rani, 30 equity shares were allotted to Jai Prakash Aggarwal, 30 equity shares were allotted to Nitin Aggarwal, 30 equity shares were allotted to Satish Kumar & Sons (HUF), 30 equity shares were allotted to Satish Kumar, 30 equity shares were allotted to Prateek Aggarwal, 30 equity shares were allotted to Sudeept Aggarwal and 30 equity shares were allotted to Sudesh Kumari Aggarwal	Bonus issue in the ratio of 3:10	1,334,730	10.00
March 30, 2022	17,830,300 equity shares were allotted to Paritosh Kumar, 6,473,100 equity shares were allotted to Ashish Garg, 53,72,550 equity shares were allotted to Ayush Capital & Financial Services Private Limited, 5,264,500 equity shares were allotted to India Business Excellence Fund – III, 4,443,950 equity shares were allotted to Suman Garg, 2,803,850 equity shares were allotted to Paritosh Kumar Garg (HUF), 1,219,000 equity shares were allotted to Sheena Garg, 1,209,950 equity shares were allotted to Megha Garg, 127,100 equity shares were allotted to Ashish Garg & Sons (HUF), 650 equity shares were allotted to Sudesh Kumari Aggarwal, 650 equity shares were allotted to Sudeept Aggarwal, 650 equity shares were allotted to Satish Kumar & Sons (HUF), 1,300 equity shares were allotted to Satish Kumar, 650 equity shares were allotted to Prateek Aggarwal, 650 equity shares were allotted to Nitin Aggarwal and 650 equity shares were allotted to Amita Rani.	Bonus issue in the ratio of 1:1	44,749,500	2.00

3. **Preference shares**

Our Company does not have any outstanding preference shares as on the date of filing of this Draft Red Herring Prospectus.

4. **Equity Shares allotted in terms of any schemes of arrangement**

Our Company has not allotted any Equity Shares in terms of any scheme approved under Sections 391 – 394 of the Companies Act, 1956 or Sections 230 – 234 of the Companies Act, 2013.

5. **Issue of shares at a price lower than the Offer Price in the last year**

The Offer Price shall be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs after the Bid / Offer Closing Date. Our Company has not issued any Equity Shares at a price lower than the Offer Price, during a period of one year preceding the date of this Draft Red Herring Prospectus.

6. **Details of Shareholding of our Promoters and members of the Promoter Group and directors of Ayush Capital & Financial Services Private Limited in the Company**

(i) ***Equity Shareholding of the Promoters***

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 78,970,000 Equity Shares, equivalent to 88.24% of the issued, subscribed and paid-up Equity Share capital of our Company, as set forth in the table below.

S. No.	Name of the Shareholder	Pre-Offer Equity Share Capital		Post-Offer Equity Share Capital*	
		Number of Equity Shares	% of total Shareholding	Number of Equity Shares	% of total Shareholding
1.	Garg Family Trust	38,047,000	42.51%	[●]	[●]
2.	Ashish Garg	12,946,200	14.47%	[●]	[●]
3.	Ayush Capital & Financial Services Private Limited	10,745,100	12.01%	[●]	[●]
4.	Paritosh Kumar	8,949,900	10.00%	[●]	[●]
5.	Paritosh Kumar Garg (HUF)	5,607,700	6.27%	[●]	[●]
6.	Megha Garg	2,419,900	2.70%	[●]	[●]
7.	Ashish Garg & Sons (HUF)	254,200	0.28%	[●]	[●]
Total		**78,970,000**	**88.24%**	**[●]**	**[●]**

* *Subject to finalisation of Basis of Allotment.*

(ii) All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

(iii) ***Build-up of the Promoters' shareholding in our Company***

The build-up of the Equity Shareholding of our Promoters since the incorporation of our Company is set forth in the table below:

Date of Allotment / Transfer / Transmission	Nature of transaction	Number of equity shares	Face value per equity share (₹)	Issue Price / Transfer Price per equity share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital
(A) Paritosh Kumar						
July 2, 1979	Subscription to MoA	10	100.00	100.00	Negligible	[●]
March 15, 1990	Further issue*	870	100.00	100.00	0.05%	[●]
March 25, 1991	Further issue*	2,550	100.00	100.00	0.14%	[●]
June 30, 1991	Transfer from Chanan Ram Garg by way of a gift	1,802	100.00	Nil	0.10%	[●]
July 31, 1994	Further issue	12,760	100.00	100.00	0.71%	[●]
August 31, 1994	Bonus issue in the ratio of 3:1	53,976	100.00	N.A.	3.02%	[●]
December 31, 1994	Further issue	9,000	100.00	100.00	0.50%	[●]
November 30, 1995	Further issue	2,550	100.00	100.00	0.14%	[●]
March 30, 1996	Further issue	15,000	100.00	100.00	0.84%	[●]
April 30, 1996	Further issue	8,800	100.00	100.00	0.49%	[●]
March 25, 1996	Transfer from Suman Garg by way of a gift	3,000	100.00	Nil	0.17%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 10 equity shares of face value of ₹10 each, pursuant to the resolution passed by our Shareholders on March 31, 1998.						
March 16, 1999	Transfer from Jamna Das Aggarwal & Sons	200	10.00	10.00	Negligible	[●]
	Transfer from Chanan Ram HUF by way of a gift	17,500	10.00	Nil	0.10%	[●]
March 24, 2000	Transfer from Sanjiv Kumar	137,500	10.00	10.00	0.77%	[●]
	Transfer from Chanan Ram Garg	19,040	10.00	10.00	0.11%	[●]
	Transfer from Bindu Garg	48,200	10.00	10.00	0.27%	[●]
	Transfer from Parveen Kumar	70,100	10.00	10.00	0.39%	[●]

Date of Allotment / Transfer / Transmission	Nature of transaction	Number of equity shares	Face value per equity share (₹)	Issue Price / Transfer Price per equity share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital
	Transfer from Sanjiv Kumar HUF	32,200	10.00	10.00	0.18%	[●]
	Transfer from Parveen Kumar HUF	44,500	10.00	10.00	0.25%	[●]
May 3, 2000	Transfer from Sanjiv Kumar	50,000	10.00	10.00	0.28%	[●]
May 3, 2000	Transfer from Chanan Ram Garg	92,200	10.00	10.00	0.52%	[●]
May 3, 2000	Transfer from Neeraj Garg	30,000	10.00	10.00	0.17%	[●]
May 3, 2000	Transfer from Parveen Kumar	89,110	10.00	10.00	0.50%	[●]
September 22, 2001	Preferential allotment	245,000	10.00	10.00	1.37%	[●]
January 4, 2002	Preferential allotment	7,500	10.00	10.00	0.04%	[●]
February 4, 2003	Transfer from Sukhdev Kr Aggarwal	1,20,000	10.00	1.50	0.67%	[●]
	Transfer from Ritu Aggarwal	50,000	10.00	1.50	0.28%	[●]
	Transfer from Urmil Gupta	50,000	10.00	1.50	0.28%	[●]
	Transfer from Monoplast Traders Pvt Ltd	21,400	10.00	1.50	0.12%	[●]
	Transfer from Morison Trading Pvt Ltd	15,000	10.00	1.50	0.08%	[●]
	Transfer from Sunlight Techno Commercial Services Private Limited	51,500	10.00	1.50	0.29%	[●]
	Transfer from Meghna Textiles Pvt Ltd	108,710	10.00	1.50	0.61%	[●]
	Transfer from Shreesh Power Instrument Pvt Ltd	46,000	10.00	1.50	0.26%	[●]
April 8, 2003	Transfer to Ashish Garg by way of a gift	(328,000)	10.00	Nil	(1.83%)	[●]
March 31, 2004	Preferential allotment	17,000	10.00	10.00	0.09%	[●]
December 31, 2004	Bonus issue in the ratio of 3:10	641,352	10.00	N.A.	3.58%	[●]
March 31, 2005	Preferential allotment	61,100	10.00	160.00	0.34%	[●]
January 28, 2011	Preferential allotment	28,000	10.00	100.00	0.16%	[●]
The equity shares of our Company of face value of ₹10 were consolidated to equity shares of face value of ₹100 each, pursuant to the resolution passed by our Shareholders on March 5, 2014.						
March 27, 2015	Rights issue	29,872	100.00	786.70	1.67%	[●]
March 27, 2015	Transfer from Ayush Capital & Financial Services Private Limited	20,338	100.00	786.70	1.14%	[●]
March 31, 2016	Rights issue	19,566	100.00	1,226.60	1.09%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.						
March 30, 2022	Bonus issue in the ratio of 1:1	17,830,300	2.00	N.A.	19.92%	[●]
May 16, 2023	Transfer from Sheena Gupta by way of gift	2,438,000	2.00	Nil	2.72%	[●]
August 7, 2023	Transfer to Suman Garg by way of gift	(29,148,700)	2.00	Nil	(32.57%)	[●]
	Sub-total (A)	**8,949,900**			**10.00%**	**[●]**
(B) Ashish Garg						
June 30, 1991	Transfer from Chanan Ram by way of gift	5	100.00	Nil	Negligible	[●]
March 10, 1994	Further issue	3,130	100.00	100.00	0.17%	[●]
August 31, 1994	Bonus issue	9,405	100.00	N.A.	0.53%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 10 equity shares of face value of ₹10 each, pursuant to the resolution passed by our Shareholders on March 31, 1998.						
March 24, 2000	Transfer from Parveen Kumar	18,780	10.00	10.00	0.10%	[●]
January 4, 2002	Preferential allotment	5,000	10.00	10.00	0.03%	[●]

Date of Allotment / Transfer / Transmission	Nature of transaction	Number of equity shares	Face value per equity share (₹)	Issue Price / Transfer Price per equity share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital
April 8, 2003	Transfer from Paritosh Kumar by way of a gift	328,000	10.00	Nil	1.83%	[●]
December 31, 2004	Bonus issue in the ratio of 3:10	143,154	10.00	N.A.	0.80%	[●]
March 31, 2005	Preferential allotment	7,100	10.00	160.00	0.04%	[●]
March 28, 2006	Transmission from Chanan Ram Garg	155,160	10.00	Nil	0.87%	[●]
January 28, 2011	Preferential allotment	7,000	10.00	100.00	0.04%	[●]
The equity shares of our Company of face value of ₹10 were consolidated to equity shares of face value of ₹100 each, pursuant to the resolution passed by our Shareholders on March 5, 2014.						
March 27, 2015	Transfer from Ayush Capital & Financial Services Private Limited	43,981	100.00	786.70	2.46%	[●]
March 31, 2016	Rights issue	6,522	100.00	1,226.60	0.36%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.						
March 30, 2022	Bonus issue in the ratio of 1:1	6,473,100	2.00	N.A.	7.23%	[●]
	Sub-total (B)	**12,946,200**			**14.47%**	**[●]**
(C) Megha Garg						
March 27, 2015	Transfer from Ayush Capital & Financial Services Private Limited	13,601	100.00	786.70	0.76%	[●]
March 31, 2016	Rights issue	10,598	100.00	1,226.60	0.59%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022						
March 30, 2022	Bonus issue in the ratio of 1:1	1,209,950	2.00	N.A	1.35%	[●]
	Sub-total (C)	**2,419,900**			2.70%	[●]
(D) Ayush Capital & Financial Services Private Limited						
March 25, 1996	Transfer from Kewal Krishan Goyal	10,540	100.00	100.00	0.59%	[●]
	Transfer from Rajiv Kumar Goyal	8,840	100.00	100.00	0.49%	[●]
	Transfer from Promila Goyal	1,610	100.00	100.00	0.09%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 10 equity shares of face value of ₹10 each, pursuant to the resolution passed by our Shareholders on March 31, 1998.						
March 24, 2000	Transfer from Sanjeev Garg	68,000	10.00	10.00	0.38%	[●]
	Transfer from Chanan Ram Garg	200,000	10.00	10.00	1.12%	[●]
	Transfer from Neeraj Garg	60,000	10.00	10.00	0.34%	[●]
	Transfer from Bindu Garg	65,000	10.00	10.00	0.36%	[●]
	Transfer from Parveen Kumar	130,000	10.00	10.00	0.73%	[●]
April 28, 2000	Transfer from Parveen Kumar	50,000	10.00	10.00	0.28%	[●]
	Transferred from Sanjeev Garg	40,000	10.00	10.00	0.22%	[●]
March 31, 2004	Preferential allotment	50,000	10.00	10.00	0.28%	[●]
December 31, 2004	Bonus issue in the ratio of 3:10	261,870	10.00	N.A.	1.46%	[●]
March 31, 2005	Preferential allotment	17,660	10.00	160.00	0.10%	[●]
January 28, 2011	Preferential allotment	214,762	10.00	100.00	1.20%	[●]
March 28, 2013	Preferential allotment	170,000	10.00	88.00	0.95%	[●]
June 28, 2013	Preferential allotment	357,968	10.00	88.00	2.00%	[●]
The equity shares of our Company of face value of ₹10 were consolidated to equity shares of face value of ₹100 each, pursuant to the resolution passed by our Shareholders on March 5, 2014.						
March 26, 2014	Preferential allotment	46,700	100.00	732.50	2.61%	[●]
March 27, 2015	Transfer to Paritosh Kumar	(20,338)	100.00	786.70	(1.14%)	[●]
	Transfer to Ashish Garg	(43,981)	100.00	786.70	(2.46%)	[●]
	Transfer to Suman Garg	(41,947)	100.00	786.70	(2.34%)	[●]
	Transfer to Paritosh Kumar Garg (HUF)	(6,356)	100.00	786.70	(0.36%)	[●]
	Transfer to Megha Garg	(13,601)	100.00	786.70	(0.76%)	[●]

Date of Allotment / Transfer / Transmission	Nature of transaction	Number of equity shares	Face value per equity share (₹)	Issue Price / Transfer Price per equity share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital
	Transfer to Ashish Garg & Sons (HUF)	(2,542)	100.00	786.70	(0.14%)	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.						
March 30, 2022	Bonus issue in the ratio of 1:1	5,372,550	2.00	N.A.	6.00%	[●]
	Sub-total (D)	**10,745,100**			**12.01%**	**[●]**
(E) Ashish Garg & Sons (HUF)						
March 27, 2015	Transfer from Ayush Capital & Financial Services Private Limited	2,542	100.00	786.70	0.14%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.						
March 30, 2022	Bonus issue in the ratio of 1:1	127,100	2.00	N.A.	0.14%	[●]
	Sub-total (E)	**254,200**			**0.28%**	**[●]**
(F) Paritosh Kumar Garg (HUF)						
April 3, 1995	Further issue	450	100.00	100.00	0.03%	[●]
May 22, 1996	Further issue	1,000	100.00	100.00	0.06%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 10 equity shares of face value of ₹10 each, pursuant to the resolution passed by our Shareholders on March 31, 1998.						
March 24, 2000	Transfer from Bindu Garg	6,000	10.00	10.00	0.03%	[●]
	Transfer from Sanjeev Garg	1,000	10.00	10.00	0.01%	[●]
	Transfer from Parveen Kumar	500	10.00	10.00	Negligible	[●]
April 28, 2000	Transfer from Parveen Kumar	20,000	10.00	10.00	0.11%	[●]
	Transfer from Sanjeev Garg	20,000	10.00	10.00	0.11%	[●]
May 3, 2000	Transfer from Neeraj Garg	30,000	10.00	10.00	0.17%	[●]
February 4, 2003	Transfer from Sunflower Textiles Pvt Ltd	36,600	10.00	1.50	0.20%	[●]
March 31, 2004	Preferential allotment	15,000	10.00	10.00	0.08%	[●]
December 31, 2004	Bonus issue in the ratio of 3:10	43,080	10.00	N.A.	0.24%	[●]
March 31, 2005	Preferential allotment	1,800	10.00	160.00	0.01%	[●]
March 28, 2006	Transmission from Chanan Ram Garg HUF	263,420	10.00	Nil	1.47%	[●]
January 28, 2011	Preferential allotment	29,000	10.00	100.00	0.16%	[●]
The equity shares of our Company of face value of ₹10 were consolidated to equity shares of face value of ₹100 each, pursuant to the resolution passed by our Shareholders on March 5, 2014.						
March 27, 2015	Transfer from Ayush Capital & Financial Services Private Limited	6,356	100.00	786.70	0.36%	[●]
March 31, 2016	Rights issue	1,631	100.00	1,226.60	0.09%	[●]
Each equity share of our Company of face value of ₹100 was sub-divided to 50 equity shares of face value of ₹2 each, pursuant to the resolution passed by our Shareholders on February 14, 2022.						
March 30, 2022	Bonus issue in the ratio of 1:1	2,803,850	2.00	N.A.	3.13%	[●]
	Sub-total (F)	**5,607,700**			**6.27%**	**[●]**
(G) Garg Family Trust						
August 7, 2023	Transfer from Suman Garg by way of a gift	38,047,000	2.00	Nil	42.51%	[●]
	Sub-total (G)	**38,047,000**			**42.51%**	**[●]**
Grand Total (A)+(B)+(C)+(D)+(E)+(F)+(G)		**78,970,000**			**88.24%**	**[●]**

[*]Our Company has been unable to trace Form 2 for return of allotment for such allotments. Accordingly, we have relied on board resolutions approving the allotment of shares. For further details, see "Risk Factors – Internal risks relating to legal and regulatory factors – We are unable to trace some of our historical records including forms filed with the Registrar of Companies" on page 48.

Note: Our Company has been unable to trace the share transfer forms in relation to transfers made prior to or during 2015. Accordingly, reliance has been placed on the Company's annual returns, the register of members, the register of transfers and board resolutions noting the transfers, where available. For further details, see "Risk Factors – Internal risks relating to legal and regulatory factors – We are unable to trace some of our historical records including forms filed with the Registrar of Companies" on page 48.

(iv) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or acquisition, as applicable, of such Equity Shares.

(v) As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

(vi) ***Equity shareholding of the Promoter Group and directors of Ayush Capital & Financial Services Private Limited***

As on the date of this Draft Red Herring Prospectus, none of the members of our Promoter Group (other than our Promoters) hold Equity Shares, of our Company.

Set forth below is the equity shareholding of the directors of our corporate Promoter, Ayush Capital & Financial Services Private Limited, in our Company as on the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre-Offer Equity Share Capital		Post-Offer Equity Share Capital*	
		Number of Equity Shares	% of total Shareholding	Number of Equity Shares	% of total Shareholding
1.	Paritosh Kumar	8,949,900	10.00%	[●]	[●]
2.	Ashish Garg	12,946,200	14.47%	[●]	[●]
Grand Total		**21,896,100**	**24.47%**	**[●]**	**[●]**

* *Subject to finalisation of Basis of Allotment*

Except as disclosed in "– *Build-up of the Promoters' shareholding in our Company*" on page 93 and as disclosed below, none of the members of the Promoter Group, directors of our corporate Promoter, Ayush Capital & Financial Services Private Limited, the Directors of our Company, nor any of their respective relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus:

Date of Transfer / Transmission	Nature of transaction	Number of Equity Shares	Price per Equity Share (₹)
May 16, 2023	Transfer from Sheena Gupta to Paritosh Kumar by way of gift	2,438,000	Nil
June 23, 2023	Transfer from Sudesh Kumari Agarwal to Suman Garg by way of gift	1,300	Nil
	Transfer from Sudeept Agarwal to Suman Garg by way of gift	1,300	Nil
	Transfer from Prateek Agarwal to Suman Garg by way of gift	1,300	Nil
July 7, 2023	Transfer from Satish Kumar & Sons (HUF) to Satish Kumar by way of gift	1,300	Nil
July 12, 2023	Transfer from Satish Kumar to Suman Garg by way of gift	3,900	Nil
	Transfer from Nitin Aggarwal to Suman Garg by way of gift	1,300	Nil
	Transfer from Amita Rani to Suman Garg by way of gift	1,300	Nil
August 7, 2023	Transfer from Paritosh Kumar to Suman Garg by way of gift	29,148,700	Nil
	Transfer from Suman Garg to Garg Family Trust by way of gift	38,047,000	Nil

(vii) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, directors of our corporate Promoter, Ayush Capital & Financial Services Private Limited, our Directors, or their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

(viii) ***Details of minimum Promoters' contribution locked in for three years or any other period as may be prescribed under applicable law***

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years or any other period as may be prescribed under applicable law, from the date of Allotment ("**Promoters' Contribution**"). Our Promoters' shareholding in excess of 20% shall be locked in for a period of one year from the date of the Allotment.

Further, in the event majority of the Fresh Issue is not utilized for capital expenditure at the time of filing the Red Herring Prospectus, then the Promoters' Contribution will be locked-in for a period of 18 months and our Promoters' shareholding in excess of the Promoters' Contribution will be locked in for a period of six months, each from the date of the Allotment.

Our Promoters have given consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The details of Equity Shares held by our Promoters, which will be locked-in for minimum Promoters' contribution for a period of three years, from the date of Allotment as Promoters' Contribution are as provided below:

Name of the Promoter	Number of Equity Shares held	Number of Equity Shares locked-in**	Date of allotment/ transfer#	Face value per Equity Share (₹)	Issue / acquisition price per Equity Share (₹)	Nature of transaction	% of the post-Offer paid-up Equity Share capital	Date up to which the Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**

Note: To be updated at the Prospectus stage.
 # Equity Shares were fully paid-up on the date of allotment / acquisition.
*** Subject to finalisation of Basis of Allotment.*

(ix) The Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In particular, these Equity Shares do not and shall not consist of:

(i) Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction, or (b) as a result of bonus shares issued by utilisation of revaluation reserves or unrealised profits of our Company or from bonus issue against Equity Shares which are otherwise in-eligible for computation of Promoters' Contribution;

(ii) Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.

Further, our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company in the preceding one year and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or a limited liability partnership firm.

(x) ***Details of share capital locked-in for six months or any other period as may be prescribed under applicable law***

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company held by person other than our Promoters will be locked-in for a period of six months from the date of Allotment or any other period as may be prescribed under applicable law, except for (i) the Promoters' Contribution which shall be locked for a period of three years as detailed above; and (ii) the Equity Shares offered pursuant to the Offer for Sale.

Further, in terms of Regulation 17 of the SEBI ICDR Regulations, Equity Shares held by a venture capital fund or alternative investment fund of category I or category II or a foreign venture capital investor shall not be locked-in for a period of six months from the date of Allotment, provided that such Equity Shares shall be locked-in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of category I or category II or foreign venture capital investor. Accordingly, Equity Shares held by India Business Excellence Fund – III following the Offer, will not be required to be locked-in as it is a Category II AIF, registered with SEBI.

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters which are locked-in, may be transferred to Promoters or members of the Promoter Group or to any new Promoters, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with provisions of the SEBI Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired. The Equity Shares held by persons other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer or any other period as may be prescribed under applicable law, may be transferred to any other person holding Equity Shares which are locked -in, subject to the continuation of the lock-in the hands of the transferee for the remaining period and compliance with the provisions of the SEBI Takeover Regulations.

In terms of Regulation 21 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in as per Regulation 16 of the SEBI ICDR Regulations, may be pledged only with scheduled commercial banks or public financial institutions or NBFC-SI or housing finance companies, subject to the following:

(i) with respect to the Equity Shares locked-in for one year from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and

(ii) with respect to the Equity Shares locked-in as Minimum Promoters' Contribution for three years from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, and the pledge of such Equity Shares must be one of the terms of the sanction of the loan.

However, such lock-in will continue pursuant to any invocation of the pledge and the transferee of the Equity Shares pursuant to such invocation shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period stipulated above.

(xi) ***Lock-in of Equity Shares Allotted to Anchor Investors***

50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period 90 days from the date of Allotment and the remaining 50% shall be locked-in for a period of 30 days from the date of Allotment.

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7. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of Equity Shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				Number of Equity Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of voting rights			Total as a % of (A+B+C)			Number (a)	As a % of total Equity Shares held (b)	Number (a)	As a % of total Equity Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoter and Promoter Group	7	78,970,000	-	-	78,970,000	88.24%	78,970,000	-	78,970,000	88.24%	-	-	-	-	-	-	78,970,000
(B)	Public	1	10,529,000	-	-	10,529,000	11.76%	10,529,000	-	10,529,000	11.76%	-	-	-	-	-	-	10,529,000
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)(1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)(2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	8	89,499,000	-	-	89,499,000	100%	89,499,000	-	89,499,000	100.00%	-	-	-	-	-	-	89,499,000

8. As on the date of this Draft Red Herring Prospectus, our Company has eight Equity Shareholders.

9. **Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company**

Except as stated below, none of our Directors, Key Managerial Personnel or Senior Management hold any Equity Shares.

S. No.	Name	Number of Equity Shares	% of pre-Offer Equity Share capital
1.	Paritosh Kumar	8,949,900	10.00%
2.	Ashish Garg	12,946,200	14.47%
3.	Megha Garg	2,419,900	2.70%
Total		**24,316,000**	**27.17%**

10. **Major shareholders**

The list of our major Shareholders and the number of Equity Shares held by them is provided below:

a) The details of our Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of filing this Draft Red Herring Prospectus are set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-Offer share capital
1.	Garg Family Trust	38,047,000	42.51%
2.	Ashish Garg	12,946,200	14.47%
3.	Ayush Capital & Financial Services Private Limited	10,745,100	12.01%
4.	India Business Excellence Fund – III	10,529,000	11.76%
5.	Paritosh Kumar	8,949,900	10.00%
6.	Paritosh Kumar Garg (HUF)	5,607,700	6.27%
7.	Megha Garg	2,419,900	2.70%
Total		**89,244,800**	**99.72%**

b) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company ten days prior to the date of this Draft Red Herring Prospectus are set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-Offer share capital
1.	Paritosh Kumar	38,098,600	42.57%
2.	Ashish Garg	12,946,200	14.47%
3.	Ayush Capital & Financial Services Private Limited	10,745,100	12.01%
4.	India Business Excellence Fund – III	10,529,000	11.76%
5.	Suman Garg	8,898,300	9.94%
6.	Paritosh Kumar Garg (HUF)	5,607,700	6.27%
7.	Megha Garg	2,419,900	2.70%
Total		**89,244,800**	**99.72%**

Note: Details as on August 4, 2023, being the date ten days prior to the date of this Draft Red Herring Prospectus.

c) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company one year prior to the date of this Draft Red Herring Prospectus are set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-Offer share capital
1.	Paritosh Kumar	35,660,600	39.84%
2.	Ashish Garg	12,946,200	14.47%
3.	Ayush Capital & Financial Services Private Limited	10,745,100	12.01%
4.	India Business Excellence Fund – III	10,529,000	11.76%

S. No.	Name of the Shareholder	Number of Equity Shares held	% of the pre-Offer share capital
5.	Suman Garg	8,887,900	9.93%
6.	Paritosh Kumar Garg (HUF)	5,607,700	6.27%
7.	Sheena Gupta	2,438,000	2.72%
8.	Megha Garg	2,419,900	2.70%
Total		**89,234,400**	**99.70%**

Note: Details as on August 14, 2022, being the date one year prior to the date of this Draft Red Herring Prospectus.

d) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company two years prior to the date of this Draft Red Herring Prospectus are set forth below:

S. No.	Name of the Shareholder	Number of equity shares of face value of ₹100 held	% of the pre-Offer share capital
1.	Paritosh Kumar	356,606	39.84%
2.	Ashish Garg	129,462	14.47%
3.	Ayush Capital & Financial Services Private Limited	107,451	12.01%
4.	India Business Excellence Fund – III	105,290	11.76%
5.	Suman Garg	88,879	9.93%
6.	Paritosh Kumar Garg (HUF)	56,077	6.27%
7.	Sheena Gupta	24,380	2.72%
8.	Megha Garg	24,199	2.70%
Total		**892,344**	**99.70%**

Note: Details as on August 14, 2021, being the date two years prior to the date of this Draft Red Herring Prospectus.

11. Except for the Allotment of Equity Shares pursuant to the (i) Fresh Issue, and (ii) exercise of employee stock options under ESOP Scheme and (iii) Pre-IPO Placement, there will be no further issuance of specified securities whether by way of public issue, rights issue, preferential issue, qualified institutions placement, bonus issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI, until the listing of the Equity Shares on the Stock Exchanges or the refund of application monies, as the case may be.

12. Except for the Allotment of Equity Shares pursuant to the (i) Fresh Issue, and (ii) the exercise of employee stock options under ESOP Scheme, there is no proposal or intention or negotiations or consideration by our Company to alter our capital structure by way of split or consolidation of the denomination of the shares or issue of specified securities on a preferential basis or issue of bonus or rights issue or further public offer of specified securities within a period of six months from the Bid / Offer Opening Date.

13. **Employee stock option scheme**

As on the date of this Draft Red Herring Prospectus, except as mentioned below, our Company does not have any active employee stock option plan:

Happy Forgings ESOP Scheme 2023 ("ESOP Scheme")

Our Company pursuant to the resolutions passed by our Board and Shareholders on July 31, 2023, adopted the ESOP Scheme, pursuant to the SEBI SBEB & SE Regulations. The objective of the ESOP Scheme are among others, to attract and retain employees with employee stock options as a compensation tool. Through the ESOP Scheme, our Company intends to align the interests of those employees who have contributed or are expected to contribute to the growth and development of our Company. The Shareholders, through their resolution dated July 31, 2023, have approved a maximum of 1,342,485 Equity Shares, under the ESOP Scheme. As on the date of this Draft Red Herring Prospectus, 392,687 options have been granted by our Company under the ESOP Scheme.

The ESOP Scheme has been instituted in compliance with the SEBI SBEB & SE Regulations as certified by Goel Garg & Co., Chartered Accountants, pursuant to their certificate dated August 14, 2023.

In terms of the ESOP Scheme, minimum vesting period is one year from the date of grant of options. Subject to certain conditions, the employee can exercise the vested options within the exercise period, which shall commence from the date of vesting and can extend till the end of five years from the date of grant of options.

The following table sets forth the particulars of the ESOP Scheme including options granted as on the date of this Draft Red Herring Prospectus:

Particulars	**From April 1, 2023 to the date of this DRHP**
Options granted	392,687
No. of employees to whom options were granted	104
Options outstanding	392,687
Exercise price of options	190
Vesting period	Over a period of three years starting from one year after the grant date i.e., August 1, 2023
Options vested (excluding options that have been exercised)	Nil
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	392,687
Options forfeited/lapsed/cancelled	Nil
Variation in terms of options	N.A.
Money realised by exercise of options	N.A.
Total no. of options in force	392,687
Employee wise details of options granted to	
(i) Key Management Personnel	52,071
(ii) Senior Management	39,066
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	20,055
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil
Fully diluted EPS on a pre-Offer basis on exercise of options calculated in accordance with the applicable accounting standard 'Earning Per Share'	N.A.
Lock-in	N.A.
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company for the last three fiscals	N.A.
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	N.A.
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI SBEB & SE Regulations in respect of options granted in the last three years	N.A.
Intention of the key management personnel, senior management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted to sell their shares within three months after the date of listing of Equity Shares pursuant to the Offer	N.A.
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.

14. No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholders, the Members of the Syndicate, our Promoters, the members of our Promoter Group or our Directors, shall offer any incentive, whether direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

15. Except for Paritosh Kumar Garg (HUF), who is offering Equity Shares in the Offer for Sale, none of our other Promoters or members of our Promoter Group will participate in the Offer.

16. The BRLMs and persons related to the BRLMs or Syndicate Members cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associates of the BRLMs, or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by entities which are associates of the BRLMs, a FPI (other than individuals, corporate bodies and family offices) which are associates of the BRLMs or pension funds sponsor by entities which are associates of the BRLMs.

17. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares of our Company, as on the date of this Draft Red Herring Prospectus.

18. All transactions in Equity Shares by our Promoters and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transactions.

19. The Promoters and members of our Promoter Group will not receive any proceeds from the Offer, except to the extent of their participation as Selling Shareholders in the Offer for Sale.

20. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.

21. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

22. Our Company, the Selling Shareholders, the Promoters, the Directors and the BRLMs have not entered into buy-back arrangements and/or any other similar arrangements for the purchase of Equity Shares being offered through the Offer

23. All Equity Shares issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

24. Except for the Equity Shares held by the Investor Selling Shareholder, which is an associate of Motilal Oswal, none of the Book Running Lead Managers or their associates hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus. Accordingly, in compliance with proviso to Regulation 21A (1) of the SEBI (Merchant Bankers) Regulations, 1992, as amended and Regulation 23(3) of the SEBI ICDR Regulations, Motilal Oswal would be involved only in the marketing of the Offer. The BRLMs and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The respective portion of the proceeds from the Offer for Sale shall be received by the Selling Shareholders, after deducting their portion of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders and the proceeds from the Offer for Sale will not form part of the Net Proceeds. For further details, see "– *Offer expenses*" on page 117.

Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Purchase of equipment, plant and machinery;
2. Prepayment of all or a portion of certain outstanding borrowings availed by our Company; and
3. General corporate purposes.

(Collectively, referred to herein as the "**Objects**")

In addition, our Company expects to receive the benefits of listing of Equity Shares on the Stock Exchanges including enhancing our visibility and our brand image among our existing and potential customers and creating a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects, as set out in our Memorandum of Association, enable our Company to undertake our existing business activities and the activities for which funds are being raised by us through the Fresh Issue. We confirm that the activities which we have been carrying out till date are in accordance with the objects clause of our Memorandum of Association.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

(₹ in million)

Particulars	Total estimated cost
Gross proceeds(1)	Up to 5,000
(Less) Offer expenses in relation to the Fresh Issue(2) (3)	[●]
Net Proceeds (3)	[●]

(1) *A Pre-IPO Placement may be undertaken by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, for an aggregate amount not exceeding ₹1,000 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of the specified securities issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company may utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

(2) *For details with respect to sharing of fees and expenses amongst our Company and the Selling Shareholders, please refer to "– Offer Expenses" on page 117.*

(3) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Utilisation of Net Proceeds and Proposed Schedule of Implementation and Deployment

The Net Proceeds are currently expected to be deployed in accordance with the estimated schedule set forth below:

(₹ in million)

Particulars	Total estimated cost	Amount deployed as on August 14, 2023	Amount which will be financed from Net Proceeds	Estimated deployment of Net Proceeds in	
				Fiscal 2024	Fiscal 2025
Purchase of equipment, plant and machinery	2,278.62	142.66	2,135.96	427.20	1,708.76

Particulars	Total estimated cost	Amount deployed as on August 14, 2023	Amount which will be financed from Net Proceeds	Estimated deployment of Net Proceeds in	
				Fiscal 2024	Fiscal 2025
Prepayment of all or a portion of certain outstanding borrowings availed by our Company	1,900.00	N.A.	1,900.00	1,900.00	Nil
General corporate purposes [(1)]	[●]		[●]	[●]	[●]
Net Proceeds[(1)]	[●]		[●]	[●]	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities for cash consideration aggregating up to ₹1,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of the specified securities issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.

The deployment of funds indicated above and the intended use of the Net Proceeds as described in this Draft Red Herring Prospectus are based on our current business plan, management estimates, prevailing market conditions, valid quotations received from third parties, current circumstances of our business and other commercial considerations, which are subject to change and may not be within the control of our management. However, such fund requirements and deployment of funds have not been appraised by any external agency or any bank or financial institution or any other independent agency. See "*Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, cash flows, financial condition and results of operations may be adversely affected.*" on page 52. Given the nature of our business, we may have to revise our funding requirements and deployment, as required, on account of a variety of factors such as our financial and market condition, our business and growth strategies, competitive landscape, general factors affecting our results of operations, financial condition and access to capital and other external factors such as changes in the business environment or regulatory climate and interest or exchange rate fluctuations. This may entail rescheduling or revising the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws.

Subject to applicable law, if the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations. Subject to applicable law, in case of a shortfall in raising requisite capital from the Net Proceeds or an increase in the total estimated cost of the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. Further, in case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Offer. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscal towards the aforementioned Objects.

Means of Finance

The entire fund requirements for our Objects are proposed to be funded from the Net Proceeds and internal accruals. Accordingly, we confirm that there are no requirements to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, in addition to the Net Proceeds, under Regulation(1)(e) of the SEBI ICDR Regulations and Paragraph 9(C)(1) of Part A of Schedule VI of the SEBI ICDR Regulations.

Details of the Objects

1. ***Purchase of equipment, plant and machinery***

   Our manufacturing facilities are equipped to undertake a variety of processes, including engineering and designing, hammer and press forging, metallurgical testing, heat treatment, machining and dimensional testing among others, enabling us to manufacture a wide range of products. With the aim of growing our manufacturing capabilities, we aim to purchase a variety of equipment, plant and machinery. Our Company proposes to utilise up to ₹2,135.96 million from the Net Proceeds towards purchase of equipment, plant and machinery.

While we propose to utilise up to ₹2,135.96 million towards procurement of the equipment, plant and machinery, based on our current estimates, the specific number and nature of such equipment, plant and machinery to be procured by our Company may change, depending on our business requirements, from time to time. Accordingly, the details of the equipment, plant and machinery to be procured from the Net Proceeds will be suitably updated at the time of filing the Red Herring Prospectus.

An indicative list of such equipment, plant and machinery that we intend to purchase, along with details of the quotations we have received in this respect is set forth below, which has been certified by Goel Garg & Co., Chartered Accountants, pursuant to their certificate dated August 14, 2023 and approved, pursuant to a resolution dated August 14, 2023 passed by our Board.

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Details of equipment, plant and machinery for which orders have been placed:

S.No.	Description	Date of placement of the order	Cost per unit (in EUR)	Cost per unit (in ₹ million)	Quantity	Amount which will be financed from Net Proceeds (in ₹ million) ^%	Name of the vendor	Estimated time of delivery
Forging press line								
1.	Hot forging press type GLF 10000 R	April 21, 2023	5,890,000.00	530.10*	1	397.57*#	Farina Presse S.r.l. Unico Socio	15 months from the remittance of advance payment
2.	Automatic die holder, crankshaft cassette and swivel arm for die changing for forging press type GLF 6300R	July 11, 2023	450,000.00	40.50*	1	30.38*&	Farina Presse S.r.l. Unico Socio	Delivery time will start against receipt of the advanced payment
Total (A)						**427.95**		

**Assuming currency conversion rate for quotations in foreign currency as on August 12, 2023: EUR 1.00 = ₹90.00 (approximately).*
#An advance payment of EUR 1,472,500 (approximately ₹132.53 million, amounting to 25% of the total cost of this machine) was paid to Farina Presse S.r.l. Unico Socio on June 2, 2023, pursuant to a purchase order dated April 21, 2023.
& An advance payment of EUR 112,500 (approximately ₹10.12 million, amounting to 25% of the total cost of this machine) was paid to Farina Presse S.r.l. Unico Socio on July 11, 2023 pursuant to a purchase order dated July 11, 2023.
^ Additional packaging and forwarding charges, at the applicable rates, have been included in the cost of equipment, plant and machinery.
%Our Company will bear the cost of any additional charge, as applicable, including installation and freight charges, if any, from our internal accruals.

Details of equipment, plant and machinery for which orders are yet to be placed:

S.No.	Description	Cost per unit (in ₹ million)	Quantity	Amount which will be financed from Net Proceeds (in ₹ million) **@	Name of the vendor	Date of quotation	Period/Date of validity of quotation	Estimated time of delivery
Forging press line								
1.	“INDTOOLS” circular sawing machine model “ITL- CSNC 150”	7.51	1	7.51^	ITL Industries Limited	May 24, 2023	November 24, 2024	12 - 14 weeks
2.	MCH-10000 ton press (high quality crankshaft cooling control conveyor)	11.00	1	11.00	Amber Anthony Industries Private Limited	June 28, 2023	December 31, 2024	2 - 3 months
3.	4000KW zone control IBH for 10,000 ton press	48.35	1	48.35	Interpower Induction	June 28, 2023	December 31, 2024	36 - 42 weeks. delivery date to be confirmed upon receipt of the purchase order and

S.No.	Description	Cost per unit (in ₹ million)	Quantity	Amount which will be financed from Net Proceeds (in ₹ million) **@	Name of the vendor	Date of quotation	Period/Date of validity of quotation	Estimated time of delivery
					Private Limited			completion of quoted payment terms.
4.	High quality forging slant roller conveyor with installation (heavyduty) billet heater to press	2.20	1	2.20	Amber Anthony Industries Private Limited	June 28, 2023	December 31, 2024	Three-four months
5.	1600T mechanical press for trimming of hot forged components	73.40	1	73.40^	Isgec Heavy Engineering Limited	May 25, 2023	November 24, 2024	11 months from date of receipt of the firm order, along with advance and clearance of all technical/commercial details/matter, whichever is later.
6.	Monorail hanger type shot blasting machine (model VP-23-325EZE)	14.41	1	14.41	DISA India Limited	July 7, 2023	December 31, 2024	6 - 7 months from the date of purchase order and advance
Crankshaft lines and other machines								
7.	Facing centering machine – 1100 with fanuc 0i-MF seri	3.34	5	16.71	Global CNC Private Limited	June 9, 2023	December 31, 2024	12 - 14 weeks from the date of receipt of the purchase order and remittance of advance payment
8.	PL5030L/1200ABC	7.20	5	36.00	Bharat Fritz Werner Limited	June 2, 2023	December 30, 2024	6 months from the date of receipt of the purchase order
9.	PL600U-TT/1000 ABC	16.56	5	82.80	Bharat Fritz Werner Limited	June 2, 2023	December 30, 2024	5 months from the date of receipt of the purchase order and advance payment
10.	CNC special purpose crank shaft pin milling machine	25.12	5	125.59	Bharat Fritz Werner Limited	July 10, 2023	December 31, 2024	8 months from the date of receipt of the purchase order along with advance
11.	Basin type crankshaft induction hardening machine	11.58	5	57.88	Induction Equipment (India) Private Limited	June 3, 2023	December 31, 2024	The first offered equipment will be ready for delivery in about 6 months from the date of receipt of techno- commercially clear purchase order along with advance.* The second machine will be ready for delivery in 8 months from the date of advance.* The third machine will be ready for delivery in 10 months from the date of advance.* The fourth machine will be ready for delivery in 12 months from the date of advance.* The fifth machine will be ready for delivery in 14 months from the date of advance.*

S.No.	Description	Cost per unit (in ₹ million)	Quantity	Amount which will be financed from Net Proceeds (in ₹ million) **@	Name of the vendor	Date of quotation	Period/Date of validity of quotation	Estimated time of delivery
								**The delivery period mentioned is tentative and is subject to change. Delivery period will be reconfirmed before order finalisation.*
12.	SH100 (45MPS) and with all accessories	10.69	12	128.30	Micromatic Grinding Technologies Private Limited	June 3, 2023	December 2024	8 - 10 months from the date of receipt of the purchase order along with advance payment. However, estimated month of delivery will be indicated at the time of ordering.
13.	CNC vertical machining center model: 1060V Fanuc and with all accessories	4.60	1	4.60	Ace Manufacturing Systems Limited	June 3, 2023	December 2024	2 - 3 months from the date of receipt of the purchase order and remittance of advance payment. However, estimated month of delivery will be indicated at the time of ordering.
14.	CNC vertical machining center model: 1260V Fanuc and with all accessories	6.61	1	6.61	Ace Manufacturing Systems Limited	June 3, 2023	December 2024	2 - 3 months from the date of receipt of the purchase order and remittance of advance payment. However, estimated month of delivery will be indicated at the time of ordering
15.	CNC vertical machining center model: MCV450 Fanuc and with all accessories	3.81	1	3.81	Ace Manufacturing Systems Limited	June 3, 2023	December 2024	2 - 3 months from the date of receipt of the purchase order and remittance of advance payment. However, estimated month of delivery will be indicated at the time of ordering
16.	Grind Master NanoFinish NF Series Flexi Crank Microfinishing System	8.07	5	40.33^	Grind Master Machines Private Limited	June 19, 2023	December 31, 2024	30 weeks from the date of receipt of the purchase order and with advance or whichever is later
17.	Nex - Gen FAB Machine with gantry automation	73.95	5	369.75	Bharat Fritz Werner Limited	July 10, 2023	December 31, 2024	8 months from the date of receipt of the purchase order with advance
18.	Fives Landis LT2He-1400mm twin wheelhead grinding machine	133.94	5	669.71#	Fives Landis Ltd.	July 11, 2023	December 10, 2024	12 months from the date of acceptance of order, subject to full details

S.No.	Description	Cost per unit (in ₹ million)	Quantity	Amount which will be financed from Net Proceeds (in ₹ million) **@	Name of the vendor	Date of quotation	Period/Date of validity of quotation	Estimated time of delivery
Utilities								
19.	7000amps crack detector machine facility FWDC	1.63	1	1.63	Hi-Tech Marketing & Services	June 10, 2023	March 31, 2024	60 days
20.	Dot pin marking machine integrated model	0.23	5	1.17	Marks Engineering Private Limited	June 19, 2023	December 2024	1 - 2 weeks
21.	Hydraulic manual hand pallet capacity 3000 kgs	0.02	1	0.02	Advance MHE Solutions	June 9, 2023	December 31, 2024	Ready stock
22.	Hydraulic manual hand pallet capacity 5000 kgs	0.03	1	0.03	Advance MHE Solutions	June 9, 2023	December 31, 2024	Ready stock
23.	Godrej 5T diesel forklift truck model GX500D(SB)	2.15	1	2.15	Viren Engineers	June 9, 2023	December 31, 2024	12 - 16 weeks from the date of receipt of the purchase order, along with advance
24.	Godrej 10T diesel forklift model G1000D 900mm LC	4.05	1	4.05	Viren Engineers	June 9, 2023	December 31, 2024	20 - 24 weeks from the date of receipt of the purchase order
Total (B)				**1,708.01**				
Total Amount which will be financed from Net Proceeds (A+B)				**2,135.96**				

@Additional packaging and forwarding charges, at the applicable rates provided in the quotations, have been included in the cost of equipment, plant and machinery.
^Additional commissioning and installation costs, at applicable rates provided in the quotations, have been included in the cost of equipment, plant and machinery.
***Our Company will bear the cost of any additional charge, as applicable, including transit insurance, installation and freight charges and taxes, if any, from our internal accruals.*
#Assuming currency conversion rate for quotations in foreign currency as on August 12, 2023: GBP 1.00 = ₹105 (approximately).

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. Some of the quotations mentioned above exclude cost of freight and insurance, as these can be determined only at the time of placing of orders. Further, the prices mentioned above exclude applicable taxes. Such additional taxes shall be funded from internal accruals, if required. Further, certain quotations stipulate that actual purchase price and delivery periods are subject to change at the time of placing of the orders. However, except for (i) hot forging press, type GLF 10000 R and (ii) automatic die holder, crankshaft cassette and swivel arm for die changing for forging press type GLF 6300R, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment or provide the service at the same costs. In accordance with the terms of certain quotations obtained by our Company, the prices in relation to the equipment, plant and machinery may be subject to revisions during the validity period of such quotations, pursuant to *inter alia* any update to the pricing list of the vendor, prices of the raw materials or pursuant to foreign exchange currency fluctuations or policy changes. If there is any increase in the costs of equipment, plant and machinery, such additional costs shall be funded by our Company from its internal accruals. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company shall have the flexibility to deploy such equipment according to the business requirements of such facilities and based on the estimates of our management.

As on the date of this Draft Red Herring Prospectus, we have placed orders for equipment aggregating to ₹142.66 million i.e., approximately 6.26% of the total estimated cost for purchase of equipment, plant and machinery. We are yet to place orders for such machineries and equipment for an aggregate amount of ₹2,135.96 million. Accordingly, we are yet to place orders for 93.74% of the total estimated cost in relation to the purchase of plant, machinery and equipment. No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units mentioned above is proposed to be acquired in a ready-to-use condition.

Our Promoter, Group Companies, Directors, Key Managerial Personnel and Senior Management do not have any interest in the proposed acquisition of equipment, plant and machinery, or in the entities from whom we have obtained quotations in relation to such activities.

2. *Prepayment of all or a portion of certain outstanding borrowings availed by our Company*

Our Company has entered into various financing arrangements from time to time, with various lenders. The financing arrangements entered into by our Company include, *inter alia*, term loans and working capital facilities. For further details in relation to our borrowings, see "*Financial Indebtedness*" on page 397.

As at July 15, 2023, our total outstanding borrowings amounted to ₹2,032.27 million. Our Company proposes to utilise an estimated amount of up to ₹1,900.00 million from the Net Proceeds towards pre-payment of a portion of certain term loans and working capital facilities availed by our Company.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and, in accordance with the relevant repayment schedule, our Company may in the future, repay or refinance some of the borrowings set out below, prior to Allotment or avail of additional credit facilities. If at the time of Allotment, any of the below mentioned loans are repaid or refinanced or if any additional credit facilities are availed or drawn down or further disbursements under the existing facilities availed by our Company, then our Company may utilise the Net Proceeds for prepayment of any such refinanced facilities or any additional facilities / disbursements obtained by our Company. In light of the above, at the time of filing the Red Herring Prospectus, the table below shall be suitably updated to reflect the revised amounts or loans as the case may be which have been availed by us. In the event our Board deems appropriate, the amount allocated for estimated schedule of deployment of Net Proceeds in a particular fiscal may be repaid/ pre-paid by our Company in the subsequent Fiscal.

For the purposes of the Offer, our Company has intimated and has obtained necessary consent from its lenders, as is respectively required under the relevant facility documentation for undertaking activities in relation to this Offer and for the deployment of the Net Proceeds towards the objects set out in this section.

The selection of borrowings proposed to be prepaid or repaid amongst our borrowing arrangements availed will be based on various factors, including (i) cost of the borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay/ repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, (iii) receipt of consents for prepayment from the respective lenders, (iv) terms and conditions of such consents and waivers, (v) levy of any prepayment penalties and the quantum thereof, (vi) provisions of any laws, rules and regulations governing such borrowings, and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan. The amounts proposed to be prepaid against each borrowing facility below is indicative and our Company may utilize the Net Proceeds to prepay the facilities disclosed below in accordance with commercial considerations, including amounts outstanding at the time of prepayment. For further details, see "*Financial Indebtedness*" on page 397. Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Payment of additional interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the internal accruals or out of the Net Proceeds as may be decided by our Company.

Such pre-payment will help reduce our existing borrowings, assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion.

The following table provides details, as at March 31, 2023, of loans and facilities availed by our Company, out of which we propose to pre-pay in full or in portion of the below mentioned loans and/or facilities, up to an amount aggregating to ₹1,900.00 million from the Net Proceeds:

[*Remainder of the page is intentionally left blank*]

S. No.	Name of the lender*	Date of letter of sanction*	Nature of borrowing*	Purpose*	Amount sanctioned (in ₹ million unless specified otherwise)*	Outstanding amount (including interest) as on March 31, 2023 (in ₹ million)*	Interest rate as at March 31, 2023 (% p.a.)*	Repayment schedule	Prepayment conditions/penalty
1.	Yes Bank Limited	September 29, 2022	Cash credit	To fund working capital requirements read with letter dated July 31, 2023	900.00	80.74	8.69	Revolving/ reviewed and renewed annually	Nil
		September 29, 2022	Working capital demand loan	To fund working capital requirements read with letter dated July 31, 2023		400.00	7.50	Payable from cash credit account within 33 days, subject to rollover with fresh fixed period	Nil
		September 29, 2022	Export packing credit	To fund working capital requirements read with letter dated July 31, 2023		63.34	5.90 (net of interest subvention of 2%)	Payable from cash credit account/ export proceeds within 180 days, subject to fresh availment periodical for a fixed period	Nil
2.	HDFC Bank Limited	October 28, 2022	Cash credit	To fund working capital requirements read with letter dated July 28, 2023	500.00	(4.41)	7.85	Revolving/ reviewed and renewed annually	Nil
		October 28, 2022	Working capital demand loan	To fund working capital requirements read with letter dated July 28, 2023		3.01	7.51-7.85	Payable from cash credit account within 90 days, subject to rollover with fresh fixed period	Nil
		October 28, 2022	Export packing credit	To fund working capital requirements read with letter dated July 28, 2023		215.48	5.50-5.75 (net of interest subvention of 2%)	Payable from cash credit account/ export proceeds within 180 days, subject to fresh availment periodical for a fixed period	Nil
3.	ICICI Bank Limited	August 16, 2022	Cash credit	To fund working capital requirements read with letter dated July 28, 2023	500.00	136.90	8.25	Revolving/ reviewed and renewed annually	Nil

S. No.	Name of the lender*	Date of letter of sanction*	Nature of borrowing*	Purpose*	Amount sanctioned (in ₹ million unless specified otherwise)*	Outstanding amount (including interest) as on March 31, 2023 (in ₹ million)*	Interest rate as at March 31, 2023 (% p.a.)*	Repayment schedule	Prepayment conditions/penalty
		August 16, 2022	Working capital demand loan	To fund working capital requirements read with letter dated July 28, 2023		300.00	7.75	Payable from cash credit account within 90 days, subject to rollover with fresh fixed period	Nil
		August 16, 2022	Export packing credit	To fund working capital requirements read with letter dated July 28, 2023	200.00	50.00	5.50 (net of interest subvention of 2%)	Payable from cash credit account/ export proceeds within 90 days, subject to fresh availment periodical for a fixed period	Nil
4.	ICICI Bank Limited	December 22, 2022	Facility for bill discounting under letter of credit	To fund the working capital	150.00	98.34	7.60	Payment through customer on due date of LC	Nil
Total working capital limits (A)					**2,250.00**	**1,343.40**			
5.	ICICI Bank Limited	June 30, 2021	Reimbursement authorisation financing	For payment to vendor for machinery	600.00	19.85	4.19	Repayable from sanctioned term loan* of INR of Rs 600 million from ICICI Bank by November 2023. *Further payable in 20 quarterly instalments of ₹0.99 million each from December 2023 to December 2028 over a period of 5 years.	No penalty if paid within 60 days of increase in spread, otherwise 1%.
6.	Yes Bank Limited	January 12, 2021	Term loan	To fund capital assets	600.00 (including disbursed amount of ₹150.2 million)	127.65	8.69	17 quarterly instalments of ₹7.51 million each over four years.	Nil
		January 12, 2021	(Reimbursement authorisation on financing)	For payment to vendor for machinery		425.24	1.19 – 1.34	Repayable from sanctioned term loan* of INR of Rs 600 million from Yes Bank by June 2023 *Further payable in 20 quarterly instalments of Rs.21.26 million each over a period of 5 years from July'23 to July'28.	
Total term loan (B)					**1,200.00**	**572.74**			

S. No.	Name of the lender*	Date of letter of sanction*	Nature of borrowing*	Purpose*	Amount sanctioned (in ₹ million unless specified otherwise)*	Outstanding amount (including interest) as on March 31, 2023 (in ₹ million)*	Interest rate as at March 31, 2023 (% p.a.)*	Repayment schedule	Prepayment conditions/penalty
Total (A+B)					**3,450.00**	**1,916.14**			
Amount which will be financed from Net Proceeds (in ₹ million)						**1,900.00**			

**In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purposed availed, our Company has obtained the requisite certificate.*

For further details in relation to our borrowings, see "*Financial Indebtedness*" on page 397.

3. *General corporate purposes*

We propose to utilise up to ₹[●] million of the Net Proceeds towards general corporate purposes and the business requirements of our Company as approved by the Board, from time to time, subject to such utilisation for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise the Net Proceeds include, without limitation, meeting ongoing general corporate contingencies, meeting our business requirements, funding growth opportunities, including funding strategic initiatives, capital expenditure, and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. In the event our Company is unable to utilise the Net Proceeds towards any of the objects of the Offer for any of the reasons as aforementioned, our Company may utilise such Net Proceeds towards general corporate purposes, provided that the aggregate amount deployed towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount(s) in the subsequent Fiscals.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The expenses of this Offer include, among others, listing fees, selling commission and brokerage, fees payable to the BRLMs, fees payable to legal counsels, fees payable to the Registrar to the Offer, Escrow Collection Bank(s) and Sponsor Bank(s) to the Offer, processing fee to the SCSBs for processing application forms, underwriting commission, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses, fees payable to consultants and Statutory Auditors for deliverables in connection with the Offer and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than the listing fees, which will be solely borne by the Company; and (ii) stamp duty payable on transfer of the Offered Shares pursuant to the Offer for Sale and fees for legal counsel to each Selling Shareholder, which shall be solely borne by the Selling Shareholders, as may be mutually agreed amongst the Selling Shareholders, the Company and each of the Selling Shareholders agree to share the costs and expenses (including all applicable taxes) directly attributable to the Offer (including fees and expenses of the Book Running Lead Managers, legal counsels appointed in connection with the Offer, and other intermediaries, advertising and marketing expenses (other than corporate advertisements expenses and branding of the Company undertaken in the ordinary course of business by the Company), printing, underwriting commission, procurement commission (if any), brokerage and selling commission and payment of fees and charges to various regulators in relation to the Offer) in proportion to the number of Equity Shares issued and Allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale, as may be mutually agreed amongst the Selling Shareholders, in accordance with applicable law including section 28(3) of the Companies Act.

All the expenses relating to the Offer shall be paid by the Company in the first instance. Upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, the Selling Shareholders shall, reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the respective Selling Shareholder directly from the Public Offer Account as may be mutually agreed amongst the Selling Shareholders except as may be prescribed by the SEBI or any other regulatory authority.

The break-up of the estimated Offer expenses is set forth below:

(in ₹ million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission, as applicable)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Banks and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs (1)(2)(3)(4)(5)	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fee payable to auditors, consultants and market research firms	[●]	[●]	[●]
Others (i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses; (ii) Printing and distribution of stationery; (iii) Fees payable to legal counsel; and (iv) Miscellaneous.	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

* *Offer expenses include GST, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change*

(1) *Selling commission payable to SCSBs, on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid book of BSE or NSE. No additional uploading/ processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them;*

(2) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

Portion for Retail Individual Investors	*₹[●] per valid application (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹[●] per valid application (plus applicable taxes)*

(3) *Uploading charges/processing fees for applications made by UPI Bidders would be as follows:*

Members of the Syndicate / RTAs / CDPs / Registered Brokers	*₹[●] per valid application (plus applicable taxes)*
Sponsor Bank(s)	*₹[●] per valid Bid cum Application Form (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable law*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement

(4) *Selling commission on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

*Portion for Retail Individual Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes). The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, read with SEBI circular no: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

Interim use of funds

Pending utilisation for the purposes described above, we undertake to temporarily invest such portion funds from the Net Proceeds in deposits only with one or more scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge loan

Our Company has not raised any bridge loans from any banks or financial institutions, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or finance institutions.

Monitoring of utilisation of funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilisation of Net Proceeds prior to the filing of the Red Herring Prospectus with the RoC, as the Fresh Issue size exceeds ₹1,000 million.

Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulation, on a quarterly basis, until such time as the Net Proceeds have been utilised in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 32(3) and Part C of Schedule II of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditors. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and applicable rules thereunder, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders and such variation will be in accordance with the applicable laws including the Companies Act, 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules and such Postal Ballot Notice shall be placed on website of our Company. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Punjabi, being the regional language of Punjab, where our Registered Office and Corporate Office is situated in accordance with the Companies Act, 2013 and applicable rules. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, at such price, and in such manner, in accordance with Section 13(8) and other applicable provisions of the Companies Act, our Articles of Association, and the SEBI ICDR Regulations.

Other confirmations

Except to the extent of the proceeds received by the Selling Shareholders pursuant to the Offer for Sale portion, none of our Promoters, members of the Promoter Group, Group Companies, Directors or Key Managerial Personnel or Senior Management will receive any portion of the Offer Proceeds and there are no existing or anticipated transactions in relation to utilisation of the Net Proceeds with our Promoters or members of the Promoter Group, Group Companies, Directors or Key Managerial Personnel or Senior Management. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects as set out above.

BASIS FOR THE OFFER PRICE

The Price Band and Offer Price will be determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹2 each, and the Offer Price is [●] times the face value of the Equity Shares.

Investors should also refer to "*Our Business*", "*Risk Factors*", "*Restated Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Other Financial Information*" on pages 203, 35, 280, 357 and 354, respectively, to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India;
- Integrated manufacturing operations coupled with in-house product and process design capabilities resulting in a diverse product portfolio with increasing value addition;
- Diversified business model, well placed to take advantage of potential alternative engine technologies;
- Long-standing relationships with customers across industries;
- Track record of consistently building capabilities and infrastructure, with focus on capital efficiency;
- Experienced Promoters and senior management team; and
- Track record of healthy financial performance.

For further details, see "*Our Business – Competitive Strengths*" on page 208.

Quantitative factors

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

I. Basic and diluted earnings per share ("EPS")

Based on / derived from the Restated Financial Information:

Fiscal Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	23.32	23.32	3
March 31, 2022	15.90	15.90	2
March 31, 2021	9.66	9.66	1
Weighted Average	**18.57**	**18.57**	

Notes:

1. *Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.*
2. *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year.*
3. *Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
4. *Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.*
5. *Pursuant to resolution passed in extra-ordinary general meeting held on February 14, 2022, our Shareholders have approved subdivision of each equity share of face value of ₹100 each into fifty equity shares of face value of ₹2 each and issue of bonus equity shares of face value of ₹2 each in the ratio of 1:1. As required under Ind AS 33 "Earning per share", the above sub-division and Bonus shares are retrospectively considered for the computation of weighted average number of equity shares outstanding during the period, in accordance with Ind AS 33.*

II. Price / Earning ("P / E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P / E at the Floor Price (number of times)	P / E at the Cap Price (number of times)
Based on basic EPS for Fiscal 2023	[●]	[●]
Based on diluted EPS for Fiscal 2023	[●]	[●]

III. Industry peer group P / E ratio

Particulars	Industry P / E (number of times)
Highest	82.65
Lowest	36.48
Average	59.74

Note: The Industry high and low has been considered from the listed industry peer set. The industry composite has been calculated as the arithmetic average P/E of the listed industry peer set.

IV. Return on Net Worth ("RoNW")

As derived from the Restated Financial Information:

Fiscal	Return on Net Worth (%)	Weight
2023	21.12%	3
2022	18.07%	2
2021	13.40%	1
Weighted Average	**18.82%**	-

Notes:

1. *Return on net worth is calculated as restated profit for the year divided by total equity.*
2. *For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation each as applicable for the Company on consolidated restated basis. Net worth represents equity attributable to owners of the holding company and does not include amounts attributable to non-controlling interests.*

V. Net Asset Value (NAV) per Equity Share

As at	NAV per Equity Share (in ₹)
March 31, 2023	110.43

Notes:

1. *Net asset value per equity share means total equity divided by weighted average number of equity shares.*

As at	NAV per Equity Share (in ₹)
After the completion of the Offer:	
(i) At Floor Price	[●]
(ii) At Cap Price	[●]
Offer Price (1)	[●]

(1) *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

VI. Comparison of accounting ratios with listed industry peers as at and for the year ended March 31, 2023

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price as at August 4, 2023 (as per BSE)	Revenue from operations (in ₹ million)	EPS		NAV (₹ per share)	P/E (in times)	RoNW (%)
					Basic	Diluted			
Happy Forgings Limited*	Consolidated	2.00	-	11,965.30	23.32	23.32	110.43	-	21.12 %
Bharat Forge Limited#	Consolidated	2.00	912.45	129,102.59	11.35	11.35	144.02	80.39	7.88 %
Craftsman Automation Limited#	Consolidated	5.00	4637.95	31,826.00	117.56	117.56	651.68	39.45	18.04 %

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price as at August 4, 2023 (as per BSE)	Revenue from operations (in ₹ million)	EPS		NAV (₹ per share)	P/E (in times)	RoNW (%)
					Basic	Diluted			
Ramkrishna Forgings Limited#	Consolidated	2.00	562.95	31,928.95	15.52	15.43	82.67	36.48	18.77 %
Sona BLW Precision Forgings Limited#	Consolidated	10.00	557.90	26,550.10	6.76	6.75	39.12	82.65	17.26 %

**Financial information for our Company is derived from the Restated Financial Information as at and for the financial year ended March 31, 2023.*

#All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2023.

Notes for Listed Peers:

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 04, 2023 divided by the Diluted EPS provided.*
3. *Return on net worth (RoNW) is computed as profit for the year attributable to common shareholders of the parent divided by net worth (excluding non-controlling interest), as at March 31, 2023.*
4. *NAV per equity share has been computed as the networth attributable to common shareholders (excluding non-controlling interest) divided by the total number of shares outstanding, as at March 31, 2023.*

VII. Key performance indicators ("KPIs")

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated August 14, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that, except as disclosed below, there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP and which have been used historically by our Company to understand and analyse our business performance, which in result, helps us analyse the growth of various verticals in comparison to our peers, as well as other relevant and material KPIs of the business of the Company that have a bearing for arriving at the basis for the Offer Price, which have not been disclosed in this section. Further, the KPIs herein have been certified by Goel Garg & Co., Chartered Accountants, by their certificate dated August 14, 2023. This certificate has been designated as a material document for inspection in connection with the Offer. See "*Material Contracts and Documents for Inspection*" on page 476.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

Set forth below are the KPIs pertaining to the Company that have been disclosed to its investors at any point of time during the three years preceding the date of this Draft Red Herring Prospectus and also have been used historically by our Company to understand and analyse the business performance, which in result, help us in analyzing the growth of various verticals in comparison to our listed peers, and other relevant and material KPIs of the business of the Company that have a bearing for arriving at the Basis for the Offer Price:

S. No.	Particulars	As of or for the financial year ended		
		March 31, 2023	March 31, 2022	March 31, 2021
		Consolidated	Consolidated	Standalone
1.	Revenue from Operations (₹ million)	11,965.30	8,600.46	5,849.58
2.	Growth in revenue from operations (%)	39.12%	47.03%	NA
3.	Gross Profit (₹ million)	6,454.74	4,716.55	3,333.55
4.	Gross Margin (%)	53.95%	54.84%	56.99%
5.	EBITDA (₹ million)	3,409.41	2,308.88	1,587.46
6.	EBITDA Margin (%)	28.49%	26.85%	27.14%
7.	Restated Profit for the Year (₹ million)	2,087.00	1,422.89	864.48
8.	PAT Margin (%)	17.44%	16.54%	14.78%
9.	Return on Equity (%)	21.12%	18.07%	13.40%

S. No.	Particulars	As of or for the financial year ended		
		March 31, 2023	March 31, 2022	March 31, 2021
		Consolidated	Consolidated	Standalone
10.	Return on Capital Employed (%)	24.24%	19.38%	16.13%
11.	Debt/Total Net Worth (in times)	0.22	0.31	0.24
12.	Cash Conversion Cycle (days)	167	187	NA
13.	Gross Fixed Assets Turnover Ratio (in times)	1.40	1.47	1.16
14.	Revenue from Sale of products and services (domestic) (₹ million)	9,351.64	7,068.89	5,005.60
	Revenue from Sale of products and services (exports) (₹ million)	1,383.51	868.14	481.05
	Revenue from Sale of products and services (domestic) (%)	87.11%	89.06%	91.23%
	Revenue from Sale of products and services (exports) (%)	12.89%	10.94%	8.77%
15.	Total Sales Volume (MT)	73,593.49	62,651.15	50,067.89
16.	Revenue from Sale of Forged Products (₹ million)	2,277.15	1,935.15	1,485.38
	Revenue from Sale of Machined* Products (₹ million)	8,392.33	5,920.50	3,992.02
	Revenue from Sale of Forged Products (%)	21.34%	24.63%	27.12%
	Revenue from Sale of Machined Products (%)	78.66%	75.37%	72.88%
17.	Revenue from Sale of products (split by End-use Industry)			
	Heavy Commercial Vehicles (₹ million)	4,656.76	3,355.58	2,054.10
	Farm Equipment (₹ million)	3,925.19	3,179.74	2,402.91
	Off Highway Construction Vehicles (₹ million)	1,692.55	1,162.71	910.39
	Industrial applications (₹ million)	394.99	157.62	110.00
	Revenue from Sale of products (split by End-use Industry)			
	Heavy Commercial Vehicles (%)	43.65%	42.72%	37.50%
	Farm Equipment (%)	36.79%	40.48%	43.87%
	Off Highway Construction Vehicles (%)	15.86%	14.80%	16.62%
	Industrial applications (%)	3.70%	2.01%	2.01%

Revenue from sale of crankshafts for the Company amounts to ₹4,831.74 million; ₹3,274.23 million and ₹2,576.49 million for the financial year ending March 31, 2023, March 31, 2022 and March 31, 2021, respectively.

Notes:

1. *Revenue from Operations means the revenue from operations for the year.*
2. *Growth in revenue from operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.*
3. *Gross profit is calculated as revenue from operations minus cost of raw materials and components consumed minus (increase)/decrease in inventories of finished goods, work-in-progress and scrap.*
4. *Gross Margin is calculated as Gross Profit divided by revenue from operations.*
5. *EBITDA is calculated as profit for the year minus other income and share of net profit of joint venture plus finance costs, depreciation and amortisation, total income tax expenses.*
6. *EBITDA Margin is calculated as EBITDA divided by Revenue from operations.*
7. *Restated profit for the year.*
8. *PAT Margin is calculated as restated profit for the year divided by Revenue from Operations.*
9. *Return on Equity is calculated as restated profit for the year divided by total equity.*
10. *Return on Capital Employed is calculated as EBIT divided by Capital Employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs.*
11. *Debt/ Total Net worth is calculated as total debt (including current and non-current borrowings) divided by total equity.*
12. *Cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days.*
    a. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') which is a sum of cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress, scrap, purchase of traded goods and cost of services, multiplied by 365 days.
    b. Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.
    c. Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.
13. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations for the year divided by cost of property, plant and equipment.*
14. *Revenue from sale of products and services split between domestic and exports. Percentage of revenue (%) from domestic is calculated as revenue from domestic sale of products and services divided by total revenue from sale of products and services. Percentage of revenue (%) from exports is calculated as revenue from exports sale of products and services divided by total revenue from sale of products and services.*
15. *Total Sales Volume is the volume of products sold during the year, in terms of metric tonnes (MT), including scrap.*

16. *Revenue from sale of products split between forged and machined components. Percentage of revenue (%) from forged products is calculated as revenue from sale of forged products divided by total revenue from sale of products. Percentage of revenue (%) from machined products is calculated as revenue from sale of machined products divided by total revenue from sale of products.*
17. *Revenue from sale of products split among key focus end-use industry of Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications. Percentage of revenue (%) from a particular end use industry has been calculated as a revenue from sale of products from that particular end use industry (Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications) divided by the total revenue from sale of products.*

Explanation for KPI metrics

S. No.	KPI	Explanation
1.	Revenue from operations (₹ million)	Revenue from Operations is used by the management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of the business.
2.	Growth in revenue from operations (%)	Growth in Revenue from Operations provides information regarding the growth of the business for the respective period.
3.	Gross Profit (₹ million)	Gross Profit provides information regarding the value addition by the Company (including its profits) over material cost on sale of products and services by the Company.
4.	Gross Margin (%)	Gross Margin (%) is an indicator of the value addition by the Company (including its profits) over material cost on sale of products and services by the Company.
5.	EBITDA (₹ million)	EBITDA provides information regarding the operational efficiency of the business.
6.	EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of the business.
7.	Restated Profit for the Year (₹ million)	Restated Profit for the Year provides information regarding the overall profitability of the business.
8.	Profit after tax Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of the business.
9.	Return on Equity (“RoE”) (%)	RoE provides how efficiently the Company generates profits from shareholders’ funds.
10.	Return on Capital Employed (“RoCE”) (%)	ROCE provides how efficiently the Company generates earnings from the capital employed in the business.
11.	Debt/Total Net Worth (in times)	Debt to Total Net worth Ratio is a measure of the extent to which our Company can cover our debt and represents our debt position in comparison to our equity position. It helps evaluate our financial leverage.
12.	Cash Conversion Cycle (days)	Cash Conversion Cycle days indicates our working capital requirements in relation to revenue generated from operations
13.	Gross fixed assets turnover ratio (in times)	Gross fixed assets turnover ratio measures the efficiency of our fixed assets (property, plant and equipment) in generating revenue.
14.	Revenue from sale of products and services split between domestic and exports (₹ million and %)	This metric enables the company to track the progress of revenue from sale of products and services from domestic and exports.
15.	Total Sales Volume (MT)	This metrics enables the Company to track the total volume of sales made to customers and thereby provides various operational insights which are used to improve offerings.
16.	Revenue from sale of products split between forged and machined products (₹ million and %)	This metric enables the company to track the progress of revenue from sale of products from forged and machined components.
17.	Revenue from sale of products split by end-use industry between Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications (₹ million and %)	This metric enables the company to track the progress of revenues in its four key focus end-use segments of Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications.

For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” starting on pages 203 and 357, respectively.

Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Financial Information. We use these KPIs to evaluate our financial and operating performance. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business.

Comparison with listed industry peers

While our listed peers (mentioned below), like us, operate in the forging industry and may have similar offerings or end use applications, our business may be different in terms of differing business models, different product verticals serviced or focus areas or different geographical presence.

(a) Comparison with listed industry peers (Fiscal 2023)

S. No.	Metric	For the Fiscal Year 2023				
		Happy Forgings Limited	**Bharat Forge Limited**	**Craftsman Automation Limited**	**Ramkrishna Forgings Limited**	**Sona BLW Precision Forgings Limited**
		Consolidated	**Consolidated**	**Consolidated**	**Consolidated**	**Consolidated**
1.	Revenue from Operations (₹ million)	11,965.30	1,29,102.59	31,826.00	31,928.95	26,550.10
2.	Growth in revenue from operations (%)	39.12%	23.41%	43.55%	37.61%	25.85%
3.	Gross Profit (₹ million)	6,454.74	69,489.06	15,531.70	15,823.62	14,350.47
4.	Gross Margin (%)	53.95%	53.82%	48.80%	49.56%	54.05%
5.	EBITDA (₹ million)	3,409.41	17,217.32	6,836.10	6,923.19	6,718.63
6.	EBITDA Margin (%)	28.49%	13.34%	21.48%	21.68%	25.31%
7.	Restated Profit for the Year (₹ million)	2,087.00	5,083.87	2,509.60	2,481.08	3,952.97
8.	PAT Margin (%)	17.44%	3.94%	7.89%	7.77%	14.89%
9.	Return on Equity (%)	21.12%	7.54%	17.45%	18.77%	17.26%
10.	Return on Capital Employed (%)	24.24%	8.28%	18.34%	18.81%	20.98%
11.	Debt/Total Net Worth (in times)	0.22	1.02	0.80	0.99	0.09
12.	Cash Conversion Cycle (days)	167	137	80	120	105
13.	Gross Fixed Assets Turnover Ratio (in times)	1.40	1.41	1.06	NA	2.38
14.	Revenue from Sale of products and services (domestic) (₹ million)	9,351.64	33,757.32	N.A.	N.A.	10,848.36
	Revenue from Sale of products and services (exports) (₹ million)	1,383.51	95,345.27	N.A.	N.A.	14,830.78
	Revenue from Sale of products and services (domestic) (%)	87.11%	26.15%	N.A.	N.A.	42.25%
	Revenue from Sale of products and services (exports) (%)	12.89%	73.85%	N.A.	N.A.	57.75%
15.	Total Sales Volume (MT)	73,593.49	NA	N.A.	N.A.	N.A.

S. No.	Metric	For the Fiscal Year 2023				
		Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited	Sona BLW Precision Forgings Limited
		Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
16.	Revenue from Sale of Forged Products (₹ million)	2,277.15	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined* Products (₹ million)	8,392.33	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Forged Products (%)	21.34%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined Products (%)	78.66%	N.A.	N.A.	N.A.	N.A.
17.	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (₹ million)	4,656.76	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (₹ million)	3,925.19	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (₹ million)	1,692.55	N.A.	N.A.	N.A.	N.A.
	Industrial applications (₹ million)	394.99	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	43.65%	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (%)	36.79%	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (%)	15.86%	N.A.	N.A.	N.A.	N.A.
	Industrial applications (%)	3.70%	N.A.	N.A.	N.A.	N.A.

(b) Comparison with listed industry peers (Fiscal 2022)

S. No.	Metric	For the Fiscal Year 2022				
		Happy Forgings Limited	**Bharat Forge Limited**	**Craftsman Automation Limited**	**Ramkrishna Forgings Limited**	**Sona BLW Precision Forgings Limited**
		Consolidated	**Consolidated**	**Consolidated**	**Consolidated**	**Consolidated**
1.	Revenue from Operations (₹ million)	8,600.46	1,04,610.78	22,170.20	23,202.47	21,096.78
2.	Growth in revenue from operations (%)	47.03%	65.10%	42.12%	80.01%	34.69%
3.	Gross Profit (₹ million)	4,716.55	62,451.16	11,829.70	11,595.18	11,641.20
4.	Gross Margin (%)	54.84%	59.70%	53.36%	49.97%	55.18%
5.	EBITDA (₹ million)	2,308.88	21,083.40	5,341.60	5,169.92	5,514.09
6.	EBITDA Margin (%)	26.85%	20.15%	24.09%	22.28%	26.14%
7.	Restated Profit for the Year (₹ million)	1,422.89	10,770.61	1,630.90	1,980.27	3,615.42
8.	PAT Margin (%)	16.54%	10.30%	7.36%	8.53%	17.14%
9.	Return on Equity (%)	18.07%	16.25%	14.36%	18.36%	18.07%
10.	Return on Capital Employed (%)	19.38%	12.55%	18.15%	13.08%	21.75%
11.	Debt/Total Net Worth (in times)	0.31	0.85	0.63	1.48	0.04
12.	Cash Conversion Cycle (days)	187	134	82	131	118
13.	Gross Fixed Assets Turnover Ratio (in times)	1.47	1.37	0.91	1.10	2.76
14.	Revenue from Sale of products and services (domestic) (₹ million)	7,068.89	26,546.60	N.A.	13,567.33	8,030.55
	Revenue from Sale of products and services (exports) (₹ million)	868.14	78,064.18	N.A.	9,635.15	12,302.29
	Revenue from Sale of products and services (domestic) (%)	89.06%	25.38%	N.A.	58.47%	39.50%
	Revenue from Sale of products and services (exports) (%)	10.94%	74.62%	N.A.	41.53%	60.50%
15.	Total Sales Volume (MT)	62,651.15	N.A.	N.A.	N.A.	N.A.

S. No.	Metric	For the Fiscal Year 2022				
		Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited	Sona BLW Precision Forgings Limited
		Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
16.	Revenue from Sale of Forged Products (₹ million)	1,935.15	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined* Products (₹ million)	5,920.50	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Forged Products (%)	24.63%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined Products (%)	75.37%	N.A.	N.A.	N.A.	N.A.
17.	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (₹ million)	3,355.58	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (₹ million)	3,179.74	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (₹ million)	1,162.71	N.A.	N.A.	N.A.	N.A.
	Industrial applications (₹ million)	157.62	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	42.72%	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (%)	40.48%	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (%)	14.80%	N.A.	N.A.	N.A.	N.A.
	Industrial applications (%)	2.01%	N.A.	N.A.	N.A.	N.A.

(c) Comparison with listed industry peers (Fiscal 2021)

S. No.	Metric	For the Fiscal Year 2021				
		Happy Forgings Limited	**Bharat Forge Limited**	**Craftsman Automation Limited**	**Ramkrishna Forgings Limited**	**Sona BLW Precision Forgings Limited**
		Standalone	**Consolidated**	**Consolidated**	**Consolidated**	**Consolidated**
1	Revenue from Operations (₹ million)	5,849.58	63,362.61	15,599.50	12,889.32	15,663.00
2	Growth in revenue from operations (%)	N.A.	(21.35%)	4.52%	5.80%	50.90%
3	Gross Profit (₹ million)	3,333.55	37,021.05	8,934.20	6,484.84	9,209.90
4	Gross Margin (%)	56.99%	58.43%	57.27%	50.31%	58.80%
5	EBITDA (₹ million)	1,587.46	5,555.10	4,382.40	2,227.06	4,271.10
6	EBITDA Margin (%)	27.14%	8.77%	28.09%	17.28%	27.27%
7	Restated Profit for the Year (₹ million)	864.48	(1,269.66)	973.60	206.69	2,151.65
8	PAT Margin (%)	14.78%	(2.00)%	6.24%	1.60%	13.74%
9	Return on Equity (%)	13.40%	(2.33)%	10.04%	2.34%	15.64%
10	Return on Capital Employed (%)	16.13%	0.79%	15.30%	5.29%	19.10%
11	Debt/Total Net Worth (in times)	0.24	0.92	0.73	1.39	0.27
12	Cash Conversion Cycle (days)	NA	173	77	173	121
13	Gross Fixed Assets Turnover Ratio (in times)	1.16	0.88	0.70	0.74	3.36
14	Revenue from Sale of products and services (domestic) (₹ million)	5,005.60	16,696.53	N.A.	7,784.04	5,275.49
	Revenue from Sale of products and services (exports) (₹ million)	481.05	46,666.08	N.A.	5,105.28	9,642.14
	Revenue from Sale of products and services (domestic) (%)	91.23%	26.35%	N.A.	60.39%	35.36%
	Revenue from Sale of products and services (exports) (%)	8.77%	73.65%	N.A.	39.61%	64.64%
15	Total Sales Volume (MT)	50,067.89	N.A.	N.A.	N.A.	N.A.

S. No.	Metric	For the Fiscal Year 2021				
		Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited	Sona BLW Precision Forgings Limited
		Standalone	Consolidated	Consolidated	Consolidated	Consolidated
16	Revenue from Sale of Forged Products (₹ million)	1,485.38	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined* Products (₹ million)	3,992.02	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Forged Products (%)	27.12%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined Products (%)	72.88%	N.A.	N.A.	N.A.	N.A.
17	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (₹ million)	2,054.10	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (₹ million)	2,402.91	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (₹ million)	910.39	N.A.	N.A.	N.A.	N.A.
	Industrial applications (₹ million)	110.00	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	37.50%	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (%)	43.87%	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (%)	16.62%	N.A.	N.A.	N.A.	N.A.
	Industrial applications (%)	2.01%	N.A.	N.A.	N.A.	N.A.

**Revenue from sale of crankshafts for the Company amounts to ₹4,831.74 million; ₹3,274.23 million and ₹2,576.49 million for the financial year ending March 31, 2023, March 31, 2022 and March 31, 2021, respectively.*

Notes:

1. *Revenue from Operations means the revenue from operations for the year.*

2. *Growth in revenue from operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.*
3. *Gross profit[#] is calculated as revenue from operations minus cost of raw materials and components consumed minus (increase)/decrease in inventories of finished goods, work-in-progress and scrap.*
4. *Gross Margin is calculated as Gross Profit divided by revenue from operations.*
5. *EBITDA is calculated as profit for the year minus other income and share of net profit of joint venture plus finance costs, depreciation and amortisation, total income tax expenses.*
6. *EBITDA Margin is calculated as EBITDA divided by Revenue from operations.*
7. *Restated profit for the year.*
8. *PAT Margin is calculated as restated profit for the year divided by Revenue from operations.*
9. *Return on Equity is calculated as restated profit for the year divided by total equity.*
10. *Return on Capital Employed is calculated as EBIT divided by Capital Employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs.*
11. *Debt/ Total Net worth is calculated as total debt (including current and non-current borrowings) divided by total equity.*
12. *Cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days.*
    a. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS')[#] which is a sum of cost of raw materials and components consumed, (increase)/decrease in inventories of finished goods, work-in-progress, scrap, purchase of traded goods and cost of services, multiplied by 365 days.
    b. Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.
    c. Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.
13. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations for the year divided by cost of property, plant and equipment.*
14. *Revenue from sale of products and services split between domestic and exports. Percentage of revenue (%) from domestic is calculated as revenue from domestic sale of products and services divided by total revenue from sale of products and services. Percentage of revenue (%) from exports is calculated as revenue from exports sale of products and services divided by total revenue from sale of products and services.*
15. *Total Sales Volume is the volume of products sold during the year, in terms of metric tonnes (MT), including scrap.*
16. *Revenue from sale of products split between forged and machined components. Percentage of revenue (%) from forged products is calculated as revenue from sale of forged products divided by total revenue from sale of products. Percentage of revenue (%) from machined products is calculated as revenue from sale of machined products divided by total revenue from sale of products.*
17. *Revenue from sale of products split among key focus end-use industry of Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications. Percentage of revenue (%) from a particular end use industry has been calculated as a revenue from sale of products from that particular end use industry (Heavy Commercial Vehicles, Farm Equipment, Off Highway Construction Vehicles and Industrial applications) divided by the total revenue from sale of products.*
18. *For listed peers 'N.A.' refers to 'Not Available', as the data for peers is not available in the public domain.*

[**]In case of listed peers, the information for the Fiscal Year 2022, 2021 and 2020 has been considered as per the comparative figures appearing in the audited financial statements/results for the Fiscal Year ended 2023, 2022 and 2021 respectively.

[#] The consolidated annual audited financial results of Bharat Forge Limited additionally have purchase of traded goods as an expense and the same has been reduced in the above gross profit calculation and has also been considered for calculation of COGS for the cash conversion cycle computation. Further, the consolidated annual audited financial results of Ramkrishna Forgings Limited additionally have purchase of traded goods and cost of services as expenses and the same have been reduced in the above gross profit calculation and have also been considered for the calculation of COGS in the cash conversion cycle computation.

Comparison of KPIs based on additions or dispositions to our business

Our Company has not undertaken a material acquisition or disposition of assets / business for the periods that are covered by the KPIs and accordingly, no comparison of KPIs over time based on material additions or material dispositions to the business, have been provided.

VIII. Weighted average cost of acquisition, Floor Price and Cap Price

a) *The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities)*

There has been no issuance of Equity Shares or convertible securities, excluding the issuance of bonus shares, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

b) *The price per share of our Company based on the secondary sale / acquisition of shares (equity / convertible securities)*

There have been no secondary sale / acquisitions of Equity Shares or any convertible securities, where the Promoters, members of the Promoter Group, Selling Shareholders, or Shareholder(s) having the right to nominate director(s) on the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

c) *Price per share based on the last five primary or secondary transactions*

Since there are no such transactions to report to under (a) and (b), therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoters / Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) on the Board of our Company, are a party to the transaction), not older than three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions, is as below:

Primary transactions:

Except as disclosed below, there have been no primary transactions in the last three years preceding the date of this Draft Red Herring Prospectus:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of allotment	Nature of consideration	Total consideration (in ₹ million) (1)
March 30, 2022	44,749,500	2.00	Nil	Bonus Issue	N.A.	Nil
Weighted average cost of acquisition (WACA)						**Nil***

As certified by Goel Garg & Co., Chartered Accountants pursuant to their certificate dated August 14, 2023. This certificate has been designated as a material document for inspection in connection with the Offer. See "Material Contracts and Documents for Inspection" on page 476.
**As the total consideration involved is Nil, hence the weighted average cost will be Nil.*
Note:
1. *Bonus shares were allotted in the ratio of one Equity Share for every one Equity Share pursuant to Board resolution dated March 30, 2022.*

Secondary acquisition:

Disclosed below are the last five secondary transactions by the Promoters, members of the Promoter Group, Selling Shareholders, or Shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of this Red Herring Prospectus:

Date of transfer	Name of transferee	Name of transferor	Number of equity shares transferred	Face value per equity share (₹)	Price per equity share (₹)	Nature of transaction	Nature of consideration	Total consideration (in ₹ million)
August 7, 2023	Garg Family Trust@	Suman Garg	38,047,000	2.00	Nil	Gift	N.A.	Nil
	Suman Garg@	Paritosh Kumar	29,148,700	2.00	Nil	Gift	N.A.	Nil
July 12, 2023	Suman Garg#	Satish Kumar	3,900	2.00	Nil	Gift	N.A.	Nil
		Nitin Aggarwal	1,300			Gift		
		Amita Rani	1,300			Gift		
July 7, 2023	Satish Kumar	Satish Kumar and Sons (HUF)	1,300	2.00	Nil	Gift	N.A.	Nil
June 23, 2023	Suman Garg^	Sudesh Kumari Aggarwal	1,300	2.00	Nil	Gift	N.A.	Nil
		Sudeept Agarwal	1,300			Gift		
		Prateek Agarwal	1,300			Gift		
May 16, 2023	Paritosh Kumar	Sheena Gupta	2,438,000	2.00	Nil	Gift	N.A.	Nil
Total			**69,645,400**					**Nil**
Weighted average cost of acquisition								**Nil***

As certified by Goel Garg & Co., Chartered Accountants pursuant to their certificate dated August 14, 2023. This certificate has been designated as a material document for inspection in connection with the Offer. See "Material Contracts and Documents for Inspection" on page 476.

As the total consideration involved is Nil, hence the weighted average cost will be Nil.

@ Since two transfers were effected on August 7, 2023, a total of ten transactions have been reported here.

 # Since three transfers were effected on July 12, 2023, a total of ten transactions have been reported here.

^ Since three transfers were effected on June 23, 2023, a total of ten transactions have been reported here.

d) *Weighted average cost of acquisition, floor price and cap price*

Past transactions	Weighted average cost of acquisition per Equity Share (in ₹)	Floor Price is ₹ [●]#	Cap Price is ₹ [●]#
Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity/convertible securities), excluding issuance of bonus shares, during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5 per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock option granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	Nil	[●] times	[●] times
Weighted average cost of acquisition for last 18 months for secondary sale / acquisition of shares (equity/convertible securities), where Promoter / Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5 per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such	Nil	[●] times	[●] times

Past transactions	Weighted average cost of acquisition per Equity Share (in ₹)	Floor Price is ₹ [●]#	Cap Price is ₹ [●]#
transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days			
Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, the information has been disclosed for price per share of the Company based on the last five primary or secondary transactions where Promoter /Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction, not older than three years prior to the date of filing of this Draft Red Herring Prospectus irrespective of the size of the transaction			
- Based on primary transactions	Nil	[●] times	[●] times
- Based on secondary transactions	Nil	[●] times	[●] times

To be updated at Prospectus stage.
As certified by Goel Garg & Co., Chartered Accountants, by their certificate dated August 14, 2023.

Detailed explanation for Offer Price/Cap Price being [●] times of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares (as set out above) along with our Company's key performance indicators and financial ratios for Fiscals 2023, 2022 and 2021

[●]*

**To be included on finalisation of Price Band*

Explanation for Offer Price/Cap Price being [●] times of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares (as set out above) in view of the external factors which may have influenced the pricing of the Offer.

[●]*

**To be included on finalisation of Price Band*

The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Restated Financial Information*" on pages 35, 203, 357 and 280, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Happy Forgings Limited
Kanganwal Road, PO Jugiana,
Ludhiana – 141120
Punjab India

Dear Sirs,

Statement of Special Tax Benefits available to Happy Forgings Limited ("the Company") and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures, prepared by Happy Forgings Limited ('the Company') provides the special tax benefits available to the Company and its shareholders as stated in Annexure 1 and 2, under the provisions of the Income-tax Act, 1961 ('the Act') as amended by the Finance Act, 2023 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 (together, the "Direct Tax Laws"), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962, the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 ("Customs law") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017 ("Foreign Trade Law") read with relevant rules, notifications and circulars, each as amended and presently in force in India (collectively referred as "Indirect Tax Laws" and along with Direct Tax Laws, the "Tax Laws") . Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and do not cover any general tax benefits available to the Company and to the shareholders of the Company.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offer of the equity shares of the Company ("**Offer**").

4. We do not express any opinion or provide any assurance as to whether:

    - the Company or its shareholders will obtain/ continue to obtain these special tax benefits in future;
    - the conditions prescribed for availing the special tax benefits have been / would be met with; or
    - the revenue authorities/courts will concur with the views expressed herein.

5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

6. This statement is prepared solely in connection with the Offer and is not to be used, referred to or distributed for any other purpose.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership No.: 108044

UDIN: 23108044BGYZIX1882
Place: Gurugram
Date: August 14, 2023

ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO HAPPY FORGINGS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

Outlined below are the special tax benefits available to Happy Forgings Limited ('the Company') and its Shareholders under the Income Tax Act, 1961 (herein after referred to as 'the Act'), as amended by the Finance Act, 2023 read with the Income-tax Rules, 1962,applicable for the Financial Year ('FY') 2023-24 relevant to Assessment Year ('AY') 2024-25

1. **Special tax benefits available to the Company under the Act**

A. Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company has opted for the beneficial tax rate under section 115BAA of the Act from FY 2019-20 onwards. As the Company has opted for the beneficial tax rate introduced by the ordinance, they are not eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

B. Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

  Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

  The deduction u/s 80JJAA of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends

  A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

  Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

2. **Special tax benefits available to the Shareholders**

A. Higher cost of acquisition benefit in relation to long term capital asset being shares of a company referred to in section 112A of the Act

A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (as defined u/s 112A of the Act) acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

a) Cost of acquisition and
b) Lower of
- Fair market value* of such shares
- Full value of consideration received or accruing as result of transfer of capital asset

*'fair market value' means —

In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

B. No interest on deferment of advance tax instalment with respect to dividend income

The Finance Act 2020 amended the manner of taxation of dividend income by abolishing dividend distribution tax and restoring classical system of dividend taxation (i.e. taxation of dividend income in the hands of the shareholders). Considering the nature of income, it is not possible for taxpayer to accurately determine the advance tax liability on dividend income and therefore, the proviso to section 234C(1) of the Act provides that no interest shall be levied under section 234C of the Act, if the shortfall in payment of advance tax instalment is on account of underestimation or failure to estimate dividend. The amendment was introduced by Finance Act 2021 and is applicable from 1 April 2021.

C. Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 has capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%, resulting in reduction in highest slab of effective LTCG tax rate from 28.50% to 23.92%.

D. Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC

The Finance Act 2023 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding) Rs. 5 crores.

NOTES:

1. The above statement of possible special tax benefits sets out the provisions of Direct Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the Direct Tax Laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

3. The above statement of possible special tax benefits is as per the current direct Direct Tax Laws relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Direct Tax Laws.

4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO HAPPY FORGING LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

I. Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 **("Customs law") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017** read with relevant rules, notifications and circulars, each as amended and presently in force in India ***(herein collectively referred as "Indirect Tax Laws")***

1. **<u>Special tax benefits available to the Company</u>**

A. **Benefits of Foreign Trade Agreements under Customs Act, 1962**: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange subject to fulfillment of certain conditions and compliances. The Company avails benefit of concessional rate of duty at the time of import of goods from Japan and South Korea under respective Foreign Trade Agreements, as applicable, on specified imported goods.

B. **Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962**: As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. The Company avails duty drawback benefit equal to or less than the duty paid, as applicable, on imported material when it undertakes export of goods.

C. **Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)**: The Company is availing benefit under the export promotion capital goods scheme *vide* which it is eligible to undertake duty free import of capital goods which are used in manufacturing of goods which are exported out of India. Consequent to this, the Company is under obligation to undertake export of goods within a prescribed time period.

D. **Benefits of Remission of Duties and Taxes on Export Products ("RoDTEP") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)**: The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme which provides rebate of all hidden Central, State, and Local duties/taxes/levies on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product, which have not been refunded under any other existing scheme. The Company avails RoDTEP benefit as notified, on exported products.

E. **Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder)**: Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax ("**IGST**") subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("**LUT**") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

F. **Benefits under Industrial and Business Development Policy, 2017:** Under the policy, various fiscal incentives are offered in case of setting up a new unit or substantial expansion in an existing unit subject to fulfillment of certain conditions. The Company has been availing various incentives such as GST reimbursement, employment subsidy etc. as applicable under the captioned policy with respect to new manufacturing unit set up in Ludhiana.

G. <u>Special tax benefits available to the Shareholders of the Company</u>

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. The above statement of special tax benefits is based on the best understanding of the Company's business landscape and tax benefits available to the Company and its shareholders under the current Indirect Tax Laws presently in force in India.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the equity shares of the Company ("**Equity Shares**"). The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

4. The above statement covers only above-mentioned Indirect Tax Laws benefits and does not cover any income tax law benefits or benefit under any other law.

5. During the period from 1 April 2023 to the date of this Annexure, the Company intends to:

   1) avail above mentioned exemption, benefits and incentives under Indirect Tax Laws
   2) export goods and/ or services outside India
   3) import goods and/ or services from outside India

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION V – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Global and Indian Forging and Machining Markets" dated August 8, 2023 (the "**Ricardo Report**") prepared and issued by Ricardo appointed by us pursuant to an engagement letter dated May 16, 2023, and exclusively commissioned and paid for by us to understand the industry in which we operate in connection with the Offer. The Ricardo is available on the website of the Company at https://happyforgingsltd.com/investors. Unless otherwise indicated, financial, operational, industry and other related information derived from the Ricardo Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal.*

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents of the Ricardo Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. While preparing the report, Ricardo has also sourced information from publicly available sources, including our Company's financial statements available publicly. Further, the reference to "segments" in this section refers to end-use industries.

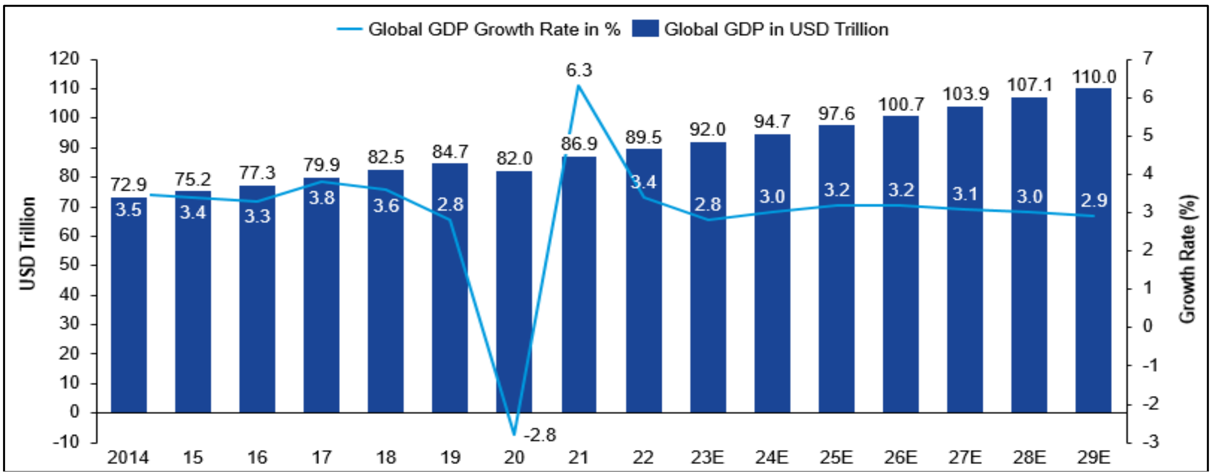
For more information, see "Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from the Ricardo Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks" on page 58. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 21.

MACROECONOMIC OVERVIEW

Global Macroeconomic Overview

Gross Domestic Product (GDP) Growth

The global economy between calendar years 2014 and 2019 remained stable in the aftermath of the global financial crisis in 2008-2009 with an average growth rate of 3.4% and Asian countries like China and India being the highest-growing countries with a GDP growth rate of 7.4% and 7.3%, respectively. The interest rate by the central banks in the United States and Euro-Zone were cut down to near zero levels which infused credit in the global financial markets. The global economy saw a period of negative growth in 2020 due to a decline in productivity and output.



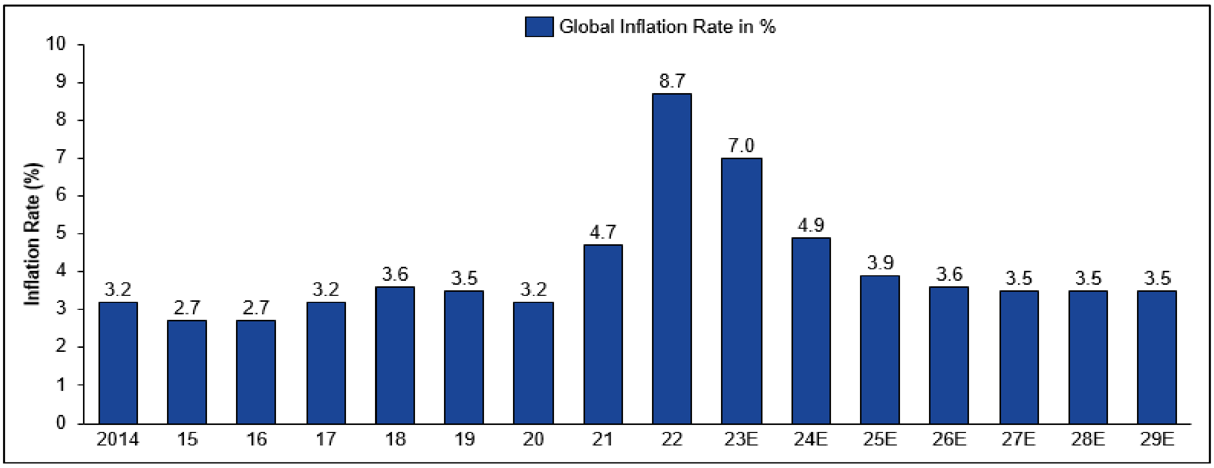
Source: IMF Data, Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Calendar Year. Real GDP

The global economy is set to recover from the impact of the global pandemic in 2020 and the Russian attack on

Ukraine in February 2022. Supply-chain disruptions are getting better, while the impact to energy and food markets caused by the war is reducing. Simultaneously, the massive and synchronous tightening of monetary policy by most central banks should start to bear fruit, with inflation moving back toward its targets. Federal Reserve, the central bank of United States of America raised its interest rate from 0 to 0.25% before the Russia-Ukraine war to 5.50% in July 2023. The global growth is expected to bottom at 2.8% in 2023 and is expected to recover to 3.0% in 2024 due to growth in emerging markets.

Global Inflation

The inflation during calendar years 2014 to 2017 remained relatively lower than pre-2014 levels majorly due to a decline in private spending, a decline in commodity prices and weaker wage growth in advanced economies. Increased globalisation led to a decrease in inflation in this period, Post 2017 there was a cold trade war between US and China which began the increase in inflation. Calendar year 2021 saw above-average inflation of 4.7% due to lockdowns and a decrease in production.



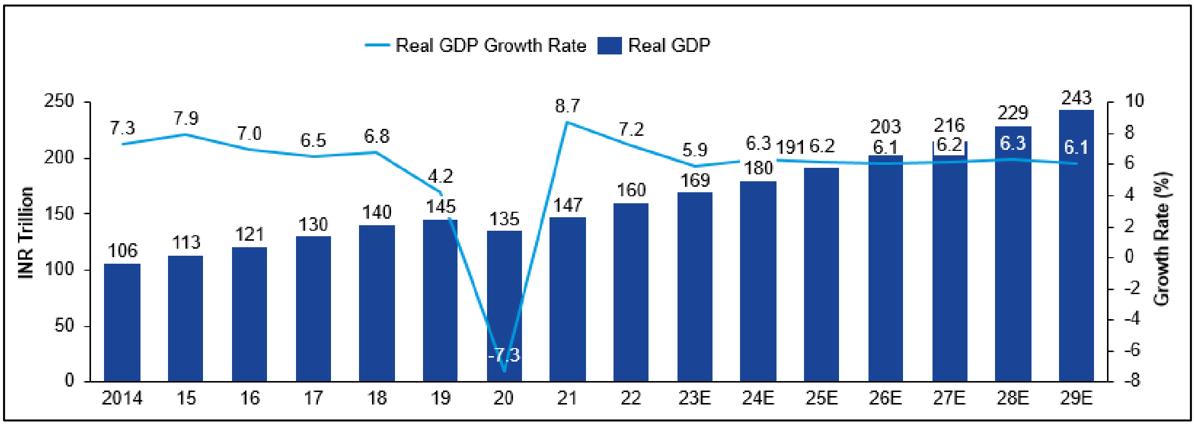
Source: IMF Data, Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Calendar Year

Global inflation was 8.7% in calendar year 2022 due to supply chain bottlenecks, high energy prices and the impact of the Russia-Ukraine war. The same is set to fall to 7.0% in calendar year 2023 owing to a decrease in commodity prices and the reopening of China easing the supply chain bottlenecks. Global Inflation is expected to normalise to pre-pandemic level post-2025 and remain stable given higher borrowing rates keeping consumer spending in control.

India Macroeconomic Overview

India Real Gross Domestic Product growth

The Indian economy saw a period of growth from Fiscal 2014 to Fiscal 2018 with an average growth rate of 7.4%. The key driver of GDP growth in this period was decline in oil and other commodity prices which improved corporate margins and household purchasing power, while also improving government tax collections and lowering the subsidy bill. The GDP growth declined from 8.3% in 2016 to 6.5% in 2018 due to the impact on the economy of demonetisation of currency and the introduction of the Goods and Services Tax.



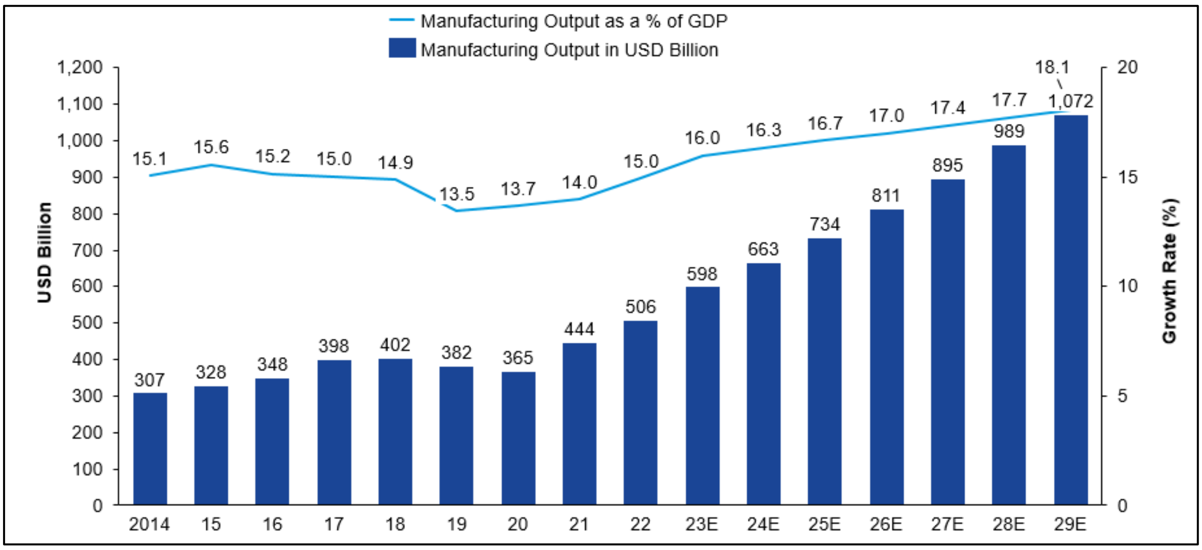
Source: IMF Data, Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Financial Year

The economy has rebounded from the deep pandemic-related downturn. Real GDP grew by 8.7 % in 2021, bringing total output above pre-pandemic levels. Growth has continued, supported by a recovery in the labour market and increasing credit to the private sector. Real GDP is projected to have grown at 6.8 % in Fiscal 2023 and is expected to grow at 6.1% in Fiscal 2024. The monetary policy is restrictive and is focused on anchoring inflation expectation till the Fiscal 2024. Interest rates are expected to be lowered post Fiscal 2024 leading to an expansionary monetary policy to increase private consumption. Growth in goods exports is forecast to improve, as production-linked incentive schemes and efforts to improve the business environment.

Services

Manufacturing as a percentage of GDP

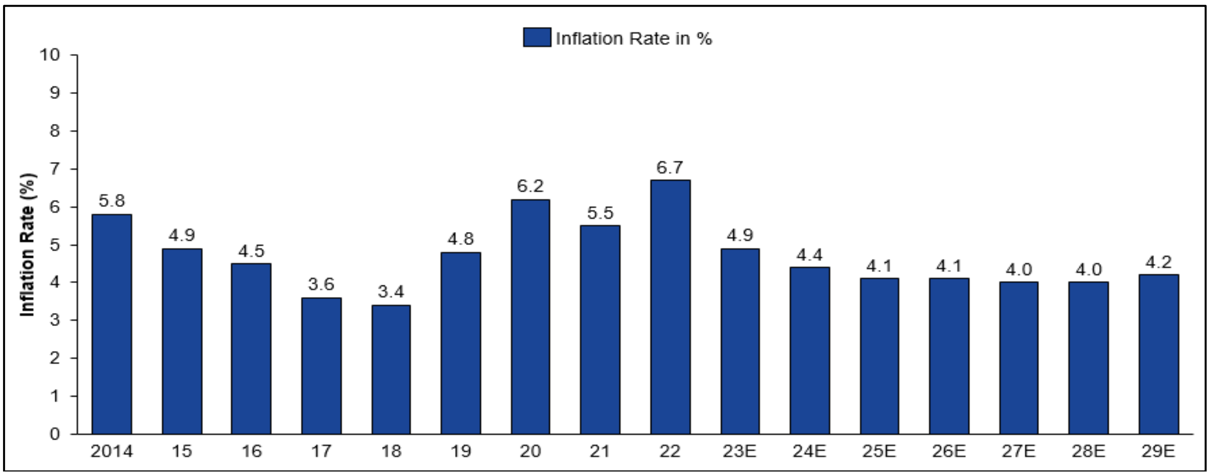
Manufacturing as a percentage of GDP had an average of 15% from Fiscal 2014 to Fiscal 2019, which remained constant with minor fluctuations. The manufacturing industries well fared through the demonetisation and implementation of GST and faced competition from Chinese imports.



Source: IMF Data, Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Financial Year

Manufacturing as a percentage of GDP is expected to recover from the COVID-19 pandemic to approximately 16% in 2023 due to recovery of consumer demand and untangling of global supply chains. Manufacturing as a percentage of GDP is expected to grow to 18% by Fiscal 2029 due to factors like an increase in the working population of India providing cheap skilled labour, Government reforms like Production linked incentives (allocation of over ₹80,830 million as of budget 2023-24), realization of benefits of GST implementation, increase in Foreign Direct Investment, and the government’s push to reduce dependence on imports and boost local manufacturing across sectors.

Inflation Rate



Source: IMF Data, Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Financial Year

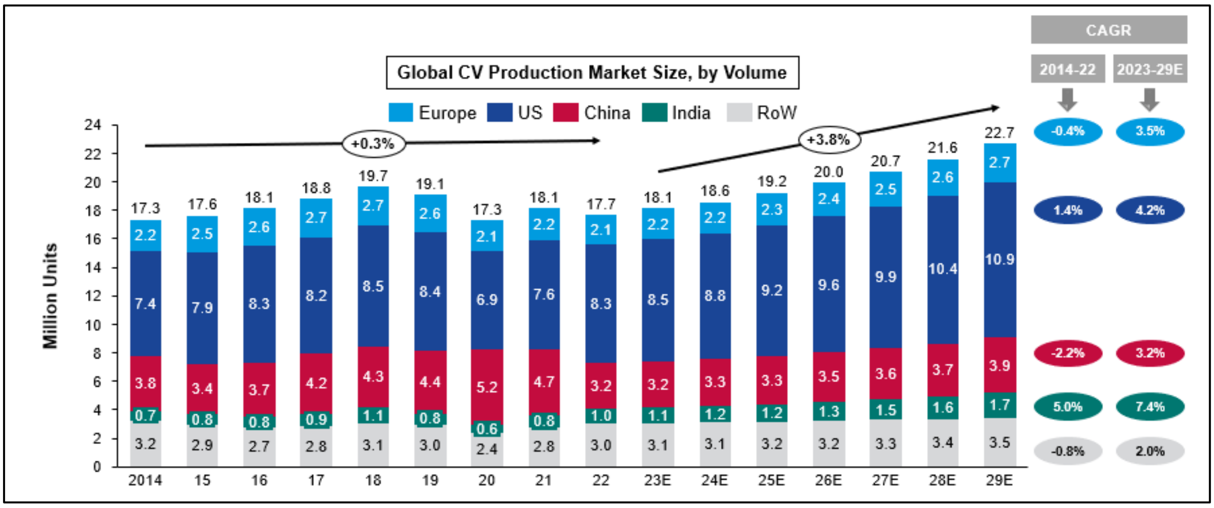
Inflation in India was observed to be higher than the average over Fiscal 2020 to 2022 due to the COVID-19 pandemic and the Russia-Ukraine war increasing the energy and food prices globally. The Reserve Bank of India increased its repo rate to 6.5% in 2023 from 4.0% in 2020 hereby reducing the amount of credit available for consumer spending. The inflation in India is expected to normalise to 4.0 % by 2025 and is expected to remain stable further.

Overview of key application segments

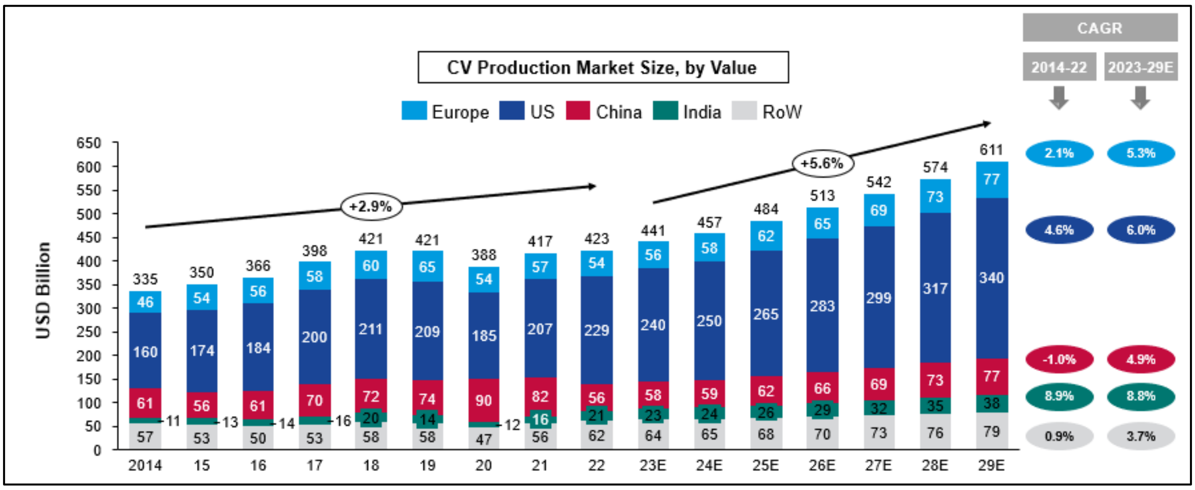
Automotive Industry

<u>Global Commercial Vehicle Market</u>

Global commercial vehicle production registered a CAGR 0.3% by volume and a CAGR 2.9% by value from calendar year 2014 to calendar year 2019 supported by countries like US and India which had the highest growth rate in this period, driven by an increase in demand of light commercial vehicle for various end use applications such as last mile delivery services, ecommerce and logistics sectors which contribute majorly to this segment.



Source: Ricardo Analysis, Public Domain



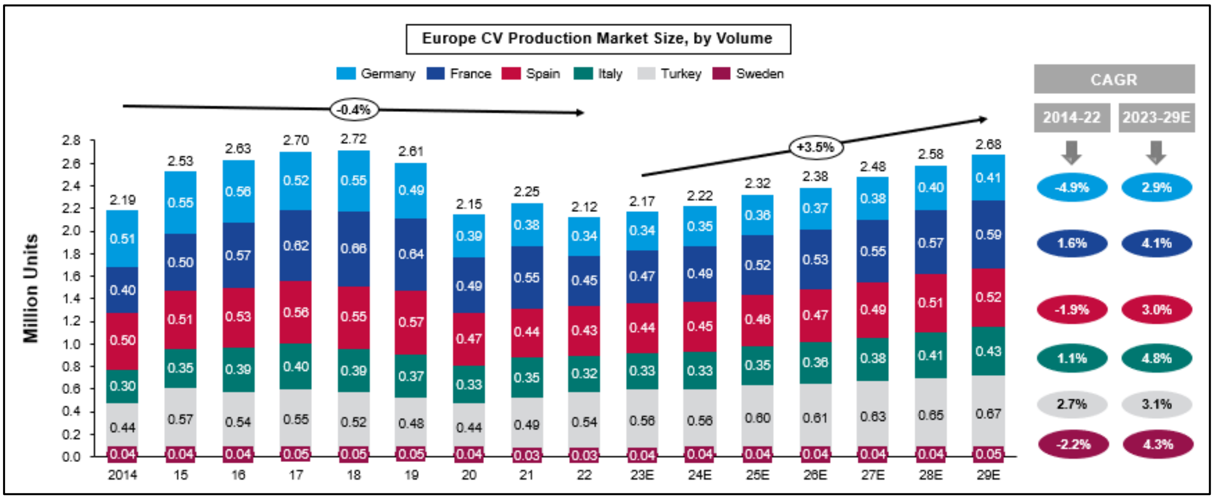
Source: Ricardo Analysis, Public Domain

Note: E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK, and Brazil. Market Size for Europe, US, China, and RoW is given as per calendar year and India is given as per financial year (Fiscal 2015 India market size is mentioned in global calendar year 2014)

Global commercial vehicle market is expected to see a growth rate of 3.8% by volume and 5.6% by value during the period between the calendar year 2023 and calendar year 2029 driven by growth of e-commerce sector which will encourage OEMs to increase production of Light and Medium-Duty trucks. Infrastructure development of smart cities and highways will lead to an increase in demand of Heavy-duty trucks. India has the fastest growing CV market globally which is expected to showcase a growth rate of 7.4% CAGR in the forecasted period led by infrastructure growth and supported by various government policies to boost the commercial vehicle sector. Policies like Make in India, National Electric Mobility Mission Plan, BS VI norms and Vehicle Scrappage Policy are further going to incentivise growth in the Indian CV market.

<u>Europe Commercial Vehicle Market</u>

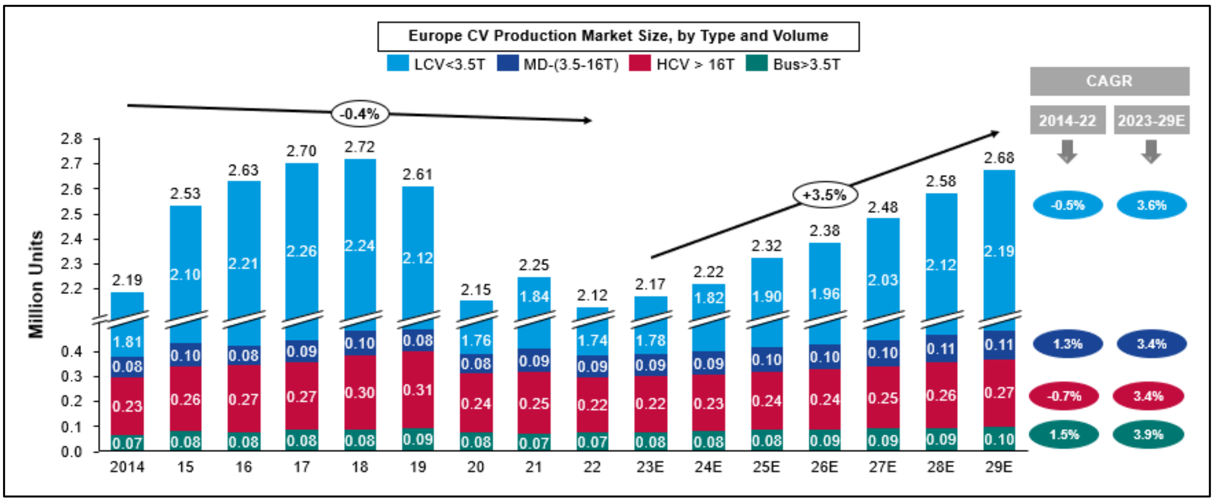
Overall, Europe (Germany, France, Spain, Italy, Turkey and Sweden) CV production registered a degrowth of 0.4% CAGR from calendar year 2014 to calendar year 2022. However, CV market registered a positive trend in Italy, Turkey, and France on account of increase in sales from Light commercial vehicle segment (more than 3.5 tonnes) and Buses (less 3.5 tonnes).



Source: Ricardo Analysis, Public Domain; Note: E- Estimated; Data is given as per Calendar Year

The European CV production market is expected to grow at a CAGR of 3.5% over the period between calendar year 2023 and calendar year 2029. Major growth contribution is expected from Italy at 4.8% CAGR during calendar year 2023 to calendar year 2029 on account of increased government investments which included US$ 784 million in 2022 and a commitment of US$ 1.1 billion per year from 2023 to 2030 to boost automotive sector ecosystem. Growth in Europe is further expected to be supported by countries like Germany and France on account of rise in construction activity in the region with projects like US$ 1.5 billion A8 Autobahn Highway between Munich and Traunstein and USD 35 billion Grand Paris Express Metro Rail project, which is further expected to increase Heavy duty trucks (more than 16 tonnes) requirement in the region.

Europe Commercial Vehicle Market, by Segment

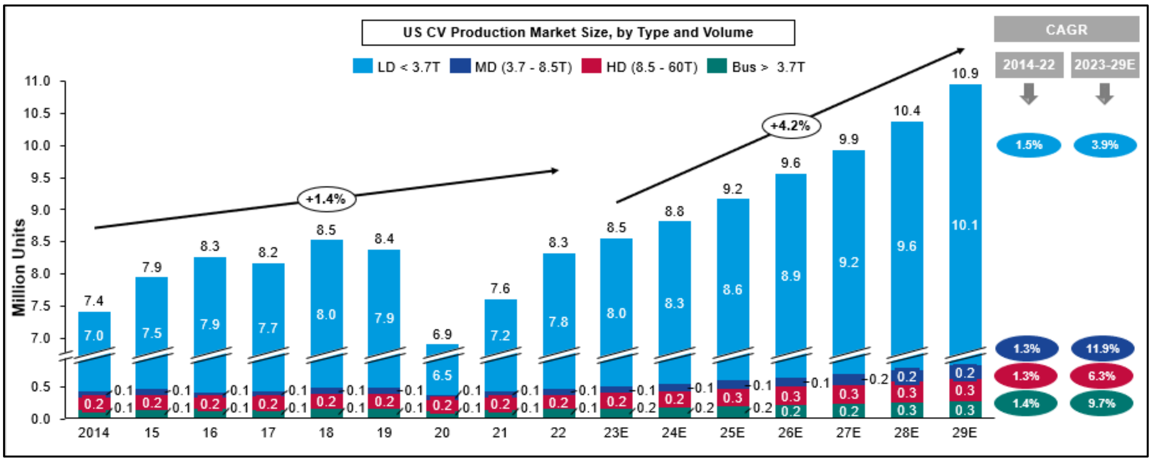


Source: Ricardo Analysis, Public Domain
Note: -E- Estimated: GVW-Gross Vehicle Weight: T-Tonnes: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden: Market Size is given as per calendar year.
LCV is Light Commercial Vehicle with GVW less than 3.5T, MD is Medium Duty Vehicle with GVW in the range of 3.5T to 16T, HCV is Heavy Commercial Vehicle with GVW greater than 16T and Bus is a commercial vehicle with GVW greater than 3.5T

For 2023 – 2029 medium duty (3.5 tonnes - 16 tonnes) and heavy duty (more than 16 tonnes) commercial vehicles are expected to register a growth of CAGR 3.4% due to the rise in logistics and construction activity in the country which is expected to raise the need for material transportation. LCV is expected to grow at CAGR 3.6% in the region with major contribution from Germany and France as these are the largest market for LCV (less than 3.5 tonnes) in the region and this segment is majorly driven by ecommerce sector which is expected to grow between this period.

US Commercial Vehicle Market, by Segment

US CV production registered a growth of 1.4% CAGR from calendar year 2014 to calendar year 2022. Major contribution was from light duty (LD less than 3.7 tonnes) segment with a growth rate of 1.5% CAGR in period between calendar year 2014 and calendar year 2022 as LCV is required mostly for last mile delivery and growth in logistics and e-commerce sector further fuelled requirement of LCV in the country. Buses (more than 3.7 tonnes) also experienced a growth of 1.4% CAGR from 2014 to 2022 driven by increase in demand for cleaner vehicle technologies and increasing tourism sector.



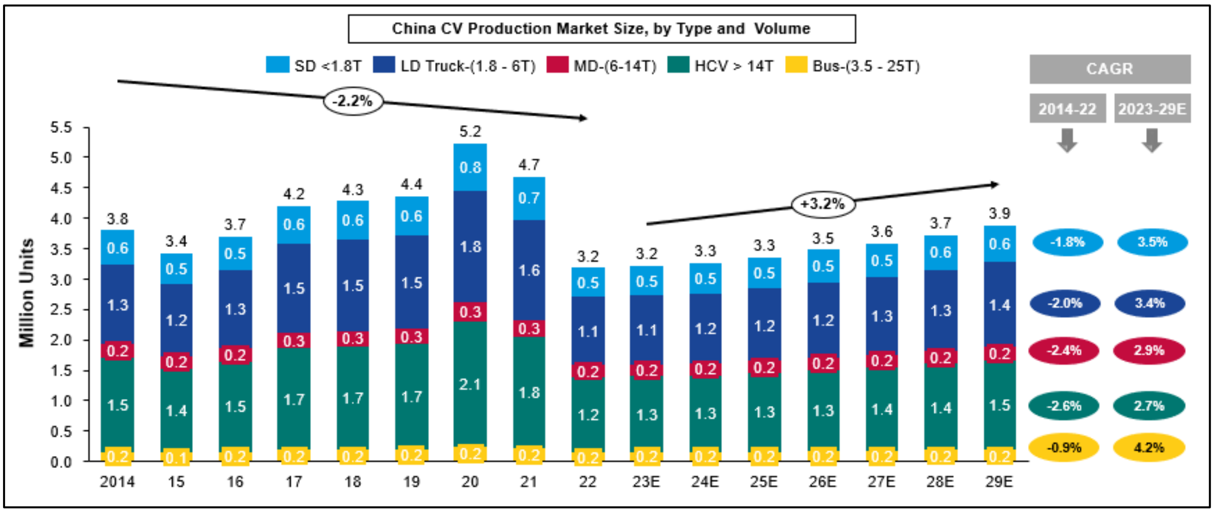
Source: Ricardo Analysis, Public Domain
Note: -E- Estimated: GVW-Gross Vehicle Weight: T-Tonnes: Market Size is given as per calendar year:
LD is Light Duty Vehicle with GVW less than 3.7T, MD is Medium Duty Vehicle with GVW in the range of 3.7T to 8.5T, HD is Heavy Duty

Vehicle with GVW in the range of 8.5T to 60T and Bus is a commercial vehicle with GVW greater than 3.7T

The US commercial vehicle market is expected to grow at a CAGR of 4.2% over the period between calendar year 2023 and calendar year 2029 driven by the infrastructure sector which is 3.0% of country's GDP. Investment plans such as the Infrastructure Package of USD 550 billion announced by the Government of US in July 2021, will positively impact sales of medium duty (MD 3.7 tonnes – 8.5 tonnes) & Heavy-duty commercial vehicles (HD 8.5 tonnes – 60 tonnes) in the United States. Light duty (LD less than 3.7 tonnes) commercial vehicles are largely driven by last mile mobility in logistics sectors which was valued at 1.4 trillion US dollar in calendar year 2022 and is expected to reach USD 1.6 trillion in 2028 driven by rise in B2C ecommerce sector in the country due to rising trend of online shopping.

China Commercial Vehicle Market, by Segment

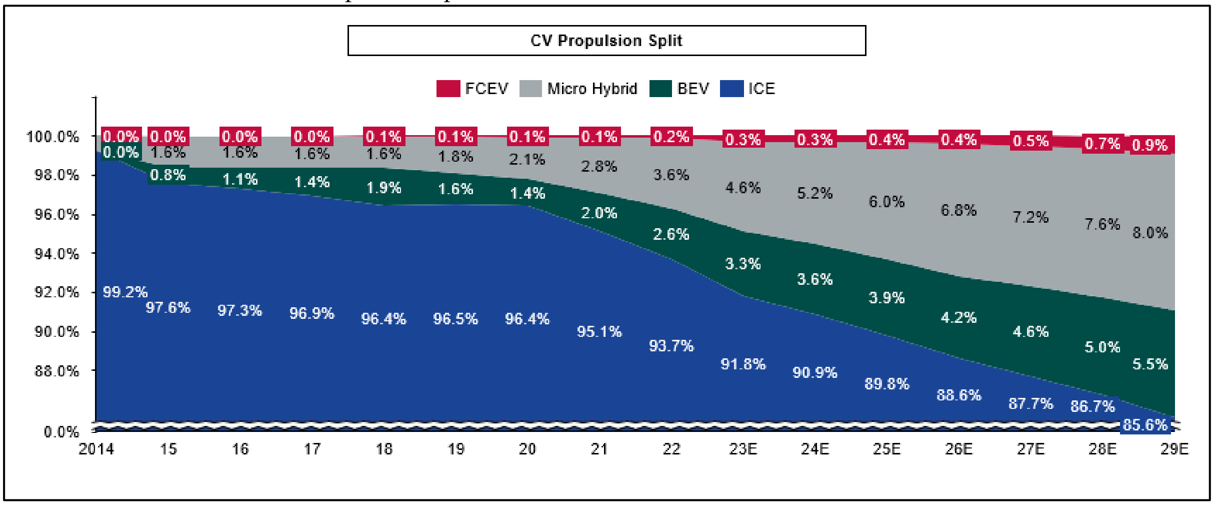
China Commercial vehicle sales saw an overall de-growth of 2.2% CAGR over 2014 to 2022, due to slowdown in the country's economy during the period 2020 to 2022. However, during 2019 - 2020 alone, there was an increase of *approximately* 20% in production volumes of commercial vehicles on account of increased infrastructure spending by the government. Chinese government has continued to invest heavily in infrastructure development with an investment of US$ 257 billion on eight infra projects in Shanghai, which was announced in September 2022. This included investments in a transport hub in eastern Shanghai's Pudong area, urban railways, and housing improvement, as well as offshore wind power demonstration projects and a nature park.



Source: Ricardo Analysis, Public Domain
Note: -E- Estimated: GVW-Gross Vehicle Weight: T-Tonnes: Market Size is given as per calendar year:
SD is Small Duty Vehicle with GVW less than 1.8T, LD Truck is Light Duty Truck with GVW in the range of 1.8T to 6T, MD is Medium Duty Vehicle with GVW in the range of 6T to 14T, HCV is Heavy Commercial Vehicle with GVW great than 14Tand Bus is a commercial vehicle with GVW in the range of 3.5T to 25T.

The China CV market is expected to grow at a CAGR of 3.2% over the period 2023 – 2029 fuelled by factors like the Government investment plan of 6.8 trillion yuan (approximately USD$ 1 trillion) to fund various urban infrastructure construction projects in the country along with multiple stimulus packages by Chinese government to boost the CV sector.

Global Commercial Vehicle Propulsion Split



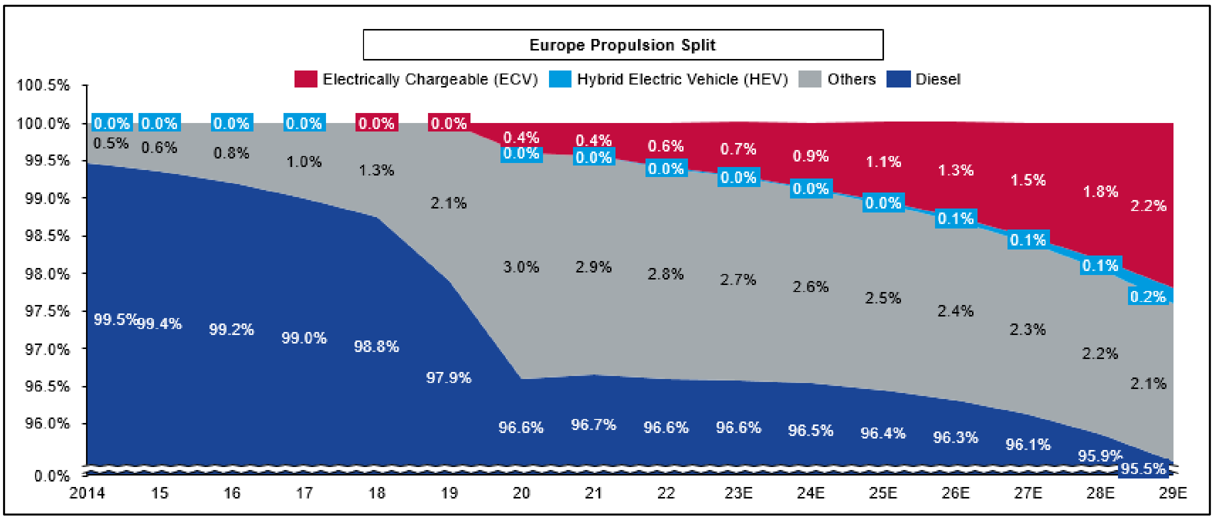
Source: Ricardo Analysis, Public Domain
Note: -E- Estimated: FCEV is Fuel Cell Electric Vehicle, BEV is Battery Electric Vehicle and ICE is Internal Combustion Engine: Market size is given as per calendar year.

With less stringent emission standard and fuel economy norms in commercial vehicle sector as compared to PV sector, ICE remained the dominant contributor in technology propulsion split with its share only marginally reducing from 99.2% in 2014 to 93.7% in 2022.

Due to high duty cycle and long mileage requirements, there is a need for large and heavy batteries for commercial vehicles which implies that the use of batteries is economically unviable for commercial vehicle use. However, towards the end of 2022, pure battery driven intra city buses have seen rise in demand particularly in regions like China and Europe. This has resulted in pure BEV market share to rise to 2.6% in 2022.

The adoption of EVs in the commercial vehicle vertical has been insignificant due to factors such as high upfront costs, range limitations, and charging infrastructure availability in rural and remote areas. Heavy-duty vehicles such as trucks, off-highway vehicles, tractors require more power and have different operating requirements than passenger vehicles, which makes it more difficult to switch to EVs.

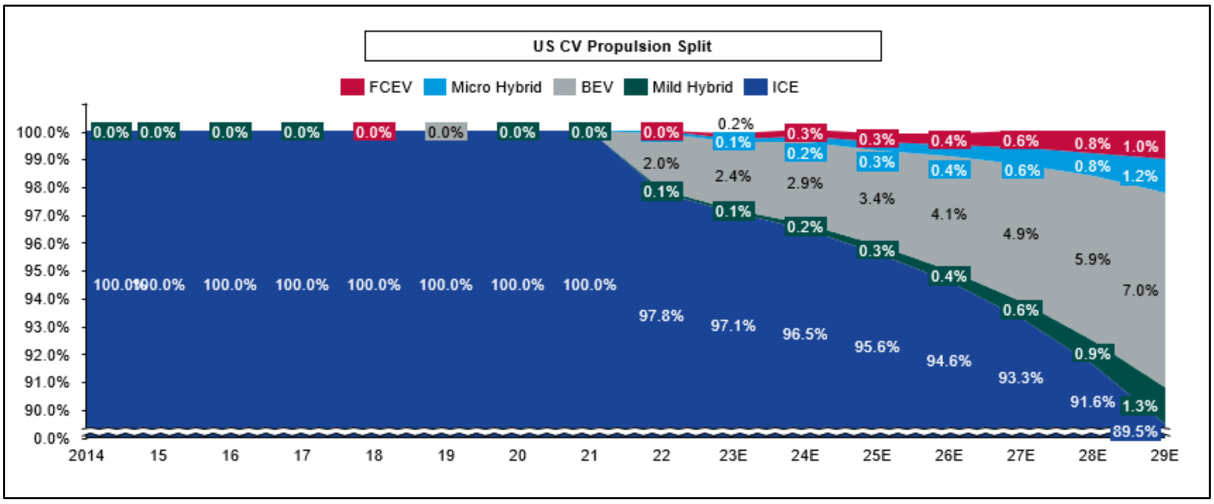
Europe Commercial Vehicle – Propulsion Split



Source: Ricardo Analysis, Public Domain
Note: -E- Estimated: ECV is Electrically Chargeable Vehicle and HEV is Hybrid Electric Vehicle; others include-petrol, fuel cell and alternate fuels like natural gas and LPG or ethanol

In Europe, diesel share is expected to decrease marginally from 97% in calendar year 2023 to 96% in calendar year 2029. ECV ("**Electrically Chargeable**") growth will be driven by intra-city buses as battery cost and battery weight reduce. HEV (Hybrid electric vehicle) is projected to start gaining traction and is expected to gain share to 0.2% by calendar year 2029 driven by adoption in long haul trucks closer starting calendar year 2026 onwards with greater advancements in technology and safety aspects. Major OEMs such as Volvo, Daimler foresee application specific adoption of BEVs and FCEVs in the long term towards 2030.

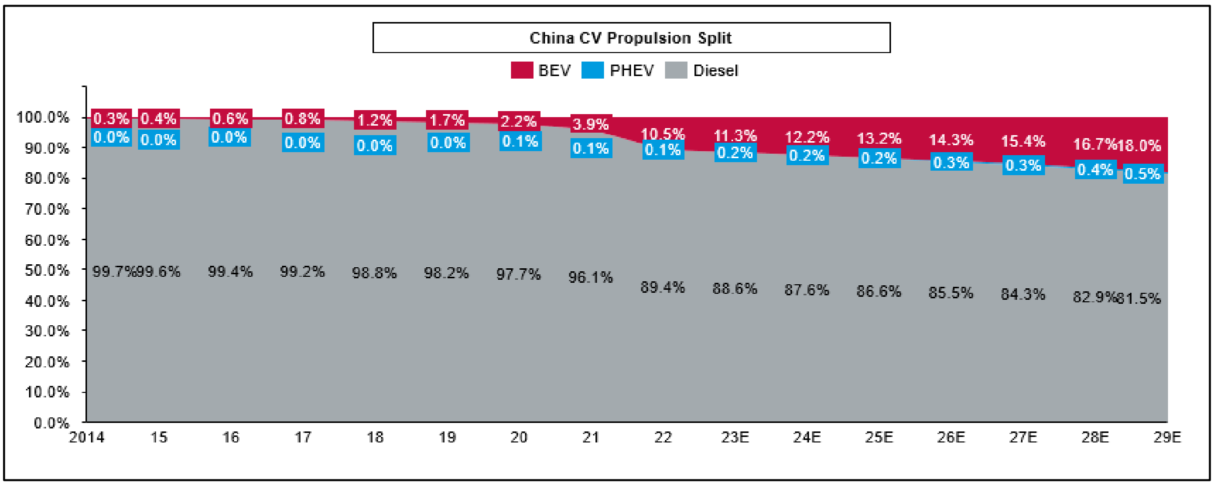
US CV – Propulsion Split



Source: Ricardo Analysis, Public Domain;
Note: E- Estimated: FCEV is Fuel Cell Electric Vehicle and BEV is Battery Electric Vehicle

The share of BEV ("**Battery Electric Vehicle**") increased from 0% in calendar year 2014 to 2.0% in calendar year 2022. Share of Hybrid vehicles (micro, mild and full) is expected to gain momentum only after calendar year 2022. Pure ICE market share is expected to drop from 97.8% in calendar year 2022 to 89.5% by calendar year 2029 with growing adoption from BEVs and Hybrid (micro, mild and full). However, ICE will remain the most dominant segment.

China CV – Propulsion Split



Source: Ricardo Analysis, Public Domain; Note: -E- Estimated: PHEV is Plug-in Hybrid Electric Vehicle and BEV is Battery Electric Vehicle

BEV has increased its share from 0.3% in calendar year 2014 to 10.5% in calendar year 2022 and at the same time PHEV ("**plug in hybrid vehicles**") has also gained momentum with increased its share to 0.1% in calendar year 2022 from 0% in calendar year 2014. Diesel CV still dominates the market as the initial investment required to produce electric trucks is much higher compared to that of petroleum, diesel, or CNG trucks. Commercial Vehicle OEMs will continue to focus on Diesel with long term adoption of battery electric and plug in hybrid electric vehicles technology. China is the largest market for Electric Buses, this demand is expected to continue. Major OEMs are also introducing BEV Long Haul (Class 8, more than16 tonnes) trucks. Major players like BYD and Hino created a joint venture in 2020 to produce commercial BEVs in China by 2025.

Key Trends and Growth Drivers

Total cost of ownership (TCO) of ICE vs EV in the CV segment

The EV market is growing at a steady rate, driven mostly by the global desire and need to reduce the global warming influences contributed by ICEs. Currently, in all geographical areas and in all equivalent models, the EV selling price is more than an ICE and, in some cases, considerably more. However, the subsidies and high residual value of EVs are strong off-setting factors in the TCO for light duty applications in the CV segment. When considering medium and heavy-duty applications, EVs do not seem economically viable due to requirement of high energy batteries and inherently batteries have low specific energy.

For instance, a single battery pack 90kWh weighs around 500kg, the CVs require at least four of them to operate and pull the load which greatly affects the loading capacity of the vehicle. These factors cause low EV penetration in CV segment and requirement of alternate technologies. The above factors show why EV penetration in the CV segment would be relatively slow as the duty cycles of CV are very high and trips longer than 300km per day is usually undertaken by existing ICE powered CVs daily.

Average fleet age of CVs in critical markets to highlight upcoming replacement opportunity.

The average fleet age of commercial vehicles in India was quite high. It varied across different categories of commercial vehicles. For heavy commercial vehicles such as trucks and trailers, the average age was estimated to be around 10-12 years. This was due to factors such as the high initial cost of vehicles, limited financing options, and the tendency of owners to use their vehicles for a longer duration to maximize their return on investment. For medium commercial vehicles like buses and vans, the average age was relatively lower, around 6-8 years. India's Vehicle Scrappage Policy took effect in April 2022. The objective of the government-funded programme is to phase out old passenger and commercial vehicles and thereby reduce urban air pollution, increase passenger and road safety, and stimulate vehicle sales. The major impact of the scrappage policy is expected in the CV segment, especially passenger carriers, as the usage of other vehicles such as two-wheelers, passenger vehicles, etc. beyond 15 years would be limited. This provides an opportunity for Indian auto manufacturers to take advantage of the huge upcoming replacement demand in India. In the USA, the average, commercial trucks, and trailers had an age range of 5 to 15 years, while buses and coaches had an average age of around 7 to 10 years.

Key alternatives to battery-powered EVs, like H2-based engines and their key developments

Hydrogen Fuel Cell Vehicles (FCVs): FCVs use hydrogen gas to generate electricity through a chemical reaction in a fuel cell, which then powers an electric motor. These vehicles emit only water vapour as a by-product. While FCVs are still in the early stages of development and infrastructure is limited, they are expected to offer longer driving ranges and quicker refuelling times.

Compressed Natural Gas Vehicles (CNG): CNG vehicles run on natural gas, which is stored in high-pressure tanks in the vehicle. CNG is considered a cleaner-burning fuel compared to gasoline or diesel, resulting in lower emissions. CNG vehicles are popular in India, particularly in public transportation and commercial fleets. In July 2022, according to the Ministry of Petroleum and Natural Gas & Housing and Urban Affairs, there were about 900 CNG fuel stations in India in 2014, and in 2021 the number of CNG stations has crossed 4,500. It is expected to reach 8,000 by 2024, and the number is expected to touch 10,000 by 2030.

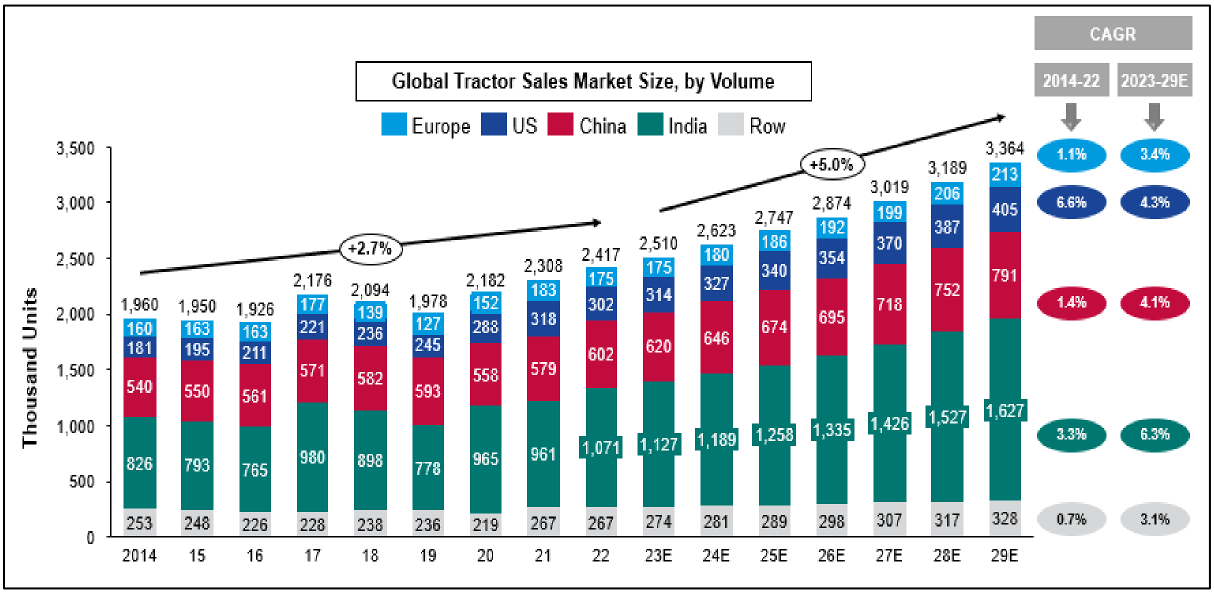
Biofuel Vehicles: Biofuels, such as ethanol and biodiesel, can be used as an alternative to fossil fuels. They are derived from renewable sources such as crops or waste materials. Flex-fuel vehicles can run on a blend of gasoline and ethanol, while certain diesel vehicles can use biodiesel blends. This is expected to change the Indian automotive industry significantly, over the course of this decade. India's adoption of E20 fuel is expected by 2025, which will be a key year in this journey.

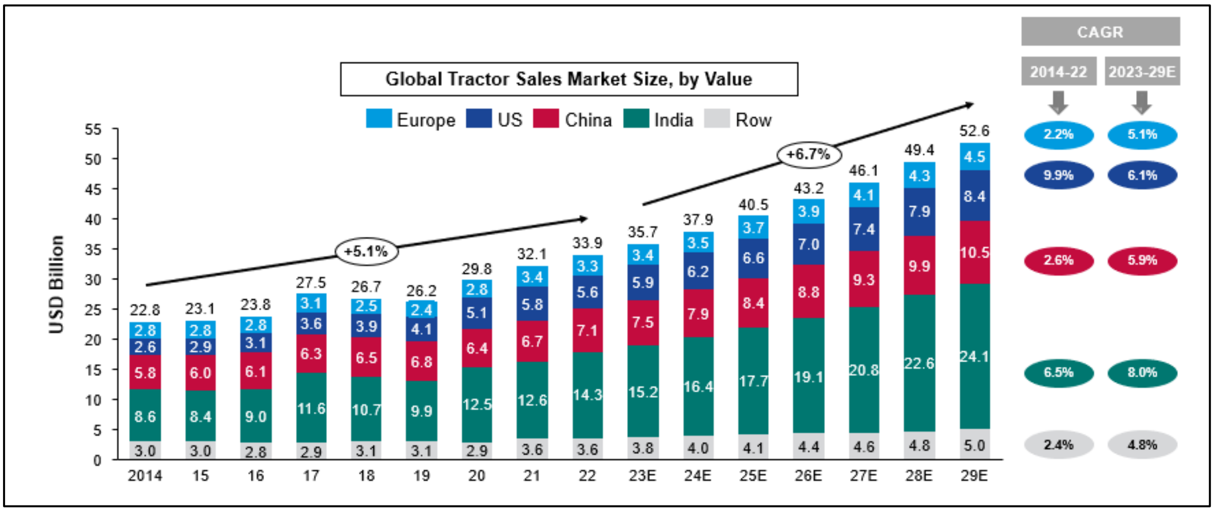
Hydrogen ICE's: In the transportation sector, initial attention was focused on fuel cell hydrogen electric vehicles, or FCEVs. More recently, hydrogen vehicles powered by internal combustion engines are also receiving increased attention, especially among medium and heavy-duty trucking applications. Medium and heavy-duty applications are much more likely to turn to hydrogen-based engines. Off-road, construction equipment, agricultural machinery, and even ships featuring a hydrogen engine are also likely to become common. The use of hydrogen-based engines is most likely going to be in the applications that are hard to electrify due to their use-cases and mission profiles. Power generation applications are another use-case for the near-term application of hydrogen engines.

Cummins Inc. debuted its 15-liter hydrogen engine at ACT Expo in Long Beach, California. This version, with expected full production in 2027, pairs with clean, zero-carbon hydrogen fuel, a key enabler of Cummins' strategy to go further faster to help customers reduce greenhouse gas ("**GHG**") emissions. With Cummins' significant global manufacturing footprint, the company can quickly scale production. Volvo Eicher Commercial Vehicles ("**VECV**") has planned to invest about 2,500 million over the next three to four years, in different hydrogen technologies which could take advantage of the existing strong powertrain infrastructure in India. India's second largest CV manufacturer Ashok Leyland has planned to invest 1,500 million in the development of hydrogen technology in industrial and CV heavy duty engines. Engine manufacturers Yamaha and Toyota have been jointly developing prototype hydrogen combustion turbo engines of 1.6 litre capacity. Reliance Industries Limited ("**RIL**") has started to lay down infrastructure for disbursement of green hydrogen from its proposed plant in Gujarat, as it is plans to produce the fuel by 2025. The company, which has received 74,750 hectares of land parcel in Gujarat on a 40- year lease for its green hydrogen project, is tying up with OEMs for the supply for green hydrogen. In February 2023, RIL and Ashok Leyland unveiled India's first Hydrogen Internal Combustion Engine ("**H2-ICE**") powered heavy-duty truck in Bengaluru at the India Energy Week. Both these companies have been working on the H2-ICE technology over the past year.

Global Tractors Market

Global agricultural tractor sales registered a CAGR of 2.7% from calendar year 2014 to calendar year 2022 driven by factors such as increasing total factor productivity in farming and reduced post-harvest loss. India registered a growth in tractor sales of CAGR 3.3% during this period supported by various government initiatives such as the implementation of National Rural Employment Guarantee Act ("**NREGA**") and increased usage in non-agricultural applications such as haulage in construction and infrastructure projects. The global tractor sales is expected to grow at a CAGR of 5.0% by sales volume over the period calendar year 2023 to calendar year 2029 with India expected to lead the market with a CAGR of 6.3% during this period. India accounts for currently 44% of the global tractor market in calendar year 2022 and is expected to account for 48% of the market by calendar year 2029 by volume. The growth will be driven by two important factors: (a) growing nominal GDP which is expected to reach US$ 5 trillion by 2028 and the agriculture sector contributing 20% to the GDP; and (b) government initiatives in India such as Reforms in Essential Commodities Act, Agriculture Marketing and Agriculture Produce Pricing. US and China being the two biggest economies in the world are expected to drive the tractor sales growth with 4.3% and 4.1% CAGR respectively during calendar year 2023 to calendar year 2029 driven by factors like farm mechanisation and integration of telematics with agricultural tractors.

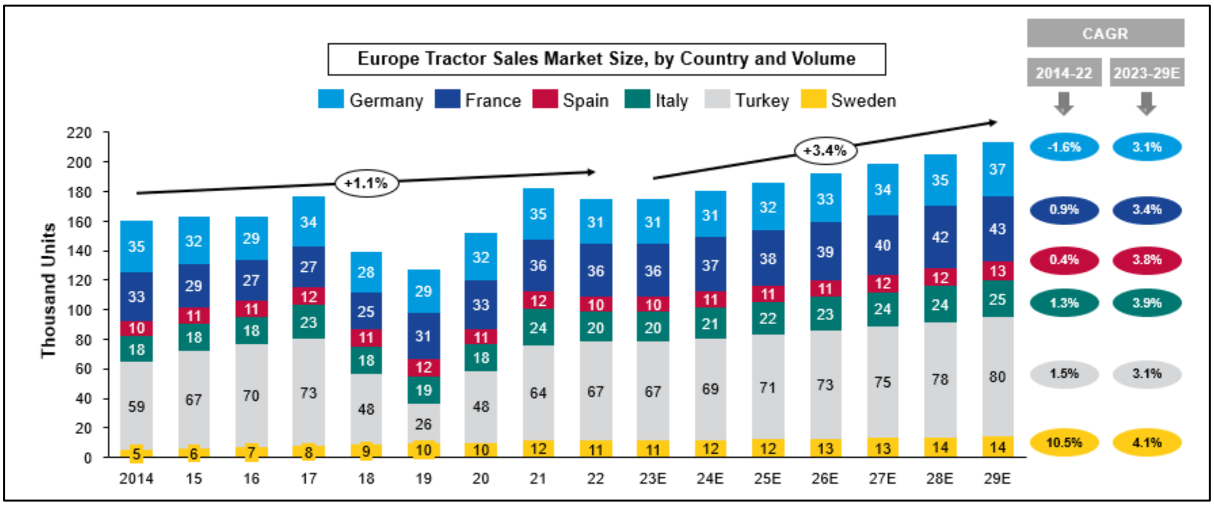




Source: Ricardo Analysis, Public Domain
Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and RoW is given as per calendar year and India is given as per financial year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014)

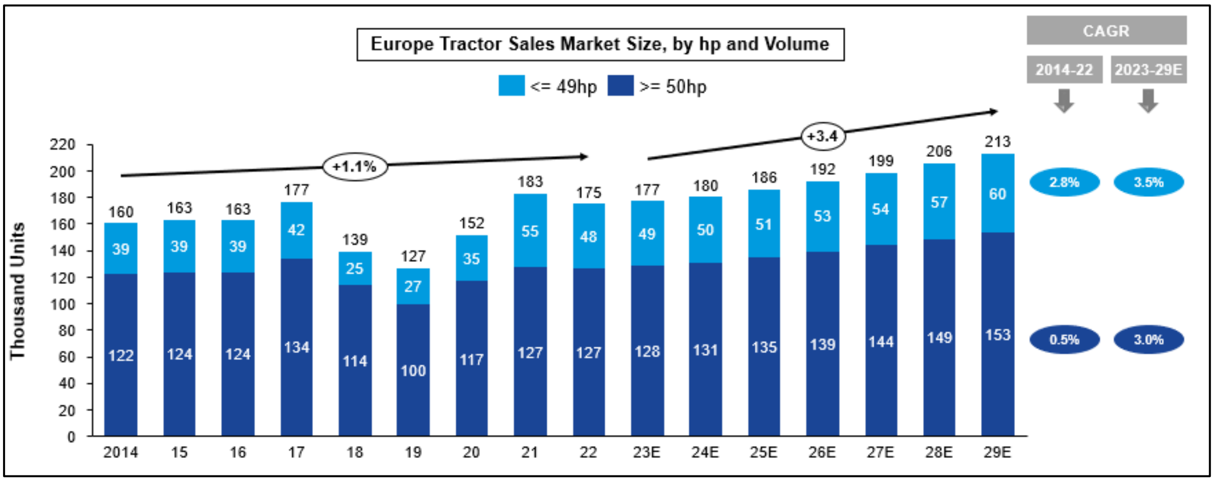
Europe Tractor Market

Europe (Germany, France, Spain, Italy, Turkey and Sweden) tractor sales registered a growth of 1.1% CAGR from period calendar year 2014 to calendar year 2022. Although Germany tractor sales declined between period calendar year 2014 to calendar year 2022, but overall Europe saw nominal growth primarily due to good harvest and government aid in purchasing agriculture machinery and equipment.



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Calendar Year

Europe Tractor Market, by Segment

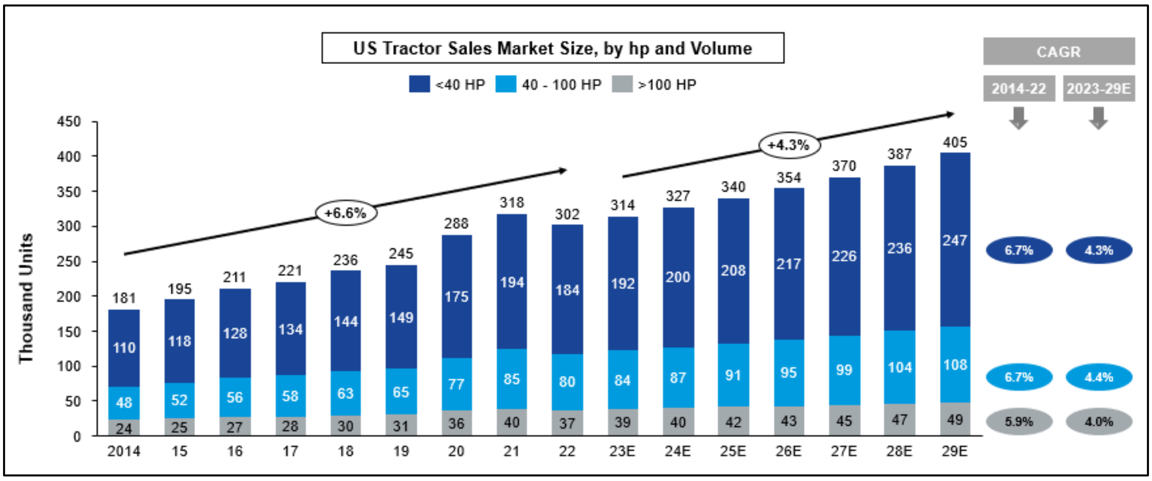


Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Calendar Year

Italy tractor sales are expected to grow at a CAGR of 3.9% during calendar year 2023 to calendar year 2029 due to an increase in sales from more than 50HP tractor category in the region due to their ability to effectively carry out all tasks in the field, including soil preparation, irrigation, weeding, harvesting, and haulage. The Europe tractor market is expected to grow at a CAGR of 3.4% over the period of calendar year 2023 to calendar year 2029. Germany and France are some of the biggest markets for tractors in Europe and are expected to register a growth of CAGR 3.0% each respectively from calendar year 2023 to calendar year 2029 supported by various government initiatives. For instance, the Government of France has formulated programs to aid and finance the purchase of agricultural machinery and equipment including tractors. In calendar year 22, almost 70% contribution in the tractors market in Europe is from greater than 50hp tractor category which is expected to reach a sales volume of 153,000 units, with a CAGR of 3.0% by calendar year 2029. Farmers are adopting above 50hp tractors due to better operator comfort level which aids in better farm work and crop yield in the continent.

US Tractor Market, by Segment

US tractor sales registered a growth of 6.6% CAGR from calendar year 2014 to calendar year 2022 due to various subsidies provided by the government which helped low-scale farmers to invest in agriculture machinery and various government initiatives such as the United States Department of Agriculture's ("**USDA**") Conservation Innovation Grant Program to automate specific field maintenance tasks, reducing the use of diesel fuels and enhancing farming productivity.

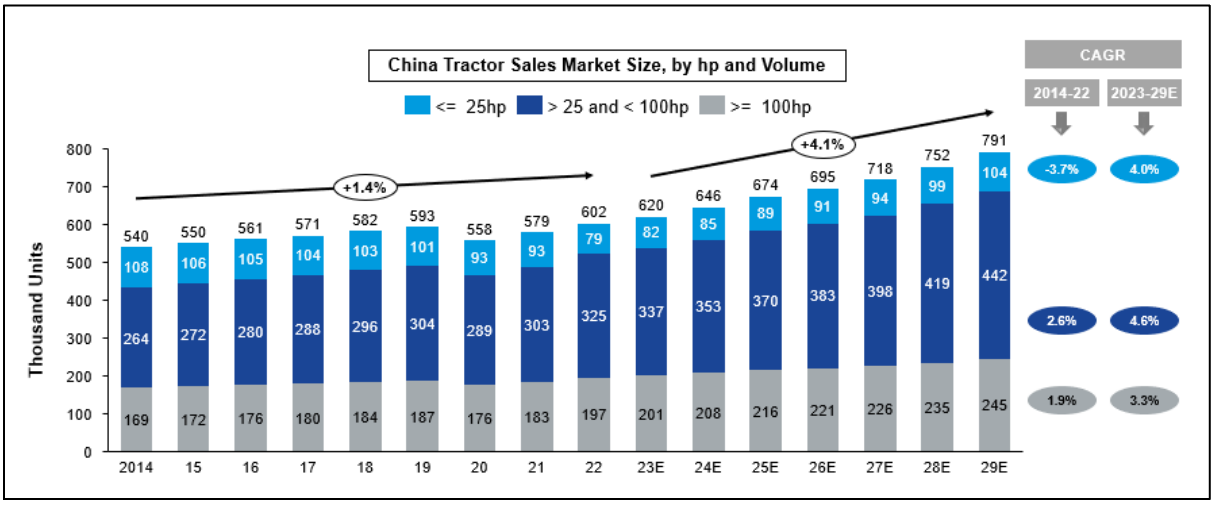


Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per calendar year

The US tractor market is expected to grow at a CAGR of 4.3% over the period calendar year 2023 – calendar year 2029, driven by several policies and missions to help farmers by providing them with financial assistance and subsidies such as USDA assistance and agricultural loans. US Agricultural Gross Domestic Product is expected to reach USD 173 billion by calendar year 2026 which will drive the tractor market in US as agriculture contributes 1.2% of GDP. Less than 40 HP category is expected to showcase growth of CAGR 4.3% during calendar year 2023 to calendar year 2029 due to ease of financing and high utilization of tractors in agricultural applications such as row crops, orchards, and gardens. More than100 HP category is expected to grow at CAGR 4.0% during calendar year 2023 to calendar year 2029 as higher power output tractors serve as an important part of agricultural, forestry, and logistics applications.

China Tractor Market, by Segment

China tractor sales registered a growth of CAGR 1.4% during the period calendar year 2014 to calendar year 2022 supported by a series of financial policies and financial subsidies on the purchase of agriculture equipment, such as the subsidy of CNY 150,000 (US$ 21,564) on the purchase of tractors above 60hp was formulated by the Government of China in 2019 and is still applicable in 2023. Almost 50% of tractor sales are dominated by (25 – 100HP) tractor category which registered a CAGR of 2.6% from calendar year 2014 to calendar year 2022 due to the low purchase cost compared to high Horsepower category tractors.



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per calendar year

The China tractor market is expected to grow at a CAGR of 4.1% over the period calendar year 2023 to calendar year 2029 supported by various government initiatives like the "Made in China 2025" scheme which aims at focusing on producing 90% of its own agricultural equipment including high-end machines like agricultural tractors. This will boost indigenously produced tractors, leading to the growth of the agricultural tractor market in the country. The agriculture sector in China contributes almost 7% to the country's GDP which is expected to reach US$ 27 trillion by calendar year 2029, which will further drive the tractor sales in the market.

Global Key Trends and Growth Drivers

Ease of Financing: In recent years, several banks and microfinance institutions have been set up across rural regions. This has provided farmers with an easy availability of credit to purchase farm machinery.

Government Incentives: Incentives in the form of subsidies, low import duties on agricultural machinery and easy financing schemes by the Indian government have also been a major driver of the farm equipment market. Initiatives like the Pradhan Mantri Gram Parivahan Yojana (PMGPY) has been launched to support the purchase of tractors and other agricultural equipment by farmers.

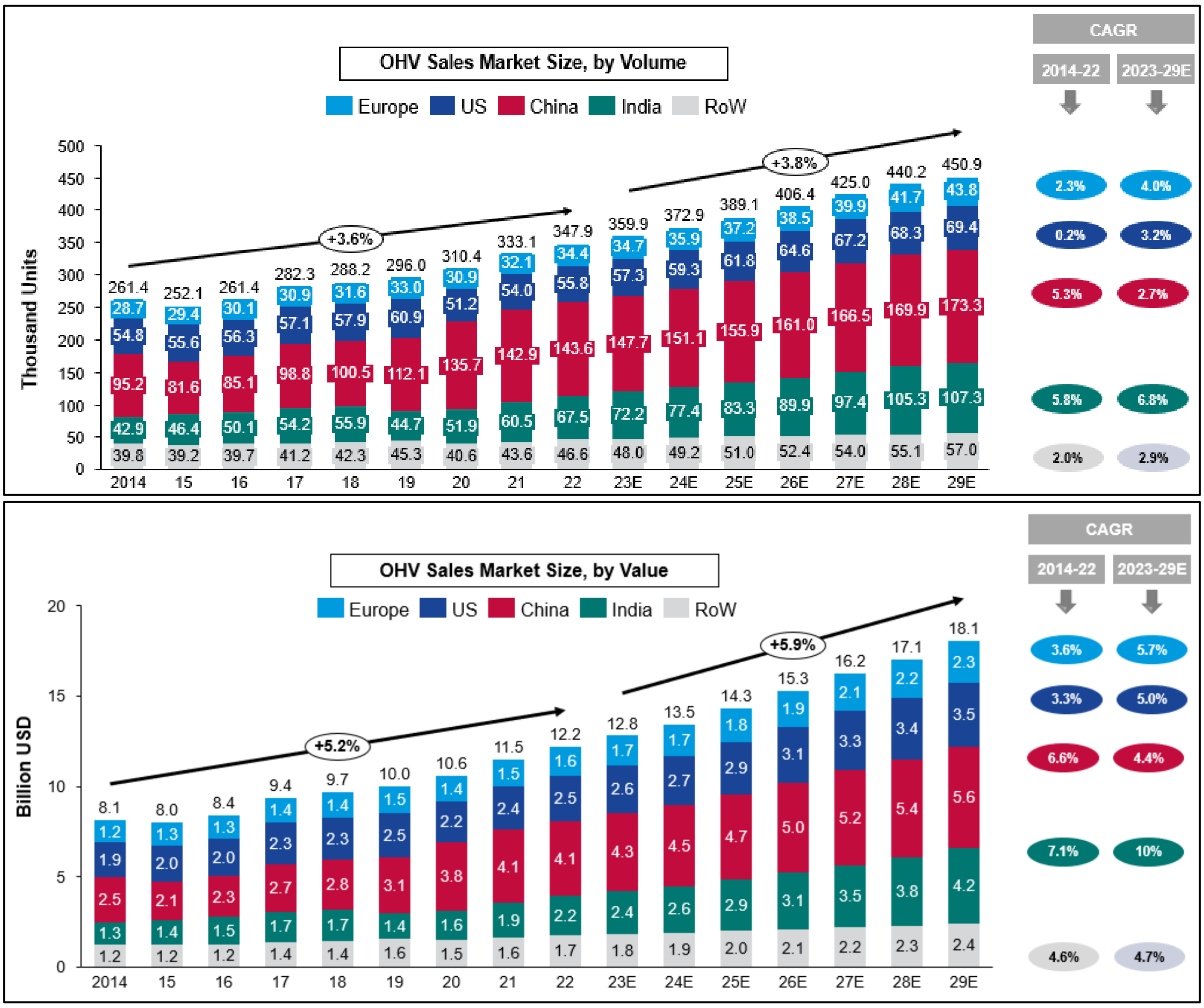
Emergence of Contract Farming: The emergence of contract farming is also expected to give a strong boost to the agricultural equipment market. We expect contract farming to enable farmers to get the benefit of technology, training, and financing with the contractor's support. This is expected to facilitate the adoption of mechanized farming practices.

EV penetration in the farm equipment market

Minimal electrification is expected over the 2023-29 period. Battery electrification is expected in the small tractor (less than 40 HP) segment first. New electric tractors are being launched on pilot basis in Europe and North America. Between 2025-2026, incumbents are expected to launch new series of tractors featuring high horsepower models increasing E-tractor usage in other industries. Electrification in India and China will be minimal due to lack of charging infrastructure, price sensitive farmers & small land holdings.

Global Off-Highway Vehicle (OHV) Market

The off-Highway / construction and mining equipment market grew from 256.5 million units in calendar year 2014 to 340.9 million units in calendar year 2022 with a CAGR of 3.6%. Ricardo estimates that this market will perform better during calendar year 2023 to calendar year 2029 with a CAGR of 3.8%. The market would reach a milestone of 448.7 million units by 2029. China and India are projected to be the key performers during this period.



Source: Ricardo Analysis, Public Domain

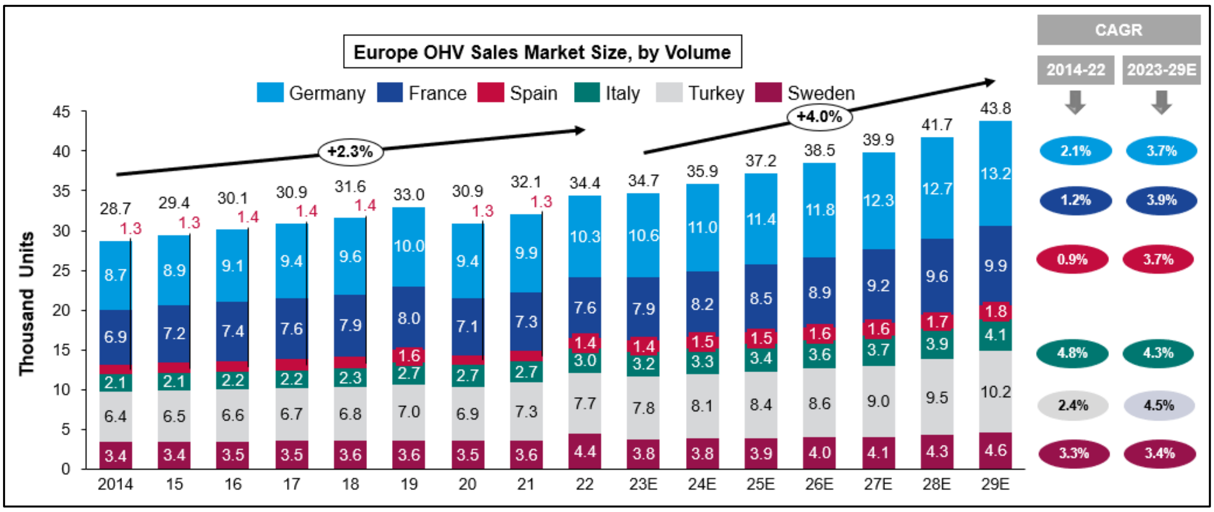
Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and RoW is given as per calendar year and India is given as per financial year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014).

Construction and mining equipment considered for the study are backhoe loaders, excavators, motor graders, dump truck, skid steer loaders.

The demand for off-highway vehicles, including construction equipment has been steadily growing across the world. Factors such as population growth, urbanization, and infrastructure development projects contribute to this trend. Ongoing infrastructure development projects, such as road construction, railway expansion, and urbanization initiatives, have fuelled the demand for construction equipment.

Europe OHV Market

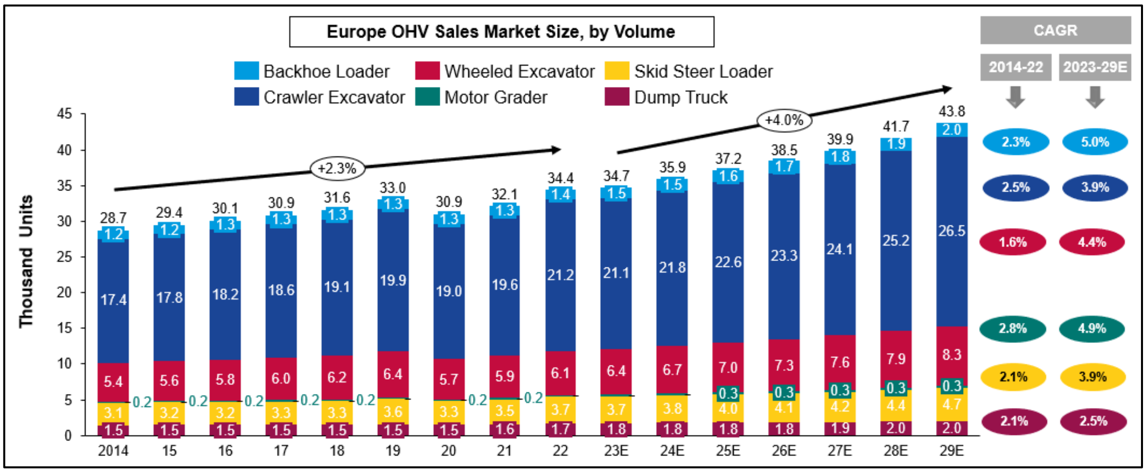
Europe (Germany, France, Spain, Italy, Turkey and Sweden) Off-highway vehicle market registered a growth of 2.3% CAGR from calendar year 2014 to calendar year 2022. Major growth was from Italy, France, and Germany in the Off-highway segment, because leading market players were investing heavily in research and development to expand their product lines in the region. New technology development in the mining and quarrying sector, and infrastructure investments, helped the off-highway vehicle market to grow further.



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Calendar Year

A major contribution is expected from Turkey at 4.5% CAGR from calendar year 2023 to calendar year 2029 on account of government-proposed infrastructure projects. More than US$ 172 billion in investments were made in all means of transportation and communication infrastructure between 2003 through 2021 and Turkey is planning an investment of US$ 368 billion in road, rail, and air and sea transportation infrastructure from 2023, under 30 years strategy till 2052.

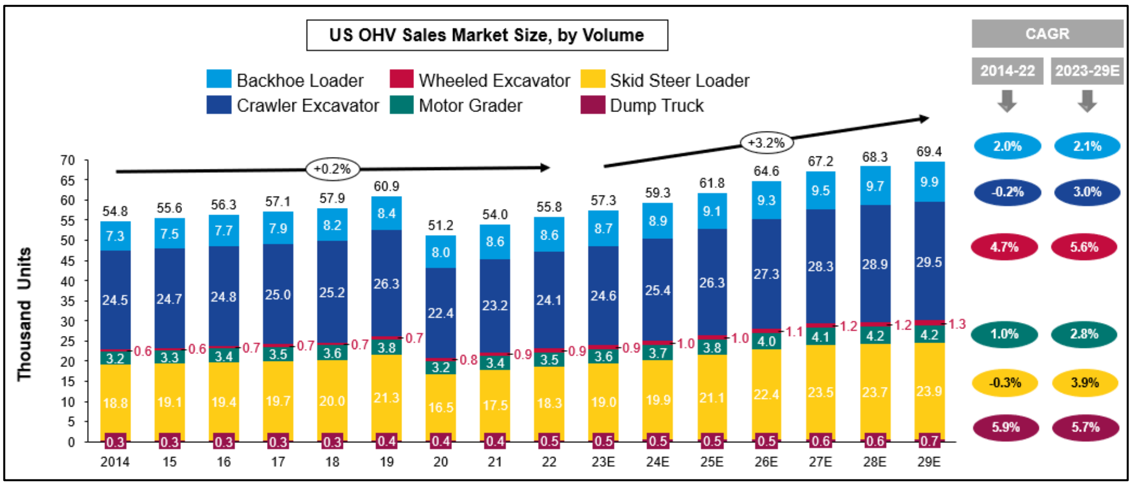
Europe OHV Market, by Segment



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Calendar Year

Europe's overall off-highway vehicle market registered a marginal growth of 2.3% CAGR from calendar year 2014 to calendar year 2022, whereas the Wheeled Excavator market in Germany grew at a CAGR of 1.6%, Skid Steer Loader in France at a CAGR of 2.1%, and Backhoe Loader in Spain at a CAGR of 2.3%. Caterpillar, John Deere, CNH, and AGCO currently lead the off-highway market in Europe, with a combined revenue share of 47%.

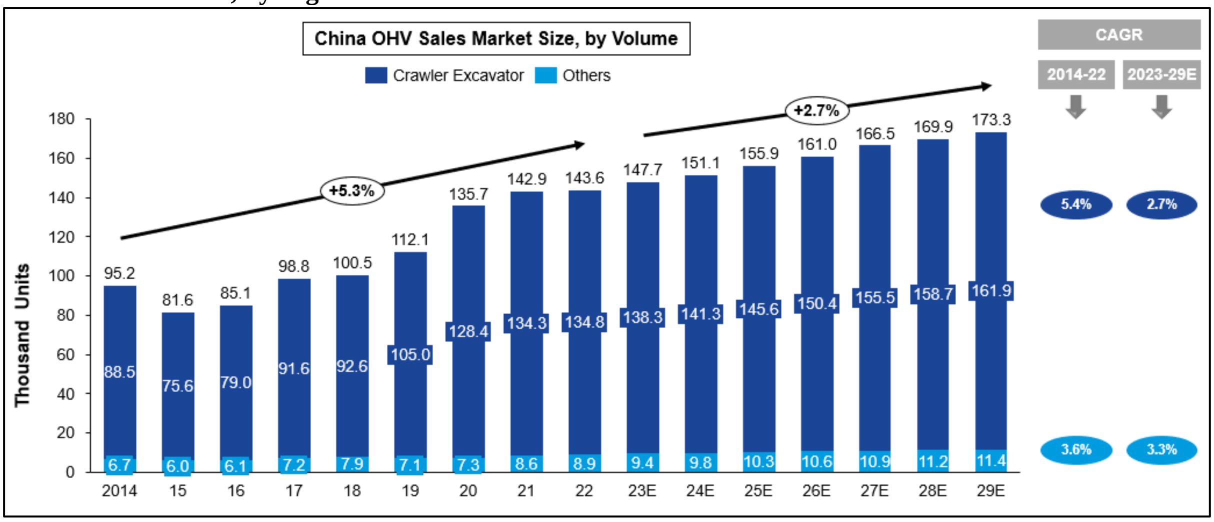
US OHV Market, by Segment



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Calendar Year

The U.S. off-highway vehicle market registered a growth of 0.2% CAGR from calendar year 2014 to calendar year 2022. Wheeled Excavator also experienced a growth of 4.7% CAGR from calendar year 2014 to calendar year 2022 driven by an increase in demand from the Construction industry and infrastructure development. In 2021, US government declared a US$ 1 trillion plan, with 4,300 projects underway. With more than US$ 110 billion in funding as part of infrastructure investment plan, such investments and growing construction projects would drive the demand of off-highway machinery and equipment. The U.S. off-highway vehicle market is expected to grow at a CAGR of 3.2% over the period calendar year 2023 – 2029. The demand for off-highway vehicles has picked up immense pace in North America to meet the demands from coastal ports, inland ports, and waterways.

China OHV Market, by Segment



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Calendar Year

China's Off-highway vehicle market registered a growth of 5.3% CAGR from calendar year 2014 to calendar year 2022. Major contribution was from Crawler Excavator with a growth rate of 5.4% CAGR in the period calendar year 2014 – 2022 which are required in the construction process (e.g., digging holes, landscaping, breaking up asphalt, and paving roads). Automation in agriculture spurring demand for off-highway vehicles; massive infrastructure development in China underpins vast lucrative avenues. The demand for the off-highway vehicle sector looks set to remain positive due to strong investment in warehousing solutions, the regional market is expected to expand at a promising growth rate during the forecast period. The off-highway vehicle market is making strides on the back of rapid pace of organized urbanization of inner-China, renewed focus in roads and demand for construction machinery and power infrastructure.

Global Key Trends and Growth Drivers

Construction and Infrastructure Development: Global ongoing infrastructure development projects, such as road construction, railway expansion, and urbanization initiatives, have fuelled the demand for construction equipment. Excavators, loaders, bulldozers, and other heavy machinery are essential for these projects.

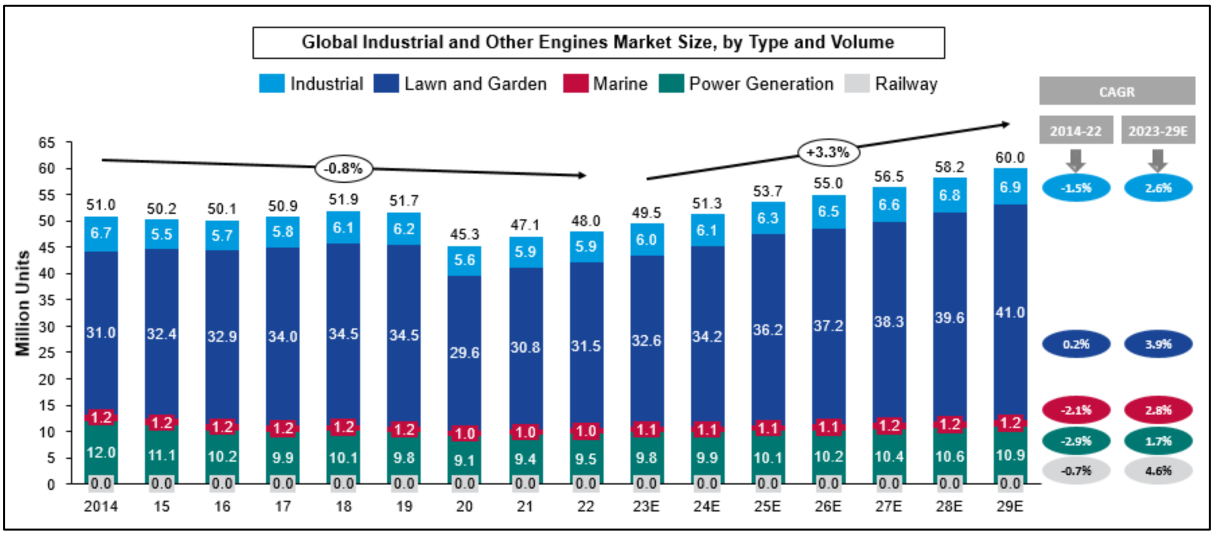
Technology Advancements: OHV manufacturers are incorporating advanced technologies into their vehicles. This includes features like GPS navigation systems, telematics, precision farming technologies, and automation in construction equipment. These advancements aim to enhance productivity, fuel efficiency, safety, and environmental sustainability. Telematics and Internet of Things ("**IoT**") technologies are being integrated into mining vehicles to enable real-time monitoring, data collection, and analysis.

Electric and Hybrid Vehicles: With the increasing focus on sustainability and reducing carbon emissions, the adoption of electric and hybrid off-highway, construction and mining vehicles is gaining traction. Manufacturers are planning to develop electric construction equipment to meet the growing demand for cleaner and more energy-efficient alternatives.

Rental and Leasing Services: The concept of renting or leasing off-highway vehicles is becoming popular across the world. Construction companies, agricultural businesses, and individuals are opting for rental services to minimize upfront costs and access a wide range of machinery as per their requirements.

Global Industrial Engine Market

Industrial engines have become increasingly important in recent years. These engines are used as backup power sources when primary power sources fail, and for their portability when used in mining operations. While there are several types of industrial engines available in the market today, gasoline and diesel engines remain the most popular by far due to their durability and heavy-duty design.



Source: Ricardo Analysis, Public Domain
Note: - E-Estimated: Data is given as per Calendar Year; Study includes analysis of following countries: - Europe (Germany, France, Spain, Italy, Turkey, and Sweden), India, US, China and Row (Japan, Thailand, UK and Brazil); Market Sizing includes study of Industrial, lawn and garden, marine, power generation and railway engines.

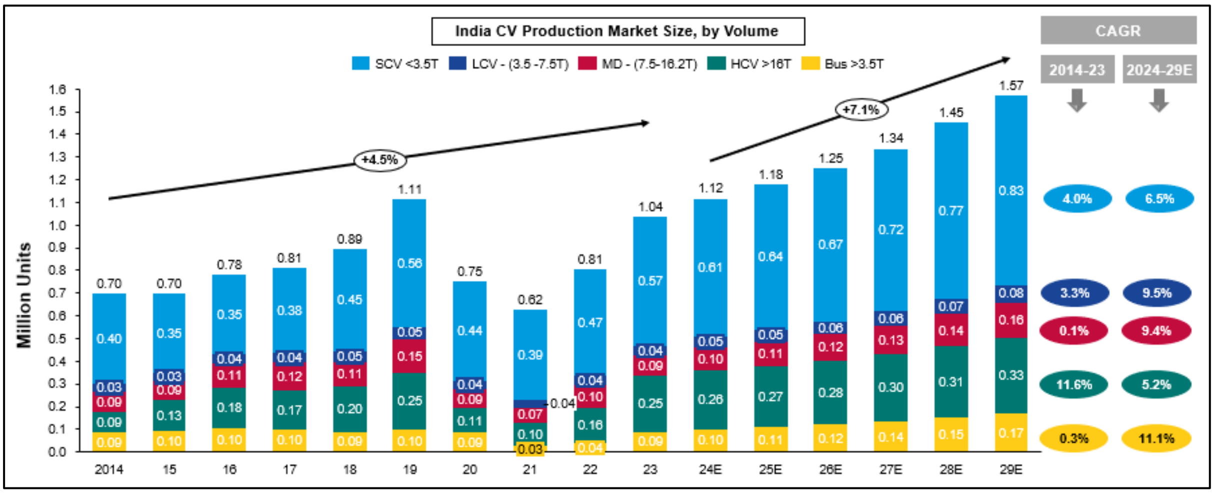
Increased shipbuilding activity, high performance, easy maintenance, and fuel economy are the key market drivers enhancing the Marine Engine market growth. Companies such as Husqvarna Group, the Toro Company, Andreas STIHL AG & Co., and others get benefitted by stay-at-home trend amidst the pandemic period and which resulted in a prolonged gardening season. Over the long term, an increase in urbanization, environmental sustainability, a broad spectrum of impending rail projects, growth in demand for energy-efficient rolling stock, and an expanding infrastructure of rail networks are expected to act as major factors driving the railway engine market. The growing global population and industrialization have led to a significant increase in power demand. Unreliable power grid infrastructure in many regions, especially in developing countries, have inadequate or unreliable power grid infrastructure which further promotes the market for industrial engines.

INDIAN AUTOMOTIVE INDUSTRY

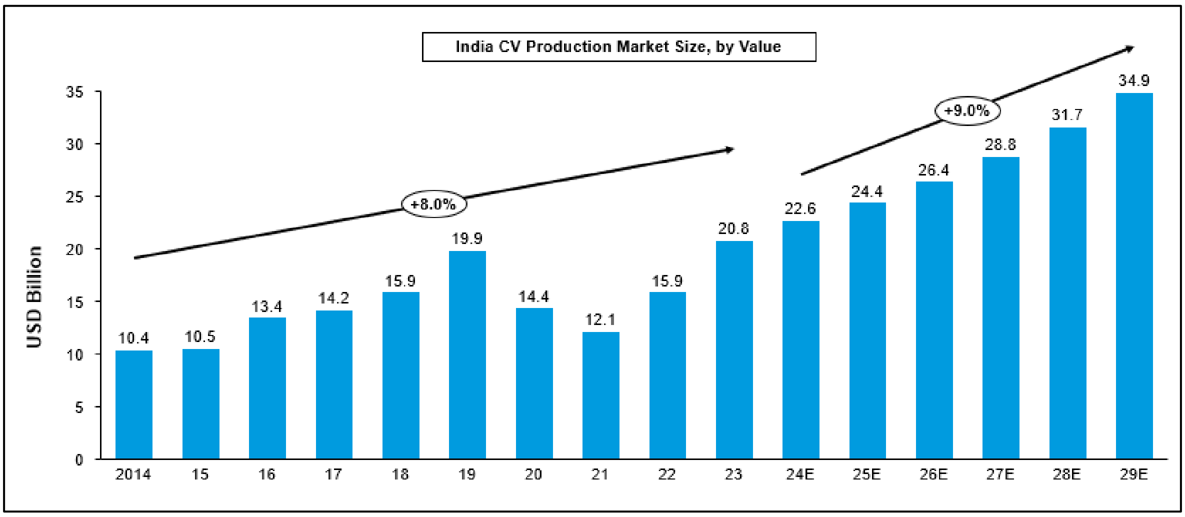
India Commercial Vehicle Market, by Segment

India CV production registered a growth of 4.5% CAGR from Fiscal 2014 to Fiscal 2023. Rising demand for pickup trucks, owing to the growing e-commerce and logistics sector is responsible for the growth in this period. HCV more than 16 tonnes registered the highest CAGR of 11.6% during Fiscal 2014 to Fiscal 2023 due to increased government expenditure on infrastructure, BS-VI transition and growth in mining and quarrying sector which is about 3% of the GDP.

Source: Ricardo Analysis, Public Domain



Note: -E- Estimated: Market Size is given as per financial year: SCV is Small Commercial Vehicle with GVW less than 3.5T, LCV is Light Commercial Vehicle with GVW in the range of 3.5T to 7.5T, MD is Medium Duty Vehicle with GVW in the range of 7.5T to 16.2T, HCV is Heavy Commercial Vehicle with GVW greater than 16T and Bus is a commercial vehicle with GVW greater than 3.5T

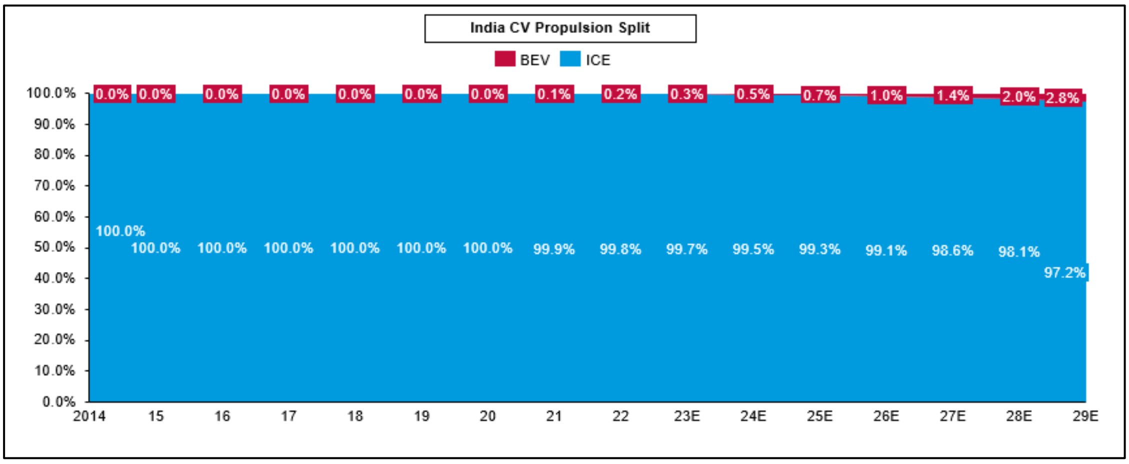


Source: Ricardo Analysis, Public Domain; Note: -E- Estimated: Market Size is given as per financial year

The India CV production market is expected to grow at a CAGR of 7.1% over the period Fiscal 2024 to Fiscal 2029 due to rise in government initiatives such as Make in India campaign and PLI ("**Production Linked Incentive**") scheme which aims to provide financial incentives to boost manufacturing and attract investments in the commercial vehicle value chain. Moreover, Government's commitment to invest in major infrastructure projects will play an important role in boosting CV demand. An investment of US$ 2.5 billion has been announced in 2023 by the National Bank for Financing Infrastructure and Development ("**NaBFID**") to fund infrastructure projects related to energy, urban infrastructure, and airports.

With implementation of the scrappage policy from April 2023 onwards and with more than 50 to 55 percent of the existing vehicles above the age of 10 years in Medium and Heavy CVs, these segments are expected to grow at a CAGR of 9.4% and 5.2% respectively during Fiscal 2024 to Fiscal 2029. LCV (3.5 tonnes – 7.5 tonnes) is expected to show a growth of CAGR 9.5% on account of government policies ease of axle norms which will allow freight operators to carry 20-25% extra over payload. Hence, large fleet operators, carrying dense bulk commodities, would be able to carry more freight, improving their margins.

India CV Propulsion Split

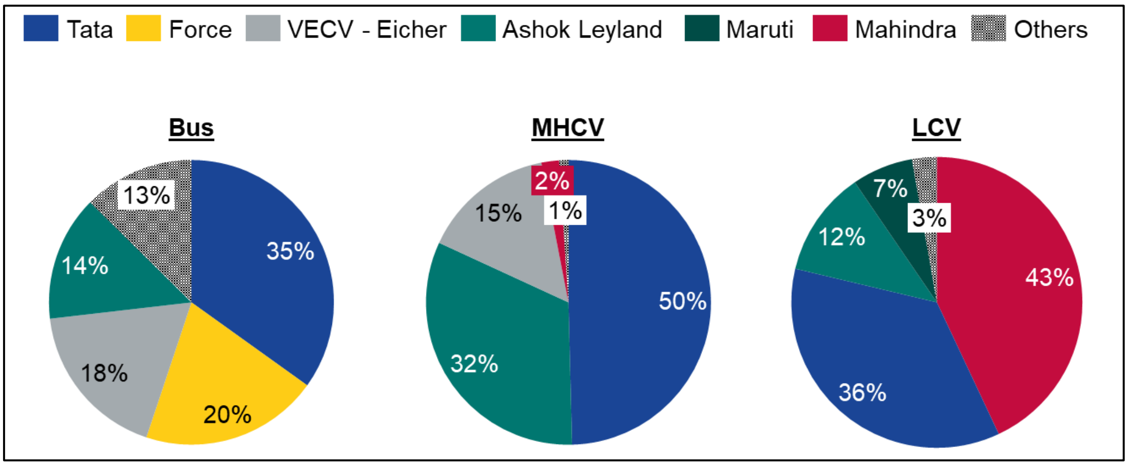


Source: Ricardo Analysis, Public Domain; Note: -E- Estimated: ICE is Internal Combustion Engine and BEV is Battery Electric Vehicle

BEV experienced a marginal increase in share from 0% in calendar year 2014 to 0.1% in calendar year 2022. Light Commercial Vehicle BEV are currently available in the Indian market, whereas there are several start-ups and established OEMs working in this space to bring out an electric LCV. In 2019, Government of India sanctioned over 5,000 electric buses in 65 cities for intracity and intercity operations under FAME-II scheme.

BEV segment is expected to grow to 2.8% by calendar year 2029 from 0.3% in calendar year 2023, but ICE technology share is expected to see a marginal degrowth in share from 99.7% in calendar year 2023 to 97.2% in calendar year 2029. With regards to Medium and Heavy-duty commercial vehicles we expect limited to no adoption at least for the forceable future given the battery size & payload requirements. Major developments for electric vehicle is experienced in the Light Commercial Vehicle space.

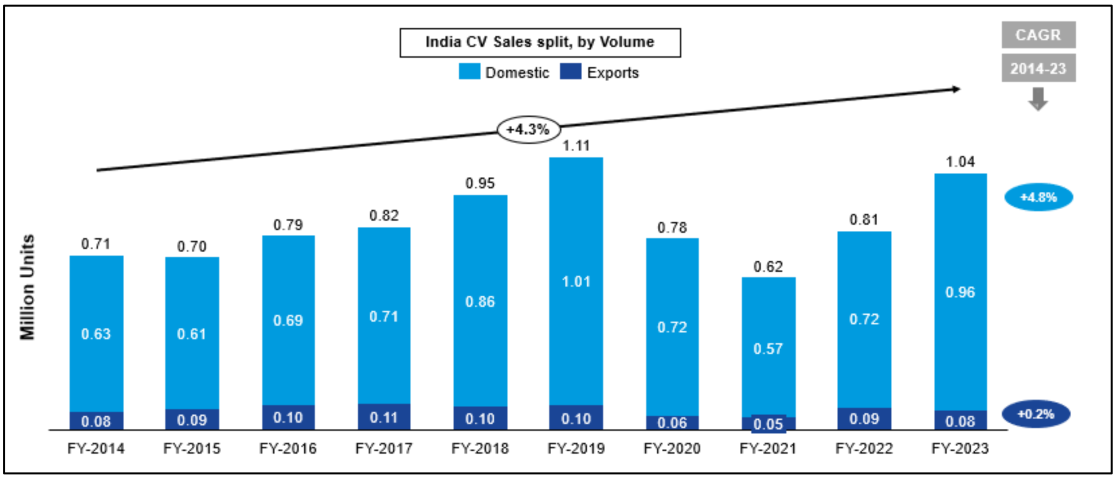
India Key Players - Market Share and Revenue – Fiscal 2023



Source: Ricardo Analysis, Public Domain; Note: -E- Estimated: LCV is Light Commercial Vehicle and MHCV is Medium and Heavy Commercial Vehicle

Light commercial vehicle segment is dominated by Mahindra with 43% of market share in Fiscal 2023. followed by Tata and Ashok Leyland with 36% and 12% market share respectively. Mini & Pickup trucks such as Tata Ace, Mahindra Bolero Pickup, Ashok Leyland Dost etc. are prominent models in this segment. Medium and Heavy-duty application Trucks is dominated by Tata with 50% market share in Fiscal 2023 followed by Ashok Leyland and VECV – Eicher with 32% and 15% market share respectively. This segment is majorly driven by demand from the steel, cement and mining industries, construction industry and general macroeconomic activities in the country. In the passenger carrier segment (which includes both LCV & MCV), Tata Motors leads the bus segment with 35% market share in Fiscal 2023 followed by Force motors and VECV – Eicher with 20% and 18% market share respectively. Tata Star bus, Force Traveller are few of the bestselling models in this segment.

India CV Sales Market – Domestic/Exports



Source: Ricardo Analysis, Public Domain; Note: - Data is given as per Financial Year

Overall CV sales registered a growth of 4% CAGR from Fiscal 2014 to Fiscal 2023. Domestic sales contribution is almost 90% out of total commercial vehicle sales and remaining 10% is exports in Fiscal 2023. Domestic sales experienced an overall growth of 4.8% CAGR and Exports experienced an overall growth of 0.2% CAGR from 2014 to 2023 backed by various government initiatives such as Production Linked Incentive scheme which aims to provide financial incentives to boost manufacturing and attract investments in the commercial vehicle value chain and Merchandise Exports for India Scheme which is an export promotion initiative of the Indian government promoted by the Ministry of Commerce and Industry.

India Tractor Market, by horsepower

India tractor sales registered a growth of 3.5% CAGR from Fiscal 2014 to Fiscal 2023 driven by the factors like above average monsoon and rise in minimum support prices (MSP) which led to an increase in farm income and thereby an increase in total tractor sales. Almost 50% of share is from 41 – 50HP category tractors which registered a growth of CAGR 3.3% during this period driven by technological advancements in high HP tractor ranges which resulted in higher yield and in turn income in agriculture sector. Government initiatives toward rural development, farm mechanization, and various factors, such as high rural wages and scarcity of farm labour resulted in growth of tractor sales.

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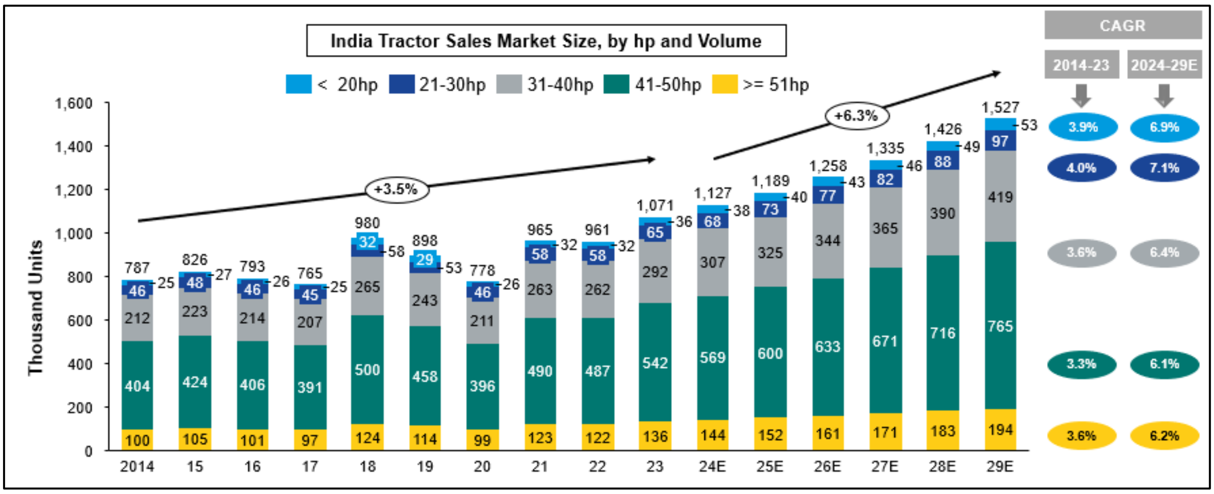
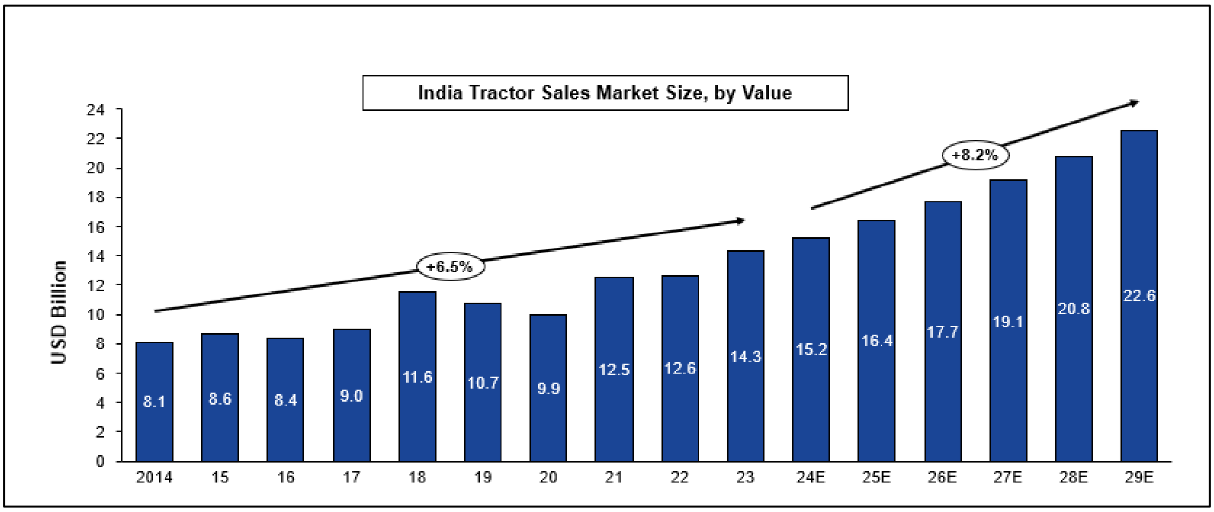


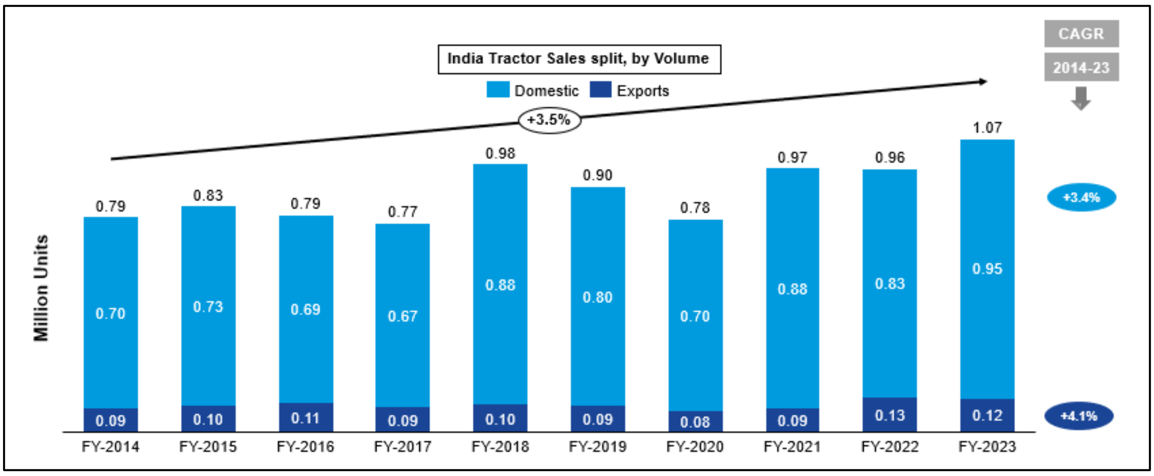
Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Market Size for India is given as per financial year



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Market Size for India is given as per financial year

The India tractor volume market is expected to grow at a CAGR of 6.3% over the period Fiscal 2024 to Fiscal 2029 supported by government initiatives like for instance easy finance of tractors under India's National Bank for Agriculture and Rural Development ("**NABARD**") norms. Also, various initiatives by Government like Atma Nirbhar Bharat Abhiyan, Animal Husbandry Infrastructure Development, Reforms in Essential Commodities Act, Agriculture Marketing and Agriculture Produce Pricing will drive this growth. Less than 20HP tractor is expected to grow at CAGR 6.9% from Fiscal 2024 to Fiscal 2029 due to various concession and policies by Indian government like exemption of excise duty and subsidies for purchasing tractors below 18 HP which is being provided to farmers with irrigated land between 2.4 to 3.2 hectare.

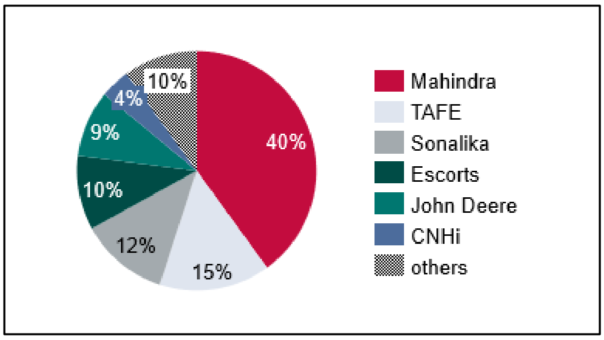
India Tractor Market – Domestic and Exports



Source: Ricardo Analysis, Public Domain; Note: - Market Sizing is given for Financial Year

Overall Tractor sales saw a growth of 3.5% CAGR from Fiscal 2014 to Fiscal 2023. Domestic sales are contributing almost 90% out of total tractor sales and remaining 10% is exports. Domestic sales registered an overall growth of 3.4% from 2014 to 2023. Exports on the other hand saw a growth of 4.1% CAGR from Fiscal 2014 to Fiscal 2023.

India Tractor Market – OEM Market Share - Fiscal 2023

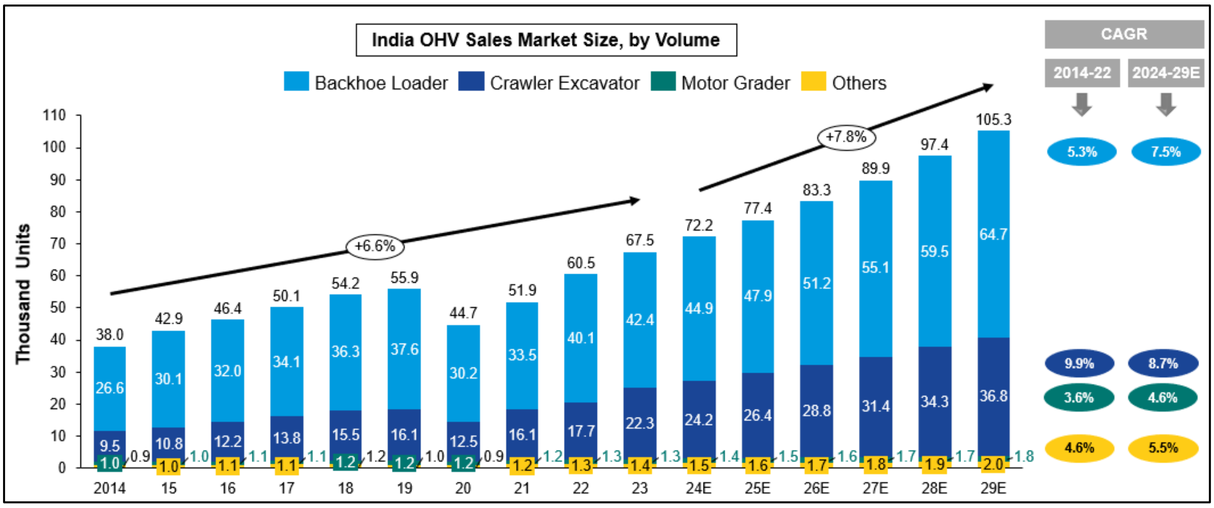


Source: Ricardo Analysis, Public Domain; Note:- Data is given for Financial Year: Mahindra market share also includes Swaraj Tractors market size

Agricultural tractor market in India is consolidated and dominated by large global and domestic manufacturers as farmers prefer trusted brands for assurance of quality and better after-sales services. Mahindra continues to lead the Indian tractor market with 40% share in calendar year 2022 followed by TAFE and Sonalika with 15% and 12% market share respectively.

India Off-highway Market Forecast, by Segment

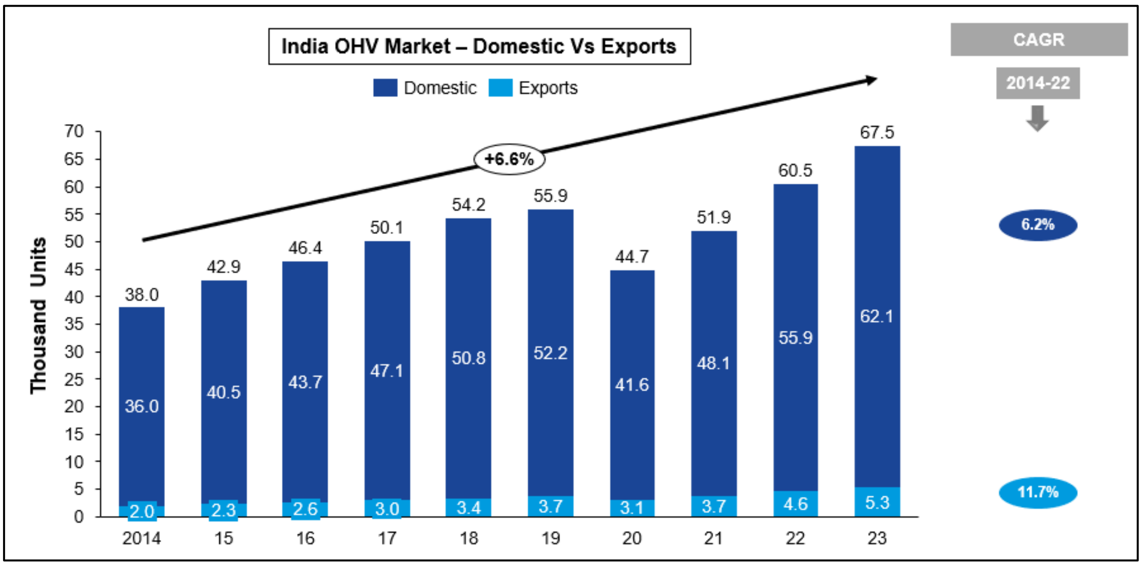
India's Off-highway vehicle market registered a growth of 6.6% CAGR from Fiscal 2014 to Fiscal 2023. A major contribution from the Crawler Excavator with a growth rate of 9.9% CAGR in the period Fiscal 2014 to Fiscal 2023 and the Backhoe Loader also experienced a growth of 5.3% CAGR from Fiscal 2014 to Fiscal 2023, driven by an increase in demand from the construction industry and infrastructure development.



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Financial Year

India's Off-highway vehicle market is expected to grow at a CAGR of 7.8% over the period Fiscal 2024 to Fiscal 2029. A major contribution is expected to be from Crawler Excavator with a growth rate of 8.7% CAGR in the period Fiscal 2024 to Fiscal 2029 and the Backhoe Loader also expected to experience a growth of 7.5% CAGR from Fiscal 2024 to Fiscal 2029. The demand for the off-highway vehicle sector in India looks set to remain positive due to due to rapid development in industrialization, urbanization and increase import-export activities.

India OHV Market – Domestic and Exports



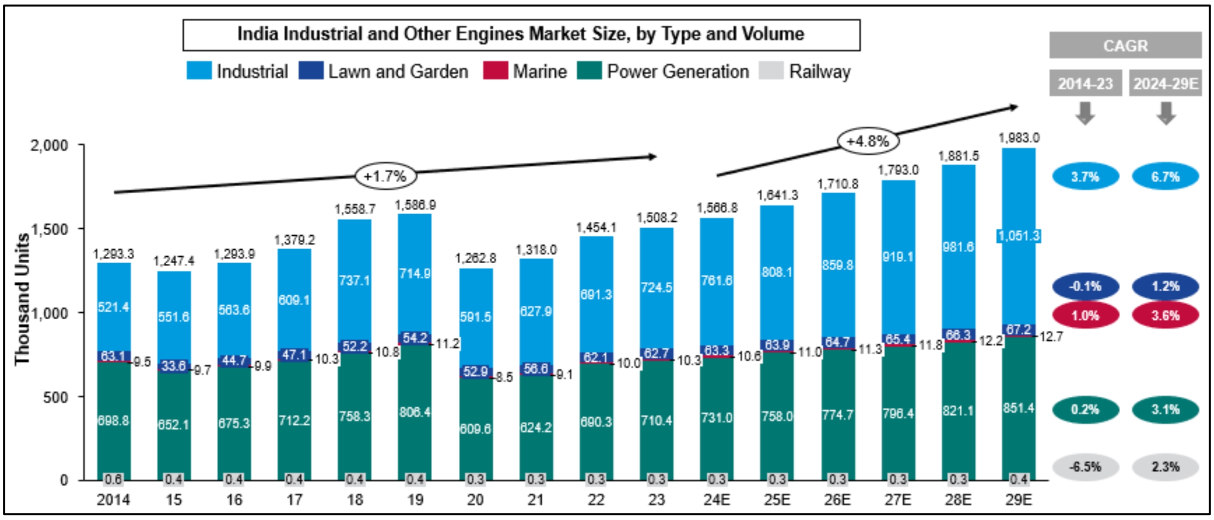
Source: Ricardo Analysis, Public Domain

Overall OHV sales saw a growth of 6.6% CAGR from Fiscal 2014 to Fiscal 2023. Domestic sales are contributing almost 92% in Fiscal 2023 out of total OHV sales and remaining 8% is exports. Domestic sales registered an overall growth of 6.2% from Fiscal 2014 to Fiscal 2023. Exports on the other hand saw a growth of 11.7% CAGR from Fiscal 2014 to Fiscal 2023.

With new CEV-IV emission standards now completely adopted by the Indian OHV industry, there are significant opportunities for Indian CE manufacturers to enter into developed markets which is further promoting OHV exports from India. Major construction equipment importing countries from India are US, Australia, Indonesia, Bangladesh, and Nigeria. US has registered the fastest growth in their import shipments from India.

India Industrial Engine Market

The Indian industrial engines market is expected to grow at a CAGR of around 4.8% during the forecast period Fiscal 2024 to Fiscal 2029, on account of increasing government funding in various infrastructure projects coupled with a rising industrial mechanization rate in the country.



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Financial Year

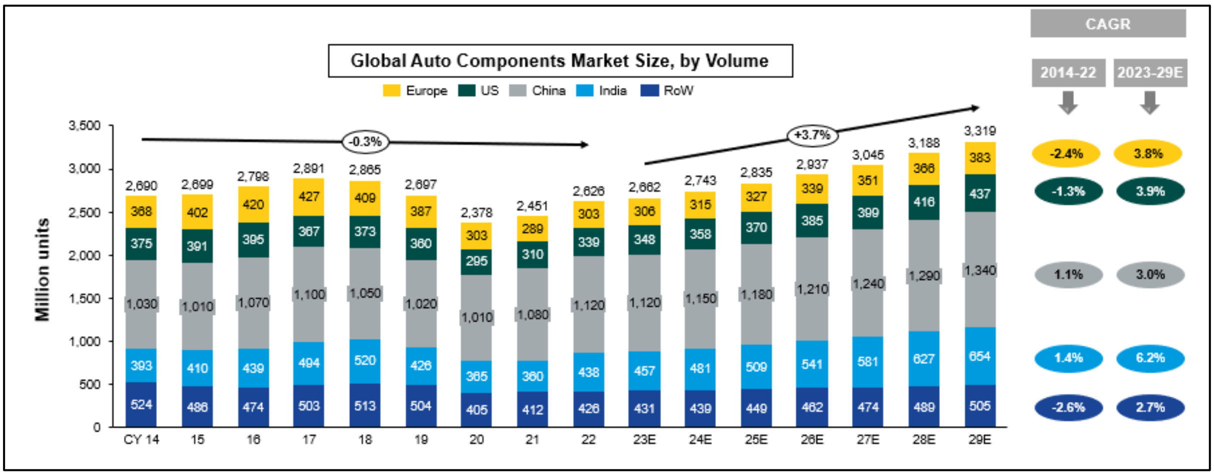
Major players operating in the Indian Industrial Engines Market include Mahindra & Mahindra Limited, Cummins India Limited, Kirloskar Oil Engines Limited, Caterpillar India Private Ltd and others, which includes players such as TATA Motors Ltd, Ashok Leyland Ltd, Perkins Engines Company Limited, and Greaves Cotton Limited.

The development of the power gensets industry is attributed to the need for a reliable and continuous power supply and the upgradations in technology. Indian engine manufacturers are expanding their presence in the global market. India has become a hub for engine exports due to cost competitiveness, skilled labour, and favourable government policies. The rising demand for Indian-made engines in international markets is contributing to the growth of the industrial engine in the country.

GLOBAL AUTOMOTIVE COMPONENTS INDUSTRY

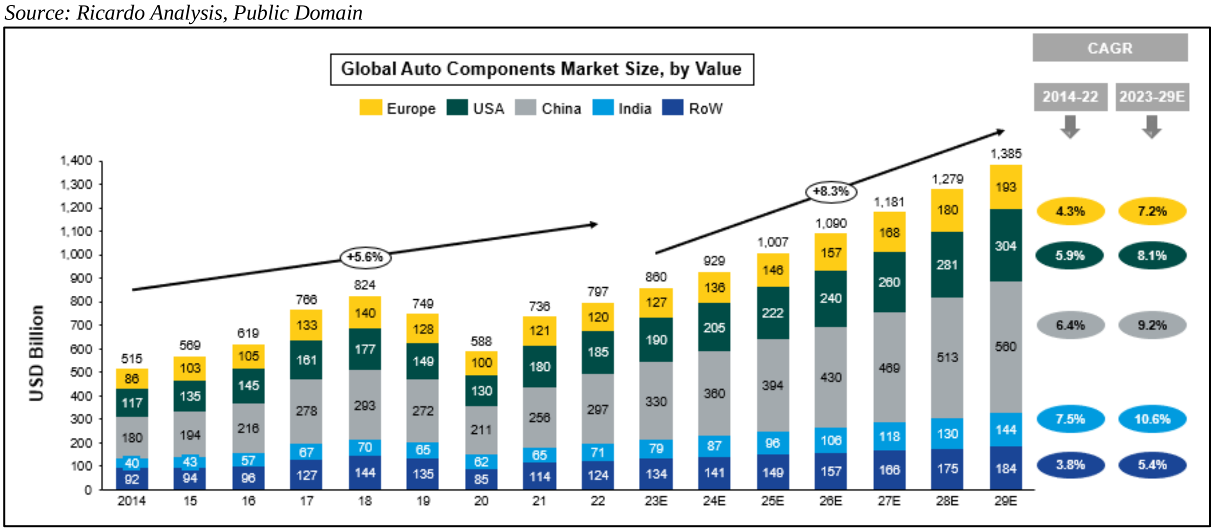
Global automotive components industry

Global Auto component market is expected to register a growth of 3.7% CAGR during the period calendar year 2023 – calendar year 2029 due to increase in demand for passenger cars and commercial vehicles coupled with increasing trend towards personalisation. Manufacturing of auto components is gradually gaining traction toward Asian countries such as China and India due to the presence of higher market potential and low-cost manufacturing. China accounts for 40 – 50% share in global auto component industry supported by strong exports and domestic sales in the market.



Source: Ricardo Analysis, Public Domain

Source: Ricardo Analysis, Public Domain

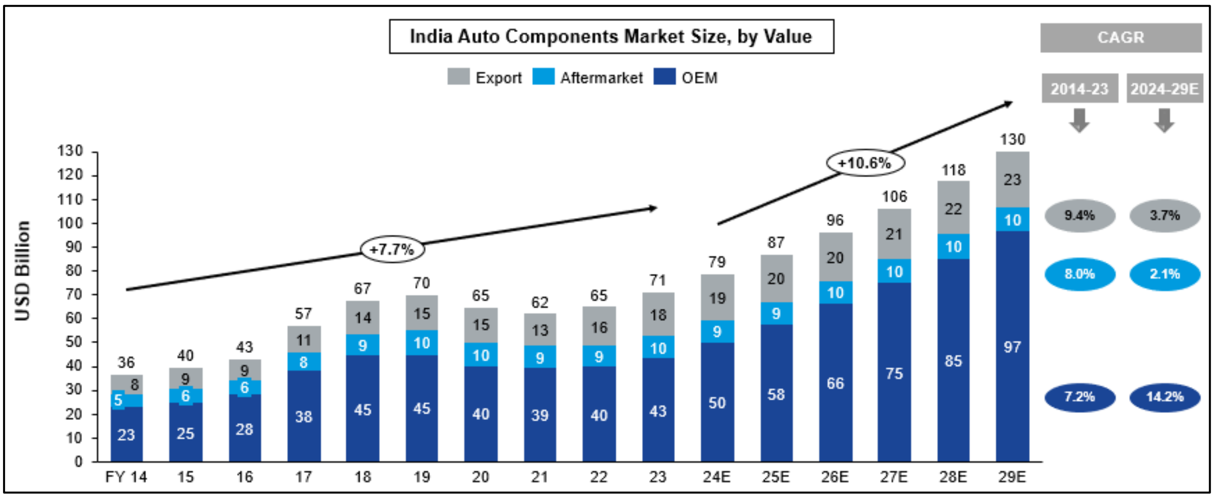


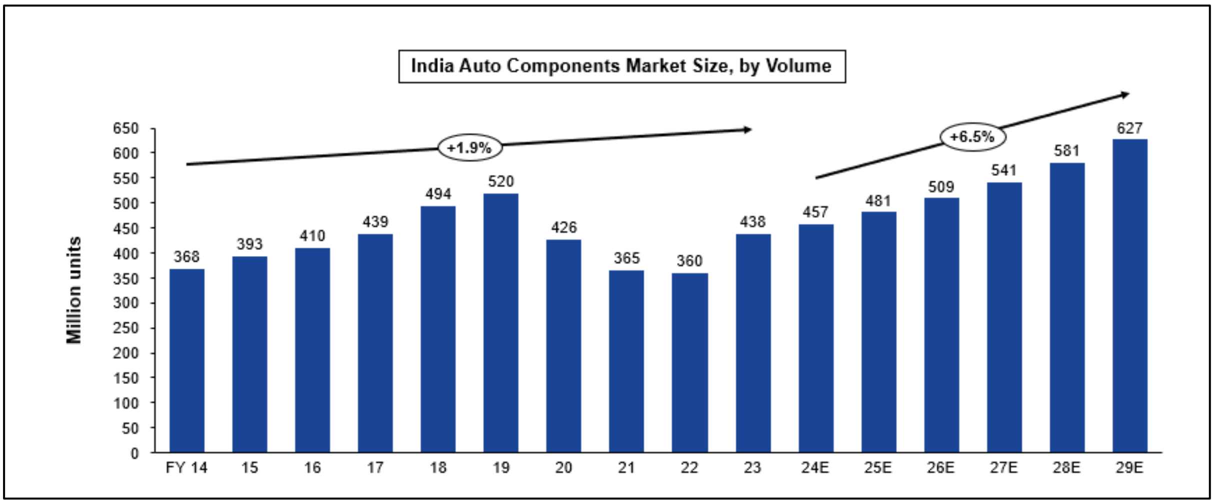
Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China and India are given as per financial year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014);

Auto components segments includes- Engine Components, Suspension & Braking, Drive Transmission & Steering, Electricals & Electronics, Body/Chassis/Biw, Consumables & miscellaneous (including rubber), Interior(non-electronics) and Cooling System

India automotive components industry

Turnover of India automotive components Industry registered a growth of CAGR 7.7% over the period Fiscal 2014 to Fiscal 2023 with maximum contribution from exports with growth of CAGR 9.4% between Fiscal 2014 to Fiscal 2023 supported by the fact that India has a competitive advantage in categories such as shafts, bearings, and fasteners due to large number of players which is resulting in higher exports. Aftermarket and supply to OEMs also registered a growth of 8.0% and 7.1% CAGR respectively due to cost effective manufacturing base in India which keeps cost lower by 10-25% relative to operations in Europe and Latin America. Additionally, the robust manufacturing ecosystem, the easy availability of skilled labour and key raw materials, and strong government incentive schemes to promote ‘Make in India’ are all contributing to India’s emergence as a global manufacturing hub.

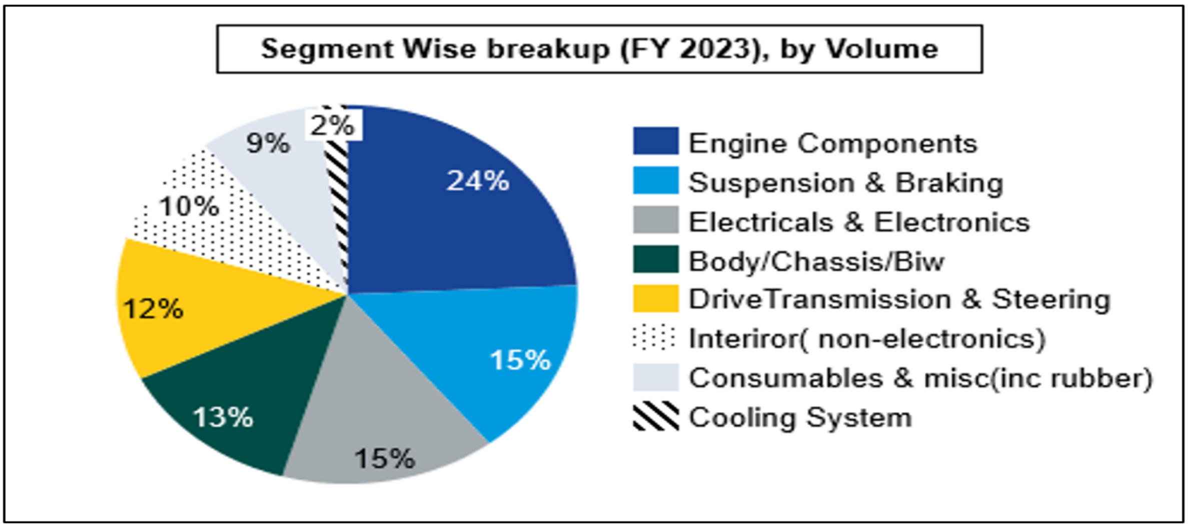




Source: Ricardo Analysis, Public Domain; Note: E-Estimated: India is given as per financial year

Auto component market turnover is expected to show a significant growth of 10.6% CAGR in period Fiscal 2023 to Fiscal 2029 supported by increasing demand and government policies such as allowance of 100% FDI under the automatic route in the sector and Production Linked Incentive scheme for auto and auto components, which is expected to bring a capex of around US$ 9.58 billion by Fiscal 2029.

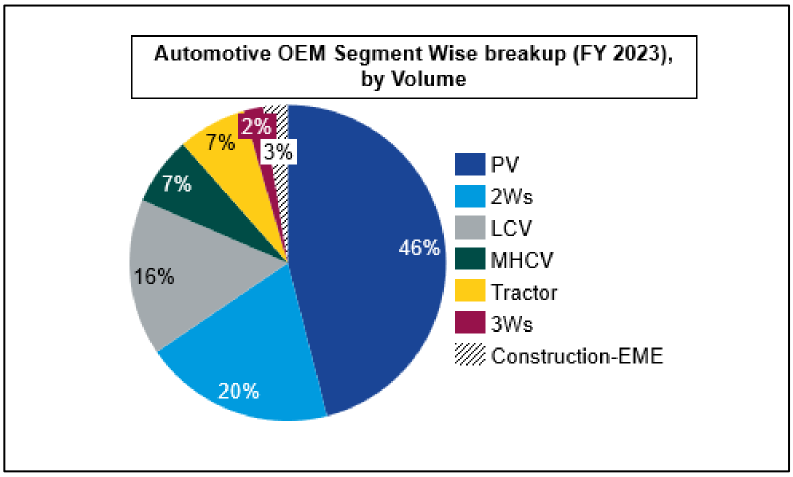
India auto components split by major categories



Source: Ricardo Analysis, Public Domain

The market is majorly dominated by engine components with 24% share followed by suspension, electricals and electronics with 15% share each respectively. Engine component manufacturing is technology- and capital-intensive in nature, which acts as an entry barrier especially for smaller players and the unorganised segment. Engine components comprises of majorly pistons, engine valves, carburettors, fuel injection systems, camshafts, crankshafts, connecting rod, and rocker arm.

India auto components split by OEM segment



Source: Ricardo Analysis, Public Domain

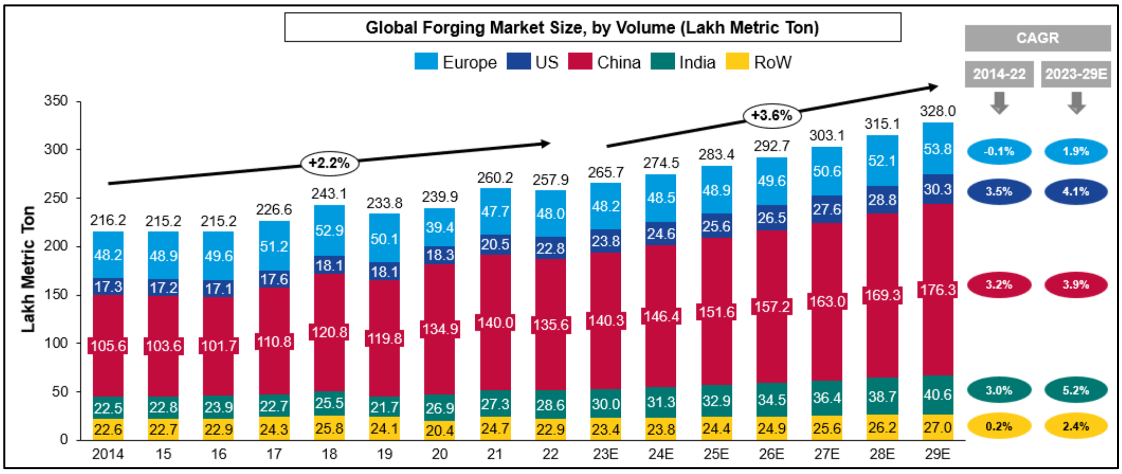
India's auto components sector is majorly dominated by the passenger vehicle segment with 46% share as this sector itself is largest in terms of sales and production, followed by Commercial vehicle (LCV + MHCV) segment and two-wheeler segment with 23% and 20% share respectively.

FORGING INDUSTRY

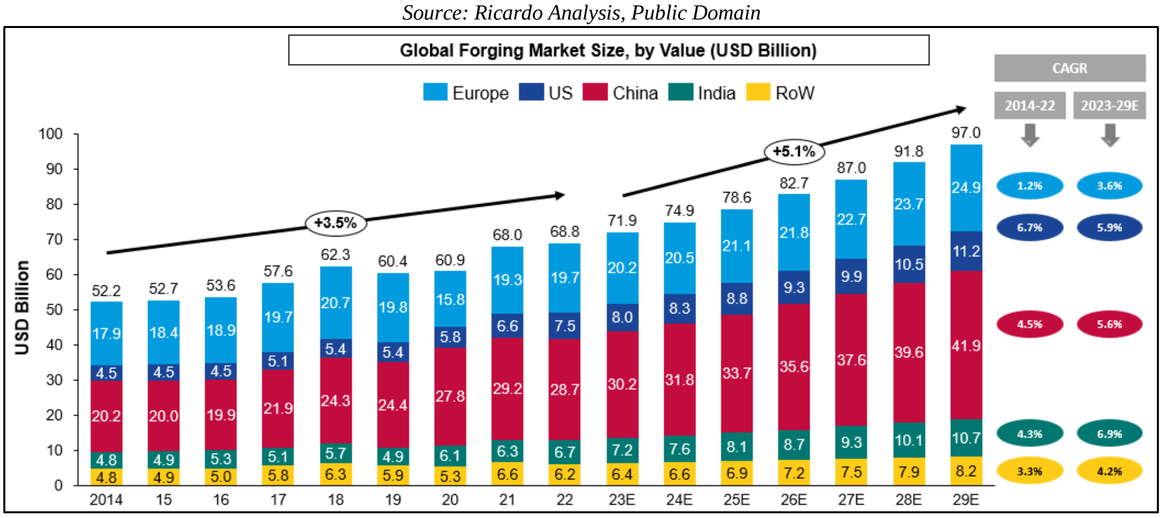
Forging is a manufacturing process involving the shaping of a metal using compressive, localized forces delivered through hammering, pressing, or rolling. These compressive forces are delivered with a hammer or die. Forging is often categorized according to the temperature at which it is performed—cold, warm, or hot forging. The basic concept is that the original metal is plastically deformed to the desired geometric shape giving it higher fatigue resistance and strength. Some of the common materials used for forging are carbon steel, alloy steel, micro alloy steel, stainless steel, aluminium, and titanium.

Many automotive and non-automotive components are manufactured using forging process. In automotive and truck applications, forged components are commonly found at points of shock and stress. Cars and trucks may contain more than 250 forgings, most of which are produced from carbon or alloy steel. Forged engine and powertrain components include connecting rods, camshafts, crankshafts, transmission shafts and gears, differential gears, drive shafts, clutch hubs, universal joint yokes and crosses pinions, gears, rocker arms. Non-automotive applications are vast and some of them are valves and fittings used in oil and gas fields, stationary and shipboard internal combustion engine components, materials handling systems, conveyors, chain-hoist assemblies etc. The forging and machining market in the oil and gas industry is expected to grow in the coming years. The oil and gas industry requires a variety of forged and machined components such as valves, pumps, and drilling equipment.

Global Forging Market



Source: Ricardo Analysis, Public Domain



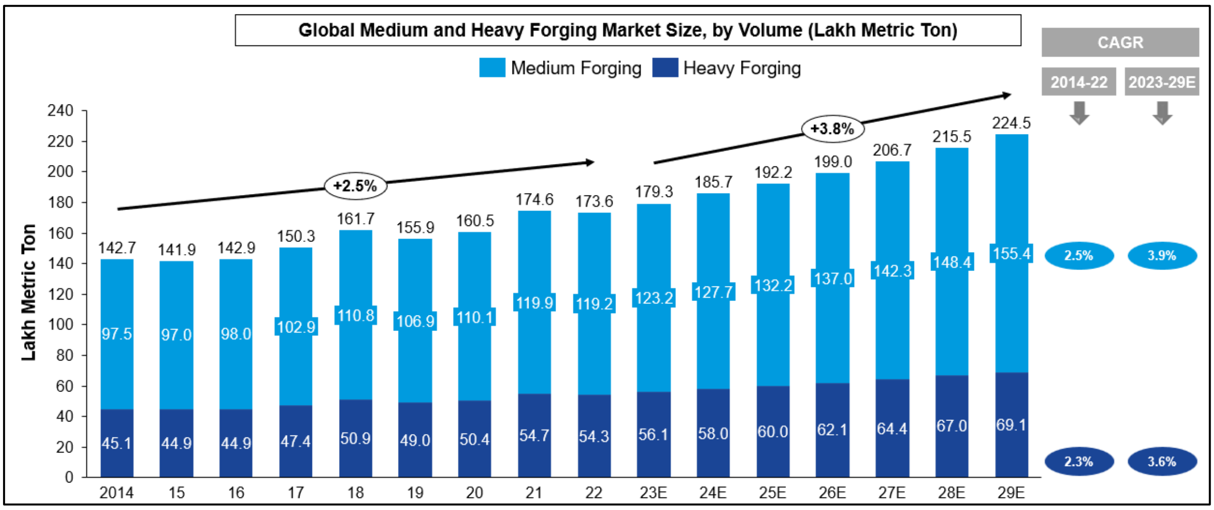
Source: Ricardo Analysis, Public Domain

Note: E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China and India is given as per Calendar year (Fiscal 2015 India market size is mentioned in global calendar year 2014).

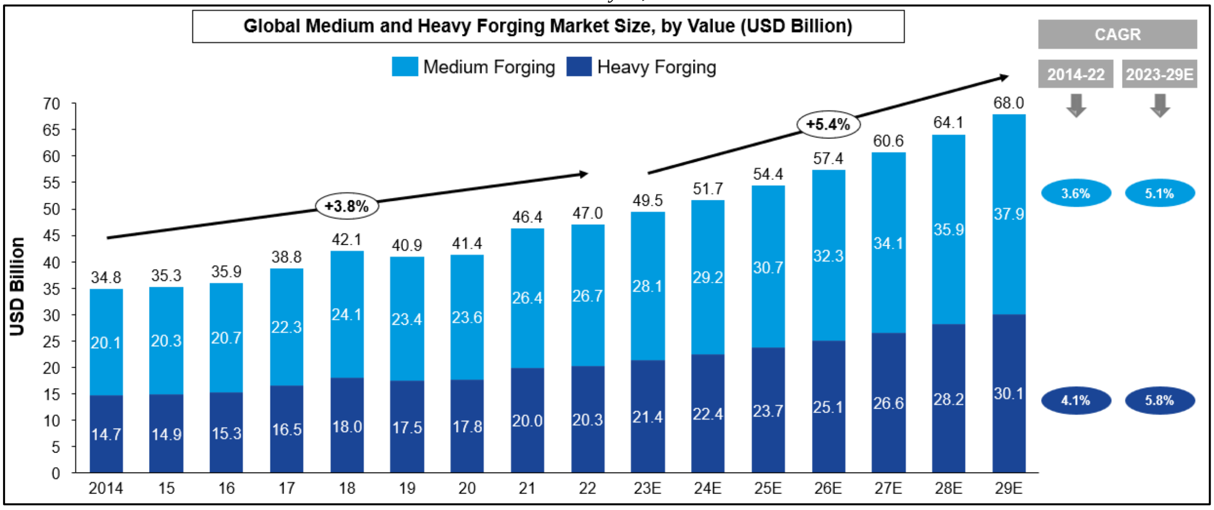
Production data has been considered for market sizing; Forging market size includes analysis of forged component from automotive, farm equipment, off highway Industrial and other segments, others include the following segments– manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

The forging industry market size was about 216.2L MT in calendar year 2014 (US$ 52.2 billion) and increased gradually until calendar year 2018 to become 243.1L MT (US$ 62.3 billion) where highest volumes of automotive was registered in the given timeline. Ricardo estimates that from a 257.9L MT (US$ 68.8 billion) market in calendar year 2022, it would grow to a 328L MT (US$ 97 billion) market by calendar year 2029 with a CAGR of 3.6%. In Europe, there is some decline in the trend due to economic slowdown pertaining to geopolitical threats, supply shock triggered by raise in oil prices, but it would grow from 48L MT market in calendar year 2022 to 53.8L MT market in calendar year 2029 with slow growth until calendar year 2025 where stabilisation of European economy is expected. India would see a steady growth and volume would increase by 141%, 28.6L MT in calendar year 2022 to 40.6L MT in calendar year 2029 owing to government's PLI scheme on automotive where a capex of US$ 9.58 billion is expected in phases before calendar year 2028.

Global Forging Market, by Medium and Heavy Forging



Source: Ricardo Analysis, Public Domain



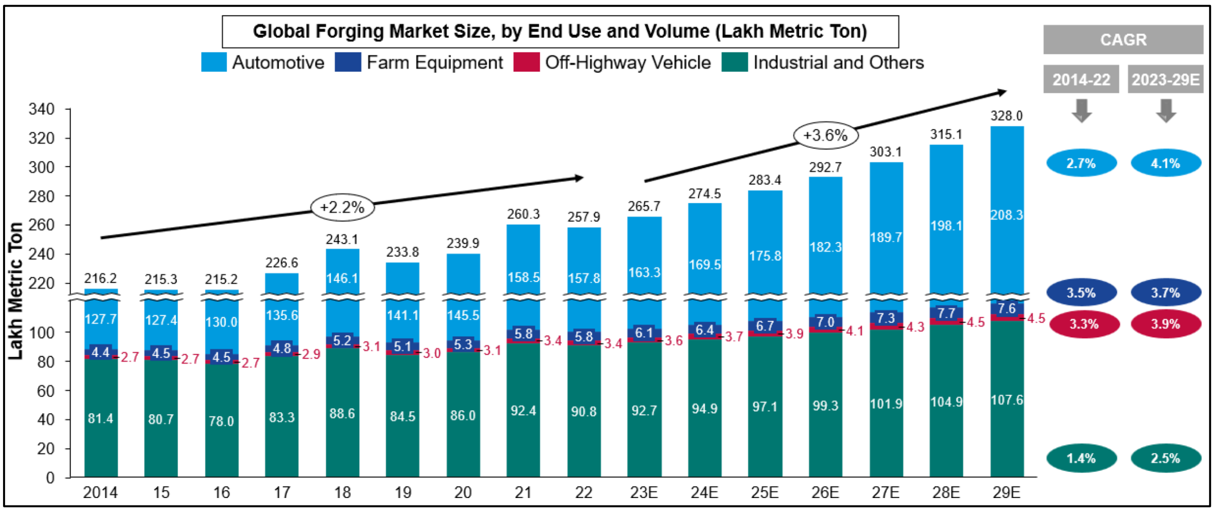
Source: Ricardo Analysis, Public Domain

Note: - E-Estimated; Data is given as per Calendar Year; Production data has been considered for market sizing; Medium forging components weigh varying between 10 kg to 50 kg and Heavy forging components weigh above 50 kg;

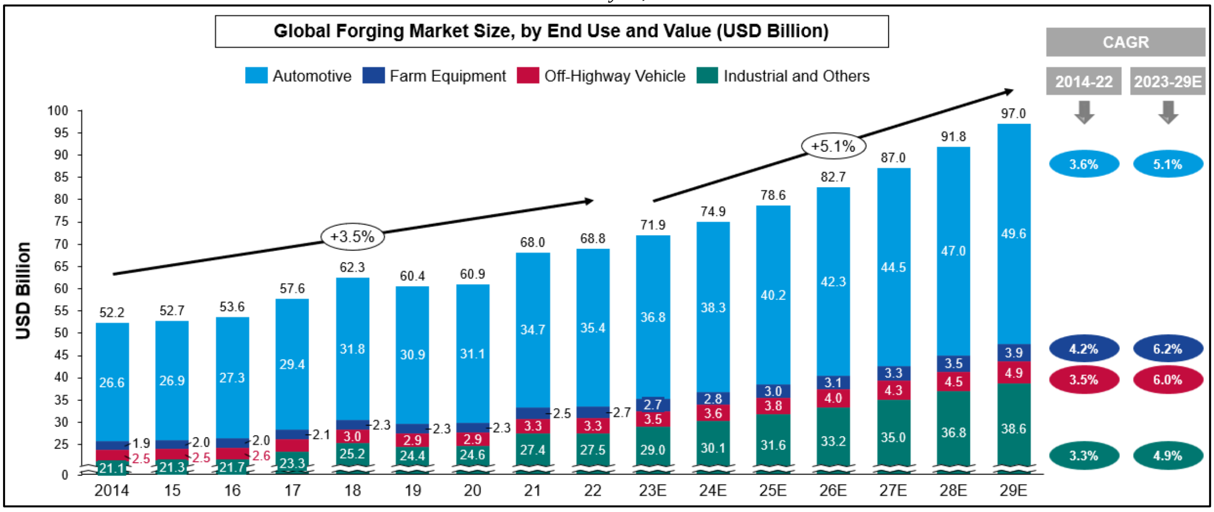
Forging market size includes analysis of forged component from automotive, farm equipment, off highway Industrial and other segments. Others include the following segments– manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

The Medium and Heavy Forging market globally, accounted for 67% of the total forging market by volume and 68% by value as of calendar year 2022. As of calendar year 2022, within the forging market about 119.2L MT (US$ 26.7 billion) comes from medium forged components while heavy forged components contribute 54.7L MT (US$ 20.3 billion). There was slump in demand due to halt in production during calendar year 2020. The market again started growing from calendar year 2021 where the market size increased to 174.6L MT (US$ 46.4 billion), the rise in demand for passenger vehicles triggered requirement of medium forged components and the resumption of global mining operations demanded heavy forged components. The market is expected to grow to of 224.5L MT (US$ 68 billion) by calendar year 2029 with a CAGR of 3.8%.

Global Forging Market, by End Use



Source: Ricardo Analysis, Public Domain

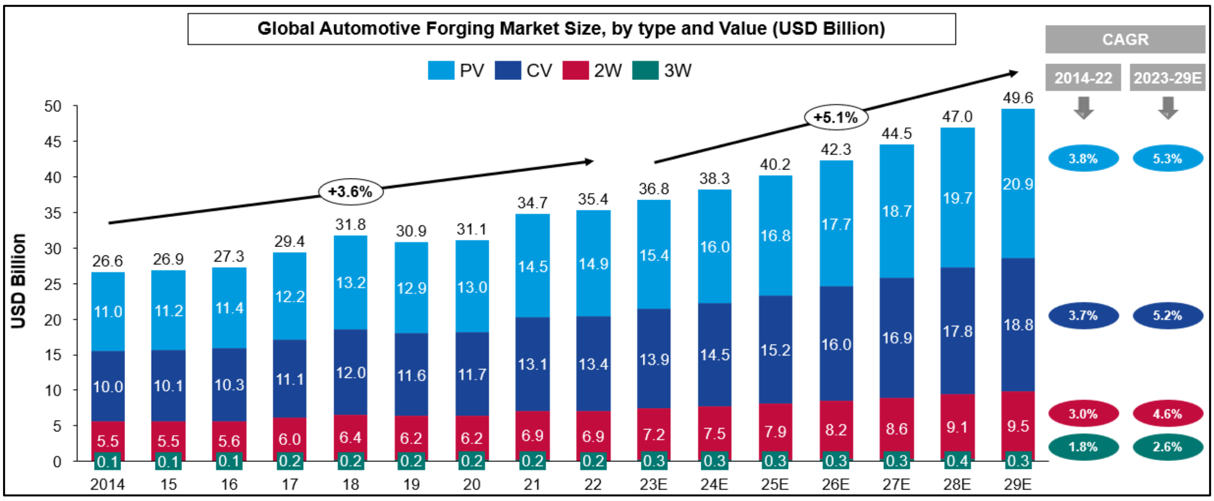


Source: Ricardo Analysis, Public Domain

Note: E-Estimated; Data is given as per Calendar Year; Production data has been considered for market sizing; Industrial and Others include industrial, lawn and garden, marine, power generation and railway. Others include the following segments– manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

The automotive sector holds about 61% of forged components market share globally by volume as of calendar year 2022. In terms of value, automotive sector contribution to forged components was about US$ 35.4 billion in calendar year 2022 and it is estimated to grow as US$ 49.6 billion market in calendar year 2029 with a CAGR of 5.1%. The automotive forging market is expected to grow to 208.3L MT by calendar year 2029 with rise in demand of automotive globally backed by rise in global working population. The value of forged components in farm equipment sector is expected to grow fastest with a CAGR of 6.2% to US$ 3.9 billion in calendar year 2029. The industrial sector is undergoing a steady growth with investments in infrastructure by China, India and Southeast Asian countries and global supply chain re-alignments to move manufacturing to lower cost locations.

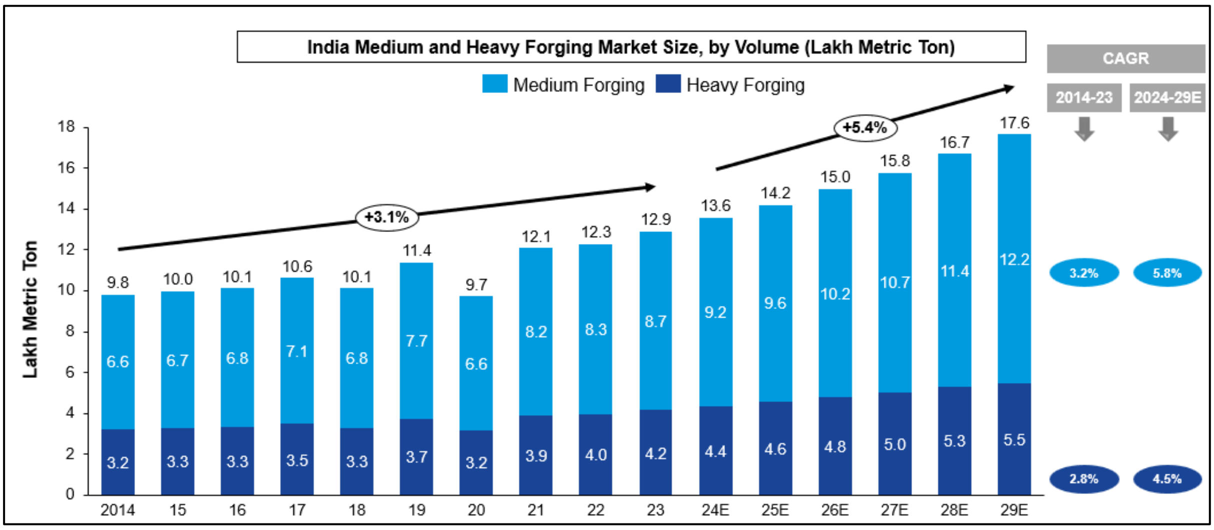
Global Automotive Forging Market, by Type

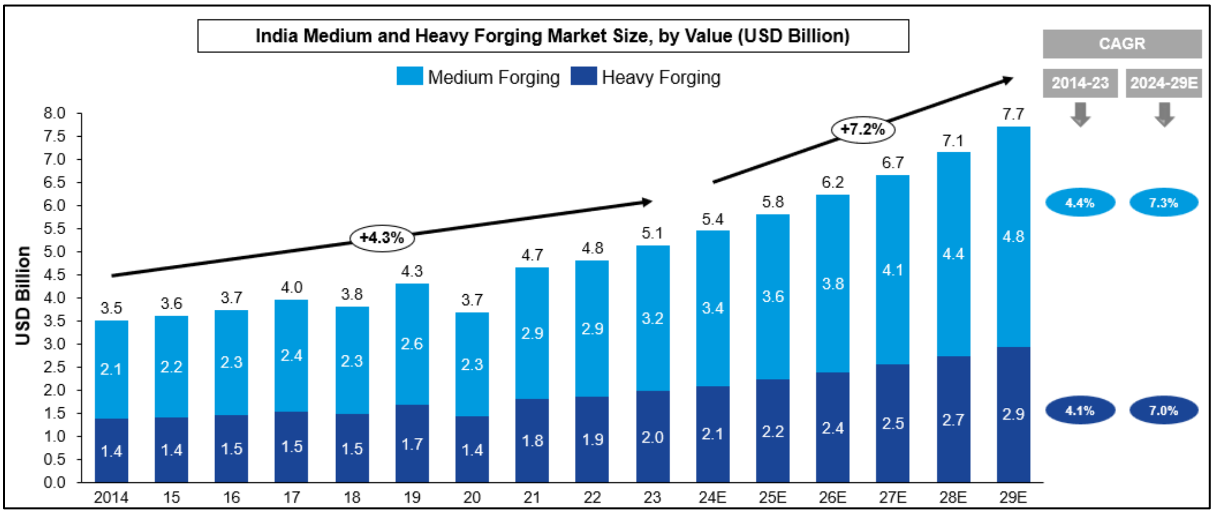


Source: Ricardo Analysis, Public Domain; Note: - E-Estimated; Data is given as per Calendar Year; Production data has been considered for market sizing.

The forging market in automotive sector is dominated by PV and CV by value. As of calendar year 2022 PV contributes approximately 42%, followed by CV with approximately 38% and 2W in third place with approximately 19% of overall share by value. As illustrated, the rise in demand for automotives would expand the market size to US$ 49.6 billion with a CAGR of 5.1% by calendar year 2029.

India Forging Market

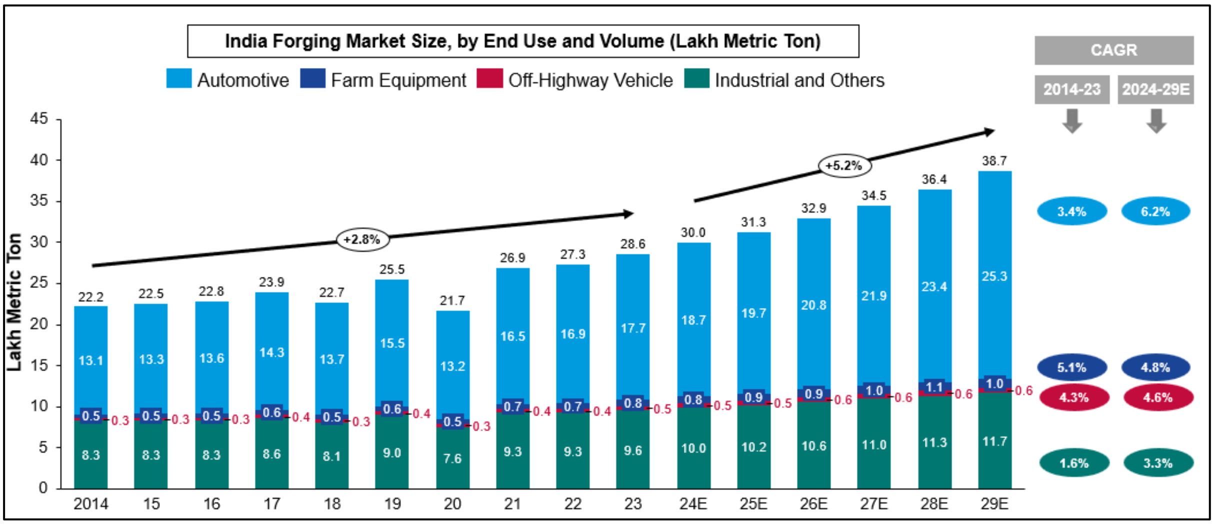


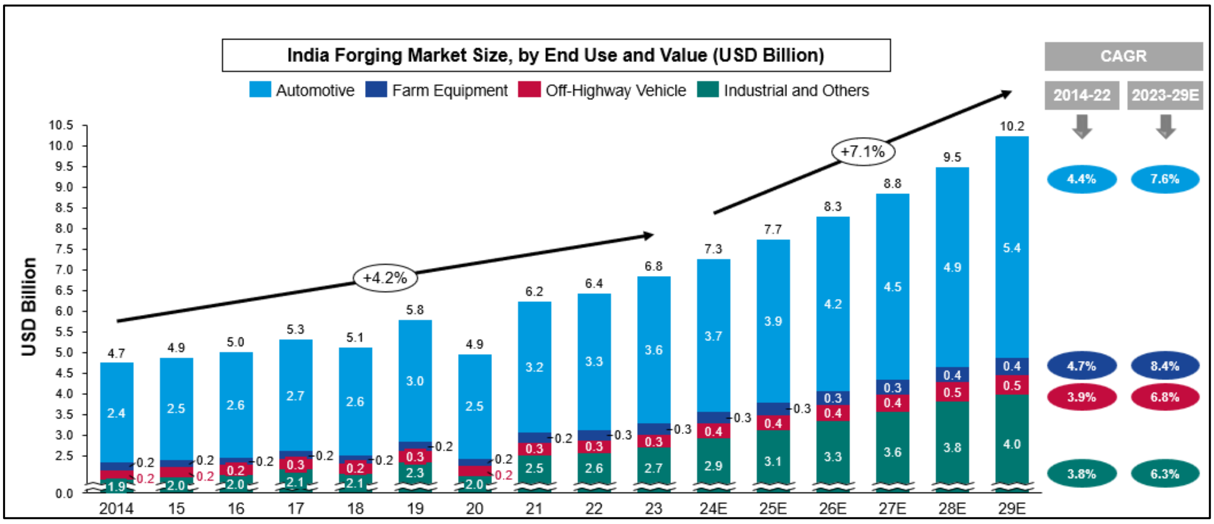


Source: Ricardo Analysis, Public Domain
Note: E-Estimated; Data is given as per Financial Year; Production data has been considered for market sizing; Medium forging components weigh varying between 10 kg to 50 kg and Heavy forging components weigh above 50kg;
Forging market size includes analysis of forged component from automotive, farm equipment, off highway Industrial and other segments, others include the following segments. – manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

As of Fiscal 2023, within the forging market about 8.7L MT (US$ 3.2 billion) comes from medium forged components while heavy forged components contribute 4.2L MT (US$ 2 billion). The Medium and Heavy Forging market in India, accounted for 45% of the total Indian forging market by volume and 76% by value as of Fiscal 2023. The market experienced steady growth until Fiscal 2019 with growth in infrastructure, developments in road transport and sales of passenger vehicles within India. The market by volume is expected to reach a size of 17.6L MT (US$ 7.7 billion) by Fiscal 2029 with a CAGR of 5.4%.

India Forging Market, by End Use

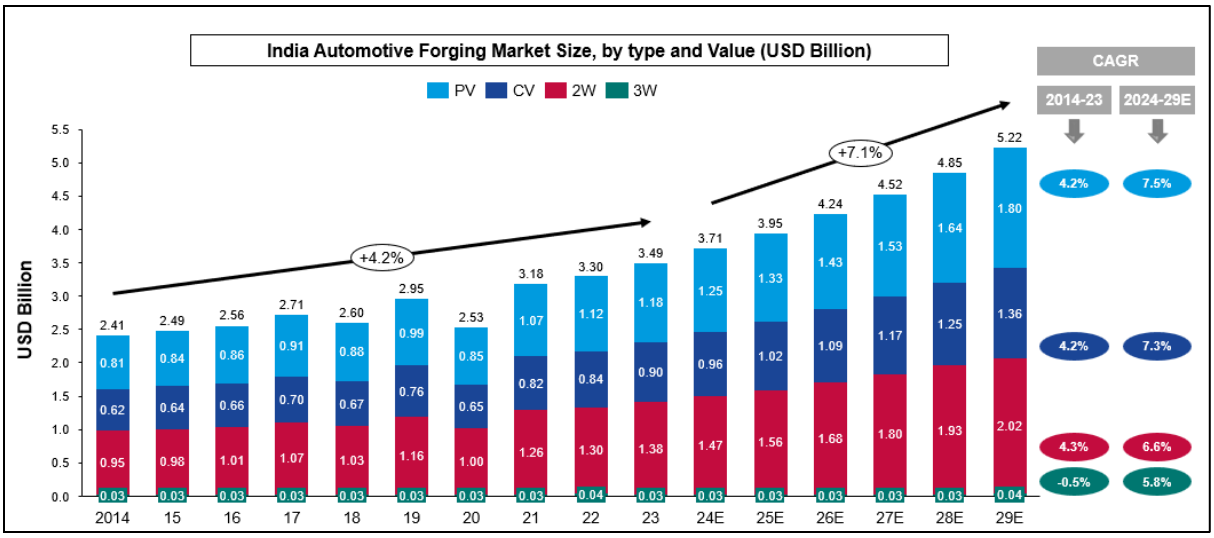




Source: Ricardo Analysis, Public Domain
Note: - E-Estimated; Data is given as per Financial Year; Production data has been considered for market sizing; Industrial and Others include industrial, lawn and garden, marine, power generation and railway. Others include the following segments– manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

As of Fiscal 2023, the automotive sector holds about 61.8% forged components market share within India. In terms of value, automotive sector contribution to forged components was about US$ 3.6 billion in Fiscal 2023 and it is estimated to grow to US$ 5.4 billion in 2029 with a CAGR of 7.6%. The market is expected to grow to 38.7L MT (US$ 10.2 billion) by Fiscal 2029 with rise in demand of automotives backed by rise in working population and increase in per capita income. The value of forged components in farm equipment sector is expected to grow fastest with a CAGR of 8.4% to US$ 0.4 billion in Fiscal 2029. The industrial sector is expecting a boom with the automotive PLI scheme expecting to attract investments of ₹748.50 billion in the next five years.

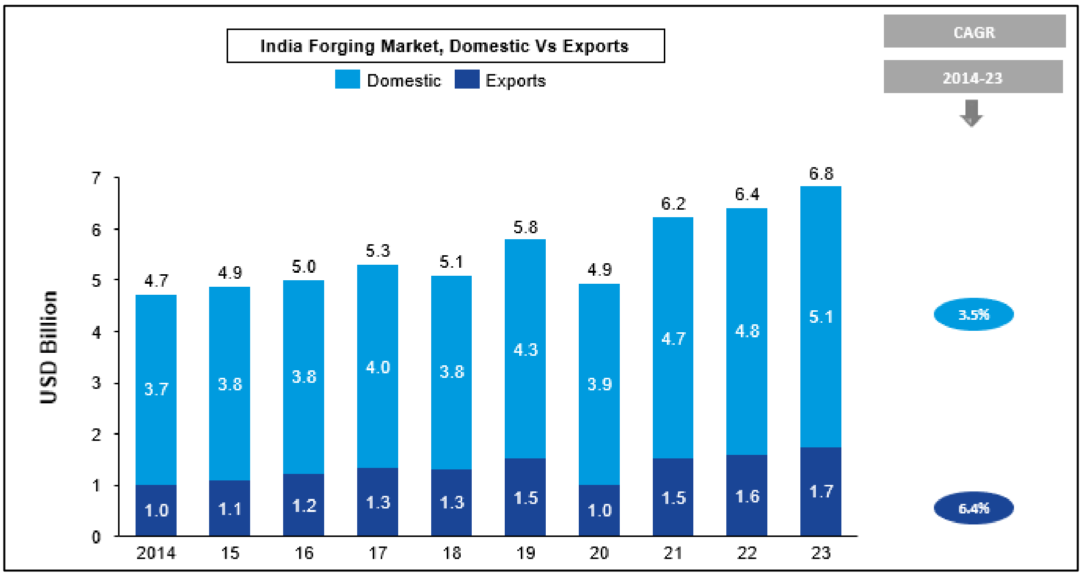
India Automotive Forging Market, by Type



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated; Data is given as per Financial Year; Production data has been considered for market sizing.

As of 2023 2W contributes approximately 9%, followed by PV with approximately 33% and CV in third place with approximately 25% of overall share by value. As illustrated earlier, the rise in demand for automotives would expand the market size to US$ 5.2 billion in Fiscal 2029 with a CAGR of 7.1%. The rise in volumes of PV and CV will boost demand for medium and heavy forged components within India.

India Forging Market, Domestic and Exports



Source: Ricardo Analysis, Public Domain; Note: E-Estimated; Data is given as per Financial Year; Production data has been considered for market sizing.

India contributes to about 5% of global forged components export. All time high exports were registered in Fiscal 2023. India exports about US$ 1.5 billion worth of forged components primarily to North America and European regions each year post Fiscal 2020 consistently. Exports vary from 21% to 25% of total production volume in the country. Indian exports stood strong even during the dip period Fiscal 2020 and would steadily increase hereafter as India is emerging as a global hub for auto components sourcing.

Nature of Forging process and its complexities

Press forging may be defined as the process of shaping a metal that is placed between two dies by applying mechanical or hydraulic pressure. Press forging is usually done on a forge press - a machine that applies gradual pressure on the forging dies. The shape of the metal is usually accomplished by a single stroke of the press for each die station.

Screw presses and hydraulic presses are most popular for aerospace and medical applications of aluminium, titanium, and nickel-based superalloys. Inherently a 2000T capacity hydraulic forging press would cost around ₹15 million, as the capacity increases the cost of building these machines would increase exponentially. Moreover, they require lot of space within the facility while the maintenance and operating costs would be 87% more as the capacity tonnage doubles and it demands periodic die maintenance and replacements to maintain precision. These factors greatly influence the players who are venturing into heavy forging since it requires a lot of capital investments to commission a large complex sophisticated forging machinery coupled with high lead time in procurement.

The Indian forging industry is well recognised globally for its technical capabilities. With an installed capacity of around 38.5 Lakh MT, Indian forging industry has a capability to forge variety of raw materials like carbon steel, alloy steel, stainless steel, super alloy, titanium, aluminium and so forth, as per the requirements of user industry. Over the years, the Indian forging industry has evolved from being a labour-intensive industry to capital-intensive manufacturing sector. Based on their installed capacity, the forging units may be classified as very large (capacity above 75,000 MT), large (capacity above 30,000 to 75,000 MT), medium (capacity above 12,500 to 30,000 MT), small (capacity above 5,000 to 12,500 MT) and very small (capacity up to 5,000 MT). Based on this classification it is seen that about 83% of the total number of units are small and very small, 9% make up the medium sized units, 6% constitute to large units while only 2% can be categorized as large units.

The forging industry faces several challenges that create high barriers to entry, including (i) lengthy customer and product approval processes, (ii) the need for various certifications prior to product development, (iii) difficulty in acquiring new customers without existing relationships, (iv) the importance of implementing and sustaining quality systems and meeting customer requirements, (v) managing customer relationships and logistics and (vi) global industry leaders are highly selective in qualifying new suppliers with respect to critical products given the high costs and risks of switching suppliers, especially where product reliability is critical. Additionally, precision product manufacturing is a capital-intensive business that involves complex technology, machinery, and systems, which further act as barriers to entry.

In a passenger vehicle the powertrain holds about 60% of major parts manufactured by forging and only 20% of chassis parts made by forging which constitutes to about 29% of overall input costs. Similarly, in a commercial vehicle while the powertrain parts remain the same percentage but the number of forged components in chassis system is about 55%, this makes up a total of 53% of input costs. For a tractor the percentage of forged components is about 65% and it makes up to about 60% of input costs.

OEM Trends and Key Players

In recent years, OEMs tend to outsource the forged components instead of producing them in-house to lower the operating costs, inventory costs, loss during downcycle and assigning responsibility of maintaining critical to quality, process and safety parameters to the suppliers which greatly reduces the strain on their internal organization performance. The OEMs tend to establish a clear quality policy which greatly benefits them from losses due to rejections. As per Ricardo analysis, a major US based off-highway OEM has already outsourced 60% of its forged components to its suppliers. Similarly a major German based commercial vehicle OEM has outsourced 53% of its forged components globally. The industry shift towards JIT (*Just in Time*) had been the key driver for outsourcing of components to suppliers. The suppliers have an advantage of having flexible capacities and support different OEMs at the same time by utilizing their lines to maximum capacity.

Global Supply Chain

Germany is the top exporter of forged components which is followed by China, USA, France, and India while major importers are USA, Mexico, Italy, Spain, and Turkey. India shares about 5% of global forged components exports and has key potential to overcome USA in the line-up as India is the second largest steel producer globally and has the capability to act as a cost-effective manufacturing base that keeps costs lower by 10% to 25% relative to operations in Europe and Latin America.

Key Opportunities for Forgings in Non-Automotive and Industrial Sectors

Aerospace - The production of commercial aircraft is rising due to the increase in population and trade. An average commercial aircraft contains almost 450 structural forged parts and numerous forged engine parts. Forged parts are preferred for aircraft building, as it has good strength to weight ratio. Additionally, forged parts have proven to withstand fluctuating temperature and atmospheric pressure at different heights.

Nuclear Power - The nuclear power industry uses forged metal parts for reactors, nuclear waste storage, and raw material & waste transport. Forged parts are used for manufacturing of pressure vessels. Many machines in the nuclear power industry use forged components, as they are put under high temperature and pressure. This, in turn, is driving the forging market. Rise in the use of nuclear power instead of conventional power sources is driving the forging market.

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

Power - The global market for power generation is expected to grow at a significant rate due to the increasing demand for reliable backup power solutions in various industries such as healthcare, telecommunications, and manufacturing. The power generation industry requires a variety of forged and machined components such as engine blocks, cylinder heads, crankshafts and generators. Forged power transmission components are used in critical load and safety applications to provide the longest possible product life and to reduce the risk of failure. Components include forged braking yokes, steering components, input/output shafts, shifting forks, dogs & pawls, driveshaft yokes, axles, collars, pinions, spindles, input/output shafts, and clutch hubs, among other things.

Wind Turbine - The wind turbine gearbox consists of multiple key components. The planetary gears, planetary carrier, pinion shaft, ring gears, differential gears are forged and machined while the housing are casted to suitable dimensions.

Defence - The defence industry is a significant consumer of forging and machining components, with applications ranging from small parts used in firearms to large parts used in military vehicles and aircraft. Forged components are found in every implement of defence, from rifle triggers to nuclear submarine drive shafts. Heavy tanks, missiles, armoured personnel carriers, shells and other heavy artillery are common defence-related applications of forged components.

Renewable Energy – Forgings are an essential component in the renewable energy industry, as they provide the strong, durable parts needed to support renewable energy systems. Quality forgings are especially important in this sector, as they ensure that the parts used in the system can withstand the harsh conditions associated with renewable energy production and operation. Hydro power plants use forged components like Rotors and Wind power plants use forged components like shafts and gearbox.

Key Trends and Growth Drivers

Export Potential – Impact of China

Most Chinese forging companies are small and medium-sized. High costs of forging machinery and low profits have hindered technological progress and innovation in the past four years. Moreover, stricter requirements from the Chinese government on energy saving, light weighting and environmental protection add a heavy burden. Since the depression began in 2011, many producers are struggling to survive or grow because production capacity for normal product far exceeds real demand. Forging Industry in China is facing shortage of technical forging engineers and workers due to rapid expansion of the country and shrinking working population. Also, the changing geopolitical climate and the anti-China sentiment globally is leading to companies moving away from sourcing from China and looking for other alternatives. This global supply chain realignment presents a huge opportunity for India which is a lower cost centre in terms of manufacturing due to low labour cost and production cost.

Export Potential – Impact of Europe

Due to the energy crisis in Europe, rising power and production costs are some of the major issues being faced by European component manufacturers. The energy crisis in Europe is due to gas supply cut-off by Russia due to Russian aggression on Ukraine which creates a big opportunity for India to export forged and other high precision auto components to European OEMs, as India can act as a low-cost manufacturing alternative. The European market also provides significant opportunities for growth for Indian component manufacturers as key European suppliers of traditional critical engine parts are witnessing significant cost pressures due to a shift in business from internal combustion engines to electric vehicles. The demand for internal combustion engine ("**ICE**") components are increasingly shifting to India as several tier one suppliers in developed regions like Europe and U.S. have discontinued investing in the ICE design and development due to the plan of the OEMs to transition towards EVs. This will further create opportunity for ICE engine components exports to Europe and US from India.

Role of light weighting and aluminium in forging

The use of lightweight materials is a growing trend in various industries. The automotive industry, in particular, is driving this trend due to the increasing demand for fuel-efficient vehicles. The aerospace and defence industries are also adopting lightweight materials to improve performance and reduce costs. This trend is likely to continue in the future as there is a growing emphasis on sustainability and energy efficiency.
Aerospace and automotive sectors are the two of the largest end-users of aluminium forging, In the aerospace sector, aluminium forging is used to manufacture airframe components, landing gears and engine parts, rise in need for lightweight components and increase in focus on fuel efficiency is expected to drive the growth for aluminium forging. In the automotive sector, aluminium forging is employed to manufacture suspension components, engine parts like connecting rod, camshaft and crankshaft and all transmission systems. Surge in demand for electric and hybrid vehicles is projected to drive demand for aluminium forging in the automotive sector.

In terms of specific materials, aluminium components are valued for their high strength-to-weight ratio, resistance to corrosion, and thermal conductivity. These properties make them ideal for use in many applications, including automotive, aerospace, and defence. For example, in the automotive industry, the use of aluminium components can significantly reduce the weight of vehicles, thereby improving fuel efficiency and reducing emissions. In the aerospace industry, the use of aluminium components can improve the performance of aircraft by reducing weight and increasing fuel efficiency. In many industries like defence, oil and gas, railways and other industrial applications, the use of aluminium components can help reduce the weight of equipment and vehicles, making them more agile and easier to transport.

Impact of alternate fuel types / powertrains on heavy forged components.

- **Impact of Electric Vehicles on heavy forged components:** The impact of electric vehicles is negligible on the heavy forged components because the commercial vehicle, off-highway vehicle and farm tractors are heavy duty applications which require high battery and power requirements, have range limitations, high upfront costs and different operating requirements compared to passenger vehicles. The electrification for these vehicle types is still in early stages and internal combustion engines will be prevalent for these industries which require forging components.

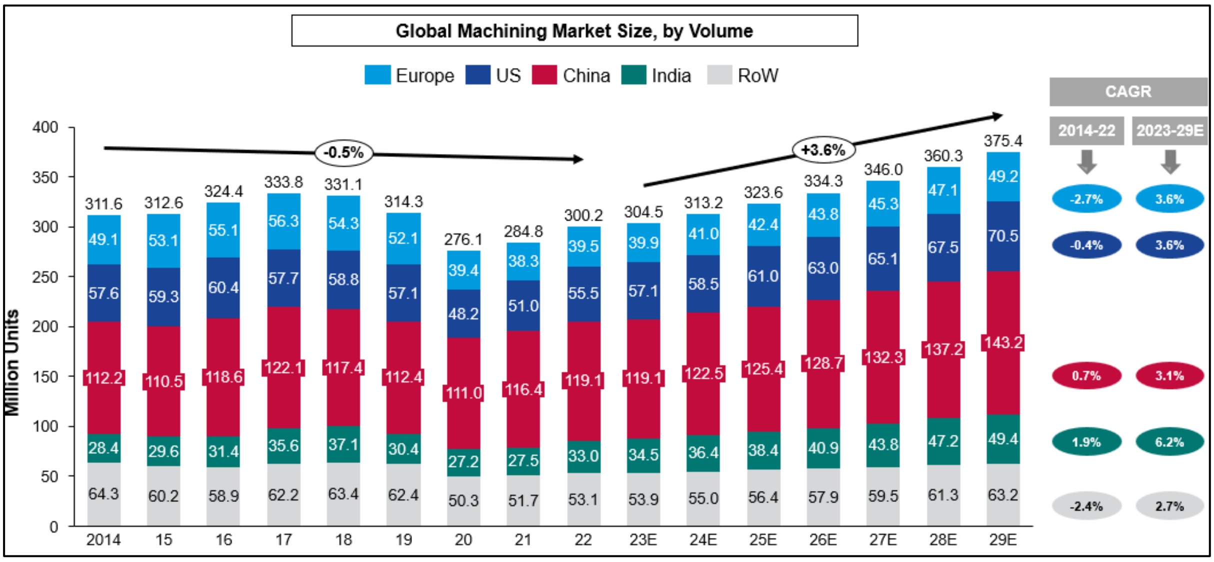
- **Impact of Hydrogen, LPG and CNG vehicles on heavy forged components**: Four-stroke hydrogen internal combustion engines ("**Hydrogen ICE**") applicable to commercial vehicle operate on the same cycle as regular natural gas engines and have almost the same components including engine block, crankshaft, cylinder heads, ignition system and installation parts. Diesel engines and hydrogen engines also share similar components. These include an engine block, crank, and installation parts such as mounts and flywheel housings. In the Hydrogen ICE, the 5Cs of an engine which are Connecting Rod, Crankshaft, Camshaft, Cylinder Block and Cylinder Head will be continuously used, as it is being used currently in the conventional engines. The conclusion of the analysis is that Hydrogen, LPG and CNG are the fuel alternatives to Gasoline and Diesel to reduce the carbon footprint and there would be only minor adjustments in the injection systems of the engines of these fuel alternatives. Overall, the engine of these fuel alternatives will be identical to that of conventional ICE and would require similar set of engine components for its manufacturing. The propulsion split of commercial vehicle is 91.8% (ICE) and 99.7% (ICE) for Global and India respectively in 2023 and is expected to be 90% and 99% for Global and India respectively in 2029. This is due to medium and heavy commercial vehicles have power capacity of 150Kw and such high-power capacity batteries are currently under development. The impact of electrification will be negligible on the commercial vehicles, tractors, and off-highway vehicles and hence the demand for heavy forged components will remain high.

MACHINING MARKET

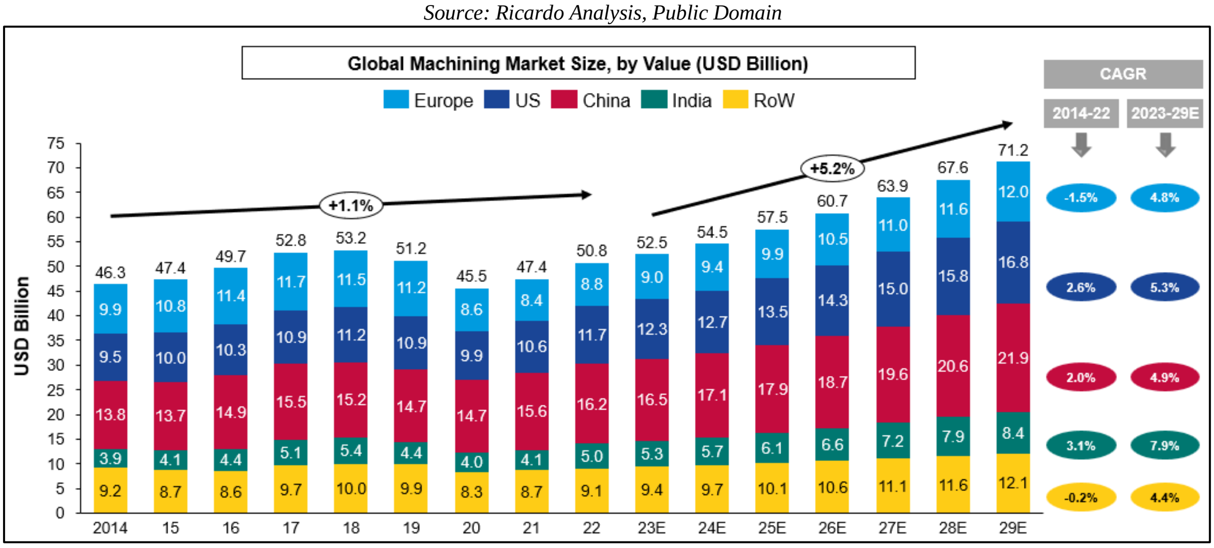
Machining is a manufacturing term encompassing a broad range of technologies and techniques and can be termed simply as a controlled material-removal process. It can be briefly defined as the process of removing material from a workpiece using power-driven machine tools to shape it into an intended design. The primary processes of machining are turning, milling, drilling, boring and reaming. Machined components are made from ferrous and non-ferrous metals.

Machined parts play a vital role in countless applications across various industries. The precision and customizability provided by machining processes allow to produce components with complex geometries and tight tolerances that would be challenging, if not impossible, to achieve through other manufacturing methods. Machined components are widely used in automotive, aerospace, electronics, and medical field. In Automotive, machined parts range from engine components to structural elements. The precision offered by machining ensures efficiency and safety. Almost 70% of an automobile is made of a component produced by machining.

Global Machining Market (Select Products)



Source: Ricardo Analysis, Public Domain



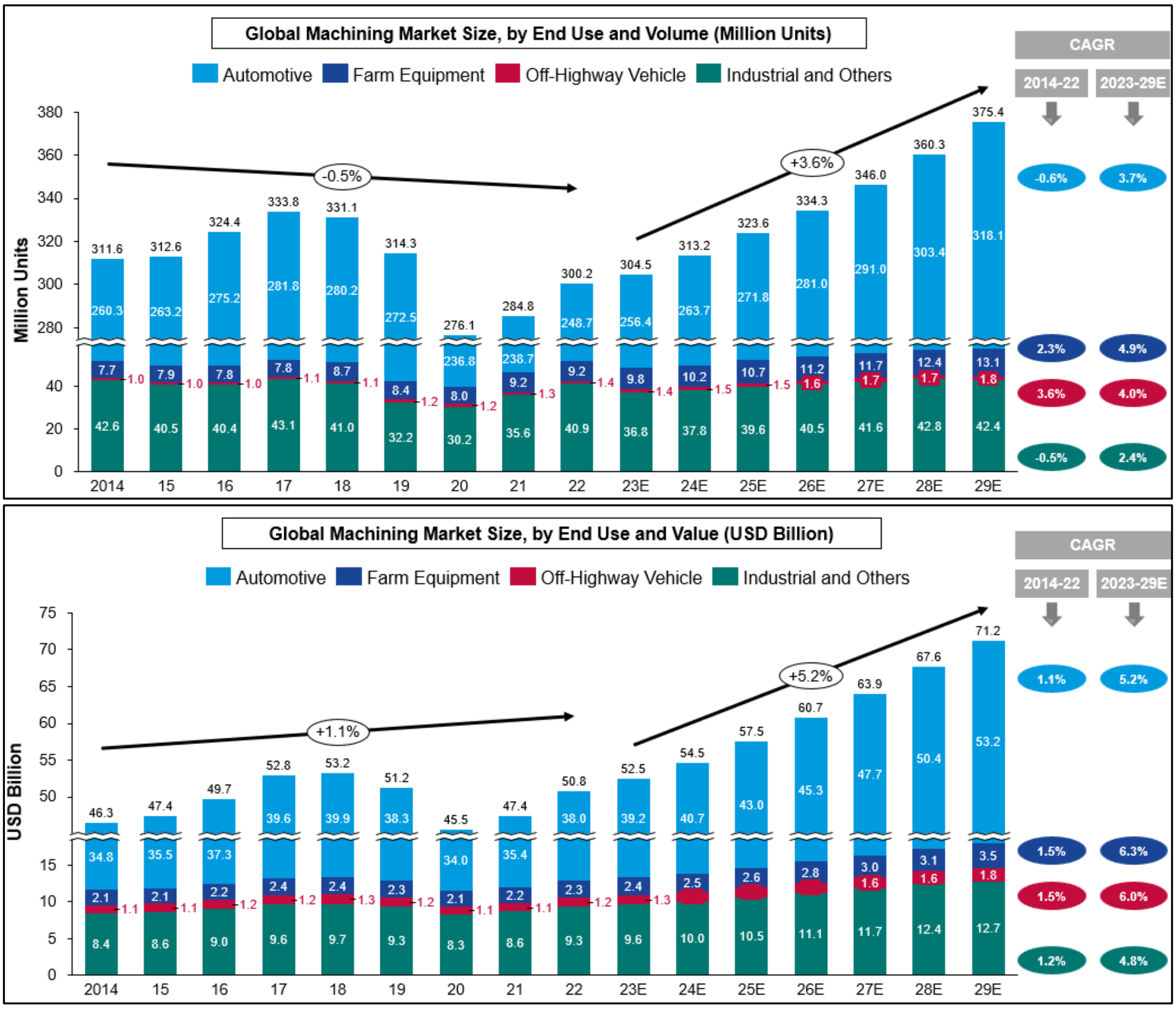
Source: Ricardo Analysis, Public Domain

Note: E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and India is given as per Calendar year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014).

Machining market size includes analysis of only front axle component (Axle beam and steering knuckle) and Crankshaft in following end use segments - automotives, off highway vehicle, farm equipment and industrial engines; Production data has been considered for market sizing. Value addition during the machining process of a particular component is considered to derive the value market.

Global machining production of identified products (Axle Beam, Steering Knuckles and Crankshaft) was about 311.6 million units (US$ 46.3 billion) in calendar year 2014 and grew from calendar year 2014 - 2019 due to an increase in demand for automotives in major countries such as US, India and China. Major markets such as the US, China and Europe markets have experienced growth gradually post-calendar year 2022. In Europe, machining production is not expected to reach pre-COVID-19 levels until 2026 primarily because of muted economic growth in the region. At a global level, the machining market will recover to grow over the 2020-23 period with the primary driver being government focus on infrastructure spending and recovery of consumer demand and businesses. Post 2023, the global machining market is expected to grow due to rise in investments in the development of powertrain technologies by major OEMs as well as expected growth in the construction industry of Southeast Asian countries. This will further promote machined components exports from India, China, US and Europe to Southeast Asian countries.

Global Machining Market, by End Use



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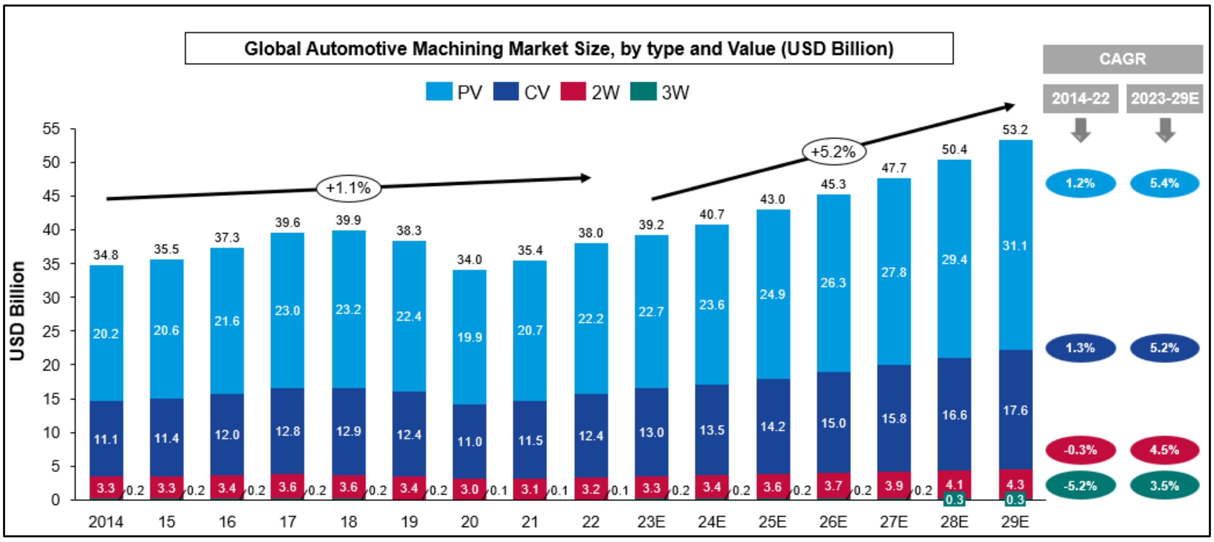
The market for machined components for industrials and others which includes which includes industrial, lawn and gardens, marine, power generation and railways, is expected to grow at a CAGR of approximately 4.8% by value during calendar year 2023 – 2029 to reach US$ 12.7 billion by calendar year 2029. Significant opportunities for growth can be seen in the European market as key European suppliers of critical engine parts are witnessing significant cost pressures due to shift in business from internal combustion engines to electric vehicles and are restructuring their unused capacity to support for non-automotive applications where demand is in the rise. While India is poised to become a global hub for manufacturing, driven by a confluence of factors such as the China plus one strategy, the Ukraine-Russia crisis, high production costs in Europe and the United States of America, and the India's status as the lowest-cost producer in the world after China. Additionally, the robust manufacturing ecosystem, the easy availability of skilled labour and key raw materials, and strong government incentive schemes to promote 'Make in India' are all contributing to India's emergence as a global manufacturing hub.

Global Automotive Machining Market, by Type

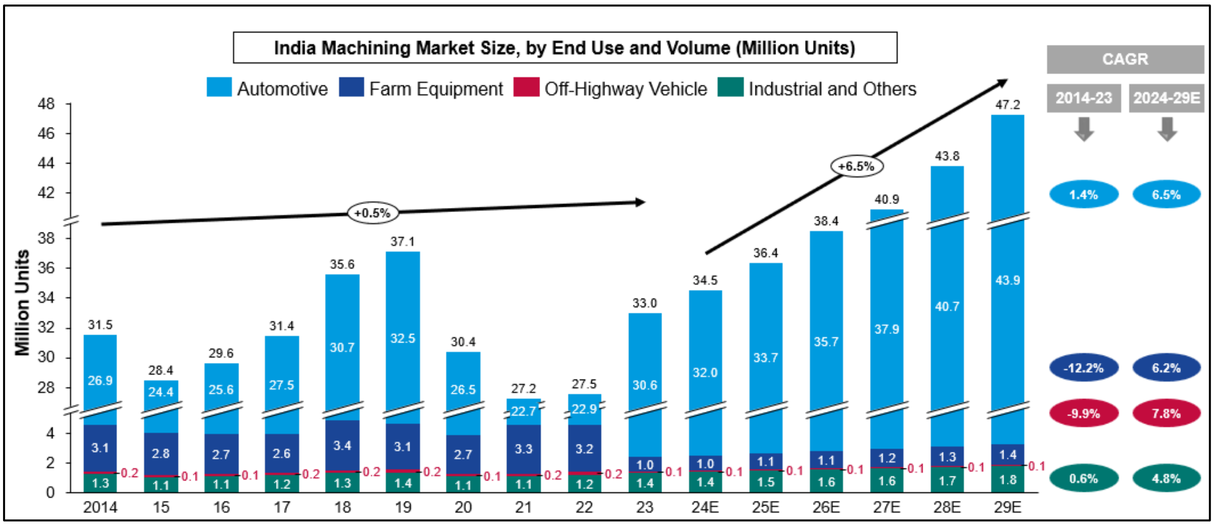


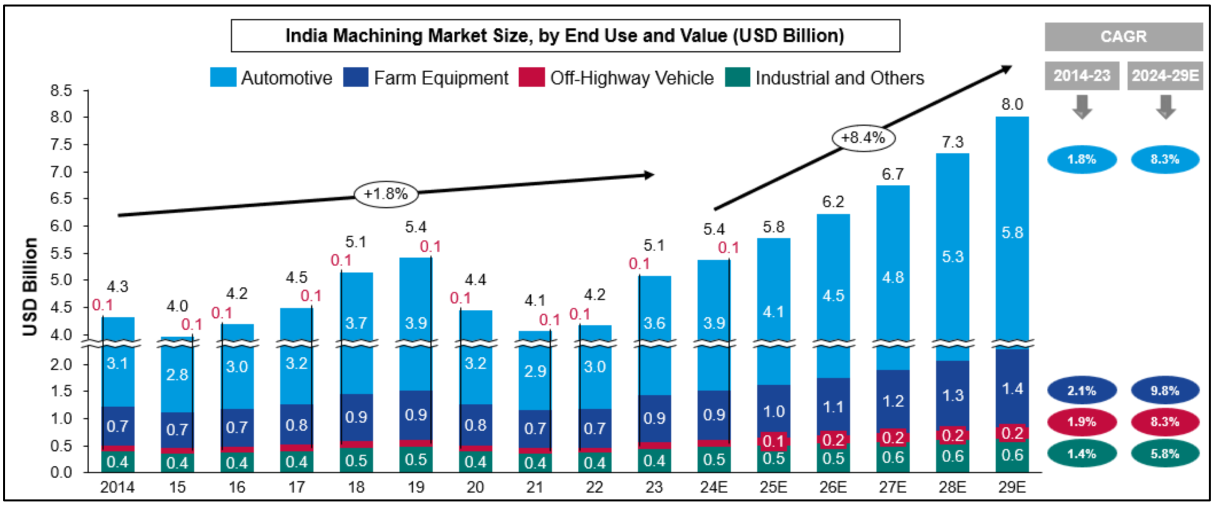
Source: Ricardo Analysis, Public Domain

Note: E-Estimated; Data is given as per Financial Year; Machining market size includes analysis of only front axle component (Axle beam and steering knuckle) and Crankshaft; Production data has been considered for market sizing. Value addition during the machining process of a particular component is considered to derive the value market.

By value PV contributes approximately 58%, followed by CV with approximately 32% and 2W in third place with approximately 8% of overall share as of calendar year 2022. As illustrated the rise in demand of automotives would expand the market size to 318.1 million units with a CAGR of 3.7% during calendar year 2023 - 2029. The rise in the volume of automotives will boost the machined components simultaneously.

India Machining Market, by End Use





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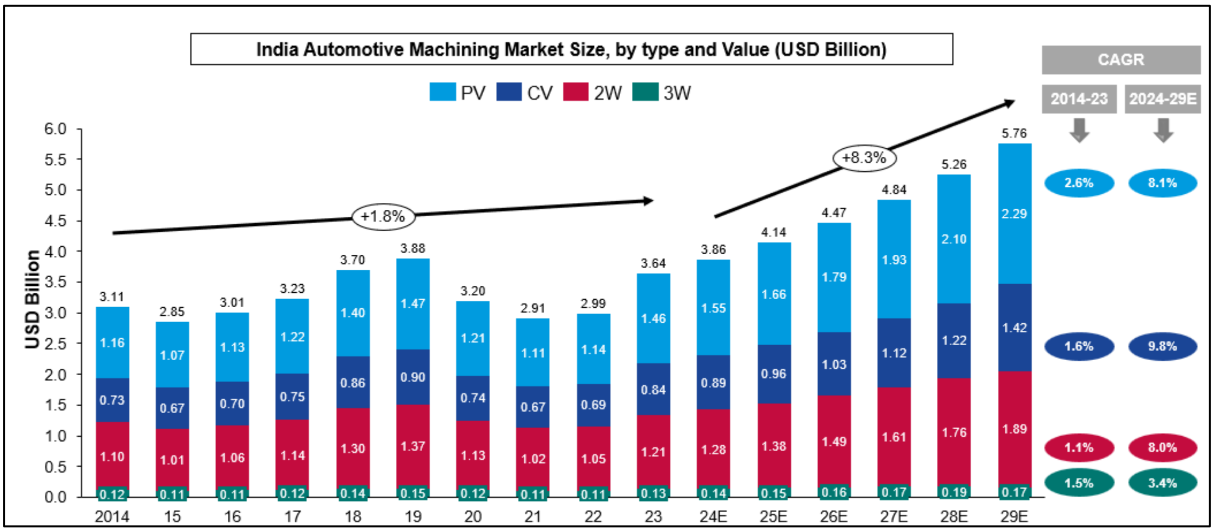
The automotive sector holds about 92% of the machined components market share in Fiscal 2023 within India by volume. The market is expected to grow to 47.2 million units (US$ 8.0 billion) by Fiscal 2029 with a rise in demand of automotives backed by a rise in the working population and an increase in per capita income. The machined components market size in farm equipment sector is expected to grow fastest with CAGR of 9.8% during Fiscal 2024 – 2029 in terms of value to reach a size of US$ 1.4 billion by Fiscal 2029.

India Automotive Machining Market, by End Use



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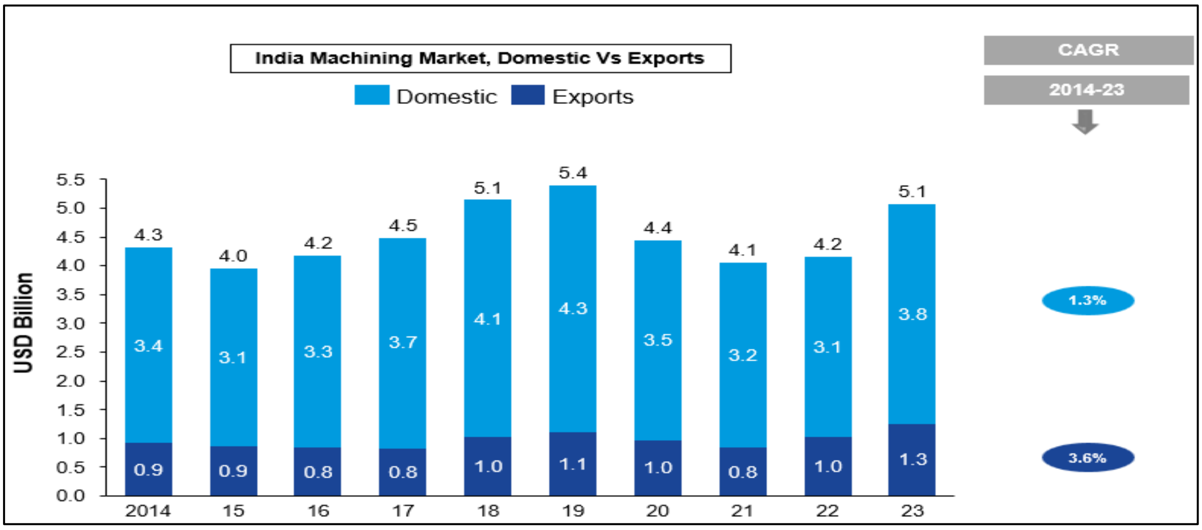
The automotive machining market in India is split between segments as follows, PV contributes approximately 44%, followed by 2W with approximately 40% and CV with approximately 13% of the overall share as of Fiscal 2023 by volume. Whereas, by value, as of Fiscal 2023, PV contributes approximately 40%, followed by 2W with approximately 33% and CV with approximately 23% of overall share by value. The rise in demand for automotives would expand the market size to US$ 5.76 billion in Fiscal 2029 with a CAGR of 8.3% during Fiscal 2023-2029.

The rise in the volume of automotives will boost the machined components simultaneously.

India's Machining Market, Domestic and Exports



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India contributes to about 4% of global machined components exports. All time high in exports was registered in 2023. India exports about US$ 1.3 billion worth of machined components primarily to North America and European regions. Exports vary from 20% to 23% of total production volume. Indian exports stood strong even during the dip period Fiscal 2020 and would steadily increase hereafter owing to rise in manufacturing cost in other geographies like North America and Europe.

Nature of the Machining Process and its complexities

Machining as a process is generally cost-effective, however, the duration of the process varies significantly. Machining by well-equipped manufacturers usually offers the advantage of low setup and tooling costs. However, when the process of machining requires a long period of time to complete per part, it can add significant costs to overall production expenses. The process of machining is chosen because of its adherence to the exact dimensions of the design. Every part includes a set of tolerances that allows for deviations caused by machining. Parts that require precision machining have closed tolerances for machining errors and become useless. Tolerances can vary between 0.0005 mm and 0.2 mm for machined parts depending on the part's initial dimensions and the type of metal. Precision and tolerances are key factors in the machining process, significantly impacting the final product quality.

Precision machining parts play a significant role in many industries where accuracy and consistency are crucial for optimal performance. The key components in manufacturing these parts include material selection based on application requirements; design engineering using CAD/CAM software; CNC Machining for accurate shaping; grinding for refining surfaces; heat treatment for modifying material properties; quality control inspections at every stage of production. Based on Ricardo's vast experience in manufacturing the machining process adds up a value of up to 42% to the product produced in earlier stages and contributes to higher price margins. Moreover, machining also delivers the surface finishes required for tertiary operations like coating. The machining process in mass production needs to be carried out with CNC or special purpose machines to avoid errors in tolerances and maintain precision. Component machining shall be carried out in a step-by-step manner with a single or multiple machines based on the complexity and process time. This requires high capital investments, for example, a single modular special purpose machine from German manufacturer Grob costs around US$ 0.3 million, and only certain players in India are capable of commissioning and operating these equipment.

OEM Trends and Key Players

In recent years, the OEMs tend to outsource the machined components instead of producing them in-house to lower the operating costs, inventory costs, and loss during downcycle and assigning the responsibility of maintaining critical quality, process and safety parameters to the suppliers which greatly reduces the strain on their internal organization performance. The OEMs tend to establish a clear quality policy which greatly benefits them from losses due to rejections. As per Ricardo analysis, a major US based off-highway OEM has already outsourced 30% of its complex machined components to its suppliers, similarly, a major German based commercial vehicle OEM has outsourced 67% of its machined components globally. The global market leader in passenger cars has almost outsourced 46% of its machined components. Thyssenkrupp dominates the machining market globally almost in all automotive (PV, CV, Off-highway, Farm equipment) and industrial segments. Bharat Forge is in line next to Thyssenkrupp having high market shares in the CV segment. While within India, Mahindra CIE holds a major market share in PV and 2W segment and Happy Forgings holds an established position as a supplier of machined components to sectors like LCV, HCV in auto as well as multiple non-auto and industrials applications.

Key Trends and Growth Drivers

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

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

Increasing opportunities in Non-Automotive and Industrial Sector: Major Non-Automotive and Industrial Sectors which require machined components are Construction, Mining, Power Transmission, Nuclear, Industrial Equipment and Aerospace.

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

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

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

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

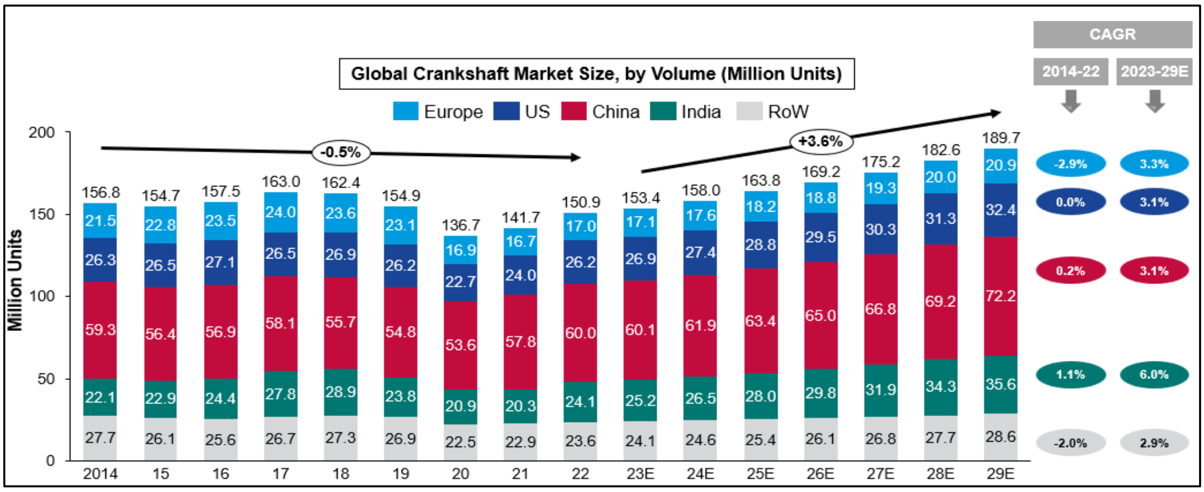
Renewable Energy – Machined components are essential for the renewable energy industry, as they provide the strong, durable parts needed to support renewable energy systems. Hydro power plants use machined components like pelton disc and pelton bucket and Wind power plants use machined components like shafts, casing, and planetary gearbox.

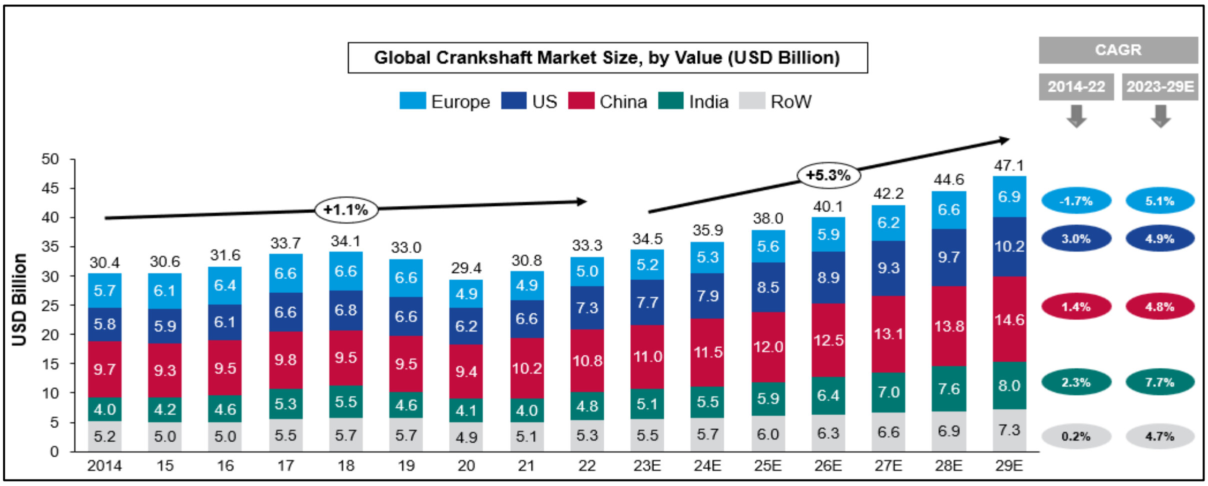
Defence – Machined components are found in every implement of defence, from rifle triggers to nuclear submarine drive shafts. Heavy tanks, missiles, armoured personnel carriers, shells, and other heavy artillery are common defence-related applications of forged components. Machined components used in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

CRANKSHAFT MARKET

The crankshaft is an integral part of the internal combustion engine and is a highly engineered machined product used in high horsepower engines. The crankshaft is responsible for the proper operation of the engine and converting a linear motion to a rotational motion. Crankshafts should have very high fatigue strength and wear resistance to ensure long service life. The design and construction of crankshafts can vary depending on the engine type, configuration, and desired performance characteristics. They are typically made from high-strength alloy steel or cast iron to withstand the forces and stresses generated by the engine's combustion process.
Today, manufacturers tend to favour the use of forged crankshafts due to their lighter weight, more compact dimensions, and better inherent damping. Global OEMs are highly selective in qualifying new suppliers with respect to critical products given the high costs and risks of switching suppliers, especially where product reliability is critical.

Global Crankshaft Market





Source: Ricardo Analysis, Public Domain
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Global crankshaft production was about 156.8 million units (US$ 30.4 billion) in calendar year 2014 and grew from calendar year 2014 to 2018 due to increase in demand of automotives in major countries such as US, India, and China. The India crankshaft market grew during the period 2014 to 2019, by value and volume, due to increase in demand of automotives (PV, CV, 2W) backed by increase in per capita income, working population, investments in infrastructure, and road projects.

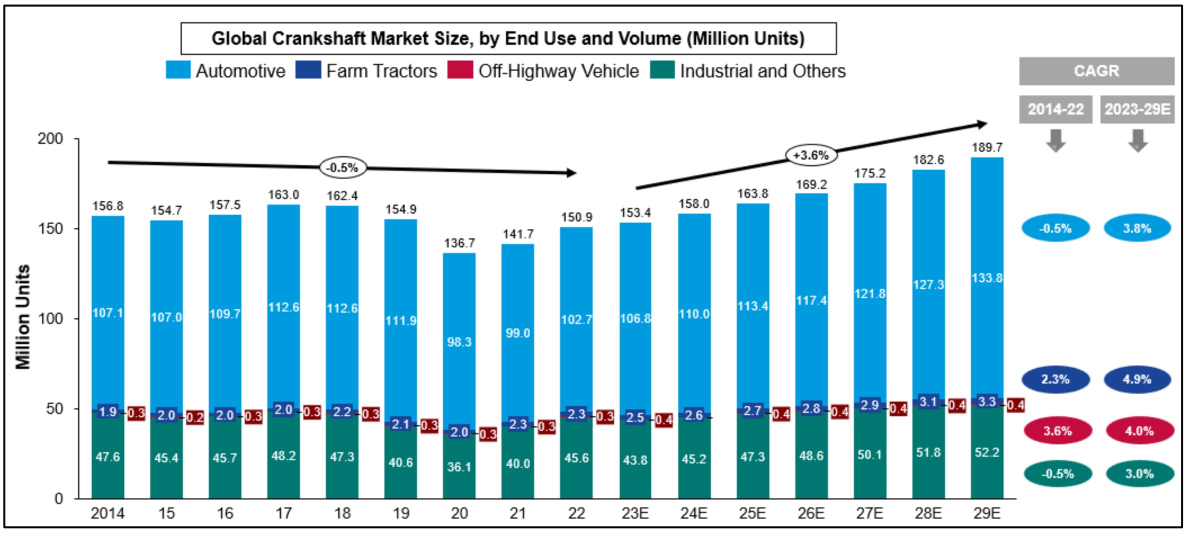
At a global level, the crankshaft market will recover to grow over the calendar year 2020-23 period with primary driver being government focus on infrastructure spending and recovery of consumer demand and businesses. Post 2023, the global crankshaft market is expected to grow due to rise in investments in development of powertrain technologies by major OEMs as well as expected growth in construction industry of Southeast Asian countries.

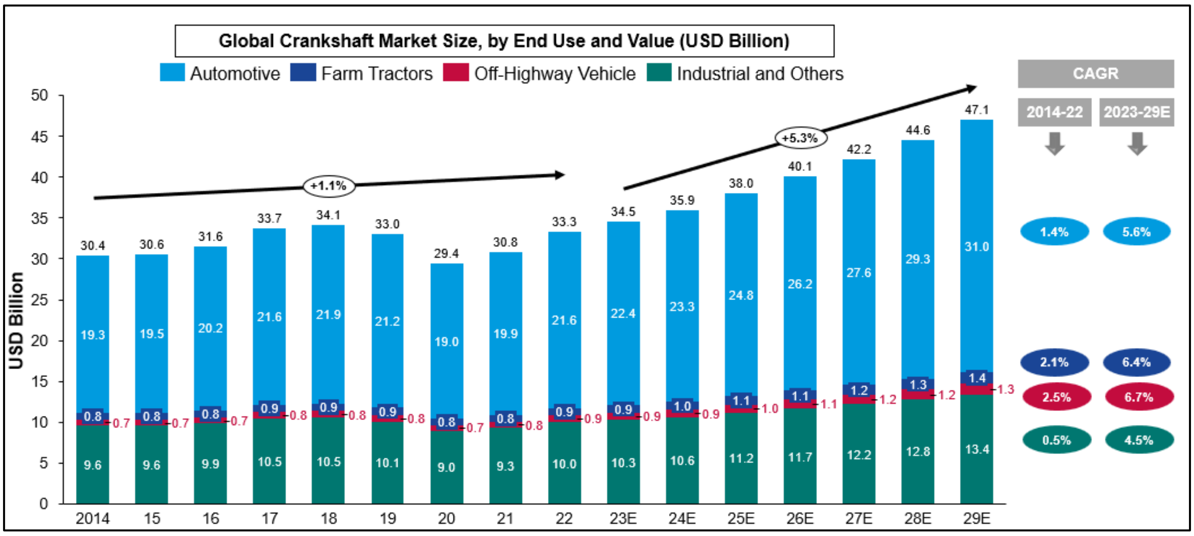
This will further promote crankshaft exports from India, China, US and Europe to Southeast Asian countries. Global crankshaft market is expected to see a growth from period calendar year 2023 – 2029 on account of factors like increase in demand for automotives (PV, CV,2W) backed by GDP growth. India is expected to showcase a growth rate of 7.7% CAGR from period 2023 to 2029, by value to become US$ 8 billion market.

The demand for advanced crankshafts with high strength and fatigue resistance is increasing due to the growing demand for high-performance vehicles. Crankshafts are expected to remain an important component in the heavy-duty automotive industry for the foreseeable future as the same are compatible for engines run on hydrogen, CNG and LNG with minimal or no alternations.

Further, hydrogen, LNG, and CNG combustion engines are among the most promising alternative engine technologies for the commercial vehicle industry. The hydrogen combustion engines require a compressor to compress the hydrogen gas, and this compressor is typically powered by a crankshaft and the content per vehicle with respect to auto-components remains unchanged in an hydrogen combustion engine vehicle in comparison to an ICE vehicle. In addition, CNG and LNG engines also require crankshafts. These engines use natural gas as a fuel, which is compressed or liquefied before being injected into the engine. The compression or liquefaction process requires a compressor, which is typically powered by a crankshaft. These technologies offer several advantages over traditional diesel engines, including lower emissions and reduced operating costs and crankshaft as a product is not expected to be impacted in case of such transition to any such technologies. The global market for hydrogen combustion engines is expected to grow in the coming years, driven by increasing government support for hydrogen combustion engine vehicles and the growing demand for zero-emission vehicles. Crankshafts will remain an important component in the heavy-duty automotive industry for the foreseeable future as the same are compatible for engines run on hydrogen, CNG and LNG with minimal or no alternations.

Global Crankshaft Market, by End Use

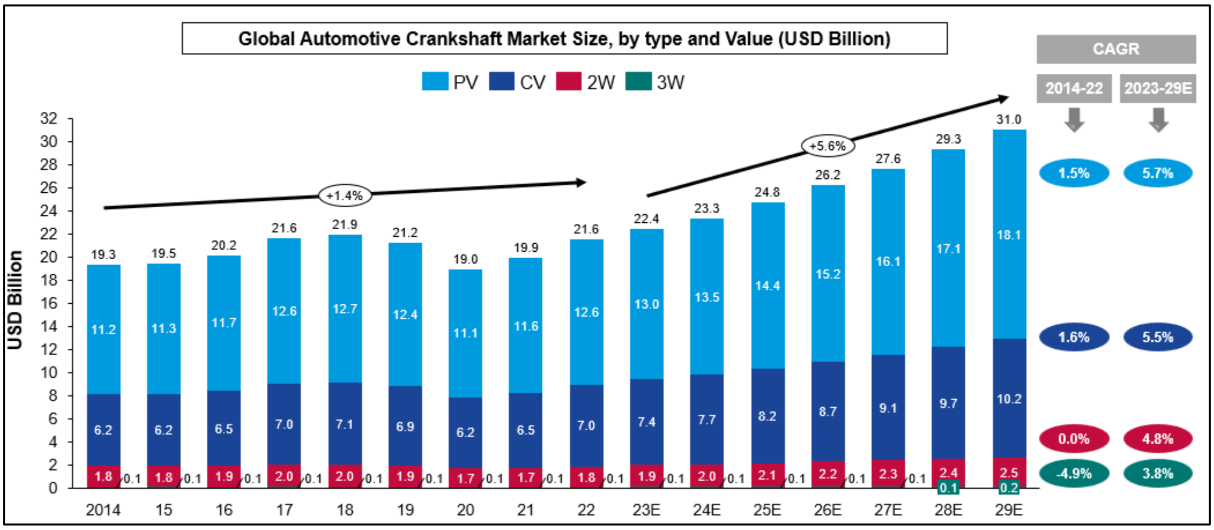




Source: Ricardo Analysis, Public Domain
Note: E-Estimated: Data is given as per Calendar Year; Production data is considered for market sizing; Industrial and Others include industrial, lawn and garden, marine, power generation and railway.

The crankshaft market reached a size of about 163 million units (US$ 33.7 billion) in calendar year 2017 owing to the increase in global demand of automotives. On the industrial applications side there has been steady demand and the overall production stood at 45.6 million units (US$ 10 billion) as of calendar year 2022.

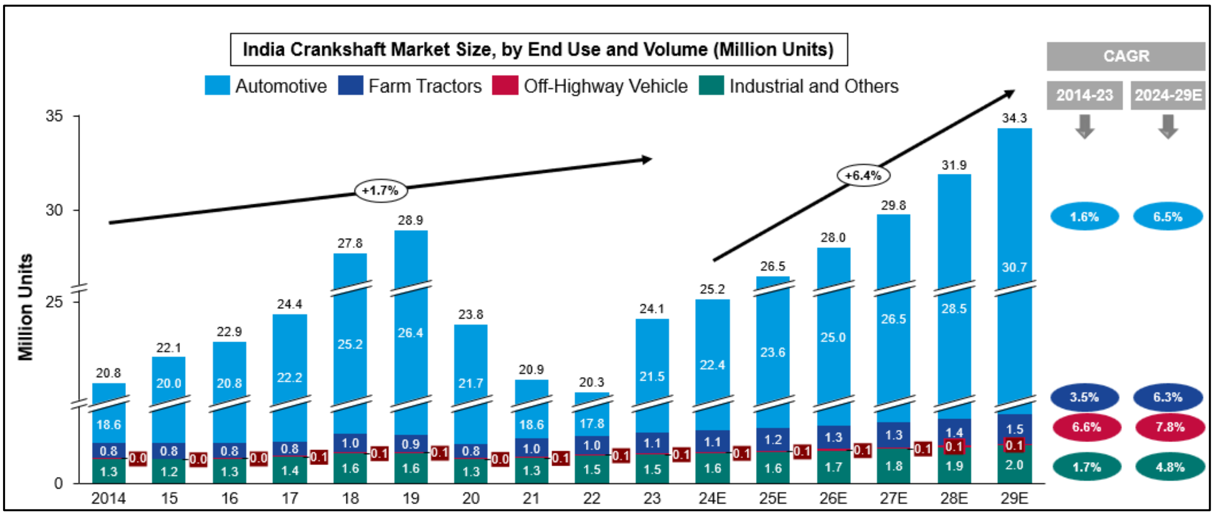
Global Automotive Crankshaft Market, by Type

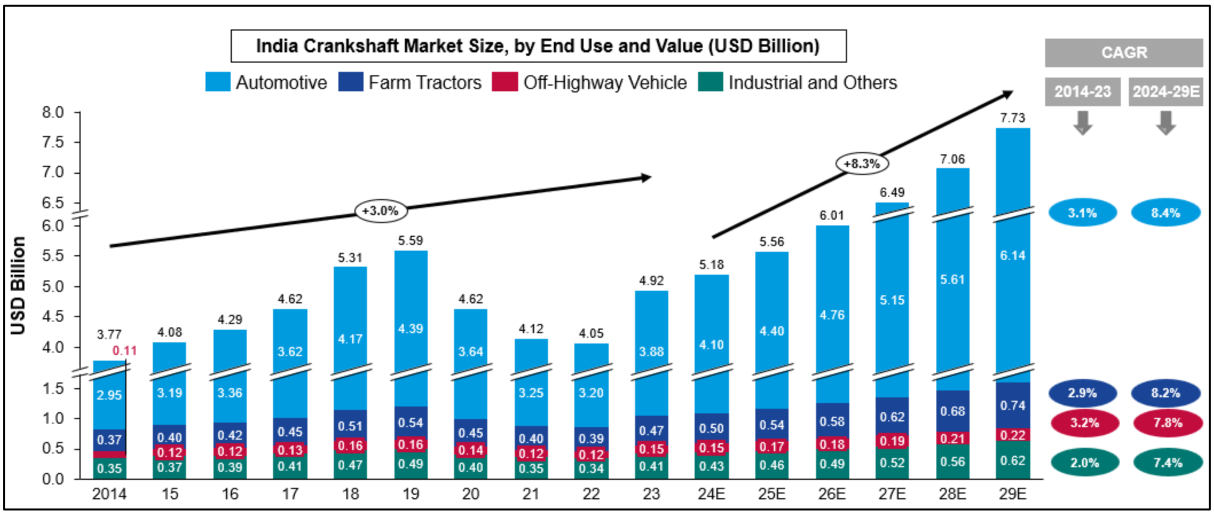


Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per calendar year; Production data has been considered for market sizing.

By value, as of calendar year 2022, PV contributes approximately 58%, followed by CV with approximately 32% and 2W in third place with approximately 8% of overall share. As illustrated the rise in demand of automotive crankshafts would expand the market size to 133.8 million units and a value of US$ 31 billion in calendar year 2029, growing at a CAGR of 5.6% during calendar year 2023-2029, by value. The rise in volume of PV and CV will boost demand for medium and heavy forged crankshafts globally.

India Crankshaft Market, by End Use

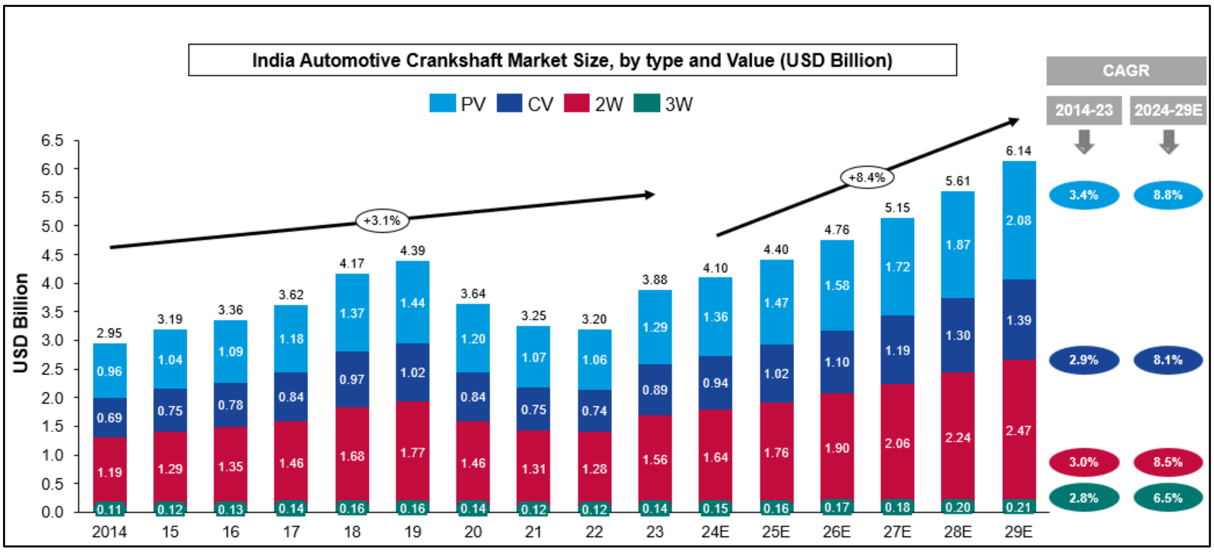




Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Financial Year; Production data is considered for market sizing; Industrial and Others include industrial, lawn and garden, marine, power generation and railway.

In India, the crankshaft market shows steady growth and automotive vertical will grow to 30.7 million units, farm equipment's to 1.5 million units and off-highway to 0.1 million units by 2029 at an overall CAGR of 6.4% during Fiscal 2024-2029 in terms of volume. The market is expected to grow from a value of US$ 4.92 billion in 2023 to US$ 7.73 billion in Fiscal 2029 with a CAGR of 8.3% over the period Fiscal 2023 to Fiscal 2029. The growth in CV and off-highway segment would increase demand for medium and heavy forged crankshafts backed by investments in the construction sector.

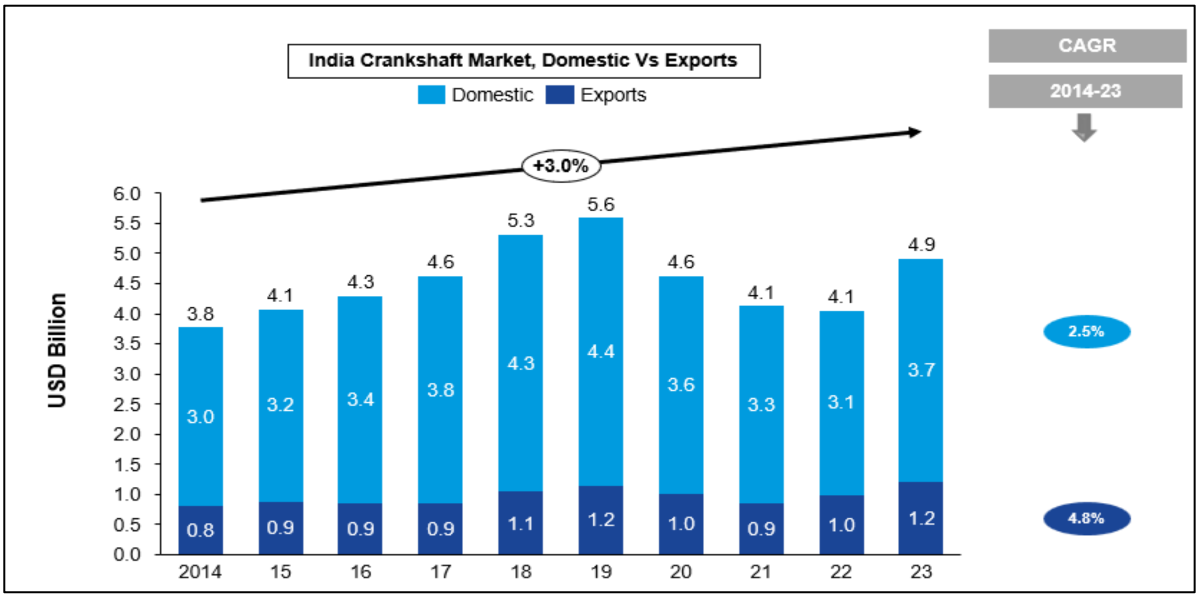
India Automotive Crankshaft Market, by Type



Source: Ricardo Analysis, Public Domain; Note: E-Estimated: Data is given as per Financial Year; Production data has been considered for market sizing.

As of Fiscal 2023, 2W contributes approximately 40%, followed by PV with approximately 33% and CV with approximately 23% of overall share by value. As illustrated, the rise in demand for automotives would expand the market size to US$ 6.14 billion by Fiscal 2029 with a CAGR of 8.4% during Fiscal 2024 - 2029.

India Crankshaft Market, Domestic and Exports



Source: Ricardo Analysis, Public Domain; Note: - E-Estimated: Data is given as per Financial Year; Production data is considered for market sizing

As illustrated earlier the crankshaft market by value reached its peak in Fiscal 2019 to become US$ 5.6 billion of which US$ 1.2 billion (21%) contributed towards export. India exports about 18% to 21% of its production volume, moreover, exports from India has been increasing steadily post 2020, indicating the shift of production to India from overseas. India contributes to 3% of crankshafts exports globally, while their major importers being North America and Europe

Nature of Crankshaft manufacturing and its complexities

The crankshaft is of complex shape and difficult to produce to accurate dimensions during the forging and machining processes. The crankshaft is a critical part in an engine's assembly that is connected to the piston on one side and the flywheel on the other. A crankshaft converts reciprocating motion of the pistons into rotational motion for the flywheel, which is in turn connected to the axles to put the vehicle in motion. Sophisticated machines are used to create the crankshaft. The crankshaft is not easy to manufacture; forging is used to shape a crankshaft and machining is done subsequently. The machining process of crankshaft involves at least 21 machines. Each operation sometimes has more than one machine working together, and the cycle time changes from one operation to another, depending on the process type.

Furthermore, as the engine capacity increases based on engine design, the weight of the crankshaft also increases in a linear fashion. For example, average weight of a crankshaft equipped on a 1litre engine is around 9 kg while that of an 12 litre engine hits approximately 110 kg. As crankshaft manufacturing is subjected to lot of complexity, to manufacture higher tonnage products of more than 75 kg the machineries like hydraulic forging press, CNC machines of larger in size which occupy more square foot of space is required whose investment and maintenance costs are 140% more than that of products of 50 kg, similarly as weight of the product increases the machine cycle time also increases proportionally since the quantum of material flowing through the process is high. These factors sum up as entry barriers for manufacturers as tonnage of the product increases complexity multiplies and becomes a highly capital-intensive.

Global Supply Chain

Germany is the top exporter of crankshaft which is followed by China, USA, Japan and India while major importers are USA, Mexico, Italy, Spain and Turkey. India shares about 3% of global crankshaft export and has key potential to overcome Japan and USA in the line-up with a government policy allowing 100% FDI under the automatic route for auto components sector. Additionally, India has moderate environmental laws compared to its European and North American peers which would promote industrialization backed up with 15% to 25% reduced operation costs.

In terms of manufacturing trends, OEMs are pursuing localised production strategies for respective markets and focussing on low-cost manufacturing centres like India, Thailand and Turkey for eventual distribution to other markets. Additionally, certain OEMs are seeking to consolidate their suppliers, particularly the ones who can manufacture complex high-quality components, can scale up quickly and supply components to multiple geographies like USA, UK and Europe.

Key Players

Thyssenkrupp Forging technologies dominate the crankshaft market globally almost in all automotive (PV, CV, Off highway, Farm equipment) and industrial segments. Bharat Forge is in line next to Thyssenkrupp having high market shares in the CV segment. While within India, Mahindra CIE’s focus is majorly on PV and 2W segments and it holds major market share those segments only. In the last decade, Happy Forgings has emerged as a key player in the crankshaft market in India next to Bharat Forge with focus on CV, construction equipment, industrials and farm equipment segments. Tianrun crankshaft and Guilin FUDA dominate the Chinese auto market in supply of crankshaft and Guilin FUDA competes with Thyssenkrupp in supply of crankshaft to off-highway vehicles globally.

Barriers to Entry in Crankshafts Manufacturing:

Crankshaft manufacturing is a capital extensive process due to its highly complex manufacturing. It involves variable cost elements like cost of material, direct labour, and energy. Fixed cost is cost of main machine, auxiliary equipment, tooling, building, overhead labour and maintenance as discussed earlier.
This creates high barrier of entry for a new competitor in the crankshaft manufacturing industry, hence eliminating threat of new entrants into the market.

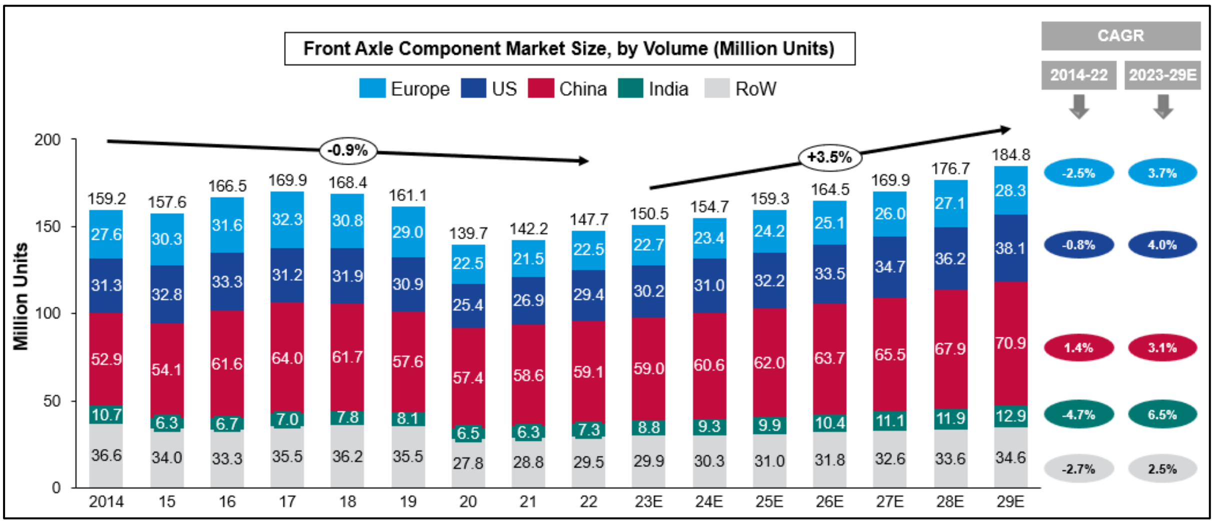
OTHER PRODUCT SEGMENTS

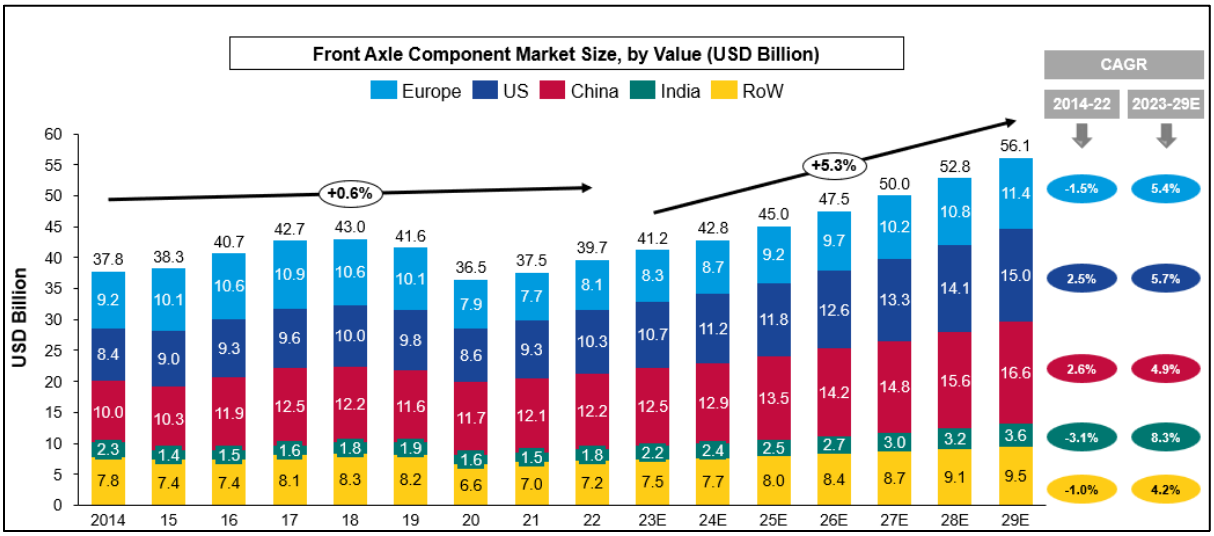
Front Axle Component

The front axle beam is a crucial component of a vehicle’s suspension system. It is responsible for supporting the weight of the front end of the vehicle and connecting the front wheels to the vehicle’s frame. The front axle beam is typically made of steel and is drop-forged to give it the necessary strength to withstand the weight of the vehicle and the stresses of driving. The major unit on the front part of the motor vehicle is the front axle. It takes the weight of the front portion of the automobile. It gives a steering facility and absorbs shocks. The weight of the front part of the vehicle is transmitted to the road surface through the front wheels by the front axle of a vehicle. It also houses the mechanism for the steering and suspension of the vehicle to absorb shocks due to road surface variations.

A steering knuckle is a part of the front suspension system in a vehicle that contains the wheel hub or spindle and attaches to the suspension and steering components. The steering knuckle connects the steering system to the front wheels and provides the pivot point for the wheels to turn left or right.

Global Front Axle Market





Source: Ricardo Analysis, Public Domain
Note: E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and RoW is given as per calendar year and India is given as per financial year (Fiscal 2015 India market size is mentioned in Global calendar year 2014); Production data is considered for market sizing.

The front axle beam and steering knuckles market is dependent upon the automotive vertical market. In calendar year 2014 the market size was 159.2 million units (US$ 37.8 billion) and it performed better in the timeline calendar year 2015 to calendar year 2017 and grew up to 169.9 million units due to an increase in the volume of automotive (PV, CV). Ricardo estimates that from a 159.2 million units in 2014, it would grow to 184.8 million units (US$ 56.1 billion) market by calendar year 2029 with a CAGR of 3.5% during calendar year 2023 to calendar year 2029 by volume.

Global Wind Turbine Industry

Wind energy is now regarded as a reliable source of renewable energy, with rapidly expanding government commitments and technological progress contributing to the positive outlook in established markets and countries new to offshore wind. Globally, 77.6 GW of new wind power capacity was connected to power grids in 2022,

bringing the total installed wind capacity to 906 GW. The onshore wind market added 68.8 GW worldwide in 2022 with China contributing 52%.
The government of India has a target to meet 50% of its energy needs from renewable energy sources by 2030. Increasing the share of wind and solar energy in the power mix must take precedence in policymaking if India is to play a leading and constructive role in carrying out the clean energy transition and achieving long-term energy security. India needs to scale up its wind power capacity from 40 GW in 2021 to 140 GW by 2030, to reach its net zero targets by 2030.

Wind Turbine Gearbox

The drivetrain of a wind turbine converts the low-speed, high-torque rotation of the turbine's rotor (blades and hub assembly) into electrical energy. The most common drivetrain configuration consists of a low-speed shaft (also called a main shaft), a gearbox, a high-speed shaft, and a generator.
The windmill turbine gearbox consists of multiple key components. The planetary gears, planetary carriers, pinion shaft, ring gears, differential gears are forged and machined while the housing are casted to suitable dimensions. The components after machining are assembled together to serve the purpose.

Planetary Gearbox

Planetary gearboxes are called planetary because they are similar to the solar system. This gearbox's components include annular gear, a sun gear, and a planetary gear.
A planetary carrier is a part of an automatic transmission or other gear reduction system that helps control how power is transmitted from the engine to the wheels. It's like a hub with arms that hold smaller gears called planet gears. These gears rotate around a central gear called the sun gear, which is connected to the engine. The outer ring gear is connected to the wheels and meshes with the planet gears to transfer power to the wheels. The planetary carrier helps to change the gear ratio, which affects how fast the wheels turn in relation to the engine's speed. By locking or releasing different parts of the planetary gear set, different gear ratios can be achieved, allowing for smooth and efficient operation of the transmission or other gear reduction system. The pinion shaft is a component that connects to the wind turbine rotor and transmits the rotational energy to the gearbox, enabling optimal performance of the wind turbine. The housing is a protective casing that encloses and supports the internal components of the gearbox, safeguarding them against environmental factors and ensuring optimal performance.

Wind Turbine Gearbox Market Overview

The Global Wind Turbine Gearbox market size was valued at US$ 21.7 billion in 2022 and is anticipated to reach US$ 33.5 billion in 2029, increasing at a CAGR of 7% during the forecast period 2023-2029. Therefore, the expansion of the wind industry is driving the market for gearboxes for wind turbines. Wind turbine gearboxes are essential components of wind turbines, escalating their rotational speed. The wind turbine gearbox is an important mechanical component, and its main function is to wrap the momentum generated by the wind passing to the generator and make the proper speed.

Major Players are Bharat Forge, Kirloskar Pneumatic Co Ltd and Bonfiglioli Transmissions are the major players in India. These players are into Wind turbine casting, Gearbox casting, Gearbox housing and Electric Motors for wind turbines. Companies like Happy Forgings have capabilities to manufacture wind-turbine gearbox components for Indian and Global Markets.

COMPETITIVE LANDSCAPE IN INDIA (FORGING AND MACHINING) – OPERATIONAL BENCHMARKING

Operational Performance Details

S. No.	Company	Forging and Machining Capacity (MTPA)	Range of Tonnage Presses	Contribution of machined components to revenue
1	Happy Forgings	T: 153,100 F: 107,000 M: 46,100	2,500T to 14,000T *14000T is Mechanical forge press	79%

S. No.	Company	Forging and Machining Capacity (MTPA)	Range of Tonnage Presses	Contribution of machined components to revenue
2	Bharat Forge#	T: 750,126 F: 693,750 C: 56,376	1,600T to 16,000T *16000T is Screw forge press	70%
3	CIE Automotive#	T: 282,201 F: 214,000 C: 38,201 M: 30,000	150T to 6,300T	NA
4	Craftsman Automation	T: 55,000 C: 30,000 M: 25,000	200T to 3,200T	78%
5	Sansera Engineering	F: 40,000 – 55,000	630 T to 2,500T	NA
6	MM Forgings Limited	T: 120,000	1,600T to 8,000T	NA
7	RK Forging	T: 187,100	2,000T to 12,500T	74%
8	Thysenkrupp*	F: 1,100,000	600T to 32,000T	65%
9	American Axle & Manufacturing	F: 180,000	1,600T to 8,000T	90%
10	Tianrun Crankshaft	F: 135,000	600T to 14,000T	78%
11	Guilin FUDA	F: 100,000	2,000T to 14,000T	83%

Source: Investor Presentation, Annual Reports and Company Websites. Capacities for Craftsman, CIE Automotive and Sansera Engineering are based on Ricardo Research and Estimates.
*Note: *Forged technologies business division of Thysenkrupp and consolidated data is being referred for other players;*

For India based companies, data is populated as of 2023 except for CIE Automotive which is as of calendar year 2022; For global companies data is populated as per calendar year 22 (serial number 8 to 11); T-Total capacity, F-Forging capacity, M-Machining capacity, C-Casting capacity.
 # The capacities of Bharat Forge and CIE Automotive are global capacities, including their overseas entities.

End Use Segment Revenue Mix (Fiscal 2023/Calendar Year 2022)

S. No.	Company	Automotive	Non-Automotive
1	Happy Forgings	44%	56%
2	Bharat Forge	59%	41%
3	CIE Automotive	79%	21%
4	Craftsman Automation	NA	NA
5	Sansera Engineering	88%	12%
6	MM Forgings	91%	9%
7	Ramkrishna Forgings	79%	21%
8	Thysenkrupp*	47%	53%
9	Americal Axle & Manufacturing	92%	8%

S. No.	Company	Automotive	Non-Automotive
10	Tianrun Crankshaft	62%	38%
11	Guilin FUDA	78%	22%

Source: Investor Presentations, Annual Reports and Company Websites.
*Note: *Forged technologies business division of Thysenkrupp and consolidated data is being referred for other players; For India based companies data is populated as of Fiscal 2023 except for CIE Automotive which is as of Calendar Year 2022; While for global companies data is populated as per calendar year 2022(serial number 8 to 11).*
Non-Automotive Segment includes revenue from Farm Equipment, Off Highway Construction Equipment and other Industrial Sectors such as Oil and Gas, Marine, Railways, Power etc.

Automotive Segments Revenue Mix (Fiscal 2023/Calendar Year 2022)

S. No.	Company	2W/3W	PV	CV
1	Happy Forgings	0%	0%	100%
2	Bharat Forge	0%	31%	69%
3	CIE Automotive	20%	74%	6%
4	Craftsman Automation	NA	NA	NA
5	Sansera Engineering	56%	30%	14%
6	MM Forgings	0%	12%	88%
7	Ramkrishna Forgings	0%	0%	100%
8	Thysenkrupp*	0%	32%	68%
9	Americal Axle & Manufacturing	3%	49%	48%
10	Tianrun Crankshaft	22%	62%	16%
11	Guilin FUDA	0%	22%	78%

The above figures denote revenue as a percentage of total automotive segment.
*Note: *Forged technologies business division of Thysenkrupp and consolidated data is being referred for other players, For India based companies data is populated as of 2023 except for CIE Automotive which is as of calendar year 2022; While for global companies data is populated as per calendar year 2022(serial number 8 to 11).*

Based on comparison most of the players earn their revenue from automotive segment. Only certain players are present in Industrial segment where the necessity of heavy forged components is in steep increase with developments in energy sector and growth in power generation from renewable resources. Happy Forgings remains one of the key players who has strong presence in the renewable sector and can increase its footprint in this space with their present forging capabilities. In automotive sector about 70% of the forging companies supply components to 2W/3W/PV where EV penetration is high while Happy Forgings has mitigated its risk by not being one among the many, as they have their major market in CV, industrials and off highway segments where the rate of EV penetration is almost negligible and not commercially viable.

Domestic and Exports Revenue Mix (Fiscal 2023/Calendar Year 2022)

S. No.	Company	Domestic	Exports
1	Happy Forgings	87%	13%
2	Bharat Forge	41%	59%
3	Craftsman Automation	92%	8%
4	Sansera Engineering	72%	28%
5	MM Forgings	65%	35%
6	Ramkrishna Forgings	59%	41%

Source: Investor Presentations, Annual Reports and Company Websites.
Note: Data for Bharat Forge is on a standalone basis. For India based companies data is populated as of Fiscal 2023 except for CIE Automotive which is as of Calendar Year 2022.
Exports and Domestic Split for CIE Automotive was not publicly available.

Domestic and Exports Revenue Growth (Fiscal 2021/Calendar Year To Fiscal 2023/Calendar Year 2022)

S. No.	Company	Dom 2021 (Million INR)	Export 2021 (Million INR)	Dom 2022 (Million INR)	Export 2022 (Million INR)	Dom 2023 (Million INR)	Export 2023 (Million INR)	Export CAGR (Fiscal 2021 to 23)
1	Happy Forgings	5,006	481	7,069	868	9,352	1,384	70%
2	Bharat Forge	16,956	19,559	25,925	36,621	31,224	44,502	51%
3	Craftsman Automation	13,921	1,542	20,225	1,839	27,448	2,354	24%
4	Sansera Engineering	10,173	5,320	12,895	6,995	16,836	6,547	11%
5	MM Forgings	3,566	3,549	5,474	5,405	9,056	4,894	17%
6	Ramkrishna Forgings	7,470	5,256	12,409	10,284	17,450	12,335	53%

Source: Investor Presentations, Annual Reports and Company Websites.
Note: Data for Bharat Forge, Craftsman, MM Forging and RK Forging is on a standalone basis. For India based companies data is populated as of Fiscal 2023.

Exports and Domestic Split for CIE Automotive was not publicly available.

Revenue Degrowth in past 10 years (Fiscal 2014/Calendar Year 2013 to Fiscal 2023/Calendar Year 2022)

Based on Ricardo analysis it is observed that the following companies faced degrowth in their revenue in the following years as mentioned below

S. No.	Company	Financial years of degrowth	Number of years suffered degrowth
1	Happy Forgings	Fiscal 2020	1
2	Bharat Forge Consolidated)	Fiscal 2016, Fiscal 2017, Fiscal 2020, Fiscal 2021	4
2	Bharat Forge (Standalone)	Fiscal 2016, Fiscal 2017, Fiscal 2020, Fiscal 2021	4
3	CIE Automotive	Calendar Year 2015, Calendar Year 2019, Calendar Year 2020	3
4	Craftsman Automation	Fiscal2020	1
5	Sansera Engineering	Fiscal2020	1
6	MM Forging Limited	Fiscal 2016, Fiscal 2017, Fiscal 2020, Fiscal 2021	4
7	Ramkrishna Forgings	Fiscal 2020	1
8	Thysenkrupp*	Calendar Year 2019, Calendar Year 2020	2
9	Americal Axle & Manufacturing	Calendar Year 2013, Calendar Year 2019, Calendar Year 2020	3
10	Tianrun Crankshaft	Calendar Year 2019, Calendar Year 2022	2
11	Guilin FUDA	Calendar Year 2019, Calendar Year 2022	2

*Note: *Forged technologies business division of Thysenkrupp and consolidated data is being referred for other players.*

FINANCIAL BENCHMARKING

The ‘Peers’ considered for Happy Forgings are Bharat Forge, Sona BLW Precision Forgings, Uno Minda, CIE Automotive, Craftsman Automation, Ramkrishna Forgings, Sansera Engineering, MM Forgings, Endurance Technologies and Cummins India.

Revenue from Operations (₹ million)

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	7,503	5,588	5,850	8,600	11,965
1	Bharat Forge (Standalone)	65,200	45,639	36,515	62,546	75,727
2	Bharat Forge (Consolidated)	101,457	80,558	63,363	104,611	129,103
3	Sona BLW Precision Forgings	6,992	10,380	15,663	21,097	26,550

4	Uno Minda	59,081	62,220	63,737	83,130	112,365
5	CIE Automotive	80,315	79,078	60,501	67,651	87,530
6	Craftsman Automation	18,180	14,925	15,600	22,170	31,826
7	Ramkrishna Forgings	19,311	12,165	12,889	23,202	31,929
8	Sansera Engineering	16,244	14,572	15,493	19,890	23,383
9	MM Forgings	9,341	7,692	7,521	11,230	14,477
10	Endurance Technologies	75,105	69,177	65,470	75,491	88,040
11	Cummins India	56,973	51,915	43,292	61,709	77,721

Note - Standalone - A standalone financial statement represents a company's financial performance as a single entity. Consolidated – A consolidated financial statement represents the consolidated form reports all activities of a company and its subsidiaries as a combined entity. CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

EBITDA (₹ million)

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	2,043	1,430	1,588	2,309	3,409
1	Bharat Forge (Standalone)	19,061	10,155	7,276	17,157	19,111
2	Bharat Forge (Consolidated)	20,556	11,147	8,617	20,159	17,675
3	Sona BLW Precision Forgings	2,000	2,423	4,410	5,381	6,752
4	Uno Minda	7,252	6,718	7,250	8,854	12,420
5	CIE Automotive	10,510	9,678	5,016	9,417	11,719
6	Craftsman Automation	4,426	3,980	4,382	5,342	6,836
7	Ramkrishna Forgings	3,839	2,073	2,227	5,170	6,923
8	Sansera Engineering	2,891	2,247	2,721	3,336	3,770
9	MM Forgings	1,747	1,322	1,287	2,196	2,587
10	Endurance Technologies	11,288	11,308	10,402	9,646	10,363
11	Cummins India	8,691	5,892	5,795	8,881	12,477

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

EBITDA = Profit Before Tax, Exceptional Items and Share of Associates/Joint Ventures+ Finance Cost + Depreciation & Amortisation - Other Income

EBITDA Margin

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	27%	26%	27%	27%	28%
1	Bharat Forge (Standalone)	29%	22%	20%	27%	25%
2	Bharat Forge (Consolidated)	20%	14%	14%	19%	14%
3	Sona BLW Precision Forgings	29%	23%	28%	26%	25%
4	Uno Minda	12%	11%	11%	11%	11%
5	CIE Automotive	13%	12%	8%	14%	13%
6	Craftsman Automation	24%	27%	28%	24%	21%
7	Ramkrishna Forgings	20%	17%	17%	22%	22%
8	Sansera Engineering	18%	15%	18%	17%	16%
9	MM Forgings	19%	17%	17%	20%	18%
10	Endurance Technologies	15%	16%	16%	13%	12%
11	Cummins India	15%	11%	13%	14%	16%

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

EBITDA Margin = EBITDA / Revenue from Operations

Profit After Tax (₹ million)

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	954	800	864	1,423	2,087
1	Bharat Forge (Standalone)	10,713	4,735	3,121	10,778	10,455
2	Bharat Forge (Consolidated)	10,326	3,492	-1,270	10,771	5,084
3	Sona BLW Precision Forgings	1,732	3,653	2,152	3,615	3,953
4	Uno Minda	3,395	1,879	2,484	4,126	7,002
5	CIE Automotive	4,981	3,538	1,064	3,929	-1,362
6	Craftsman Automation	974	400	974	1,631	2,510
7	Ramkrishna Forgings	1,201	97	207	1,980	2,481
8	Sansera Engineering	981	799	1,099	1,319	1,483
9	MM Forgings	655	419	461	895	1,275
10	Endurance Technologies	4,950	5,655	5,196	4,607	4,796
11	Cummins India	7,426	7,056	6,179	9,337	12,282

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

Profit After Tax Margin

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	13%	14%	15%	16%	17%
1	Bharat Forge (Standalone)	16%	10%	9%	17%	14%
2	Bharat Forge (Consolidated)	10%	4%	-2%	10%	4%
3	Sona BLW Precision Forgings	25%	35%	14%	17%	15%
4	Uno Minda	6%	3%	4%	5%	6%
5	CIE Automotive	6%	4%	2%	6%	-2%
6	Craftsman Automation	5%	3%	6%	7%	8%
7	Ramkrishna Forgings	6%	1%	2%	9%	8%
8	Sansera Engineering	6%	5%	7%	7%	6%
9	MM Forgings	7%	5%	6%	8%	9%
10	Endurance Technologies	7%	8%	8%	6%	5%
11	Cummins India	13%	13%	13%	15%	15%

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

PAT Margin = PAT / Total Income

Return On Equity

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	29%	15%	14%	20%	24%
1	Bharat Forge (Standalone)	21%	9%	6%	17%	14%
2	Bharat Forge (Consolidated)	20%	7%	-2%	18%	8%
3	Sona BLW Precision Forgings	NM	54%	17%	21%	18%
4	Uno Minda	19%	9%	11%	13%	17%
5	CIE Automotive	12%	8%	2%	8%	-3%
6	Craftsman Automation	15%	6%	12%	15%	20%
7	Ramkrishna Forgings	15%	1%	2%	20%	21%
8	Sansera Engineering	15%	11%	13%	14%	13%
9	MM Forgings	17%	10%	10%	17%	21%
10	Endurance Technologies	21%	20%	16%	12%	12%
11	Cummins India	18%	16%	14%	20%	23%

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

Return on Equity = PAT / Average Total Equity

Return on Capital Employed

S. No	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	28%	18%	16%	19%	24%
1	Bharat Forge (Standalone)	20%	10%	5%	13%	13%
2	Bharat Forge (Consolidated)	19%	8%	4%	12%	9%
3	Sona BLW Precision Forgings	NM	13%	20%	21%	21%
4	Uno Minda	18%	12%	11%	12%	15%
5	CIE Automotive	14%	11%	4%	11%	16%
6	Craftsman Automation	19%	13%	15%	18%	18%
7	Ramkrishna Forgings	16%	5%	5%	13%	19%
8	Sansera Engineering	19%	11%	13%	14%	14%
9	MM Forgings	13%	10%	8%	19%	16%
10	Endurance Technologies	25%	21%	16%	14%	13%
11	Cummins India	22%	15%	19%	18%	23%

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

Return on Capital Employed = EBIT / Capital Employed (Net Worth + Total Debt)

Addition to Gross Block

(₹ in million)

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
	Happy Forgings	382	130	1,760	776	2,778
1	Bharat Forge (Standalone)	4,246	4,611	8,449	2,620	2,370
2	Bharat Forge (Consolidated)	6,277	7,542	10,520	6,837	13,000
3	Sona BLW Precision Forgings	913	750	1,174	3,078	3,675
4	Uno Minda	6,520	3,399	5,008	3,169	NA
5	CIE Automotive	3,359	4,702	3,402	4,126	4,929
6	Craftsman Automation	3,844	1,207	1,596	2,155	3,004
7	Ramkrishna Forgings	1,599	1,724	1,821	3,990	NA
8	Sansera Engineering	3,081	1,408	1,484	2,157	NA
9	MM Forgings	2,993	1,151	268	962	1,671
10	Endurance Technologies	7,605	5,561	3,724	4,958	4,949
11	Cummins India	836	3,309	472	1,057	1,481

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

Addition to gross block is sourced from notes to the financial statements.

Gross Asset Turnover Ratio

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
1.	Happy Forgings	2.5	1.7	1.4	1.6	1.7
2.	Bharat Forge (Standalone)	1.8	1.1	0.8	1.2	1.4
3.	Bharat Forge (Consolidated)	2.0	1.4	0.9	1.4	1.5
4.	Sona BLW Precision Forgings	1.5	3.5	3.7	3.4	2.8
5.	Uno Minda	3.1	2.5	2.2	2.6	NA
6.	CIE Automotive	2.7	2.1	1.3	1.3	1.9
7.	Craftsman Automation	1.0	0.7	0.7	1.0	1.2
8.	Ramkrishna Forgings	1.5	0.8	0.8	1.2	NA
9.	Sansera Engineering	1.8	1.3	1.2	1.4	NA
10.	MM Forgings	1.0	0.6	0.6	0.8	1.0
11.	Endurance Technologies	2.7	1.9	1.6	1.7	1.9
12.	Cummins India	2.7	2.5	2.2	3.1	3.8

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on.

Gross Asset Turnover Ratio = Revenue from Operations / Average Gross Property Plant and Equipment.

Net Debt / EBITDA

S. No.	Company	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
1.	Happy Forgings	1.0	0.5	0.6	0.8	0.6
2.	Bharat Forge (Standalone)	1.0	1.8	1.9	0.8	1.3
3.	Bharat Forge (Consolidated)	1.2	2.2	2.7	1.4	2.2
4.	Sona BLW Precision Forgings	1.2	0.4	0.5	0.3	0.1
5.	Uno Minda	0.8	1.1	1.0	0.8	0.7
6.	CIE Automotive	0.9	1.1	2.4	1.0	0.4
7.	Craftsman Automation	1.6	2.1	1.7	1.2	1.3
8.	Ramkrishna Forgings	2.0	4.1	4.6	2.6	2.0
9.	Sansera Engineering	1.6	2.1	1.7	1.6	1.6
10.	MM Forgings	1.8	2.9	2.6	1.6	1.6
11.	Endurance Technologies	-0.0	-0.1	-0.3	-0.4	-0.5
12.	Cummins India	-0.8	-1.2	-1.8	-1.6	-1.5

CIE Automotive has a calendar year ending. Hence calendar year 2022 figures have been shown as Fiscal 2023 and so on

STRATEGIC POSITIONING FOR HAPPY FORGINGS LIMITED

Happy Forgings Limited is a leading Indian forging and machining company, offering a wide range of solutions in the heavy commercial vehicles, farm equipment, off-highway construction and industrial equipment and machinery for oil and gas, power generation, railways, and wind turbine industries. With over 40 years of experience of manufacturing and supplying quality and complex components, the Company is well established within the industries and customers its caters to. The Company is the fourth largest, engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India as of Fiscal 2023, in terms of forgings capacity. Happy Forgings is a leading player in the domestic crankshaft manufacturing industry with the second largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India. Happy Forgings has emerged as a key player in the crankshaft market in India next to Bharat Forge with focus on CV, construction equipment, industrials and farm equipment segments. The company has capabilities to deliver single cylinder to six-cylinder crankshafts up to a weight of 250 kg. The Company is among the few companies in India with the capability to manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway and industrial equipment and machinery for oil and gas, power generation, railways, and wind turbine industries. Happy Forgings is a supplier to almost all major players in commercial vehicles and farm equipment segments in India. The Company is a supplier to each of the top 5 Indian OEMs, by market share, in the medium and heavy commercial vehicle industry and 4 of the top 5 Indian OEMs in the farm equipment industry by market share in Fiscal 2023.

EV penetration is expected to have limited impact on the Company’s operations given its focus on manufacturing machined components for heavy commercial vehicles, farm equipment vehicles, off-highway vehicles and components for industries such as oil and gas, power generation, railways, and wind turbine. While adoption of electric vehicles is growing in the two-wheeler and passenger vehicle industries, the adoption of EVs in the heavy commercial vehicle industry has been insignificant due to factors such as high upfront costs, range limitations, and charging infrastructure availability in rural and remote areas. Heavy-duty vehicles such as trucks, off-highway vehicles, tractors require more power and have different operating requirements than passenger vehicles, which makes it more difficult to switch to EVs. As a result, many heavy-duty vehicles will continue to use traditional internal combustion engines or alternative engine technologies that require crankshafts.

The critical application of the company’s products, along with their heavy weight, closed tolerance and stringent quality requirements of OEMs serve as entry barriers for new players to qualify as suppliers or in their ability to replace the company in supplying precision products they manufacture. Further, the company’s focus on the high HP engine segment insulates it from any potential EV disruption as hydrogen, CNG and LNG combustion engine technologies are expected to become prominent alternate powertrain technologies in this segment and crankshaft as a product is compatible to such combustion engines with minimal or no alterations.

The forging and machining capacity of Happy Forgings together is 153,100 MT and have a capacity utilization of 61% indicating there is room to scale up production. It is also among the few players in the Indian forging industry that has a forging capacity of about 107,000 MT as of March 31, 2023. The range of tonnage presses installed at their facility focus on medium and heavy forging and they standout with their 14,000T press for heavy precision forging which makes them a key player in forging heavy components. As of March 31, 2023, it is only the second company in India to have a 14,000T or higher forging press and is among the four companies in India that possess a 8,000T or higher forging press. Further, these heavy press machines are custom-built to meet specific needs, and their delivery lead time can be several months or even years, which can put new players in the industry at a disadvantage. Manufacturing capacity of Happy Forgings is prominent as their mechanical forging press line range from 2,500T to 14,000T and their drop hammers line have range from 1.5T to 6T. In addition to the above in Fiscal 2023, Happy Forgings recorded one of the highest revenue contributions from the sale of machined products in the overall product sales in comparison to the peers, as 79% of their revenue from product sales comes from machined components. The strategic location of the Company's facilities near inland container depot facility in Ludhiana and dedicated freight corridor connecting Ludhiana to Mumbai, Maharashtra and Dankuni, West Bengal provides it with cost and logistical advantages. The company's strength in machining and overall value addition to products has enabled it to achieve the highest EBITDA margin among peers in the last two Fiscals (i.e., Fiscal 2022 and 2023). The company's experience of strategically adding capacity coupled with its commitment to capital efficiency has resulted in it recording the highest ROCE among peers in Fiscal 2023.

The industry outlook for forging and machining globally is very positive. The global forging and machining market are estimated to be valued at approximately US$ 71.9 billion and US$ 52.5 billion, respectively, in calendar year 2023 and is expected to grow at a CAGR of 5.1% and 5.2% to reach US$ 97.0 billion and US$ 71.2 billion, respectively, by calendar year 2029. The global forging and machining market size for non-automotive sector such as farm equipment, off-highway vehicles and industrial and others is estimated to be valued at approximately US$ 35.2 billion and US$ 13.3 billion in calendar year 2023, respectively, and is expected to reach US$ 47.4 billion and US$ 18.0 billion by calendar year 2029, respectively.

The forging and machining market in India are estimated to be valued at approximately US$ 7.3 billion and US$ 5.4 billion in Fiscal 2024 and is expected to grow at a CAGR of 7.1% and 8.4% to reach US$ 10.2 billion and US$ 8.0 billion by Fiscal 2029, driven by global supply chain re-alignment; strong domestic demand across automotive and non-automotive industries and export opportunities driven by improved competitiveness. The global crankshaft market for automotive, farm tractors, off-high vehicles and industrial and others, is estimated to be valued at approximately USD 34.5 billion in calendar year 2023 and is expected to grow at a CAGR of 5.3% to reach US$ 47.1 billion by calendar year 2029. The crankshaft market for automotive, farm tractors, off-high vehicles and industrial and others in India is estimated to be valued at approximately US$ 5.18 billion in Fiscal 2024 and is expected to grow at a CAGR of 8.3%, by value, between Fiscal 2024 and Fiscal 2029. Further, the forging and machining industry faces several challenges that create high barriers to entry, including (i) lengthy customer and product approval processes, with difficulty in acquiring new customers without existing relationships, (ii) the importance of implementing and sustaining quality systems and meeting customer requirements, and (iii) managing customer relationships and logistics. Additionally, precision product manufacturing is a capital-intensive business that involves complex technology, machinery, and systems that further act as barriers to entry. Further, for both forging and machining, the machineries (such as the 14000T press) required are typically specialized and expensive and the procurement of the same is time-consuming, which can create a significant entry barrier for new businesses. Technology, price, quality, delivery and engineering capabilities are the primary elements of competition in the forging and machining industry.

India is poised to become a global hub for manufacturing, driven by a confluence of factors such as the China plus one strategy, the Ukraine-Russia crisis, high production costs in Europe and the United States of America, and the India's status as the lowest-cost producer in the world after China. Additionally, the robust manufacturing ecosystem, the easy availability of skilled labour and key raw materials, and strong government incentive schemes to promote 'Make in India' are all contributing to India's emergence as a global manufacturing hub. With these factors at play, Happy forgings is well placed to leverage these opportunities with its inhouse R&D capability, strategic partnerships, and low-cost proposition.

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 25 for a discussion of the risks and uncertainties related to those statements and "Risk Factors", "Restated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 35, 280 and 357, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Financial Information included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Information" on page 280. In this section, we have compared our consolidated financial information as of and for the year ended March 31, 2022 and March 31, 2023 and our standalone financial information as of and for the year ended March 31, 2021 and these periods are not comparable to each other. See, "Risk Factors – Other internal risks – In this Draft Red Herring Prospectus, we have compared consolidated financial information as of and for the year ended March 31, 2023 and for the year ended March 31, 2022 with our standalone financial information as of and for the year ended March 31, 2021. These periods are not comparable to each other" on page 60. Also, see "Definitions and Abbreviations" on page 6 for certain terms used in this section.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Report on Global and Indian Forging and Machining Markets" dated August 8, 2023 (the "**Ricardo Report**") prepared and issued by Ricardo India Private Limited, appointed by us pursuant to an engagement letter dated May 16, 2023 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Offer. The data included herein includes excerpts from the Ricardo Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the Ricardo Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. A copy of the Ricardo Report is available on the website of our Company at https://happyforgingsltd.com/investors. For further information, see "Risk Factors – Other internal risks – Certain sections of this Draft Red Herring Prospectus disclose information from the Ricardo Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 58. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 21.*

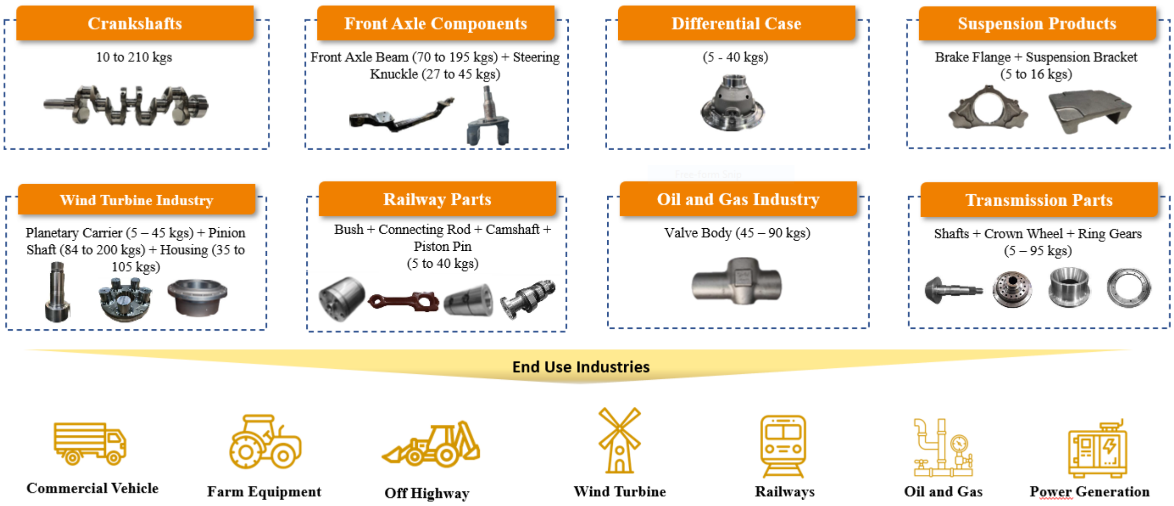
OVERVIEW

We are the fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India as of Fiscal 2023 in terms of forgings capacity (*Source: Ricardo Report*). We, through our vertically integrated operations, are engaged in engineering, process design, testing, manufacturing, and supply of a variety of components that are both margin accretive and value-additive. We primarily cater to domestic and global original equipment manufacturers ("**OEMs**") manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, we cater to manufacturers of farm equipment, off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.

With over 40 years of experience of manufacturing and supplying quality and complex components according to customers specifications, we have emerged as a leading player in the domestic crankshaft manufacturing industry with the second largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India (*Source: Ricardo Report*). Our focus on producing margin accretive value-added products has led to our transition from being a forging led business to a machined components manufacturer. Our revenue from sale of machined products has increased from ₹3,992.02 million in Fiscal 2021 (representing 72.88% of our revenue from sale of products in such Fiscal) to ₹8,392.33 million in Fiscal 2023 (representing 78.66% of our revenue from sale of products in such Fiscal), at a CAGR of 44.99% which demonstrates our increased focus on machined products. Our strength in machining and overall value addition to products has enabled us to achieve the highest EBITDA margin among our peers (*refer to "Our Business – Competition" on page 241 for details of our peers*) in the last two Fiscals (i.e., Fiscal 2022 and 2023) (*Source: Ricardo Report*). We recorded an increase in our revenue from operations by 104.55% from ₹5,849.58 million in Fiscal 2021 to ₹11,965.30 million in Fiscal 2023. Our continued endeavour to increase value addition through focus on products with higher machining intensity, has enabled us to increase our realisation and in Fiscal 2023, 2022 and 2021, our EBITDA margin was 28.49%, 26.85% and 27.14%, respectively.

We manufacture a wide range of heavy forged and machined products which include crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, pinion shafts, suspension products and valve bodies across industries for a diversified base of customers.

Our Product Portfolio



We are among the few companies in India with the capability to manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries (*Source: Ricardo Report*). The following table sets forth below the revenue from sale of products to automotive and non-automotive sectors for the years indicated:

Sector	Fiscal 2023		Fiscal 2022		Fiscal 2021		CAGR (Fiscal 2021 to Fiscal 2023)
	Consolidated		Consolidated		Standalone		
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	
Automotive Sector[(1)]	4,656.76	43.65%	3,355.58	42.72%	2,054.10	37.50%	50.57%
Non Automotive Sector[(2)]	6,012.73	56.35%	4,500.07	57.28%	3,423.30	62.50%	32.53%
Revenue from the Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**	**39.57%**

(1) *Sale of products to manufacturers of commercial vehicles.*
(2) *Sale of products to manufacturers of farm equipment and off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.*

We believe that the critical application of our products, along with their heavy weight, closed tolerance and stringent quality requirements of OEMs serve as entry barriers for new players to qualify as suppliers or in their ability to replace us in supplying precision products we manufacture (*Source: Ricardo Report*). Further, we believe that our focus on the high HP engine segment insulates us from any potential electric vehicle ("**EV**") disruption as hydrogen, compressed natural gas ("**CNG**") and liquified natural gas ("**LNG**") combustion engine technologies are expected to become prominent alternate powertrain technologies in this segment and crankshaft as a product is compatible to such combustion engines with minimal or no alterations (*Source: Ricardo Report*).

We are a supplier to each of the top five Indian OEMs, by market share, in the medium and heavy commercial vehicle industry and four of the top five Indian OEMs in the farm equipment industry by market share, in Fiscal 2023 (*Source: Ricardo Report*). We believe that our long-standing relationships with our customers has positioned us as a trusted supplier for several Indian and global OEMs. Some of our customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Bonfiglioli Transmissions Private Limited, Dana India, IBCC Industries (India) Private Limited, International Tractors Limited, JCB India Limited, Liebherr CMCtec India Private Limited, Mahindra & Mahindra Limited, Meritor HVS AB, Meritor Heavy Vehicle Systems Cameri SPA, SML ISUZU Limited, Swaraj Engines Limited, Same Deutz Fahr India Private Limited, Tata Cummins Private Limited, Watson & Chalin India Private Limited (Hendrickson India Commercial Vehicle Systems) and Yanmar Engine Manufacturing India Private Limited. As of March 31, 2023, 2022 and 2021, our customers who have been associated with us for more than 10 years contributed 75.98%, 79.38% and 80.67% to our revenues from sale of products in Fiscal 2023, 2022 and 2021, respectively which indicates the depth of our relationships with them. As of March 31, 2023, we served customers across nine countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom and the United States of America. In Fiscal 2023, 2022 and 2021, our revenue from contract with customers outside India was ₹1,383.51 million, ₹868.14 million and ₹481.05 million, representing 12.89%, 10.94% and 8.77% of our total revenue from contract with customers during such Fiscals, respectively. We have received numerous certificates and awards over the years, including the certificate of appreciation under the strategic theme "*Business Excellence Process/ Digitalisation*" in 2023 from Escorts Kubota Limited, "*Outstanding Contribution in Overall Performance Excellence*" award in 2017 from VE Commercial Vehicles Limited, a joint venture of the Volvo Group and Eicher Motors, "*Overall Excellence in Cost Delivery and Quality*" award at Partners Meet 2016 organised by Escorts Kubota Limited, "*Proactive Cost Competitiveness*" award for the year 2015-16 at Supplier Summit 2016 organised by Ashok Leyland and the "*Best Supplier (Forging)*" from a gear manufacturer in 2015.

We are dedicated to continuously investing in machinery and equipment to expand our forging and machining capacity to seize opportunities for growth in the market. As of March 31, 2023, we are only the second company in India to have a 14,000 tonne forging press or higher forgng press and are among the four companies in India that possess a 8,000 tonne forging press or higher forging press (*Source: Ricardo Report*), allowing us to manufacture heavier and complex products with greater precision and accuracy, thereby better serving our customers. We are also among the few players in the Indian forging industry that have a forging capacity of about 107,000 MT as of March 31, 2023 (*Source: Ricardo Report*). In Fiscal 2023, 2022 and 2021, our additions to our cost of property, plant and equipment were ₹2,777.96 million, ₹775.90 million and ₹1,760.39 million, respectively. Around 39.13% of our gross block (i.e., cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development), as of March 31, 2023, was a result of our capital expenditure made between Fiscal 2022 and Fiscal 2023. We believe that our experience of strategically adding capacity coupled with our commitment to capital efficiency, has resulted us in recording the highest ROCE among peers in Fiscal 2023 (*Source: Ricardo Report*). Further, the installation of our new 14,000 tonne press enables us to forge heavier and safety critical parts up to 250 kilograms using the close die forging process, which expands our capabilities to cater to different industries. We believe that the upgrades we have undertaken to our manufacturing facilities, infrastructure, machines, equipment and technology have enabled us to offer a diverse products, reduce operating costs, drive productivity and will enable us to capitalise on future growth.

As of the date of this Draft Red Herring Prospectus, we own and operate three manufacturing facilities, of which two are located at Kanganwal in Ludhiana, Punjab and one is located at Dugri in Ludhiana, Punjab. Our annual aggregate installed capacity for forging and machining has increased from 67,000.00 MT and 29,500.00 MT, respectively, as of March 31, 2021 to 107,000.00 MT and 46,100.00 MT as of March 31, 2023, respectively. For more information on the capacity of our manufacturing facilities, see "- *Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation*" on page 229. We focus on reducing waste in manufacturing processes, weight optimisation through simulation trials, value engineering and cost optimisation in machining and automation and re-layouting to increase production efficiency. We have automated certain processes in our manufacturing lines by using robots to reduce manpower costs and increase productivity. As of March 31, 2023, we had 10 robots installed across all our manufacturing facilities. Our vertically integrated manufacturing facilities are equipped to undertake a variety of processes, including engineering and designing, hammer and press forging, metallurgical testing, heat treatment, machining and dimensional testing among others, enabling us to manufacture a wide range of products weighing majorly between 3 kilograms to 250 kilograms. We believe our engineering capabilities that have evolved over last 40 years, enable us to offer quality, complex, high precision and safety critical components, allowing us to cater to a wide array of industries and bespoke customer requirements.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased from ₹5,849.58 million in Fiscal 2021 to ₹11,965.30 million in Fiscal 2023 at a CAGR of 43.02% while our restated profit for the year increased from ₹864.48 million in Fiscal 2021 to ₹2,087.01 million in Fiscal 2023 at a

CAGR of 55.38%.

The following table sets forth certain financial information for our Company for the years indicated:

Particulars	As of/ For the year ended March 31,		
	2023	**2022**	**2021**
	Consolidated	**Consolidated**	**Standalone**
Revenue from Operations (₹ million)	11,965.30	8,600.46	5,849.58
Total Income (₹ million)	12,022.71	8,661.05	5,908.13
Gross Profit (₹ million)(1)	6,454.74	4,716.55	3,333.55
Gross Margin (%)(2)	53.95%	54.84%	56.99%
EBITDA (₹ million)(3)	3,409.40	2,308.87	1,587.46
EBITDA Margin (%)(4)	28.49%	26.85%	27.14%
Restated Profit Before Tax (₹ million)	2,800.29	1,920.52	1,170.61
Restated Profit for the Year (₹ million)	2,087.01	1,422.89	864.48
PAT Margin (%)(5)	17.44%	16.54%	14.78%
Total Equity (₹ million)	9,883.07	7,876.24	6,451.59
Total Current Assets (₹ million)	4,893.40	4,249.68	3,367.86
Total Non-Current Assets (₹ million)	8,362.11	7,042.84	5,389.81
Total Assets (₹ million)	13,261.68	11,298.69	8,763.84
Return on Equity (%)(6)	21.12%	18.07%	13.40%
Return on Capital Employed (%)(7)	24.24%	19.38%	16.13%
Cash Conversion Cycle (days)(8)	167	187	184
Gross Block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) (₹ million)	9,338.64	7,980.78	5,469.17
Gross Fixed Assets Turnover Ratio (in times)(9)	1.40	1.47	1.16
Addition to Property, Plant and Equipment (₹ million)	2,777.96	775.90	1,760.39
Net Debt to EBITDA (in times)(10)	0.64	1.03	0.79

Notes:

1. *Gross profit is calculated as revenue from operations minus cost of raw materials and components consumed minus (increase)/decrease in inventories of finished goods, work-in-progress and scrap.*
2. *Gross Margin is calculated as gross profit divided by revenue from operations.*
3. *EBITDA is calculated as profit for the year minus other income and share of profits from joint venture plus finance costs, depreciation and amortisation and total income tax expenses.*
4. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
5. *PAT Margin is calculated as restated profit for the year divided by revenue from operations.*
6. *Return on Equity is calculated as restated profit for the year divided by total equity.*
7. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs.*
8. *Cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days.*
   a. *Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') multiplied by 365 days.*
   b. *Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.*
   c. *Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.*
9. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment.*
10. *Net Debt to EBITDA is calculated as net debt divided by EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.*

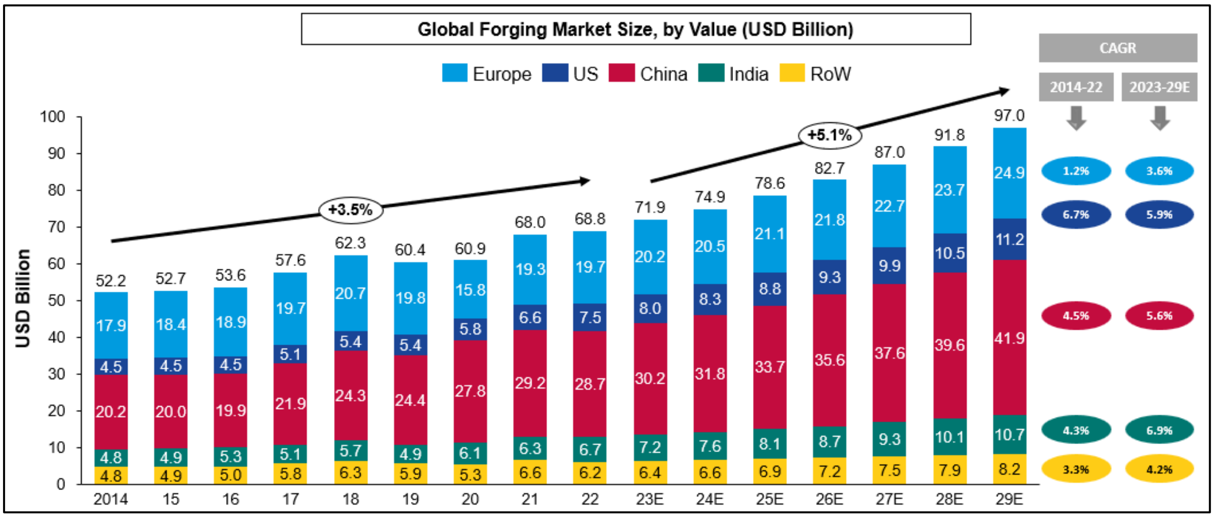
For reconciliation in relation to the Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, PAT Margin, Gross Fixed Asset Turnover Ratio and Net Debt to EBITDA, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 382.

Our Promoters and senior management have been instrumental in the growth of our business. Our Promoter, Chairman and Managing Director, Paritosh Kumar, founded our Company in 1979 and continues to provide strategic guidance and oversees overall performance of our Company. Our Promoter and Managing Director, Ashish Garg, holds a master's degree in science in manufacturing systems engineering from University of Warwick, United Kingdom and has over 17 years of experience in the industrial sector, and drives new investment and growth strategy besides managing day to day operations of our Company. We have been supported by investments from Motilal Oswal Alternate Investment Advisors Private Limited that also provides us with capital and strategic advice, which we believe has been critical to the growth of our business.

Market Opportunity

The global forging and machining market are estimated to be valued at approximately USD 71.9 billion and USD 52.5 billion, respectively, in 2023 and is expected to grow at a CAGR of 5.1% and 5.2% to reach USD 97.0 billion and USD 71.2 billion, respectively, by 2029 (*Source: Ricardo Report*).

Global Forging Market Size

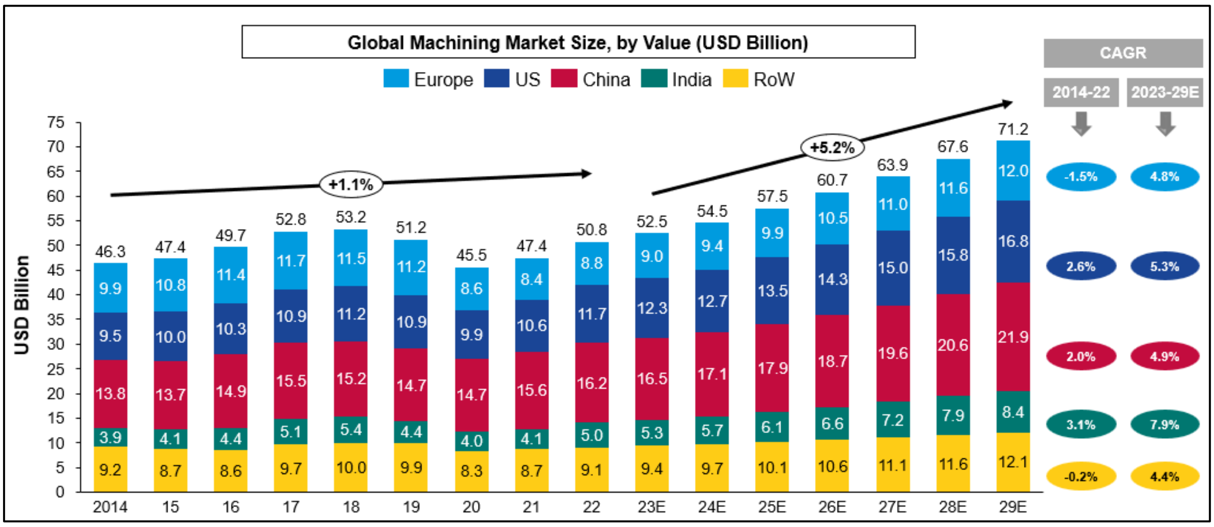


(*Source: Ricardo Report*)

Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China and India is given as per Calendar year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014).

Production data has been considered for market sizing; Forging market size includes analysis of forged component from automotive, farm equipment, off highway Industrial and other segments, others include the following segments– manufacturing equipment's, mechanical equipment's used in public works, energy, etc and miscellaneous.

Global Machining Market Size



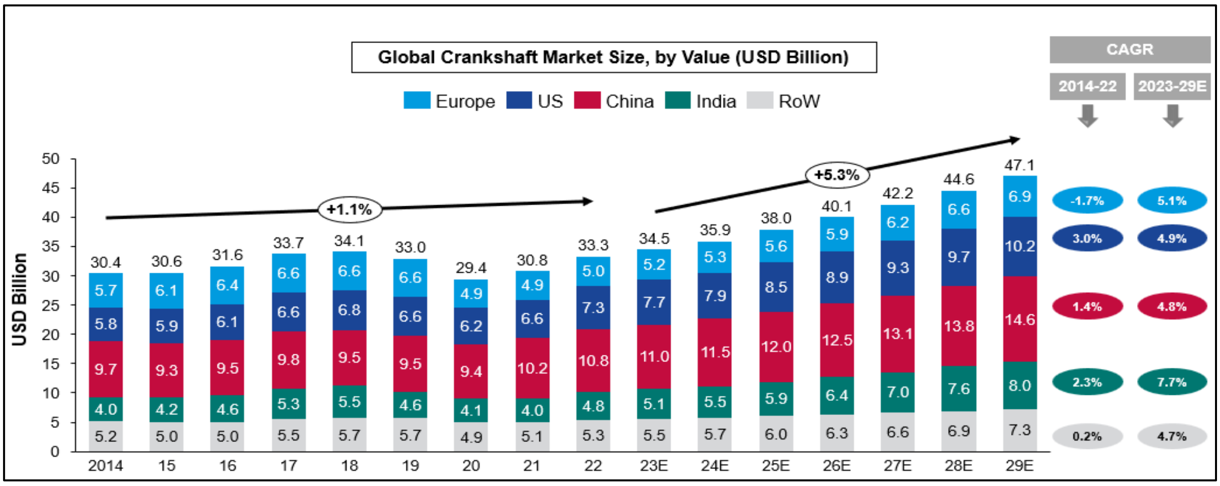
(*Source: Ricardo Report*)

Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and India is given as per Calendar year (Fiscal 2015 India market size is mentioned in Global Calendar Year 2014).
Machining market size includes analysis of only front axle component (axle beam and steering knuckle) and crankshaft in following end use segments - automotives, off highway vehicle, farm equipment and industrial engines; Production data has been considered for market sizing. Value addition during the machining process of a particular component is considered to derive the value market.

The global crankshaft market for automotive, farm tractors, off-high vehicles and industrial and others, is estimated to be valued at approximately ₹34.5 billion in 2023 and is expected to grow at a CAGR of 5.3% to reach

₹47.1 billion by 2029. The crankshaft market in India for automotive, farm tractors, off-high vehicles and industrial and others is estimated to be valued at approximately ₹5.18 billion in Fiscal 2024 and is expected to grow at a CAGR of 8.3%, by value, between Fiscal 2024 and Fiscal 2029. The demand for advanced crankshafts with high strength and fatigue resistance is increasing due to the growing demand for high-performance vehicles (*Source: Ricardo Report*).

Global Crankshaft Market Size



(*Source: Ricardo Report*)

Note: - E-Estimated: Europe includes Germany, France, Spain, Italy, Turkey, and Sweden. Row includes Japan, Thailand, UK and Brazil. Market Size for Europe, US, China, and RoW is given as per calendar year and India is given as per financial year (Fiscal 2015 India market size is mentioned in Global Calender Year 2014); Production data has been considered for market sizing.

Our engineering capabilities coupled with machining capabilities and advanced technologies that we deploy as part of our manufacturing operations, position us to capitalise on the opportunities presented by the growing market. For further information on the key growth drivers in the automotive and non-automotive sectors, see "*Industry Overview*" on page 144.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have positioned us to benefit from market dynamics and capture projected growth in the forging and machined components industry.

Fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India

We commenced operations in 1979 primarily as a forging company, and have since evolved into a manufacturer specializing in the manufacturing of value added machined products. With over 40 years of experience of manufacturing and supplying quality and complex components, we are well established within the industries and customers we cater to (*Source: Ricardo Report*). In terms of forging capacity as of Fiscal 2023, we are the fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined component in India (*Source: Ricardo Report*). Further, we have emerged as a leading player in the domestic crankshaft manufacturing industry with the second largest production capacity for commercial vehicle and high horse-power industrial crankshafts (*Source: Ricardo Report*). We are focused on developing heavier high precision critical and value added products for multiple end-use industries, which typically have extremely closed tolerances (i.e., products should meet precise and specific requirements in terms of measurements and tolerances).

The table below sets forth a breakdown of our revenue from sale of products from forging and machining for the years indicated:

Particulars	**Fiscal 2023 Consolidated**		**Fiscal 2022 Consolidated**		**Fiscal 2021 Standalone**		**CAGR (Fiscal 2021 to Fiscal 2023)**
	Amount (₹ million)	**Percentage of Revenue from Sale of Products**	**Amount (₹ million)**	**Percentage of Revenue from Sale of Products**	**Amount (₹ million)**	**Percentage of Revenue from Sale of Products**	
Revenue from Sale of Forged Products	2,277.15	21.34%	1,935.15	24.63%	1,485.38	27.12%	23.82%
Revenue from Sale of Machined Products	8,392.33	78.66%	5,920.50	75.37%	3,992.02	72.88%	44.99%
Revenue from Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**	**24.89%**

As a result of increased focus on manufacturing machined products, in Fiscal 2023, we recorded one of the highest revenue contributions from the sale of machined products in the overall product sales in comparison to peers (refer to "*Our Business – Competition*" on page 241 for details of our peers) (*Source: Ricardo Report*). Our commitment to continuous investment in machinery and equipment has enabled us to increase our annual aggregate installed capacity for machining from 29,500.00 MT as of March 31, 2021 to 46,100.00 MT as of March 31, 2023. In Fiscal 2023, 2022 and 2021, our additions to our cost of plant, property and equipment were ₹2,777.96 million, ₹775.90 million and ₹1,760.39 million, respectively.

Further, the forging industry faces several challenges that create high barriers to entry, including (i) lengthy customer and product approval processes (ii) difficulty in acquiring new customers without existing relationships, (iii) the importance of implementing and sustaining quality systems and meeting customer requirements, and (iv) managing customer relationships and logistics (*Source: Ricardo Report*). Additionally, precision product manufacturing is a capital-intensive business that involves complex technology, machinery, and systems that further act as barriers to entry (*Source: Ricardo Report*). Further, for both forging and machining, the machineries (such as the 14,000 tonne press) required are typically specialized and expensive and the procurement of the same is time-consuming, which can create a significant entry barrier for new businesses (*Source: Ricardo Report*). We believe that our manufacturing infrastructure, experience in die-designing and engineering, diverse portfolio of products, our integrated manufacturing operations, ability to cater to our customers' varying requirements and the relationships we have built with our customers over time, differentiate us from our competitors.

Integrated manufacturing operations coupled with in-house product and process design capabilities resulting in a diverse product portfolio with increasing value addition

Our journey from manufacturing basic forged and machined components to manufacturing complex and safety critical products with closed tolerances, involved expansion of our capabilities in both light and heavy forging and machining. In the initial years of our operations, we focused on manufacturing components such as forged bicycle pedals, camshaft, bull gears and semi machined transmission parts. As we gained experience and expanded our engineering capabilities, we forayed into products that required higher levels of precision, strength, and durability. We expanded our capabilities to manufacture complex and safety critical parts, resulting in a diverse product portfolio of machined parts such as crankshaft, transmission parts, suspension products and other products for commercial vehicles, farm equipment, and off-highway vehicles. In addition, we also expanded our capabilities to manufacture and supply components with applications in industries including oil and gas, power generation, railways and wind turbines. As of March 31, 2023, we are only the second company in India to have a 14,000 tonne forging press or higher forging press and are among four companies in India that possess a 8,000 tonne forging press or higher forging press (*Source: Ricardo Report*). Our diverse range of products and continuous efforts to develop new products, have allowed us to serve a wide range of industries and customers, which has strengthened our ability to attract new customers. We strive to continuously evaluate new businesses and add more value-added products to our portfolio to improve margins and profit realizations. In Fiscal 2023, 2022 and 2021, our EBITDA margin was 28.49%, 26.85% and 27.14%, respectively.

Evolution of our Product Portfolio

	Description of Key Products		Application/ Industry served	Supply Condition	Product Weight
1979	Forged Bicycle Pedals		Bicycle	Forged	450 – 550 gms
1981	Forged Camshafts		Portable Gensets	Forged	2.5 kgs
1996	Forged Bull Gears and Semi Machined Transmission Parts		Farm Equipment	Forged and Rough Machined	Up to 30 kgs
2007 - 2015	Forged Engine and Axle Components		Farm Equipment and Commercial Vehicles	Forged	30 – 80 kgs
2015 - 2019	Fully Machined Products		Farm Equipment, Commercial Vehicles, Industrial	Fully Machined	Up to 90 kgs
2019 - 2023	Fully Machined Heavy Range of Crankshafts, Pinion Shafts, Planetary Carriers, Valve Bodies		Farm equipment, Commercial Vehicles, Off-Highway, Wind Turbine, Oil and Gas, Power Generation	Fully Machined	Up to 250 kgs

We believe that our engineering and product development capabilities have helped us explore and manufacture complex, safety critical and high precision products. For example, in the last three Fiscals, we started manufacturing and supplying certain new products such as planetary carriers and pinion shafts for wind turbine gearboxes, crankshafts for gensets, valves for oil and gas industry, and front axles for electric buses. We have invested in forging and machining equipment and developed processes and techniques for producing complex components with closed tolerances with increased mechanical properties. We possess a wide range of engineering and product development capabilities, including die-designing, process design, cutting tool selection, and inspection and testing, enabling us to ensure manufacturing of safety critical components to required designs and specifications.

Our manufacturing processes, which primarily include die-designing, forging, heat treatment, machining and inspection and testing, are undertaken in-house. This enables us to meet customer requirements or modifications to product specifications without relying on external vendors. As a result, we are able to closely monitor product quality, control production expenses, and meet delivery timelines. Further, our in-house die design capabilities and advanced manufacturing facilities enable us to produce high-precision and complex components with closed tolerances. Our die manufacturing operations are equipped with computer numerical control ("**CNC**") vertical machines centers. While CNC machines are primarily used for machining operations, they enable us to produce dies in-house by shaping and finishing the dies according to the design specifications. We have invested in computed-aided design ("**CAD**") and computer aided manufacturing ("**CAM**") packages which help us create 3D models of the dies and we also have simulation software which enables us to simulate and manufacture our dies with higher accuracy. Further, to maintain product quality, we use advanced metallurgical testing equipment for elemental and material composition analysis, microstructure analysis, and mechanical properties testing, and perform non-destructive testing to detect surface cracks and defects.

Diversified business model, well placed to take advantage of potential alternative engine technologies

Our business model is well diversified by end use industry and customer base. In automotive sector, we derive our revenues from OEMs of commercial vehicles. Within the non-automotive sector, we manufacture and supply a wide range of precision components to OEMs of farm equipment, off-highway vehicles, and industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries. The tables below set out the revenues from various end-use industries and as a percentage of our revenue from sale of products:

End-use Industry	Fiscal 2023		Fiscal 2022		Fiscal 2021		CAGR (Fiscal 2021 to Fiscal 2023)
	Consolidated		Consolidated		Standalone		
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	
Automotive Sector							
Commercial Vehicles	4,656.76	43.65%	3,355.58	42.72%	2,054.10	37.50%	50.57%
Non Automotive Sector							
Farm Equipment	3,925.19	36.79%	3,179.74	40.48%	2,402.91	43.87%	27.81%
Off Highway Vehicles	1,692.55	15.86%	1,162.71	14.79%	910.39	16.62%	36.35%
Industrial*	394.99	3.70%	157.62	2.01%	110.00	2.01%	89.49%
Total Non-Automotive Sector	6,012.73	56.35%	4,500.07	57.28%	3,423.30	62.25%	32.53%
Revenue from the Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**	**39.57%**

**Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.*

Further, the global forging market size for non-automotive sector such as farm equipment, off-highway vehicles and industrial and others is estimated to be valued at approximately USD 35.2 billion in 2023 and is expected to reach USD 47.4 billion by 2029 whereas the global machining market size for non-automotive sector such as farm equipment, off-highway vehicles and industrial and others is estimated to be valued at approximately USD 13.3 billion in 2023 and is expected to reach USD 18.0 billion by 2029 (*Source: Ricardo Report*). We believe that the non-automotive sector represents a significant growth opportunity, with the potential for increased demand across a diverse range of industries. With our expertise in forging and machining, we believe that we are well-positioned to cater to the growing demand from these industries.

We have a diversified customer base and we served 66 customers in Fiscal 2023. Our customers span across industries, including manufacturers of light, medium and heavy commercial vehicles in the automotive sector and manufacturers of farm equipment, off-highway vehicles and machinery and equipment for oil and gas, power generation, railways and wind turbine industries in the non-automotive sector. To demonstrate our diversified customer base, the below table sets forth details of our customers we served in the relevant Fiscals:

Sector	Number of Customers		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Automotive			
Commercial Vehicles	14	13	10
Non-Automotive			
Farm equipment	24	21	21
Off-highway	4	4	5
Industrial*	24	19	19
Total	**66**	**57**	**55**

**Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.*

We have a geographically diversified revenue base with our business footprint which spans across geographies.

As of March 31, 2023, we served customers in over nine countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom and the United States of America. The table below sets forth details of our revenue from contract with customers outside India for the years indicated:

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Number of Countries to which we supplied during the Fiscal	7	8	7
Revenue from Contract with Customers Outside India (₹ million)	1,383.51	868.14	481.05
Revenue from Contract with Customers Outside India as a percentage of total Revenue from Contract with Customers (%)	12.89%	10.94%	8.77%

For information on the geographies where we exported our products and revenues generated from such geographies in the last three Fiscals, see " – *Customers*" on page 236.

Further, we strive to keep abreast of global industry trends and manufacture products that cater to customers' evolving requirements. EV penetration is expected to have limited impact on our operations given our focus on manufacturing machined components for heavy commercial vehicles, farm equipment vehicles, off-highway vehicles and components for industries such as oil and gas, power generation, railways and wind turbine (*Source: Ricardo Report*). While adoption of EVs is growing in the two-wheeler ("**2W**") and passenger vehicle ("**PV**") industries, the adoption of EVs in the heavy commercial vehicle industry has been insignificant due to factors such as high upfront costs, range limitations, and charging infrastructure availability in rural and remote areas (*Source: Ricardo Report*). Heavy-duty vehicles such as trucks, off-highway vehicles, tractors require more power and have different operating requirements than PVs, which makes it more difficult to switch to EVs. As a result, many heavy-duty vehicles will continue to use traditional internal combustion engines ("**ICE**") or alternative engine technologies that require crankshafts (*Source: Ricardo Report*).

Further, as per the Ricardo Report, hydrogen, LNG and CNG combustion engines are among the most promising alternative engine technologies for the commercial vehicle industry. The hydrogen combustion engines require a compressor to compress the hydrogen gas, and this compressor is typically powered by a crankshaft and the content per vehicle with respect to auto-components remains unchanged in a hydrogen combustion engine vehicle in comparison to an ICE vehicle (*Source: Ricardo Report*). In addition, CNG and LNG engines also require crankshafts (*Source: Ricardo Report*). These engines use natural gas as a fuel, which is compressed or liquefied before being injected into the engine (*Source: Ricardo Report*). The compression or liquefaction process requires a compressor, which is typically powered by a crankshaft (*Source: Ricardo Report*). These technologies offer several advantages over traditional diesel engines, including lower emissions and reduced operating costs and crankshaft as a product is not expected to be impacted in case of such transition to any such technologies (*Source: Ricardo Report*). The global market for hydrogen combustion engines is expected to grow in the coming years, driven by increasing government support for hydrogen combustion engine vehicles and the growing demand for zero-emission vehicles (*Source: Ricardo Report*). We intend to engage with our customers in the commercial vehicle industry to assess the potential transition to alternative engine technologies such as hydrogen, CNG and LNG combustion engines. For example, in Fiscal 2023, we started supplying crankshafts to an Indian automotive manufacturer for its CNG range of vehicles. We believe that crankshafts will remain an important component in the heavy-duty automotive industry for the foreseeable future as the same are compatible for engines run on hydrogen, CNG and LNG with minimal or no alternations (*Source: Ricardo Report*).

Long-standing relationships with customers across industries

We have, through over 40 years of business operations, established long-standing relationships with several Indian and global customers across industries. We are among the few companies in India that manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway vehicles and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries (*Source: Ricardo Report*). We have a diversified customer base and we have served 66 customers in Fiscal 2023. We believe our focus on quality, providing customised solution to our customers and timely delivery of our product offerings have helped us establish and maintain long term relationships with our customers. The table below sets forth our certain customers across different industries:

End-Use Industry	Customers
Commercial Vehicles	
Farm Equipment	
Off Highway Vehicles	
Industrial	

We have been able to retain our existing customers and attract new customers. The table below sets forth below our revenue from customers, segregated on the basis of the years of relationship with such customers:

Period of Customer Relationship	Fiscal 2023 Consolidated			Fiscal 2022 Consolidated			Fiscal 2021 Standalone		
	Number of Customers as of March 31, 2023	Revenue from such Customers (₹ million)	Percentage of Revenue from Sale of Products	Number of Customers as of March 31, 2022	Revenue from such Customers (₹ million)	Percentage of Revenue from Sale of Products	Number of Customers as of March 31, 2021	Revenue from such Customers (₹ million)	Percentage of Revenue from Sale of Products
More than 10 years	19	8,106.38	75.98%	17	6,235.28	79.38%	18	4,418.70	80.67%
More than five years but less than 10 years	8	1,915.65	17.95%	8	1,257.92	16.01%	6	691.23	12.62%
Five years and less	39	647.46	6.07%	32	362.45	4.61%	31	367.47	6.71%
Total	**66**	**10,669.49**	**100.00%**	**57**	**7,855.65**	**100.00%**	**55**	**5,477.40**	**100.00%**

We have long-standing relationships of more than 14 years with our top 10 customers (in terms of revenue from sale of products in Fiscal 2023) as of March 31, 2023. Our ability to establish and maintain long-term relationships with numerous customers demonstrates our commitment to provide quality products and solutions that meet their requirements. The table below sets forth the details of our top 10 customers (in terms of revenue from sale of products in Fiscal 2023) in terms of relationship as March 31, 2023:

S. No.	Customer	Commencement of Relationship	Number of Years of Customer Relationship
1.	Dana India	2002	21 years
2.	VE Commercial Vehicles Limited	2002	21 years
3.	Manufacturer of gears	2004	19 years

S. No.	Customer	Commencement of Relationship	Number of Years of Customer Relationship
4.	Manufacturer and supplier of automobile gears	2004	19 years
5.	Ashok Leyland Limited	2009	14 years
6.	AAM India Manufacturing Corporation Private Limited	2010	13 years
7.	Manufacturer of locomotives for Indian railways	2011	12 years
8.	Meritor HVS AB	2012	11 years
9.	JCB India Limited	2012	11 years
10.	Mahindra & Mahindra Limited	2012	11 years

Typically, global industry leaders are highly selective in qualifying new suppliers with respect to critical products given the high costs and risks of switching suppliers, especially where product reliability is critical (*Source: Ricardo Report*). We have passed these customers' internal supplier qualification processes. Obtaining and maintaining these qualifications and passing these customers' internal supplier selection procedures is time consuming, which we believe constitute a significant barrier-to-entry for new industry players. In Fiscal 2023, 2022, and 2021, we added eight, seven and three new customers, respectively. These customers operated in commercial vehicles, farm equipment, off-highway vehicles and industrial markets and were from India, the United Kingdom, the United States of America, Italy, Japan and Turkey. Our diversification of revenue across multiple customers allows us to minimize any adverse impact from customer specific challenges.

We collaborate with our customers, particularly OEMs, in the initial phases of product development. For example, in 2011, a manufacturer of construction vehicle equipment in India took the initiative to localize its engine products with the objective to start manufacturing engines in-house. During this process, we assisted this manufacturer with converting their cast iron crankshaft into a forged version. Additionally, we recommended the suitable steel that would match the mechanical properties of the casted version. As a result, we became a single source supplier of crankshaft to this manufacturer. In our experience, this approach has helped us establish long-standing relationships with several of our customers and resulted in a long-standing customer base.

We have received numerous certificates and awards over the years, including the certificate of appreciation under the strategic theme "*Business Excellence Process/ Digitalisation*" in 2023 from Escorts Kubota Limited, "*Outstanding Contribution in Overall Performance Excellence*" award in 2017 from VE Commercial Vehicles Limited, a joint venture of the Volvo Group and Eicher Motors, "*Overall Excellence in Cost Delivery and Quality*" award at the Partners Meet 2016 organised by Escorts Kubota Limited in 2016, "*Proactive Cost Competitiveness*" award for the year 2015-16 at Suppliers Summit 2016 organised by Ashok Leyland and the "*Best Supplier (Forging)*" from a gear manufacturer in 2015.

Furthermore, we have over the years increased our share of wallet from customers by offering additional products to existing customers. For example, we commenced the relationship with manufacturing front steering knuckles and suspension components for an Indian automotive manufacturer of commercial vehicles ("**Customer A**"). Based on our capability to supply fully finished components and heavy forgings, in 2013, we started to develop crankshafts for mid-size four cylinder engines and with this, we entered into manufacturing heavy-duty engine crankshafts. Currently, we manufacture their entire range of crankshafts with over seven variants.

We also extend our existing product offerings to the counterparts of our existing customers located in different geographical regions which helps us improve volumes of such products which in turn helps us better leverage our development costs as well as establish dedicated manufacturing production lines for specific products, thereby improving overall efficiencies. For example, we commenced supply of crankshafts for a manufacturer of off-highway vehicles ("**Customer B**"). Due to our consistent supply and delivery, quality, and precision, in 2023, we expanded our business with their UK counterpart ("**Customer C**") with the supply of crankshafts for their engines. Also, in Fiscal 2020, we commenced supply of gears and pinion shafts for a manufacturer of gearbox for wind turbines ("**Customer D**"). Due to our consistent supply and quality, in 2023, commenced supply the same products to the manufacturer's Italy counterpart ("**Customer E**"). The below table demonstrates increase in revenue with respect to the aforesaid customers:

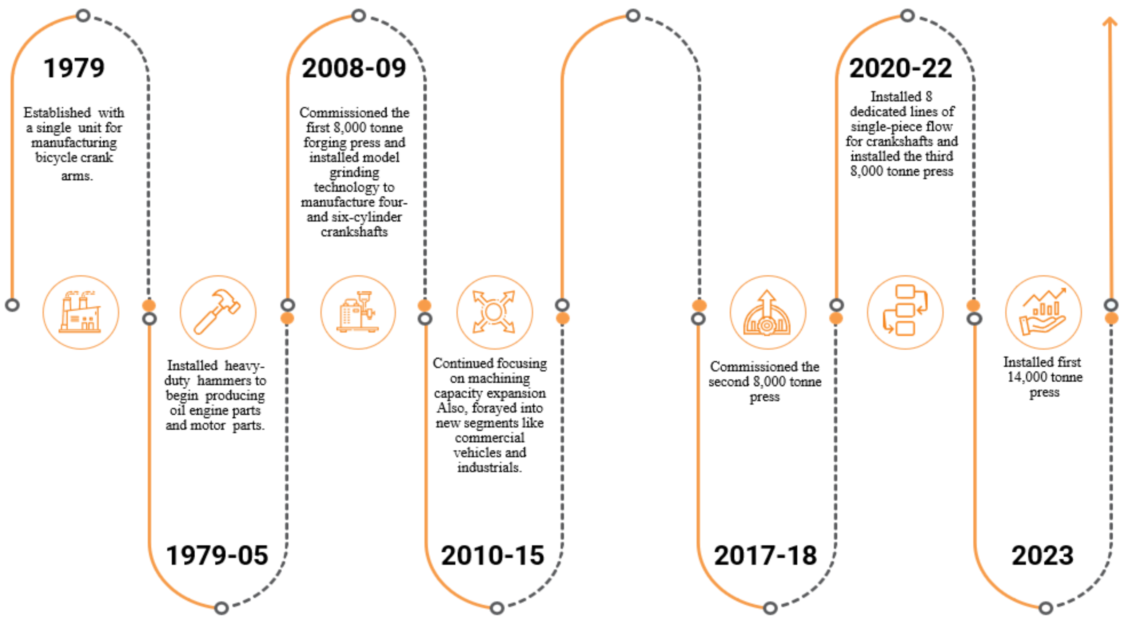
Customer	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Revenue from such Customer (₹ million)	Percentage of Revenue from Sale of Products	Revenue from such Customer (₹ million)	Percentage of Revenue from Sale of Products	Revenue from such Customer (₹ million)	Percentage of Revenue from Sale of Products
Customer A	1,762.13	16.52%	945.40	12.03%	686.46	12.53%
Customer B	512.51	4.80%	397.12	5.06%	404.84	7.39%
Customer C	38.19	0.36%	-	-	-	-
Customer D	137.09	1.28%	95.98	1.22%	41.42	0.76%
Customer E	26.92	0.25%	-	-	-	-

Track record of consistently building capabilities and infrastructure, with focus on capital efficiency

As of the date of this Draft Red Herring Prospectus, we operate three manufacturing facilities with two manufacturing facilities located at Kanganwal in Ludhiana, Punjab, spread over a built up area of 184,765.50 square feet and 439,128.00 square feet and one located at Dugri in Ludhiana, Punjab, spread over a built up area of 1,771,208.46 square feet. While one of our manufacturing facilities at Kanganwal in Ludhiana, Punjab is dedicated to forging operations, our remaining facilities are equipped with both forging and machining capabilities. The strategic location of our manufacturing facilities near inland container depot facility in Ludhiana and dedicated freight corridor connecting Ludhiana to Mumbai, Maharashtra and Dankuni, West Bengal provides us with cost and logistical advantages (*Source: Ricardo Report*).

As of March 31, 2023, the annual aggregated installed capacity for forging and machining was 107,000.00 MT and 46,100.00 MT, respectively and the capacity utilisation was 62.96% and 79.24% in Fiscal 2023, respectively. For more information in relation to the capacity for forging and machining, see "*– Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation*" on page 229. Over the years we have invested in expanding and upgrading our manufacturing facilities which are equipped to undertake a variety of processes, including engineering and designing, hammer and press forging, metallurgical testing, heat treatment, machining and dimensional testing among others, enabling us to manufacture a wide range of products majorly weighing between 3 kilograms to 250 kilograms.

The following chart shows our continuous ability in building capacity both for the forging and machining:



In Fiscal 2023, 2022 and 2021, our capital expenditure (i.e. payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance)) was ₹1,745.87 million, ₹1,908.42 million and ₹916.64 million and our gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) was ₹9,338.64 million, ₹7,980.78 million and ₹5,469.17 million as at March 31, 2023, 2022 and 2021, respectively. Around 39.13% of our gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) as of March 31, 2023, was a result of our capital expenditure made between Fiscal 2022 and Fiscal 2023. Upgradation to modernize our manufacturing facilities, infrastructure, machines, and equipment has helped us to offer a diverse products, reduce operating costs and drive productivity. Our experience of strategically adding capacity coupled with our commitment to capital efficiency has resulted us in recording the highest ROCE among peers in Fiscal 2023 (*Source: Ricardo Report*).

The installation of our new 14,000 tonne press is a significant investment in our infrastructure, making us the only second company in India to have such press or higher forging press (*Source: Ricardo Report*). Further, these heavy press machines are custom-built to meet specific needs, and their delivery lead time can be several months or even years, which can put new players in the industry at a disadvantage (*Source: Ricardo Report*). With this new press, we are able to forge heavier and complex parts up to 250 kilograms, which expands our capabilities to cater to different industries which require heavy and complex parts. This press also features advanced automation technology, such as robotic part transfer and automated tool change, which improves our efficiency and reduces the risk of human error. The higher automation provided by the press has allowed us to increase our production speed and reduce our cycle time, ultimately leading to increased throughput and improved productivity.

We have implemented quality systems and standard operating processes over the years which we believe enable us to meet the complex requirements of our customers and maintain our track record of reliability. Our manufacturing operations follow strict process control guidelines and international industry standards and practices. Our manufacturing facilities have been certified in accordance with international standards of quality management systems such as IATF 16949:2016 and ISO 9001:2015; environmental management systems such as ISO 14001:2015 and occupational health and safety management systems such as ISO 45001:2018.

We place emphasis on automation and efficiency to continuously improve our operating margins. We constantly look for ways to streamline our processes and reduce waste, while also improving the quality of our products. For example, we have (i) automated certain processes in our manufacturing operations by using robots to increase productivity and reduce manpower cost; (ii) designed our machining lines to optimize processes and reduce manpower costs by performing multiple processes on a single machine; and (iii) reduced the input weights required to forge our products, which has helped us to reduce material costs. We continuously upgrade our older machines with necessary automation to prevent obsolescence, in a cost effective manner. In an effort to minimize expenses and conserve energy, during Fiscal 2023, we implemented several energy-efficient measures, including the installation of a 1,600 kVAR hybrid automatic power factor correction system at our three manufacturing facilities as well as temperature controllers in the cooling towers of each manufacturing facility. Further, we also installed a 5 MW solar power plant at our three manufacturing facilities.

We believe that our significant manufacturing capacities act as an entry barrier for other manufacturers and OEMs that do not currently have such similar in-house engineering capabilities and production facilities, coupled with our capital expenditure over the years has positioned us well to take advantage of emerging growth opportunities.

Experienced Promoters and senior management team

We benefit from the experience of our management team which has extensive knowledge in the precision components' manufacturing industry, including operations, business development and customer relationships. In particular, our Promoter, Chairman and Managing Director, Paritosh Kumar, founded our Company in 1979 and continues to provide guidance and oversees overall performance of our Company. Our Promoter and Managing Director, Ashish Garg, holds a master's degree in science in manufacturing systems engineering from University of Warwick, United Kingdom and has over 17 years of experience in the field of business development and financial management and drives new investment and growth strategy besides managing day to day operations of our Company.

In addition, we have an experienced Board of Directors, comprising Whole-time Directors, Narinder Singh Juneja, with more than 35 years of experience in the industrial sector; and Megha Garg with a bachelor's degree in science (economics) from the University of Nottingham, United Kingdom with eight years of experience in the industrial sector. We also have oversight from the Independent Directors on our Board of Directors which include Satish Sekhri experienced in the field of sales and marketing and industrial sector, Ravindra Pisharody with over 18 years of experience in marketing, space planning and space strategy sectors, Rajeswari Karthigeyan with over 30 years of experience in the credit rating agency, Vikas Giya with over 17 years of experience in the finance sector and Atul Behari Lall with over 29 years of experience in the electronics manufacturing services industry. In addition, we have Prakash Bagla, the Nominee Director, appointed by Motilal Oswal Alternate Investment Advisors Private Limited, on our Board who has over 18 years of experience in the finance and private equity sector. Further, our KMPs and Senior Management include Pankaj Kumar Goyal, our Chief Financial Officer, Patwinder Singh, our chief operating officer, Mangesh Shantaram Purandare, our chief marketing officer, Gurjunder Singh, our chief human resource officer and Bindu Garg, our Company Secretary and Compliance Officer. We believe that the strength of our Board and management team and their experience has enabled us to take advantage of market opportunities and to better serve our customers. Further, we believe that our relationships with our institutional investor Motilal Oswal Alternate Investment Advisors Private Limited through its fund India Business Excellence Fund – III, has supported us with capital allocation and strategic business advice, which we believe have been critical to the growth of our business.

Track record of healthy financial performance

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased from ₹5,849.58 million in Fiscal 2021 to ₹11,965.30 million in Fiscal 2023 at a CAGR of 43.02% while our restated profit for the year increased from ₹864.48 million in Fiscal 2021 to ₹2,087.01 million in Fiscal 2023 at a CAGR of 55.38%. Further, our total income increased from ₹ 5,908.13 million in Fiscal 2021 to ₹12,022.71 million in Fiscal 2023, our total equity increased from ₹6,451.59 million as of March 31, 2021 to ₹9,883.07 million as of March 31, 2023 and our total assets increased from ₹8,763.84 million as of March 31, 2021 to ₹13,261.68 million as of March 31, 2023. We believe that our continued focus on efficiency, productivity improvements and cost rationalization have enabled us keep our operating costs under control and improve our margins. Our EBITDA has increased by 114.77% overall from ₹1,587.46 million in Fiscal 2021 to ₹3,409.41 million in Fiscal 2023 while our EBITDA Margin increased from 27.14% in Fiscal 2021 to 28.49% in Fiscal 2023. We have the highest EBITDA margin among peers in the last two Fiscals (i.e., Fiscal 2022 and 2023) (*Source: Ricardo Report*).

In Fiscal 2023, 2022 and 2021, our Return on Capital Employed was 24.24%, 19.38%, and 16.13%, respectively and as of March 31, 2023, 2022 and 2021, our Return on Equity was 21.12%, 18.07% and 13.40%, respectively. We recorded the highest ROCE among peers in Fiscal 2023 (*Source: Ricardo Report*). We believe that we have utilized our resources prudently, and that our operational and financial performance will allow us to take advantage of the growth opportunities in our industry.

For reconciliation in relation to EBITDA, EBITDA Margin, Return on Equity and Return on Capital Employed, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 382.

BUSINESS STRATEGIES

We intend to strengthen our position as one of the leading forging and machining component company by implementing the following strategies:

- ***Leverage in-house engineering and product development capabilities to grow our product portfolio and tap growing business opportunities in the industrial markets***
- ***Foray into lightweight forging and machining with introduction of aluminium components***
- ***Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers***
- ***Capitalise on increasing demand from international markets to grow exports***
- ***Expand capacity at our existing manufacturing facilities***
- ***Continue to reduce operating costs and improve operational efficiencies***
- ***Grow inorganically through strategic acquisitions and alliances***

Leverage in-house engineering and product development capabilities to grow our product portfolio and tap growing business opportunities in the industrial markets

We have a track record of developing complex and precision-engineered components for both automotive and non-automotive sectors over several decades. With this experience, we believe we can leverage our engineering and product development capabilities to manufacture forged and precision-machined components that have industrial applications and advance our position in the value chain, with a particular focus on industries such as defence, power generation, oil and gas and wind turbine. The global market for machined components for industrials and others segment which includes industrial, lawn and gardens, marine, power generation and railways is expected to grow at a CAGR of approximately 4.8% by value during 2023 and 2029 to reach USD 12.7 billion by 2029. (*Source: Ricardo Report*).

In Fiscal 2023, 2022 and 2021, our revenue from sale of products to the industrial market was ₹394.99 million, ₹157.62 million, and ₹110.00 million, respectively, representing 3.70%, 2.01% and 2.01% of our total revenue from sale of products, respectively. In Fiscal 2023, we started supplying various components including crankshafts for power generation industries, planetary carriers and pinion shafts for wind turbines gearboxes and front axles for electric bus. Further, our customer base of the industrial market increased from 19 customers in Fiscal 2021 to 24 customers in Fiscal 2023. In Fiscal 2022 and 2023, some of the new customers who we served are Tata Cummins Private Limited, Bongfiglioli Transmissions Private Limited, IBCC Industries (India) Private Limited and Liebherr CMCtec India Private Limited. In Fiscal 2023, 2022 and 2021, we added four, three and nil new customers which operate in the industrial market and revenue from sale of products to these new customers was ₹7.18 million, ₹2.69 million and nil during the respective Fiscal, representing 0.13%, 0.03% and nil of our revenue from sale of products in such Fiscals, respectively. Within the industrial market, we primarily intend to focus on manufacturing machined components that require complex engineering capabilities, resulting in high value addition by us.

Wind Turbines

As per the Ricardo Report, low cost of technology and government support from various countries in Europe, the Middle East and North America have increased the adoption of wind power. Developing countries such as India and China also provide great motivation for the call for wind energy, as the government of these countries finances various projects for the expansion of the wind energy sector (*Source: Ricardo Report*). A wind turbine gearbox is an essential component of wind turbine, escalating its rotational speed and consists of multiple components such as housing, planetary gear, planetary carrier, pinion shaft and ring gear (*Source: Ricardo Report*). We manufacture several components for the wind turbine gearbox such as planetary carrier, pinion shaft and housing. Further, as per the Ricardo Report, the global wind turbine gearbox market size was valued at USD 21.7 billion in 2022 and is anticipated to reach USD 33.5 billion in 2029, increasing at a CAGR of 7% during the period between 2023 and 2029. As of March 31, 2023, we have served two customers operating in the wind turbine industry. In Fiscal 2023, 2022 and 2021, our revenue from sale of products used in the wind turbine industry was ₹185.47 million, ₹96.08 million and ₹41.41 million, respectively. Further, we also intend to add machining capabilities for wind turbine blades.

Power Generation

As per the Ricardo Report, the global market for power generation is expected to grow at a significant rate due to the increasing demand for reliable backup power solutions in various industries such as healthcare, telecommunications, and manufacturing. The power generation industry requires a variety of forged and machined components such as engine blocks, cylinder heads, crankshafts and generators (*Source: Ricardo Report*). We have developed components for the power generation industry such as crankshafts that have applications in gensets. As of March 31, 2023, we have served two customers operating in the gensets industry. In Fiscal 2023, 2022 and 2021, our revenue from sale of products used in the gensets industry was ₹78.67 million, ₹0.25 million and nil, respectively.

Oil and Gas

As per the Ricardo Report, the forging and machining market in the oil and gas industry is expected to grow in the coming years. The oil and gas industry requires a variety of forged and machined components such as valves, pumps and drilling equipment. We have developed components for the oil and gas sector such as valve bodies. In Fiscal 2023, 2022 and 2021, our revenue from sale of products used in the oil and gas industry was ₹26.03 million, ₹0.15 million and nil, respectively.

Defence

As per the Ricardo Report, the defence industry is a significant consumer of forging and machining components, with applications ranging from small parts used in firearms to large parts used in military vehicles and aircraft.

To tap into the growing industrial market, we intend to leverage our engineering and product development capabilities to manufacture precision components for industrial applications and we plan to do so by leveraging our newly installed 14,000 tonne press. This addition to our capabilities allows us to forge heavier and complex parts weighing up to 250 kilograms, expanding our range of capabilities. Further, we intend to expand our capabilities by adding new solutions for heavy transmission gear cutting in machining and foraying into heavy forgings up to one tonne. With a focus on industries such as defence, power generation, oil and gas and wind turbine, we plan to increase our customer base and solidify our position as a manufacturer of machined components. We intend to achieve this by adding new products that have applications in these industries to increase our revenue from these industries.

Foray into lightweight forging and machining with introduction of aluminium components

As per the Ricardo Report, the use of lightweight materials is a growing trend in various industries. The automotive industry, in particular, is driving this trend due to the increasing demand for fuel-efficient vehicles (*Source: Ricardo Report*). The aerospace and defence industries are also adopting lightweight materials to improve performance and reduce costs. This trend is likely to continue in the future as there is a growing emphasis on sustainability and energy efficiency (*Source: Ricardo Report*).

In terms of specific materials, aluminium components are valued for their high strength-to-weight ratio, resistance to corrosion, and thermal conductivity (*Source: Ricardo Report*). These properties make them ideal for use in many applications, including automotive, aerospace, and defence (*Source: Ricardo Report*). For example, in the automotive industry, the use of aluminium components can significantly reduce the weight of vehicles, thereby improving fuel efficiency and reducing emissions. In the aerospace industry, the use of aluminium components can improve the performance of aircraft by reducing weight and increasing fuel efficiency (*Source: Ricardo Report*). In many industries like defence, oil and gas, railways and other industrial applications, the use of aluminium components can help reduce the weight of equipment and vehicles, making them more agile and easier to transport (*Source: Ricardo Report*).

By leveraging our existing capabilities, we intend to diversify our product portfolio by entering into the market of lightweight forging and machined components. In particular, we aim to introduce aluminium forging and machined components to cater to the growing demand for lightweight materials in various industries such as automotive, aerospace, and defence. We believe that this will potentially open up new opportunities for our business and help us stay competitive in the market. Further, we may pursue opportunities in the manufacturing of aluminium components for electric vehicles in the passenger vehicle market. With our existing forging machinery and certain additional investment in processes, we may explore manufacturing steering arms, knuckles, suspension parts, and powertrain components specifically tailored for the electric vehicle market.

Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers

We are focused on leveraging long-standing relations with our existing OEMs and adding new customers to increase our wallet share across our products. As of March 31, 2023, 2022 and 2021, customers who have been associated with for more than 10 years contributed 75.98%, 79.38% and 80.67% to our revenues from sale of products in Fiscal 2023, 2022 and 2021, respectively. We endeavour to deliver quality products and services to our existing customers to establish ourselves as a trusted supplier and increase our wallet share by selling across multiple products. For example, we recently started supplying 195 kilograms front axle beams to an Indian automotive manufacturing company for their electric buses. This new customer addition allows us to expand our customer base and increase our revenue streams, while also establishing ourselves as a supplier for electric buses. The following table sets forth details of customers we served in the relevant Fiscal:

End-Use Industry	**Customers**		
	Fiscal 2023	**Fiscal 2022**	**Fiscal 2021**
	Consolidated	**Consolidated**	**Standalone**
Automotive			
Commercial Vehicles	14	13	10
Non-Automotive			
Farm equipment	24	21	21
Off-highway	4	4	5
Industrial*	24	19	19
Total	**66**	**57**	**55**

**Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.*

We intend to target new business from global customers who were earlier importing from China and Europe, as well as new business from the global counterparts of our existing customers. Apart from catering to automotive demand from these countries, we plan to cater to the demand of products that have applications in industries such as defence, oil and gas, power generation and wind turbine in the export market. We further endeavour to ensure that new business opportunities are margin accretive, by expanding our capabilities by adding new solutions for heavy transmission gear cutting in machining and foraying into heavy forgings up to one tonne, thereby expanding our range of forgings from 250 kilograms to one tonne.

Additionally, we intend to explore opportunities in light-weight forging and machining, particularly aluminium forging and machining, to cater to the growing demand for lightweight components in the automotive and other industries such as aerospace and defence. For further information, see "– *Foray into lightweight forging and machining with introduction of aluminium components*" on page 219. Our intention to foray into light-weight forgings will enable us to expand our customer base and cross-sell such products to our existing customers.

Capitalise on increasing demand from international markets to grow exports

Our business footprint reaches across geographies and as of March 31, 2023, we served customers across nine countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom and the United States of America. The table below sets forth details of the countries where we exported our products and revenues generated for the years indicated:

Country	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Contract with Customers Outside India	Amount (₹ million)	Percentage of Revenue from Contract with Customers Outside India	Amount (₹ million)	Percentage of Revenue from Contract with Customers Outside India
Brazil	128.86	9.31%	59.21	6.82%	17.49	3.64%
Italy	262.48	18.97%	203.12	23.40%	103.53	21.52%
Spain	218.38	15.78%	113.29	13.05%	0.02	0.00%
Sweden	346.03	25.01%	224.28	25.83%	154.68	32.15%
Turkey	275.00	19.88%	259.59	29.90%	85.76	17.83%
Japan	-	-	0.28	0.03%	2.34	0.49%
United States of America	86.26	6.23%	5.64	0.65%	117.23	24.37%
United Kingdom	66.50	4.81%	-	-	-	-
Thailand	-	-	2.74	0.32%	-	-
Revenue from Contract with Customers Outside India	**1,383.51**	**100.00%**	**868.14**	**100.00%**	**481.05**	**100.00%**

As per the Ricardo Report, India is poised to become a global hub for manufacturing, driven by a confluence of factors such as the China plus one strategy, the Ukraine-Russia crisis, high production costs in Europe, and the India's status as the lowest-cost producer in the world after China. In particular, the European market also provides significant opportunities for growth for Indian component manufacturers as key European suppliers of traditional critical engine parts are witnessing significant cost pressures due to a shift in business from internal combustion engines to electric vehicles (*Source: Ricardo Report*). The demand for ICE components are increasingly shifting to India as several tier one suppliers in developed regions like Europe and USA have discontinued investing in the ICE design and development due to the plan of the OEMs to transition towards EVs (*Source: Ricardo Report*). This will further create opportunity for ICE engine components exports to Europe and US from India Additionally, the robust manufacturing ecosystem, the easy availability of skilled labour and key raw materials, and strong government incentive schemes to promote 'Make in India' are all contributing to India's emergence as a global manufacturing hub (*Source: Ricardo Report*). We recognize the immense opportunity presented by this rapidly evolving landscape and we are committed to leverage our engineering and machining strengths to tap into this opportunity.

We aim to leverage the increasing demand from international markets to enhance our exports. This approach not only enables us to diversify our revenue base and expand our geographical footprint, but it also has the potential to improve our margins. We believe that as we expand our exports to international markets, we will be able to take advantage of the increased margins associated with these markets and improve our profitability. Furthermore, our strategy of diversifying our revenue base and expanding our geographical footprint helps us mitigate the risks associated with economic fluctuations in any one region.

Our revenue from contract with customers outside India increased from ₹481.05 million in Fiscal 2021 to ₹868.14 million in Fiscal 2022 and further to ₹1,383.51 million in Fiscal 2023. We further believe that there exist significant opportunities to cross-sell our products and offer the same product to additional locations of our existing customers with the help of our long-standing relationships with our customers and established manufacturing capabilities. For example, in the past, we commenced supplying crankshafts to a manufacturer of off-highway vehicles and gears and pinion shafts to a manufacturer of gearbox for wind turbnine and then we expanded our business with their counterparts in different geographical regions outside India.

Expand capacity at our existing manufacturing facilities

As of the date of this Draft Red Herring Prospectus, we operate three manufacturing facilities with two facilities located at Kanganwal in Ludhiana, Punjab and one located at Dugri in Ludhiana, Punjab. While one of the manufacturing facilities at Kanganwal in Ludhiana, Punjab is dedicated to our forging operations, the other two manufacturing facilities are equipped with both forging and machining capabilities. For further information, see

"Our Business – Manufacturing – Facilities" on page 232.

We propose to purchase new machineries and equipment to build up additional capacity for our forging and machining operations from the Net Offer Proceeds. Some of the machineries that we intend to purchase are (i) hot forging press type GLF 10000 R; and (ii) automatic die holder, crankshaft cassette and swivel arm for die changing for forging press type GLF 6300R. For more information on the machineries and equipment proposed to be purchased, see " – *Objects of the Offer – Purchase of equipment, plant and machinery*" on page 106. Some of these new machineries will allow us to provide contingent backup to existing customers who we serve with our 8,000 and 14,000 tonne presses. The installation of new machinery and equipment will enable us to increase our production capacity, scale our operations, onboard new customers, introduce new products, better serve our existing customers, enable us to better address the business requirements of large customers, further improve our customer service and facilitate our growth strategy. In addition, we are also in the process of commissioning a new 6,300 tonne forging press line, which is expected to be installed by June, 2024.

Continue to reduce operating costs and improve operational efficiencies

As an integral part of our continuing efforts targeted at ensuring cost efficiencies, we have undertaken certain initiatives aimed at improving operational efficiencies and optimizing our manufacturing operations. These include:

- *Line automation and robotics*. We have invested in line automation and robotics to replace human workers in performing repetitive tasks, leading to a reduction in labour costs and an increase in production efficiency. As of March 31, 2023, we had 10 robots installed across all our manufacturing facilities.

- *Installation of solar panels*: We have installed solar panels in our manufacturing facilities to reduce our reliance on traditional sources of energy. This has led to a reduction in operating costs. For instance, we have installed a 5 MW solar power plant at all of our manufacturing facilities. In addition, we have installed a 1,600 kAVR hybrid APFC panel at all of our manufacturing facilities to minimize energy waste and improve the power factor for our manufacturing facilities. For further information, see " – *Environmental, Social and Governance*" on page 239.

- *Reduction in lead-time in manufacturing processes*. We have implemented measures to reduce lead-time in our manufacturing processes, such as optimizing production processes and reducing rework. This has led to a an increase in production efficiency.

- *Leveraging our sourcing networks*. We have leveraged our sourcing networks to control raw material costs through bulk purchases, leading to a reduction in material costs and an increase in production efficiency.

- *Improving inventory management*. We have improved our inventory management to optimize transportation costs and streamline raw materials procurement and product delivery. This has led to a reduction in transportation costs and an increase in production efficiency.

- *Controlling consumption and wastages*. We have implemented effective supervision of manufacturing processes to control consumption and wastage, leading to a reduction in material costs and an increase in production efficiency.

We are committed to further optimize production processes, by improving engineering capability, debottlenecking our critical production processes, increasing the flexibility of our manufacturing system and minimizing scrap during production. We will also strive to increase the level of automation of our manufacturing facilities to cope with growing labour costs.

Grow inorganically through strategic acquisitions and alliances

In terms of strategic acquisitions, we intend to explore and consider opportunities that can create synergies between the target companies and us and are in line with our growth strategy. In the past, we purchased and relocated certain assets to strengthen our capabilities. For example, in 2008, we purchased and relocated a crankshaft production line from an automotive manufacturer from Sweden through a trading firm to manufacture crankshafts for various applications. Similarly in 2022, we purchased and relocated machineries used to manufacture crankshaft from another automotive manufacturer from Germany through another trading firm.

We plan to target entities that expand our opportunities in other end-markets, geographic regions, new customers and new products. We intend to maintain a disciplined approach to acquisitions and consider various selection criteria such as skills of the management team, operation scale, technological capability, product portfolio, customer base, end-market exposures, valuation and estimated costs, as well as cultural fit. We believe that our long-standing customer relationships, financial strength and manufacturing capabilities will enable us to identify and secure appropriate acquisition opportunities in the future. As of the date of this Draft Red Herring Prospectus, we have not identified any specific acquisition targets or entered into any binding agreements in relation to any potential acquisition.

BUSINESS OPERATIONS

We manufacture and supply a wide range of heavy forged and high precision machined components with closed tolerances (as low as 0.0005 to 0.2 millimetre) that are critical for engine, transmission suspension, braking and chassis for the commercial vehicles in the automotive sector. We also manufacture and supply a wide range of precision components for non-automotive sector, particularly for the manufacturers of farm equipment, off-highway vehicles and industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries. The table below sets forth a breakdown of our revenue from sale of products from forging and machining for the years indicated:

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products
Revenue from Sale of Forged Products	2,277.15	21.34%	1,935.15	24.63%	1,485.38	27.12%
Revenue from Sale of Machined Products	8,392.33	78.66%	5,920.50	75.37%	3,992.02	72.88%
Revenue from Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**

In order to increase our share of business with customers, we typically enter into a new customer relationship with one or a few products to demonstrate the quality and efficiency of our products before seeking to strengthen our relationship by expanding into other products, which results in overall business growth. The products that we manufacture for various end-use industries in the automotive and non-automotive sectors, are as follows:

End-Use Industry	Products Supplied
Automotive	
Commercial Vehicles	Brake Flange, Crankshaft, Crown Wheel, Differential Case, Front Axle Beam, Pinion Shaft, Ring Gear, Shafts, Steering Knuckle and Suspension Bracket
Non Automotive	
Farm equipment	Crankshaft, Crown Wheel, Differential Case, Pinion Shaft, Ring Gear, Shafts and Suspension Bracket
Off-highway	Crankshaft, Crown Wheel, Differential Case, Housing, Planetary Carrier, Pinion Shaft, Shaft and Suspension Bracket
Industrial*	Bush, Camshaft, Connecting Rod, Crankshaft, Crown Wheel, Differential Case, Housing, Planetary Carrier, Pinion Shaft, Shafts, Suspension Bracket and Valve bodies

**Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.*

The table below sets out a breakdown of products by weight and their corresponding revenue contribution in the years indicated:

Range of Products in terms of their weight	Fiscal 2023 Consolidated		Fiscal 2022 Consolidated		Fiscal 2021 Standalone	
	Amount (₹ million)	Percentage of Revenue from Sale of Products (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products (%)
Less than 10 kilograms	2,461.92	23.07%	2,264.05	28.82%	1,412.67	25.79%
Between 10 kilograms to 30 kilograms	3,655.35	34.26%	2,669.82	33.99%	1,821.94	33.26%
Between 30 kilograms to 50 kilograms	4,085.82	38.30%	2,649.78	33.73%	2,041.80	37.28%
More than 50 kilograms	466.39	4.37%	272.01	3.46%	200.98	3.67%
Revenue from Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**

The table below sets out the revenues generated from our products and as a percentage of our revenue from sale of products in the years indicated:

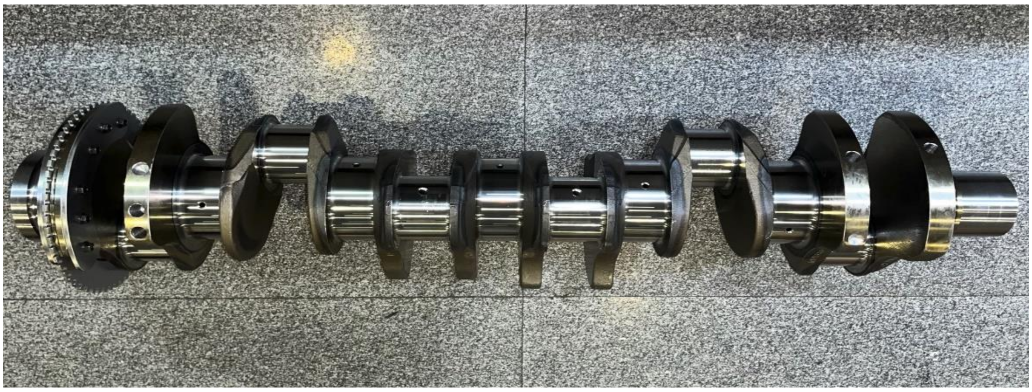
Products	Fiscal 2023 Consolidated		Fiscal 2022 Consolidated		Fiscal 2021 Standalone	
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products
Crankshaft	4,831.74	45.28%	3,274.23	41.68%	2,576.49	47.04%
Others*	5,837.74	54.72%	4,581.42	58.32%	2,900.91	52.96%
Revenue from Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**

**Others products include front axle beam, steering knuckle, differential case, brake flange, suspension bracket, planetary carrier, pinion shaft, housing, bush, connecting rod, camshaft, piston pin, valve body, shafts, crown wheel and ring gears*.

Details of some of our products that we manufacture are as follows:

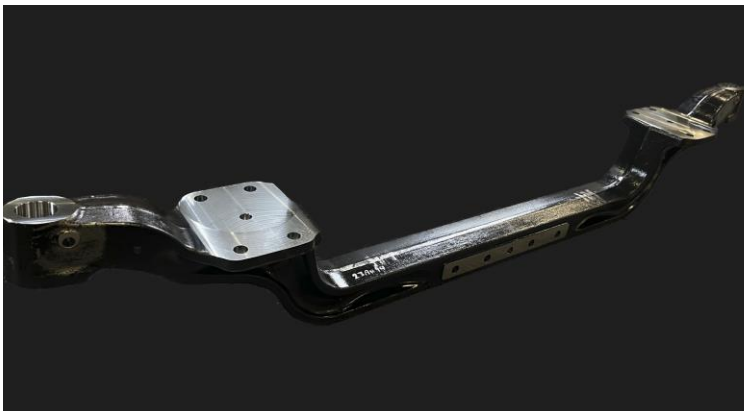
Crankshaft: The crankshaft is a critical part in an engine's assembly that is connected to the piston on one side and the flywheel on the other (*Source: Ricardo Report*). A crankshaft converts reciprocating motion of the pistons into rotational motion for the flywheel, which is in turn connected to the axles to put the vehicle in motion (*Source: Ricardo Report*).

While we manufacture crankshafts based on the design specification of our customers, we also offer customization to meet the specific needs of our clients. We inspect our crankshafts with modern machineries like coordinate measuring machines which allow us to measure the dimensions of complex parts accurately, an adcole cylindrical coordinate measuring machine and ultrasonic hardnes tester specifically for crankshafts and metallurgical lab equipment. We leverage our manufacturing capabilities and technology to deliver single cylinder to six cylinder crankshafts with a weight range of 10 kilograms to 210 kilograms for commercial vehicles, farm equipment, off-highway vehicles and power generation industries.



Differential case: A differential is a case of gears that sits between the axles in the front or rear of a vehicle. Differentials divide the power from the engine between the axles, allowing each wheel to be driven. Full-time 4-wheel drive and all-wheel drive vehicles have a third, center differential, allowing the front and rear driveshafts to rotate at different speeds. Differentials allow the wheels to turn at different speeds, which is critical for safety and vehicle longevity. We forge and machine differential cases with a weight range of 5 kilograms to 40 kilograms per piece and maintaining its wall thickness within specifiedparameters.

Front Axle Beam**:** The front axle beam is a crucial component of a vehicle's suspension system (*Source: Ricardo Report*). It is responsible for supporting the weight of the front end of the vehicle and connecting the front wheels to the vehicle's frame (*Source: Ricardo Report*). The front axle beam is typically made of steel and is drop-forged to give it the necessary strength to withstand the weight of the vehicle and the stresses of driving (*Source: Ricardo Report*). We forge front axle beams with a weight range of 70 kilograms up to 195 kilograms.



Steering Knuckle**:** A steering knuckle is a part of the front suspension system in a vehicle that contains the wheel hub or spindle and attaches to the suspension and steering components (*Source: Ricardo Report*). The steering knuckle connects the steering system to the front wheels and provides the pivot point for the wheels to turn left or right (*Source: Ricardo Report*). We forge steering knuckles with a weight range 27 kilograms to 45 kilograms.

Planetary Carrier: A planetary carrier is a part of an automatic transmission or other gear reduction system that helps control how power is transmitted from the engine to the wheels (*Source: Ricardo Report*). It's like a hub with arms that hold smaller gears called planet gears (*Source: Ricardo Report*). These gears rotate around a central gear called the sun gear, which is connected to the engine (*Source: Ricardo Report*). The outer ring gear is connected to the wheels and meshes with the planet gears to transfer power to the wheels. The planetary carrier helps to change the gear ratio, which affects how fast the wheels turn in relation to the engine's speed (*Source: Ricardo Report*). By locking or releasing different parts of the planetary gear set, different gear ratios can be achieved, allowing for smooth and efficient operation of the transmission or other gear reduction system (*Source: Ricardo Report*).

Use cases for planetary carriers include automatic transmissions in cars, trucks, and other vehicles, gearbox for windmill, as well as gear reduction systems in industrial equipment, such as conveyor belts and cranes. They are also used in wind turbines and other renewable energy systems to help control the speed and output of the generator. We forge and machine planetary carrier with a weight range of 5 kilograms to 45 kilograms per piece.

Pinion Shaft: The pinion shaft is a component that connects to the wind turbine rotor and transmits the rotational energy to the gearbox, enabling optimal performance of the wind turbine (*Source: Ricardo Report*). Our pinion shafts are manufactured using processes such as spline cutting, ensuring precise and accurate design. We forge pinion shafts with a weight range of 84 kilograms to 200 kilograms per piece.

Housing: The housing is a protective casing that encloses and supports the internal components of the gearbox, safeguarding them against environmental factors and ensuring optimal performance (*Source: Ricardo Report*). We use advanced machines to achieve accuracy through broaching and spline cutting processes, ensuring the quality and durability of our wind turbine application products. We forge housing products with a weight range of 35 kilograms to 105 kilograms per piece.

Suspension Brackets and Brake Flanges*:* We manufacture suspension products, including forged brake flanges and rear axle suspension brackets. Suspension brackets play a crucial role in maintaining stability, absorbing bumps and vibrations, and providing a smooth ride for the vehicle whereas brake flanges are responsible for providing a stable and secure attachment for the braking components, allowing them to rotate smoothly and safely. We forge and machine suspension brackets with a weight range of 5 kilograms to 16 kilograms per piece.

Transmission Parts: We manufacture a wide range of high-quality transmission components, including crown wheel, ring gears and shaft. We offer components suitable for both manual and automatic transmissions. We forge transmission products with a weight range of 5 kilograms to 95 kilograms per piece.

Shafts

Crown Wheel

Righ Gear

Valve Body: A valve body is a critical component of a valve that controls the flow of fluid or gas through a pipeline. Our valve body is designed to withstand the harsh conditions of the oil and gas industry, including high pressures, temperatures, and corrosive environments. We use stainless steel to forge our valve bodies, which ensures that they can withstand extreme environmental conditions. Use cases for our valve bodies include oil and gas pipelines, chemical processing plants, and other industrial applications where the control of fluid or gas flow is critical. We forge valve bodies with a weight range of 45 kilograms to 90 kilograms per piece.

Railway Parts: Bush, Camshaft, Connecting rod and Piston Pin

- *Bush*: A type of bearing used to support a rotating shaft, such as those found in railway wagons and help to absorb shock and reduce wear between moving parts. The purpose of a bush in railway engineering is to prevent metal-to-metal contact, reduce wear and tear, and ensure smooth and efficient operation of railway components.

- *Camshafts*: It is a rotating shaft located inside the engine cylinder head. They control the opening and closing of the valves in an internal combustion engine.

- *Connecting rods*: It is component that connect the piston to the crankshaft in an internal combustion engine.

- *Piston pins*: It is a cylindrical metal pin that hold the piston to the connecting rod. They allow the piston to move freely while maintaining a secure connection between the piston and the connecting rod. Piston pins play a critical role in transmitting force from the piston to the connecting rod and the crankshaft.

  We forge and machine railway products with a weight range of 5 kilograms to 40 kilograms per piece.

Bush

Camshaft

Connecting Rod

Piston Pin

Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation

The information relating to the annual installed capacity, average annual available capacity, actual production and capacity utilisation of our products included below and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account in the calculation of our capacity and the same has been certified by Anil Kumar Soni, independent chartered engineer. These assumptions and estimates include standard capacity calculation practice in the Indian forging and machining industry and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities and the annual average available capacities include 300 working days in a year, at three shifts per day operating for 8 hours a day. Further, our manufacturing facilities at Dugri in Ludhiana, Punjab commenced operations during Fiscal 2022, therefore the information regarding its capacity for Fiscal 2021 has not been provided in the tables below. Undue reliance should therefore not be placed on our capacity information or historical capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. See “*Risk Factors – Other internal risks – Information relating to our annual installed capacity, annual average available capacity and the historical capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary*” on page 57.

[*Remainder of the page is intentionally left blank*]

The following table sets forth certain information relating to the annual installed capacity, annual average available capacity, actual production and capacity utilisation for forging for the years indicated:

As of/ For the year ended											
March 31, 2023				March 31, 2022				March 31, 2021			
Annual Installed Capacity (MT)(1)	Annual Average Available Capacity (MT)(1)	Actual Production (MT)(2)	Capacity Utilisation (%)(3)	Annual Installed Capacity (MT)(1)	Annual Average Available Capacity (MT)(1)	Actual Production (MT)(2)	Capacity Utilisation (%)(3)	Annual Installed Capacity (MT)(1)	Annual Average Available Capacity (MT)(1)	Actual Production (MT)(2)	Capacity Utilisation (%)(3)
Kanganwal Facility I											
14,000.00	14,000.00	11,397.00	81.41%	14,000.00	14,000.00	10,284.00	73.46%	14,000.00	14,000.00	10,230.00	73.07%
Kanganwal Facility II											
53,000.00	53,000.00	36,421.00	68.72%	53,000.00	53,000.00	34,049.00	64.24%	53,000.00	53,000.00	30,221.00	57.02%
Dugri Facility(5)											
40,000.00	27,000.00	11,369.00	42.11%	14,000.00	14,000.00	10,183.00	72.74%	-	-	-	-
Total											
107,000.00	**94,000.00**	**59,187.00**	**62.96%**	**81,000.00**	**81,000.00**	**54,516.00**	**67.30%**	**67,000.00**	**67,000.00**	**40,451.00**	**60.37%**

**As certified by Anil Kumar Soni, independent chartered engineer, by certificate dated August 10, 2023.*

Notes:

(1) *Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the annual average available capacity has been calculated based on the average of daily available capacity for the relevant Fiscal. The installed capacity and the annual average available capacity are based on various assumptions and estimates, including standard capacity calculation practice in the Indian forging industry and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities and the annual average available capacities include 300 working days in a year, at three shifts per day operating for eight hours a day.*

(2) *Actual production represents quantum of production in the relevant manufacturing facility in the relevant Fiscal.*

(3) *Capacity utilization has been calculated on the basis of actual production in the relevant Fiscal divided by the annual available capacity during such Fiscal.*

(4) *Given the products that undergo forging are customized to meet specific customer requirements and thus such products have varying shapes and weights, we are unable to determine the capacity for forging on a product-by-product basis.*

(5) *MT means metric tonne.*

The following table sets forth certain information relating to the annual installed capacity, annual average available capacity, actual production and capacity utilisation for machining for the years indicated:

Products	As of/ For the year ended											
	March 31, 2023				March 31, 2022				March 31, 2021			
	Installed Capacity (MT) [1]	Annual Average Available Capacity (MT)[1]	Actual Production (MT) [2]	Capacity Utilisation (%)[3]	Installed Capacity (MT) [1]	Annual Average Available Capacity (MT)[1]	Actual Production (MT) [2]	Capacity Utilisation (%)[3]	Installed Capacity (MT) [1]	Annual Average Available Capacity (MT)[1]	Actual Production (MT) [2]	Capacity Utilisation (%)[3]
Kanganwal Facility I												
Crankshaft[4]	16,000.00	16,000.00	12,485.00	78.03%	16,000.00	16,000.00	10,639.00	66.49%	16,000.00	16,000.00	11,574.00	72.34%
Others[5]	13,500.00	13,500.00	10,302.00	76.31%	13,500.00	13,500.00	13,034.00	96.54%	13,500.00	13,500.00	9,244.00	68.48%
Total (A)	**29,500.00**	**29,500.00**	**22,787.00**	**77.24%**	**29,500.00**	**29,500.00**	**23,673.00**	**80.25%**	**29,500.00**	**29,500.00**	**20,819.00**	**70.57%**
Dugri Facility[6]												
Crankshaft[4]	6,000.00	5,800.00	4,742.00	81.76%	4,000.00	4,000.00	2,660.00	66.49%	-	-	-	-
Others[5]	10,600.00	8,700.00	7,335.00	84.31%	2,000.00	2,000.00	1,448.00	72.41%	-	-	-	-
Total (B)	**16,600.00**	**14,500.00**	**12,077.00**	**83.29%**	**6,000.00**	**6,000.00**	**4,108.00**	**68.46%**	-	-	-	-
Total (A+B)	**46,100.00**	**44,000.00**	**34,864.00**	**79.24%**	**35,500.00**	**35,500.00**	**27,780.00**	**78.25%**	**29,500.00**	**29,500.00**	**20,819.00**	**70.57%**

**As certified by Anil Kumar Soni, independent chartered engineer, by certificate dated August 10, 2023.*

Notes:

(1) *Installed capacity represents the installed capacity as of the last date of the relevant Fiscal and the annual average available capacity has been calculated based on the average of daily available capacity for the relevant Fiscal. The installed capacity and the annual average available capacity are based on various assumptions and estimates, including standard capacity calculation practice in the Indian machining industry and capacity of other ancillary equipment installed at the relevant manufacturing facility. Assumptions and estimates taken into account for measuring installed capacities and the annual average available capacities include 300 working days in a year, at three shifts per day operating for 8 hours a day.*

(2) *Actual production represents quantum of production in the relevant manufacturing facility in the relevant Fiscal.*

(3) *Capacity utilization has been calculated on the basis of actual production of the relevant product in the relevant Fiscal divided by the annual available capacity for the relevant product during such Fiscal.*

(4) *While our production capabilities are fungible, since we have dedicated production lines for crankshafts, we are able to compute installed capacity, annual average available capacity, actual production and capacity utilisation for crankshafts.*

(5) *Others constitute various products such as front axle beam, steering knuckle, differential case, brake flange, suspension bracket, planetary carrier, pinion shaft, housing, bush, connecting rod, camshaft, piston pin, valve body, shafts, crown wheel and ring gears. Since the production capabilities for such 'other products' are fungible and their production is based on customer requirements, we are unable to compute installed capacity, annual average available capacity, actual production and capacity utilisation for each such other product.*

(6) *The Kanganwal Facility II is dedicated to forging operations, therefore information for the machining capacity has not been provided.*

(7) *MT means metric tonne.*

Manufacturing

Facilities

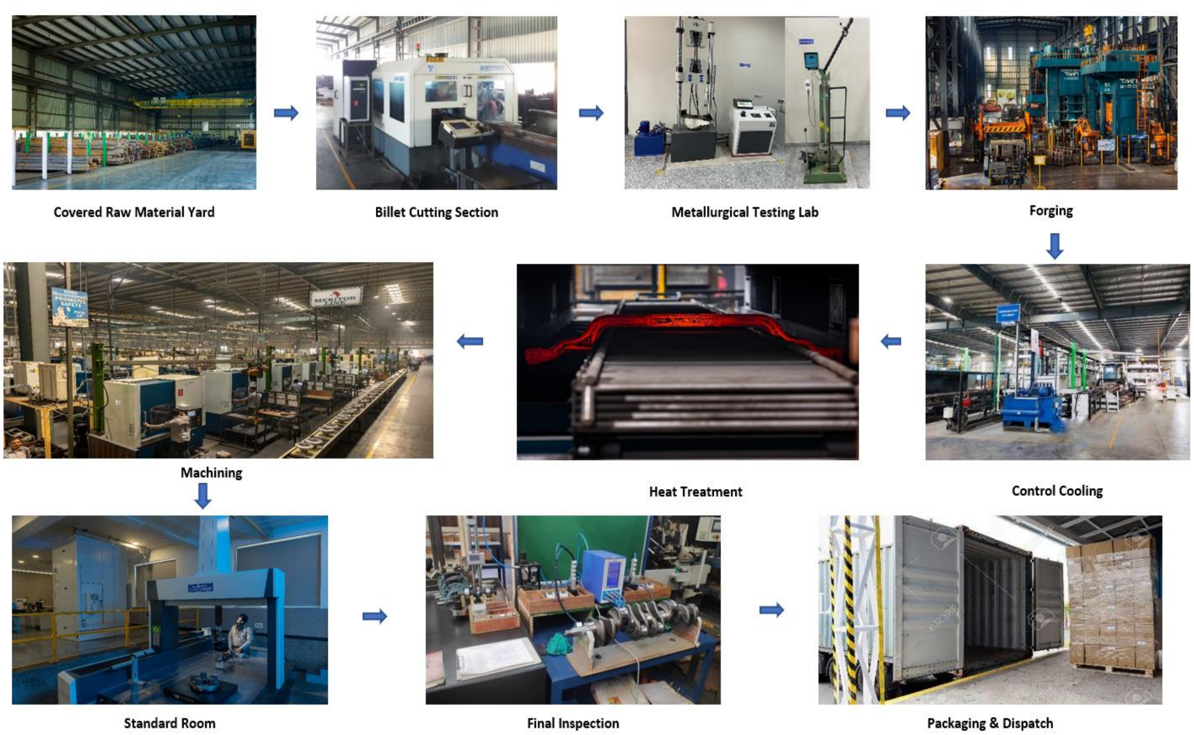
As of the date of this Draft Red Herring Prospectus, we have three manufacturing facilities, two of which are located at Kanganwal in Ludhiana, Punjab and one is located at Dugri in Ludhiana, Punjab. While our manufacturing facility at Kanganwal in Ludhiana, Punjab is dedicated to forging operations, our remaining facilities are equipped with both forging and machining capabilities. All our manufacturing facilities are operated 24 hours for six days a week (closed on Sunday), except on national holidays. The table sets forth below the products manufactured at our manufacturing facilities:

Manufacturing Facility	Products Manufactured
Kanganwal Facility I	Machining and forging bush, connecting rod, differential case, camshaft, crankshafts and suspension bracket and machining of the products forged in the Kanganwal Facility II
Kanganwal Facility II	Forging of brake flange, bush, camshaft, crankshaft, connecting rod, crown wheel, differential case, housing, planetary carrier, pinion shaft, piston pin, ring gear, shafts, steering knuckle, suspension bracket and valve body
Dugri Facility	Forging and Machining of brake flange, crankshaft, differential case, front axle bearm, planetary carrier, pinion shaft, ring gear, steering knuckle, suspension bracket and valve body

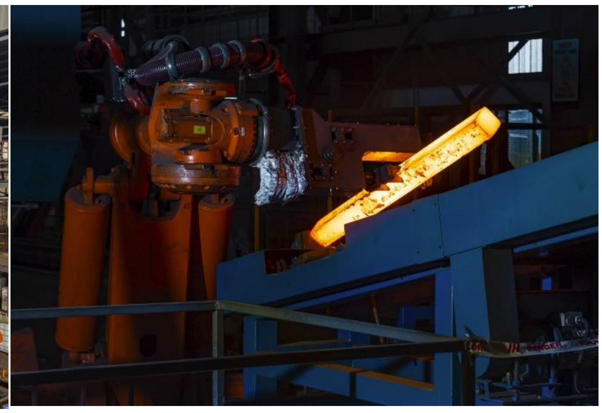
Key Manufacturing Processes

Set forth below is a description of the key manufacturing processes for forged and machined components at our manufacturing facilities:

Raw Material to Dispatch



Forging: Our manufacturing process begins with steel bars, which are cut into smaller billets using sawing techniques. The billets are then heated to precise temperatures and subjected to a forging process, where the metal is pressed, pounded, or squeezed under high pressure to create high-strength parts with the required shape and size. Our forging capabilities include fully automated forging presses and hammers. Our equipment includes one 14,000 tonne mechanical forging press, three 8,000 tonne mechanical forging presses, one 4,000 tonne mechanical press, one 2,500 tonne forging screw press, one six tonne pneumatic hammer, and seven drop hammers ranging from 1.5 tonne to 4.5 tonne. We are also in the process of commissioning a new 6,300 tonne forging press line, which is expected to be installed by June, 2024.



Heat Treatment: Once the forged components are produced, they undergo a crucial heat treatment process to achieve the required specifications for microstructure and hardness, among other factors. At our manufacturing facilities, we utilize various types of furnaces such as continuous quenching and tempering line and special heat treatment lines for micro-alloy grades. Some of our components also undergo heat treatment during the machining process to achieve specific microstructure, and hardness. Our heat treatment operations are equipped with the advanced technology and equipment to provide precise and effective heat treatment processes for our products. Our manufacturing facilities include:

- Two lines for continuous hardening and tempering quench type furnace with a capacity of 4 tonne per hour. This furnace is equipped with an instrumentation panel for temperature controls and recording. It also features SCADA software with data logging and history recording capabilities.

- One line of ultra-modern hardening and tempering furnace with polymer quenching facilities and a capacity of two tonne per hour. This furnace utilizes advanced technology to ensure precise and consistent heat treatment processes.

- Six controlled cooling lines on each of our press lines to aid quality of micro-alloy grades.

Shot Blasting*:* After the forging process, our components undergo further operations, such as shot blasting, which is a surface treatment process. Shot blasting involves directing high velocity steel abrasive shots in a controlled manner onto the surface that needs to be treated. This method is effective in achieving excellent cleaning and surface preparation for subsequent finishing operations. Shot blasting is an essential step in our manufacturing process, as it ensures that our components have a clean and uniform surface, free from any contaminants or imperfections. This process also enhances the adhesion of subsequent coatings or finishes, ensuring that our components have a long-lasting and durable finish.

Machining: Machining is a critical process that involves transforming raw forgings into finished components with precise specifications in terms of size, shape, and other performance parameters. Machining operations are typically divided into two phases, each distinguished by purpose and cutting conditions:

- *Roughing*: This process is used to remove large amounts of material from the starting work-part, usually a forging, as rapidly as possible. It produces a shape close to the desired form but leaves some material on the piece for subsequent finishing operations.

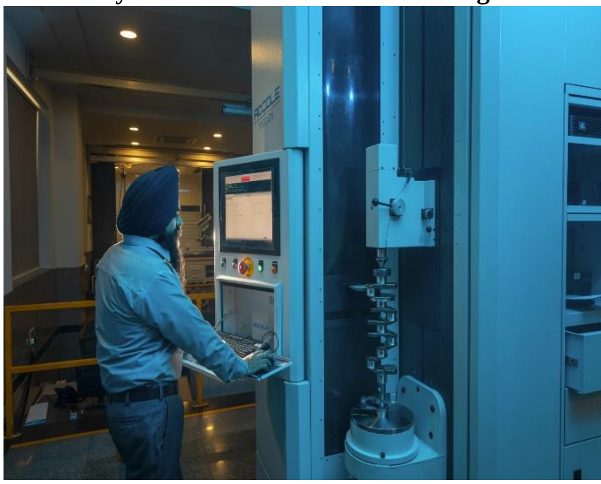
- *Finishing*: This process is used to complete the part and achieve the final dimensions, tolerances, and surface finish.

At our manufacturing facilities, we have crankshaft machining lines capable of producing the entire crankshaft, starting from the forge stage to fully finished stage. These crankshaft machining lines feature a lineup of machines including turning, milling, oil hole drilling, grinding, and super lapping. In addition, we have machining capacbilities (such as turning, drilling, and grinding machines) for products such as steering knuckles, axle beams, and differential cases. Apart from full finishing capabilities, we also carry out rough machining of transmission parts for a variety of applications and we utilize turning and milling machines to accomplish this.

Surface Treatment: After machining, our parts undergo specific surface treatments to enhance their performance and durability. These treatments include phosphating, dip painting and spray painting which provide improved product life, wear resistance, surface finish, and corrosion resistance.

Inspection and Quality Control: We prioritize quality control and inspection to ensure that all our products meet the required quality. We have a set of tools and equipment to verify the integrity of the products manufactured as per control plans. To achieve this, we have set up a metrology room equipped with advanced machines such as coordinate measuring machines which allow us to measure the dimensions of complex parts accurately; a contracer cum roughness tester for checking roughness on the fillet area of crankshafts; a trimos master height gauge to measure the height of products; an adcole cylindrical coordinate measuring machine and ultrasonic hardnes tester specifically for crankshafts; and a contamination measurement kit to ensure that our products meet the required quality. In addition, we also perform a non-destructive testing, which helps us detect any defects in our products without damaging them.

Adcole Cylindrical Coordinate Measuring Machine **Trimos Master Height Guage**



Die-Design and Manufacturing

In addition to the aforesaid, our manufacturing facilities are equipped with CNC vertical machining, enabling us to manufacture high-precision dies with accuracy and efficiency. By having control over the die design process, we are able to produce complex components and intricate designs with closed tolerances, ensuring that our products meet the required designs and specifications. Further, to reduce manufacturing and development lead times and ensure repeatability when dies are re-cut after specified die runs, we have invested in various CAD and CAM software like Uni Graphics, Solid Works and Work NC. Our 3D simulation software such as Vera CAD and Forge NxT 21 Transvalor allows us to develop parts offline and optimize the forging process for better utilization of forging equipment and material.

Metallurgical Testing

We use advanced metallurgical testing equipment to maintain product quality. This includes a Thermo Fisher spectrometer for elemental analysis of our raw materials and finished products, an olympus digital microscope for high-resolution imaging, and a Spectro analytical instrument for real-time material composition analysis. We also use image analysis software and a microscope for microstructure analysis, and perform tensile and impact testing for mechanical properties. Non-destructive testing is done with an ultrasonic metascope, and we have digital hardness testing machines for Rockwell, Brinell, and Vickers hardness. Additionally, we use eddy current, ultrasonic, and magnetic particle inspection testing to detect surface cracks and defects.

Sales and Marketing

Customer Acquisition Process

We undergo through a vendor selection process with our customers, which can take up to three years from the date of issue of a request for quote ("**RFQ**") to secure business. During this process, we are required to submit a technical proposal that includes product features, performance specifications, compliance with legal and regulatory requirements, proposed development timeline, product validation plan, performance and durability expectations. We may also be required to develop and supply concept prototypes for the customer based on initial design plans.

Once our prototype is confirmed to have met the customer's specifications and clears the testing phase, we receive firm orders. We invest in securing new customer relationships through this intense, time-consuming, and costly vendor selection process as it enables us to better understand our customers' design and performance needs and demonstrate our capabilities in providing technologically advanced customized solutions for developing critical components.

If we are successful in converting the RFQ process into firm orders, it generally leads to a long-term relationship with the customer as the cost to the customer of switching vendors after qualification in the RFQ process is typically high.

Customer Agreements:

We typically rely on blanket purchase orders issued by our customers from time to time that set out the price per unit. Pursuant to the purchase order, our customers provide us the quantities of units to be supplied along with the delivery schedules specifying the details of delivery. Further, we have purchase and supply agreements with some of our customers. These agreements set forth the terms of sales but do not bind these customers to any specific products, specifications, purchase volumes or duration and can be terminated by these customers with or without cause and without compensation. Under the purchase and supply agreement, these customers provide us only with forecast volume for the product and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections. For further information, see "*Risk Factors – Internal risks relating to business, operations and industry – We do not have firm commitment agreements with our customers. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, cash flows and results of operations*" on page 36.

The purchase orders are typically subject to conditions such as ensuring that all products delivered to the customer have been inspected and will be safe for use, that orders will be fulfilled according to predetermined delivery schedules and that all products will be built to customer specifications. Some of our customers, under their respective purchase and agreements, have the right to check and verify our relevant manufacturing systems processes, which may include inspection of the manufacturing facilities, review of the manufacturing processes and review of the raw materials. Further our purchase and supply agreements contain a warranty provision which warrants conformity of products to specifications, drawings, samples or descriptions furnished by the customers and further warrants that products delivered will be merchantable, of good material and workmanship and free from defects.

Sales and Marketing Team

Our sales and marketing team focuses on developing customer relationships and identifying and acquiring new customers and generating business opportunities.

Customers

Our OEM customers include some of the leading Indian and global OEMs. We have strong and long-standing relationships with most of our customers. Some of our customers across the end-use industries we supply to are as follows:

Sector/End-use Industries	Customers
Automotive	
Commercial Vehicles	Ashok Leyland Limited, VE Commercial Vehicles Limited, Meritor HVS AB, Meritor Heavy Vehicle Systems Cameri SPA, AAM India Manufacturing Corporation Private Limited, SML ISUZU Limited and Mahindra & Mahindra Limited
Non-Automotive	
Farm equipment	Escorts Kubota Limited, International Tractors Limited, Yanmar Engine Manufacturing India Private Limited, Same Deutz Fahr India Private Limited and Swaraj Engines Limited
Off-highway	Watson & Chalin India Private Limited (Hendrickson India Commercial Vehicle Systems), JCB India Limited and Dana India
Industrial*	Tata Cummins Private Limited, Bonfiglioli Transmissions Private Limited, IBCC Industries (India) Private Limited, Liebherr CMCtec India Private Limited and IGW India Technologies Private Limited

**Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.*

For further information on the risks associated with customer concentration, see "*Risk Factors – Internal risks relating to business, operations and industry – Our business largely depends upon our top 10 customers which contributed 70.08%, 74.64% and 79.22% in Fiscal 2023, 2022 and 2021. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.*" on page 35.

In our experience, our OEM customers typically have time-consuming selection, inspection and review procedures for procurement of components from manufacturers. These procedures include review of the manufacturer's expertise, available manufacturing facilities, processes, financial capabilities and logistical capabilities. For further information, see "– *Customer Acquisition Process*" on page 235.

Our business footprint spans across geographies and as of March 31, 2023, we served customers in over nine countries. The table below sets forth details of our exports and revenues from contract with customers outside India for the years indicated:

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Number of Countries to which we supplied during the Fiscal	7	8	7
Revenue from Contract with Customers outside India (₹ million)	1,383.51	868.14	481.05
Revenue from Contract with Customers Outside India as a percentage of Total Revenue from Contract with Customers (%)	12.89%	10.94%	8.77%

The table below sets forth details of the countries where we exported our products and revenues generated for the years indicated:

Country	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Contract with Customers outside India	Amount (₹ million)	Percentage of Revenue from Contract with Customers outside India	Amount (₹ million)	Percentage of Revenue from Contract with Customers outside India
Brazil	128.86	9.31%	59.21	6.82%	17.49	3.64%
Italy	262.48	18.97%	203.12	23.40%	103.53	21.52%
Spain	218.38	15.78%	113.29	13.05%	0.02	0.00%
Sweden	346.03	25.01%	224.28	25.83%	154.68	32.15%
Turkey	275.00	19.88%	259.59	29.90%	85.76	17.83%
Japan	-	-	0.28	0.03%	2.34	0.49%
Unites States of America	86.26	6.23%	5.64	0.65%	117.23	24.37%
United Kingdom	66.50	4.81%	-	-	-	-
Thailand	-	-	2.74	0.32%	-	-
Revenue from Sale of Products Outside India	**1,383.51**	**100.00%**	**868.14**	**100.00%**	**481.05**	**100.00%**

For further information relating to our relationship with key customers, see "– *Competitive Strengths – Long-standing relationships with customers across industries*" on page 212.

Raw Materials and Suppliers

Our primary raw material is steel. We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments executed with them. We reserve the right to reject defective materials, and any warranty claims accepted by us for defective materials supplied by our suppliers are passed onto such suppliers. Further, we reserve the right to claim for our rejections that are the result of defective steel. In Fiscal 2023, 2022 and 2021, the cost of raw materials and components consumed was ₹5,477.24 million, ₹4,358.47 million and ₹2,572.56 million, respectively, which represented 45.78%, 50.68% and 43.98% of our revenue from operations for the respective Fiscals. For further information, see "*Risk Factors – Internal risks relating to business, operations* *and industry – We depend on a few suppliers for the supply of steel, our primary raw material. Further, we do not have definitive supply agreements with our suppliers for the supply of steel. Interruptions in the supply of steel could adversely affect our business, financial condition, results of operations and cash flows*" on page 41.

Our suppliers undergo a qualification process and performance rating to ensure that the supplied raw materials are of satisfactory quality. We select our suppliers based on their performance and delivery and quality rating.

Energy and Water

Our manufacturing processes require an uninterrupted and constant voltage power to ensure that the products are of high quality and also to increase the productivity and lifetime of our machines and equipment. We make arrangements for power purchase from local utilities, independent renewable power producers as well as captive power generation through rooftop solar and generator sets in all our manufacturing facilities. We have installed a 5 MW solar power plant at our three manufacturing facilities to utilise non-conventional energy sources.

Our manufacturing processes require a certain amount of water, although they are not considered water-intensive. To meet this requirement, we primarily rely on outside resources or local utility companies. However, some of our manufacturing facilities, we use our own bore wells to meet our water needs. We are committed to ongoing water conservation efforts and have implemented measures to reduce wastage, including rain water harvesting process. For further information, see "*Risk Factors – Internal risks relating to business, operations and industry – We have significant power and fuel requirements and any disruption to power or fuel sources could increase our production costs and adversely affect our business, financial condition, cash flows and results of operations*" on page 43.

Transportation

Our products are primarily shipped to our OEM customers. The choice of transportation mode for each shipment depends on several factors, including the urgency, size, and value of the order. For our domestic operations, we rely on third-party transportation modes, such as road and rail. For outbound overseas shipments, we use a range of third-party transportation modes, including road, air, and sea. We engage third-party logistics service providers to facilitate our transportation needs. For further information, see "*Risk Factors – Internal risks relating to business, operations and industry – We are dependent on third parties for the transportation and timely delivery of our products to customers. Any failure by or loss of a third party transport service provider could result in delays and increased costs, which may adversely affect our business*" on page 42.

Quality Assurance and Quality Control

In the precision components manufacturing industry, maintaining strict quality standards is crucial to avoid defects and non-compliance with customer design specifications. Any such issues could result in order cancellations and damage to our reputation. To ensure compliance with quality standards and customer requirements, we have implemented a quality control mechanism. We examine the products at each stage of the manufacturing process to ensure that there are no defects from previous stages. Additionally, representatives from our customers regularly inspect our manufacturing facilities and processes to ensure compliance with their specific requirements. We also have a separate team of engineers responsible for quality assurance. For further information, see "*Risk Factors – Internal risks relating to business, operations and industry – We are subject to strict performance requirements, including, but not limited to, quality and delivery, by our customers, and any failure by us to comply with these performance requirements may lead to the cancellation of existing and future orders, recalls or warranty and liability claims*" on page 37.

Our manufacturing facilities have been certified in accordance with international standards of quality management systems such as IATF 16949:2016 and ISO 9001:2015; environmental management systems such as ISO 14001:2015 and occupational health and safety management systems such as ISO 45001:2018.

Human Resources

As of June 30, 2023, we had 3,029 permanent employees. The following table provides information about our permanent employees, as of June 30, 2023:

Particulars	Number
Accounts	25
Directors	5
Human Resource and Administration	110
IT	3
Maintenance	202
Marketing	5
Operations	2,653
Purchase and Stores	26
Total	**3,029**

Our Company also appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. As of June 30, 2023, we had 110 contract labours.

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner. We schedule learning and development programs for our employees. We believe in promoting leadership and bringing in new talent while creating opportunities. With this, we have bought graduate engineering trainees, executives and other executives, at the lateral level, through campus and direct recruitment. We train our employees in our manufacturing operations, including machine utilization, operations flow, quality management and work safety. Our human resource department continuously focuses on employee engagement and motivation, which further helps in achieving the strategic objectives of the organization.

Our employees are not unionised into any labour or workers' unions and have not experienced any major work stoppages due to labour disputes or cessation of work in the last three Fiscals. For further information, see "*Risk Factors – Other internal risks – Any disruption to the steady and regular supply of workforce for our operations, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce or our inability to control the composition and cost of our workforce could adversely affect our business, cash flows and results of operations.*" on page 56.

Health and Employee Safety

We endeavour to adhere to laws and regulations relating to protection of health and employee safety. We carry out our activities while following appropriate standards of work safety and our working conditions seek to promote a healthy and safe work environment. We have taken initiatives to reduce the risk of accidents and prevent environmental pollution at our manufacturing facilities, including: (i) ensuring that employee safety manuals covering employee safety and environmental procedures, are in place and that hazard identification and risk assessments with respect to our operations are periodically carried out; (ii) providing training and awareness programs on employee safety and environment to all employees, including training on machines and other operations at shop floors, and the use of first aid and other procedures to deal with emergencies; (iii) implementing regular employee safety audits, management review meetings and periodic employee safety meetings; and (iv) conducting periodic emergency mock drills in our facilities.

Environmental, Social and Governance

We place emphasis on our environmental, social and governance ("**ESG**") initiatives. The following are some of our key ESG initiatives:

- *Environmental.* We are committed to being a responsible organization and have implemented the 3R process of 'Reduce, Recycle and Reuse' to minimize our environmental impact. Our climate action plan focuses on decarbonization, waste management, water harvesting and treatment, reducing emissions, and increasing our use of renewable energy sources. Some of the initiatives we have undertaken to achieve these goals include:
    - Replacing all oil fired furnaces on forging lines required for billet heating with electric heating systems resulted in reduction in use of furnace oil;

    - Redesigning our heat treatment facility by replacing conventional use of low sulfur fuel oil with LPG lines;

    - Installing a 5 MW solar power plant at our three manufacturing facilities;

    - Installing a 1,600 kVAR Hybrid APFC panel to improve the power factor for our three manufacturing facilities, reducing energy wastage;

    - Replacing halogen lights with LED lights, resulting in a reduction in electricity consumption from 1.5 kw to 1.2 kw per light;.

    - Redesigning the layout of compressors and controlling leakages, enabling usage of half the compressors, resulting in electricity savings; and

    - Installing temperature controllers in cooling towers of each manufacturity facility to conserve electricity.

- *Social*. We believe in taking care of the society that we operate within. We endeavour to make positive socio-economic contributions. Some of the initiatives we have undertaken to achieve these goals include:

    - Donated for the procurement of a next gen sequencer machine for Dayanand Medical College and Hospital;

    - Donated towards setting up the oxygen plant in Christian Medical College and Hospital situated in Ludhiana, during the Covid-19 outbreak;

    - Constructed a school building for a government primary school at Kanganwal, Ludhiana, intending to provide quality infrastructure to the school students; and

    - Adopted a public park in Sarabha Nagar, Ludhiana, to take up the responsibility of its maintenance. Thus, contributing towards the conservation and preservation of the environment.

- *Governance.* We have established policies and ethical standards that promote diversity and inclusivity within our organization. Our aim is to cultivate a work environment where employees feel safe and empowered to be their authentic selves, free from any form of discrimination. To encourage open communication, we have established an employee forum where individuals can share their thoughts and ideas. Additionally, we have a policy that allows employees to provide suggestions for continuous improvement. In the event of any grievances, we have a grievance redressal system in place to ensure that concerns are addressed and resolved in a timely and effective manner.

  We have formed a Prevention of Sexual Harassment Committee, which addresses complaints and ensures time-bound redressal and actions against any complaints. We also train our employees on our Code of Conduct and instituted an anti-corruption policy for monitoring.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, we have five registered trademarks under the Trademarks Act under various classes such as classes 7, 12 and 35. We have filed seven applications with the Registrar of Trademarks to register certain others trademarks including our new corporate logo . For further information, see "*Government and Other Approvals – Intellectual property related approvals*" on page 405. Also, see "*Risk Factors*

– Internal risks relating to legal and regulatory factors – We do not have trademark registration for our new corporate logo . If we are unable to register our corporate logo, we may not be able to protect or enforce our rights to own or use our corporate logo which could have an adverse effect on our business and competitive position."

Competition

We face competition, both domestically and internationally, in relation to our products. Technology, price, design, quality, delivery, and engineering capabilities are the primary elements of competition in the forging and machining industry (*Source: Ricardo Report*). Our peers are Bharat Forge, Sona BLW Precision Forgings, Uno Minda, CIE Automotive, Craftsman Automation, Ramkrishna Forgings, Sansera Engineering, MM Forgings, Endurance and Cummin India (*Source: Ricardo Report*). While comparing for the revenue contribution from the sale of machined products, the peers considered are as follows: Bharat Forge, Craftsman Automation, RK Forging, Thysenkrupp, American Axle & Manufacturing, Tianrun Crankshaft and Guilin FUDA. For more information on operational benchmarking and financial benchmarking, see "*Industry Overview – Competitive Landscape in India (Forging and Machining) – Operational Benchmarking*" and "*Industry Overview – Financial Benchmarking*" on page 194 and 197, respectively.

We face competition from larger organisations who possess greater financial resources, patents, underutilized capacity, lower labour costs, lower tax rates, and export or raw materials subsidies. Despite this, we believe that our expertise in design and engineering, diverse product portfolio, flexibility to meet customers' varying needs, and long-standing customer relationships give us a competitive edge.

For further information on risks related to competition, see "*Risk Factors – Other internal risks – Any failure to compete effectively in the highly competitive forged and machined components industry could have a material adverse effect on our business, financial condition, results of operations and cash flows.*" on page 54.

Information Technology

Our design and engineering facilities comprise IT enabled processes such as computer aided design, computer aided manufacturing and computer aided engineering facilities and design software. We have implemented SAP platforms encompassing business functions including production, materials, finance, inventory, maintenance, and human resource management. We make efforts to consistently upgrade our systems to ensure efficiency and business continuity.

For further information on risks related to our information technology, see "*Risk Factors – Other internal risks – Technology failures could disrupt our operations and adversely affect our business operations and financial performance*" on page 56.

Insurance

We maintain insurance cover for our properties, including protection from fire, burglary and theft. In addition, we maintain marine export import insurance open policy, marine open inland declaration policy and marine open inland declaration policy to cover various risks during the transit of goods overseas, a public liability act policy to cover product liability risk, group accident guard insurance policy for our employees, group health (floater) insurance mediclaim polices for our employees and insurance policies covering directors' and officers' liability. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. However, our policies are subject to standard limitations, including with respect to the maximum amount that can be claimed. For further information on risks related to our insurance policies, see "*Risk Factors – Other internal risks – Our insurance coverage may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage*" on page 44.

Properties

Our Registered Office is located at B XXIX – 2254/1, Kanganwal Road, P. O. Jugiana, Ludhiana – 141 120, Punjab, India. The land on which our Registered Office is located is owned by us. The land parcels on which our three manufacturing facilities in Ludhiana, Punjab are located, are also owned by us. The following table sets forth the details of our manufacturing facilities:

Manufacturing Facility	Address	Area (Square Feet)
Kanganwal Facility I	Opposit Hindustan Tyres (Adjoining Waryam Steels), Kanganwal Road, P.O. Jugiana- Ludhiana- 141120, Punjab	4,39,128.00
Kanganwal Facility II	B-XXIX 2254/1, Kanganwal Road, P. O. Jugiana, Ludhiana – 141 120, Punjab	1,84,765.50
Dugri Facility	H.B No.220, Post Office- Rajgarh, Village- Dugri, Ludhiana - 141421, Punjab	1,771,208.46

KEY REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain key statutes, rules, regulations, notifications, memorandums, circulars and policies which are applicable to our Company, and the business undertaken by our Company.

Taxation statutes such as the Income Tax Act, 1961, the Customs Act, 1962 and the relevant goods and service tax legislation apply to us as they do to any Indian company. For details of government approvals obtained by our Company, see "Government and Other Approvals" beginning on page 404*.*

The information detailed in this chapter, is based on the current provisions of key statutes, rules, regulations, notifications, memorandums, circulars and policies which are subject to amendments, changes and/or modifications. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended by subsequent legislative, regulatory, administrative or judicial decisions.

INDUSTRY-SPECIFIC LEGISLATIONS APPLICABLE TO OUR COMPANY

The Legal Metrology Act, 2009 (the "Legal Metrology Act") and The Legal Metrology (Packaged Commodities) Rules, 2011 (the "Legal Metrology Rules")

The Legal Metrology Act, along with the Legal Metrology Rules, establishes and enforces standards of weights and measures, regulates trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or numbers. Any transaction relating to goods or a class of goods shall be as per the weight, measurements or numbers prescribed by the Legal Metrology Act. The Legal Metrology Act prohibits the manufacture, packing, selling, importing, distributing, delivering, offer for sale of any pre-packaged commodity if such does not adhere to the standard regulations set out.
The Legal Metrology Rules are ancillary to the Legal Metrology Act and set out to define various manufacturing and packing terminology. It lays out specific prohibitions where manufacturing, packing, selling, importing, distributing, delivering, offering for sale would be illegal and requires that any form of advertisement where the retail sale price is given must contain a net quantity declaration. Circumstances which are punishable are also laid out in the Legal Metrology Rules.

Fire prevention laws

The State legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the 12th Schedule to the Constitution of India, which includes fire prevention and firefighting services. The Punjab State Legislature has enacted fire control and safety regulations such as the Punjab Safety Measures for Prevention and Control of Fire Act, 2012, and the Punjab Fire Prevention and Safety Act, 2004 which are applicable to our Dugri Facility, Kanganwal Facility I and Kanganwal Facility II. These legislations include provisions in relation to fire safety and life saving measures by occupiers of buildings, procedure for obtaining no objection certificate and penalties for non-compliances.

Environmental laws

The Environment Protection Act 1986 (the "Environment Protection Act") and Environment Protection Rules, 1986 (the "Environment Protection Rules")

The Environment Protection Act was enacted to provide a framework for co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorises the central government to protect and improve environment quality, control and reduce pollution. The Environment Protection Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as prescribed. The contravention or failure to comply with the provisions of the Environment Protection Act may attract penalties in the form of imprisonment or fine. Further, the Environment Protection Rules specifies, amongst others, the standards for emission or discharge of environmental pollutants, and restrictions on the handling of hazardous substances in different areas.

The Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act")

The Air Act was enacted and designed for the prevention, control and abatement of air pollution and establishes central and state boards for the aforesaid purposes. In accordance with the provisions of the Air Act, any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity.

The Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act") and Water (Prevention and Control of Pollution) Cess Act, 1977 (the "Water Cess Act")

The Water Act was enacted to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water. Further, the Water Act also provides for the establishment of central pollution control board and state pollution control board with a view to carry out the aforesaid purpose. Any person establishing or taking steps to establish any industry, operation or process, or any treatment and disposal system or extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream, well, sewer or on land is required to obtain the previous consent of the concerned state pollution control board.

In addition, the Water Cess Act was enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain businesses and by local authorities, with a view to augment the resources of the central board and state boards for the prevention and control of water pollution constituted under the Water Act.

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the "Hazardous Waste Rules")

The objective of the Hazardous Waste Rules is to control the collection, reception, treatment and storage of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in generation, treatment, processing, package, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, import, export, transfer or the like of the hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

The E-Waste Management Rules, 2016 (the "E-Waste Rules")

The E-Waste Rules apply to every producer or consumer or bulk consumer, amongst others, involved in transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment. The E-Waste Rules obligate the aforesaid persons to channelize the e-waste generated through collection centre, or dealer of authorized producer or dismantler or recycler and maintain record of such e-waste generated. According to E-Waste Rules, the entities covered under the rules are required to get themselves registered with the concerned state pollution control board and to ensure that no damage is caused to the environment during the storage and transportation of e-waste.

The Public Liability Insurance Act, 1991 ("PLI Act") and Public Liability Insurance Rules, 1991 ("PLI Rules")

The primary objective of the PLI Act is to provide public liability insurance for the purpose of providing immediate relief to the persons affected by an accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. The PLI Act imposes a duty on the owner, a person who owns or has control over handling hazardous substance at the time of accident, to take out insurance policies before manufacturing, processing, treating, storing, packaging or transporting hazardous substances, for any damage arising out of an accident involving such hazardous substances. The penalties for contravention of the provisions of the PLI Act includes imprisonment or fine or both. Further, the PLI Rules mandate that the owner contributes towards the Environmental Relief Fund for a sum equal to the premium paid on the insurance policies.

Other applicable laws

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. It lays down provisions in relation to transmission and distribution of electricity. It states that the Central Electricity Authority may in consultation with the State Government specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use.

Laws related to Employment

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of us.

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA Act")

In respect of our manufacturing facilities, we use the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 (twenty), subject to state amendments, in respect of certain facilities. Accordingly, we are regulated by the provisions of the CLRA Act, and the rules framed thereunder which requires us to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

The Factories Act, 1948 ("Factories Act")

The Factories Act pertains to the regulation of labour in factories. The term 'factory' is defined as any premises where 10 or more workers are working, or were working on any day in the preceding 12 months, and in any part of which a manufacturing process is ordinarily carried on with the aid of power, or where 20 more workers are working, or were working on any day in the preceding 12 months, and in any part of which a manufacturing process is ordinarily carried on without the aid of power. The state governments are empowered to make rules requiring the registration or licensing of factories or any class of factories. The Factories Act requires the occupier of the factory to ensure, as far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

We are also subject to other laws concerning condition of working, benefit and welfare of our labourers and employees such as

- the Apprentices Act, 1961,
- the Child Labour (Prohibition and Regulation) act, 1986;
- the Employees (Provident Fund and Miscellaneous Provisions) Act, 1952;
- the Employees State Insurance Act 1948;
- the Equal Remuneration Act, 1976;
- the Industrial Disputes Act, 1947;
- the Industrial Employment (Standing Orders) Act, 1946;
- the Interstate Migrant Workmen Act, 1979;
- the Maternity Benefit Act, 1961;
- the Minimum Wages Act, 1948;
- the Payment of Bonus Act, 1965;
- the Payment of Gratuity Act, 1972;
- the Payment of Wages Act, 1936;
- the Public Liability Insurance Act, 1991;
- the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

- the Trade Unions Act, 1926; and
- the Workmen's Compensation Act, 1923.

In order to rationalise and reform labour laws in India, the Government has enacted the following codes:

- **Code on Wages, 2019**, which regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees. It subsumes four existing laws, namely the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.

- **Industrial Relations Code, 2020**, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

- **Code on Social Security, 2020**, which amends and consolidates laws relating to social security. It governs the constitution and functioning of social security organisations such as the employees' provident fund and the ESIC, regulates the payment of gratuity, the provision of maternity benefits, and compensation in the event of accidents to employees, among others. It subsumes various legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, and the Payment of Gratuity Act, 1972.

- **Occupational Safety, Health and Working Conditions Code, 2020**, amends and consolidates laws regarding the occupational safety, health and working conditions of persons employed in an establishment. It subsumes various legislations including the Factories Act, 1948, and the Contract Labour (Regulation and Abolition) Act, 1970.

Certain portions of the Code on Wages, 2019, have come into force upon notification by the Ministry of Labour and Employment. The remainder of these codes shall come into force on the day that the Government shall notify for this purpose.

Intellectual Property Laws

Intellectual property in India enjoys protection under both common law and statutes. Under statutes, India provides for trademark protection under the Trade Marks Act, 1999. These enactments provide for the protection of intellectual property by imposing civil and criminal liability for infringement.

Other Indian laws

In addition to the above, we are also governed by the provisions of the Companies Act and rules framed thereunder, relevant central and state tax laws, foreign exchange and investment laws and foreign trade laws and other applicable laws and regulation imposed by the central and state government and other authorities for over day to day business, operations and administration.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'Happy Forgings Private Limited' at Jalandhar, Punjab as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated July 2, 1979, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the EGM of our Shareholders held on March 31, 1998, and the name of our Company was changed to 'Happy Forgings Limited', and a fresh certificate of incorporation dated April 1, 1998, was issued to our Company by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

Change in registered office of our Company

Except as disclosed below, there has been no change in the registered office of our Company since the date of incorporation:

Date of Change	Details of change	Reasons for change
April 1, 1998	Registered office of our Company was changed from 332, Industrial Area – A, Ludhiana – 141 003, Punjab, India to B XXIX, 2254/1 Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India	Operational convenience

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

1. To carry on the business of manufacturing of Engine parts, Auto Parts, Cycle Parts and other Machinery parts of all kinds and articles of things used in the manufacture, maintenance and working thereof and all types of machinery as the Company may deem fit.

2. To carry on the business of iron founders, iron forgers, Mechanical engineers, manufacturers and dealers of Machinery and implements of all kinds.

3. To carry on the business of manufacturers, processors, makers, assemblers, importers, exporters, merchants, distributors, stockiest, agents, buyers, sellers, or dealers in all kinds of steels, including carbon, stainless, high speed alloy steels and other metal products of all kinds, in all forms and shapes including cast, malleable, rolled, drawn, forged, manipulated or worked through any other metal working and finished processors as also the business of iron-masters, steel makers, steel converters, smelters, in all their respective branches.

4. To carry on the business of manufacturer processors, finishers, buyers, sellers, agents, merchants, importers, and dealers in all kinds of strips and strips specialties, sheets, tin plates and other flat products, pipes and tubes of all kinds for water, steam gas and all other purposes, all above of iron, steel and other metals and alloys and non-metals.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the 10 years preceding the date of this Draft Red Herring Prospectus:

Date of Shareholders' resolution	Nature of Amendment
March 5, 2014	Clause V of our Memorandum of Association was substituted to reflect the consolidation of 10,000,000 equity shares of ₹10 each to 1,000,000 equity shares of ₹100 each
March 30, 2015	The entire clause III(C) of our Memorandum of Association was deleted
February 14, 2022	Clause V of our Memorandum of Association was substituted to reflect the sub-division of 1,000,000 equity shares of ₹100 each to 50,000,000 Equity Shares of ₹2 each
	Clause V of our Memorandum of Association was amended to reflect the increase in our authorised share capital from ₹100,000,000 divided into 50,000,000 Equity Shares of ₹2 each

Date of Shareholders' resolution	Nature of Amendment
	to ₹300,000,000 divided into 150,000,000 Equity Shares of ₹2 each

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
1979	Incorporation of our Company
1995	Purchased heavy duty hammers for manufacturing of oil engine parts and motor parts
2006	Commencement of operations at Kanganwal Facility II
2007	The revenue from operations of our Company crossed ₹1,000 million
2008	Commissioned our first 8,000 ton forging press
2009	Commencement of manufacturing front steering parts by procuring axle arms
	Installed model grinding technology used to manufacture four cylinder and six cylinder crankshafts
2011	Ventured into new industries i.e. commercial vehicles, farm equipments and industrial equipments
2017	Commissioned our second 8,000 ton forging press
2018	Fund raised from India Business Excellence Fund – III
	The revenue from operations of our Company crossed ₹5,000 million
2019	Forayed into a new sector by manufacturing pinion shaft to cater to the manufacturers in the wind turbine industry
2021	Installed our third 8,000 ton forging press line
	Commencement of our operations at the Dugri Facility
2022	Commencement of sale of front axle beam for electric buses to one of our customers catering in the commercial vehicle industry
	Our long term bank facilities were assigned 'AA-(Stable)' rating each from CRISIL Ratings and ICRA Limited
	Commissioned our first 14,000 ton forging press line
	Installed eight dedicated lines for manufacturing crankshafts

Awards, accreditations or recognitions

The following are the key awards, accreditations and recognitions received by our Company:

Calendar Year	Particulars
2011	'Best in Class' award by Oerlikon Drive Systems
2012	'Development' award by JCB India Limited
2015	"Best Supplier (Forging)" award from a gear manufacturing company
2016	"Overall Excellence in Cost Delivery and Quality" award at Partners Meet 2016 organised by Escorts
	"Proactive Cost Competitiveness" award for the year 2015-16 at Supplier Summit 2016 organised by Ashok Leyland
2017	"Outstanding Contribution in Overall Performance Excellence" award from VE Commercial Vehicles, a joint venture of Volvo Group & Eicher Motors.
	'Sanjeevani Award' by an engine manufacturing company
2018	'Delivery Excellence' award at the Meritor Europe Truck Supplier Day by Meritor
2021	Received the IATF 16949:2016 accreditation for manufacturing of forged and machined components without product design responsibility and with the extended manufacturing site(s) for Kanganwal Facility I
	Received the ISO 14001: 2015 accreditation for manufacture of forged and machined components Kanganwal Facility I
	Received the ISO 45001: 2018 accreditation for manufacture of forged and machined components Kanganwal Facility I
2022	"Excellence Award" by Escorts Kubota Limited.
	Received the IATF 16949:2016 accreditation for manufacture of forged and machined components and excluding product design Dugri Facility
2023	Received a certificate of appreciation for supplier agri machinery under 'Business Excellence Process/Digitalisation' by Escorts Kubota Limited

Calendar Year	Particulars
	Received the ISO 45001:2018 accreditation for manufacture of forged and machined components and excluding product design Dugri Facility
	Received the ISO 14001:2015 accreditation for manufacture of forged and machined components and excluding product design Dugri Facility

Launch of key products or services, entry in new geographies or exit from existing markets

For details of launch of key products or services, entry in new geographies or exit from existing markets, capacity or facility creation and the location of manufacturing units see "– *Major Events and Milestones of our Company*" and "*Our Business*" on pages 248 and 203 respectively.

Significant financial or strategic partners

Our Company does not have any significant financial or strategic partners as on the date of filing this Draft Red Herring Prospectus.

Time or cost overruns in setting up projects

There have been no time or cost overruns pertaining to the setting up of projects by our Company since incorporation.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

We have in the past had instances of defaults or rescheduling of borrowings with financial institutions/banks. For further details, see *"Risk Factors – Internal risks relating to financials – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition"* on page 45.

Revaluation of assets

Our Company has not revalued its assets in the 10 years preceding the date of this Draft Red Herring Prospectus.

Our holding company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our subsidiaries, joint ventures and associates

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries, joint ventures or associates.

Details regarding material acquisition or divestment of business or undertakings

There have been no material acquisitions or divestments of business or undertakings by our Company in the last 10 years.

Mergers or amalgamations

Our Company has not been party to any merger or amalgamation in the 10 years preceding the date of this Draft Red Herring Prospectus.

Shareholders' agreements

Details of subsisting shareholder's agreements among our shareholders *vis-a-vis* our Company, which our Company is aware of, as on the date of this Draft Red Herring Prospectus, are provided below:

Investment agreement dated August 22, 2018, as amended and modified pursuant to the letter dated September 14, 2018, December 27, 2018 and November 10, 2021 (collectively, the "Investment Agreement") executed amongst our Company, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, India Business Excellence Fund – III, (a scheme of business excellence trust III and acting through its investment manager Motilal Oswal Alternate Investment Advisors Private Limited (formerly known as Motilal Oswal Private Equity Investment Advisors Private Limited)) (the "Investor Selling Shareholder"), and Suman Garg, Paritosh Kumar Garg (HUF) (represented by its karta Paritosh Kumar), Megha Garg, Ashish Garg & Sons (HUF) (represented by its karta Ashish Garg) and Sheena Gupta (collectively, the "Other Shareholders") read with waiver cum amendment agreement dated August 11, 2023, executed by and amongst our Company, the Investor Selling Shareholder, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited and Other Shareholders (the "Amendment Agreement")

Our Company, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, Other Shareholders and the Investor Selling Shareholder have entered into an Investment Agreement, *inter alia*, in order to record the terms and conditions on which the Investor Selling Shareholder have subscribed to and purchased Equity Shares of our Company, and the rights and obligations of the Shareholders of the Company in the management and control over the affairs of our Company. Pursuant to the Investment Agreement, several rights were granted to the Investor Selling Shareholder, including (i) the right to nominate directors on our Board, (ii) tag along rights, (iii) information and inspection rights.

In terms of the Investment Agreement, our Company is not permitted to grant rights to any person that are superior to those granted to the Investor Selling Shareholder. Further, Paritosh Kumar and Ashish Garg are also restricted from being involved in any business which competes with the business of our Company.

Additionally, our Company may not take any decisions or actions, without the prior consent of the Investor Selling Shareholder, in relation to certain reserved matters for which the Investor Selling Shareholder have affirmative voting rights.

In view of the initial public offer of the Equity Shares of our Company, the parties to the Investment Agreement have entered into the Amendment Agreement, pursuant to which the parties, to the extent applicable, have waived and/or suspended certain of their respective rights, obligations and restrictions that may be triggered under the Investment Agreement as a result of our Company undertaking the Offer.

Under the Amendment Agreement, on and after the receipt of final listing and trading approvals by the Company from the Stock Exchanges, pursuant to the Offer and subject to applicable law and receipt of approval of the Shareholders of our Company by way of a special resolution at the first shareholders' meeting immediately after the consummation of the Offer, as long as the Investor Selling Shareholder continues to hold Equity Shares in our Company above the threshold stake (i.e., 2.5% of the share capital of our Company, on a fully diluted basis), the Investor Selling Shareholder shall be entitled to the right to nominate 1 (one) director on our Board. Further, pursuant to the Amendment Agreement, the right of the Investor to nominate such a director on our Board shall be subject to periodic approval of shareholders, at such intervals as may be prescribed under applicable laws, including Regulation 31(B) of the SEBI Listing Regulations. After receipt of the approval of our Shareholders at the First Shareholders Meeting in accordance with applicable laws, the same is proposed to be duly incorporated in our Articles of Association.

The Investment Agreement, as amended by the Amendment Agreement, shall be terminated with immediate effect without any further action by any party to the Investment Agreement on and after the receipt of final listing and trading approvals by our Company from the Stock Exchanges, subject to the survival of certain provisions such as director nomination rights (as specified above), confidentiality, notices, governing law and jurisdiction and dispute resolution.

Further, the Amendment Agreement shall stand terminated upon the earlier of (a) the Equity Shares of our Company are not listed on the Stock Exchanges within 180 (one hundred and eighty) days from the date of the Amendment Agreement, or such other extended date as may be mutually agreed in writing amongst our Company and the Investor Selling Shareholder; or (b) our Board and the Selling Shareholders jointly decide not to undertake the Offer, or (c) where the Offer is abandoned, withdrawn or is unsuccessful due to any reason. Pursuant to the Amendment Agreement, each party has agreed to exercise its information rights under the Investment Agreement, in accordance with the applicable law.

In the event of termination of the Amendment Agreement, the Investment Agreement shall remain valid and subsisting without giving effect to any amendments pursuant to the Amendment Agreement. In case of termination of the Amendment Agreement, the provisions of the Investment Agreement shall (i) be automatically re-instated to the position as it stood immediately prior to the execution of the Amendment Agreement within 10 (ten) working days; and (ii) shall be deemed to have been continuing during the period from the date of execution of the Amendment Agreement and its date of termination, without any break or interruption whatsoever.

Agreements with Key Managerial Personnel, Senior Management, Directors, Promoters or any other employee

Neither our Promoters, nor any of the Key Managerial Personnel, Senior Management, Directors, Promoters or employees of our Company have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings of the securities of our Company.

Guarantees given by our Promoter Selling Shareholder

As on the date of this Draft Red Herring Prospectus, the Promoter Selling Shareholder have not given any guarantees to third parties.

Other material agreements

Our Company has not entered into any other subsisting material agreement, including with strategic partners, joint venture partners and/or financial partners, other than in the ordinary course of business.

Further, we confirm that except as disclosed in this Draft Red Herring Prospectus, there are no other inter-se agreements or arrangements entered into by and amongst any of the Promoters or Shareholders to which the Company is a party, or agreements of like nature, or agreements comprising material clauses/covenants that are required to be disclosed in this Draft Red Herring Prospectus or containing clauses/covenants that are adverse/prejudicial to the interest of minority/public shareholders.

OUR MANAGEMENT

Board of Directors

The Articles of Association require that our Board shall comprise of not less than three Directors and not more than 15 Directors. As on the date of filing this Draft Red Herring Prospectus, we have 10 Directors, comprising of four Executive Directors, six Non-executive Directors of which five are Independent Directors, including one woman Independent Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details of our Board as on the date of this Draft Red Herring Prospectus:

Name, designation, date of birth, age, address, occupation, current term, period of directorship and DIN	Other directorships
Paritosh Kumar *Designation*: Chairman and Managing Director *Date of birth*: August 6, 1955 *Age*: 68 *Address*: House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India *Occupation*: Business *Current term*: For a period of five years with effect from April 11, 2023 *Period of directorship*: Since September 30, 2016 *DIN*: 00393387	*Indian Companies:* 1. Ayush Capital & Financial Services Private Limited *Foreign Companies:* Nil
Ashish Garg *Designation*: Managing Director *Date of birth*: April 8, 1985 *Age*: 38 *Address*: House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India *Occupation*: Business *Current term*: For a period of five years with effect from April 11, 2023, and liable to retire by rotation *Period of directorship*: Since September 30, 2016 *DIN*: 01829082	*Indian Companies:* 1. Ayush Capital & Financial Services Private Limited *Foreign Companies:* Nil

Name, designation, date of birth, age, address, occupation, current term, period of directorship and DIN	Other directorships
Megha Garg *Designation*: Whole-time Director *Date of birth*: July 20, 1985 *Age*: 38 *Address*: House #36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India *Occupation*: Business *Current term*: For a term of five years with effect from September 29, 2021, and liable to retire by rotation *Period of directorship*: Since September 30, 2016 *DIN*: 07352042	*Indian Companies:* Nil *Foreign Companies:* Nil
Narinder Singh Juneja *Designation*: Chief Executive Officer and Whole-time Director *Date of birth*: January 1, 1954 *Age*: 69 *Address*: House #HM-321, Jamalpur Colony, Focal Point, S.O, Ludhiana – 141 010, Punjab, India *Occupation*: Business *Current term*: For a period from October 1, 2022 to December 31, 2023^ *Period of directorship*: Since March 28, 2006 *DIN*: 00393525	*Indian Companies:* Nil *Foreign Companies:* Nil
Prakash Bagla *Designation*: Nominee Director* *Date of birth*: November 11, 1975 *Age*: 47 *Address*: C-2008, Oberoi Splendor, Jogeshwari Vikhroli Link Road, Opposite Majas Bus Depot, Jogeshwari East, Mumbai – 400 060, Maharashtra, India *Occupation*: Professional *Current term*: With effect from September 15, 2018 and not liable to retire by rotation *Period of directorship*: Since September 15, 2018 *DIN*: 03043874	*Indian Companies:* 1. Glass Wall Systems (India) Private Limited; 2. Magicrete Building Solutions Private Limited; 3. Nexion International Private Limited; 4. Simpolo International Private Limited; 5. Simpolo Vitrified Private Limited; and 6. VVDN Technologies Private Limited *Foreign Companies:* Nil

Name, designation, date of birth, age, address, occupation, current term, period of directorship and DIN	Other directorships
Satish Sekhri *Designation*: Independent Director *Date of birth*: March 28, 1950 *Age*: 73 *Address*: R-6, Sacred Heart Town, V Shivshakar Road, Near Shinde Chatri, Wanowarie, Pune – 411 040, Maharashtra, India *Occupation*: Professional *Current term*: For a period of five years with effect from May 4, 2020 *Period of directorship*: Since May 4, 2020 *DIN*: 00211478	*Indian Companies:* 1. Harita Fehrer Limited; 2. JK Files and Engineering Limited; and 3. Rico Auto Industries Limited *Foreign Companies:* Nil
Vikas Giya *Designation*: Independent Director *Date of birth*: March 2, 1979 *Age*: 44 *Address*: 3012, Near BCM School, Sector 32A, Chandigarh Road, Focal Point Ludhiana – 141 010, Punjab, India *Occupation*: Professional *Current term*: Five years with effect from January 31, 2020 *Period of directorship*: Since January 31, 2015 *DIN*: 01399764	*Indian Companies:* Viksun Consultants Private Limited *Foreign Companies:* Nil
Ravindra Pisharody *Designation*: Independent Director *Date of birth*: November 24, 1955 *Age*: 67 *Address*: C/O, Flat No 1601, T7, Emerald Isle, Powai, Saki Vihar Road, Mumbai Suburban, Mumbai – 400 072, Maharashtra, India *Occupation*: Professional *Current term*: Five years with effect from June 16, 2022 *Period of directorship*: Since June 16, 2022 *DIN*: 01875848	*Indian Companies:* 1. Bonfiglioli Drive Solutions Private Limited; 2. Bonfiglioli Transmissions Private Limited; 3. Kinara Capital Private Limited; 4. Muthoot Finance Limited; 5. Savita Greentech Limited; 6. Savita Polymers Limited; and 7. Savita Oil Technologies Limited *Foreign Companies:* Nil

Name, designation, date of birth, age, address, occupation, current term, period of directorship and DIN	Other directorships
Rajeswari Karthigeyan *Designation*: Independent Director *Date of birth*: November 24, 1970 *Age*: 52 *Address*: #24, Classica Apartment, 1st Floor, Club Road, Chetpet, Chennai – 600 031, Tamil Nadu, India *Occupation*: Professional *Current term*: Five years with effect from May 30, 2023 *Period of directorship*: Since May 30, 2023 *DIN*: 10051618	*Indian Companies:* Craftsman Automation Limited *Foreign Companies:* Nil
Atul Behari Lall *Designation*: Independent Director *Date of birth*: January 5, 1962 *Age*: 61 *Address*: 405, Nilgiri Apartments, Alaknanda, Aali, South Delhi – 110 019, New Delhi, India *Occupation*: Service *Current term*: Five years with effect from July 31, 2023 *Period of directorship*: Since July 31, 2023 *DIN*: 00781436	*Indian Companies:* 1. Califonix Tech and Manufacturing Private Limited; 2. Dixon Electro Appliances Private Limited; 3. Dixon Electro Manufacturing Private Limited; 4. Dixon Technologies (India) Limited; 5. Dixon Technologies Solutions Private Limited; 6. Padget Electronics Private Limited; and 7. Rexxam Dixon Electronics Private Limited *Foreign Companies:* Nil

**Nominee of MO Alternates.*
^Re-appointed as the Chief Executive Officer and Whole-time Director pursuant to the resolution passed by our Board on July 31, 2023 and our Shareholders on July 31, 2023.

Brief profiles of our Directors

Paritosh Kumar is the Chairman and Managing Director of our Company. He holds a bachelor's degree in arts from S.C. Dhawan Government (Evening) College, Ludhiana, Panjab University. He has over 44 years of experience in the industrial sector. He was awarded with the 'LMA-Vardhman Award for entrepreneur of the year-2018' by the Ludhiana Management Association. He is involved in the strategic decision making of our Company, oversees our Company's business activities and is involved in setting up the governance standards of our Company.

Ashish Garg is a Managing Director of our Company. He holds a bachelor's degree in science (accounting and finance), and a master's degree in science (manufacturing systems engineering) from the University of Warwick, United Kingdom. He has approximately 17 years of experience in the industrial sector. He currently manages our Company's business operations, financial performance, growth strategies and investments in different capacities and product developments.

Megha Garg is a Whole-time Director of our Company. She holds a bachelor's degree in science (economics) from the University of Nottingham, United Kingdom. She has approximately eight years of experience in the industrial sector. She currently handles the online digital marketing of our Company to engage prospects and capture leads.

Narinder Singh Juneja is the Chief Executive Officer and Whole-time Director of our Company. He holds a post diploma course in mechanical engineering (machine tools operation and maintenance) from Y.M.C.A. Institute of Engineering, State Board of Technical Education, Haryana. He has over 35 years of experience in the industrial sector. Prior to joining our Company, he served as the assistant engineer with Krishna Forgings.

Prakash Bagla is the Nominee Director of our Company. He holds a bachelor's degree in commerce from Calcutta University and is an associate member of the Institute of Chartered Accountants of India. He has 18 years of experience in the finance and private equity sector. He joined MO Alternates in 2007 and is responsible for deal sourcing, investing, monitoring and managing exits. He focuses on businesses in the industrials and niche manufacturing sectors, and represents India Business Excellence Fund-III, on the Board of our Company. He is also on the board of other companies namely VVDN Technologies Private Limited, Simpolo International Private Limited, Simpolo Vitrified Private Limited, Nexion International Private Limited, Magicrete Building Solutions Private Limited and Glass Wall Systems (India) Private Limited. He is currently designated as managing director at MO Alternates.

Satish Sekhri is an Independent Director of our Company. He holds a bachelor's degree in science (mechanical engineering) from University of Delhi, and a master's degree in business administration from Department of Commerce and Business Management, Panjab University. He has experience in the field of sales and marketing and the industrial sector. He is currently on the board of Harita Fehrer Limited, JK Files and Engineering Limited and Rico Auto Industries Limited.

Vikas Giya is an Independent Director of our Company. He holds a bachelor's degree in commerce from G.G.N. Khalsa College, Punjab University. He is a fellow member of the Institute of Chartered Accountants of India. He has over 17 years of experience in the finance sector. He is serving as a full time partner in Anup Kumar Jain and Co., Chartered Accountants since December 15, 2005.

Ravindra Pisharody is an Independent Director of our Company. He holds a bachelor's degree in technology (electronics and electrical communication engineering) from Indian Institute of Technology, Kharagpur, a post graduate diploma in management from Indian Institute of Management, Calcutta, and a post graduate program in executive coaching from Coaching Foundation India Limited. He has over 18 years of experience in marketing. Prior to joining our Company, he served as an executive director on the board of Tata Motors Limited, and as a marketing director with BP India Private Limited.

Rajeswari Karthigeyan is an Independent Director of our Company. She holds a bachelor's degree in commerce from Faculty of Commerce, University of Madras, a diploma in systems management from the Academic Council of the National Institute of Information Technology, and an independent directors certificate program (a part time certificate programme) from the Indian Institute of Management, Bangalore. She has over 30 years of experience in the credit ratings sector. Prior to joining our Company, she served as an associate director of CRISIL Ratings Limited.

Atul Behari Lall is an Independent Director of our Company. He holds a master's degree in management studies from the Birla Institute of Technology and Science, Pilani. He has more than 29 years of experience in the electronics manufacturing services industry. He has served as a member of the Technical Evaluation Committee for Electronic Manufacturing Services (EMS) under M-SIPS constituted by the DeitY and served as a representative of ELCINA on the Committee for Reliability of Electronic and Electrical Components and Equipment (LITD. 02) of the Bureau of Indian Standards. He has also authored the book, '*Gita and India Inc.*'. He is currently a managing director on the board of Dixon Technologies (India) Limited.

Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company, whose shares have been or were suspended from being traded on any stock exchanges, in the last five years prior to the date of this Draft Red Herring Prospectus, during the term of their directorship in such company.

Further, none of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange during the term of their directorship in such company.

Relationships between our Directors and the Key Managerial Personnel or Senior Management

Except as disclosed below, none of our Directors are related to each other or to any of our Key Managerial Personnel or Senior Management.

(i) Paritosh Kumar is the father of Ashish Garg;
(ii) Ashish Garg is the husband of Megha Garg; and
(iii) Paritosh Kumar is the father-in-law of Megha Garg

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for Prakash Bagla, who has been appointed as a nominee of MO Alternates pursuant to the Investment Agreement and our Articles of Association, none of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Service contracts with Directors

Our Company has not entered into any service contracts with our Directors which provide for benefits upon the termination of their employment.

Borrowing Powers

In accordance with our Articles of Association and the applicable provisions of the Companies Act, and pursuant to a resolution of our Shareholders dated September 30, 2014, our Board is authorised to borrow up to an amount of ₹10,000 million, in excess of the aggregate of the paid up capital and free reserves of our Company and for creation of charge/providing security for the sum borrowed on the assets of our Company.

Terms of appointment of our Directors

a) Terms of employment of our Executive Directors

Paritosh Kumar, Chairman and Managing Director

Paritosh Kumar was appointed as the Chairman and Managing Director of our Company pursuant to the resolution passed by our Board on March 30, 2023 and our Shareholders on July 31, 2023, for a period of five years with effect from April 11, 2023. He receives remuneration from our Company in accordance with the resolution passed by our Board on July 31, 2023 and the resolution of our Shareholders approved in their general meeting held on July 31, 2023. The details of the remuneration and perquisites payable to him during the term of his office, include the following:

i) salary, perquisites and allowances amounting to ₹3.59 million per month;
ii) contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave; and
iii) reimbursement of expenses incurred for travelling, boarding and lodging during business trips and provision of cars for business use and communication expenses at residence

Ashish Garg, Managing Director

Ashish Garg was appointed as the Managing Director of our Company pursuant to the resolution passed by our Board on March 30, 2023, and our Shareholders on July 31, 2023, for a period of five years with effect from April 11, 2023. He receives remuneration from our Company in accordance with the resolution passed by our Board on March 30, 2023, and the resolution of our Shareholders approved in their general meeting held on July 31, 2023. The details of the remuneration and perquisites payable to him during the term of his office, include the following:

i) salary, perquisites and allowances amounting to ₹3.03 million per month;
ii) contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave; and
iii) reimbursement of expenses incurred for travelling, boarding and lodging during business trips and provision of cars for business use and communication expenses at residence

Megha Garg, Whole-time Director

Megha Garg was appointed as the Whole-time Director of our Company pursuant to the resolution passed by our Board on August 20, 2021 and our Shareholders on November 30, 2021, for a period of five years with effect from September 29, 2021. She receives remuneration from our Company in accordance with the resolution passed by our Board on August 20, 2021 and the resolution of our Shareholders approved in their general meeting held on November 30, 2021. The details of the remuneration and perquisites payable to her during the term of her office, include the following:

i) salary aggregating to ₹0.30 million per month; and
ii) provident fund contribution amounting to ₹0.04 million per month and an interim bonus amounting to ₹1,378.00 per month

Narinder Singh Juneja, Chief Executive Officer and Whole-time Director

Narinder Singh Juneja was appointed as the Whole-time Director of our Company pursuant to the resolution passed by our Board on September 6, 2022 and our Shareholders on September 29, 2022, for a period from October 1, 2022 to December 31, 2023. Further, he was appointed as the Chief Executive Officer and re-appointed as a Whole-time Director pursuant to the resolution passed by our Board on July 31, 2023 and our Shareholders on July 31, 2023 for a period from August 1, 2023 to December 31, 2024. He receives remuneration from our Company in accordance with the resolution passed by our Board on July 31, 2023 and the resolution of our Shareholders approved in their general meeting held on July 31, 2023. The details of the remuneration and perquisites payable to him during the term of his office, include the following:

i) salary, perquisites and allowances amounting to ₹0.90 million per month;
ii) contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave; and
iii) reimbursement of expenses incurred for travelling, boarding and lodging during business trips and provision of cars for business use

b) Sitting fees and commission to Non-executive Directors

Pursuant to a resolution of our Board dated January 16, 2019, Vikas Giya is entitled to receive a sitting fee of ₹10,000 for attending each meeting of our Board and the committees constituted of the Board respectively. Further, our Board pursuant to its resolutions dated May 4, 2020, September 6, 2022, May 30, 2023 and July 31, 2023, our other Independent Directors are entitled to receive sitting fees of ₹0.10 million for attending each meeting of our Board and the committees constituted of the Board respectively.

Further, except Vikas Giya, our other Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Our Company has not entered into any contract appointing or fixing the remuneration of a Director, Whole-time Director, Managing Directors, or manager in the two years preceding the date of this Draft Red Herring Prospectus.

Payments or benefits to our Directors

a) **Executive Directors**

The table below sets forth the details of the remuneration (including sitting fees, salaries, commission and perquisites, professional fee, consultancy fee, if any) paid to our Executive Directors for the Fiscal 2023:

S. No.	Name of the Executive Director	Remuneration for Fiscal 2023 (in ₹ million)
1.	Paritosh Kumar	20.15
2.	Ashish Garg	19.67
3.	Megha Garg	4.77
4.	Narinder Singh Juneja	5.82

b) **Non-executive Directors**

The table below sets forth the details of the remuneration (including sitting fees and commission) paid to our Non-executive Directors for the Fiscal 2023:

S. No.	Name of the Director	Designation of Director	Remuneration for Fiscal 2023 (in ₹ million)
1.	Satish Sekhri	Independent Director	0.40
2.	Vikas Giya	Independent Director	0.03
3.	Ravindra Pisharody	Independent Director	0.30

No remuneration has been paid to our Nominee Director for Fiscal 2023. Further, no remuneration (including sitting fees and commission) was paid to Rajeswari Karthigeyan and Atul Behari Lall by our Company for Fiscal 2023 in view of the fact that they have been associated with us since Fiscal 2024.

Contingent and deferred compensation payable to the Directors

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Bonus or profit-sharing plan for our Directors

Except as set out in "– *Terms of appointment of our Directors*" on page 257, our Company does not have any performance linked bonus or a profit-sharing plan in which our Directors have participated.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares.

The table below sets forth details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus:

Name	Number of Equity Shares held	Percentage of the pre-Offer paid up share capital (%)	Percentage of the post-Offer paid up share capital (%)*
Paritosh Kumar	8,949,900	10.00%	[●]
Ashish Garg	12,946,200	14.47%	[●]
Megha Garg	2,419,900	2.70%	[●]

**Subject to finalisation of Basis of Allotment.*

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration, commission and reimbursement of expenses, if any, payable to them by our Company. For further details, see "*Other Financial Information – Related Party Transactions*" on page 355.

Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them and to the extent of any dividend payable to them and other distributions in respect of these Equity Shares. For further details regarding the shareholding of our Directors, see "*– Shareholding of Directors in our Company*" on page 259.

Further, our Directors are also directors on the boards, or are shareholders, kartas, trustees, proprietors, members or partners, of entities with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to these entities. For further details, see "*Other Financial Information – Related Party Transactions*" on page 355.

There is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

Interest in promotion of our Company

As on the date of this Draft Red Herring Prospectus, except for Paritosh Kumar, Ashish Garg and Megha Garg, who are the Promoters of our Company, none of our other Directors are interested in the promotion of our Company. For further details, see "*Our Promoters and Promoter Group*" on page 273.

Interest in land and property

Our Directors do not have any interest in any property acquired or proposed to be acquired by our Company.

Further, our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery during the three years preceding the date of this Draft Red Herring Prospectus.

Loans to Directors

As on the date of this Draft Red Herring Prospectus, no loans have been availed by our Directors from our Company.

Other confirmations

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce such Director to become or to help such Director qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Changes to our Board in the last three years

Except as mentioned below, there have been no changes in our Directors in the last three years:

Name	Designation (at the time of appointment / change in designation / cessation)	Date of appointment / change in designation / cessation	Reason
Atul Behari Lall	Independent Director	July 31, 2023	Appointment
Suman Garg	Whole-time director	July 31, 2023	Cessation
Nitin Aggarwal	Non-executive director	July 26, 2023	Cessation
Rajeswari Karthigeyan	Independent Director	May 30, 2023	Appointment
Ravindra Pisharody	Independent Director	June 16, 2022	Appointment
Suresh Chander Garg	Executive director	February 24, 2022	Cessation

Note: *This table does not include details of regularisations of additional Directors.*

Corporate Governance

The provisions of the Companies Act, 2013 along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable requirements for corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, including those pertaining to the constitution of the Board and committees thereof.

As on the date of filing this Draft Red Herring Prospectus, we have 10 Directors on our Board, of whom five are Independent Directors and two are woman Directors.

Committees of our Board

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following committees of our Board:

(a) Audit Committee
(b) Nomination and Remuneration Committee

(c) Stakeholders' Relationship Committee
(d) Corporate Social Responsibility Committee
(e) Risk Management Committee

For purposes of the Offer, our Board has also constituted an IPO Committee

(a) Audit Committee

The Audit Committee was constituted by a meeting of the Board of Directors held on March 27, 2015 and was last reconstituted pursuant to a resolution passed by our Board on July 31, 2023. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

The members of the Audit Committee are:

Name of Director	Position in the committee	Designation
Rajeswari Karthigeyan	Chairman	Independent Director
Satish Sekhri	Member	Independent Director
Ravindra Pisharody	Member	Independent Director
Vikas Giya	Member	Independent Director
Ashish Garg	Member	Managing Director
Prakash Bagla	Member	Nominee Director

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Its terms of reference are as follows:

(i) The Audit Committee shall have powers, which should include the following:

a) To investigate any activity within its terms of reference;

b) To seek information from any employee of Happy Forgings Limited (the "**Company**");

c) To obtain outside legal or other professional advice;

d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and

e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

(ii) The role of the Audit Committee shall include the following:

a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;

c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3) of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;

- Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications / modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the monitoring agency report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

i) Approval or any subsequent material modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under the SEBI Listing Regulations. Provided that only those members of the committee, who are independent directors, shall approve related party transactions;

Explanation: The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.

j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

k) Scrutiny of inter-corporate loans and investments;

l) Undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;

m) Evaluation of internal financial controls and risk management systems;

n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

o) To review and monitor key performance indicators (KPIs);

p) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

q) Discussion with internal auditors of any significant findings and follow up there on;

r) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

s) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

t) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

u) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

v) Reviewing the functioning of the whistle blower mechanism;

w) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

x) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

y) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances;

z) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

aa) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

bb) Carrying out any other functions and roles as required to be carried out by the Audit Committee as may be decided by the Board as per the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(iii) 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 Company Secretary of our Company shall serve as the secretary of the Audit Committee. The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations. The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration committee was constituted by our Board through its resolution dated March 27, 2015 and was last reconstituted pursuant to a resolution passed by our Board on July 31, 2023. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination and Remuneration committee is as follows:

Name of Director	Position in the committee	Designation
Satish Sekhri	Chairman	Independent Director
Ravindra Pisharody	Member	Independent Director
Vikas Giya	Member	Independent Director
Rajeswari Karthigeyan	Member	Independent Director
Prakash Bagla	Member	Nominee Director

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

(i) 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

a) 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;
b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
c) 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.

(ii) Formulation of criteria for evaluation of performance of independent directors and the Board;

(iii) 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:

a) use the services of an external agencies, if required;
b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
c) consider the time commitments of the candidates.

(iv) Devising a policy on Board diversity;

(v) 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;

(vi) Analysing, monitoring and reviewing various human resource and compensation matters;

(vii) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(viii) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);

(ix) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(x) 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 directors;

(xi) 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;

(xii) 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")

a) Determining the eligibility of employees to participate under the ESOP Scheme;
b) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
c) Date of grant;
d) Determining the exercise price of the option under the ESOP Scheme;
e) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
f) 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;
g) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
h) 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;
i) 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;
j) The grant, vest and exercise of option in case of employees who are on long leave;
k) Allow exercise of unvested options on such terms and conditions as it may deem fit;
l) The procedure for funding the exercise of options;
m) Forfeiture/ cancellation of options granted;
n) 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.

(xiii) 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;

(xiv) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

by the Company and its employees, as applicable;

(xv) 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; and

(xvi) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Nomination and Remuneration Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director.

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board through its resolution dated July 31, 2023. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

Name of Director	Position in the committee	Designation
Prakash Bagla	Chairman	Nominee Director
Vikas Giya	Member	Independent Director
Ashish Garg	Member	Managing Director

The scope and function of the Stakeholders' Relationship Committee is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

(i) 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;

(ii) reviewing of measures taken for effective exercise of voting rights by shareholders;

(iii) investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(iv) 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;

(v) 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;

(vi) 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;

(vii) considering and specifically looking into various aspects of interest of shareholders, debenture holders or holders of any other securities;

(viii) formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

(ix) 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;

(x) to monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and other securities of the Company;

(xi) 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);

(xii) 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

(xiii) such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

(d) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted by our Board through its resolution dated March 27, 2015 and was last reconstituted pursuant to a resolution passed by our Board on July 31, 2023. The current constitution of the Corporate Social Responsibility Committee is as follows:

Name of Director	Position in the committee	Designation
Paritosh Kumar	Chairman	Chairman and Managing Director
Ashish Garg	Member	Managing Director
Prakash Bagla	Member	Nominee Director
Ravindra Pisharody	Member	Independent Director
Satish Sekhri	Member	Independent Director

The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. Its terms of reference are as follows:

(i) To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(ii) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(iii) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities, being at least two-percent of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its corporate social responsibility and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(iv) To formulate and recommend to the Board, an annual action plan in pursuance to the corporate social responsibility policy, which shall include the following, namely:

a) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Companies Act, 2013;

b) the manner of execution of such projects or programmes as specified in Rule 4(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014;

c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

d) monitoring and reporting mechanism for the implementation of the projects or programmes; and

e) details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendations of the Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

(v) Identifying and appointing the corporate social responsibility team of the Company and delegate responsibilities to such team and supervise proper execution of all delegated responsibilities;

(vi) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(vii) To take note of the compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company;

(viii) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred or perform such responsibilities as may be required by the corporate social responsibility committee in terms of the provisions of Section 135 of the Companies Act; and

(ix) Such terms of reference as may be prescribed under Section 135 of the Companies Act.

(e) Risk Management Committee

The Risk Management Committee was constituted by our Board through its resolution dated July 31, 2023. The Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations. The current constitution of the Risk Management Committee is as follows:

Name of Director/KMP	Position in the committee	Designation
Ashish Garg	Chairman	Managing Director
Rajeswari Karthigeyan	Member	Independent Director
Prakash Bagla	Member	Nominee Director
Pankaj Kumar Goyal	Member	Chief Financial Officer
Bindu Garg	Member	Company Secretary and Compliance Officer

The scope and function of the Risk Management Committee is in accordance with Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee shall be responsible for, among other things, the following:

(i) To formulate a detailed risk management policy which shall include:

a) 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;

b) measures for risk mitigation including systems and processes for internal control of identified risks; and

c) 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.

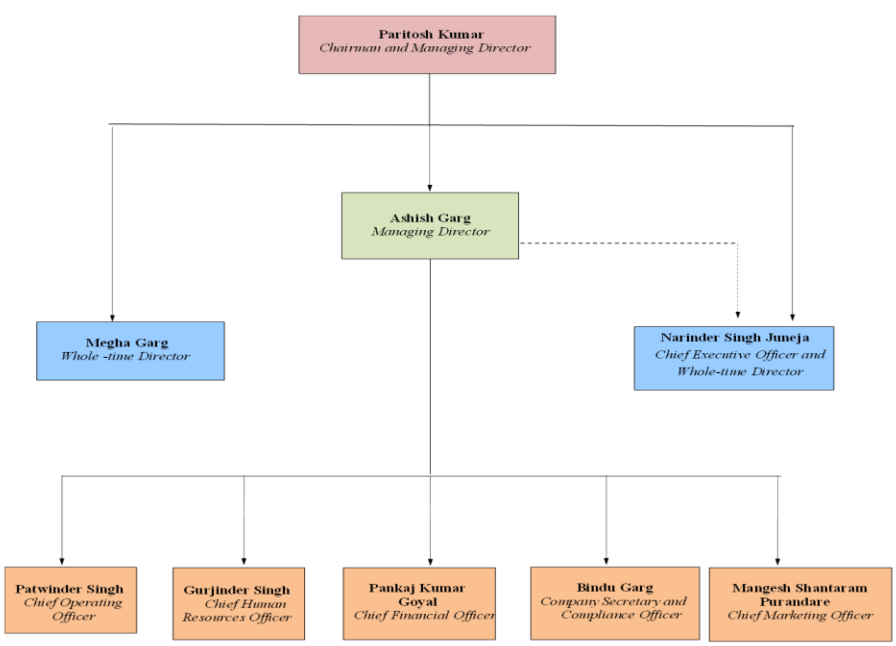
(viii) Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;

(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 Risk Management Committee is required to meet at least twice in a year under Regulation 21(3A) of the SEBI Listing Regulations.

Management organization chart



Key Managerial Personnel and Senior Management

Key Managerial Personnel

In addition to Paritosh Kumar, the Chairman and Managing Director, Ashish Garg, the Managing Director, Megha Garg, the Whole-time Director, and Narinder Singh Juneja, the Chief Executive Officer and Whole-time Director of our Company, whose details are provided in "– *Brief profiles of our Directors*" on page 255, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are as set forth below:

Pankaj Kumar Goyal is the Chief Financial Officer of our Company. He has been associated with our Company since April 1, 2013. In our Company, he handles finance and accounts department. He holds a bachelor's degree in commerce from Government College, Malerkotla, Punjabi University, and is an associate member of the Institute of Chartered Accountants of India. He has over 10 years of experience in the finance sector. Before his association with our Company, he has previously served with S.T. Cottex Exports Private Limited. The remuneration paid to him in Fiscal 2023 was ₹2.21 million.

Bindu Garg is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since November 2, 2021 and was appointed as the Company Secretary of our Company since July 12, 2022. In our Company, she handles the secretarial functions. She holds a bachelor's degree in commerce from Government Bikram College of Commerce, Patiala, Punjabi University, and is an associate and a fellow member of the Institute of Company Secretaries of India. She has over 18 years of experience in the finance and secretarial sector. Before her association with our Company, she has previously served as the company secretary with Rockman Industries Limited. The remuneration paid to her in Fiscal 2023 was ₹2.85 million.

Senior Management

In addition to the Chief Financial Officer, and the Company Secretary and Compliance Officer, whose details are provided in "– *Key Managerial Personnel and Senior Management*" on page 270, the details of our Senior Management, as on the date of this Draft Red Herring Prospectus, are as set forth below:

Patwinder Singh is the chief operating officer of our Company. He has been associated with our Company since August 1, 2016. In our Company, he handles operations. He holds a bachelor's degree in science from Guru Nanak Dev University, and a master's degree in business administration from CSM Institute of Graduate Studies. He has over nine years of experience in the operations sector. Prior to his association with our Company, he served as the chief operating officer with Guru Nanak Auto Enterprises Limited. The remuneration paid to him in Fiscal 2023 was ₹2.39 million.

Gurjinder Singh is the chief human resources officer of our Company. He has been associated with our Company since July 22, 2019. In our Company, he handles various functions in the human resource department, including recruitment, training and development activities. He holds a bachelor's degree in arts from S.A. Jain College, Kurukshetra University, a post graduate diploma in personnel management and labour welfare from Faculty of Commerce and Management Studies, Himachal Pradesh University, and a master's degree in business administration from Sikkim Manipal University. He has over 26 years of experience in the human resource sector. Prior to his association with our Company, he served as the deputy general manager – human resource with Rockman Industries Limited, executive – projects with Enercon (India) Limited, deputy manager (human resource) with Inox Wind Limited, and as the supervisor – human resources at Hindustan Lever Limited. The remuneration paid to him in Fiscal 2023 was ₹2.15 million.

Mangesh Shantaram Purandare is the chief marketing officer of our Company. He has been associated with our Company since December 17, 2019. In our Company, he handles the marketing functions. He holds a bachelor's degree in engineering (industrial) from University of Pune and a master's degree in business administration from University of Pune. He has over six years of experience in the marketing sector. Prior to his association with our Company, he served as the vice president – marketing with Metalyst Forgings Limited. The remuneration paid to him in Fiscal 2023 was ₹5.34 million.

Relationships among Key Managerial Personnel, Senior Management and Directors

Except as specified in "– *Relationships between our Directors and Key Managerial Personnel or Senior Management"*, none of our Key Managerial Personnel or the Senior Management are related to each other or to the Directors of our Company.

Arrangements or understanding with major Shareholders, customers, suppliers or others

None of our Key Managerial Personnel or our Senior Management have been appointed pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Changes in the Key Managerial Personnel or the Senior Management in last three years

Except as mentioned below, and as specified in "– *Changes to our Board in the last three years*" on page 260, there have been no changes in the Key Managerial Personnel or Senior Management during the three years:

Name	Date of change	Reason
Narinder Singh Juneja	August 1, 2023	Appointment as Chief Executive Officer
Bindu Garg	July 12, 2022	Appointment as Company Secretary
Deepesh Kumar	June 14, 2022	Resignation as company secretary

The rate of attrition of our Key Managerial Personnel and our Senior Management is not high in comparison to the industry in which we operate.

Status of Key Managerial Personnel and Senior Management

As on the date of this Draft Red Herring Prospectus, all our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Service Contracts, and retirement or termination benefits

Other than statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, our Key Managerial Personnel or Senior Management is entitled to any benefits upon termination of employment, including under any service contract with our Company. Further, other than the respective employment agreements/appointment letters entered into by our Key Managerial Personnel or Senior Management with our Company, none of our Directors, Key Managerial Personnel or Senior Management have entered into a service contract/appointment letter with our Company pursuant to which they are entitled to such statutory benefits upon termination of their employment in our Company.

Shareholding of the Key Managerial Personnel and Senior Management

Except as disclosed under "– *Shareholding of Directors in our Company*" on page 259, none of our other Key Managerial Personnel and the Senior Management hold any Equity Shares in our Company.

Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation which accrued to our Key Managerial Personnel and members of Senior Management for Fiscal 2023, which does not form part of their remuneration for such period.

Bonus or profit-sharing plan of the Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel or members of Senior Management are party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to Key Managerial Personnel or members of Senior Management.

Interest of Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and the Senior Management are interested in our Company to the extent of the remuneration (including any variable pay or sales-linked incentives), or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

Except as disclosed herein, none of our Key Managerial Personnel or Senior Management have been paid any consideration of any nature from our Company, other than their remuneration.

Employee Stock Option Plan

For details about the ESOP Scheme, see *"Capital Structure – Employee Stock Option Scheme"* on page 102.

Payment or Benefit to officers of our Company (non-salary related)

No non-salary related amount or benefit has been paid or given within the two years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given to any officer of the Company, including our Directors, Key Managerial Personnel and Senior Management.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are Paritosh Kumar, Ashish Garg, Megha Garg, Ayush Capital & Financial Services Private Limited, Garg Family Trust, Paritosh Kumar Garg (HUF) and Ashish Garg & Sons (HUF). As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 78,970,000 Equity Shares, representing 88.24% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details, see "*Capital Structure – Details of Shareholding of our Promoters and members of the Promoter Group and directors of Ayush Capital & Financial Services Private Limited in the Company – Equity Shareholding of the Promoters*" beginning on page 93.

Details of our Promoters are as follows:

Individual Promoters

Paritosh Kumar

Paritosh Kumar, aged 68 years, is one of our Promoters and is also the Chairman and Managing Director on our Board. For the complete profile of Paritosh Kumar along with details of his date of birth, personal address, educational qualifications, professional experience, position / posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements, see "*Our Management – Board of Directors*" on page 252.

His PAN is ABKPG4486F.

As on date of this Draft Red Herring Prospectus, Paritosh Kumar holds 8,949,900 Equity Shares, representing 10.00% of the issued, subscribed and paid-up Equity Share capital of our Company, on a fully diluted basis.

Ashish Garg

Ashish Garg, aged 38 years, is one of our Promoters and is also the Managing Director on our Board. For the complete profile of Ashish Garg along with details of his date of birth, personal address, educational qualifications, professional experience, position / posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements, see "*Our Management – Board of Directors*" on page 252.

His PAN is AGTPG3772A.

As on date of this Draft Red Herring Prospectus, Ashish Garg holds 12,946,200 Equity Shares, representing 14.47% of the issued, subscribed and paid-up Equity Share capital of our Company, on a fully diluted basis.

Megha Garg

Megha Garg, aged 38 years, is one of our Promoters and is also the Whole-time Director on our Board. For the complete profile of Megha Garg along with details of her date of birth, personal address, educational qualifications, professional experience, position / posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements, see "*Our Management – Board of Directors*" on page 252.

Her PAN is ALMPK2107P.

As on date of this Draft Red Herring Prospectus, Megha Garg holds 2,419,900 Equity Shares, representing 2.70% of the issued, subscribed and paid-up Equity Share capital of our Company, on a fully diluted basis.

Other than as disclosed in this section under *"– Entities forming part of the Promoter Group"* on page 278 and in "*Our Management – Board of Directors"* on page 252, our individual Promoters, Paritosh Kumar, Ashish Garg and Megha Garg are not involved in any other ventures.

Our Company confirms that the permanent account numbers, bank account numbers, Aadhaar card numbers, driving license numbers and passport numbers of Paritosh Kumar, Ashish Garg and Megha Garg, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Corporate Promoter

Ayush Capital & Financial Services Private Limited

Ayush Capital & Financial Services Private Limited ("**ACFSPL**") was incorporated as a private company, limited by shares, under the Companies Act, 1956, and a certificate of incorporation dated November 13, 1995 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi. The registered office of ACFSPL is situated at SCF-37, Second Floor, Sarabha Nagar Main Market, Ludhiana – 141 001, Punjab, India. The CIN of ACFSPL is U74899PB1995PTC034923.

PAN: AADCA9562D

ACFSPL is currently engaged, inter-alia, in the business of a general finance company, housing finance and the business of an investment company. There has been no change in activities since incorporation of ACFSPL.

The promoters of ACFSPL are Paritosh Kumar and Ashish Garg.

As on the date of this Draft Red Herring Prospectus, ACFSPL holds 10,745,100 Equity Shares, representing 12.01% of the issued, subscribed and paid-up equity share capital of our Company.

Board of directors of ACFSPL

The directors on the board of ACFSPL, as on the date of this Draft Red Herring Prospectus, are:

1. Paritosh Kumar;
2. Satish Kumar;
3. Ashish Garg; and
4. Nitin Aggarwal

Change in control of ACFSPL

There has been no change in the control of ACFSPL in the three years immediately preceding the filing of this Draft Red Herring Prospectus.

Shareholding pattern of ACFSPL

The shareholding pattern of ACFSPL as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of Shareholder	Number of equity shares held	Percentage of issued and paid-up share capital (%)
1.	Paritosh Kumar	553,800	69.77%
2.	Ashish Garg	240,000	30.23%

Garg Family Trust

Trust information and history

The Garg Family Trust was formed as a private, irrevocable, and discretionary trust pursuant to a registered trust deed dated July 21, 2023 ("**Trust Deed**") in accordance with the provisions of the Indian Trusts Act, 1882. The office of the Garg Family Trust is located at House #36-K, Sarabha Nagar, Ludhiana– 141 001, Punjab, India.

Suman Garg is the settlor of the Garg Family Trust.

PAN: AAETG4900D

As on the date of this Draft Red Herring Prospectus, Garg Family Trust holds 38,047,000 Equity Shares, representing 42.51% of the issued, subscribed and paid-up equity share capital of our Company.

Trustees

As on the date of this Draft Red Herring Prospectus, the trustees of the Garg Family Trust are Paritosh Kumar and Ashish Garg ("**Trustees**").

Beneficiaries

The primary beneficiaries of the Garg Family Trust are Paritosh Kumar and Ashish Garg ("**Primary Beneficiaries**") and the subsequent beneficiaries of the Garg Family Trust are Avyaan Garg and future children of Avyaan Garg ("**Subsequent Beneficiaries**"). The Subsequent Beneficiaries will benefit out of the Garg Family Trust post the lifetime of the Primary Beneficiaries.

Objects and purpose

The objects and purpose of the Garg Family Trust include the following:

(a) to hold investments and other assets settled in the Trust for and on behalf of the beneficiaries;

(b) to provide, inter alia, a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries;

(c) to maintain harmony, peace and goodwill among family members and to avoid any possible dispute / litigation among members in future; and

(d) to ensure that the trust fund is properly managed and administered in accordance with the provisions of the Trust Deed.

Change in control of the Garg Family Trust

There has been no change in control of the Garg Family Trust in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the PAN and bank account number(s) of the Garg Family Trust shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Paritosh Kumar Garg (HUF)

HUF Information and history:

Paritosh Kumar Garg (HUF), came into existence on March 3, 1983 and Paritosh Kumar is its Karta and Suman Garg and Ashish Garg as its coparceners.

As on the date of this Draft Red Herring Prospectus, Paritosh Kumar Garg (HUF) holds 5,607,700 Equity Shares, representing 6.27% of the issued, subscribed and paid-up equity share capital of our Company.

PAN: AADHP5882L

Address: B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India

Ashish Garg & Sons (HUF)

HUF Information and history:

Ashish Garg & Sons (HUF), came into existence on August 6, 2011 and Ashish Garg is its Karta and Megha Garg and Avyaan Garg as its coparceners.

As on the date of this Draft Red Herring Prospectus, Ashish Garg & Sons (HUF) holds 254,200 Equity Shares, representing 0.28% of the issued, subscribed and paid-up equity share capital of our Company.

PAN: AANHA5335H

Address: 36 K, Sarabha Nagar, Ludhiana – 141 001, Punjab, India

Our Company confirms that the permanent account number, bank account number and company registration number of ACFSPL, along with the address of the registrar of companies where ACFSPL is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus. Further, our Company confirms that the permanent account number and the bank account number of Paritosh Kumar Garg (HUF) and Ashish Garg & Sons (HUF), shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Change in control of our Company

There has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they are the Promoters of our Company and to the extent of their respective shareholding in our Company, their directorship in our Company and the dividends payable, if any, and any other distributions in respect of their respective shareholding in our Company, the shareholding of their relatives in our Company, and the shareholding of entities in which our Promoters are interested, in our Company. For details of the shareholding of our Promoters in our Company, see "*Capital Structure*" beginning on page 86.

Further, our individual Promoters are also directors on the boards, or are shareholders, kartas, trustees, proprietors, members or partners of entities with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to these entities. For further details of interest of our Promoters in our Company, see "*Other Financial Information – Related Party Transactions*" beginning on page 355.

Paritosh Kumar, Ashish Garg and Megha Garg may also be deemed to be interested to the extent of remuneration, benefits, reimbursement of expenses payable to them as Directors on our Board. For further details, see "*Our Management – Interest of Directors*" on page 259.

None of our Promoters have any interest, whether direct or indirect, in any property acquired by our Company within the preceding three years from the date of this Draft Red Herring Prospectus or proposed to be acquired by it as on the date of this Draft Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which any of our Promoters are interested as a member, in cash or shares or otherwise by any person either to induce any of our Promoters to become, or qualify them as a director, or otherwise for services rendered by any of our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Companies or firms from which our Promoters have disassociated in the last three years

None of our Promoters have disassociated themselves from any other company or firm in the three years preceding the date of this Draft Red Herring Prospectus.

Payment or Benefits to Promoters or members of Promoter Group

Except as disclosed herein and as stated in "*Other Financial Information – Related Party Transactions*" at page 355, there has been no payment or benefits by our Company to our Promoters or any of the members of the Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Material Guarantees

Our Promoters have not given any material guarantee to any third party, in respect of the Equity Shares, as of the date of this Draft Red Herring Prospectus.

Promoter Group

In addition to our Promoters, the individuals and entities that form a part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set out below:

Natural persons who are part of the Promoter Group

In addition to our Promoters, the individuals that form a part of the Promoter Group are as follows:

S. No.	Name of Promoter	Name of Promoter Group member	Relationship with Promoter (as defined under the Companies Act, 2013)
1.	**Paritosh Kumar**	Suman Garg	Wife
		Sheena Gupta	Daughter
		Parveen Kumar Garg	Brother
		Sanjeev Garg	Brother
		Shashi Bala Aggarwal	Sister
		Veena Garg	Sister
		Ashwani Kumar Garg	Brother-in-law
		Satish Kumar	Brother-in-law
		Rashmi Garg	Sister-in-law
		Saroj Aggarwal	Sister-in-law
		Sudesh Kumari Aggarwal	Sister-in-law
2.	**Ashish Garg**	Suman Garg	Mother
		Sheena Gupta	Sister
		Avyaan Garg	Son
		Gagan Khanna	Father-in-law
		Nomita Khanna	Mother-in-law
		Sidharth Khanna	Brother-in-law
3.	**Megha Garg**	Gagan Khanna	Father
		Nomita Khanna	Mother
		Sidharth Khanna	Brother
		Avyaan Garg	Son
		Suman Garg	Mother-in-law
		Sheena Gupta	Sister-in-law

Entities forming part of the Promoter Group

In addition to our Promoters, the entities that form a part of the Promoter Group, are as follows:

S. No.	Name of Promoter	Name of Promoter Group member
1.	**Paritosh Kumar**	Happy Steels Private Limited
		Northstar Autocomp Private Limited
		Gamo Forgings Private Limited
		AIFA – The Designer House (*sole proprietorship*)
		R.G. Forgings (*partnership firm*)
		Sanjeev Garg (HUF)
		Parveen Garg (HUF)
		Satish Kumar and Sons (HUF)
		Ashwani Kumar & Sons (HUF)
2.	**Ashish Garg**	Arisudana Industries Limited
		AIFA – The Designer House (*sole proprietorship*)
		Gopaljee Land Developers Private Limited
		Gopaljee Spinners (partnership firm)
		Gopaljee Reality LLP
3.	**Megha Garg**	Arisudana Industries Limited
		Gopaljee Land Developers Private Limited
		Gopaljee Spinners (partnership firm)
		Gopaljee Reality LLP
		AIFA – The Designer House (*sole proprietorship*)
4.	**Ayush Capital & Financial Services Private Limited**	Nil
5.	**Garg Family Trust**	Nil
6.	**Paritosh Kumar Garg (HUF)**	Nil
7.	**Ashish Garg & Sons (HUF)**	Nil

DIVIDEND POLICY

Our Board of Directors, pursuant to a resolution dated July 31, 2023, have adopted a dividend distribution policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder).

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on internal and external factors. Some of the internal factors on the basis of which our Company may declare dividend shall inter-alia include (i) our Company's profits for the current year, existing reserves and future projections of profitability; (ii) funds required for working capital, servicing of outstanding loans and capital expenditure; (iii) funds required for mergers and acquisitions and for execution of our Company's strategy; (iv) minimum cash required for contingencies or unforeseen events; and (v) maintaining of required liquidity and return ratios. The external factors on the basis of which our Company may declare the dividend shall inter alia include the state of domestic and global economy and capital market conditions, applicable taxes and regulatory changes which include the introduction of new or changes in existing tax or regulatory requirements.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under our current or future loan or financing documents. For more information on restrictive covenants under our current loan agreements, see "*Financial Indebtedness*" on page 397. Our Company may pay dividend by cheque, or electronic clearance service, as will be approved by our Board in the future. Our Board may also declare interim dividend from time to time.

Our Company has not declared any dividends on the Equity Shares during the last three Fiscals.

Except as disclosed below, our Company has not declared any dividends on the Equity Shares during the period from April 1, 2023, until the date of this Draft Red Herring Prospectus.

Particulars	For the period from April 1, 2023
Number of Equity Shares	89,499,000
Face value per Equity Share (in ₹)	2.00
Dividend paid (in ₹ million)	116.35
Dividend per Equity Share (in ₹)	1.30
Rate of dividend (%)	65.00%
Mode of payment of dividend	Bank transfer
Dividend tax	Tax deducted at source, as applicable

The past trend in relation to our payment of dividends is not necessarily indicative of our dividend trend or dividend policy, in the future, and there is no guarantee that any dividends will be declared or paid in the future. For details in relation to the risk involved, see "*Risk Factors – Other internal risks – Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements*" on page 66.

SECTION VI – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

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Independent Auditors' Examination Report on the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2023 and March 31, 2022, the Restated Consolidated Summary Statement of Profits and Loss (including Other Comprehensive Income/(Loss)), Restated Consolidated Summary Statement of Changes in Equity and the Restated Consolidated Summary Statement of Cash Flows for the years ended March 31, 2023 and March 31, 2022 and the summary statement of significant accounting policies and other explanatory information; Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2021, Restated Standalone Summary Statement of Profit and Loss (including Other Comprehensive Income, Restated Standalone Summary Statement of Changes in Equity and the Restated Standalone Summary Statement of Cash Flows for the year ended March 31, 2021 and the summary statement of significant accounting policies and explanatory information of Happy Forgings Limited (collectively, the "Restated Summary Statements").

To
The Board of Directors
Happy Forgings Limited
Kanganwal Road, PO Jugiana,
Ludhiana – 141120
Punjab India
Dear Sirs/Madams:

1. We have examined the attached Restated Summary Statements of **Happy Forgings Limited** (the "Company") and its joint venture annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") proposed to be filed with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in connection with its proposed initial public offer of equity shares of face value of ₹ 2 each, which comprises a fresh issue of equity shares and an offer for sale by certain existing shareholders of the Company at such price arrived at by the book building process("Offer"), as may be decided by Company's Board of Directors. The Restated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on August 08, 2023, have been prepared in accordance with the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

Management's Responsibility for the Restated Summary Statements

2. The preparation of the Restated Summary Statements, which are to be included in the DRHP to be filed with SEBI and the Stock Exchanges in connection with the proposed Offer is the responsibility of the Management of the Company. The Restated Summary Statements have been prepared by the Management of the Company on the basis of preparation, as stated in Annexure V (Note 2a(i)) to the Restated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Summary Statements. The Management is also responsible for identifying and ensuring that the Company and its joint venture complies with the Act, ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

3. We have examined such Restated Summary Statements taking into consideration:

    a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated June 30, 2023, requesting us to carry out the assignment, in connection with the proposed Offer of the Company;

b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by ICAI.
c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Summary Statements; and
d) the requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Offer.

Restated Summary Statements

4. These Restated Summary Statements have been compiled by the management of the Company from:

a) Audited consolidated financial statements of the Company and its joint venture as at and for the years ended March 31, 2023 and March 31, 2022 which were prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on August 08, 2023 and September 06, 2022 respectively.

b) Audited standalone financial statements of the Company as at and for the year ended March 31, 2021 which were prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on November 29, 2021.

c) Financial statements and other financial information in relation to the Company's joint venture, as listed below, audited by other auditors and included in the consolidated financial statements of the Company and its joint venture as at and for the years ended March 31, 2023 and March 31, 2022

Name of the Entity	**Relationship**	**Name of Audit Firm**	**Period audited by Other Auditor**
Linchpin Technologies Private Limited	Joint Venture	Bhudlalia & Co. ("**Other Auditor**")	Financial years ended March 31, 2023 and March 31, 2022

Auditors Report

5. For the purpose of our examination, we have relied on:

a) Auditors' reports issued by us, dated August 08, 2023 and September 06, 2022 on the consolidated financial statements of the Company and its joint venture as at and for each the years ended March 31, 2023 and March 31, 2022, as referred in Paragraph 4(a) above.

b) Auditors' reports issued by us, dated November 29, 2021 on the standalone financial statements of the Company as at and for the year ended March 31, 2021 as referred in Paragraph 4(b) above.

c) As indicated in Paragraph 4 (c) above, we did not audit the financial statements of the joint venture as at and for the years ended March 31, 2023 and March 31, 2022 whose financial statements reflect share of Company's net profit in joint venture of Rs. 0.05 million and Rs. 0.05 million respectively and included in the Restated Summary Statements. These financial statements have been audited by other firm of Chartered Accountant as listed in Para 4 (c) above, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in the financial statements referred to in Para 5(a) above are based solely on the report of Other Auditors.

6. The audit reports on financial statements of the Company as at and for the years ended March 31, 2023 and March 31, 2021 referred to in paragraph 5 (a) and 5 (b) above included qualifications on matters included in our report on the Companies (Auditor's Report) Order, 2020/ Companies (Auditor's Report) Order 2016 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act which did not require any corrective adjustments (included in Annexure VI in the attached Restated Summary Statements). Further our report under Section 143(3)(i) of the Act on the audit of Internal Financial Controls with reference to those financial statement as on March 31, 2021 included disclaimer of opinion which did not require any corrective adjustments (included in Annexure VI in the attached Restated Summary Statements).

7. In respect of examination performed by Other Auditor:

   a) The audits of the Company's joint venture for the financial year ended March 31, 2023 and March 31, 2022 was conducted by Other Auditor and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated statements of profit and loss (including other comprehensive income), restated statements of changes in equity and cash flow statements, the summary statement of significant accounting policies, and other explanatory information (the Restated Financial Information") examined by them for the said periods. Our opinion on the Restated Summary Statements, in so far as it relates to the amounts and disclosures included in respect of the said joint venture is based solely on the examination report submitted by the Other Auditor. The Other Auditor has also confirmed that the Restated Financial Information:

      (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed for the year ended March 31, 2023.
      (ii) does not contain any qualifications requiring adjustments; and
      (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by Other Auditor as at and for the years ended March 31, 2023 and March 31, 2022 in respect of the Company's joint venture, we report that Restated Summary Statements of the Company and its joint venture:

   i. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023;

   ii. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications, to the extent applicable, followed as at and for the year ended March 31, 2023;

   iii. there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Company and its joint venture as at March 31, 2023 and March 31, 2022 and audited standalone financial statements of the Company as at March 31, 2021 which require any adjustments to the Restated Summary Statements.

   However, qualifications on matters included in our report on the Companies (Auditor's Report) Order, 2020/Companies (Auditor's Report) Order 2016 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act as at and for the years ended March 31, 2023 and March 31, 2021 and our report under Section 143(3)(i) of the Act on the audit of Internal Financial Controls with reference to those financial statement as on March 31, 2021 included disclaimer of opinion, as referred in paragraph 6 above, all of which do not require any corrective adjustments in the Restated Summary Statements, have been disclosed in Annexure VI to the attached Restated Summary Statements; and

iv. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. We have not audited any financial statements of the Company and its joint venture as of any date or for any period subsequent to March 31, 2023. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Company and its joint venture as of any date or for any period subsequent to March 31, 2023.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. The Restated Summary Statements do not reflect the effects of events that occurred subsequent to the audited financial statements mentioned in paragraph 4(a) above.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Offer. Our report should not be used, referred to, or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan

Partner

Membership Number: 108044

UDIN: 23108044BGYZIU8370

Place of Signature: Gurugram

Date: August 08, 2023

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
Annexure I - Restated Summary Statement of Assets and Liabilities
(All amount in Rs. millions, except for share data and if otherwise stated)

Particulars	Note No.	Consolidated		Standalone
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I **ASSETS**				
Non-current assets				
Property, plant and equipment	3	6,769.62	4,546.35	4,145.22
Capital work-in-progress	3 (a)	747.51	2,122.55	394.22
Intangible assets	4	14.81	15.58	1.31
Intangible assets under development	4(a)	-	-	9.52
Investment in Joint Venture	5	-	4.17	-
Financial assets:				
(i) Other financial assets	6.1	314.96	74.67	71.67
Non current tax assets (net)		-	1.69	1.69
Other non current assets	7	515.21	277.83	766.18
Total non-current assets		**8,362.11**	**7,042.84**	**5,389.81**
Current assets				
Inventories	8	1,696.03	1,839.84	1,215.67
Financial assets:				
(i) Trade receivables	9	3,080.61	2,220.36	1,657.69
(ii) Cash and cash equivalents	10	0.13	0.20	28.87
(iii) Bank balance other than (ii) above	11	3.28	14.40	248.96
(iv) Loans	6.2	2.71	1.90	1.33
(v) Other financial assets	6.1	6.75	31.31	21.56
Current tax assets		2.34	-	-
Other current assets	7	101.55	141.67	193.78
Total current assets		**4,893.40**	**4,249.68**	**3,367.86**
Assets held for sale	3 (b)	6.17	6.17	6.17
TOTAL ASSETS		**13,261.68**	**11,298.69**	**8,763.84**
II **EQUITY AND LIABILITIES**				
Equity				
Equity share capital	12	179.00	179.00	89.50
Other equity	13	9,704.07	7,697.24	6,362.09
Total Equity		**9,883.07**	**7,876.24**	**6,451.59**
Non-current liabilities				
Financial liabilities:				
(i) Borrowings	14.1	581.76	740.46	299.96
Deferred tax liabilities (net)	16	230.45	229.43	201.61
Total non-current liabilities		**812.21**	**969.89**	**501.57**
Current liabilities				
Financial liabilities				
(i) Borrowings	14.2	1,603.40	1,663.06	1,234.74
(ii) Trade payables	17			
Total outstanding dues of micro enterprises and small enterprises		60.66	53.31	64.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		416.71	389.00	315.03
(iii) Other financial liabilities	18	259.87	204.86	73.29
Other current liabilities	19	77.73	54.74	84.93
Provisions	15	37.88	26.69	18.99
Liabilities for current tax (net)		110.15	60.90	19.39
Total current liabilities		**2,566.40**	**2,452.56**	**1,810.68**
Total liabilities		**3,378.61**	**3,422.45**	**2,312.25**
TOTAL EQUITY AND LIABILITIES		**13,261.68**	**11,298.69**	**8,763.84**

The above Statement should be read with the Annexure V- Significant Accounting Policies and other explanatory Notes to Restated Summary Statements, Annexure VI-Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to the Restated Summary 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: August 8, 2023

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
Place: Ludhiana
Date: August 8, 2023

(Bindu Garg)
Company Secretary
Membership No. 6997

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
Annexure II - Restated Summary Statement of Profit and Loss
(All amount in Rs. millions, except for share data and if otherwise stated)

		Consolidated		Standalone
Particulars	**Note No.**	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Income				
Revenue from operations	20	11,965.30	8,600.46	5,849.58
Other Income	21	57.41	60.59	58.55
TOTAL INCOME (I)		**12,022.71**	**8,661.05**	**5,908.13**
Expenses				
Cost of raw materials and components consumed	22	5,477.24	4,358.47	2,572.56
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	23	33.32	(474.55)	(56.53)
Employee benefits expense	24	877.76	686.78	489.98
Finance costs	25	124.75	71.59	117.84
Depreciation and amortization expense	26	541.82	377.40	357.56
Other expenses	27	2,167.58	1,720.89	1,256.11
TOTAL EXPENSES (II)		**9,222.47**	**6,740.58**	**4,737.52**
Restated profit before share of profit of a Joint Venture and tax [III = I + II]		**2,800.24**	**1,920.47**	**1,170.61**
Share of net profit of Joint venture (IV)	43	0.05	0.05	-
RESTATED PROFIT BEFORE TAX [V = III + IV]		**2,800.29**	**1,920.52**	**1,170.61**
Tax expense:				
Current tax (net)	16	685.43	469.16	315.78
Adjustments of tax relating to earlier periods	16	(0.92)	1.75	0.02
Deferred tax charge/ (credit)	16	28.77	26.72	(9.67)
TOTAL INCOME TAX EXPENSE (VI)		**713.28**	**497.63**	**306.13**
RESTATED PROFIT FOR THE YEAR [VII = V - VI]		**2,087.01**	**1,422.89**	**864.48**
OTHER COMPREHENSIVE INCOME (OCI)				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain/(losses) on defined benefit plans	33	3.11	4.35	3.15
Less: Income tax effect on above	16	0.78	1.09	0.79
Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**2.33**	**3.26**	**2.36**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Net Movement on effective portion of cash flow hedges	40	(110.26)	-	-
Less: Income tax effect on above	16	27.75	-	-
Total Other comprehensive income to be reclassified to profit or loss in subsequent periods		**(82.51)**	-	-
RESTATED OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX		**(80.18)**	**3.26**	**2.36**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**2,006.83**	**1,426.15**	**866.84**
Earnings per share: (In Rs.)				
(Nominal value Rs 2/- per share (March 31, 2022 Rs 2 per share, March 31, 2021 Rs 100 per share)*				
(i) Basic	28	23.32	15.90	9.66
(ii) Diluted	28	23.32	15.90	9.66

*During the Financial year 2021-22, the Company has sub divided its Equity Shares in the ratio of 50 Equity Shares of Rs. 2/- each for the 1 equity share of Rs. 100/- each.

The above Statement should be read with the Annexure V- Significant Accounting Policies and other explanatory Notes to Restated Summary Statements, Annexure VI- Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to the Restated Summary 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: August 8, 2023

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
Place: Ludhiana
Date: August 8, 2023

(Bindu Garg)
Company Secretary
Membership No. 6997

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
Annexure III - Restated Summary Statement of Cash Flows
(All amount in Rs. millions, except for share data and if otherwise stated)

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Cash flow from operating activities			
Profit before tax	2,800.29	1,920.52	1,170.61
Adjustments to reconcile restated profit before tax to net cash flows			
Depreciation and amortization expense	541.82	377.40	357.56
Share of net profit of joint venture	(0.05)	(0.05)	-
Gain on disposal of property, plant and equipment	(0.46)	-	-
Property, plant and equipment Written off	15.80	-	10.83
Fair value loss/(gain) on financial instruments at fair value through profit and loss	25.67	(7.24)	(3.66)
Interest Income	(5.43)	(7.24)	(42.59)
Gain on sale of Investment	(0.09)	-	(0.26)
Provision for doubtful debts/advances	1.84	0.58	50.76
Unrealised foreign exchange (gain)/loss (net)	8.22	(33.15)	1.23
Liabilities written back to the extent no longer required	-	-	(0.12)
Finance cost	124.75	71.59	117.84
Operating profit before working capital changes	**3,512.36**	**2,322.41**	**1,662.20**
Working capital adjustments:			
(Increase)/decrease in inventories	143.77	(624.17)	(459.17)
(Increase)/decrease in trade receivables	(827.23)	(561.04)	(287.70)
(Increase)/decrease in other financial assets	(223.25)	(19.93)	6.03
Decrease/(increase) in other assets	38.24	(0.46)	(125.38)
(Decrease) in long term provisions	-	-	(5.97)
Increase in trade payables	34.95	63.59	20.41
Increase in other financial current liabilities	16.80	32.52	24.52
Increase in other current liabilities	22.99	9.04	0.55
Increase in short term provisions	14.31	12.06	2.16
Cash generated from operations	**2,732.94**	**1,234.02**	**837.65**
Less: Income tax paid (net of refund)	638.36	431.08	339.12
Cash flow from operating activities (A)	**2,094.58**	**802.94**	**498.53**
Cash flow from Investing activities			
Payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible under development and capital	(1,745.87)	(1,908.42)	(916.64)
Proceeds from sale of property, plant and equipment	0.99	-	-
(Purchase)/sale of investment in joint venture	4.31	(4.12)	-
(Purchase)/sale of current investment (net)	-	-	0.26
Proceeds from term deposit	14.41	234.56	316.86
(Investment) in term deposit	(3.29)	-	(28.68)
Interest received (finance income)	4.91	21.18	41.35
Net cash flow used in investing activities (B)	**(1,724.54)**	**(1,656.80)**	**(586.85)**
Cash flow from financing activities			
Availment of long-term borrowings	169.53	512.97	-
(Repayment) of long-term borrowings	(148.02)	(36.52)	(292.39)
(Expense) Incurred on increase in authorized share capital	-	(1.50)	-
Availment/(Repayment) of short-term borrowing (net)	(252.99)	426.03	663.21
(Repayment) of Loan from directors	(20.00)	(7.87)	(40.70)
Availment of Loan from directors	-	-	20.57
Interest Paid	(118.62)	(67.91)	(253.97)
Net cash flow from/(used in) financing activities (C)	**(370.10)**	**825.20**	**96.72**
Net (decrease)/Increase in cash and cash equivalents (A+B+C)	**(0.06)**	**(28.66)**	**8.40**
Cash and cash equivalents at the beginning of the year	0.20	28.86	20.46
Cash and cash equivalents as at year end	**0.13**	**0.20**	**28.86**
Cash and cash equivalents comprise of the following:			
Components of cash and cash equivalent			
Cash on hand	0.13	0.20	0.18
Balance with banks :			
-Deposits with original maturity of less than three months	-	-	28.68
-On current accounts	-	-	0.01
Cash and cash equivalent as at year end	**0.13**	**0.20**	**28.86**

The above Statement should be read with the Annexure V- Significant Accounting Policies and other explanatory Notes to Restated Summary Statements, Annexure VI- Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to the Restated Summary Statements.

Notes:
i) The above restated consolidated cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".
ii) Figures in bracket indicate cash outflow.
iii) Refer Note 42 for reconciliation of movements of liabilities to cash flows arising from financing activities.
iv) There are no non-cash transaction in Investing activities.

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: August 8, 2023

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
Place: Ludhiana
Date: August 8, 2023

(Bindu Garg)
Company Secretary
Membership No. 6997

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
Annexure IV - Restated Summary Statement of Changes in Equity
All amount in Rs. millions, except for share data and if otherwise stated

A. Equity share capital (Refer note 12)

For the year ended March 31, 2023 (Consolidated)

Particulars	No of shares	Amount
Balance at the beginning of the year	8,94,99,000	179.00
Changes in equity capital during the year	-	-
Balance as at the end of the year	**8,94,99,000**	**179.00**

For the year ended March 31, 2022 (Consolidated)

Particulars	No of shares	Amount
Balance at the beginning of the year	8,94,990	89.50
Changes in equity capital during the year	-	-
Sub-division of Rs.100/- to Rs.2/- face value per share during the year*	**4,47,49,500**	**89.50**
Bonus shares issued during the year*	**4,47,49,500**	-
Balance as at the end of the year	**8,94,99,000**	**179.00**

*During the year ended March 31, 2022, the Company has subdivided shares in Rs.2/- each and bonus shares were issued in the ratio of 1 : 1

For the year ended March 31, 2021 (Standalone)

Particulars	No of shares	Amount
Balance at the beginning of the year	8,94,990	89.50
Changes in equity capital during the year	-	-
Balance as at the end of the year	**8,94,990**	**89.50**

B. Other equity (Refer note 13)

For the year ended March 31,2023 (Consolidated)

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at April 01, 2022	2,161.80	5,535.44	-	-	7,697.24
Profit for the year (a)	-	2,087.01	-	-	2,087.01
Other comprehensive income/(expense) (b)	-	2.33	-	(82.51)	(80.18)
Total comprehensive income for the year(a+b)	**-**	**2,089.34**	**-**	**(82.51)**	**2,006.83**
As at March 31, 2023	**2,161.80**	**7,624.78**	**-**	**(82.51)**	**9,704.07**

For the year ended March 31,2022 (Consolidated)

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at April 01, 2021	2,163.30	4,198.79	-	-	6,362.09
Profit for the year (a)	-	1,422.89	-	-	1,422.89
Other comprehensive income (b)	-	3.26	-	-	3.26
Total comprehensive income for the year(a+b)	**-**	**1,426.15**	**-**	**-**	**1,426.15**
Transfer to General reserves		(89.50)	89.50	-	-
Issuance of bonus shares from General reserves	-	-	(89.50)	-	(89.50)
Expenses incurred on increase in authorized share capital	(1.50)	-	-	-	(1.50)
As at March 31, 2022	**2,161.80**	**5,535.44**	**-**	**-**	**7,697.24**

For the year ended March 31,2021 (Standalone)

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at April 01, 2020	2,163.30	3,331.95	-	-	5,495.25
Profit for the year (a)	-	864.48	-	-	864.48
Other comprehensive income (b)	-	2.36	-	-	2.36
Total comprehensive income for the year(a+b)	**-**	**866.84**	**-**	**-**	**866.84**
As at March 31, 2021	**2,163.30**	**4,198.79**	**-**	**-**	**6,362.09**

The above Statement should be read with the Annexure V- Significant Accounting Policies and other explanatory Notes to Restated Summary Statements, Annexure VI- Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to the Restated Summary 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: August 8, 2023

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
Place: Ludhiana
Date: August 8, 2023

(Bindu Garg)
Company Secretary
Membership No. 6997

Annexure V – Summary of Significant Accounting Policies and Other Explanatory Notes to Restated Summary Statements

1. Corporate Information:

The Restated Summary Statements comprise Happy Forgings Limited (“the Company”) and its joint venture. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in manufacturing of forgings and related components.

The registered office of the Company is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India. The Company's CIN is U28910PB1979PLC004008.

The Restated Summary Statements for the year ended March 31, 2023, March 31, 2022, and March 31, 2021, were approved for issue in accordance with resolution of the Board of Directors on August 8, 2023.

2a. Significant Accounting Policies:

(i) Basis of Preparation of Restated Summary Statements

The Restated Consolidated Summary Statements comprises of the Restated Consolidated Summary Statement of Assets and Liabilities of the Company and its joint venture as at March 31, 2023 and March 31, 2022, the related Restated Consolidated Summary of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Cash Flows and the Restated Consolidated Summary Statement of Changes in Equity for years ended March 31, 2023 and March 31, 2022, and the summary of Significant Accounting Policies and explanatory notes (“Restated Consolidated Summary Statements”)

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2021, the related Restated Standalone Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Standalone Summary Statement of Cash Flows and the Restated Standalone Summary Statement of Changes in Equity for year ended March 31, 2021, and the summary of Significant Accounting Policies and explanatory notes (“Restated Standalone Summary Statements”). The Company did not have any subsidiaries, associates and joint ventures for the year ended March 31, 2021, and accordingly the Restated Summary Statement for the year ended March 31, 2021, represents the restated standalone financial information.

Restated Consolidated Summary Statements and Restated Standalone Summary Statements are collectively referred to as the “Restated Summary Statements".

These Restated Summary Statements have been prepared by the Management of the Company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') on 11 September 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus (‘DRHP’) in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of the Company comprising a fresh issue of equity shares and an offer of sale of equity shares held by the selling shareholders (Collectively the “Offer”). These Restated Summary Statements have been prepared by the Company to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act").
b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the “Guidance Note”).

These Restated Summary Statements have been compiled by the Management from:

Audited Consolidated financial Statements of the Company and its joint venture as at and the for year ended March 31, 2023 and March 31, 2022 and Audited Standalone financial statement of the Company as at and for the year ended March 31, 2021 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 which have been approved by the Board of Directors at their meetings held on August 02, 2023, September 06, 2022 and November 29, 2021 respectively.

The accounting policies have been consistently applied by the Company and its joint venture in preparation of the Restated Summary Statements are consistent with those adopted in the preparation of Audited Financial Statements for the year ended March 31, 2023. These Restated Summary Statements have been prepared by the Company and its joint venture on the basis that it will continue to operate as a going concern.

The Restated Summary Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit pension plans - plan assets are measured at fair value

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Audited financial statements referred above were presented in Indian Rupee (Rs.) and all values were rounded to the nearest lacs (Rs. 00,000), however, the Restated Summary Statements are presented in Indian Rupee (Rs.) and all values are rounded to the nearest million (Rs. 000,000), except when otherwise indicated.

(ii) Basis of consolidation

The Restated Summary Statements comprises of the summary statements of Happy forging Limited (the "Company") and its joint venture i.e., Linchpin Technologies Private Limited for the year ended March 31, 2023, and March 31, 2022. The Company has made investment in the joint venture w.e.f January 08, 2022. The Company's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture from the date of acquisition. The aforesaid investment has been sold by the Company on March 31, 2023.

The Restated Summary Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31.

(iii) Current versus non-current classification

The Company and its joint venture present assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company and its joint venture classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company and its joint venture have identified twelve months as its operating cycle.

(iv) Investment in Associate/Joint Venture

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in an associate/joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate/joint venture since the acquisition date. Goodwill relating to the associate/joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Company's share of profit or loss of an associate or joint venture is shown on the face of the statement of profit and loss outside operating profit.
The Restated Summary Statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate or joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(v) Foreign currencies

Functional and presentation currency
The Restated Summary Statements are presented in INR, which is Company and its joint venture's functional currency

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its joint venture at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on monetary items from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates including on forward contracts are generally recognized in profit or loss. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI, or profit or loss are also recognized in OCI or profit or loss, respectively).

2b. Summary of significant accounting policies:

(i) Revenue from contract with customer

Revenue from contracts with customers is recognized when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company and its joint venture expects to entitle in exchange for the goods or services. The Company and its joint venture have generally 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 recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 30 to 150 days.

The Company and its joint venture consider 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 and its joint venture 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 and its joint venture 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 recognized 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 and its joint venture use 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 and its joint venture 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 and its joint venture recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

The disclosures of significant estimates and assumptions if any, relating to the estimation of variable consideration for returns are provided in Note 2C

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

Tooling Income /Die design and preparation charges: Revenues from Tooling Income/die design and preparation charges are recognized as and when the significant risks and rewards of ownership of dies are transferred to the customers as per the terms of the contract.

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 recognized 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 recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company and its joint venture transfers the related goods or services. Contract liabilities are recognized as revenue when the Company and its joint venture performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognized 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 recognized 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 recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the Statement of Profit and Loss.

(ii) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When the grant relates to incentives under "Invest Punjab Scheme", it is accounted as income on a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the approval of the relevant authority is sanctioned and there is a reasonable assurance that the grant will be received.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized 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 realizable 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 labor 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 realizable value.

Net realizable 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 capitalized 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 and its joint venture depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized 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 and its joint venture, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, 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 recognized is derecognized 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 derecognized.

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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognized 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 derecognized.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6

(vii) Impairment of non- financial assets

The Company and its joint venture assess 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 and its joint venture 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 and its joint venture base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company and its joint venture'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 and its joint venture 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 and its joint venture operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognized 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 recognized impairment losses no longer exist or have decreased. If such indication exists, the Company and its joint venture estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired

(viii) Financial Instrument

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 and its joint venture'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 and its joint venture has applied the practical expedient, the Company and its joint venture 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 and its joint venture 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 amortized 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 recognized on the trade date, i.e., the date that the Company and its joint venture commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized 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 amortized Cost (debt instruments)

A 'financial asset' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. The Company and its joint venture's financial assets at amortized cost includes trade receivables, security deposits and loan to employees.

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 recognized in the profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value changes recognized 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 and its joint venture 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 recognized 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 recognized as other income in the statement of profit and loss when the right of payment has been established, except when the Company and its joint venture 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 recognized in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company and its joint venture had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized 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 recognized 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 and its joint venture 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 amortized 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 and its joint venture follow 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company and its joint venture to track changes in credit risk. Rather, it recognizes 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 and its joint venture determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company and its joint venture 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 and its joint venture uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized 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 amortized 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 and its joint venture 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 and its joint venture 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 and its joint venture do 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 recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company and its joint venture hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized 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 derecognized (i.e., removed from the Company and its joint venture's balance sheet) when:

(i) The right to receive cash flows from asset have expired, or.
(ii) The Company and its joint venture have 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 and its joint venture have transferred substantially all the risks and rewards of the asset, or
   b) The Company and its joint venture have neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company and its joint venture 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 and its joint venture continues to recognize the transferred asset to the extent of the Company and its joint venture's continuing involvement. In that case, the Company and its joint venture also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and its joint venture 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 and its joint venture 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company and its joint venture '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 amortized 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 and its joint venture have 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 recognized 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 and its joint venture 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 recognized 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 recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company and its joint venture may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company and its joint venture have not designated any financial liability as at fair value through profit or loss.

b) **Financial Liabilities measured at Amortized Cost (Loan and Borrowings)**

This is the category most relevant to the Company and its joint venture. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate (EIR) amortization process.

Amortized 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 amortization 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 and its joint venture 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 recognized 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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115.

De-recognition of Financial Liability.

A Financial Liability is derecognized 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 recognized in the statement of profit and loss

Reclassification of financial assets

The Company and its joint venture determine 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 and its joint venture's senior management determines change in the business model as a result of external or internal changes which are significant to the Company and its joint venture's operations. Such changes are evident to external parties. A change in the business model occurs when the Company and its joint venture either begins or ceases to perform an activity that is significant to its operations. If the Company and its joint venture 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 and its joint venture do not restate any previously recognized 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
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in profit or loss.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized 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 amortized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(ix) Derivative Financial Instruments and hedge accounting

Initial recognition and subsequent measurement

The Company and its joint venture use derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized 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 recognized 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 recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Company and its joint venture formally designates and documents the hedge relationship to which the Company and its joint venture 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 and its joint venture 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 and its joint venture actually hedges and the quantity of the hedging instrument that the Company and its joint venture actually uses to hedge that quantity of hedged item.

The Company and its joint venture designate 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 recognized 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 recognized 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 recognized 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 recognized in the statement of profit and loss.

(x) Retirement and other employee Benefits

a) Defined Contribution Scheme:

Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. Such benefits are classified as Defined Contribution Schemes as the Company and its joint venture do 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 and its joint venture maintain an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company and its joint venture'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 recognized 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 recognized 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 and its joint venture provide 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 and its joint venture is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company and its joint venture 's Gratuity Scheme.

The Company and its joint venture'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 recognized 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 and its joint venture'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 recognized immediately in statement of profit and loss. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and
b) The date that the Company and its joint venture recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company and its joint venture recognize 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 and its joint venture measure 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 and its joint venture recognize expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company and its joint venture have 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 recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xi) Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of the Company and its joint venture (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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 its joint venture and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The Company and its joint venture did not have any potentially dilutive securities in any of the years presented.

(xii) Dividend

The Company and its joint venture recognize a liability to pay dividend to equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Company and its joint venture. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(xiii) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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 and its joint venture 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 recognized 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.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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 realize the asset and settle the liability simultaneously.

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

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xiv) Provisions and Contingent Liabilities/Assets

Provisions are recognized when the Company and its joint venture 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 and its joint venture expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized 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 recognized 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 and its joint venture 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 recognized but are disclosed in notes.

Contingent Assets are not recognized in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.

(xv) Cash Flow Statement

The Cash flow statement has been prepared under the “Indirect Method” as set out in Indian Accounting Standard-7, “Statement of Cash Flows” whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company and its joint venture are segregated.

(xvi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvii) Non-current assets held for sale

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

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

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

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

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

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

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

(xviii) Fair Value Measurements

The Company and its joint venture 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 and its joint venture.

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 and its joint venture use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the Restated Summary Statements on a recurring basis, the Company and its joint venture determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 and its joint venture determine the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company and its joint venture analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company and its joint venture's accounting policies.

For the purpose of fair value disclosures, the Company and its joint venture 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 Company and its joint venture assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

As a lessee

The Company and its joint venture apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company and its joint venture recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company and its joint venture recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (viii) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company and its joint venture recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its joint venture and payments of penalties for terminating the lease, if the lease term reflects the Company and its joint venture exercising the option to terminate.

Lease liabilities, which are separately shown in the Restated Summary Statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Short-term leases and leases of low-value assets

The Company and its joint venture apply 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 recognized as expense on a straight-line basis over the lease term.

As a Lessor

Lease income from operating leases where the Company and its joint venture is a lessor is recognized 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) 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 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 and its joint venture's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company and its joint venture based its assumptions and estimates on parameters available when the 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 and its joint venture. Such changes are reflected in the assumptions when they occur.

a. **Useful life of property, plant and equipment and intangible assets**

The Company and its joint venture use 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 unamortized amount is charged over the remaining useful life of the assets.

b. **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company and its joint venture establish provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. Significant judgement is required in determining the provision for income tax. The Company and its joint venture recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

c. **Contingencies**

The Company and its joint venture estimate the provisions and liabilities and to the probability of expenses arising claims from legal disputes/litigations that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

d. **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and other post-employment defined benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligations are given in Note 33.

e. **Fair Value Measurement of Financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

2d. Changes in accounting policies and disclosures

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which were effective from April 01, 2022. These amendments had no impact on the restated summary statements of the Company and its joint venture. Below is a summary of such amendments:

Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of Property, Plant and equipment. The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the *10% test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
Ind AS 101, First-time adoption	Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 41, Agriculture	Taxation in fair value measurements The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

2e. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023, to amend the following Ind AS which are effective from April 01, 2023.

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

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

The amendments are effective for annual reporting periods beginning on or after April 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company and its joint venture's Restated Summary Statements.

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

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

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company and its joint venture are currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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

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

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Company and its joint venture are currently assessing the impact of the amendments.

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
Annexure VI- Statements of adjustments to Restated Summary Statements
(All amount in Rs. millions, except for share data and if otherwise stated)

Part A: Statement of Restatement Adjustments to Audited Financial Statements

Reconciliation between total equity as per audited financial statements and Restated Summary Statement

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Total Equity (as per audited financial statements)	9,883.07	7,876.24	6,451.59
Adjustments	-	-	-
Total equity as per restated summary statement of assets and liabilities	**9,883.07**	**7,876.24**	**6,451.59**

Reconciliation between profit for the year after tax as per audited financial statements and restated profit after tax as per Restated Summary Statement of Profit and Loss

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Profit for the year after tax (as per audited financial statements)	2,006.83	1,426.15	866.84
Restatement Adjustments	-	-	-
Restated profit after tax for the year	**2,006.83**	**1,426.15**	**866.84**

Part B: Material regrouping

Appropriate regroupings have been made in the Restated Summary Statements of assets and liabilities, Restated Summary Statement of profit and loss and Restated Summary Statements of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Restated Summary Statements of the Company for the year ended March 31,2023 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

For the year ended March 31, 2022 (Consolidated)

Restated Summary Statement of Assets and Liabilities

Particulars	**As at March 31, 2022 (Reported)**	**As at March 31, 2022 (Restated)**	**Change**	**Nature**
Assets				
Non-current assets				
Non current tax assets	-	1.69	(1.69)	Reclassification of tax balance
Other non current assets	279.52	277.83	1.69	Reclassification of tax balance
Current Assets				
Financial assets:				
Loans	-	1.90	(1.90)	Reclassification of Loans from Other Financial Assets
Other Financial Assets	33.21	31.31	1.90	Reclassification of Loans
Other Current Assets	117.91	141.67	(23.76)	Reclassification for GST credit from Other current liabilities
Current liabilities				
Other financial liabilities	183.76	204.86	(21.10)	Reclassification of Bonus Payable to employees from Other current liabilities
Other Current Liabilities	52.07	54.74	(2.67)	Reclassification of Bonus Payable to employees to Other financial liabilities and GST credit to Other Current Assets

Restated Summary Statement of Profit and Loss

Particulars	**As at March 31, 2022 (Reported)**	**As at March 31, 2022 (Restated)**	**Change**	**Nature**
Expenses				
Employee benefits expense	695.37	686.78	8.59	Reclassification of security & housekeeping expenses to Other
Other expenses	1,712.30	1,720.89	(8.59)	Reclassification of security & housekeeping expenses from Employee Benefits expense

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HAPPY FORGINGS LIMITED
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Annexure VI- Statements of adjustments to Restated Summary Statements
(All amount in Rs. millions, except for share data and if otherwise stated)

For the year ended March 31, 2021 (Standalone)

Particulars	As at March 31, 2021 (Reported)	As at March 31, 2021 (Restated)	Change	Nature
Assets				
Non-current assets				
Non current tax assets	-	1.69	(1.69)	Reclassification of tax balance
Other non current assets	767.87	766.18	1.69	Reclassification of tax balance
Current Assets				
Financial assets:				
Loans	-	1.33	(1.33)	Reclassification of Loans from Other Financial Assets
Other Financial Assets	22.89	21.56	1.33	Reclassification of Loans
Other Current Assets	173.75	193.78	(20.03)	Reclassification for Allowance for doubtful balances from long term provision and GST credit from Other current liabilities
Liabilities				
Long term provisions	33.29	-	33.29	Reclassification of Allowance for doubtful balances to Other Current Assets
Current Borrowings	1,198.13	1,234.74	(36.61)	Reclassification of Current maturity of Long term borrowings from Other Financial liabilities
Other financial liabilities	95.81	73.29	22.52	Reclassification of Bonus Payable to employees from Other current liabilities and Current maturity of Long term borrowings to Current Borrowings
Other Current Liabilities	45.70	84.93	(39.23)	Reclassification of Bonus Payable to employees to Other financial liabilities and GST credit to Other Current Assets

Part C : Non Adjusting Items

Audit qualifications for the respective years, which do not require any adjustments in the Restated Summary Statement are as follows:

a) There are no audit qualification in auditor's report for the financial year ended March 31,2023, March 31,2022 and March 31,2021.

b) Other audit qualifications included in the annexure to the Auditors' reports issued under Companies (Auditor's Report) Order, 2020, on the consolidated financial statements for the year ended March 31,2023 and audit qualifications included in the annexure to the Auditors' reports issued under Companies (Auditor's Report) Order, 2016 (as amended) on the standalone financial statements for the year ended March 31,2021, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

For the year ended March 31, 2023 (Consolidated)

Clause (vii) (a) of Companies (Auditor's Report) Order, 2020

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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.

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(All amount in Rs. millions, except for share data and if otherwise stated)

For the year ended March 31, 2021 (Standalone)
Clause (vii) of Companies (Auditor's Report) Order, 2016

(vii) (a)Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.

c) Other audit qualifications included in the annexure to the auditor's report issued under section 143(3)(i) of the Act on the audit of Internal Financial Controls who do not require any adjustments in the Restated Summary Statement are as follows :

For the year ended March 31, 2021 (Standalone)
Disclaimer of Opinion
According to the information and explanation given to us, the Company's internal financial control over financial reporting with reference to these financial statements is not established in compliance with criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls with reference to these financial statements as at March 31, 2021 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these financial statements.

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Annexure VII- Notes to the Restated Summary Statements
(All amount in Rs. millions, except for share data and if 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										
Balance as at April 01, 2020 (Standalone)	**284.85**	**231.62**	**2,678.60**	**15.38**	**58.82**	**15.84**	**2.50**	**34.40**	**3,322.01**	**1,083.51**
Additions	1.55	377.75	1,319.72	5.67	0.57	4.56	2.36	48.21	1,760.39	1,050.64
Transfers	-	-	-	-	-	-	-	-	-	(1,700.93)
Disposals	-	-	(19.06)	-	-	-	-	-	(19.06)	(39.00)
Balance as at March 31, 2021 (Standalone)	**286.40**	**609.37**	**3,979.26**	**21.05**	**59.39**	**20.40**	**4.86**	**82.61**	**5,063.34**	**394.22**
Additions	191.10	36.53	491.00	12.24	17.17	3.18	3.39	21.29	775.90	2,135.40
Transfers	-	-	-	-	-	-	-	-	-	(407.07)
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022 (Consolidated)	**477.50**	**645.90**	**4,470.26**	**33.29**	**76.56**	**23.58**	**8.25**	**103.90**	**5,839.24**	**2,122.55**
Additions	113.45	107.87	2,482.00	8.47	35.38	1.63	2.13	27.03	2,777.96	1,169.28
Transfers	-	-	-	-	-	-	-	-	-	(2,544.32)
Disposals	-	-	(46.89)	-	(0.87)	-	-	-	(47.76)	
Balance as at March 31, 2023 (Consolidated)	**590.95**	**753.77**	**6,905.37**	**41.76**	**111.07**	**25.21**	**10.38**	**130.93**	**8,569.44**	**747.51**
Depreciation										
Balance as at April 01, 2020 (Standalone)	**-**	**19.99**	**512.37**	**3.71**	**14.82**	**6.13**	**1.45**	**10.67**	**569.14**	**-**
Depreciation charge for the year	-	10.37	325.20	2.65	8.06	3.81	0.89	6.23	357.21	-
Disposals	-	-	(8.23)	-	-	-	-	-	(8.23)	-
Balance as at March 31, 2021 (Standalone)	**-**	**30.36**	**829.34**	**6.36**	**22.88**	**9.94**	**2.34**	**16.90**	**918.12**	**-**
Depreciation charge for the year	-	23.64	325.66	3.06	8.16	4.17	1.61	8.47	374.77	-
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022 (Consolidated)	**-**	**54.00**	**1,155.00**	**9.42**	**31.04**	**14.11**	**3.95**	**25.37**	**1,292.89**	**-**
Depreciation charge for the year	-	26.35	479.15	4.22	11.86	3.99	2.31	10.47	538.35	-
Disposals	-	-	(30.83)	-	(0.59)	-	-	-	(31.42)	-
Balance as at March 31, 2023 (Consolidated)	**-**	**80.35**	**1,603.32**	**13.64**	**42.31**	**18.10**	**6.26**	**35.84**	**1,799.82**	**-**
Net book value										
Balance as at March 31, 2021 (Standalone)	**286.40**	**579.01**	**3,149.92**	**14.69**	**36.51**	**10.46**	**2.52**	**65.71**	**4,145.22**	**394.22**
Balance as at March 31, 2022 (Consolidated)	**477.50**	**591.90**	**3,315.26**	**23.87**	**45.52**	**9.47**	**4.30**	**78.53**	**4,546.35**	**2,122.55**
Balance as at March 31, 2023 (Consolidated)	**590.95**	**673.42**	**5,302.05**	**28.12**	**68.76**	**7.11**	**4.12**	**95.09**	**6,769.62**	**747.51**

Note 1: Refer to note 14A for information on property plant and equipment pledged as security by the Company.
Note 2: The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Note 3: The Company has capitalised the certain expenses of revenue nature amounting to Rs. 34.20 millions (March 31, 2022: Rs. 48.65 millions, March 31, 2021: Nil) to the cost of Property, plant and equipment/Capital work in progress (CWIP) (Refer note 27(b)).

Note 4: On transition to Ind As(i.e. 1st April 2018) the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

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Note 3 (a)
Capital work-in-progress (CWIP) ageing schedule
As at March 31, 2023 (Consolidated)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	717.96	12.78	16.77	-	747.51
ii) Projects temporarily suspended	-	-	-	-	-
Total	717.96	12.78	16.77	-	747.51

As at March 31, 2022 (Consolidated)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	1,877.76	142.29	29.58	45.97	2,095.60
ii) Project temporarily suspended	-	-	-	26.95	26.95
Total	1,877.76	142.29	29.58	72.92	2,122.55

As at March 31, 2021 (Standalone)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	272.11	41.99	53.17	-	367.27
ii) Project temporarily suspended	-	-	-	26.95	26.95
Total	272.11	41.99	53.17	26.95	394.22

CWIP Completion Schedule
As at March 31, 2023 (Consolidated)

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	-	-	-	-	-
Total	-	-	-	-	-

As at March 31, 2022 (Consolidated)

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	26.95	-	-	-	26.95
Total	26.95	-	-	-	26.95

As at March 31, 2021 (Standalone)

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	-	26.95	-	-	26.95
Total	-	26.95	-	-	26.95

The overdue project was related to 'Robot Gripper Up & Down Receiving Table' which was delayed due to covid restrictions. This project was overdue in terms of completion only and not in terms of cost and this is capitalised in financial year 2022-23.

Note 3 (b)
Assets held for sale

One of the plant and machinery was classified as held for sale based on the management decision to dispose of this asset in near future. This asset was not in active usage and was measured at the lower of its carrying amount and fair value less costs to sell. The fair value of this asset was determined using the market comparison approach.

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4. Intangible Assets

Particulars	Intangible Assets (Computer Software)	Intangible assets under development
Cost		
Balance as at April 01, 2020 (Standalone)	**2.09**	**7.89**
Additions	-	1.63
Balance as at March 31, 2021 (Standalone)	**2.09**	**9.52**
Additions	16.90	-
Capitalisation	-	(9.52)
Balance as at March 31, 2022 (Consolidated)	**18.99**	**-**
Additions	2.70	-
Capitalisation	-	-
Balance as at March 31, 2023 (Consolidated)	**21.69**	**-**
Accumulated amortization and impairment		
Balance as at April 01, 2020 (Standalone)	**0.43**	**-**
Amortization charge for the year	0.35	-
Balance as at March 31, 2021 (Standalone)	**0.78**	**-**
Amortization charge for the year	2.63	-
Balance as at March 31, 2022 (Consolidated)	**3.41**	**-**
Amortization charge for the year	3.47	-
Balance as at March 31, 2023 (Consolidated)	**6.88**	**-**
Net book value		
Balance as at March 31, 2021 (Standalone)	**1.31**	**9.52**
Balance as at March 31, 2022 (Consolidated)	**15.58**	**-**
Balance as at March 31, 2023 (Consolidated)	**14.81**	**-**

Note 4 (a)
Intangible asset under development ageing schedule
As at March 31, 2023 (Consolidated)

Particulars	**Amount in Intangible asset under development for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
i) Projects in progress	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

As at March 31, 2022 (Consolidated)

Particulars	**Amount in Intangible asset under development for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
i) Projects in progress	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021 (Standalone)

Particulars	**Amount in Intangible asset under development for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
i) Projects in progress	9.52	-	-	-	9.52
ii) Projects temporarily suspended	-	-	-	-	-

Note: No project under intangible assets under development which were suspended as at March 31, 2023, March 31, 2022 and March 31, 2021. Also, no project are overdue in terms of time and cost as per original plans.

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5. Investment in Joint Venture (Refer note 43)	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Investment carried at equity method of accounting			
Unquoted equity instruments			
M/s Linchpin Technologies Private Limited Nil (March 31, 2022 : 3,29,175) (March 31, 2021 : Nil) equity shares of Rs. 10/- each fully paid up	-	4.12	-
Add : Share of profit in Joint Venture	-	0.05	-
Total	**-**	**4.17**	**-**

During the year ended March 31, 2022, the Company entered into a Joint Venture agreement with 'VVDN Technologies Private Limited' and acquired 3,29,175 equity shares (representing 33% stake) at a price of Rs 12.52 each of Linchpin Technologies Private Limited. On March 31, 2023, these shares are sold to VVDN Technologies Private Limited at a price of Rs. 13.08/- per share aggregating to Rs. 4.30 millions.

6.1 Other financial assets

Non-current (Unsecured, considered good)	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Security deposits	90.55	74.67	71.67
Government Incentives receivable (Refer note 39)	224.41	-	-
Total	**314.96**	**74.67**	**71.67**

Current (Unsecured, considered good)	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Interest receivable on electricity deposits	3.63	2.72	15.64
Interest receivable on term deposits	0.02	0.41	1.42
Derivative instruments at fair value through profit or loss (note 36)	-	7.24	3.66
Export benefits recoverable (Duty drawback)	3.00	2.84	0.82
Contract Assets*	0.10	18.10	0.02
Total	**6.75**	**31.31**	**21.56**

Refer note 36 on Financial instruments for determination of fair value.
*Contract Assets at March 31, 2022 include income accrued for dye design and preparation charges.

6.2 Loans	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Loan to employees	2.71	1.90	1.33
Total	**2.71**	**1.90**	**1.33**

Break up of financial assets carried at amortised cost

	Consolidated		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Other Non- current financial assets (Refer note 6.1)	314.96	74.67	71.67
Trade receivables (Refer note 9)	3,080.61	2,220.36	1,657.69
Cash and cash equivalents (Refer note 10)	0.13	0.20	28.87
Bank balance other than above (Refer note 11)	3.28	14.40	248.96
Other Current financial assets (Refer note 6.1)	6.75	24.07	17.90
Loans (Refer note 6.2)	2.71	1.90	1.33
Total	**3,408.44**	**2,335.60**	**2,026.42**

Break up of financial assets carried at fair value through Profit or Loss

	Consolidated		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Derivatives financial Instruments at fair value through profit or loss (Refer note 6)	-	7.24	3.66
Total	**-**	**7.24**	**3.66**

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7. Other assets

Non-current (Unsecured consider good unless otherwise stated)

Particulars	**Consolidated**		**Standalone**
	As at March 31, 2023	**As at March 31, 2022**	**As at March 31, 2021**
Capital advances			
Considered good	509.43	273.04	762.34
Considered doubtful	16.70	16.70	17.47
	526.13	289.74	779.81
Less: Allowance for doubtful advances	(16.70)	(16.70)	(17.47)
Net capital advances	**509.43**	**273.04**	**762.34**
Prepaid expenses	5.78	4.79	3.84
Total	**515.21**	**277.83**	**766.18**

Current (Unsecured consider good unless otherwise stated)

Particulars	**Consolidated**		**Standalone**
	As at March 31, 2023	**As at March 31, 2022**	**As at March 31, 2021**
Balances with government authorities			
Considered good	51.12	62.89	73.18
Considered doubtful	35.86	33.29	33.29
	86.98	**96.18**	**106.47**
Less: Allowance for doubtful balances	(35.86)	(33.29)	(33.29)
Net Balance	**51.12**	**62.89**	**73.18**
Export benefits recoverable (RoDTEP/MEIS)	7.57	4.00	11.40
Advance to suppliers	22.60	22.09	33.26
Advance to employees*			
- Related parties	0.49	-	-
-Others	0.16	0.11	0.08
Prepaid expenses	18.05	36.65	20.25
Goverment Incentives receivable (Refer note 39)	1.56	15.93	55.61
Total	**101.55**	**141.67**	**193.78**

* includes imprest balances with employees for business related expenses

8. Inventories

Particulars	**Consolidated**		**Standalone**
	As at March 31, 2023	**As at March 31, 2022**	**As at March 31, 2021**
Raw materials and components (includes material lying at third party and stock in transit) at cost	570.42	725.17	579.40
Work-in-progress at cost	463.40	591.49	302.10
Finished goods (Including material lying at third party and stock in transit) (at lower of cost and net realised value)	541.37	450.60	259.26
Stores and spares (At Cost)	109.69	65.43	61.58
Scrap (At Net realisable value)	11.15	7.15	13.33
Total inventories at the lower of cost and net realisable value	**1,696.03**	**1,839.84**	**1,215.67**

Inventory include inventory in transit of:

Particulars	**Consolidated**		**Standalone**
	As at March 31, 2023	**As at March 31, 2022**	**As at March 31, 2021**
Raw material	-	3.73	16.20
Finished goods	292.13	336.61	154.41
Total	**292.13**	**340.34**	**170.61**

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9. Trade Receivables	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Trade receivables	3,078.70	2,220.16	1,623.31
Receivables from other related parties (Refer note 35)	1.92	0.20	34.38
Total Trade Receivables	**3,080.62**	**2,220.36**	**1,657.69**
Break-up for security details:			
(a) Gross Trade receivables			
Secured, considered good	98.34	74.01	70.52
Unsecured, considered good	2,975.83	2,130.28	1,582.83
Trade Receivables which have significant increase in credit risk	6.44	16.07	4.34
Trade Receivables-credit impaired	14.15	14.88	14.30
Total gross trade receivables (a)	**3,094.76**	**2,235.24**	**1,671.99**
(b) Impairment allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Trade receivables – which have significant increase in credit risk	-	-	-
Trade Receivables-credit impaired	(14.15)	(14.88)	(14.30)
Total Impairment allowance (b)	**(14.15)**	**(14.88)**	**(14.30)**
Net Trade receivables (a+b)	**3,080.61**	**2,220.36**	**1,657.69**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
For terms and conditions relating to related party receivables, refer Note 35.
Trade receivables are non-interest bearing and are generally on terms of 30 to 180 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 14.3 for information on trade receivables pledged as security by the Company.

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(All amount in Rs. millions, except for share data and if otherwise stated)

Trade receivables ageing as at March 31, 2023 (Consolidated)

Particulars	Unbilled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	2,304.09	770.10	-	-	-	-	**3,074.19**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	3.52	2.53	0.08	0.31	**6.44**
Undisputed Trade receivable – credit impaired	-	-	-	0.39	2.53	1.57	1.07	**5.56**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	8.59	**8.59**
Total	**-**	**2,304.09**	**770.10**	**3.91**	**5.06**	**1.65**	**9.97**	**3,094.78**

Trade receivables ageing as at 31 March 2022 (Consolidated)

Particulars	Unbilled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	50.32	1,690.51	463.47	-	-	-	-	**2,204.30**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	11.82	3.73	0.02	0.49	**16.06**
Undisputed Trade receivable – credit impaired	-	-	-	1.31	3.74	0.43	0.80	**6.28**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	8.59	**8.59**
Total	**50.32**	**1,690.51**	**463.47**	**13.13**	**7.47**	**0.45**	**9.88**	**2,235.23**

Trade receivables ageing as at 31 March 2021 (Standalone)

Particulars	Unbilled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	1,363.29	290.07	-	-	-	-	**1,653.36**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	2.21	2.13	-	-	**4.34**
Undisputed Trade receivable – credit impaired	-	-	-	0.20	2.30	2.84	0.36	**5.70**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	8.59	**8.59**
Total	**-**	**1,363.29**	**290.07**	**2.41**	**4.43**	**2.84**	**8.95**	**1,671.99**

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consolidated	Consolidated	Standalone
Receivables discounted from bank	98.34	354.33	425.18
Borrowing facility availed against said receivables (Refer note 14)	**98.34**	**354.33**	**425.18**

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10. Cash and cash equivalents	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Balance with banks :			
-On current accounts	-	-	0.01
-Deposits with original maturity of less than three months	-	-	28.68
Cash on hand	0.13	0.20	0.18
Total	**0.13**	**0.20**	**28.87**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Consolidated		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Balance with banks:			
-On current account	-	-	0.01
-Deposits with original maturity of less than three months	-	-	28.68
Cash on hand	0.13	0.20	0.18
Total	**0.13**	**0.20**	**28.87**

11. Other Bank balances	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Fixed deposits with original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date	3.28	10.26	248.96
Balance in Corporate Social Responsibility (CSR) account	-	4.14	-
Total	**3.28**	**14.40**	**248.96**

Bank deposits earns interest at fixed rates. Short-term deposits are generally made for varying periods within twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

Fixed deposit of Rs. 3.00 millions (March 31, 2022 Rs. 1.75 millions), (March 31, 2021 Rs. 100.18 millions) as margin money against the issuance of letter of credit/bank guarantee/overdraft limits.

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12. Equity Share capital	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Authorized			
150,000,000 equity shares of Rs. 2/- each	300.00	300.00	100.00
(March 31, 2023: 150,000,000 equity shares of Rs 2/- each)			
(March 31, 2022: 150,000,000 equity shares of Rs 2/- each)			
(March 31, 2021: 1,000,000 equity shares of Rs 100/- each)			
Issued, subscribed and fully paid-up			
(March 31, 2023: 89,499,000 equity shares of Rs. 2/- each)	179.00	179.00	89.50
(March 31, 2022: 89,499,000 equity shares of Rs. 2/- each)			
(March 31, 2021: 894,990 equity shares of Rs. 100/- each)			
	179.00	**179.00**	**89.50**

a) Reconciliation of the number of shares and amount outstanding during the year:

Equity shares*	**Consolidated**				**Standalone**	
	As at March 31, 2023		**As at March 31, 2022**		**As at March 31, 2021**	
	No. of shares	**Amount**	**No. of shares**	**Amount**	**No. of shares**	**Amount**
Equity shares outstanding at the beginning of the year	8,94,99,000	179.00	8,94,990	89.50	8,94,990	89.50
Add: Issued during the year	-	-	-	-	-	-
Sub-division of Rs.100/- to Rs.2/- face value per share during the year	-	-	4,47,49,500	89.50	-	
Bonus shares issued during the year	-	-	4,47,49,500	89.50	-	-
Equity shares outstanding at the end of the year	**8,94,99,000**	**179.00**	**8,94,99,000**	**179.00**	**8,94,990**	**89.50**

* During the Financial year 2021-22, the Company had increased authorised Capital from Rs 100.00 million to Rs 300.00 million divided into 150.00 million shares of Rs. 2/- each.
Further, the Company had sub divided its Equity Shares in the ratio of 50 Equity Shares of Rs. 2/- each for the 1 equity share of Rs. 100/- each. accordingly 4,47,49,500 total fully paid up equity shares of Rs.2/- are replaced from existing 894,990 shares of Rs. 100/- each.

Subsequent to sub-division, the Company had issued 44,749,500 equity shares of face value Rs. 2/- each as bonus shares in the ratio of 1:1 to all the existing shareholders of the Company. Consequent upon such bonus issue, the paid up capital of the Company stands increased from Rs. 89.50 millions to Rs. 179.00 millions. (Also refer note 28)

b) Rights, preferences and restrictions attached with shares
Equity Shares: The Company currently has only one class of equity shares having a par value of Rs. 2/- per share (March 31,2022 of Rs. 2/-per share, March 31,2021 of Rs. 100/-per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of Interim dividend.

In the event of liquidation of the Company, the holders of equity shares are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. Investor shareholders having 11.76% of total shareholding, upon the occurrence of Liquidation Event, shall be entitled to receive, subject to applicable laws in preference to all other equity shareholder of the Company and before any distribution is made out of the assets of the Company, higher of the cost of shares purchased or liquidation proceeds in proportion to the respective shareholding as defined in their investment agreement. The distribution for remaining proceeds, if any, will be in proportion to the number of equity shares held by the shareholders.

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	Consolidated				**Standalone**	
Name of Shareholder	**As at March 2023**		**As at March 2022**		**As at March 2021**	
	No. of shares	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%	3,56,606	39.84%
Smt. Suman Garg	88,87,900	9.93%	88,87,900	9.93%	88,879	9.93%
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%	1,29,462	14.47%
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%	56,077	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%	1,07,451	12.01%
India Business Excellence Fund - III(Formely known as Vistra ITCL (India) Limited)	1,05,29,000	11.76%	1,05,29,000	11.76%	1,05,290	11.76%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Subsequent to the year ended March 31, 2023, a trust by the name “Garg Family Trust” was formed and registered on July 28, 2023. The settlor for the Trust is “Ms. Suman Garg” and the trustees of the Trust are “Mr. Ashish Garg and Mr. Paritosh Kumar”. On August 07, 2023 , 29,148,700 equity shares of Rs. 2 each held by Mr. Paritosh Kumar (Promoter of the Company) were transferred to Ms. Suman Garg (by way of GIFT deed). On August 07, 2023, Ms. Suman Garg settled 38,047,000 equity shares of Rs. 2 each to “Garg Family Trust” by way of Settlor, post this "Garg Family Trust" is one of the Promoters of the Company.

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(All amount in Rs. millions, except for share data and if otherwise stated)

d) Details of shares held by Promoters as at March 31, 2023 is as follows*:-

Name of Shareholder	Consolidated		Consolidated		% change during the year
	As at March 31, 2023		As at April 01, 2022		
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%	-
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	24,19,900	2.70%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	2,54,200	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%	-

Details of shares held by Promoters as at March 31, 2022 is as follows:-

Name of Shareholder	Consolidated		Standalone		% change during the year
	As at March 31, 2022		As at April 01, 2021		
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,606	39.84%	-
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,462	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	24,199	2.70%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,077	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	2,542	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,451	12.01%	-

Details of shares held by Promoters as at March 31, 2021 is as follows:-

Name of Shareholder	Standalone		Standalone		% change during the year
	As at April 01, 2021		As at March 2020		
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	3,56,606	39.84%	3,56,606	39.84%	-
Sh. Ashish Garg	1,29,462	14.47%	1,29,462	14.47%	-
Smt. Megha Garg	24,199	2.70%	24,199	2.70%	-
Sh. Paritosh K. Garg (HUF)	56,077	6.27%	56,077	6.27%	-
Ashish Garg & Sons (HUF)	2,542	0.28%	2,542	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,451	12.01%	1,07,451	12.01%	-

* In the filing of its Annual Return for the year ended March 31, 2022 and March 31, 2021, the Company had also considered Smt. Suman Garg and Ms. Sheena Gupta as Promoters. However, based on certain developments and management evaluation as per SEBI ICDR Regulations, they are categorised as members of Promoter Group as defined in the SEBI Regulations. They held 88,87,900 and 24,38,000 of equity shares respectively and no change in shareholding during all three years.

e) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

- During the year ended March 31, 2022, 4,47,49,500 bonus shares were issued of Rs. 2 each aggregating to Rs. 89.50 million.

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13. Other equity	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Securities Premium			
Opening balance	2,161.80	2,163.30	2,163.30
Less: Expenses incurred on increase in authorized share capital	-	(1.50)	-
Closing balance (a)	**2,161.80**	**2,161.80**	**2,163.30**
Retained earnings			
Opening balance	5,535.44	4,198.79	3,331.95
Add: Profit for the year	2,087.01	1,422.89	864.48
Add: Other Comprehensive Income (OCI)	2.33	3.26	2.36
Less : Transfer to General reserve	-	(89.50)	-
Closing balance (b)	**7,624.78**	**5,535.44**	**4,198.79**
General Reserve (Refer Note 12 a)			
Opening balance	-	-	-
Add: Transfer from Retained earnings	-	89.50	-
Less : Bonus issuance from general reserve	**-**	(89.50)	**-**
Closing balance (c)	**-**	**-**	**-**
Cash Flow Hedge Reserve			
Opening balance			
Changes in Fair Value of hedging instrument	(110.26)	-	-
Deferred Tax	27.75	-	-
Closing balance (d)	**(82.51)**	-	-
Total (a+b+c+d)	**9,704.07**	**7,697.24**	**6,362.09**

Nature and purpose of Reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(b) Retained earning

Retained earnings are the portion of a company's profit that is held or retained and saved for future use. Retained earnings could be used for funding an expansion or paying dividends to shareholders at a later date.

(c) Cash Flow Hedging 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.

Distribution made and proposed	**Consolidated**		**Standalone**
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Proposed dividend on equity shares:			
Proposed dividend for the year ended on March 31,2023: Rs. 1.30 per share (March 31, 2022: Nil, March 31, 2021: Nil)	116.35	-	-

Proposed dividend on equity shares are subject to approval at the annual general meeting and is not recognised as a liability as at year end.
The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

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14. Borrowings
14.1 Non Current

Particulars	Consolidated		Standalone
	As at March 31,2023	**As at March 31,2022**	**As at March 31,2021**
Secured			
Term Loans			
-Indian rupee loan from banks* [refer note no. 14A (1) & (4)]	261.98	301.77	336.48
-Foreign currency loan from banks [refer note no. 14A (2)]	134.69	-	-
-Foreign currency Reimbursement Authorisation (RA) Financing arrangement [refer note no. 14A (3)]	445.09	485.36	-
	841.76	**787.13**	**336.48**
Less : Current maturity of long term loans			
-Term loan from banks (Indian Ruppee)	(65.85)	(46.67)	(36.52)
-Term loan from banks (Foreign Currency)	(40.35)	-	-
-RA Financing arrangement from Banks	(153.80)	-	-
Total	**581.76**	**740.46**	**299.96**

*net of transaction cost of Rs. Nil (March 31, 2022: Nil; March 31, 2021: 1.81 millions)

14.2 Current

Particulars	Consolidated		Standalone
	As at March 31,2023	**As at March 31,2022**	**As at March 31,2021**
Secured			
-Indian rupee loan (Working Capital) from bank [refer note no. 14A (5)]	1,245.06	1,042.40	745.17
Current maturity of term loans:			
-Indian rupee loan from banks [refer note no. 14A (1)]	65.85	46.67	36.52
-Foreign currency loan from banks [refer note no. 14A (2)]	40.35	-	-
-Foreign currency RA Financing arrangement [refer note no. 14A (3)]	153.80	-	-
Unsecured			
- Bill discounting from bank [refer note no. 14A (6) and (7)]	98.34	354.33	425.18
- Indian rupee loan from financial institutions [refer note no. 14A (9)]	-	199.66	-
- Loan from directors (refer note 14A (8) and 35)	-	20.00	27.87
Total	**1,603.40**	**1,663.06**	**1,234.74**

14.3 Summary of secured and unsecured loans as follows:

	Consolidated		Standalone
	As at March 31,2023	**As at March 31,2022**	**As at March 31,2021**
Secured Long term Borrowings	841.76	787.13	336.48
Secured Short term Borrowings	1,245.06	1,042.40	745.17
Unsecured Short term Borrowings	98.34	573.99	453.05
Total Borrowings	**2,185.16**	**2,403.52**	**1,534.70**

Notes:
1. 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 aggrement with the books of accounts of the Company.
2. Term loans were applied for the purpose for which the loans were obtained.

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14A Security, repayment & pricing details

			Consolidated		Standalone			
Note Ref.	**Nature**	**Bank Name**	**Balance outstanding as at March 31, 2023**	**Balance outstanding as at March 31, 2022**	**Balance outstanding as at March 31, 2021**	**Interest rate**	**Terms of Repayment**	**Security Details**
1	Term Loan in Indian Rupee-I	Yes Bank	Rs. 134.32 millions	Rs. 158.21 millions	Rs. 176.13 million	8.15-8.69% (March 31, 2022, 6.95- 7.70%, March 31, 2021 - 7.60% to 9.40%)	12 Quarterly Instalments of Rs. 8.95 millions , Rs. 11.94 millions , Rs.12.69 millions - 4 times each . Quarterly Instalment over 3 years. Installment starting from Dec 22 and last instalment due in Mar 26	- Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, Pop Garg Furnace, PO Office Jugiana, Ludhiana.
2	Term Loan in Indian Rupee-II	Yes Bank	Rs. 127.66 millions	Nil	Nil	7.30-8.69%	17 Quarterly Instalments of Rs 7.51 millions each over 4 years. (Part of the Term Loan Sanctioned of Rs. 600 millions). Installment starting from Jul 22 and last instalment due in Apr 27	Second Pari Passu charge on entire current assets of the Company, both present & future; -First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
3	Term Loan in Foreign Currency	ICICI Bank	Euro 1.51 millions equivalent to Rs. 134.69 millions	Rs. 142.37 millions	Rs. 158.55 millions	3.60-8.10% (March 31, 2022, 7-7.75%, March 31, 2021 - 7.75% to 8.65%)	16 Quarterly Instalments of Rs 5.40 millions, Rs. 8.10 millions, Rs. 10.8 millions, Rs. 11.30 millions - 4 times each . Instalment starting from Jun 22 and last instalment due in Mar 26. The loan was sanctioned as Indian Rupee loan however the same has been converted into Foreign Currency Loan during the year ended March 31, 2023.	Second pari passu charge over entire current assets of the Borrower, both present and future; First pari passu charge over all movable fixed assets of the Borrower, both present and future First pari passu charge by way of Equitable mortgage over Land and Building situated at -Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and -Kanganwal Road, Opp. Garg Furnace, PO Office Jugiana, Ludhiana.
4	Term loan (Reimbursement authorisation Financing arrangement)	ICICI bank, Frankfurt (backed by Guarantee from ICICI Bank)	Euro 0.22 millions equivalent to Rs 19.85 millions	NIL	NIL	4.19%	Repayable from sanctioned term loan* of Rs. of Rs 600 million from ICICI Bank by 27th November, 2023. From March 23 to December 2023. First installment due on March 24. 5 installments will be paid on March 24 *further payable in 20 quarterly instatlment of Rs. 0.99 millions each from March'23 to Dec'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the Company, both present & future; -First Pari Passu charge on all movable fixed assets of the Company, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.
5	Term loan (Reimbursement authorisation Financing arrangement)	Bank of Baroda, Mauritius (backed by Guarantee from Yes Bank)	Euro 4.76 millions equivalent to Rs. 425.24 millions	485.36	NIL	0.98-1.34% (March 31, 2022- .98%)	Repayable from sanctioned term loan* of Rs. of Rs 600 million from Yes Bank by 30th June, 2023. First installment due on June 23. 5 installments will be paid on July 23. *further payable in 20 quarterly instatlment of Rs. 21.26 millions each from July'22 to April'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; - First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana - Negative lien over the land where CLU is not available having area 4.83 acres.

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14A Security, repayment & pricing details

			Consolidated		Standalone			
Note Ref.	**Nature**	**Bank Name**	**Balance outstanding as at March 31, 2023**	**Balance outstanding as at March 31, 2022**	**Balance outstanding as at March 31, 2021**	**Interest rate**	**Terms of Repayment**	**Security Details**
6	Vehicle loans	HDFC Bank	Rs Nil	1.19 millions	Rs. 3.59 millions	8.02%, 9.01%, 9.76% (March 31, 2022 & March 31, 2021 -8.02%, 9.01%, 9.76%)	Nil, (March 31, 2022 : Repayable in monthly instalment with last instalment due in Oct-22.)	'-Secured by the exclusive charge on the asset financed by the banks
7	Cash Credit, Working capital demand loan & Overdraft limit	HDFC Bank	Rs. 2,14.08 millions	Rs. 407.62 millions	Rs. 216.37 millions	4.00% -7.85% (March 31, 2022, 5.25- 7.20%, March 31, 2021 - 4.05% to 8.50%)	On Demand, However renewable on annual basis.	First pari passu charge over entire current assets of the Borrower, both present and future Second pari passu charge over all movable fixed assets of the Borrower, both present and future Second pari passu charge on immovable property of the borrower at Kanganwal and Dugri plants
8	Cash Credit, Working capital demand loan & Overdraft limit	ICICI Bank	Rs 486.90 millions	Rs. 178.30 millions	Rs. 83.48 millions	5.15-8.25% (March 31, 2022 5.15 - 7.95 %, March 31, 2021- 7.95 -8.80%)	On Demand, However renewable on annual basis.	
9	Cash Credit, Working capital demand loan & Overdraft limit	Yes Bank	Rs 544.08 millions	Rs. 456.48 millions	Rs. 445.32 millions	5.17-8.69% (March 31, 2022 - 4.96% -7.35 %, March 31, 2021 - 4.75%- 9.45%)	On Demand, However renewable on annual basis.	
10	Bill Discounting	Kotak Mahindra Bank	Rs NIL	Rs. 280.30 millions	Rs. 152.81 millions	6.90%-8.00%	within 60 to 180 days from the discounting	Secured against Trade receivables
11	Bill Discounting	ICICI Bank	Rs. 98.34 millions	Rs. 74.03 millions	Rs. 70.53 millions	4.70-7.60% (March 31, 2022 - 4.45% -6.5 %, March 31, 2021 - 7.25%- 7.40%)	within 60 to 180 days from the discounting	Secured against Trade receivables
12	Bill Discounting	HDFC Bank	NIL	NIL	Rs. 201.84 millions	As mutually agreed at the time of facility disbursement	-	Not Applicable
13	Unsecured loan	Loan from Directors	Rs NIL	20	Rs. 27.873 millions	9.00% (March 31, 2022- 9% & March 31, 2021 9%)	On demand	Unsecured
14	Unsecured loan	Bajaj Finance	Rs NIL	Rs. 199.66 millions	NIL	5.90-7.00% (March 31, 2022- 5.90%)	Repayment within 90 days of availing the facility.	Unsecured

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15. Provisions

	Consolidated		Standalone
Particulars	**As at March 31,2023**	**As at March 31,2022**	**As at March 31, 2021**
Current			
Provisions for employees benefits			
Provision for gratuity (Refer note 33)	15.76	11.76	8.65
Provision for Compensated absences	22.12	14.93	10.34
Total	**37.88**	**26.69**	**18.99**

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16. Income tax and Deferred tax liabilities
The major components of income tax expense for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 are as follows:

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Current income tax			
Current income tax charge	685.43	469.16	315.78
Adjustments in respect of income tax of earlier years	(0.92)	1.75	0.02
Deferred tax			
Relating to origination and reversal of temporary differences (for current year)	27.98	26.72	(9.67)
Relating to origination and reversal of temporary differences (for earlier years)	0.79	-	-
Income tax expense reported in the Statement of profit and loss	**713.28**	**497.63**	**306.13**
OCI			
Tax on items recognised in OCI on remeasurement of defined benefit plans	0.78	1.09	0.79
Tax on items recognising on effective portion of cash flow hedges	27.75	-	-

Reconciliation of tax expense and the accounting profit at domestic tax rate for March 31, 2023, March 31, 2022 and March 31, 2021

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Accounting profit before tax	**2,800.29**	**1,920.52**	**1,170.61**
At India's statutory income tax rate of 25.168 %	704.78	483.36	294.62
Adjustment of tax relating ot earlier periods	(0.13)	1.75	0.02
Non deductible expenses for tax purpose			
Expenses disallowed for tax purpose	8.64	12.54	11.50
Reported income tax expenses	**713.29**	**497.65**	**306.14**
Effective tax rate	**25.47%**	**25.91%**	**26.15%**

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following timing differences between tax and accounting books	**Balance sheet**			**Statement of profit and loss**		
	As at March 31,2023	**As at March 31,2022**	**As at March 31, 2021**	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**	**Consolidated**	**Consolidated**	**Standalone**
- Impact of difference between tax depreciation/amortization and depreciation/amortization as per Companies Act	(295.20)	(260.30)	(221.57)	(34.90)	(38.73)	4.72
- Impact of Mark to market income as per IND-AS	27.75	(0.77)	(0.62)	28.51	(0.14)	(0.62)
- Provision for doubtful debts/advances	16.79	16.52	16.38	0.27	0.15	12.25
- Expenses allowed on payment basis (43B items)	12.40	9.20	0.80	3.20	8.40	(10.87)
- Others*	7.80	5.90	3.40	1.90	2.50	3.40
Net Deferred tax assets/ (Deferred tax liabilities)	**(230.46)**	**(229.45)**	**(201.61)**	**(1.02)**	**(27.82)**	**8.88**

* Other includes deferred tax on provision for sales return

Reflected in the balance sheet as follows:

Particulars	**As at March 31,2023**	**As at March 31,2022**	**As at March 31,2021**
	Consolidated	**Consolidated**	**Standalone**
At the beginning of the year	(229.43)	(201.62)	(210.49)
Tax (expense)/income for the period recognised in statement of profit and loss	(28.77)	(26.72)	9.67
Tax (expense)/income for the period recognised in OCI	27.75	(1.09)	(0.79)
Net Deferred Tax Assets/(Liabilities)	**(230.45)**	**(229.43)**	**(201.61)**

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.

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17. Trade Payables

	Consolidated		Standalone
Particulars	**As at March 31,2023**	**As at March 31,2022**	**As at March 31, 2021**
Trade payables			
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	60.66	53.31	64.31
Total outstanding dues of creditors other than micro enterprises and small enterprises	415.63	387.79	313.41
Trade payable to related parties (Refer note 35)	1.08	1.21	1.62
Total	**477.37**	**442.31**	**379.34**

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 15 to 90 days terms.

-For terms and conditions with related parties, refer to Note 35.

Trade Payable ageing schedule

As at 31 March 2023 (Consolidated)

Particulars	Unbilled	Not due	Outstanding for following periods 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	-	53.03	7.63	-	-	-	**60.66**
Total outstanding dues of creditors other than micro enterprises and small enterprises	29.52	276.81	107.83	1.76	0.24	0.55	**416.71**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**29.52**	**329.84**	**115.46**	**1.76**	**0.24**	**0.55**	**477.37**

As at 31 March 2022 (Consolidated)

Particulars	Unbilled	Not due	Outstanding for following periods 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	-	46.43	6.65	0.22	-	-	**53.30**
Total outstanding dues of creditors other than micro enterprises and small enterprises	91.14	200.24	96.32	0.40	0.88	0.03	**389.01**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**91.14**	**246.67**	**102.97**	**0.62**	**0.88**	**0.03**	**442.31**

As at 31 March 2021 (Standalone)

Particulars	Unbilled	Not due	Outstanding for following periods 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	-	61.93	2.37	-	-	-	**64.30**
Total outstanding dues of creditors other than micro enterprises and small enterprises	44.81	119.79	149.25	0.95	0.24	-	**315.04**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	**44.81**	**181.72**	**151.62**	**0.95**	**0.24**	**-**	**379.34**

18. Other financial liabilities-current

	Consolidated		Standalone
Particulars	**As at March 31,2023**	**As at March 31,2022**	**As at March 31,2021**
Interest accrued but not due on borrowings	10.78	9.10	4.52
Interest on income tax and others	4.48	0.02	0.94
Capital creditors - Other than MSME	34.07	123.28	28.10
Capital creditors-micro enterprises and small enterprises	5.95	20.42	1.72
Derivative instruments at fair value through profit or loss (Refer note 36)	25.67	-	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	110.26	-	-
Employee dues payable	68.66	52.04	38.01
Total	**259.87**	**204.86**	**73.29**

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(All amount in Rs. millions, except for share data and if otherwise stated)

Break up of financial liabilities carried at amortised cost

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Borrowings (Refer note 14)	2,185.16	2,403.51	1,534.70
Trade Payables (Refer note 17)	477.37	442.31	379.34
Other current financial liabilities (Refer note 18)	123.94	204.86	73.29
Total	**2,786.47**	**3,050.68**	**1,987.33**

Break up of financial liabilities carried at fair value

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Derivative instruments at fair value through profit or loss (Refer note 18)	25.67	-	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	110.26	-	-
	135.93	**-**	**-**

19. Other current liabilities

	Consolidated		Standalone
Particulars	**As at March 31,2023**	**As at March 31,2022**	**As at March 31,2021**
Contract liabilities*	14.61	16.16	19.22
Statutory dues payable **	63.12	38.58	65.71
Total	**77.73**	**54.74**	**84.93**

*Contract Liabilities are received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

** It includes tax deducted at source, tax collected at source, goods and services tax , employee state insurance & provident fund payable.

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20.Revenue from operations

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sale of Products			
- Sale of finished goods	10,669.49	7,855.65	5,477.40
Sale of services			
- Dye design and preparation charges	65.60	80.74	7.73
-Job work charges	0.06	0.63	1.52
Total revenue from contract with customer (i)	**10,735.15**	**7,937.02**	**5,486.65**
Other Operating revenue			
- Sale of manufacturing scrap	874.23	643.91	344.79
- Government Grants (Refer Note no. 39)	355.92	19.47	16.75
- Others	-	0.06	1.39
Total other operating revenue (ii)	**1,230.15**	**663.44**	**362.93**
Total (i+ii)	**11,965.30**	**8,600.46**	**5,849.58**

20.1 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Revenue as per contracted price	10,764.38	7,946.58	5,489.94
Adjustment for:	-	-	-
Discount and Incentives as per contract/schemes	(29.23)	(9.56)	(3.29)
Revenue from contract with customers	**10,735.15**	**7,937.02**	**5,486.65**

20.2 Timing of revenue recognition

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Goods transferred at a point in time	10,735.09	7,936.39	5,485.13
Services transferred over time	0.06	0.63	1.52
Total revenue from contracts with customers	**10,735.15**	**7,937.02**	**5,486.65**

20.3 Performance obligation
Sales of Crankshafts and Motorvehicle parts
The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 150 days from the invoice date.

Sales of services
The performance obligation is satisfied over-time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 60 days.

20.4 Contract balances

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Trade Receivables (Refer Note 9)	3,080.62	2,220.36	1,657.69
Contract Assets (Refer Note 6.1)	0.10	18.10	0.02
Contract Liabilities (Refer Note 19)	14.61	16.16	19.22

21. Other Income

Particulars	Consolidated		Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest income from financial assets at amortised cost			
-on term deposits with bank	0.50	4.13	25.21
-on Electricity deposit	4.03	3.11	17.38
-on Income Tax Refund	0.90	-	-
Gain on sale of Investment *	0.09	-	0.26
Gain on Foreign Exchange variation (net)	45.46	44.55	9.82
Bad debts recovered	3.11	-	-
Fair value gain on financial instruments at fair value through profit or loss	-	7.24	3.66
Gain from sale of Property, Plant and equipment (net)	0.46	-	-
Miscellaneous income**	2.86	1.56	2.22
Total	**57.41**	**60.59**	**58.55**

*Gain on sale of Investment in joint venture (refer note 5)
** Includes insurance claim and rental income

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22. Cost of raw material and components consumed

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Inventory at the beginning of the year (Refer note 8) (a)	725.17	579.40	180.28
Purchases during the year (b)	5,322.52	4,536.26	3,007.32
Sales during the year (c)	0.03	32.02	35.64
Inventory at the end of the year (refer note 8) (d)	570.42	725.17	579.40
Total (a+b-c-d)	**5,477.24**	**4,358.47**	**2,572.56**

23. Changes in inventories of finished goods, work-in-process and Scrap

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Inventory at the beginning of the year (Refer note 8)			
-Finished Goods	450.60	259.26	242.05
-Work In progress	591.49	302.10	270.68
-Scrap	7.15	13.33	5.43
Sub Total (a)	**1,049.24**	**574.69**	**518.16**
Inventory at the end of the year (Refer note 8)			
-Finished Goods	541.37	450.60	259.26
-Work In progress	463.40	591.49	302.10
-Scrap	11.15	7.15	13.33
Sub Total (b)	**1,015.92**	**1,049.24**	**574.69**
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap(a-b)	**33.32**	**(474.55)**	**(56.53)**

24. Employee benefits expense (Refer note 27(b))

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Salaries, wages and bonus	775.81	605.26	433.34
Contribution to provident fund and other funds	70.61	56.55	40.40
Gratuity (Refer note 33)	18.86	16.12	12.44
Staff welfare expenses	12.48	8.85	3.80
Total	**877.76**	**686.78**	**489.98**

Code on Social Security

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post -employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

25. Finance Costs (also refer note 27(b))

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Interest expenses (At amortised Cost)			
- on borrowings**#	96.50	44.52	101.04
- on others***	4.48	0.02	1.25
Interest on bill discounting #	18.12	18.86	9.47
Other borrowing cost *	5.65	8.19	6.08
Total	**124.75**	**71.59**	**117.84**

**includes interest paid on restructuring of loan of Rs Nil (March 31, 2022 : Nil, March 31, 2021: Rs 31.02 millions). Further, it include interest paid on 'loans from directors' of Rs 1.26 millions (March 31, 2022:Rs 2.38 millions, March 31, 2021:Rs 5.04 millions)

This is net of interest received from Governmnet of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters.
* includes amortization of processing charges and bank charges.
*** includes interest on income tax Rs. 4.30 millions (March 31, 2022: Nil, March 31, 2021: 0.21 millions)

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26. Depreciation and amortization expenses -

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Depreciation on property, plant & equipment (refer note 3)	538.35	374.77	357.21
Amortization on intangible assets (refer note 4)	3.47	2.63	0.35
Total	**541.82**	**377.40**	**357.56**

27. Other Expenses

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Consumption of stores and spares	562.32	434.53	322.22
Power and fuel Expenses (net) #	757.64	676.54	462.63
Packing material	79.15	62.39	36.66
Job work charges	105.54	81.03	55.20
Rent expenses (refer note 31)	2.53	2.24	1.71
Rates and taxes	7.18	2.21	1.60
Repairs and maintenance:			
- Plant and machinery	209.83	161.56	132.77
- Building	2.92	2.77	5.32
- others	12.47	6.56	6.06
Travelling & Conveyance expenses	20.40	6.93	1.59
Advertisement and sales promotion expenses	6.82	2.96	5.70
Freight and forwarding charges	258.59	201.15	102.56
Director's sitting fees	0.76	0.55	0.58
Payment to Auditors (refer note. 27a)	4.35	5.45	2.79
Legal and professional fees	22.44	11.95	4.51
Provision for doubtful receivables and advance	1.84	0.58	50.76
CSR expenditure (refer note 34)	27.16	26.59	23.36
Donation	0.60	0.16	0.08
Fair value loss on financial instruments at fair value through profit or loss (Refer Note 18)	25.67	-	-
Property, plant and equipment written off	15.80	-	10.83
Insurance	22.76	17.94	15.61
Miscellaneous expenses*	20.81	16.80	13.57
Total	**2,167.58**	**1,720.89**	**1,256.11**

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations

Power and fuel expenses are net of Rs 34.32 millions (March 31, 2022 Rs 31.49 millions; March 31, 2021 Rs. 55.62 millions) on account of electricity duty subsidy receivable from Government. (Refer note 39)

27(a) Payment to Auditors

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
As statutory auditors			
(i) Audit Fee	4.00	4.90	2.65
(ii) Certification charges	-	0.05	-
(iii) Reimbursement of expenses	0.35	0.50	0.14
Total	**4.35**	**5.45**	**2.79**

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27(b) Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/Capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Interest on bank facilities @ 7.32% (March 31, 2022: 6.85 %) (Specific borrowings)	2.74	4.25	-
Interest on bank facilities @ 5.58% (March 31, 2022: 5.71%) (General borrowings)	22.43	34.68	-
Salaries wages and bonus	9.04	9.73	-
Total	**34.21**	**48.66**	**-**

28. Earnings Per Share (EPS)

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
(I) Net Profit attributable to equity shareholders of the Company	2,087.01	1,422.89	864.48
(II) Weighted average number of Equity shares for EPS			
-Basic (Face Value Rs.2/- per share (March, 31, 2022 : Rs.2/-per share, March 31, 2021 : Rs 100/per share)*	8,94,99,000	8,94,99,000	8,94,99,000
-Diluted (Face Value Rs.2/- per share (March, 31, 2022 : Rs.2/-per share, March 31, 2021 : Rs 100/per share)*	8,94,99,000	8,94,99,000	8,94,99,000
(III) Earning per equity share (March 31, 2023 : nominal value of ₹ 2 per share, March 31, 2022 : nominal value of ₹ 2 per share, March 31, 2021 : nominal value of ₹ 100 per share)			
-Basic	23.32	15.90	9.66
-Diluted	23.32	15.90	9.66

(i) The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same.

(ii) *During the Financial year 2021-22, the Company has sub divided its Equity Shares in the ratio of 50 Equity Shares of Rs. 2/- each for the 1 equity share of Rs. 100/- each.

(iii) During the year ended March 31, 2022, the company has issued bonus shares to the share holders without consideration. The weighted average number of shares for the year ended March 31, 2021 have been adjusted to reflect the impact of bonus issue and share split. (Refer Note 12)

29. Contingent liabilities and commitments

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
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)	18.74	21.68	21.68
(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)	17.31	14.32	14.32
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)	1,136.44	1,263.60	1,536.07
c. EPCG Commitment The Company has export obligations to the extent Rs. 459.76 millions (as at March 31, 2022 Rs. 1,343.70 millions) (as at March 31, 2021 Rs 1,063.97 millions) 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.	76.63	223.95	177.33
d. Outstanding Bank guarantees	17.64	17.47	10.81

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30. Details of dues to the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	66.61	73.73	66.03
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.19	0.02	0.94
	66.80	**73.75**	**66.97**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	8.98	0.60	91.04
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 period 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	0.19	0.02	0.94
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 Rs. 2.53 millions for the year ended March 31, 2023 (March 31,2022 Rs 2.24 millions, March 31,2021 Rs 1.71 millions) towards expenses relating to short terms leases and leases of low value assets and the same is recognized under other expenses in statement of Profit and loss account.

Leases mainly comprise of facility taken for use as sales office and as warehouse facilities.

32. Segment Information

The Company business comprises only Forging segment where Company sells forged products comprising of forgings and machined components for 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:

	Consolidated		Standalone
Revenue from contract with customers	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Within India	9,351.64	7,068.89	5,005.60
Outside India	1,383.51	868.14	481.05
Total	**10,735.15**	**7,937.03**	**5,486.65**

Revenue from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is as follows:

Particulars	**Number of customer**	**Amount**
Year ended March 31, 2023	1	1,766.78
Year ended March 31, 2022	2	2,016.74
Year ended March 31, 2021	2	1,549.24

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.

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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:

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
(i) Changes in the present value of defined benefit obligation			
Present value of defined benefit obligation as at year beginning	66.46	55.01	49.61
Current Service Cost	18.03	15.52	11.71
Past Service cost	-	-	-
Interest Cost	4.77	3.74	3.37
Remeasurements (gains)/losses	**0.00**	-	-
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	(1.59)	(2.85)	-
-Actuarial (gains)/losses arising from changes in experience adjustments	(1.24)	(1.35)	(4.16)
Benefits Paid	(6.16)	(3.61)	(5.51)
Present value of defined benefit obligation as at year end	**80.28**	**66.46**	**55.01**

(ii) Changes in fair value of plan assets

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Fair Value of Plan Assets as at year beginning	54.70	46.36	38.85
Remeasurements (gains)/losses			
'-Return on plan assets, (excluding amount included in net Interest expense)	4.20	3.29	1.63
-Fund Management Charges	-	-	-
Employer's Contribution	11.77	8.65	11.41
Benefits Paid	(6.16)	(3.61)	(5.51)
Fair Value of Plan Assets as at year end	**64.52**	**54.69**	**46.36**

-

(iii) Net employee benefit expense recognised in the statement of profit and loss:
Expense recognised in the Statement of Profit or Loss:

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Current Service Cost	18.03	15.52	11.71
Net Interest Cost/(Income)	0.84	0.59	0.73
Net Cost/(Gain) Recognised in the Statement of Profit and Loss	**18.87**	**16.11**	**12.44**

Expense recognised in the Other Comprehensive Income:

	Consolidated		Standalone
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Remeasurements (gains)/losses	(2.83)	(4.20)	(4.16)
Actuarial (gain) /Loss for the year on asset	(0.28)	(0.14)	1.01
Net Cost Recognised in the Other comprehensive income (OCI)	**(3.11)**	**(4.35)**	**(3.15)**

(iv) Details of provision for gratuity recognised in the Balance sheet:

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Amounts Recognised in the Balance Sheet			
Present value of defined benefit obligation at the year end	80.28	66.46	55.01
Fair Value of the Plan Assets at the year end	(64.52)	(54.70)	(46.37)
Liability/(Asset) Recognised in the Balance Sheet	**15.76**	**11.76**	**8.65**

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(v) A quantitative sensitivity analysis for significant assumption is as shown below

	Consolidated		Standalone
a) Impact of change in discount rate	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Present Value of obligation at the end of the year	80.28	66.46	55.01
a) Impact due to increase of 0.5%	(4.39)	(3.59)	(3.01)
b) Impact due to decrease of 0.5%	4.82	3.94	3.32
b) Impact of change in Salary increase	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Present Value of obligation at the end of the year	80.28	66.46	55.01
a) Impact due to increase of 0.5%	4.66	3.82	3.19
b) Impact due to decrease of 0.5%	(4.29)	(3.51)	(2.95)

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 period. 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 period

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
a) Service cost	23.16	19.97	17.17
b) Net interest cost	1.16	0.84	0.59
c) Expected expense for the next annual reporting period	24.31	20.80	17.76

(ix) Significant Actuarial Assumptions

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Discount Rate	7.36%	7.18%	6.79%
Number of Employees	2909	2,639	2,309
Maximum Gratuity amount limit	2 million	2 million	2 million
Mortality Rate	100% of IALM(2012-14)	100% of IALM(2012-14)	100% of IALM(2012-14)
Future Salary Increase (%)	7.00%	7.00%	7.00%
Retirement Age (Years)	58	58	58
Attrition at Ages	-		
Up to 30 Years	5.00%	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%	3.00%
Above 44 years	2.00%	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.

(x) Major category of Plan Assets of the fair value of the total plan assets are as follows:-

	Consolidated		Standalone
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
Funds managed by Insurer	100%	100%	100%
Total	**100%**	**100%**	**100%**

(ix) Maturity profile of Defined benefit obligation	Consolidated		Standalone
Year	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2021**
0 to 1 years	10.71	10.04	8.75
1 to 2 years	2.03	2.37	1.83
2 to 3 years	2.90	1.83	1.94
3 to 4 years	2.21	2.33	1.54
4 to 5 years	3.23	1.75	1.84
5 to 6 years	3.31	2.53	1.54
6 years and beyond	55.88	45.61	37.57
Total	**80.28**	**66.46**	**55.01**

The average duration of the defined benefit plan obligation at the end of reporting period is 15.94 years (March 31, 2022 : 15.97 years, March 31, 2021 : 16.00 years)

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34. Detail of expenditure incurred on Corporate Social Responsibilities

	Consolidated		**Standalone**
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
a) Gross amount required to be spent by the company during the year	27.16	24.49	23.36
b) Amount approved by the Board during the year	30.00	27.00	23.36

b) Amount spent during the year:	**Consolidated**		**Standalone**
Particulars	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Construction / acquisition of any asset	7.81	5.43	10.38
On purpose other than above (i) above	13.64	26.59	4.06
Total amount spent during the year	**21.45**	**32.02**	**14.44**

Amount spent during the year ending on March 31, 2023 (Consolidated):	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	7.81	5.70	**13.51**
ii) On purposes other than (i) above	13.64	-	**13.64**
Total	**21.45**	**5.70**	**27.15**

Amount spent during the year ending on March 31, 2022 (Consolidated):	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	5.43	-	**5.43**
ii) On purposes other than (i) above	26.59	-	**26.59**
Total	**32.02**	**-**	**32.02**

Amount spent during the year ending on March 31, 2021 (Standalone):	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	10.38	5.43	**15.81**
ii) On purposes other than (i) above	4.06	-	**4.06**
Total	**14.44**	**5.43**	**19.87**

	Consolidated		**Standalone**
In case of S. 135(6) (Ongoing project)	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Opening Balance			
- With Company	-	-	-
- In Separate CSR Unspent A/c	4.15	9.50	-
Amount required to be spent	13.51	-	19.30
Amount spent during the year	-	-	-
-From Company's bank A/c	7.81	0.08	10.38
-From Separate CSR Unspent A/c	4.15	5.35	-
Closing balance	-	-	-
- With Company	-	-	8.92
- In Separate CSR Unspent A/c	-	4.15	-
Amount required to be deposited in separate bank account	5.70	-	8.92
Actual amount deposited in Unspent Account after the year end	6.00	-	9.50

	Consolidated		**Standalone**
In case of S. 135(5) (Other than ongoing project)	**For the Year ended March 31, 2023**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
Opening Balance			
Amount required to be spent during the year	13.64	24.49	4.06
Amount spent during the year	13.64	26.59	4.06
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-	-
Closing Balance	-	-	-

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35. Related party Disclosure
Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", are given below:
Related parties and relationships with whom transactions have taken place during the year:

1) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman Cum Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
iv.	Suman Garg	Whole-Time Director
v.	Narinder Singh Juneja	Whole-Time Director
vi.	Prakash Bagla	Non - executive Director (Nominee Director)
vii.	Vikas Giya	Independent Director *
viii.	Nitin Aggarwal	Non- executive Director
ix.	Satish Sekhri	Independent Director *
x.	Ravindra Pisharody (w.e.f June 16, 2022)	Independent Director *
xi.	Suresh Chander Garg (upto 24th Feb 2022)	Independent Director *
xii.	Pankaj Kumar Goyal	Chief financial officer
xiii.	Bindu Garg (w.e.f. July 12, 2022)	Company Secretary
xiv	Depesh Kumar (Upto 14 June, 2022)	Company Secretary

2) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Private Limited
ii. Happy Steels Private Limited
iii. Technomic Industries (proprietorship)
iv. Gamo Forgings Private Limited
v. Venus Industrial Corporation(partnership)
vi. Northstar Autocomp Private Limited
vii. Paritosh Kumar HUF
viii. Ashish Garg & Sons HUF

3) Other Related Parties

i. Linchpin technologies Private Ltd. (Joint Venture) (w.e.f. January 8, 2022, Upto March 31, 2023)
ii. VVDN Technologies Private Limited (Co-venturer, Linchpin technologies Pvt. Ltd.) (w.e.f. January 8, 2022, Upto March 31, 2023)

* The Independent Directors have been considered as Key Management Personnel only for above reporting as per the requirement of Ind AS 24 Related Party Disclosure.

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Annexure VII- Notes to the Restated Summary Statements
(All amount in Rs. millions, except for share data and if otherwise stated)

A) Transactions with related parties during the year:

Particulars	Key Management Personnel and their relatives			Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence		
	Consolidated	Consolidated	Standalone	Consolidated	Consolidated	Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sale of finished goods						
Happy Steels Private Limited	-	-	-	1.07	0.16	0.49
Northstar Autocomp Private Limited	-	-	-	0.81	-	-
Total	**-**	**-**	**-**	**1.88**	**0.16**	**0.49**
Sale of Scrap						
Technomec Industries	-	-	-	-	-	0.12
Total	**-**	**-**	**-**	**-**	**-**	**0.12**
Sale of Raw Material						
Happy Steels Private Limited	-	-	-	-	-	0.02
Technomec Industries	-	-	-	-	0.67	0.64
Venus Industrial Corporation	-	-	-	-	3.49	42.50
Northstar Autocomp Private Limited	-	-	-	0.03	0.20	-
Gamo Forgings Private Limited	-	-	-	-	-	0.01
Total	**-**	**-**	**-**	**0.03**	**4.36**	**43.17**
Job Work Sales						
Technomec Industries	-	-	-	0.02	0.02	0.02
Happy Steels Private Limited	-	-	-	-	0.12	-
Northstar Autocomp Private Limited	-	-		0.08	-	-
Venus Industrial Corporation	-	-	-	-	0.23	1.19
Total	**-**	**-**	**-**	**0.10**	**0.37**	**1.21**
Job Work Expenses						
Happy Steels Private Limited	-	-	-	0.19	0.41	0.18
Technomec Industries	-	-	-	6.41	7.51	7.49
Gamo Forgings Private Limited	-	-	-	-	-	0.29
Total	**-**	**-**	**-**	**6.60**	**7.92**	**7.96**
Reimbursement of expenses						
Technomec Industries	-	-	-	0.19	0.27	0.30
Total	**-**	**-**	**-**	**0.19**	**0.27**	**0.30**
Purchase of PPE						
Happy Steels Private Limited	-	-	-	3.19	-	-
Total	**-**	**-**	**-**	**3.19**	**-**	**-**
Repair work expenses						
Happy Steels Private Limited	-	-	-	-	0.01	-
Total	**-**	**-**	**-**	**-**	**0.01**	**-**
Purchase of Unquoted equity shares from Linchpin Technologies Private Limited						
VVDN Technologies Private Limited	-	-	-	-	4.12	-
Total	**-**	**-**	**-**	**-**	**4.12**	**-**
Sale of Unquoted equity shares of Linchpin Technologies Private Limited						
VVDN Technologies Private Limited	-	-	-	4.31	-	-
Total	**-**	**-**	**-**	**4.31**	**-**	**-**
Loan Taken						
Suman Garg	-	-	4.42	-	-	-
Paritosh Kumar	-	-	8.41	-	-	-
Ashish Garg	-	-	4.53	-	-	-
Megha Garg	-	-	3.20	-	-	-
Total	**-**	**-**	**20.56**	**-**	**-**	**-**

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(All amount in Rs. millions, except for share data and if otherwise stated)

A) Transactions with related parties during the year:

Particulars	Key Management Personnel and their relatives			Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence		
	Consolidated	Consolidated	Standalone	Consolidated	Consolidated	Standalone
	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Repayment of loan						
Suman Garg	-	-	13.19	-	-	-
Paritosh Kumar	-	-	22.23	-	-	-
Ashish Garg	19.00	7.50	6.52	-	-	-
Megha Garg	1.00	-	3.41	-	-	-
Total	**20.00**	**7.50**	**45.35**	**-**	**-**	**-**
Interest on Loan						
Suman Garg	-	-	0.83	-	-	-
Paritosh Kumar	-	-	1.43	-	-	-
Ashish Garg	1.17	2.28	2.54	-	-	-
Megha Garg	0.09	0.09	0.24	-	-	-
Total	**1.26**	**2.37**	**5.04**	**-**	**-**	**-**
Reimbursement of capital expenditure incurred on immovable property						
Paritosh Kumar	-	-	39.00	-	-	-
Total	**-**	**-**	**39.00**	**-**	**-**	**-**
Short term employee benefit #						
Suman Garg	6.06	4.63	5.77	-	-	-
Paritosh Kumar	20.15	16.18	20.18	-	-	-
Ashish Garg	19.67	15.85	19.77	-	-	-
Megha Garg	4.77	3.64	4.54	-	-	-
Narender Singh Juneja	5.82	4.85	4.08	-	-	-
Bindu Garg	2.85	1.19	1.79	-	-	-
Depesh Kumar	0.54	1.47	-	-	-	-
Pankaj Kumar Goyal	2.21	2.13	1.20	-	-	-
Total	**62.07**	**49.94**	**57.33**	**-**	**-**	**-**
Directors sitting fees						
Satish Sekhri	0.40	0.40	0.40	-	-	-
Nitin Aggarwal	0.03	0.05	0.06	-	-	-
Suresh Chander Garg	-	0.05	0.06	-	-	-
Ravindra Pisharody	0.30	-	-			
Vikas Giya	0.03	0.05	0.06	-	-	-
Total	**0.76**	**0.55**	**0.58**	**-**	**-**	**-**
Commission						
Satish Sekhri	-	0.60	1.10	-	-	-
Total	**-**	**0.60**	**1.10**	**-**	**-**	**-**

Balance with related Parties at year end:

S.No.	Name of Party	Nature of Balances	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
			Consolidated	Consolidated	Standalone
1	Happy Steels Private Limited	Trade payables	0.88	0.69	0.55
2	Happy Steels Private Limited	Trade receivable	1.07	-	-
3	Technomec Industries	Trade payables	0.20	0.52	0.79
4	Technomec Industries	Trade receivable	0.02	-	-
5	Gamo Forgings Private Limited	Trade payables	-	-	0.28
6	Venus Industrial Corporation	Trade receivable	-	-	34.38
7	NorthStar Autocomp Private Limited	Trade receivable	0.83	0.20	-
8	Ashish Garg	Borrowings (Current Loan)	-	19.00	26.86
9	Megha Garg	Borrowings (Current Loan)	-	1.00	1.02
10	Ashish Garg	Advance to employee	0.01	-	-
11	Paritosh Kumar Garg	Advance to employee	0.48	-	-

Expenses towards gratuity and leave encashment provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

Terms and conditions of transactions with related parties

1. The Company's principal related parties consist of its key managerial personnel. The Company's related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

2. Key Managerial Personnel are entitled to short term employment benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

3. All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

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HAPPY FORGINGS LIMITED
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36. Financial Assets & Financial Liabilities

A. Financial Assets

Particulars	Fair Value hierarchy	Consolidated				Standalone	
		As at March 31,2023		As at March 31,2022		As at March 31,2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current							
At Amortised Cost							
(iI) Other financial assets (Refer note 6)		314.96	314.96	74.67	74.67	71.67	71.67
Total Non current financial assets (a)		**314.96**	**314.96**	**74.67**	**74.67**	**71.67**	**71.67**
Financial Assets-Current							
At fair value though profit or loss							
(a) Derivative financial instruments (Refer note 6)	Level 2	-	-	7.24	7.24	3.66	3.66
At Amortised Cost							
(i) Trade receivables (Refer note 9)		3,080.61	3,080.61	2,220.36	2,220.36	1,657.69	1,657.69
(ii) Cash and cash equivalents (Refer note 10)		0.13	0.13	0.20	0.20	28.87	28.87
(iii) Bank balance other than above (Refer note 11)		3.28	3.28	14.40	14.40	248.96	248.96
(iv) Loans (Refer note 6)		2.71	2.71	1.90	1.90	1.33	1.33
(v) Other financial assets (Refer note 6)		6.75	6.75	24.07	24.07	17.90	17.90
Total Current financial assets (b)		**3,093.48**	**3,093.48**	**2,268.17**	**2,268.17**	**1,958.41**	**1,958.41**
Total financial assets (a+b)		**3,408.44**	**3,408.44**	**2,342.84**	**2,342.84**	**2,030.08**	**2,030.08**

B. Financial Liabilities

Particulars	Fair Value hierarchy	Consolidated				Standalone	
		As at March 31,2023		As at March 31,2022		As at March 31,2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-non current							
At Amortised Cost							
(i) Borrowings (Refer note 14)		581.76	581.76	740.46	740.46	299.96	299.96
Total Non Current Financial Liabilities (a)		**581.76**	**581.76**	**740.46**	**740.46**	**299.96**	**299.96**
Financial liabilities-Current							
At Amortised Cost							
(i) Borrowings (Refer note 14)		1,603.40	1,603.40	1,663.06	1,663.06	1,234.74	1,234.74
(ii) Trade payable (Refer note 17)		477.37	477.37	442.31	442.31	379.34	379.34
At fair value though profit or loss							
(iii) Derivative financial instruments (Refer note 19)	Level 2	25.67	25.67	-	-	-	-
At fair value though Other Comprehensive Income							
(iv) Derivative financial instruments (Refer note 19)	Level 2	110.26	110.26	-	-	-	-
Others							
Accrued employee liabilities (Refer note 18)		68.66	68.66	52.04	52.04	38.01	38.01
Other payables (Refer note 18)		55.27	55.27	152.82	152.82	35.28	35.28
Total Current Financial Liabilities (b)		**2,340.63**	**2,340.63**	**2,310.23**	**2,310.23**	**1,687.37**	**1,687.37**
Total Financial Liabilities (a+b)		**2,922.39**	**2,922.39**	**3,050.69**	**3,050.69**	**1,987.33**	**1,987.33**

The management assessed that the fair value of cash and cash equivalents, trade receivables, derivative instruments, trade payables and other current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during year ended March 31, 2023, March 31, 2022 and March 31, 2021

B 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).

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(All amount in Rs. millions, except for share data and if otherwise stated)

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.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports/exports and long term foreign currency borrowings. The Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the sensitivity to a reasonably possible change in 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 period 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 March 31, 2023 (Foreign Currency) (Consolidated)	As at March 31, 2023 (Rs. Value) (Consolidated)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	11,71,383	96.19	USD	5%	4.81	(4.81)
Trade Receivables	44,20,870	394.68	EURO	5%	19.73	(19.73)
Trade Receivables	4,94,000	50.17	GBP	5%	2.51	(2.51)
Capital Creditors	27,940	2.49	EURO	5%	(0.12)	0.12
Capital Creditors	10,000	0.82	USD	5%	(0.04)	0.04
Borrowings	64,94,269	579.78	EURO	5%	(28.99)	28.99

Particulars	As at March 31, 2022 (Foreign Currency) (Consolidated)	As at March 31, 2022 (Rs. Value) (Consolidated)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	7,91,420	60.07	USD	5%	3.00	(3.00)
Trade Receivables	28,49,635	237.89	EURO	5%	11.89	(11.89)
Trade Payable	2,618	0.20	USD	5%	(0.01)	0.01
Capital Creditors	8,22,000	68.62	EURO	5%	(3.43)	3.43
Capital Creditors	2,23,000	22.25	GBP	5%	(1.11)	1.11
Capital Creditors	2,000	0.13	USD	5%	(0.01)	0.01
Borrowings	58,14,000	485.36	EURO	5%	(24.27)	24.27

Particulars	As at March 31, 2021 (Foreign Currency) (Standalone)	As at March 31, 2021 (Rs. Value) (Standalone)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	2,89,817	21.19	USD	5%	1.06	(1.06)
Trade Receivables	11,62,642	99.73	EURO	5%	4.99	(4.99)

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:

		As at March 31,2023		As at March 31,2022		As at March 31,2021	
		Consolidated		Consolidated		Standalone	
Particulars	**Currency**	**Foreign Currency**	**Rs.**	**Foreign Currency**	**Rs.**	**Foreign Currency**	**Rs.**
Receivables (Forwards contracts sell)	USD	10,88,000	89.35	12,00,000	91.08	15,00,000	137.77
Receivables (Forwards contracts sell)*	EURO	2,47,50,000	2,209.68	9,00,000	75.80	-	-

* Forward Contracts are against long term contracts with the customers which are booked upto Dec 2026

Summary of exchange difference accounted in Statement of profit and loss:

Currency fluctuations	For the Year ended March 31,2023	For the Year ended March 31,2022	For the Year ended March 31,2022
	Consoildated	Consoildated	Standalone
Net foreign exchange (gain) shown as operating expenses	(45.46)	(44.55)	(9.82)
Net foreign exchange losses shown as operating expenses	-	-	
Net foreign exchange(gain)/losses shown as operating expenses	**(45.46)**	**(44.55)**	**(9.82)**

The following exchange rates have been applied as at end of the year.

	Year end spot rate		
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consoildated	Consoildated	Standalone
USD	82.11	75.90	73.11
EUR	89.27	84.22	85.78
GBP	101.56	99.75	-

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(All amount in Rs. millions, except for share data and if 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 manangement at the end of reporting period are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consoildated	Consoildated	Standalone
Fixed Rate borrowings	-	-	
Floating Rate borrowings (Refer Note 14)	2,185.16	2,403.52	1,534.70

Interest rate sensitivity analysis

A reasonably possible change of 0.50% in interest rates at the reporting date would have affected the profit or loan 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 was outstanding for the whole year.

Particulars	Profit/(Loss) before tax	
	Strengthening	Weakening
For the year ended March 31, 2023 (Consolidated)		
Interest rate (0.5% Movement)	(10.93)	10.93
For the year ended March 31, 2022 (Consolidated)		
Interest rate (0.5% Movement)	(12.02)	12.02
For the year ended March 31, 2021 (Standalone)		
Interest rate (0.5% Movement)	(7.67)	7.67

(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 fair value was NiL (March 31, 2022 Rs. 4.12 millions) (March 31, 2021 : Nil).

B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions are taken.
Any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The movement in allowance for impairment in repspect of trade receivables is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consolidated	Consolidated	Standalone
Balance at the beginning of the year	14.88	14.30	16.40
Provision created during the year	-	0.58	0
Provision utilised/(reversed) during the year	(0.73)	-	(2.10)
Balance at the end of the year	14.15	14.88	14.30

The movement in the allowance for bad and doubtful other assets is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consolidated	Consolidated	Standalone
Balance at the beginning of the year	49.99	50.76	-
Provision created during the year	2.57	-	50.76
Provision utilised/(reversed) during the year	-	(0.77)	-
Balance at the end of the year	52.56	49.99	50.76

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 periodic 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 31 March 2023, the Company has available Rs. 3,972.14 millions (March 31, 2022: Rs. 2,863.31 millions, March 31, 2021 : Rs 3,144.61 millions) in form of undrawn committed borrowing limits.

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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 March 31, 2023 (Consolidated)				
Borrowings*	1,662.74	648.93	-	2,311.67
Other financial liabilities (Refer note 18)	219.44	40.43	-	259.87
Trade Payable (Refer note 17)	477.37	-	-	477.37
	2,359.55	**689.36**	**-**	**3,048.91**
As at March 31, 2022 (Consolidated)				
Borrowings*	1,721.99	832.54	-	2,554.53
Other financial liabilities (Refer note 18)	204.86	-	-	204.86
Trade Payable (Refer note 17)	442.31	-	-	442.31
	2,369.16	**832.54**	**-**	**3,201.70**
As at March 31, 2021 (Standalone)				
Borrowings*	1,260.98	349.54	-	1,610.52
Other financial liabilities (Refer note 18)	73.29	-	-	73.29
Trade Payable (Refer note 17)	379.34	-	-	379.34
	1,713.61	**349.54**	**-**	**2,063.15**

* includes future interest obligation

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38. Capital Risk Management

For the purpose of the Company's capital management, capital includes issued equity capital, security premium and all other equity, security premium 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 March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consolidated	**Consolidated**	**Standalone**
Borrowings (Refer note 14)	2,185.16	2,403.52	1,534.70
Less: Cash & cash equivalents (Refer note 10)	(0.13)	(0.20)	(28.87)
Less: Other bank balance (Refer note 11)	(3.28)	(14.40)	(248.96)
Net debt	**2,181.75**	**2,388.92**	**1,256.87**
Total capital	9,883.07	7,876.24	6,451.59
Capital and net debt	**12,064.82**	**10,265.16**	**7,708.46**
Gearing ratio	18.08%	23.27%	16.31%

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. Breaches 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 years ended March 31, 2023, March 31, 2022 and March 31, 2021.

39. Recognition of Government Grants

a) Under Invest Punjab scheme, the Company is eligible for various incentives like 100% exemption of electricity duty and Infrastructure development fund and Net State Goods and Service Tax (SGST) Incentive calculated based on GST deposited and applicable GST Rate, 100% exemption/refund of stamp duty and change of Land use (CLU) fees and 50% exemption of property tax.
During the current year the Company has recognised government grant in relation to exemption of electricity duty and Infrastructure development fund amounting to Rs. 34.32 millions (March 31, 2022: Rs. 31.49 millions, March 31, 2021: Rs 55.62 millions). The grant amount is netted from the Power & fuel Expenses under other expenses. As on March 31, 2023, Rs. 1.56 millions (March 31, 2022: Rs. 15.93 millions, March 31, 2021: Rs 55.62 millions) of grant amount is receivable under this scheme.

Also, during the current year, the Company has recognised government grant in relation to refund of eligible Net SGST Incentive calculated based on GST paid on eligible sales amounting to Rs. 323.57 millions (March 31, 2022: Nil, March 31, 2021: Nil) under other operating revenue. This amount includes grant related to earlier years sales amounting to Rs. 138.45millions which was not recognised earlier as the Company did not have reasonable assurance for its ultimate realisation at that point. As on March 31, 2023, Rs. 224.41 millions of grant amount is receivable under this scheme.

b) The Company has recognised export incentives under the Duty drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme (RoDTEP) aggregating to Rs. 32.36 millions (March 31, 2022: Rs. 19.47 millions, March 31, 2021: 16.75 millions). The amount of incentive recoganised has been disclosed as other operating revenue.

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40. Hedging actvities and derivatives

a) Derivatives not designated as hedging instruments
The Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for periods 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 March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Consolidated	Consolidated	Standalone	Consolidated	Consolidated	Standalone
a) Fair value of foreign currency forward exchange	-	-	-	110.26	-	-

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 March 31, 2023 were assessed to be highly effective and unrealised loss of Rs. 110.26 millions (March 31, 2022: Nil, March 31, 2021 : Nil), with a deferred tax asset of Rs. 27.75 millions (March 31, 2022 : Nil, March 31, 2021 : Nil) 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 March 31, 2023 contracts:

	Maturity									
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	36 to 42 months	42 to 48 months	Total
As at March 31, 2023 (Con										
Foreign exchange derivative contracts (highly probable forecast sales)										
Notional amount (in EURO)	-	-	27,50,000	33,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	2,09,50,000
Average forward rate (EURO/Rs.)	-	-	86.48	87.98	89.74	91.70	93.80	96.00	97.72	91.59

The impact of the hedging instruments on the balance sheet is as follows:

	Notional Amount (EURO)	Carrying Amount (Rs.)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
As at March 31, 2023 (Consolidated)				
Foreign exchange derivative contracts(in EURO) of exports	2,09,50,000	110.26	Other current financial liabilities	110.26

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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 March 31, 2023 (Consolidated)					
Highly probable forecast sales	(123.29)	-	-	13.03	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 31 March 2021 (Standalone)	-	-	-
As at 31 March 2022 (Consolidated)	-	-	-
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(123.29)	(31.03)	(92.26)
Amount reclassified to profit or loss	13.03	3.28	9.75
As at 31 March 2023 (Consolidated)	**(110.26)**	**(27.75)**	**(82.51)**

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Note 41: Ratio Analysis and its elements

Ratio	**Numerator**	**Denominator**	**As at March 31, 2023**	**As at March 31, 2022**	**% Change**	**Reason for variance**
			Consolidated	**Consolidated**		
Current Ratio	Current Assets	Current Liabilities	1.91	1.73	10%	Not Applicable
Debt Equity Ratio	Total Debt	Shareholder's equity	0.22	0.31	-28%	Improvement is due to Increase in profits and reduction in
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes+non cash operating expenses	Debt service= Interest & lease payments+ principal repayments	14.37	19.14	-25%	Due to increased loan instalment and Interest cost
Return on Equity Ratio	Net profit after taxes-preference dividend	Average shareholder's equity	23.50%	19.86%	18%	Not Applicable
Inventory Turnover Ratio	Cost of goods sold	Average inventory	3.12	2.54	23%	Not Applicable
Trade Receivable Turnover Ratio	Net credit sale=Gross credit sales-sales return	Average trade receivable	4.38	4.43	-1%	Not Applicable
Trade Payable Turnover Ratio	Net credit purchases=Gross credit purchases-purchase return	Average trade payable	13.78	12.90	7%	Not Applicable
Net Capital Turnover Ratio	Net Sales= Total sales-sales return	Working Capital=current assets-current liabilities	4.99	4.77	4%	Not Applicable
Net Profit Ratio	Net Profit	Revenue from Operation	17.44%	16.54%	5%	Not Applicable
Return on Capital Employed	Earning before interest and taxes	Capital Employed=Total Equity + Total Debt	24.24%	19.38%	25%	Increase in revenue with optimisation sales mix alongwith increased scale of operation and optimum capacity utilisation
Return on investment	Interest(Finance income)	Investment	9.00%	Nil	100%	Investment sold during the current year.

Ratio	**Numerator**	**Denominator**	**As at March 31, 2022**	**As at March 31, 2021**	**% Change**	**Reason for variance**
			Consolidated	**Standalone**		
Current Ratio	Current Assets	Current Liabilities	1.73	1.86	-7%	Not Applicable
Debt Equity Ratio	Total Debt	Shareholder's equity	0.31	0.24	28%	During the current year, the Company has availed the additional Working capital limits and term loans which is in line with increase in Inventory/Book debt level and capex expansion programme of the Company, as a result of which debt equity ratio has declined.
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes+non cash operating expenses	Debt service= Interest & lease payments+ principal repayments	19.14	9.93	93%	Improvement in the ratio is due to increase is operating margin with increase in revenue
Return on Equity Ratio	Net profit after taxes-preference dividend	Average shareholder's equity	19.86%	14.36%	38%	During the current year, profits of the Company has increased due to increase in revenue resulting in increase in contribution, as a result of which the Return on Equity ratio has improved.
Inventory Turnover Ratio	Cost of goods sold	Average inventory	2.54	2.55	0%	Not Applicable
Trade Receivable Turnover Ratio	Net credit sale=Gross credit sales-sales return	Average trade receivable	4.43	3.84	15%	Not Applicable
Trade Payable Turnover Ratio	Net credit purchases=Gross credit purchases-purchase return	Average trade payable	12.90	9.50	36%	During the current year, due to growth in turnover, there is increase in purchase of RM however the Company is regular in payment to vendors. Accordingly, there is no significant change in balance of Trade payables even with the higher purchases volume as a result of which Trade Payable ratio has improved.
Net Capital Turnover Ratio	Net Sales= Total sales-sales return	Working Capital=current assets-current liabilities	4.77	3.74	28%	With the efficient working capital management, working capital has not been increased in proportion to sales.
Net Profit Ratio	Net Profit	Revenue from Operation	16.54%	14.78%	12%	Not Applicable
Return on Capital Employed	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	19.38%	16.13%	20%	Not Applicable
Return on investment	Interest(Finance income)	Investment	Nil	Nil	-	Not Applicable

(All amount in Rs. millions, except for share data and if otherwise stated)

42. Reconciliation of movement of liabilities to cash flows arising from financing activities

Financing activities

Borrowings

Particulars	Opening balance April 01, 2022 (Consolidated)	Expense	Cash flows	Non-cash transactions			Closing balance March 31, 2023 (Consolidated)
				Processing cost	Fair value changes	Others	
Non Current borrowings (including current maturity)	787.13	-	21.51	-	33.12	-	841.76
Short term borrowing	1,616.39	-	(272.99)	-	-	-	1,343.39
Interest Expense	9.14	124.75	(118.62)				15.27
Total Liabilities from financing activities	**2,412.66**	**124.75**	**(370.10)**	**-**	**33.12**	**-**	**2,200.42**

Particulars	Opening balance April 01, 2021 (Standalone)	Expense	Cash flows	Non-cash transactions			Closing Balance March 31, 2022 (Consolidated)
				Processing cost	Fair value changes	Others	
Non Current borrowings (including current maturity)	336.48	-	476.45	-	(25.80)	-	787.13
Short term borrowing	1,198.22	-	418.17	-	-	-	1,616.39
Expense Incurred on increase in authorized share capital	-	1.50	(1.50)	-	-	-	-
Interest Expense	5.47	71.59	(67.91)				9.15
Total Liabilities from financing activities	**1,540.17**	**73.09**	**825.21**	**-**	**(25.80)**	**-**	**2,412.67**

Particulars	Opening balance April 01, 2020 (Standalone)	Expense	Cash flows	Non-cash transactions			Closing Balance March 31, 2021 (Standalone)
				Processing cost	Fair value changes	Others	
Non Current borrowings (including current maturity)	628.87	-	(292.39)	-		-	336.48
Short term borrowing	555.14	-	643.08	-	-	-	1,198.22
Interest Expense	141.60	117.84	(253.97)				5.47
Total Liabilities from financing activities	**1,325.61**	**117.84**	**96.72**	**-**	**-**	**-**	**1,540.17**

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(All amount in Rs. millions, except for share data and if otherwise stated)

43. Investment in Joint Venture

a) The Company has made following investment in Joint Venture Company during the FY 2021-22 and has shareholding as at March 31, 2023 and March 31, 2022 as follows:

Name of the Company	Principal activities	Country of incorporation	% equity interest	% equity interest
			As at March 31, 2023	As at March 31, 2022
Linchpin Technologies Private Limited	Consultancy	India	-	33.33%

The Company has acquired 33.33% interest in Linchpin Technologies Private Limited on January 8, 2022, a joint venture involved in the consultancy services in India. The company interest in Linchpin Technologies Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets, including cash and cash equivalents Rs. 2.40 millions	-	3.42
Non-current assets	-	9.85
Current liabilities including tax payable Rs. 0.20 millions	-	(0.22)
Equity	-	**13.05**
Proportion of the Parent Company's ownership	-	33.33%
Carrying amount of the investment	-	`

Summarised statement of profit and loss of the Linchpin Technologies Private Limited

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue	0.57	0.84
Other expense	(0.31)	(0.08)
Profit/(loss) before tax	**0.26**	**0.76**
Income tax (expense)/credit	(0.12)	(0.20)
Profit/(loss) for the year	**0.14**	**0.56**
Total comprehensive income/(loss) for the year	**0.14**	**0.56**
The Parent Company's share of profit/(loss) for the year#	**0.05**	**0.05**

During the year ended March 31, 2022, the Company has acquired 33.33% shares in Linchpin Technologies Private Limited on 08 January 2022.The Company's share in the year's profit of the joint venture partner has accordingly been prorated for the post acquistion % share of Company. During the year ended March 31, 2023, the investment in Joint venture has been sold by the Company.

The joint venture has contingent liabilities or capital commitments worth Nil outstanding as at March 31, 2023 (March 31, 2022: Nil).

44. Additional information under general instructions for the preparation of consolidated financial statements of Schedule III to the Companies Act, 2013

S.No.	Country of Incorporation	Percentage holding as at March 31, 2023	Net Assets, i.e. total assets minus liabilities as at		Share in profit and loss		Share in other Comprehensive income		Share in total comprehensive income	
			As at March 31, 2023		For the year ended March 31, 2023					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Parent Company										
Happy Forgings Limited	India	NA	100.00%	9,883.07	100.00%	2,086.96	100.00%	(80.18)	100.00%	2,006.78
Joint Venture										
Linchpin Technologies Private Limited	India	33.33%	-	-	0.00%	0.05	-	-	0.00%	0.05
Total				**9,883.07**		**2,087.01**		**(80.18)**		**2,006.83**

S.No.	Country of Incorporation	Percentage holding as at March 31, 2022	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 March 31, 2022		For the year ended March 31, 2022					
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Parent Company										
Happy Forgings Limited	India	NA	100.00%	7,876.24	100.00%	1,422.84	100.00%	3.26	100.00%	1,426.10
Joint Venture										
Linchpin Technologies Private Limited	India	33.33%	-	-	0.00%	0.05	-	-	0.00%	0.05
Total				**7,876.24**		**1,422.89**		**3.26**		**1,426.15**

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45. 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 period,

(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

(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.

46. Employee Stock Option Scheme

The Company has an Employee Stock Option (ESOP) Scheme which was passed by the Board of directors in their meeting held on February 12, 2022 and approved by the shareholders in their meeting held on February 14, 2022. As on March 31, 2023, no shares were granted under this scheme.

Subsequent to the year end, the Company has approved a new ESOP scheme which was passed by the Board of Directors in their meeting held on July 31, 2023.

47. Events after reporting date:

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting. Refer note 13 for details. There are no other events occurred after the reporting period which may impact the financial position as on March 31, 2023.

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: August 8, 2023

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
Place: Ludhiana
Date: August 8, 2023

(Bindu Garg)
Company Secretary
Membership No. 6997

OTHER FINANCIAL INFORMATION

Accounting ratios derived from the Restated Financial Information

The accounting ratios derived from Restated Financial Information required to be disclosed under the SEBI ICDR Regulations are set forth below. The table below should be read in conjunction with the sections titled "*Risk Factors*", "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 355, 280 and 357, respectively:

Particulars	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
	Consolidated	Consolidated	Standalone
Earnings per share (basic)[1] (in ₹)	23.32	15.90	9.66
Earnings per share (diluted)[2] (in ₹)	23.32	15.90	9.66
Return on net worth[3] (%)	21.12%	18.07%	13.40%
Net asset value per Equity Share (in ₹)[4]	110.43	88.00	72.09
EBITDA[5] (in ₹ million)	3,409.40	2,308.87	1,587.46

***Notes**:*

1. *Basic EPS (₹) = Basic earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.*
2. *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the net restated profit for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year.*
3. *Return on net worth is calculated as restated profit for the year divided by total equity.*
4. *Net asset value per equity share is calculated as total equity divided by weighted average number of equity shares.*
5. *EBITDA is calculated as profit for the year minus other income and share of net profit of joint venture plus finance costs, depreciation and amortisation, total income tax expenses.*

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company as at and for Fiscals 2023, 2022 and 2021 (collectively, the "**Audited Standalone Financial Statements**") are available on our website at https://happyforgingsltd.com/investors.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Standalone Financial Statements and reports thereon do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere.

The Audited Standalone Financial Statements and reports thereon should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company or any entity in which our Shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the entities specified above, nor any of their advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Standalone Financial Statements, or the opinions expressed therein.

Reconciliation of non-GAAP measures

Reconciliation for the following non-GAAP financial measures included in this section, is set out below:

Reconciliation of Restated Profit for the Year to EBITDA and EBITDA Margin

The table below reconciles restated profit for the year to EBITDA. EBITDA is calculated as profit for the year minus other income and share of profits from joint venture plus finance costs, depreciation and amortisation and total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(₹ million, unless otherwise stated)

Particulars	**Fiscal**		
	2023	**2022**	**2021**
	Consolidated	**Consolidated**	**Standalone**
Restated profit for the year (I)	2,087.01	1,422.89	864.48
Other income (II)	57.41	60.59	58.55
Finance costs (III)	124.75	71.59	117.84
Depreciation and amortization expense (IV)	541.82	377.40	357.56
Total income tax expense (V)	713.28	497.63	306.13
Share of net profit of joint venture (VI)	0.05	0.05	-
EBITDA (VII = I-II+III+IV+V-VI)	**3,409.40**	**2,308.87**	**1,587.46**
Revenue from operations (VIII)	11,965.30	8,600.46	5,849.58
EBITDA Margin (%) (IX) = (VII/VIII)	28.49%	26.85%	27.14%

Reconciliation of total equity to net asset value per equity share

The table below reconciles total equity to net asset value per equity share. Net asset value per equity share is calculated as total equity divided by weighted average number of equity shares.

Particulars	**As at**		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**
Total equity (I) (₹ million)	9,883.07	7,876.24	6,451.59
Weighted average number of equity shares (II)	8,94,99,000	8,94,99,000	8,94,99,000
Net Asset Value per equity share (III) = (I/II) (₹ per share)	110.43	88.00	72.09

Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 'Related Party Disclosures' for Fiscals 2023, 2022 and 2021, read with the SEBI ICDR Regulations, and as reported in the Restated Financial Information, see "*Restated Financial Information – 35. Related party Disclosure* on page 340.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as of March 31, 2023, derived from our Restated Financial Information:

(in ₹ million, except otherwise stated)

Particulars	Pre-Offer as at March 31, 2023	As adjusted for the Offer*
Borrowings		
Non-current borrowings (including current maturities) (I)	841.76	[●]
Current borrowings (excluding current maturities of non-current borrowings) (II)	1,343.40	[●]
Total borrowings (III = I + II)	**2,185.16**	**[●]**
Equity		
Equity share capital (IV)	179.00	[●]
Other equity (V)	9,704.07	[●]
Total equity (VI = IV + V)	**9,883.07**	**[●]**
Non-current borrowings (including current maturities) / total equity (VII = I / VI)	**0.09**	**[●]**
Total borrowings / total equity (VIII = III / VI)	**0.22**	**[●]**

* *The corresponding post Offer capitalization data is not determinable at this stage pending the completion of the Book Building Process and hence has not been furnished. To be updated upon finalization of the Offer Price.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscal 2021, 2022 and 2023 and should be read in conjunction with "Restated Financial Information" on page 280.

This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 25. Also see "Risk Factors" and "– Significant Factors Affecting our Results of Operations and Financial Condition" on pages 35 and 361, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2021, 2022 and 2023 included herein is derived from the Restated Financial Information, included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Information" on page 280. In this section, we have compared our consolidated financial information as of and for the year ended March 31, 2022 and March 31, 2023 and our standalone financial information as of and for the year ended March 31, 2021 and these periods are not comparable to each other.

Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Also see "Risk Factors — Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition" on page 64.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Report on Global and Indian Forging and Machining Markets" dated August 8, 2023 (the "**Ricardo Report**") prepared and issued by Ricardo India Private Limited, appointed by us pursuant to an engagement letter dated May 16, 2023 and exclusively commissioned and paid for by us to enable the investors to understand the industry in which we operate in connection with the Offer. The data included herein includes excerpts from the Ricardo Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the Ricardo Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. A copy of the Ricardo Report is available on the website of our Company https://happyforgingsltd.com/investors. For further information, see "Risk Factors – Other internal risks – Certain sections of this Draft Red Herring Prospectus disclose information from the Ricardo Report which is a paid report and commissioned and paid for by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks" on page 58. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation –Industry and Market Data" on page 21.*

OVERVIEW

We are the fourth largest engineering led manufacturer of complex and safety critical, heavy forged and high precision machined components in India as of Fiscal 2023 in terms of forgings capacity (*Source: Ricardo Report*). We, through our vertically integrated operations, are engaged in engineering, process design, testing, manufacturing, and supply of a variety of components that are both margin accretive and value-additive. We primarily cater to domestic and global original equipment manufacturers ("**OEMs**") manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, we cater to manufacturers of farm equipment, off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.

With over 40 years of experience of manufacturing and supplying quality and complex components according to customers specifications, we have emerged as a leading player in the domestic crankshaft manufacturing industry with the second largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India (*Source: Ricardo Report*). Our focus on producing margin accretive value-added products has led to our transition from being a forging led business to a machined components manufacturer. Our revenue from sale of machined products has increased from ₹3,992.02 million in Fiscal 2021 (representing 72.88% of our revenue from sale of products in such Fiscal) to ₹8,392.33 million in Fiscal 2023 (representing 78.66% of our revenue from sale of products in such Fiscal), at a CAGR of 44.99% which demonstrates our increased focus on machined products. Our strength in machining and overall value addition to products has enabled us to achieve the highest EBITDA margin among our peers (*refer to "Our Business – Competition" on page 241 for details of our peers*) in the last two Fiscals (i.e., Fiscal 2022 and 2023) (*Source: Ricardo Report*). We recorded an increase in our revenue from operations by 104.55% from ₹5,849.58 million in Fiscal 2021 to ₹11,965.30 million in Fiscal 2023. Our continued endeavour to increase value addition through focus on products with higher machining intensity, has enabled us to increase our realisation and in Fiscal 2023, 2022 and 2021, our EBITDA margin was 28.49%, 26.85% and 27.14%, respectively.

We manufacture a wide range of heavy forged and machined products which include crankshafts, front axle beams, steering knuckles, differential cases, transmission parts, pinion shafts, suspension products and valve bodies across industries for a diversified base of customers.

We are among the few companies in India with the capability to manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries (*Source: Ricardo Report*). The following table sets forth below the revenue from sale of products to automotive and non-automotive sectors for the years indicated:

Sector	Fiscal 2023 Consolidated		Fiscal 2022 Consolidated		Fiscal 2021 Standalone		CAGR (Fiscal 2021 to Fiscal 2023)
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	
Automotive Sector[(1)]	4,656.76	43.65%	3,355.58	42.72%	2,054.10	37.50%	50.57%
Non Automotive	6,012.73	56.35%	4,500.07	57.28%	3,423.30	62.50%	32.53%

Sector	Fiscal 2023 Consolidated		Fiscal 2022 Consolidated		Fiscal 2021 Standalone		CAGR (Fiscal 2021 to Fiscal 2023)
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	
Sector[(2)]							
Revenue from the Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**	**39.57%**

(1) *Sale of products to manufacturers of commercial vehicles.*

(2) *Sale of products to manufacturers of farm equipment and off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries.*

We believe that the critical application of our products, along with their heavy weight, closed tolerance and stringent quality requirements of OEMs serve as entry barriers for new players to qualify as suppliers or in their ability to replace us in supplying precision products we manufacture (*Source: Ricardo Report*). Further, we believe that our focus on the high HP engine segment insulates us from any potential EV disruption as hydrogen, compressed natural gas ("**CNG**") and liquified natural gas ("**LNG**") combustion engine technologies are expected to become prominent alternate powertrain technologies in this segment and crankshaft as a product is compatible to such combustion engines with minimal or no alterations (*Source: Ricardo Report*).

We are a supplier to each of the top five Indian OEMs, by market share, in the medium and heavy commercial vehicle industry and four of the top five Indian OEMs in the farm equipment industry by market share, in Fiscal 2023 (*Source: Ricardo Report*). We believe that our long-standing relationships with our customers has positioned us as a trusted supplier for several Indian and global OEMs. Some of our customers include AAM India Manufacturing Corporation Private Limited, Ashok Leyland Limited, Bonfiglioli Transmissions Private Limited, Dana India, JCB India Limited, Mahindra & Mahindra Limited, SML ISUZU Limited, Swaraj Engines Limited, Tata Cummins Private Limited, Watson & Chalin India Private Limited (Hendrickson India Commercial Vehicle Systems) and Yanmar Engine Manufacturing India Private Limited. As of March 31, 2023, 2022 and 2021, our customers who have been associated with us for more than 10 years contributed 75.98%, 79.38% and 80.67% to our revenues from sale of products in Fiscal 2023, 2022 and 2021, respectively which indicates the depth of our relationships with them. As of March 31, 2023, we served customers across nine countries including Brazil, Italy, Japan, Spain, Sweden, Thailand, Turkey, the United Kingdom and the United States of America. In Fiscal 2023, 2022 and 2021, our revenue from contract with customers outside India was ₹1,383.51 million, ₹868.14 million and ₹481.05 million, representing 12.89%, 10.94% and 8.77% of our total revenue from contract with customers during such Fiscals, respectively. We have received numerous certificates and awards over the years, including the certificate of appreciation under the strategic theme "*Business Excellence Process/ Digitalisation*" in 2023 from Escorts Kubota Limited, "*Outstanding Contribution in Overall Performance Excellence*" award in 2017 from VE Commercial Vehicles Limited, a joint venture of the Volvo Group and Eicher Motors, "*Overall Excellence in Cost Delivery and Quality*" award at Partners Meet 2016 organised by Escorts Kubota Limited, "*Proactive Cost Competitiveness*" award for the year 2015-16 at Supplier Summit 2016 organised by Ashok Leyland and the "*Best Supplier (Forging)*" from a gear manufacturer in 2015.

We are dedicated to continuously investing in machinery and equipment to expand our forging and machining capacity to seize opportunities for growth in the market. As of March 31, 2023, we are only the second company in India to have a 14,000 tonne forging press or higher forging press and are among the four companies in India that possess a 8,000 tonne forging press or higher forging press (*Source: Ricardo Report*), allowing us to manufacture heavier and complex products with greater precision and accuracy, thereby better serving our customers. We are also among the few players in the Indian forging industry that have a forging capacity of about 107,000 MT as of March 31, 2023 (*Source: Ricardo Report*). In Fiscal 2023, 2022 and 2021, our additions to our cost of property, plant and equipment were ₹2,777.96 million, ₹775.90 million and ₹1,760.39 million, respectively. Around 39.13% of our gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development), as of March 31, 2023, was a result of our capital expenditure made between Fiscal 2022 and Fiscal 2023. We believe that our experience of strategically adding capacity coupled with our commitment to capital efficiency, has resulted us in recording the highest ROCE among peers in Fiscal 2023 (*Source: Ricardo Report*). Further, the installation of our new 14,000 tonne press enables us to forge heavier and safety critical parts up to 250 kilograms using the close die forging process, which expands our capabilities to cater to different industries. We believe that the upgrades we have undertaken to our manufacturing facilities, infrastructure, machines, equipment and technology have enabled us to offer a diverse products, reduce operating costs, drive productivity and will enable us to capitalise on future growth.

As of the date of this Draft Red Herring Prospectus, we own and operate three manufacturing facilities, of which two are located at Kanganwal in Ludhiana, Punjab and one is located at Dugri in Ludhiana, Punjab. Our annual aggregate installed capacity for forging and machining has increased from 67,000.00 MT and 29,500.00 MT, respectively, as of March 31, 2021 to 107,000.00 MT and 46,100.00 MT as of March 31, 2023, respectively. For more information on the capacity of our manufacturing facilities, see "- *Installed Capacity, Average Annual Available Capacity, Actual Production and Capacity Utilisation*" on page 229. We focus on reducing waste in manufacturing processes, weight optimisation through simulation trials, value engineering and cost optimisation in machining and automation and re-layouting to increase production efficiency. We have automated certain processes in our manufacturing lines by using robots to reduce manpower costs and increase productivity. As of March 31, 2023, we had 10 robots installed across all our manufacturing facilities. Our vertically integrated manufacturing facilities are equipped to undertake a variety of processes, including engineering and designing, hammer and press forging, metallurgical testing, heat treatment, machining and dimensional testing among others, enabling us to manufacture a wide range of products weighing majorly between 3 kilograms to 250 kilograms. We believe our engineering capabilities that have evolved over last 40 years, enable us to offer quality, complex, high precision and safety critical components, allowing us to cater to a wide array of industries and bespoke customer requirements.

We have established a track of consistent revenue growth and profitability. Our revenue from operations increased from ₹5,849.58 million in Fiscal 2021 to ₹11,965.30 million in Fiscal 2023 at a CAGR of 43.02% while our restated profit for the year increased from ₹864.48 million in Fiscal 2021 to ₹2,087.01 million in Fiscal 2023 at a CAGR of 55.38%.

The following table sets forth certain financial information for our Company for the years indicated:

Particulars	As of/ For the year ended March 31,		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
Revenue from Operations (₹ million)	11,965.30	8,600.46	5,849.58
Total Income (₹ million)	12,022.71	8,661.05	5,908.13
Gross Profit (₹ million)(1)	6,454.74	4,716.55	3,333.55
Gross Margin (%)(2)	53.95%	54.84%	56.99%
EBITDA (₹ million)(3)	3,409.40	2,308.87	1,587.46
EBITDA Margin (%)(4)	28.49%	26.85%	27.14%
Restated Profit Before Tax (₹ million)	2,800.29	1,920.52	1,170.61
Restated Profit for the Year (₹ million)	2,087.01	1,422.89	864.48
PAT Margin (%)(5)	17.44%	16.54%	14.78%
Total Equity (₹ million)	9,883.07	7,876.24	6,451.59
Total Current Assets (₹ million)	4,893.40	4,249.68	3,367.86
Total Non-Current Assets (₹ million)	8,362.11	7,042.84	5,389.81
Total Assets (₹ million)	13,261.68	11,298.69	8,763.84
Return on Equity (%)(6)	21.12%	18.07%	13.40%
Return on Capital Employed (%)(7)	24.24%	19.38%	16.13%
Cash Conversion Cycle (days)(8)	167	187	184
Gross Block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) (₹ million)	9,338.64	7,980.78	5,469.17
Gross Fixed Assets Turnover Ratio (in times)(9)	1.40	1.47	1.16
Addition to Property, Plant and Equipment (₹ million)	2,777.96	775.90	1,760.39
Net Debt to EBITDA (in times)(10)	0.64	1.03	0.79

***Notes*:**

1. *Gross profit is calculated as revenue from operations minus cost of raw materials and components consumed minus (increase)/decrease in inventories of finished goods, work-in-progress and scrap.*
2. *Gross Margin is calculated as gross profit divided by revenue from operations.*

3. EBITDA is calculated as profit for the year minus other income and share of profits from joint venture plus finance costs, depreciation and amortisation and total income tax expenses.
4. EBITDA Margin is calculated as EBITDA divided by revenue from operations.
5. PAT Margin is calculated as restated profit for the year divided by revenue from operations.
6. Return on Equity is calculated as restated profit for the year divided by total equity.
7. Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs.
8. Cash conversion cycle is calculated as Inventory days plus Trade receivable days minus Trade payable days.
a. Inventory days is calculated as Average Inventory divided by Cost of Goods Sold ('COGS') multiplied by 365 days.
b. Trade receivable days is calculated as Average Trade receivables divided by revenue from operations multiplied by 365 days.
c. Trade payable days is calculated as Trade payable divided by COGS multiplied by 365 days.
9. Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment.
10. Net Debt to EBITDA is calculated as net debt divided by EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.

For reconciliation in relation to the Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, PAT Margin, Gross Fixed Asset Turnover Ratio and Net Debt to EBITDA, see "– *Non GAAP Measures*" on page 382.

Our Promoters and senior management have been instrumental in the growth of our business. Our Promoter, Chairman and Managing Director, Paritosh Kumar, founded our Company in 1979 and continues to provide strategic guidance and oversees overall performance of our Company. Our Promoter and Managing Director, Ashish Garg, holds a master's degree in science in manufacturing systems engineering from University of Warwick, United Kingdom and has over 17 years of experience in the industrial sector, and drives new investment and growth strategy besides managing day to day operations of our Company. We have been supported by investments from Motilal Oswal Alternate Investment Advisors Private Limited that also provides us with capital and strategic advice, which we believe has been critical to the growth of our business.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. However, there are some specific items that we believe have impacted our results of operations and, in some cases, will continue to impact our results. We believe that the following factors, amongst others, have, or could have an impact on these results, the manner in which we generate income and incur the expenses associated with generating this income.

Macroeconomic conditions and trends affecting the sectors which we cater

We cater primarily to domestic and global OEMs manufacturing commercial vehicles in the automotive sector, while in the non-automotive sector, we cater to manufacturers of farm equipment and off-highway vehicles and manufacturers of industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries. The tables below set out the revenues generated from various end-use industries and as a percentage of our revenue from sale of products:

End-use Industry	**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Consolidated		**Consolidated**		**Standalone**	
	Amount (₹ million)	**Percentage of Revenue from Sale of Products**	**Amount (₹ million)**	**Percentage of Revenue from Sale of Products**	**Amount (₹ million)**	**Percentage of Revenue from Sale of Products**
Automotive Sector						
Commercial Vehicles	4,656.76	43.65%	3,355.58	42.72%	2,054.10	37.50%
Non Automotive Sector						
Farm Equipment	3,925.19	36.79%	3,179.74	40.48%	2,402.91	43.87%
Off Highway Vehicles	1,692.55	15.86%	1,162.71	14.79%	910.39	16.62%
Industrial*	394.99	3.70%	157.62	2.01%	110.00	2.01%
Total Non-	6,012.73	56.35%	4,500.07	57.28%	3,423.30	**62.25%**

End-use Industry	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Standalone	
	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products	Amount (₹ million)	Percentage of Revenue from Sale of Products
Automotive Sector						
Revenue from the Sale of Products	**10,669.49**	**100.00%**	**7,855.65**	**100.00%**	**5,477.40**	**100.00%**

Includes sale of products to manufacturers of industrial machinery and equipment for oil and gas, power generation, railways and wind turbine industries.

The demand for forged and machined products depends to a large extent on general economic conditions in these industries. Some of the general macro-economic factors that may affect demand for our products include:

- industrial growth of a country or region and its impact on transportation and logistics services, which in turn impact the demand for commercial vehicles;
- agriculture growth and its impact on the agricultural activity, which in turn impact the demand for farm equipment;
- investments in infrastructure projects, such as roads and highways and its impact on the demand for off-highway vehicles;
- fluctuations in oil prices can impact operating costs for vehicles, particularly in the transportation and logistics sectors;
- changes in interest rates can impact borrowing costs for businesses and end consumers, which may affect their purchasing decisions for commercial vehicles, farm equipment and off-highway vehicles; and
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region

See "*Industry Overview*" on page 144, for a discussion of macroeconomic conditions in the global economy and Indian economy and trends affecting the demand for commercial, farm equipment and off-highway vehicles.

Further, as per the Ricardo Report, adoption of electric vehicles is growing in the two-wheeler and passenger vehicle industries. The adoption of EVs in the heavy commercial vehicle vertical has been insignificant due to factors such as high upfront costs, range limitations, and charging infrastructure availability in rural and remote areas (*Source: Ricardo Report*). Heavy-duty vehicles such as trucks, off-highway vehicles, tractors require more power and have different operating requirements than PVs, which makes it more difficult to switch to EVs (*Source: Ricardo Report*). We believe that EV penetration will have limited impact on our operations given our focus on manufacturing machined components for heavy commercial vehicles, farm equipment vehicles, off-highway vehicles and components for industries such as oil and gas, power generation, railways and wind turbine (*Source: Ricardo Report*). As per the Ricardo Report, hydrogen, LNG, and CNG combustion engines are among the most promising alternative engine technologies for the commercial vehicle industry. We believe that crankshafts will remain an important product in the heavy-duty automotive industry for the foreseeable future as the same are compatible for engines run on hydrogen, CNG and LNG with minimal or no alternations (*Source: Ricardo Report*).

Raw Material Costs, Operating Costs and Operational Efficiencies

Our business, financial condition, results of operations and prospects are significantly impacted by the prices of raw materials purchased by us, particularly prices of steel. The cost of raw materials and components consumed was ₹5,477.24 million, ₹4,358.47 million and ₹2,572.56 million in Fiscal 2023, 2022 and 2021 which represented 45.78%, 50.68% and 43.98% of our revenue from operations for the respective Fiscals. Our financial condition and results of operations are significantly impacted by the availability and costs of raw materials. Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, fuel prices and availability, power tariffs and currency exchange rates. This volatility in commodity prices can significantly affect our raw material costs. Further, our contracts with our customers generally provide for pass through of any variation in the raw material costs. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the product prices for our customers, to account for the increase in the prices of such raw materials.

Our ability to manage our operating costs and operations efficiencies is critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to increase our productivity and reduce our operating expenses. According to the Ricardo Report, among peers, we recorded the highest ROCE in Fiscal 2023 and the highest EBITDA margin in the last two Fiscals. In the past, we had undertaken certain initiatives aimed at improving operational efficiencies and optimizing our manufacturing operations such as investments in line automation and robotics to replace human workers in performing repetitive tasks, installation of solar panels, implementation of measures to reduce lead-time in our manufacturing processes such as optimizing production processes, reducing scrap and rework and improvement in our inventory management to optimize transportation costs and expedite raw materials procurement and product delivery.

Relationship with and purchasing pattern of our key customers

We have established long-standing relationships with several Indian and global customers across industries. We are among the few companies in India that manufacture and supply high precision safety critical components to leading OEMs including manufacturers of commercial vehicles, farm equipment, off-highway vehicles and industrial equipment and machinery for oil and gas, power generation, railways and wind turbine industries (*Source: Ricardo Report*). We have a diversified customer base and served 66 customers in Fiscal 2023.

We have long-standing relationships of more than 14 years with our top 10 customers (in terms of revenue from sale of products in Fiscal 2023) as of March 31, 2023. In Fiscal 2023, 2022 and 2021, revenue from sale of products from our top 10 customers was ₹8,384.81 million, ₹6,418.99 million and ₹4,634.06 million, representing 70.08%, 74.64% and 79.22% of our revenue from sale of products during such Fiscals, respectively which demonstrates our gradual reduction of our dependence on our top 10 customers.

The effect of variations in our customers' purchasing patterns is based on the forecasts from the customers, as is standard in the automotive and non-automotive sectors. Any increases or decreases in the levels of inventory and activity by our customers, in turn, are likely to have an effect on our revenues and our results of operations. Our customers, in turn, are dependent on general trends in the automotive and non-automotive sectors. See, "-*Macroeconomic conditions and trends affecting the sectors which we cater*" on page 361.

Expansion of our product portfolio

We have a track record of manufacturing complex and precision safety critical engineered products for commercial vehicles, farm equipment, off-highway vehicles and products that have industrial applications. We intend to enhance our capabilities as a manufacturer of forged and precision-machined products that have industrial applications with a particular focus on industries such as defence, power generation, oil and gas and wind turbine. In Fiscal 2023, 2022 and 2021, our revenue from sale of products to the industrial market was ₹394.99 million, ₹157.62 million, and ₹110.00 million, respectively, representing 3.70%, 2.01% and 2.01% of our revenue from sale of products during such Fiscals, respectively. Further, our customer base of the industrial market increased from 19 customers in Fiscal 2021 to 24 customers in Fiscal 2023.

The global market for machined components for industrials and others segment which includes industrial, lawn and gardens, marine, power generation and railways is expected to grow at a CAGR of approximately 4.8% by value during 2023 and 2029 to reach USD 12.7 billion by 2029. (*Source: Ricardo Report*). The global market for power generation is expected to grow at a significant rate due to the increasing demand for reliable backup power solutions in various industries such as healthcare, telecommunications, and manufacturing (*Source: Ricardo Report*). the forging and machining market in the oil and gas industry is expected to grow in the coming years (*Source: Ricardo Report*). The defence industry is a significant consumer of forging and machining components, with applications ranging from small parts used in firearms to large parts used in military vehicles and aircraft (*Source: Ricardo*

Report). We plan to utilize our engineering and product development capabilities to manufacture high-precision products for industrial applications, leveraging our newly installed 14,000 tonne press to forge heavier and complex parts weighing up to 250 kilograms. To achieve this, we seek to introduce new products, catering to the unique requirements of these industries.

Further, we intend to diversify our product portfolio by entering the market for lightweight forging and machined products. As per the Ricardo Report, the use of lightweight materials is a growing trend in various industries. The automotive industry, in particular, is driving this trend due to the increasing demand for fuel-efficient vehicles. The aerospace and defence industries are also adopting lightweight materials to improve performance and reduce costs (*Source: Ricardo Report*). This trend is likely to continue in the future as there is a growing emphasis on sustainability and energy efficiency (*Source: Ricardo Report*). By leveraging our existing capabilities, we aim to introduce aluminium forging and machining products to cater to the growing demand for lightweight materials in various industries such as automotive, aerospace, and defence.

The success of these industries and products depends on our management's ability to identify high growth potential opportunities and utilise our resources to develop these opportunities, which could have a significant impact on our results of operations.

Impact of foreign exchange fluctuation

A portion of our revenue is generated from export of our products to Brazil, Italy, Japan, Spain, Sweden, Turkey, Thailand, United Kingdom and the United States of America. As of March 31, 2023, we served customers across nine countries and in Fiscal 2023, 2022 and 2021, our revenue from contract with customers outside India was ₹1,383.51 million, ₹868.14 million and ₹481.05 million, representing 12.89%, 10.94% and 8.77% of the revenue from contract with customers during such Fiscals, respectively. Our export sales are dependent upon the general economic condition of the countries where we export our products. In addition, our export sales are also dependent upon the policies of the governments of the importing countries and any changes to the policies of these countries relating to the exports from India, or the quality, characteristics and variety of the products exported by us to such countries could impact our revenues from exports. Our business could also be impacted by any regulatory development or change in the GoI's policies on export including export duties and other forms of export restrictions.

Further, our financial statements are presented in Indian Rupees. As a result of our exports, we are exposed to foreign currency risks that arise from our business transactions that are denominated in foreign currencies. We hedge our contracts in line with our formal hedging policy and also utilise forward contracts to mitigate our foreign currency risks. The table below sets forth details of our gain on foreign exchange variation (net) as a percentage of our revenue from operations in the years indicated:

Fiscal 2023		**Fiscal 2022**		**Fiscal 2021**	
Consolidated		**Consolidated**		**Standalone**	
Gain on Foreign Exchange Variation (net) (₹ million)	**Percentage of Revenue from Operations**	**Gain on Foreign Exchange Variation (net) (₹ million)**	**Percentage of Revenue from Operations**	**Gain on Foreign Exchange Variation (net) (₹ million)**	**Percentage of Revenue from Operations**
45.46	0.38%	44.55	0.52%	9.82	0.17%

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past. Depreciation of the Indian rupee against these foreign currencies will generally have a positive effect on our revenues and operating income and appreciation of the Indian rupee against foreign currencies will generally have a negative impact on our revenues and operating income.

Availability of funds for capital expenditure

We continuously invest in machinery and equipment to expand our forging and machining capacity to seize opportunities for growth in the market. In Fiscal 2023, 2022 and 2021, our capital expenditure (i.e. payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance)) was ₹1,745.87 million, ₹1,908.42 million and ₹916.64 million and our gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development) was ₹9,338.64 million, ₹7,980.78 million and ₹5,469.17 million as at March 31, 2023, 2022 and 2021, respectively. Around 39.13% of our gross block (i.e. cost of property, plant and equipment, capital work-in-progress, cost of intangible assets and intangible assets under development), as of March 31, 2023, was a result of our capital expenditure made between Fiscal 2022 and Fiscal 2023. Our experience of strategically adding capacity coupled with our commitment to capital efficiency, has resulted us in recording the highest ROCE among peers in Fiscal 2023 (*Source: Ricardo Report*).

The actual amount and timing of our future capital expenditure may deviate from initial estimates due to various factors. These factors include unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, technological advancements, and emerging market developments and opportunities in the automotive and non-automotive sectors.

PRESENTATION OF FINANCIAL INFORMATION

The restated financial information of our Company comprising: (i) the restated consolidated summary statement of assets and liabilities of the Company and its joint venture as at March 31, 2023 and March 31, 2022, the restated consolidated summary statement of profit and loss (including other comprehensive income), the restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2023 and March 31, 2022 together with the summary statement of significant accounting policies, and other explanatory information relating to such financial periods; and (ii) the restated standalone summary statement of assets and liabilities as at March 31, 2021, the restated standalone summary statement of profit and loss (including other comprehensive income), the restated standalone summary statement of cash flows and the restated standalone summary statement of changes in equity for the financial year ended March 31, 2021 together with the summary statement of significant accounting policies, and other explanatory information relating to March 31, 2021.

The restated financial information of our Company is derived from our audited consolidated financial statements as at and for the years ended March 31, 2023 and March 31, 2022 and audited standalone financial statements as at and for the years ended March 31, 2021, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies forming basis of the preparation of our Restated Financial Information is set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue from contract with customer

Revenue from contracts with customers is recognized when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company and its joint venture expects to entitle in exchange for the goods or services. The Company and its joint venture have generally 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.

Sale of Goods: Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. The normal credit term is 30 to 150 days.

The Company and its joint venture consider 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 and its joint venture 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 and its joint venture 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 recognized 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 and its joint venture use 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 and its joint venture 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 and its joint venture recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

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

Tooling Income /Die design and preparation charges: Revenues from Tooling Income/die design and preparation charges are recognized as and when the significant risks and rewards of ownership of dies are transferred to the customers as per the terms of the contract.

Export Incentives: Revenue from export incentives are 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 recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities: A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company and its joint venture transfers the related goods or services. Contract liabilities are recognized as revenue when the Company and its joint venture performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract assets: A contract asset is initially recognized 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 recognized as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

Other Income

Dividend Income: Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the Statement of Profit and Loss.

Government Grants

Government grants are recognized 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 recognized 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.

Inventory Valuation

Inventories are valued at the lower of cost and net realizable 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 labor 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 realizable value.

Net realizable 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.

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.

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 capitalized 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 and its joint venture depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized 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 and its joint venture, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, 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 recognized is derecognized 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 derecognized.

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.

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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognized 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 derecognized.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives
Software	6	6

Impairment of non- financial assets

The Company and its joint venture assess 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 and its joint venture 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 and its joint venture base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company and its joint venture'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 and its joint venture 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 and its joint venture operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognized 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 recognized impairment losses no longer exist or have decreased. If such indication exists, the Company and its joint venture estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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.

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 and its joint venture'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 and its joint venture has applied the practical expedient, the Company and its joint venture 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 and its joint venture has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Company and its joint venture 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

Financial Assets at amortized 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 and its joint venture's financial assets at amortised cost includes trade receivables, security deposits and loan to employees.

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.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company and its joint venture 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 and its joint venture 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.

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 and its joint venture 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 and its joint venture applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- 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
- Financial assets that are measured at FVTOCI

The Company and its joint venture follow 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach do not require the Company and its joint venture to track changes in credit risk. Rather, it recognizes 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 and its joint venture determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company and its joint venture 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 and its joint venture uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized 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 amortized 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 and its joint venture 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 and its joint venture 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 and its joint venture does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

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 recognized at fair value. The Company and its joint venture hold 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.

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 derecognized (i.e. removed from the Company and its joint venture's balance sheet) when:

- The right to receive cash flows from asset have expired, or.

- The Company and its joint venture have 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:

  - The Company and its joint venture have transferred substantially all the risks and rewards of the asset, or

  - The Company and its joint venture have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company and its joint venture 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 and its joint venture continues to recognize the transferred asset to the extent of the Company and its joint venture's continuing involvement. In that case, the Company and its joint venture also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and its joint venture 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 and its joint venture 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company and its joint venture '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)

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 and its joint venture have 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 recognized 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 and its joint venture 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 recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company and its joint venture 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 and its joint venture have not designated any financial liability as at fair value through profit or loss.

Financial Liabilities measured at Amortised Cost (Loan and Borrowings)

This is the category most relevant to the Company and its joint venture. 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Company and its joint venture are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition of Financial Liability.

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets

The Company and its joint venture determine 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 and its joint venture's senior management determines change in the business model as a result of external or internal changes which are significant to the Company and its joint venture's operations. Such changes are evident to external parties. A change in the business model occurs when the Company and its joint venture either begins or ceases to perform an activity that is significant to its operations. If the Company and its joint venture 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 and its joint venture do 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 amortized 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 recognized 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.

Derivative Financial Instruments and hedge accounting

Initial recognition and subsequent measurement

The Company and its joint venture use derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Company and its joint venture formally designates and documents the hedge relationship to which the Company and its joint venture 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 and its joint venture 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 and its joint venture actually hedges and the quantity of the hedging instrument that the Company and its joint venture actually uses to hedge that quantity of hedged item.

The Company and its joint venture designate 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 recognized 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 recognized 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.

Retirement and other employee Benefits

- **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 and its joint venture do 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 and its joint venture maintain an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company and its joint venture'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 recognized 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 recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- **Defined Benefit Plan:**

  - **Gratuity**

  The Company and its joint venture provide 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 and its joint venture is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company and its joint venture '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 and its joint venture'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 recognized in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and
b) The date that the Company and its joint venture recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company and its joint venture recognize 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 and its joint venture measure 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 and its joint venture recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company and its joint venture have 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 recognized 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.

Earnings per Share (EPS)

Basic earnings per share is computed by dividing net profit or loss attributable to equity shareholders of the Company and its joint venture (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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 its joint venture and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The Company and its joint venture did not have any potentially dilutive securities in any of the years presented.

Dividend

The Company and its joint venture recognize a liability to pay dividend to equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Company and its joint venture. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

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 and its joint venture 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.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 utilized, except:

- when the deferred tax asset relating to the deductible temporary difference 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 the accounting profit nor taxable profit or loss.

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Company and its joint venture 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 and its joint venture expect 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 and its joint venture 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 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.

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 and its joint venture are segregated.

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 capitalized 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.

Non-current assets held for sale

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

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

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

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

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

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

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

Fair Value Measurements

The Company and its joint venture 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 and its joint venture.

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 and its joint venture use 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 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 Restated Summary Statements on a recurring basis, the Company and its joint venture 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 and its joint venture determine the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company and its joint venture analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company and its joint venture's accounting policies.

For the purpose of fair value disclosures, the Company and its joint venture 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.

Leases

The Company and its joint venture assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

As a lessee

The Company and its joint venture apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company and its joint venture recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company and its joint venture recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company and its joint venture recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its joint venture and payments of penalties for terminating the lease, if the lease term reflects the Company and its joint venture exercising the option to terminate.

Lease liabilities, which separately shown in the Restated Summary Statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Short-term leases and leases of low-value assets

The Company and its joint venture 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 Lessor

Lease income from operating leases where the Company and its joint venture 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.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of the Company during the last three Fiscals.

NON-GAAP MEASURES

Earnings before Interest, Taxes, Depreciation and Amortization Expenses ("EBITDA")/ EBITDA Margin/ Return on Capital Employed / PAT Margin / Return on Equity / Gross Fixed Assets Turnover Ratio / Gross Profit/ Gross Margin / Net Debt to EBITDA

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance and liquidity. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures disclosed in the financial statements prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures.

EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity, Gross Fixed Assets Turnover Ratio, Gross Profit, Gross Margin and Net Debt to EBITDA ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, Non-GAAP Measures are not standardised terms, hence a direct comparison of Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measure differently from us, limiting its usefulness as a comparative measure. Although Non-GAAP Measures is not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See "*Risk Factors – Other internal risks – Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity, Gross Fixed Assets Turnover Ratio, Gross Profit, Gross Margin and Net Debt to EBITDA have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.*" on page 59.

Reconciliation of Restated Profit for the Year to EBITDA and EBITDA Margin

The table below reconciles restated profit for the year to EBITDA. EBITDA is calculated as profit for the year minus other income and share of profits from joint venture plus finance costs, depreciation and amortisation and total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

Particulars	**Fiscal**		
	2023	**2022**	**2021**
	Consolidated	**Consolidated**	**Standalone**
	(₹ million, unless otherwise stated)		
Restated profit for the year (I)	2,087.01	1,422.89	864.48
Other income (II)	57.41	60.59	58.55
Finance costs (III)	124.75	71.59	117.84
Depreciation and amortization expense (IV)	541.82	377.40	357.56
Total income tax expense (V)	713.28	497.63	306.13
Share of net profit of joint venture (VI)	0.05	0.05	-
EBITDA (VII = I-II+III+IV+V-VI)	**3,409.40**	**2,308.87**	**1,587.46**
Revenue from operations (VIII)	11,965.30	8,600.46	5,849.58
EBITDA Margin (%) (IX) = (VII/VIII)	**28.49%**	**26.85%**	**27.14%**

Reconciliation of Total Equity to Capital Employed, Restated Profit for the Year to EBIT and Return on Capital Employed

The table below reconciles total equity to capital employed. Capital employed is calculated as total equity plus total borrowing while EBIT is calculated as restated profit for the year plus total income tax expense plus finance costs. Return on Capital Employed is calculated as EBIT divided by capital employed.

Particulars	**Fiscal**		
	2023	**2022**	**2021**
	Consolidated	**Consolidated**	**Standalone**
	(₹ million, unless otherwise stated)		
Total equity (I)	9,883.07	7,876.24	6,451.59
Total borrowings (II)	2,185.16	2,403.52	1,534.70

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Total Capital Employed (III) = I+II	**12,068.23**	**10,279.76**	**7,986.29**
Restated profit for the year (IV)	2,087.01	1,422.89	864.48
Total income tax expense (V)	713.28	497.63	306.13
Finance costs (VI)	124.75	71.59	117.84
Earnings before interest and tax (EBIT) (VII = IV + V + VI)	**2,925.04**	**1,992.11**	**1,288.45**
Return on Capital Employed (%) (VIII = VII/III)	**24.24%**	**19.38%**	**16.13%**

Reconciliation of Total Equity to Return on Equity

The table below reconciles total equity to return on equity. Return on equity is calculated as restated profit for the year divided by total equity.

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Total equity (I)	9,883.07	7,876.24	6,451.59
Restated profit for the year (II)	2,087.01	1,422.89	864.48
Return on Equity (%) (III) = (II/I)	**21.12%**	**18.07%**	**13.40%**

Reconciliation of Revenue from Operations to Gross Fixed Assets Turnover Ratio

The table below reconciles revenue from operations to gross fixed assets turnover ratio.

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Revenue from Operations (I)	11,965.30	8,600.46	5,849.58
Cost of Property, Plant and Equipment (II)	8,569.44	5,839.24	5,063.34
Gross Fixed Assets Turnover Ratio (in times) (III = I/II)	**1.40**	**1.47**	**1.16**

Reconciliation for Total Borrowings to Net Debt and Net Debt to EBITDA

The table below reconciles total borrowings to net debt and net debt to EBITDA. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Non-current borrowings (I)	581.76	740.46	299.96
Current borrowings (II)	1,603.40	1,663.06	1,234.74
Cash and cash equivalents (III)	0.13	0.20	28.87
Bank Balances (IV)	3.28	14.40	248.96
Net Debt (V = (I + II) – (III + IV))	**2,181.75**	**2,388.92**	**1,256.87**
EBITDA (VI)	**3,409.40**	**2,308.87**	**1,587.46**
Net Debt to EBITDA (in times) (VII) = (V/VI)	**0.64**	**1.03**	**0.79**

Reconciliation for Revenue from Operations to Gross Profit and Gross Margin

The table below reconciles revenue from operations to gross profit and gross margin:

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Revenue from operations (I)	11,965.30	8,600.46	5,849.58
Cost of raw materials and components consumed (II)	5,477.24	4,358.47	2,572.56
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap (III)	33.32	(474.55)	(56.53)
Gross Profit (IV) = (I – (II+III))	**6,454.74**	**4,716.55**	**3,333.55**
Gross Margin (%) (V = IV/I)	**53.95%**	**54.84%**	**56.99%**

Reconciliation for Restated Profit for the Year to Profit After Tax Margin (PAT Margin)

The table below reconciles restated profit for the year to PAT Margin:

Particulars	Fiscal		
	2023	2022	2021
	Consolidated	Consolidated	Standalone
	(₹ million, unless otherwise stated)		
Restated Profit for the Year (I)	2,087.01	1,422.89	864.48
Revenue from Operations (II)	11,965.30	8,600.46	5,849.58
PAT Margin (%) (III = I/II)	**17.44%**	**16.54%**	**14.78%**

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Our total income comprises (i) revenue from operations and (ii) other income.

Revenue from Operations

Revenue from operations comprise (i) sale of products, (ii) sale of services such as dye design and preparation charges and job work charge; and (ii) other operating revenue such as sale of manufacturing scrap, government grants and others.

Other Income

Other income comprises (i) interest income from financial assets at amortised cost which includes interest income from financial assets at amortised cost on bank deposits, electricity deposits and income tax refund; (ii) gain on sale of investment; (iii) gain on foreign exchange variation (net); (iv) bad debts recovered; (v) fair value gain on financial instruments at fair value through profit or loss; (vi) gain from sale of property, plant and equipment (net); and (vii) miscellaneous income which includes insurance claim and rental income.

Expenses

Our expenses comprise cost of raw materials and components consumed, increase/ decrease in inventories of finished goods, work-in-progress and scrap, employee benefits expense, finance costs, depreciation and amortization expense; and other expenses.

Cost of Raw Materials and Components Consumed

Cost of raw materials and components consumed consists of raw materials i.e., primarily steel.
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap

(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap denotes increase/ decrease in inventories of finished goods, work in progress and scrap between opening and closing dates of a reporting period.

Employee Benefits Expense

Employee benefit expenses primarily include salaries, wages and bonus, contribution to provident fund and other funds, gratuity and staff welfare expenses.

Finance Costs

Finance costs include interest expenses on borrowings and others, interest on bill discounting and other borrowing cost.

Depreciation and Amortisation Expenses

Depreciation and amortisation expense primarily include depreciation expenses on our property, plant and equipment and amortisation expenses on our intangibles assets.

Other Expenses

Other expenses comprises: (i) consumption of stores and spares; (ii) power and fuel expenses; (iii) packing material; (iv) job work charges; (v) rent expenses; (vi) rates and taxes; (vii) repairs and maintenance on (a) plant and machinery, (b) building, and (c) others; (viii) travelling and conveyance expenses; (ix) travelling and conveyance expenses; (x) advertisement and sales promotion expenses; (xi) freight and forwarding charges; (xii) director's sitting fees; (xiii) payment to auditors; (xiv) legal and professional fees; (xv) provisions for doubtful receivables and advance; (xv) CSR expenditure; (xvi) donation; (xvii) fair value loss on financial instruments at fair value through profit or loss; (xviii) property plant and equipment written off; (xix) insurance; and (xx) miscellaneous expenses.

RESULTS OF OPERATIONS

The following table sets forth select financial data from our statement of restated standalone profit and loss for Fiscal 2021 and our statement of restated consolidated profit and loss for Fiscal 2022 and Fiscal 2023, the components of which are also expressed as a percentage of total income for such years.

Particulars	**Fiscal**					
	2023 (Consolidated)		**2022 (Consolidated)**		**2021 (Standalone)**	
	(₹ million)	**Percentage of Total Income (%)**	**(₹ million)**	**Percentage of Total Income (%)**	**(₹ million)**	**Percentage of Total Income (%)**
Income						
Revenue from operations	11,965.30	99.52%	8,600.46	99.30%	5,849.58	99.01%
Other income	57.41	0.48%	60.59	0.70%	58.55	0.99%
TOTAL INCOME	**12,022.71**	**100.00%**	**8,661.05**	**100.00%**	**5,908.13**	**100.00%**
Expenses						
Cost of raw materials and components consumed	5,477.24	45.56%	4,358.47	50.32%	2,572.56	43.54%
(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap	33.32	0.28%	(474.55)	(5.48)%	(56.53)	(0.96%)

Particulars	Fiscal					
	2023 (Consolidated)		2022 (Consolidated)		2021 (Standalone)	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Employee benefits expense	877.76	7.30%	686.78	7.93%	489.98	8.29%
Finance costs	124.75	1.04%	71.59	0.83%	117.84	1.99%
Depreciation and amortization expense	541.82	4.51%	377.40	4.36%	357.56	6.05%
Other expenses	2,167.58	18.03%	1,720.89	19.87%	1,256.11	21.26%
Total expenses	**9,222.47**	76.71%	**6,740.58**	**77.83%**	**4,737.52**	**80.19%**
Restated profit before share of profit of a joint venture and tax	**2,800.24**	**23.29%**	**1,920.47**	**22.17%**	**1,170.61**	**19.81%**
Share of net profit of joint venture	0.05	0.00%	0.05	0.00%	-	-
RESTATED PROFIT BEFORE TAX	**2,800.29**	**23.29%**	**1,920.52**	**22.17%**	**1,170.61**	**19.81%**
Tax expense:						
Current tax (net)	685.43	5.70%	469.16	5.42%	315.78	5.34%
Adjustments of tax relating to earlier periods	(0.92)	(0.01)%	1.75	0.02%	(0.02)	0.00%
Deferred tax charge/ (credit)	28.77	0.24%	26.72	0.31%	(9.67)	(0.16)%
TOTAL INCOME TAX EXPENSE	**713.28**	**5.93%**	**497.63**	**5.75%**	**306.13**	**5.18%**
RESTATED PROFIT FOR THE YEAR	**2,087.01**	**17.36%**	**1,422.89**	**16.43%**	**864.48**	**14.63%**
OTHER COMPREHENSIVE INCOME (OCI)						
Other comprehensive income not to be classified to profit or loss in subsequent periods						
Remeasurement of gain/ (losses) on defined benefit plans	3.11	0.03%	4.35	0.05%	3.15	0.05%
Less: Income tax effect on above	0.78	0.01%	1.09	0.01%	0.79	0.01%
Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**2.33**	**0.02%**	**3.26**	**0.04%**	**2.36**	**0.04%**
Other comprehensive income to be classified to profit or loss in subsequent periods						
Net movement on effective portion of cash flow hedges	(110.26)	(0.92)%	-	-	-	-
Less: Income tax effect on above	27.75	0.23%	-	-	-	-
Total Other comprehensive income to be reclassified to profit or loss in subsequent periods	**(82.51)**	**(0.69)%**	**-**	**-**	**-**	**-**
RESTATED OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR, NET OF TAX	**(80.18)**	**(0.67)%**	**3.26**	**0.04%**	**2.36**	**0.04%**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,006.83**	**16.69%**	**1,426.15**	**16.47%**	**866.84**	**14.67%**

Fiscal 2023 compared to Fiscal 2022

Total Income

Our total income increased by 38.81% from ₹8,661.05 million in Fiscal 2022 to ₹12,022.71 million in Fiscal 2023, primarily due to an increase in our revenue from operations and other income as discussed below:

Revenue from operations

Our revenue from operations increased by 39.12% from ₹8,600.46 million in Fiscal 2022 to ₹11,965.30 million in Fiscal 2023, primarily due to an increase in the revenue from sale of products by 35.82% from ₹7,855.65 million in Fiscal 2022 to ₹10,669.49 million in Fiscal 2023. The increase was primarily due to an increase in the volume of products sold, as well as an increase in average selling price of products on account of increase in prices of steel. Other operating revenue increased by 85.42% from ₹663.44 million in Fiscal 2022 to ₹1,230.15 million in Fiscal 2023 due to increase in sale of manufacturing scrap and recognition of certain government grants.

Other Income

Our other income decreased by 5.25% from ₹60.59 million in Fiscal 2022 to ₹57.41 million in Fiscal 2023, primarily as a result of decrease in fair value gain on financial instruments at fair value through profit or loss from ₹7.24 million in Fiscal 2022 to nil in Fiscal 2023, which was partially offset by recovery of bad debts of ₹3.11 million in Fiscal 2023.

Total Expenses

Our total expenses increased by 36.82% from ₹6,740.58 million in Fiscal 2022 to ₹9,222.47 million in Fiscal 2023.

Cost of Raw Materials and Components Consumed

Cost of raw materials and components consumed increased by 25.67% from ₹4,358.47 million in Fiscal 2022 to ₹5,477.24 million in Fiscal 2023 due to increase in business volume.

(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap

Changes in inventories of finished goods and work-in-progress was ₹33.32 million in Fiscal 2023, as compared to ₹(474.55) million in Fiscal 2022. This was primarily due a decrease in work-in-progress from ₹591.49 million in Fiscal 2022 to ₹463.40 million in Fiscal 2023, which is partially offset by increase in finished goods from ₹450.60 million in Fiscal 2022 to ₹541.37 million in Fiscal 2023.

Employee Benefits Expense

Our employee benefits expense increased by 27.81% from ₹686.78 million in Fiscal 2022 in ₹877.76 million for Fiscal 2023 due to an increase in number of employees because of increased scale of operations and annual increments given to employees in Fiscal 2023.

Finance Costs

Our finance costs increased by 74.25% from ₹71.59 million in Fiscal 2022 to ₹124.75 million in Fiscal 2023 primarily due to an increase in our interest expense on borrowings by 116.78% from ₹44.52 million in Fiscal 2022 to ₹96.50 million in Fiscal 2023. This was primarily attributable to an increase in interest on borrowings from banks.

Depreciation and Amortisation Expenses

Our depreciation and amortisation expenses increased by 43.57% from ₹377.40 million in Fiscal 2022 to ₹541.82 million in Fiscal 2023 primarily due to an addition in property, plant and equipment of ₹2,777.96 million, primarily owing to purchase of plant and equipment.

Other Expenses

Our other expenses increased by 25.96% from ₹1,720.89 million in Fiscal 2022 to ₹2,167.58 million in Fiscal 2023, in aggregate, primarily due to an increase in consumption of stores and spares by 29.41% from ₹434.53 million in Fiscal 2022 to ₹562.32 million in Fiscal 2023; increase in power and fuel expenses by 11.99% from ₹676.54 million in Fiscal 2022 to ₹757.64 million in Fiscal 2023; increase in cost towards repairs and maintenance of plant and machinery by 29.88% from ₹ 161.56 million in Fiscal 2022 to ₹209.83 million in Fiscal 2023; and increase in freight and forwarding charges by 28.56% from ₹201.15 million in Fiscal 2022 to ₹258.59 million in Fiscal 2023.

Total Income Tax Expense

Our total income tax expense increased by 43.34% from ₹497.63 million in Fiscal 2022 to ₹713.28 million in Fiscal 2023, primarily due a corresponding increase in the restated profit before tax. This primarily constituted an increase in current tax (net) by 46.10% from ₹469.16 million in Fiscal 2022 to ₹685.43 million in Fiscal 2023, and an increase in deferred tax charge by 7.66% from ₹26.72 million in Fiscal 2022 to ₹28.77 million in Fiscal 2023.

Restated Profit for the Year

As a result of the foregoing factors, our restated profit for the year was ₹1,422.89 million in Fiscal 2022 compared to ₹2,087.01 million in Fiscal 2023.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

EBITDA was ₹2,308.87 million in Fiscal 2022 compared to EBITDA of ₹3,409.40 million in Fiscal 2023, while EBITDA Margin was 26.85% in Fiscal 2022 compared to 28.49% in Fiscal 2023.

For reconciliation of EBITDA and EBITDA Margin, see "– *Non-GAAP Measures – Reconciliation of Restated Profit for the Year to EBITDA and EBITDA Margin*" on page 383.

Fiscal 2022 compared to Fiscal 2021

Total Income

Our total income increased by 46.60% from ₹5,908.13 million in Fiscal 2021 to ₹8,661.05 million in Fiscal 2022, primarily due to an increase in our revenue from operations and other income as discussed below:

Revenue from operations

Our revenue from operations increased by 47.03% from ₹5,849.58 million in Fiscal 2021 to ₹8,600.46 million in Fiscal 2022, primarily due to an increase in the revenue from sale of products by 43.42% from ₹5,477.40 million in Fiscal 2021 to ₹7,855.65 million in Fiscal 2022. The increase was primarily due to increase in the volume of products sold, as well as an increase in the average selling price of such products. Revenue from sale of services also increased by 779.57% from ₹9.25 million in Fiscal 2021 to ₹81.37 million in Fiscal 2022. In addition, other operating revenue increased by 82.80% from ₹362.93 million in Fiscal 2021 to ₹663.44 million in Fiscal 2022 primarily due to increase in sale of manufacturing scrap.

Other Income

Our other income increased by 3.48% from ₹58.55 million in Fiscal 2021 to ₹60.59 million in Fiscal 2022, primarily as a result of an increase in gain on foreign exchange variation (net) by 353.56% from ₹9.82 million in Fiscal 2021 to ₹44.55 million in Fiscal 2022 which was partially offset by decrease in interest income from financial asset at amortised cost on term deposits with bank by 83.62% from ₹25.21 million in Fiscal 2021 to ₹4.13 million in Fiscal 2022 and decrease in interest income from financial asset at amortised cost on electricity deposit by 82.08% from ₹17.38 million in Fiscal 2021 to ₹3.11 million in Fiscal 2022.

Total Expenses

Our total expenses increased by 42.28% from ₹4,737.52 million in Fiscal 2021 to ₹6,740.58 million in Fiscal 2022.

Cost of Raw Materials and Components Consumed

Cost of raw materials and components consumed increased by 69.42% from ₹2,572.56 million in Fiscal 2021 to ₹4,358.47 million in Fiscal 2023 due to increase in business volume.

(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap

Changes in inventories of finished goods and work-in-progress was ₹(474.55) million in Fiscal 2022, as compared to ₹(56.53) million in Fiscal 2021. This was primarily due increase in work-in-progress from ₹302.10 million in Fiscal 2021 to ₹591.49 million in Fiscal 2022 and increase in finished goods from ₹259.26 million in Fiscal 2021 to ₹450.60 million in Fiscal 2022.

Employee Benefits Expense

Our employee benefits expense increased by 40.16% from ₹489.98 million in Fiscal 2021 to ₹686.78 million in Fiscal 2022 due to an increase in number of employees because of increased scale of operations and annual increments given to employees in Fiscal 2022.

Finance Costs

Our finance costs decreased by 39.25% from ₹117.84 million in Fiscal 2021 to ₹71.59 million in Fiscal 2022 primarily due to a decrease in our interest expense on borrowings by 55.94% from ₹101.04 million in Fiscal 2021 to ₹44.52 million in Fiscal 2022. This was primarily attributable to interest paid on restructuring of loan of ₹31.02 million in Fiscal 2021.

Depreciation and Amortisation Expense

Our depreciation and amortisation expenses increased by 5.55% from ₹357.56 million in Fiscal 2021 to ₹377.40 million in Fiscal 2022.

Other Expenses

Our other expenses increased by 37.00% from ₹1,256.11 million in Fiscal 2021 to ₹1,720.89 million in Fiscal 2022, in aggregate, primarily due to an increase in consumption of stores and spares from by 34.85% from ₹322.22 million in Fiscal 2021 to ₹434.53 million in Fiscal 2023; increase in power and fuel expenses by 46.24% from ₹462.63 million in Fiscal 2021 to ₹676.54 million in Fiscal 2023; increase in cost towards repairs and maintenance of plant and machinery by 21.69% from ₹132.77 million in Fiscal 2021 to ₹161.56 million in Fiscal 2022 and increase in freight and forwarding charges by 96.13% from ₹102.56 million in Fiscal 2021 to ₹201.15 million in Fiscal 2022.

Total Income Tax Expense

Our total income tax expense increased by 62.56% from ₹306.13 million for Fiscal 2021 to ₹497.63 million for Fiscal 2022, primarily due an increase in the restated profit before tax. This primarily constituted an increase in current tax (net) by 48.57% from ₹315.78 million in Fiscal 2021 to ₹469.16 million in Fiscal 2022 and increase in deferred tax from a credit of ₹ 9.67 million in Fiscal 2021 compared to a charge of ₹26.72 million in Fiscal 2022.

Restated Profit for the Year

As a result of the foregoing, our restated profit for the year was ₹864.48 million in Fiscal 2021 compared to ₹1,422.89 million in Fiscal 2022.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

EBITDA was ₹1,587.46 million in Fiscal 2021 compared to EBITDA of ₹2,308.87 million in Fiscal 2022, while EBITDA Margin was 27.14% in Fiscal 2021 compared to 26.85% in Fiscal 2022.

For reconciliation of EBITDA and EBITDA Margin, see " – *Non-GAAP Measures – Reconciliation of Restated Profit for the Year to EBITDA and EBITDA Margin*" on page 383.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations through a combination of internal accruals and external borrowings.

Cash Flows

The following table sets forth certain information relating to our cash flows in the Fiscals indicated:

(₹ million)

Particulars	Fiscal		
	2023 (Consolidated)	**2022 (Consolidated)**	**2021 (Standalone)**
Cash flow from operating activities	2,094.58	802.94	498.53
Net Cash flow used in investing activities	(1,724.54)	(1,656.80)	(586.85)
Net cash from/ (used in) financing activities	(370.10)	825.20	96.72
Net (decrease)/ increase in cash and cash equivalents	(0.06)	(28.66)	8.40
Cash and cash equivalents at year end	**0.13**	**0.20**	**28.86**

Operating Activities

Fiscal 2023

Cash flow from operating activities was ₹2,094.58 million in Fiscal 2023. In Fiscal 2023, our profit before tax was ₹ 2,800.29 million. Primary adjustments consisted of depreciation and amortization expense of ₹541.82 million and loss on financial instruments at fair value through profit and loss of ₹25.67 million.

Operating profit before working capital changes was ₹3,512.36 million in Fiscal 2023. The main working capital adjustments in Fiscal 2023 included increase in trade receivables of ₹827.23 million, decreased in inventories of ₹143.77 million and increase in other financial assets of ₹223.25 million.

Fiscal 2022

Cash flow from operating activities was ₹802.94 million in Fiscal 2022. In Fiscal 2022, our profit before tax was ₹1,920.52 million. Primary adjustments consisted of depreciation and amortization expense of ₹377.40 million and unrealised foreign exchange gain (net) of ₹33.15 million.

Operating profit before working capital changes was ₹2,322.41 million in Fiscal 2022. The main working capital adjustments in Fiscal 2022 included increase in inventories of ₹624.17 million and increase in trade receivables of ₹561.04 million.

Fiscal 2021

Cash flow from operating activities was ₹498.53 million in Fiscal 2021. In Fiscal 2021, our profit before tax was ₹1,170.61 million. Primary adjustments consisted of depreciation and amortization expense of ₹357.56 million and interest income of ₹(42.59) million.

Operating profit before working capital changes was ₹1,662.20 million in Fiscal 2021. The main working capital adjustments in Fiscal 2021 included increase in inventories of ₹459.17 million, increase in trade receivables of ₹287.70 million and increase in other assets of ₹125.38 million.

Investing Activities

Fiscal 2023

Net cash flow used in investing activities in Fiscal 2023 was ₹1,724.54 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹1,745.87 million.

Fiscal 2022

Net cash flow used in investing activities in Fiscal 2022 was ₹1,656.80 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹1,908.42 million. This was largely offset by proceeds from term deposit of ₹234.56 million and interest received (finance income) of ₹21.18 million.

Fiscal 2021

Net cash flow used in investing activities in Fiscal 2021 was ₹586.85 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹916.64 million. This was partially offset by proceeds from term deposit of ₹316.86 million and interest received (finance income) of ₹41.35 million.

Financing Activities

Fiscal 2023

Net cash flow used in financing activities in Fiscal 2023 was ₹370.10 million, primarily on account of repayment of long-term borrowings of ₹148.02 million and repayment of short term borrowing (net) of ₹252.99 million, which was partially offset by availment of long term borrowings of ₹169.53 million.

Fiscal 2022

Net cash flow from financing activities in Fiscal 2022 was ₹825.20 million primarily on account of availment of long-term borrowings of ₹512.97 million and availment of short-term borrowings (net) of ₹426.03 million, which was partially offset by interest paid of ₹67.91 million and repayment of long-term borrowings of ₹36.52 million.

Fiscal 2021

Net cash flow from financing activities in Fiscal 2021 was ₹96.72 million primarily on account of availment of short-term borrowings (net) of ₹663.21 million, which was largely offset by interest payment of ₹253.97 million; repayment of long-term borrowings of ₹292.39 million and repayment of loan from directors of ₹40.70 million.

INDEBTEDNESS

As of March 31, 2023, we had total borrowings of ₹2,185.16 million. The following table sets forth certain information relating to maturity profile of our outstanding borrowings as of March 31, 2023:

Particulars	**Total**	**Less Than 1 Year**	**1 – 2 Years**	**2 -3 Years**	**More than 3 Years**
	(₹ million)				
Secured Short term Borrowings (I)	1,245.06	1,245.06	-	-	-
Unsecured Short term Borrowings (II)	98.34	98.34	-	-	-
Secured Long term Borrowings (III)	841.76	260.00	212.94	218.01	150.81
Total (IV = I + II + III)	**2,185.16**	**1,603.40**	**212.94**	**218.01**	**150.81**

For further information on our outstanding indebtedness, see "*Financial Indebtedness*" on page 397.

CONTINGENT LIABILITIES

The following table below sets forth the principal components of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of March 31, 2023:

Particulars	As of March 31, 2023 (₹ million)
Excise/ Goods & Service Tax Demands	18.74
Income Tax Demands	17.31

For further information of our contingent liabilities as at March 31, 2023 as per Ind AS 37, see "*Restated Financial Information – Note 29. Contingent liabilities and commitments*" on page 335.

CAPITAL COMMITMENTS

The table below sets forth our capital commitments as of March 31, 2023:

Particulars	As of March 31, 2023 (₹ million)
Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	1,136.44

EPCG COMMITMENT

The table below sets forth our EPCG commitment as of March 31, 2023:

Particulars	As of March 31, 2023 (₹ million)
EPCG Commitment	76.63

Note: The Company has export obligations to the extent ₹459.76 million 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.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. Related parties with whom transactions have taken place during the year include sale of finished goods, purchase of raw materials, sale of scrap, loans taken from Directors and interest on such loans, short term employee benefits and directors sitting fees. The table below provides details of our aggregate related party transactions and the percentage of such related party transactions to our revenue from operations in the years indicated:

(₹ million, except percentages)

Particulars	Fiscal 2023 (Consolidated)	Fiscal 2022 (Consolidated)	Fiscal 2021 (Standalone)
Absolute sum of all Related Party Transactions*	100.37	78.16	222.20
Revenue from Operations	11,965.30	8,600.46	5,849.58
Absolute sum of all Related Party Transactions* as a Percentage of Revenue from Operations	0.84%	0.91%	3.80%

**Including debits, credits and balance sheet transactions without netting off.*

AUDITOR OBSERVATIONS

There are no qualifications, reservations and adverse remarks by our Statutory Auditors in our Restated Financial Information.

As per the Statutory Auditor's report on internal financial controls under Section 143(3)(i) of the Companies Act issued on standalone financial statements of the Company for Fiscal 2021, the Statutory Auditor has provided a disclaimer of opinion. For further details, see "*Risk Factors – Internal risks relating to financials - Our Statutory Auditors have included a disclaimer of opinion in the annexure to their report on the internal financial controls on the standalone financial statements of our Company for the year ended March 31, 2021. Further, our Statutory Auditors have included certain qualifications in the annexure to their audit reports on the Companies (Auditor's Report) Order, 2016 / Companies (Auditor's Report) Order, 2020, for the years ended March 31, 2023 and 2021*".

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to the following risks: market risk, credit risk and liquidity risk. Our 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 our policies and risk objectives.

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. Our Company is exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities, including deposits with banks and financial institutions, and other financial instruments.

Liquidity Risk

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial assets. Our approach to manage liquidity is to have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to our reputation.

We manage the liquidity risk by monitoring cash flow forecasts on a periodic 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. We will continue to consider various borrowings options to maximize liquidity and supplement cash requirements as necessary. Our 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.

Market Risk

Foreign Exchange 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. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities by way of direct imports/ exports and long term foreign currency borrowings. We evaluate the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Interest 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. Our Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of our Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. We have a policy of selectively using interest rate swaps and other derivative instruments to manage our exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis.

Commodity Price Risk

Our 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, we have agreed with our customers for pass through of increase/decrease of prices of steel. There may be a lag effect in case of such pass-through arrangements.

CAPITAL EXPENDITURE

Our capital expenditure (i.e., payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance)) was ₹1,745.87 million, ₹1,908.42 million and ₹916.64 million in Fiscal 2021, 2022 and 2023, respectively. The following table sets forth our fixed assets as at year end, as indicated:

(in ₹ million)

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Consolidated	Consolidated	Standalone
Cost of Property, Plant and Equipment (I)	8,569.44	5839.24	5,063.34
Capital Work in Progress (II)	747.51	2,122.55	394.22
Total Fixed Assets (III = I + II)	**9,316.95**	**7,961.79**	**5,457.56**

SIGNIFICANT ECONOMIC CHANGES

To the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

UNUSUAL OR INFREQUENT EVENTS OF TRANSACTIONS

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no "unusual" or "infrequent" events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been affected and we expect will continue to be affected by the trends identified above in " - *Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" beginning on pages 361 and 35. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 35, 203 and 357, respectively, there are no known factors that might affect the future relationship between costs and revenues.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new business segments other than in the normal course of business.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 203, 144 and 35, respectively, for further information on competitive conditions that we face.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES

Changes in revenue in the last three Fiscals are as described in "*– Fiscal 2023 compared to Fiscal 2022*", "*– Fiscal 2022 compared to Fiscal 2021*" above on pages 388 and 389, respectively.

SEGMENT REPORTING

Our Company operates in a single operating segment namely, forged and machined products. Since we operate in a single operating segment, separate segment reporting has not been made under Ind-AS 108.

SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS

Other than as disclosed in "*Risk Factors – Internal risks relating to business, operations and industry – Our business largely depends upon our top 10 customers which contributed 70.08%, 74.64% and 79.22% in Fiscal 2023, 2022 and 2021. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows*." on page 35, we are not dependent on a single or few customers.

SEASONALITY/ CYCLICALITY OF BUSINESS

Our Company business is not seasonable in nature.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2023 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed below, no circumstances have arisen after March 31, 2023 which materially and adversely affect or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months:

Declaration of Dividend

The Company has declared dividend in its annual general meeting dated August 8, 2023. For further information, see "*Dividend Policy*" on page 279.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of our business for, *inter alia,* meeting their working capital and business requirements. For details of the borrowing powers of our Board, see "*Our Management – Borrowing Powers*" on page 257.

We have obtained the necessary consents required under the relevant financing documentation for undertaking the activities in relation to the Offer, including, effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents and change in the composition of our Board.

As of July 15, 2023, our outstanding borrowings aggregated to ₹2,032.27 million. The details of the indebtedness of our Company as on July 15, 2023 is provided below:

(in ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount
Working capital loans (I)	2,100.00	1,506.10
Bill discounting (II)	695.00	258.30
Term loans (III)	1,352.24	267.87
Total (IV = I + II + III)	**4,147.24**	**2,032.27**

Note: As certified by the Goel Garg & Co., Chartered Accountants, pursuant to certificate dated August 14, 2023.

Principal terms of the borrowings availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various financing documentation executed by our Company in relation to our indebtedness.

1. ***Interest:*** The applicable rate of interest for the various facilities in India availed by us are typically linked to the marginal cost of lending rate (MCLR) or London interbank offered rate (LIBOR) over a specific period of time and spread per annum and are subject to mutual discussions between the relevant lenders and our Company. In most of our facilities, a spread per annum is charged above these benchmark rates, and the spread ranges up to 3.00% per annum.

2. ***Tenor:*** The tenor of certain working capital facilities availed by us ranges from a period of up to 12 months, whereas the term loan facility availed by our Company typically has a tenor up to 96 months.

3. ***Penal Interest***: The terms of certain financing facilities availed by us prescribe penalties for non-compliance of certain obligations by us. These include, *inter alia*, breach of financial covenants, non-renewal of insurance policy in a timely manner or inadequate insurance cover, diversion of facilities to inter-corporate deposits, debentures, stocks and shares, non-submission of annual financial statements and stock statements, etc. The terms of the borrowings availed by us prescribe a penalty interest rate that ranges up to 2.00% per annum over and above the applicable interest rate depending on the event of default or as may be mutually agreed between our Company and the respective lenders.

4. ***Pre-payment penalty:*** Our borrowings typically have pre-payment provisions which allow for pre-payment of the outstanding amount at any given point in time, subject to the conditions specified in the borrowing arrangements. The term loan facilities availed by us carry a pre-payment penalty of up to 1.00% on the pre-paid amount or as based on lenders extant guidelines or as may be mutually agreed between us and the respective lenders.

5. ***Security:*** Our borrowings are typically secured by, inter alia, way of mortgage of immoveable fixed assets and hypothecation of moveable assets including charge over entire current assets (both present and future) and receivables of our Company. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

6. ***Repayment:*** The working capital or term loan facilities availed by us are payable on demand or on the due date or on the conditions as may be agreed between us and the respective lenders.

7. ***Key Covenants:*** The financing arrangements entered into by us entail various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lenders before carrying out such activities.

For instance, certain corporate actions for which we require the prior written consent of the lenders include:

(a) effecting any change in our shareholding pattern or capital structure.
(b) making any amendments to the constitutional documents of our Company.
(c) effecting any change in the ownership, control or management of our Company.
(d) undertaking any expansion/modernisation/diversification/renovation or acquiring any fixed assets.
(e) declare or pay any dividend for any year except out of the profits of the relevant year.
(f) permitting any transfer of the controlling interest or making any drastic change in the management set-up including without limitation any change in the senior management.
(g) investing any funds by way of deposits, or loans or in share capital of any other concerns.
(h) pre-paying our outstanding loans in whole or part.

8. ***Events of default:*** The borrowing facilities availed by us contain certain standard events of default, including:

(a) default in payment / repayment of interest or instalment amount on relevant due dates.
(b) non-compliance of financial covenants.
(c) any default under any other facility from any bank or financial institution.
(d) the occurrence of any cross default.
(e) any change of ownership, control and/or management of the Company without the prior consent of the lenders.
(f) breach of security arrangements.
(g) cessation of all or substantial part of Company's business.
(h) supply of misleading information by the Company.
(i) occurrence of a material adverse effect (as defined in the relevant financing document).
(j) initiation of insolvency, bankruptcy, winding-up or liquidation proceedings of the Company, and seizure of the Company's equipment/plant machinery under any process of law.
(k) appointment of receiver with respect to whole or part of the property.

9. ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangements, due to the occurrence of events of default, our lenders may:

(a) declare all amounts outstanding in respect of facility due and immediately payable.
(b) demand to furnish more security.
(c) recall advance and take any recovery action.
(d) enforce security or change any of the terms of sanction.
(e) impose penal interest on the principal amount.
(f) require the Company to reconstitute its Board.
(g) appoint a nominee director on Board of our Company.

The above is an indicative list and there may be additional consequences of an event of default under the various borrowing arrangements entered into by us.

For risks in relation to the financial and other covenants required to be complied with in relation to our borrowings, see "*Risk Factors – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition*" on page 45.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated below, there are no outstanding (i) criminal proceedings including any first information reports; (ii) actions by statutory or regulatory authorities; (iii) claims for any direct or indirect tax liabilities; or (iv) proceedings (other than proceedings covered under (i) to (ii) above) which have been determined to be material pursuant to the Materiality Policy (as disclosed herein below), involving our Company, Directors or Promoters (the **"Relevant Parties"**).*

*In relation to (iv) above, our Board in its meeting held on August 8, 2023, has considered and adopted a policy of materiality for identification of material litigation/arbitration ("**Materiality Policy**"). In terms of the Materiality Policy, the following shall be considered 'material' for the purposes of disclosure in this Draft Red Herring Prospectus:*

(i) Any pending litigation / arbitration involving the Relevant Parties, in which the aggregate monetary amount claimed by or against the Relevant Parties (individually or in the aggregate) in any such litigation / arbitration proceedings is equal to or in excess of 1% of our profit after tax, derived from the Restated Financial Information as at March 31, 2023. The total profit after tax, of our Company for the Fiscal 2023 is ₹2,087.01 million, and accordingly, all litigations involving our Company, in which the amount involved exceeds ₹20.87 million have been considered as material, if any; or

(ii) Any pending litigation / arbitration proceedings involving the Relevant Parties wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

Further, except as disclosed in this section, there are no (i) disciplinary actions (including penalty) imposed against any of our Promoters by SEBI or any stock exchange in the five Fiscals preceding the date of this Draft Red Herring Prospectus; or (ii) litigation involving any Group Companies which may have a material impact on our Company.

For the purposes of the above, pre-litigation notices received by our Company, Directors, Group Companies or Promoters from third parties (excluding those notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered material until such time that our Company, or such Director, Group Companies or Promoter, as the case may be, is impleaded as a defendant in litigation before any judicial, quasi-judicial or arbitral forum.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

Further, our Board, in its meeting held on August 8, 2023 has approved that a creditor of our Company shall be considered 'material' if the amount due to such creditor exceeds 5.00% of the trade payables of our Company as of the end of the most recent period covered in the Restated Financial Information. The trade payables of our Company as on March 31, 2023, were ₹477.38 million. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹23.87 million as on March 31, 2023.

Unless stated to the contrary, the information provided below is as on the date of this Draft Red Herring Prospectus.

Litigation proceedings involving our Company

(a) ***Criminal proceedings***

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings involving our Company.

i) Litigation against our Company

1. State of Punjab through Assistant Director of Factories, Circle No. 1, Ludhiana ("**Complainant**") filed a complaint dated April 5, 2019 ("**Complaint**") against Paritosh Kumar, in his capacity as the occupier and manager of our Company ("**Defendant**") in the Court of Chief Judicial Magistrate, Ludhiana ("**Ludhiana Court**"), in connection with the industrial accident that occurred due to the blast of an argan (CO2) gas cylinder on November 21, 2018, in the factory premises of our Kanganwal Facility I, leading to the death of one of our workers. The Complainant alleged that such argan (CO2) gas cylinder was kept idle in an open area without any support and was not stacked and stored at a proper place which resulted in the accident, thereby violating the provisions of Section 7A(2) of the Factories Act, 1948 and Rule 66D of the Punjab Factory Rules, 1952.

   Aggrieved by the Complaint, the Defendant filed a criminal miscellaneous petition dated February 10, 2022 ("**Petition**") in the High Court of Punjab and Haryana ("**High Court**") under Section 482 of the Code of Criminal Procedure, 1974 seeking to quash the Complaint on the grounds that the Complaint was beyond the jurisdiction of the Ludhiana Court as it was barred by law of limitation prescribed under Section 106 of the Factories Act, 1948. Through an order dated May 11, 2023, the High Court admitted the Petition and granted stay on any further proceedings. The matter is currently pending.

ii) Litigation by our Company

1. Paritosh Kumar, in his capacity as the Chairman and Manging Director of our Company ("**Complainant**") filed a criminal complaint dated July 24, 2020 before the Commissioner of Police, Ludhiana against P. Sarvanan, in his capacity as the president of Saran Corporation Limited ("**Respondent**") alleging inter-alia commission of cheating and dishonestly inducing delivery of property under Sections 406 and 420, respectively of the Indian Penal Code, 1860 for defrauding our Company by avoiding delivery of 4,000 ton forging press machine pursuant to payment of an advance amount aggregating to 26 million Japanese Yen (aggregating to approximately ₹16.70 million, assuming 1Yen to be equivalent to ₹0.64 as on June 4, 2019, the date of transfer of advance payment by the Company) by our Company. Thereafter, a first information report dated June 28, 2021 ("**FIR**") was registered at Police Station, Sahnewal, Ludhiana. Aggrieved by the FIR, the Respondent filed a petition under Section 483 of Code of Criminal Procedure, 1974 in the High Court of Punjab and Haryana ("**High Court**") seeking inter-alia to quash the FIR and to grant a stay on any further proceedings. A written statement dated May 5, 2023, has been filed by the Complainant in the High Court. The matter is currently pending.

(b) *Actions by statutory or regulatory authorities*

As on the date of this Draft Red Herring Prospectus, there are no pending actions initiated by statutory or regulatory authorities against our Company.

(c) *Claims related to direct and indirect taxes*

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no pending claims related to direct and indirect taxes involving our Company:

S.No.	Nature of Proceedings	Number of cases	Amount involved (in ₹ million)*
1	Direct	3	17.38
2	Indirect	21	52.03
Total		**24**	**69.41**

**To the extent quantifiable.*

(d) ***Other material proceedings***

As on the date of this Draft Red Herring Prospectus there are no other proceedings involving our Company, which have been considered material by our Company in accordance with the Materiality Policy.

Litigation proceedings involving our Directors

(a) ***Criminal proceedings***

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings involving our Directors.

i) Litigation against our Directors

State of Punjab through Assistant Director of Factories, Circle No. 1, Ludhiana filed a complaint against one of our Directors, Paritosh Kumar, alleging violation of provisions of Section 7A(2) of the Factories Act, 1948 and Rule 66D of the Punjab Factory Rules, 1952. For further details, see "– *Litigation proceedings involving our Company – Criminal proceedings*" on page 399. The matter is currently pending.

ii) Litigation by our Directors

One of our Directors, Paritosh Kumar, in his capacity as the Chairman and Managing Director filed a criminal complaint against P. Sarvanan, in his capacity as the president of Saran Corporation Limited alleging violation of Sections 406 and 420 of the Indian Penal Code, 1860. For further details, see "– *Litigation proceedings involving our Company – Criminal proceedings*" on page 399. The matter is currently pending.

(b) ***Actions by statutory or regulatory authorities***

As on the date of this Draft Red Herring Prospectus, there are no pending actions initiated by statutory or regulatory authorities against our Directors.

(c) ***Claims related to direct and indirect taxes***

As on the date of this Draft Red Herring Prospectus, there are no pending claims related to direct or indirect taxes involving our Directors.

(d) ***Other material proceedings***

As on the date of this Draft Red Herring Prospectus there are no other pending proceedings involving any of our Directors, which have been considered material by our Company in accordance with the Materiality Policy.

Litigation proceedings involving our Promoters

(a) ***Criminal proceedings***

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings involving any of our Promoters:

i) Litigation against our Promoters

State of Punjab through Assistant Director of Factories, Circle No. 1, Ludhiana filed a complaint against one of our Promoters, Paritosh Kumar, alleging violation of provisions of Section 7A(2) of the Factories Act, 1948 and Rule 66D of the Punjab Factory Rules, 1952. For further details, see "– *Litigation proceedings involving our Company – Criminal proceedings*" on page 399. The matter is currently pending.

ii) Litigation by our Promoters

One of our Promoters, Paritosh Kumar filed a criminal complaint against P. Sarvanan, in his capacity as the president of Saran Corporation Limited alleging violation of Sections 406 and 420 of the Indian Penal Code, 1860. For further details, see "– *Litigation proceedings involving our Company – Criminal proceedings* on page 399. The matter is currently pending.

(b) ***Actions by statutory or regulatory authorities***

As on the date of this Draft Red Herring Prospectus, there are no pending actions initiated by statutory or regulatory authorities against our Promoters.

(c) ***Claims related to direct and indirect taxes***

As on the date of this Draft Red Herring Prospectus, there are no pending claims related to direct or indirect taxes involving our Promoters.

(d) ***Other pending proceedings***

As on the date of this Draft Red Herring Prospectus there are no other pending proceedings involving any of our Promoters, which have been considered material by our Company in accordance with the Materiality Policy.

(e) ***Disciplinary action taken including penalty imposed against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange***

No disciplinary action, including any penalty has been taken or imposed against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus either by SEBI or any stock exchange.

Litigation proceedings involving our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving any Group Companies which will have a material impact on our Company.

Outstanding dues to small scale undertakings, material creditors, and any other creditors

As of March 31, 2023, our Company had 449 creditors, and the aggregate outstanding dues to these creditors by our Company are ₹517.40 million. In terms of the Materiality Policy, such creditors are considered 'material' to whom the amount due exceeds five percent of the trade payables of our Company as on March 31, 2023. Based on this, our Company owed a total sum of ₹251.19 to a total number of three material creditors as on March 31, 2023. The details of our outstanding dues to the 'material' creditors of our Company, micro and small enterprises, and other creditors, as on March 31, 2023, are as follows:

Particulars	No. of creditors	Amount due (in ₹ million)
Micro and small enterprises*	121	66.61
'Material' creditors	3	251.19
Other creditors	325	199.60

As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated August 14, 2023.
**As defined under the Micro, Small and Medium Enterprises Development Act, 2006.*

For complete details of outstanding overdues to material creditors, see https://happyforgingsltd.com/investors.

It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information including our Company's website would be doing so at their own risk.

Material Developments

Except as stated in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 357**,** there have not arisen, since the date of the last Restated Financial Information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Set out below is an indicative list of licenses, approvals, registrations, and permits obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities, and except as disclosed herein, we have obtained all material consents, licenses, registrations, permissions and approvals from various governmental, statutory and regulatory authorities, which are considered material and necessary for undertaking the current business activities and operations of our Company. Except as disclosed below, no further material approvals are required for carrying on the present business operations of our Company. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we make applications for their renewal from time to time. For details in connection with the regulatory and legal framework within which our Company operates, see "Key Regulations and Policies in India" on page 243.

For Offer related approvals obtained by our Company, see "Other Regulatory and Statutory Disclosures" on page 410. For details of the risk associated with a delay in obtaining, or not obtaining, the requisite material approvals, see "Risk Factors – We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations" on page 49.

Incorporation details of our Company

a) Certificate of incorporation dated July 2, 1979, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh to our Company, in the name of 'Happy Forgings Private Limited'.
b) Fresh certificate of incorporation dated April 1, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh to our Company, consequent upon change of name upon conversion to a public company in the name to 'Happy Forgings Limited'.

For further details of the incorporation details of our Company, see "*History and Certain Corporate Matters*" beginning on page 247.

I. Material approvals in relation to our business and operations

Tax related approvals

a) Permanent account number AAACH4369J, issued by the Income Tax Department, Government of India under the Income-tax Act, 1961.
b) Tax deduction account number JLDH00525A, issued by the Income Tax Department, Government of India under the Income-tax Act, 1961.
c) GST registrations issued under the Central Goods and Services Tax Act, 2017 for Dugri Facility and Kanganwal Facility II.

Business related approvals

a) License granted under the registration & license to work as factory, issued by the Chief Inspector of Factories, Department of Labour, Punjab, under the Factories Act, 1948, for Dugri Facility, Kanganwal Facility I and Kanganwal Facility II;
b) Consent to operate for setting up an industrial unit, issued by the Punjab Pollution Control Board, Ludhiana, under Section 21 of Air (Prevention & Control of Pollution) Act, 1981 and Section 25 of Water (Prevention & Control of Pollution) Act, 1974 for Dugri Facility, Kanganwal Facility I and Kanganwal Facility II;
c) Authorization for operating a facility, issued by the Punjab Pollution Control Board, Ludhiana under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 for Dugri Facility and Kanganwal Facility II;
d) Approval of fire safety arrangements, issued by Punjab Fire Services, Ludhiana MC, Directorate of Punjab and Emergency Services for Dugri Facility, Kanganwal Facility I and Kanganwal Facility II; and
e) Certificate of building stability, issued by the Joint Director of Factories, Punjab, under the Punjab Factory Rules, 1952 for Dugri Facility, Kanganwal Facility I and Kanganwal Facility II.

Labour / employment related approvals

a) Registration certificate of principal employer, issued by the Assistant Labour Commissioner, Ludhiana, under the Contract Labour (Regulation & Abolition) Act, 1970 for Dugri Facility and Kanganwal Facility II;
b) Registration for employees' provident fund with the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 for Dugri Facility and Kanganwal Facility II; and
c) Registration for employees' insurance with the relevant regional office of the Employees State Insurance Corporation under the ESI Act for Dugri Facility and Kanganwal Facility II.

Foreign trade related approvals

a) Importer-exporter code issued by the Ministry of Commerce and Industry, Government of India for Dugri Facility and Kanganwal Facility II.

II. Material approvals applied for, including renewal applications, but not received

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no material approvals. applied for, including renewal applications, that have not been received by our Company:

a) Our Company has filed an application dated June 13, 2023 with EEPC India (formerly known as Engineering Export Promotion Council)

III. Material approvals expired and renewals yet to be applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals which have expired and for which renewal applications are yet to be made by our Company.

IV. Material approvals required but not obtained or applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals which are required but which have not been obtained or for which applications are yet to be made by our Company.

V. Intellectual property

As on the date of this Draft Red Herring Prospectus, our Company has five registered trade marks in relation to our old corporate logos:

Registered Trademark	Class of trade mark under Trade Marks Act	Registering Authority
HAPPY FORGINGS LIMITED	7, 12 and 35	Trade Marks Registry, Mumbai
HFL	7 and 12	Trade Marks Registry, Mumbai

Further, our Company has filed applications under various classes for registration of our old and current corporate logo with the Registrar of Trade Marks, Delhi:

Trademark	Class of trade mark under Trade Marks Act	Registering Authority
HFL	35	Registrar of Trade Marks, Delhi
HAPPY FORGINGS LIMITED	7, 12 and 35	Registrar of Trade Marks, Delhi[*]
HAPPY FORGINGS LIMITED	7, 12 and 35	Registrar of Trade Marks, Delhi

[*] *The applications filed for registration of our current corporate logo under class 7 has been published in the trade mark journal under Section 20(1) of the Trade Marks Act and under classes 12 and 35 before the Trade Marks Registry, Delhi has been objected by the Trade Mark Registry, Delhi under the provisions of the Trade Marks Act and the Trade Mark Rules, 2002.*

SECTION VIII - GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of 'group companies', our Company has considered (i) such companies (other than our corporate Promoter) with which there were related party transactions during the period for which Restated Financial Information have been disclosed in this Draft Red Herring Prospectus, as covered under the applicable accounting standards (i.e., Ind AS 24); and (ii) any other companies which are considered material by our Board.

Accordingly, all such companies (other than our corporate Promoter) with which our Company had related party transactions as covered under the relevant accounting standard (i.e., Ind AS 24), as per the Restated Financial Information, have been considered as Group Companies in terms of the SEBI ICDR Regulations.

In respect of point (ii) above, our Board, in its meeting held on August 8, 2023, has considered and adopted a policy of materiality for the identification of companies that shall be considered material and disclosed as a 'group company' in this Draft Red Herring Prospectus. In terms of such materiality policy, if a company (a) is a member of the Promoter Group; and (b) has entered into one or more transactions with the Company during the last completed full Financial Year and the most recent period included in the Restated Financial Information, which individually or cumulatively in value exceeds 10% of the total restated consolidated revenue from operations of the Company derived from the Restated Financial Information of the last completed full financial year, it shall be considered material and disclosed as a 'group company'.

Based on the parameters set out above, the following have been identified as Group Companies:
1. VVDN Technologies Private Limited;
2. Happy Steels Private Limited;
3. Northstar Autocomp Private Limited; and
4. Gamo Forgings Private Limited

Details of our Group Companies:

The details of our Group Companies, determined based on turnover in Fiscal 2023, are as provided below:

1. **VVDN Technologies Private Limited**

Corporate information

The registered office of VVDN Technologies Private Limited is situated at 12/10 East Patel Nagar, Delhi – 110 008, India. VVDN Technologies Private Limited is currently engaged in the business of manufacturing, buying, selling, altering, improving, importing or exporting or otherwise deal in all kind of electronics, electrical appliances, energy devices, solar energy products and components, all kind of consultancy related to information technology, information technology enabled services, information security, network/system management/testing, data capturing/conversion/digitization, software development/testing and all allied services and allied products in India or in any part of the world.

The financial information of VVDN Technologies Private Limited is based on the audited standalone financial statements for Fiscals 2023, 2022 and 2021 and is available on its website at https://happyforgingsltd.com/investors.

2. **Happy Steels Private Limited**

Corporate information

The registered office of Happy Steels Private Limited is situated at B XXIX, 2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana – 141 120, Punjab, India. Happy Steels Private Limited is currently engaged in the business of upsetter forging manufacturing auto and tracker parts.

The financial information of Happy Steels Private Limited is based on the audited standalone financial statements for Fiscals 2023, 2022 and 2021 and is available on its website at https://happyforgingsltd.com/investors.

3. **Northstar Autocomp Private Limited**

Corporate information

The registered office of Northstar Autocomp Private Limited is situated at 8-K, Sarabha Nagar, K.S.S. Nagar Ludhiana– 141 001, Punjab, India. Northstar Autocomp Private Limited is currently engaged in business of upsetter and press forging of components.

The financial information of Northstar Autocomp Private Limited is based on the audited standalone financial statements for Fiscals 2023, 2022 and 2021 and is available on its website at https://happyforgingsltd.com/investors.

4. **Gamo Forgings Private Limited**

Corporate information

The registered office of Gamo Forgings Private Limited is situated at House No. 77, Surya V Chander Nagar, Ludhiana– 141 001, Punjab, India. Gamo Forgings Private Limited is currently engaged in the business of press forging with small presses upto 1300-1600 metric ton.

The financial information of Gamo Forgings Private Limited is based on the audited standalone financial statements for Fiscals 2023, 2022 and 2021 and is available on its website at https://happyforgingsltd.com/investors.

Common pursuits among Group Companies

Except for Happy Steels Private Limited, Gamo Forgings Private Limited and Northstar Autocomp Private Limited which are also engaged in the business of upsetter forging or press forging of auto components, there are no common pursuits amongst any of our Group Companies and our Company.

Nature and extent of interest of our Group Companies

a. Interest in the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

b. Interest in the property acquired or proposed to be acquired by the Company

None of our Group Companies are interested, directly or indirectly, in the properties acquired by our Company in the preceding three years or proposed to be acquired by our Company.

c. Interest in transactions for acquisition of land, construction of building, or supply of machinery

None of our Group Companies are interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, with our Company.

Related business transactions and their significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Other Financial Information – Related Party Transactions*" on page 355, there are no related business transactions between the Group Companies and our Company.

Business interest of our Group Companies in our Company

Except as disclosed in the section "*Other Financial Information – Related Party Transactions*" on page 355, our Group Companies have no business interests in our Company.

Litigation involving our Group Companies

There are no litigation involving our Group Companies which may have a material impact on our Company.

Other confirmations

The equity shares of our Group Companies are not listed on any stock exchange. Our Group Companies have not made any public / rights / composite issue in the last three years.

SECTION IX - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorized by a resolution of our Board dated August 8, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated August 8, 2023. Further, our Board has taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on August 8, 2023.

The Board has approved this Draft Red Herring Prospectus pursuant to their resolution dated August 14, 2023.

Each of the Selling Shareholders has, severally and not jointly, consented and/or authorised for inclusion of their portion of the Offered Shares as part of the Offer for Sale, as set out below:

Name of the Selling Shareholder	Type of the Selling Shareholder	Offered Shares	Date of Selling Shareholder's consent letter	Date of board resolution
Paritosh Kumar Garg (HUF)	Promoter Selling Shareholder	5,369,940	August 7, 2023	N.A.
India Business Excellence Fund – III	Investor Selling Shareholder	2,684,970	August 8, 2023	August 8, 2023

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, the persons in control of our Company, our Directors, the members of the Promoter Group and each of the Selling Shareholders have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority / court.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters, the members of the Promoter Group and each of the Selling Shareholders severally and not jointly confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

There are no outstanding action(s) initiated by SEBI against the Directors of our Company in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

(a) Our Company has had net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

(b) Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

(c) Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis; and

(d) Our Company has not changed its name in the last one year.

Our Company's restated net tangible assets, restated monetary assets, restated monetary assets as a percentage of restated net tangible assets, operating profit and net worth, derived from the Restated Financial Information included in this Draft Red Herring Prospectus, as at and for the Fiscals ended March 31, 2023, March 31, 2022, and March 31, 2021 is set forth below:

(*₹ in million, unless otherwise stated*)

Particulars	As at and for the Fiscal ended		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
	Consolidated	**Consolidated**	**Standalone**
Net tangible assets, as restated(1)	9,868.24	7,860.65	6,440.75
Monetary assets, as restated(2)	3.41	14.60	277.83
Monetary assets, as restated, as a percentage of net tangible assets, as restated (%)	0.03%	0.19%	4.31%
Operating profit, as restated(3)	2,867.63	1,931.52	1,229.90
Net worth, as restated(4)	9,883.06	7,876.23	6,451.59

(1) Net tangible assets have been computed as sum of total assets less total current liabilities less total non current liabilities and less intangible assets (including intangible assets under development) as defined in Indian Accounting Standard (Ind AS) 38 'Intangible Assets', issued by the Institute of Chartered Accountants of India.

(2) Monetary assets have been computed considering cash and cash equivalents and bank balance.

(3) Operating profit has been computed as restated profit before tax after excluding finance cost and other income.

(4) Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Summary Statement, but does not include reserves created out of revaluation of assets, capital reserve, write-back of depreciation and amalgamation.

Our Company has operating profits in each of Fiscal 2023, 2022 and 2021 in terms of our Restated Financial Information. Our average operating profit for Fiscals 2023, 2022 and 2021 is ₹2,009.68 million.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, and should our Company fail to do so, the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and applicable law.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

(a) None of our Company, our Promoters, members of our Promoter Group, our Directors or any of the Selling Shareholders are debarred from accessing the capital markets by SEBI.

(b) None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.

(c) None of our Company, our Promoters or Directors is a Wilful Defaulter or a Fraudulent Borrower.

(d) None of our Promoters or Directors has been declared a Fugitive Economic Offender in accordance with the Fugitive Economic Offenders Act, 2018.

(e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive, Equity Shares, as on the date of this Draft Red Herring Prospectus.

Each of the Selling Shareholders, severally and not jointly, confirm that, as required under Regulation 8 of the SEBI ICDR Regulations, they have held the Offered Shares for a continuous period of at least one year prior to the date of this Draft Red Herring Prospectus or are otherwise eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM FINANCIAL LIMITED, AXIS CAPITAL LIMITED, EQUIRUS CAPITAL PRIVATE LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS LIMITED (COLLECTIVELY, THE "BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS IS RESPONSIBLE FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS ABOUT IN RELATION TO ITSELF OR ITS RESPECTIVE PORTION OF THE OFFERED SHARES, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 14, 2023, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

The filing of this Draft Red Herring Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholders and the Book Running Lead Managers

Our Company, our Directors, the Selling Shareholders and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.happyforgingsltd.com, would be doing so at his or her own risk. Each Selling Shareholder and their respective affiliates, directors, trustees, officers and associates accept or undertake no responsibility for any statements, disclosures or undertakings other than those specifically undertaken or confirmed by such Selling Shareholder in relation to themself and the Equity Shares being offered by them in the Offer.

The Book Running Lead Managers accepts no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders, severally and not jointly (to the extent that the information pertain to themself and their respective portions of the Offered Shares through the Offer Documents), and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters, Book Running Lead Managers and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters, Book Running Lead Managers and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoters, members of the Promoter Group, the Selling Shareholders and their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoters, members of the Promoter Group, the Selling Shareholders and their respective directors, officers, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Chandigarh only.

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, multilateral and bilateral development financial institutions, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, state industrial development corporations, permitted insurance companies registered with IRDAI, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, permitted provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by the army and navy or air force of Union of India and insurance funds set up and managed by the Department of Posts, India, systemically important NBFCs registered with the RBI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

6. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

8. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

10. the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

European Economic Area

In relation to each European Economic Area State that has implemented the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129 (each, a "Relevant Member State"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Regulations, if they have been implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined under the Prospectus Regulations;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Directive), subject to obtaining the prior consent of the BRLMs; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation

provided that no such offer of Equity Shares shall result in a requirement for our Company or any BRLM to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 23 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Directive" means Regulation (EU) 2017/1129.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Offer to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the Financial Conduct Authority is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc. (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(i) to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of BRLMs for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA

provided that no such offer of Equity Shares shall result in a requirement for our Company or any BRLM to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus will be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus will be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised. Applications will be made to the BSE and NSE for obtaining their permission for the listing and trading of the Equity Shares.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law.

If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. For avoidance of doubt, no liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of their portion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid / Offer Closing Date or within such other period as may be prescribed. Each Selling Shareholder severally and not jointly, confirms that they shall extend reasonable support and co-operation (to the extent of its portion of the Offered Shares) as required by law for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid / Offer Closing Date, or within such other period as may be prescribed. If the Company does not Allot the Equity Shares within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders as prescribed under applicable law.

Consents

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal counsel to the Company as to Indian law, Banker to our Company, the Book Running Lead Managers, the Registrar to the Offer, and Ricardo have been obtained; and consents in writing of the Monitoring Agency, Syndicate Members, Public Offer Account Bank, Sponsor Bank(s), Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, and such consents shall not be withdrawn up to the time of filing of the Red Herring Prospectus with the RoC.

Experts to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 14, 2023, from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors and in respect of their (i) examination report dated August 8, 2023 on our Restated Financial Information; and (ii) report dated August 14, 2023 on the statement of special tax benefits is included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has also received written consent dated August 14, 2023, from Goel Garg & Co., Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.

Additionally, our Company has, received a written consent, pursuant to the certificate dated August 10, 2023, from Anil Kumar Soni, independent chartered engineer, to include his name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in relation to their certificate on installed capacity, actual production and capacity utilisation at the manufacturing facilities of our Company, included under "*Our Business"* on page 203 of this Draft Red Herring Prospectus.

Such consents each from the independent chartered accountant and the independent chartered engineer have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues by our Company during the last five years and performance *vis-à-vis* objects

Our Company has not made any public or rights issues (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Last issue of subsidiaries and promoters

As on the date of this Draft Red Herring Prospectus, our corporate Promoter, Ayush Capital & Financial Services Private Limited has no securities listed on any stock exchange. Our Company does not have any subsidiary.

Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Capital issue during the previous three years by our Company

Other than as disclosed in "*Capital Structure*" on page 86, our Company has not undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus.

Capital issue during the previous three years by listed group companies or listed subsidiaries or associates of our Company

Our Company does not have any listed group companies, as on the date of this Draft Red Herring Prospectus. Our Company does not have any associates or subsidiaries.

Price information of past issues handled by the Book Running Lead Managers

A. *JM Financial Limited*

1. Price information of past issues handled by JM Financial Limited (during the current Fiscal and two Fiscals preceding the current financial year):

S. No.	Issue name	Issue Size (` million)	Issue price (`)	Listing Date	Opening price on Listing Date (in `)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Cyient DLM Limited[*]	5,920.00	265.00	July 10, 2023	403.00	86.79% [1.11%]	Not Applicable	Not Applicable
2.	Ideaforge Technology Limited[*]	5,672.45	672.00	July 7, 2023	1,300.00	64.59% [0.96%]	Not Applicable	Not Applicable
3.	Avalon Technologies Limited[*]	8,650.00	436.00	April 18, 2023	436.00	-10.09% [2.95%]	59.45% [10.78%]	Not Applicable
4.	Elin Electronics Limited[#]	4,750.00	247.00	December 30, 2022	243.00	-15.55% [-2.48%]	-52.06% [-4.73%]	-29.35% [4.23%]
5.	Uniparts India Limited[#]	8,356.08	577.00	December 12, 2022	575.00	-5.11% [-3.24%]	-7.38% [-4.82%]	-0.60% [0.80%]
6.	Archean Chemical Industries Limited[*]	14,623.05	407.00	November 21, 2022	450.00	25.42% [1.24%]	56.87% [-1.19%]	32.68% [0.24%]
7.	Bikaji Foods International Limited[#7]	8,808.45	300.00	November 16, 2022	321.15	28.65% [-0.29%]	26.95% [-2.50%]	24.23% [0.08%]
8.	Global Health Limited[*]	22,055.70	336.00	November 16, 2022	401.00	33.23% [0.03%]	35.94% [-3.47%]	61.67% [-0.52%]
9.	Fusion Micro Finance Limited[*]	11,039.93	368.00	November 15, 2022	359.50	9.86% [1.40%]	12.84% [-2.97%]	25.52% [-0.48%]
10.	Electronics Mart India Limited[*]	5,000.00	59.00	October 17, 2022	90.00	46.02% [6.31%]	42.63% [3.72%]	23.81% [2.98%]

Source: www.nseindia.com and www.bseindia.com
[#] BSE as Designated Stock Exchange
[*] NSE as Designated Stock Exchange
Notes:

1. *Opening price information as disclosed on the website of the Designated Stock Exchange.*
2. *Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.*
3. *For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of ₹15 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *Not Applicable – Period not completed.*

2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (`₹ Million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2023-	3	20,242.	-	-	1	2	-	-	-	-	-	-	-	-

Financial Year	Total no. of IPOs	Total funds raised (` ₹ Million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024		45												
2022-2023	11	3,16,770.53	-	1	3	-	5	2	-	2	2	2	3	2
2021-2022	17	2,89,814.06	-	1	2	5	5	4	1	2	3	4	3	4

B. *Axis Capital Limited*

1. Price information of past issues handled by Axis Capital Limited (during the current Fiscal and two Fiscals preceding the current financial year):

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Cyient DLM Limited[& (2)]	5,920.00	265.00	10-Jul-23	403.00	+86.79%, [+1.11%]	-	-
2	Mankind Pharma Limited[(2)]	43,263.55	1,080.00	09-May-23	1,300.00	+37.61%, [+2.52%]	+74.13%, [+6.85%]	-
3	Elin Electronics Limited[(1)]	4,750.00	247.00	30-Dec-22	243.00	-15.55%, [-2.48%]	-52.06%, [-4.73%]	-29.35%, [+4.23%]
4	Landmark Cars Limited[*(1)]	5,520.00	506.00	23-Dec-22	471.30	+22.83%, [+1.30%]	+1.16%, [-2.72%]	+35.06%, [+5.82%]
5	Uniparts India Limited[(1)]	8,356.08	577.00	12-Dec-22	575.00	-5.11%, [-3.24%]	-7.38%, [-4.82%]	-0.60%, [+0.80%]
6	Keystone Realtors Limited[(1)]	6,350.00	541.00	24-Nov-22	555.00	-12.26%, [-3.90%]	-9.70%, [-2.57%]	-8.64%, [-0.50%]
7	Bikaji Foods International Limited[# (1)]	8,808.45	300.00	16-Nov-22	321.15	+28.65%, [-0.29%]	+26.95%, [-2.50%]	+24.17%, [+0.08%]
8	DCX Systems Limited[(1)]	5,000.00	207.00	11-Nov-22	286.25	+17.10%, [+0.63%]	-12.56%, [-1.83%]	-12.32%, [-0.05%]
9	Harsha Engineers International Limited (formerly	7,550.00	330.00	26-Sep-22	450.00	+31.92%, [+3.76%]	+10.68%, [+4.65%]	-2.18%, [-0.42%]

	known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)[$(2)]							
10	Tamilnad Mercantile Bank Limited[(1)]	8,078.40	510.00	15-Sep-22	510.00	-8.43%, [-3.36%]	+2.14%, [+4.34%]	-15.82%, [-2.83%]

Source: www.nseindia.com and www.bseindia.com.
[(1)]BSE as Designated Stock Exchange.
[(2)]NSE as Designated Stock Exchange.
[&] Offer Price was ₹250.00 per equity share to Eligible Employees.
[*] Offer Price was ₹458.00 per equity share to Eligible Employees.
[#] Offer Price was ₹285.00 per equity share to Eligible Employees.
[$]Offer Price was ₹299.00 per equity share to Eligible Employees.
Notes:

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
c. *Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
d. *In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. Summary statement of price information of past issues handled by Axis Capital Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2023-2024*	2	49,183.55	-	-	-	1	1	-	-	-	-	-	-	-
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1
2021-2022	25	609,514.77	-	2	6	6	5	6	3	4	3	5	3	7

[*] The information is as on the date of the document.
The information for each of the financial years is based on issues listed during such financial year.
Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

C. Equirus Capital Private Limited

1. Price information of past issues handled by Equirus Capital Private Limited (during the current Fiscal and two Fiscals preceding the current financial year):

S. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Rolex Rings Limited$	7,310.00	900.00	August 9, 2021	1,250.00	+22.28% [+6.79%]	+31.50% [+10.20%]	+45.24% [+7.74%]
2.	Krsnaa Diagnostics Limited$	12,133.35	954.00[1]	August 16, 2021	1,005.55	-9.42% [+4.93%]	-27.73% [+9.30%]	-32.63% [+4.90%]
3.	Anand Rathi Wealth Limited#	6,593.75	550.00[2]	December 14, 2021	602.05	+12.38% [+5.22%]	+4.46% [-4.42%]	+19.55% [-6.56%]
4.	Metro Brands Limited#	13,675.05	500.00	December 22, 2021	436.00	+21.77% [+4.45%]	+14.57% [+0.64%]	+7.93% [-9.78%]
5.	Prudent Corporate Advisory Services Limited#	4,282.84	630.00[3]	May 20, 2022	660.00	-20.71% [-5.46%]	-2.10% [+10.92%]	+26.23% [+13.89%]
6.	Dreamfolks Services Limited#	5,621.01	326.00	September 06, 2022	505.00	+12.07% [-1.91%]	+14.80% [+6.20%]	+42.44% [+1.03%]
7.	Harsha Engineers International Limited$	7,550.00	330.00[4]	September 26, 2022	450.00	+31.92% [+3.76%]	+10.68% [+4.65%]	-2.18% [-0.42%]
8.	Inox Green Energy Services Limited#	7,400.00	65.00	November 23, 2022	60.50	-30.77% [-1.11%]	-32.77% [-1.33%]	-26.85% [+0.36%]
9.	Divgi TorqTransfer Systems Limited#	4,121.20	590.00	March 14, 2023	600.00	+12.04% [+4.30%]	+39.64% [+8.16%]	N.A.
10.	Netweb Technologies India Limited#	6,310.00	500.00[5]	July 27, 2023	942.50	N.A.	N.A.	N.A.

Source: www.bseindia.com and www.nseindia.com for price information and prospectus/basis of allotment for issue details.

Notes:

1. *A discount of ₹93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Krsnaa Diagnostics Limited IPO.*
2. *A discount of ₹25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Anand Rathi Wealth Limited IPO.*
3. *A discount of ₹59 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Prudent Corporate Advisory Services Limited IPO.*
4. *A discount of ₹31 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Harsha Engineers International Limited IPO.*
5. *A discount of ₹25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Netweb Technologies India Limited IPO.*
6. *Price on Designated Stock Exchange of the respective Issuer is considered for all of the above calculations.*
7. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
8. *N.A. (Not Applicable) – Period not completed.*

\# *The S&P BSE SENSEX is considered as the Benchmark Index.*

$ *The S&P CNX NIFTY is considered as the Benchmark Index.*

2. Summary statement of price information of past issues handled by Equirus Capital Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2023-2024*	1	6,310.00	-	-	-	-	-	-	-	-	-	-	-	-
2022-2023	5	28,975.05	-	1	1	-	1	2	-	1	1	-	2	-
2021-2022	5	49,335.49	-	-	1	1	-	3	-	1	-	1	1	2

** The information is as on the date of this Offer Document.*
The information for each of the financial years is based on issues listed during such financial year.

D. Motilal Oswal Investment Advisors Limited

1. Price information of past issues handled by Motilal Oswal Investment Advisors Limited (during the current Fiscal and two Fiscals preceding the current financial year):

S. No.	Issue name	Designated Stock Exchange	Issue size (₹ in million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
1	IKIO Lighting Limited	BSE	6,065.00	285.00	June 16, 2023	391.00	+44.77% [+4.22%]	N.A.	N.A.
2	Radiant Cash Management Limited	NSE	2,566.41	94.00	January 04, 2023	103.00	+2.55% [-2.40%]	2.23% [-3.75%]	-1.31%, [+6.35%]
3	Tamilnad Mercantile Bank Limited	BSE	8,078.40	510.00	September 15, 2022	510.00	-8.43% [-3.36%]	+2.14% [+4.34%]	-11.07%, [-1.33%]

S. No.	Issue name	Designated Stock Exchange	Issue size (₹ in million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
4	Dreamfolks Services Limited	BSE	5,621.01	326.00	September 6, 2022	505.00	+12.07% [-1.91%]	+14.80% [+6.20%]	+12.94%, [+1.24%]
5	Metro Brands Limited	BSE	13,675.05	500.00	December 22, 2021	436.00	+21.77%, [+4.45%]	+14.57%, [+0.64%]	+7.93%, [-9.78%]
6	Aditya Birla Sun Life AMC Limited	NSE	27,682.56	712.00	October, 11, 2021	715.00	-11.36%, [+0.55%]	-23.85%, [-0.74%]	-25.65%, [-0.90%]
7	Devyani International Limited	NSE	18,380.00	90.00	August 16, 2021	140.90	+32.83%, [+4.93%]	+78.39%, [+9.30%]	+97.17%, [+4.90%]
8	GR Infraprojects Limited[(4)]	BSE	9,623.34	837.00	July 19, 2021	1,700.00	+90.61%, [+6.16%]	+138.67%, [+16.65%]	+132.16%, [+16.50%]

Source: Information has been taken from (nseindia.com, bseindia.com) as per respective Designated Stock Exchange of the above Issuer Companies, as applicable

Notes:

1. *The S&P CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index, depending upon the Designated Stock Exchange.*
2. *Price is taken from NSE or BSE, depending upon Designated Stock Exchange for the above calculations.*
3. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
4. *Discount of ₹42.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion.*
5. *Not applicable – Period not completed.*

2. Summary statement of price information of past issues handled by Motilal Oswal Investment Advisors Limited:

Financial Year	Total no. of IPOs#	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2023- 24*	1	6,065.00	-	-	-	-	**1**	-	-	-	-	-	-	-
2022-23*	3	16,265.81	-	-	1	-	-	2	-	-	2	-	-	1
2021-22*	4	69,360.95	-	-	1	1	1	1	-	1		2	-	1

**The information is as on the date of the RHP.*

 # The information for each of the financial years is based on issues listed during such financial year.

Notes: Since 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Data for number of IPOs trading at premium/discount taken at closing price on NSE or BSE on the respective date, depending upon the Designated Stock Exchange.

Track record of past issues handled by the BRLMs

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012, issued by SEBI, see the website of the Book Running Lead Managers, as set forth in the table below:

S. No.	Name of the Book Running Lead Manager	Website
1.	JM Financial Limited	www.jmfl.com
2.	Axis Capital Limited	www.axiscapital.co.in
3.	Equirus Capital Private Limited	www.equirus.com
4.	Motilal Oswal Investment Advisors Limited	www.motilaloswalgroup.com

Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances in the Offer

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares pursuant to the Offer to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs or the Registrar to the Offer, in the manner provided below.

All Offer related grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders' DP ID, Client ID, UPI ID, PAN, address of the Bidder, number of Equity Shares applied for, date of ASBA Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than UPI Bidders) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of UPI Bidders. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents / information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. For offer related grievances, investors may contact the Book Running Lead Managers, details of which are given in "*General Information*" on page 77.

SEBI, by way of its circular dated March 16, 2021 as amended by its circulars dated June 2, 2021 and April 20, 2022, has identified the need to put in place measures, in order to streamline the processing of ASBA applications through the UPI Mechanism and redressal of investor grievances arising out of the UPI Mechanism inter alia in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries / SCSBs and failure to unblock funds in cases of partial allotment / non allotment within prescribed timelines and procedures. Pursuant to the circular dated March 16, 2021, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including: (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Bank containing statistical details of mandate blocks / unblocks; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid / Batch; and (v) mandating SCSBs to ensure that the unblock process for non-allotted / partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalisation of the Basis of Allotment.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid / Offer Closing Date, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid / Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

In terms of SEBI circular SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum or such other rate of interest as may be prescribed under applicable law for any delay beyond this period of 15 days. The following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted / partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalization of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the Book Running Lead Managers shall be liable to compensate the investor ₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the Book Running Lead Managers, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company shall after filing of this Draft Red Herring Prospectus, obtain authentication on the SCORES in terms of the SEBI master circular bearing reference number SEBI/HO/OIAE/IGRD/P/CIR/2022/0150 dated November 17, 2022, in relation to redressal of investor grievances through SCORES.

Our Company has also constituted a Stakeholders' Relationship Committee, comprising of Prakash Bagla, Vikas Giya and Ashish Garg, to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For details of our Stakeholders' Relationship Committee, see "*Our Management*" on page 252.

Our Company has also appointed Bindu Garg, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, "*General Information – Company Secretary and Compliance Officer*" on page 78. Each of the Selling Shareholders, severally and not jointly, has authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to deal with, on their behalf, any investor grievances received in the Offer in relation to their respective portion of the Offered Shares.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus.

Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Exemptions from complying with any provision of securities laws, if any, granted by SEBI

Our Company has not been applied for an exemption from complying with any provisions of securities laws by SEBI.

SECTION X - OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, the SEBI Listing Regulations, our Memorandum of Association and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities offered from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable, or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer*", on page 105.

Ranking of the Equity Shares

The Equity Shares being issued, offered and Allotted in the Offer shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 461.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders as per the provisions of the Companies Act, 2013, our Memorandum of Association and Articles of Association, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Allottees, in accordance with applicable law. For further details in relation to dividends, see *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* on pages 279 and 461, respectively.

Face Value, Floor Price, Price Band and Offer Price

The face value of the Equity Shares is ₹2. The Floor Price of Equity Shares is ₹[●] per Equity Share and the Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share. The Offer Price, Price Band and minimum Bid Lot for the Offer will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Punjabi daily newspaper (Punjabi being the regional language of Punjab, where our Registered Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid / Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs, after the Bid / Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, our Shareholders shall have the following rights:

- the right to receive dividend, if declared;
- the right to attend general meetings and exercise voting rights, unless prohibited by law;
- the right to vote on a poll either in person or by proxy or 'e-voting' in accordance with the provisions of the Companies Act;
- the right to receive offers for rights shares and be allotted bonus shares, if announced;
- the right to receive surplus on liquidation subject to any statutory and preferential claims being satisfied;
- the right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws, including rules framed by the RBI; and
- such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation / splitting, see "*Main Provisions of the Articles of Association*" on page 461.

Allotment in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only. In this context, our Company has entered into the following agreements with the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated June 23, 2018, amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated October 11, 2018, amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

The trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "*Offer Procedure*" on page 439.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint holders with benefits of survivorship.

Jurisdiction

The competent courts of Chandigarh, India will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See "– *Bid / Offer Programme*" on page 432.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the nominating holder of such Equity Shares. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation or variation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Collecting Depository Participant of the Bidder will prevail. If Bidders wish to change their nomination, they are requested to inform their respective Collecting Depository Participant.

Bid / Offer Programme

BID/ OFFER OPENS ON	[●](1)
BID/ OFFER CLOSES ON	**[●]**(2)(3)

(1) *Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.*

(2) *Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

(3) *UPI mandate end time and date shall be at 5.00 p.m. on Bid/Offer Closing Date.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the March 2021 Circular, as amended pursuant to June 2021 Circular shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no.

SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

The above timetable is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders or the BRLMs.

While the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid / Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid / Offer Period by our Company and the Investor Selling Shareholder in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder, severally and not jointly, confirms that they shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid / Offer Closing Date, or within such other period as may be prescribed.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid / Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST)
Bid/ Offer Closing Date	
Submission and Revision in Bids*	Only between 10.00 a.m. and 3.00 p.m. IST

**UPI mandate end time and date shall be at 5.00 pm on Bid/Offer Closing Date.*

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by UPI Bidders.

On Bid / Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled / withdrawn / deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid / Offer Opening Date till the Bid / Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 1:00 p.m. IST on the Bid/ Offer

Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids and any revision to the Bids, will be accepted only during Working Days, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Investors may note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price will not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price, subject to minimum 105% of the Floor Price.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Investor Selling Shareholder in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.

In case of discrepancy in data entered in the electronic book *vis-à-vis* data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, if any, in accordance with applicable laws, or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares being offered in the Offer, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond four days, our Company and every Director of our Company who is an officer in default, to the extent applicable, shall pay interest at the rate of 15% per annum.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLMs, Registrar to the Offer and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the balance valid Bids will be made proportionately towards Fresh Issue and the Offered Shares.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company and the Selling Shareholders shall be liable to pay interest on the application money in accordance with applicable laws.

The Selling Shareholders shall reimburse any expenses and interest incurred by our Company on behalf of them for any delays in making refunds as required under the Companies Act and any other applicable law, provided that the Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of the Selling Shareholders and any expenses and interest shall be paid to the extent of their respective portion of the Offered Shares.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

Restriction on transfer and transmission of Equity Shares

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoters' contribution and Equity Shares allotted to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" on page 86, and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Main Provisions of the Articles of Association*" at page 461.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges. However, Allotees may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

Withdrawal of the Offer

The Offer shall be withdrawn in the event that 90% of the Fresh Issue portion of the Offer is not subscribed.

Our Company and the Investor Selling Shareholder in consultation with the BRLMs, reserves the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid / Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid / Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company and the BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank(s) to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be filed again with SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed under applicable law, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹5,000 million by our Company and an Offer of Sale of up to 8,054,910 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities for cash consideration aggregating up to ₹1,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, it will be at a price to be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

The Offer is being made through Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations

Particulars	QIBs [(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment / allocation[*] [(2)]	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment / allocation	Not more than 50% of the Offer size shall be available for allocation to QIB Bidders. However, 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Offer, or the Offer less allocation to QIB Bidders and Retail Individual Bidders will be available for allocation.	Not less than 35% of the Offer, or the Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment / allocation if respective category is oversubscribed[*]	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million, and (ii) two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders. The Allotment to each Non-Institutional Bidder shall not be less than the minimum application	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see *"Offer Procedure"* on page 439.

Particulars	QIBs [(1)]	Non-Institutional Bidders	Retail Individual Bidders
		size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis. For details, see "*Offer Procedure*" on page 439.	
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, that the Bid Amount exceeds ₹0.20 million	Such number of Equity Shares in multiples of [●] Equity Shares that the Bid Amount exceeds ₹0.20 million	[●] Equity Shares in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the Anchor Portion), subject to applicable limits under applicable law	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to limits prescribed under applicable law	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹0.20 million
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of allotment^	Compulsorily in dematerialised form		
Allotment Lot	A minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply[(3)]	Public financial institutions (as specified in Section 2(72) of the Companies Act), scheduled commercial banks, Mutual Funds, Eligible FPIs, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250.00 million, pension funds with minimum corpus of ₹250.00 million, with the Pension Fund Regulatory and Development Authority, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and any individuals, corporate bodies and family offices which are re-categorised as category II FPIs and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form.		
Mode of Bidding^	ASBA only (excluding the UPI Mechanism) except for Anchor Investors	ASBA only (including UPI Mechanism for Bids up to ₹0.50 million)	ASBA only (including the UPI Mechanism)

* *Assuming full subscription in the Offer.*

^ *SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in Public Issues shall be processed only after the application monies are blocked in the investor's bank accounts. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIB, NIB and Retail and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

(1) *Our Company and the Investor Selling Shareholder in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations and subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation*

under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹50 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five Anchor Investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50 million per Anchor Investor. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see "Offer Procedure" on page 439.

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the Non-Institutional Portion shall be reserved for Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million, and (ii) two-third of the Non-Institutional Portion will be available for allocation to Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLMs, Registrar to the Offer and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the balance valid Bids will be made proportionately towards Fresh Issue and the Offered Shares. For further details, see "Terms of the Offer" on page 430.

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.*

(4) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Bids by FPIs with certain structures as described under "Offer Procedure – Bids by FPIs" on page 445 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares pursuant to the Offer.

OFFER PROCEDURE

All Bidders should read the General Information Document which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. Investors should note that the details and process provided in the General Information Document should be read along with this section.

Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) Designated Date; (viii) disposal of applications and electronic registration of bids; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

*SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019. Subsequently, for applications by Retail Individual Bidders through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and UPI Bidders submitting their ASBA Forms through Designated Intermediaries (other than SCSBs) can only use UPI Mechanism with existing timeline of T+6 days until further notice pursuant to SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 (“**UPI Phase II**”).*

*Pursuant to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the final reduced timeline of T+3 days using the UPI Mechanism for applications by UPI Bidders (“**UPI Phase III**”), has been notified and made effective on a voluntary basis for public issues opening on or after September 1, 2023, and on a mandatory basis for public issues opening on or after December 1, 2023. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II of the UPI Circular, subject to the timing of the Offer and any circulars, clarification or notification issued by the SEBI from time to time, including SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular came into force for initial public offers opening on or after May 1, 2021 except as amended pursuant to SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Red Herring Prospectus. The provisions of the circular issued by the NSE having reference no. 25/2022 dated August 3, 2022, and the circular issued by BSE having reference no. 20220803-40 dated August 3, 2022 are also deemed to form part of this Draft Red Herring Prospectus. Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹0.50 million shall use the UPI Mechanism.*

Further, our Company, the Selling Shareholders and the BRLMs are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

Our Company, the Selling Shareholders and the BRLMs are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Investor Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million, and (ii) two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Investor Selling Shareholder in consultation with the BRLMs, Registrar to the Offer and the Designated Stock Exchange.

In accordance with Rule 19(2)(b) of the SCRR, the Offer will constitute at least [●]% of the post Offer paid-up Equity Share capital of our Company.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021. Pursuant to the press release dated March 28, 2023, the last date for linking PAN and Aadhaar has been extended to June 30, 2023.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for UPI Bidders Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of UPI Mechanism

SEBI has issued UPI Circulars in relation to streamlining the process of public issue of equity shares and convertibles by introducing an alternate payment mechanism using UPI. Pursuant to the UPI Circulars, UPI has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced and implemented the UPI payment mechanism in three phases in the following manner:

(a) **Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, an RIB also had the option to submit the ASBA Form with any of the Designated Intermediaries and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.

(b) **Phase II:** This phase had become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the physical ASBA Form by an RIB through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.

(c) **Phase III:** In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023. SEBI vide press release bearing number 12/2023 has approved the proposal for reducing the time period for listing of shares in public issue from existing six working days to three working days and pursuant to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the reduce time period of three working days has been made voluntary for public issues opening on or after September 1, 2023, and mandatory for public issues opening on or after December 1, 2023.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circulars include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline and submit confirmation of the unblock to the BRLMs and Registrar within the prescribed timelines would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post–Offer BRLMs will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

Our Company will be required to appoint SCSBs as a sponsor bank(s) to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Bidders using UPI.

The processing fees for applications made by UPI Bidders may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 and such payment of processing fees to the SCSBs shall be made in compliance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. NPCI vide circular reference no. NPCI/UPI/OC No. 127/ 2021-22 dated December 09, 2021, inter alia, has enhanced the per transaction limit in UPI from more than ₹0.20 million to ₹0.50 million for UPI based ASBA in initial public offerings.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for the Book Building process on a regular basis before the closure of the Offer.

b) On the Bid / Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges' platform are considered for allocation / Allotment. The Designated Intermediaries are given till 5:00 pm on the Bid / Offer Closing Date to modify select fields uploaded in the Stock Exchanges' platform during the Bid / Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered Office and at our Corporate Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid / Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

UPI Bidders bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and Bid cum Application Forms submitted by UPI Bidders that do not contain the UPI ID are liable to be rejected.

Bidders (other than Anchor Investors and UPI Bidders Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

UPI Bidders submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by UPI Bidders with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders using the ASBA process to participate in the Offer must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked / unblocked.

Since the Offer is made under Phase II, ASBA Bidders may submit the ASBA Form in the manner below:

(i) RIBs (other than the RIBs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(ii) UPI Bidders may submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(iii) QIBs and NIBs not using the UPI Mechanism may submit their ASBA Forms with SCSBs, Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked / unblocked.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in Public Issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. Retail, QIB and NIB and also for all modes through which the applications are processed.

Non-Institutional Bidders bidding through UPI Mechanism must provide the UPI ID in the relevant space provided in the

Bid cum Application Form. UPI Bidders Bidding using the UPI Mechanism.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms.*
Notes:
(1) Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).
(2) Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). For UPI Bidders, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank(s), NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions / investor complaints to the Sponsor Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

In accordance with BSE circular No: 20220803-40 and NSE circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Issue Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

The Sponsor Bank(s) shall host a web portal for intermediaries (closed user group) from the date of Bid / Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks / unblocks, performance of apps and UPI handles, down-time / network latency (if any) across intermediaries and any such processes having an impact / bearing on the Offer Bidding process.

Participation by Promoter, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to Promoter, Promoter Group, BRLMs and the Syndicate Members and Bids by Anchor Investors

The BRLMs and the Syndicate Members shall not be allowed to purchase/subscribe the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase/subscribe to the Equity Shares in the Offer, either in the QIB Portion or in the

Non-Institutional Portion as may be applicable to such Bidders, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLMs or insurance companies promoted by entities or pension funds sponsored by entities which are associates of the BRLMs, no BRLMs or their respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the Book Running Lead Managers" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoter and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoter or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoter or Promoter Group of our Company.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company in consultation with BRLMs reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident External Accounts ("**NRE Account**"), or Foreign Currency Non-Resident Accounts ("**FCNR Account**"), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA regulations. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

In accordance with the FEMA NDI Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company. Pursuant to the special resolution dated July 31, 2023, passed by our Shareholders, the aggregate ceiling of 10% was raised to 24%.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents

([●] in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

For details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities"* on page 459.

Bids by HUFs

Bids by HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs will be considered at par with Bids from individuals.

Bids by FPIs

In terms of applicable FEMA NDI Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. In case the total holding of an FPI or investor group increase beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together can be up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, up to 100% under the automatic route). In terms of the FEMA NDI Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

(a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
(b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
(c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
(d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids and are liable to be rejected:

- FPIs which utilise the multi-investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;

- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;

- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;

- FPI registrations granted at investment strategy level / sub fund level where a collective investment scheme or fund has multiple investment strategies / sub-funds with identifiable differences and managed by a single investment manager.

- Multiple branches in different jurisdictions of foreign bank registered as FPIs;

- Government and Government related investors registered as Category 1 FPIs; and

- Entities registered as collective investment scheme having multiple share classes.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such compliance from the relevant FPIs with the operational guidelines for FPIs and designated Collecting Depository Participants issued to facilitate implementation of SEBI FPI Regulations, such multiple Bids shall be rejected.

FPIs must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital on a fully diluted basis shall be liable to be rejected.

Participation of FPIs in the Offer shall be subject to the FEMA NDI Rules.

There is no reservation for Eligible NRI Bidders, AIFs and FPIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by SEBI registered AIFs, VCFs and FVCIs

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (the "**SEBI VCF Regulations**"), VCFs which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

The Category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A Category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a Category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations) whose shares are proposed to be listed.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA NDI Rules.

All Non-Resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder, in consultation with BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Bid cum Application Form, failing which our Company and the Investor Selling Shareholder in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate equity investment in subsidiaries and other entities engaged in financial and non-financial services cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or (b) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the bank's interest on loans / investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company and the Investor Selling

Shareholder in consultation with BRLMs, reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 read with the Investments – master circular dated October 27, 2022, each as amended ("**IRDA Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million, registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable laws a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholder in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Investor Selling Shareholder in consultation with the BRLMs, may deem fit.

Bids by provident funds / pension funds

In case of Bids made by provident funds / pension funds, subject to applicable laws, with minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable laws, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with BRLMs reserve the right to reject any Bid, without assigning any reason therefor.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

(a) Anchor Investor Application Forms to be made available for the Anchor Investor Portion at the offices of the BRLMs.

(b) The Bids are required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

(c) One-third of the Anchor Investor Portion is reserved for allocation to domestic Mutual Funds.

(d) Bidding for Anchor Investors will open one Working Day before the Bid / Offer Opening Date, and will be completed on the same day.

(e) Our Company and the Investor Selling Shareholder in consultation with the BRLMs will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion is not less than:

- maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
- minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and
- in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹50 million per Anchor Investor.

(f) Allocation to Anchor Investors is required to be completed on the Anchor Investor Bid / Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made, is required to be made available in the public domain by the BRLMs before the Bid / Offer Opening Date, through intimation to the Stock Exchanges.

(g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

(i) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities or pensions funds sponsored by entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices which are associate of the and BRLMs) can apply in the Offer under the Anchor Investor Portion.

(j) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in the Red Herring Prospectus, when filed.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder’s responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated / Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he / she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Punjabi daily newspaper (Punjabi being the regional language of Punjab, where our Registered Office is located), each with wide circulation. Our Company shall, in the pre-Offer advertisement state the Bid / Offer Opening Date, the Bid / Offer Closing Date and the QIB Bid / Offer Closing Date, as applicable. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or after the finalisation of the Offer Price but prior to the filing of the Prospectus. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid(s) until the Bid / Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. All Bidders (other than Anchor Investors) should submit their Bids using the ASBA process only;

3. Ensure that you have Bid within the Price Band;

4. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. UPI Bidders must mention their correct UPI ID and shall use only his / her own bank account which is linked to such UPI ID and not the bank account of any third party;

5. UPI Bidders Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

6. UPI Bidders Bidding using the UPI Mechanism shall make Bids only through the SCSBs, mobile applications and UPI handles whose name appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;

7. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

8. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;

9. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate, Sub-Syndicate Members, Registered Brokers, RTA or CDP;

10. In case of joint Bids, ensure that First Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the First Bidder is included in the Bid cum Application Form;

11. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

12. Ensure that they have correctly signed the authorisation / undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank(s), as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank(s) for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

13. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

14. Ensure that the name(s) given in the Bid cum Application Form is / are exactly the same as the name(s) in which the beneficiary account is held with the Collecting Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

15. Bidders should ensure that they receive the Acknowledgment Slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form;

16. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

17. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 and SEBI circular MRD/DoP/SE/Cir-13/06 dated September 26, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral / bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Ensure that the Demographic Details are updated, true and correct in all respects;

20. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

21. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

22. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;

23. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

24. UPI Bidders Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank(s) to authorise blocking of funds equivalent to application amount and subsequent debit of funds

in case of Allotment, in a timely manner;

25. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

26. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

28. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

29. Ensure that you have correctly signed the authorization / undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank(s), as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

30. UPI Bidders Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his / her UPI PIN. Upon the authorization of the mandate using his / her UPI PIN, the UPI Bidder shall be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank(s) to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his / her ASBA Account;

31. UPI Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;

32. UPI Bidders Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in his / her account and subsequent debit of funds in case of allotment in a timely manner;

33. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

34. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

35. Ensure that ASBA bidders shall ensure that bids above ₹500,000, are uploaded only by the SCSBs;

36. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 12:00 p.m. of the Working Day immediately after the Bid / Offer Closing Date.

37. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021. Pursuant to the press release dated March 28, 2023, the last date for linking PAN and Aadhaar has been extended to June 30, 2023.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. UPI

Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid / revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by UPI Bidders)
4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
5. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
6. Do not send Bid cum Application Forms by post, instead submit the same to the Designated Intermediary only;
7. Bids by HUFs not mentioned correctly as provided in " – *Bids by HUFs*" on page 445;
8. Anchor Investors should not Bid through the ASBA process;
9. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
10. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
11. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
12. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
13. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer / Issue size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
14. Do not submit your Bid after 3.00 pm on the Bid / Offer Closing Date;
15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid / Offer Closing Date;
16. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
17. If you are a UPI Bidders using UPI Mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
18. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹500,000;
19. Do not submit the General Index Register (GIR) number instead of the PAN;
20. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
21. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids until the Bid / Offer Closing Date;

23. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

24. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders;

25. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

26. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

27. Do not submit more than one Bid cum Application Form per ASBA Account. If you are a UPI Bidder Bidding using the UPI Mechanism, do not submit Bids through an SCSB and/or mobile application and/or UPI handle that is not listed on the website of SEBI;

28. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

29. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;

30. Do not submit the Bid cum Application Form to any non-SCSB Bank or our Company;

31. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders); and

32. Do not Bid if you are an OCB.

For helpline details of the Book Running Lead Managers pursuant to the SEBI circular bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information – Book Running Lead Managers*" on page 78.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejection

For details of grounds for technical rejections of a Bid cum Application Form, see the General Information Document. In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids could be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by UPI Bidders through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank(s));

6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7. Bids submitted without the signature of the First Bidder or sole Bidder;

8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9. ASBA Form by the UPI Bidders by using third party bank accounts or using third party linked bank account UPI IDs;

10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;

11. GIR number furnished instead of PAN;

12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of retail discount);

13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

14. Bids accompanied by stock invest, money order, postal order or cash; and

15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid / Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid / Offer Closing Date (other than UPI Bidders), and Bids by UPI Bidders uploaded after 5.00 p.m. on the Bid / Offer Closing Date, unless extended by the Stock Exchanges.

In case of any pre-Offer or post Offer related issues regarding demat credit / refund orders / unblocking, etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Company Secretary and Compliance Officer and the Registrar, see "*General Information – Company Secretary and Compliance Officer*" on page 78.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid / Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, in case of delays in resolving investor grievances in relation to blocking / unblocking of funds.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer through the Red Herring Prospectus except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Offer to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Bidders, Non-Institutional Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to the availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard mentioned in SEBI ICDR Regulations.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(i) In case of resident Anchor Investors: "[●]"
(ii) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

Allotment Advertisement

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Punjabi daily newspaper (Punjabi being the regional language of Punjab, where our Registered Office is located), each with wide circulation.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated June 23, 2018, amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated October 11, 2018, amongst our Company, CDSL and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

(i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) that if the Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded / unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;

(iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid / Offer Closing Date or such other time as may be prescribed by SEBI;

(iv) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) that if our Company does not proceed with the Offer after the Bid / Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid / Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(vii) that if our Company and the Investor Selling Shareholder in consultation with the BRLMs, withdraw the Offer after the Bid / Offer Closing Date, our Company shall be required to file a fresh draft offer document with SEBI, in the event our Company and/or the Selling Shareholders subsequently decide to proceed with the Offer thereafter;

(viii) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

(ix) that except for the Equity Shares that may be allotted pursuant to the (i) Fresh Issue; (ii) the exercise of employee stock options under the ESOP Scheme; and (iii) pursuant to the Pre-IPO Placement and any allotment of Equity Shares pursuant to the Pre-IPO Placement, no further issue of Equity Shares shall be made until the Equity Shares issued or offered through the Red Herring Prospectus are listed or until the Bid monies are refunded / unblocked in the ASBA Accounts on account of non-listing, under-subscription, etc.; and

(x) Compliance with all disclosure and accounting norms as may be specified by SEBI from time to time.

Undertakings by the Selling Shareholders

The Selling Shareholders, severally and not jointly, undertake the following in respect of themself as the Selling Shareholders, and the Offered Shares:

(i) that the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations and are in dematerialised form;

(ii) that they are the legal and beneficial owner of, and have clear and marketable title to the Offered Shares;

(iii) that they shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;

(iv) that the Equity Shares being sold by them pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer and shall be transferred to the eligible investors within the time specified under applicable law;

(v) that they shall provide all reasonable co-operation as requested by our Company in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Offered Shares;

(vi) that it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

(vii) that they shall not have recourse to the proceeds of the Offer for Sale which shall be held in escrow in its favour, until final listing and trading approvals have been received from the Stock Exchanges; and

(viii) that it will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Offered Shares.

Utilisation of Offer Proceeds

Our Board certifies that:

- all monies received out of the Offer shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;

- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below: "*Any person who – (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*." The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or one per cent of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries / departments are responsible for granting approval for foreign investment. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and supersedes all previous press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the Non-Resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI / RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA NDI Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA NDI Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA NDI Rules. In the event such prior approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction / purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

As per the FDI Policy, FDI in companies engaged in manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see "*Offer Procedure*" on page 439.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Offer and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION XI – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

OF

HAPPY FORGINGS LIMITED[1]

Till the time of filing of the red herring prospectus with the Registrar of Companies, Punjab and Chandigarh at Chandigarh, Part A and Part B shall, unless the context otherwise requires, co-exist with each other. Notwithstanding anything contained herein, in the event of any conflict between the provisions of Part A and Part B of these Articles, the provisions of Parts B of these Articles shall prevail. All articles of Part B will automatically terminate and will cease to have any force and effect on and from the date of filing of the red herring prospectus with the Registrar of Companies, Punjab and Chandigarh at Chandigarh, without any further action by the Company or by the shareholders.

PRELIMINARY

1. Subject as hereinafter provided the Regulations contained in Table 'F' in the First Schedule to the Companies Act, 2013 shall apply to the Company.

INTERPRETATION

2. (1) In these regulations—

2.1. "The Act" means the Companies Act, 2013.
2.2. "The Company" means Happy Forgings Limited.
2.3. "The seal" means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

PUBLIC COMPANY

3. "Public Company" means a company which -

3.1. is not a private company;

3.2. has a minimum paid-up share capital of Five Lakh Rupees or such higher paid-up capital, as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles;

SHARE CAPITAL AND VARIATION OF RIGHTS

4. The Authorized Share Capital of the Company is as mentioned in clause V of the Memorandum of Association of the Company with power of the Board of Directors to sub- divide, consolidate and increase and with power from time to time, issue any shares of the original capital with and subject to any preferential, qualified or special rights, privilege or condition as may be, thought fit, and upon the sub-division of shares apportion the right to participate in profits in my manner as between the shares resulting from sub-division.

5. (i) The Company shall have minimum paid up capital of Rs. 5,00,000/- (Rs. Five Lacs only).

6. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to the compliance with the provision of section 53 of the Act) and at such time as they may from time to

[1] *By a Special Resolution passed at the Annual General Meeting of the Company held on 8th August 2023, these Articles were adopted as the Articles of Association of the Company in supersession of, substitution for and to the exclusion of all the existing articles of the Company*

time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

7. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two (2) months after incorporation, in case of subscribers to the memorandum or after allotment or within one (1) month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided but not later than three (3) months,—

7.1. One certificate for all shares of each class or denomination registered in his name without payment of any charges; or

7.2. Several certificates, if the directors so approve, each for one or more shares of each class or denomination registered in his name, upon payment of twenty rupees for each certificate after the first and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

(ii) Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive number of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors may prescribe and approve.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

8. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the Back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹20/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf.

(ii) The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.

9. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

10. (i) The Company may exercise the powers of paying commissions conferred by sub- section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

11. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

FURTHER ISSUE OF SHARES

11A. Where at any time after the expiry of 2 (two) years from the formation of the Company or at any time after the expiry of 1 (one) year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then:

(i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;

(ii) The aforesaid offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(iii) The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement about this right;

(iv) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

11B. Notwithstanding anything contained in Article 11A, the further shares may be offered to any persons (whether or not those persons include the persons referred to in Article 11A (i)) in any manner whatsoever.

(i) If a special resolution to that effect is passed by the Company in a general meeting, or

(ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by the members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

11C. Nothing in Article 11A (iii) shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

11D. Nothing in the Articles 11A to 11C shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in General Meeting before the issue of the loans.

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

13. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

TERM OF ISSUE OF DEBENTURE

13A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a special resolution.

LIEN

14. (i) The company shall have a first and paramount lien—

14.1. On every share / debenture (not being a fully paid share / debenture), and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

14.2. On all shares / debenture (not being fully paid shares / debenture) standing registered in the name of a single person(whether solely or jointly with others), and upon the proceeds of sale thereof for all monies presently payable by him or his estate, in respect of such shares / debentures to the Company and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect:

Provided that the Board of directors may at any time declare any shares / debentures to be wholly or in part exempt from the provisions of this clause.

(ii) The Company's lien, if any, on a share / debenture shall extend to all dividends payable and bonuses declared from time to time in respect of such shares / debentures.

(iii) The Company's lien, in case of partly paid shares, shall be restricted to moneys called or payable at a fixed time in respect of such shares.

15. The Company may sell, in such manner as the Board thinks fit, any shares / debentures on which the Company has alien:

Provided that no sale shall be made -

15.1. Unless a sum in respect of which the lien exists is presently payable; or

15.2. Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

16. (i) To give effect to any such sale, the Board may authorize some person to transfer the shares / debentures sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares / debentures comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

17. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon shares / debentures before the sale, be paid to the person entitled to the shares at the date of the sale.

17A. Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.

CALLS ON SHARES

18. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

19. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

21. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

22. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

23. The Board —

23.1. May, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him beyond the sums actually called for; and

23.2. Upon all or any of the monies so advanced, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

23.3. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

23.4. The provisions of this Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.

TRANSFER OF SHARES

24. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

24A. The instrument of transfer shall be in writing and all provisions of Section 56 of the Companies Act, 2013 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

25. The Board may, subject to the right of appeal conferred by section 58 declines to register—

25.1. The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

25.2. Any transfer of shares on which the company has alien.

26. The Board may decline to recognize any instrument of transfer unless—

26.1. The instrument of transfer is in the form as prescribed in rules made under sub- section (1) of section 56;

26.2. The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

26.3. The instrument of transfer is in respect of only one class of shares.

26A. Subject to the provisions of Section 59, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of the right to any shares or interest of a Member in or debentures of the Company.

The Company shall within one month from the date on which the instrument of transfer, was delivered to the Company, send notice of the refusal to the transferee and the transferor giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

27. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

27A. No fee shall be charged for registration of transfer of shares.

27B. A common form for registration of transfer of shares shall be used by the Company.

TRANSMISSION OF SHARES

28. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

29. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -

29.1. To be registered himself as holder of the share or

29.2. To make such transfer of the share as the deceased or insolvent member could have made.

The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

30. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

31. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

31A. Subject to the provisions of Section 59, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company.

The Company shall within one month from the date on which the intimation of such transmission was delivered to the Company, send notice of the refusal to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

31B. No fee shall be charged for registration of transmission of shares (in cases of probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document).

FORFEITURE OF SHARES

32. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

33. The notice aforesaid shall -

33.1. Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

33.2. State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

34. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

35. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

36. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

37. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

38. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

39. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

40. Subject to the provisions of section 61, the company may, by ordinary resolution -

40.1. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

40.2. Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

40.3. Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

40.4. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

41. Where shares are converted into stock -

41.1. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

41.2. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

41.3. Such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

42. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law

42.1. Its share capital;

42.2. Any capital redemption reserve account; or

42.3. Any share premium account.

CAPITALIZATION OF PROFITS

43. (i) The company in general meeting may, upon the recommendation of the Board, resolve—

43.1. That it is desirable to capitalize any part of the amount for the time being Standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

43.2. That such sum be accordingly set free for distribution in the manner specified in clause amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

a. paying up any amounts for the time being unpaid on any shares held by such members respectively;

b. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

c. Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause(B);

d. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

e. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

44. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -

44.1. Make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and

44.2. Generally do all acts and things required to give effect thereto.

(ii) The Board shall have power -

(a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) To authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

45. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

46. All general meetings other than annual general meeting shall be called extraordinary general meeting.

47. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

48. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

49. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

50. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

51. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

52. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

53. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

53.1. on a show of hands, every member present in person shall have one vote; and

53.2. on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

54. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

55. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

56. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

57. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

58. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

59. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

60. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

61. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section105.

62. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

63. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them. The following shall be the first directors of the Company:

(i) Sh. Paritosh Kumar
(ii) Sh. Chanan Ram Garg
(iii) Sh..Parveen Kumar
(iv) Sh. Sanjeev Garg
(v) Sh. PK Goyal
(vi) Sh. PK Tandon

63A. The Board of Directors shall consist of such number of Directors and shall have such composition as may be required under applicable Law.

64. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them -

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

65. The Board may pay all expenses incurred in getting up and registering the company.

66. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

67. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

68. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

69. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD

70. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

71. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

72. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

73. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

74. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

75. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

76. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

77. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

78. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

79. Subject to the provisions of the Act -

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

80. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

81. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

82. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

83. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

84. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as are serve.

85. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

86. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

87. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

88. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

89. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

90. No dividend shall bear interest against the company.

90A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "unpaid dividend account"

90B. Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 125 of the Act.

90C. No unclaimed or unpaid dividend shall be forfeited by the Board.

ACCOUNTS

91. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.

WINDING UP

92. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

93. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION XII - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company), which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and the Prospectus which will be filed with the RoC and will also be available on the website of the Company which can be accessed at https://happyforgingsltd.com/investors. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered Office and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid / Offer Closing Date (except for such agreements executed after the Bid / Offer Closing Date).

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material contracts for the Offer

1. Offer Agreement dated August 14, 2023, entered into between our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated August 12, 2023, entered into between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into between our Company, the Selling Shareholders, the Registrar to the Offer, Syndicate Members, the BRLMs and the Banker(s) to the Offer.

4. Share Escrow Agreement dated [●] entered into between the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered into between our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar.

6. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

7. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholders and the Underwriters.

B. Material documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated July 2, 1979.

3. Fresh certificate of incorporation dated April 1, 1998

4. Resolution of the Board of Directors dated August 8, 2023 authorising the Offer and other related matters.

5. Resolution of the Shareholders dated August 8, 2023 authorising the Fresh Issue and other related matters.

6. Resolution of the Board of Directors dated August 14, 2023, approving this Draft Red Herring Prospectus.

7. Resolution dated August 14, 2023 passed by the Audit Committee approving the key performance indicators for disclosure.

8. Consent letters/ authorisations from the Selling Shareholders in relation to the Offer for Sale.

9. Consent dated August 8, 2023 from Ricardo to rely on and reproduce part or whole of the report, "*Industry Report on Global and Indian Forging and Machining Markets*" dated August 8, 2023.

10. Industry report titled "*Industry Report on Global and Indian Forging and Machining Markets*" dated August 8, 2023, issued by Ricardo which is a paid report and was commissioned by us pursuant to an engagement letter dated May 16, 2023, exclusively in connection with the Offer, and which is available on the website of our Company.

11. Certificate dated August 14, 2023, issued by Goel Garg & Co., Chartered Accountants certifying the KPIs of our Company.

12. Consent from the Statutory Auditors dated August 14, 2023 to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as Statutory Auditors and in respect of the: (i) examination report dated August 8, 2023 on our Restated Financial Information, and (ii) report dated August 14, 2023, on the statement of special tax benefits included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this DRHP. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

13. The examination report dated August 8, 2023 from our Statutory Auditors on our Restated Financial Information.

14. Consent letter dated August 14, 2023, from Goel Garg & Co., Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.

15. Certificate dated August 10, 2023, from Anil Kumar Soni, independent chartered engineer, to include his name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in relation to their certificate on capacity and capacity utilisation.

16. Report issued by the Statutory Auditors dated August 14, 2023, on the statement of special tax benefits.

17. Copies of annual reports of our Company for the Fiscals 2023, 2022 and 2021.

18. Consent of our Directors, Selling Shareholders, BRLMs, Syndicate Members, the legal counsel to the Company, Registrar to the Offer, Monitoring Agency, Banker(s) to the Offer, Banker to our Company, Company Secretary and Compliance Officer, and Chief Financial Officer, as referred to in their specific capacities.

19. Investment agreement dated August 22, 2018, as amended and modified pursuant to the letters dated September 14, 2018, December 27, 2018 and November 10, 2021, executed amongst our Company, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, India Business Excellence Fund – III (a scheme of business excellence trust III and acting through its investment manager, Motilal Oswal Alternate Investment Advisors Private Limited (*formerly known as Motilal Oswal Private Equity Investment Advisors Private Limited*)), and Suman Garg, Paritosh Kumar Garg (HUF) (represented by its karta Paritosh Kumar), Megha Garg, Ashish Garg & Sons (HUF) (represented by its karta Ashish Garg) and Sheena Gupta, as amended by the waiver cum amendment agreement dated August 11, 2023, executed by and amongst our Company, Paritosh Kumar, Ashish Garg, Ayush Capital & Financial Services Private Limited, India Business Excellence Fund – III (a scheme of business excellence trust III and acting through its investment manager, Motilal Oswal Alternate Investment Advisors Private Limited (*formerly known as Motilal Oswal Private Equity Investment Advisors Private Limited*)), Suman Garg, Paritosh Kumar Garg (HUF) (represented by its karta Paritosh Kumar), Megha Garg, Ashish Garg & Sons (HUF) (represented by its karta Ashish Garg) and Sheena Gupta.

20. Tripartite agreement dated June 23, 2018, amongst our Company, NSDL and the Registrar to the Offer.

21. Tripartite agreement dated October 11, 2018, amongst our Company, CDSL and the Registrar to the Offer.

22. Due diligence certificate dated August 14, 2023, addressed to SEBI from the BRLMs.

23. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

24. SEBI observation letter dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Paritosh Kumar
(*Chairman and Managing Director*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ashish Garg
(*Managing Director*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Megha Garg
(*Whole-time Director*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Narinder Singh Juneja
(*Chief Executive Officer and Whole-time Director*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Prakash Bagla
(*Nominee Director*)

Place: Mumbai, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Satish Sekhri
(*Independent Director*)

Place: Pune, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vikas Giya
(*Independent Director*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ravindra Pisharody
(*Independent Director*)

Place: Mumbai, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Rajeswari Karthigeyan
(*Independent Director*)

Place: Chennai, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Atul Behari Lall
(*Independent Director*)

Place: New Delhi, India

Date: August 14, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines / regulations issued by the Government of India and the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, and or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Pankaj Kumar Goyal
(*Chief Financial Officer*)

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

We hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us and the Equity Shares being offered by us in the Offer, are true and correct. We assume no responsibility, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of **Paritosh Kumar Garg (HUF)**

Name: Paritosh Kumar

Designation: Karta

Place: Ludhiana, India

Date: August 14, 2023

DECLARATION

We hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us and the Equity Shares being offered by us in the Offer, are true and correct. We assume no responsibility, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of **India Business Excellence Fund** – **III**

Name: Prakash Bagla

Designation: Managing Director

Place: Mumbai, India

Date: August 14, 2023