



HAPPY FORGINGS LIMITED



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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 269 of the red herring prospectus dated December 9, 2023 filed with RoC ("RHP" or "Red Herring Prospectus").

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 ₹4,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 7,159,920 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹[●] MILLION, UP TO 4,922,445 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY PARITOSH KUMAR GARG (HUF) (THE "PROMOTER SELLING SHAREHOLDER") AND UP TO 2,237,475 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.

DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS AND, THEIR RESPECTIVE WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

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 4,922,445 equity shares of face value of ₹2 each aggregating up to ₹[●] million	2.02
India Business Excellence Fund - III	Investor	Up to 2,237,475 equity shares of face value of ₹2 each aggregating up to ₹[●] million	189.95

*As certified by Goel Garg & Co., Chartered Accountants, pursuant to their certificate dated December 9, 2023.

Happy Forgings Limited is an engineering led manufacturer of safety critical, heavy forged and high precision machined components

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹ 808 TO ₹ 850 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH

THE FLOOR PRICE IS 404 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 425 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 34.65 TIMES AND AT THE CAP PRICE IS 36.45 TIMES

BIDS CAN BE MADE FOR A MINIMUM OF 17 EQUITY SHARES AND IN MULTIPLES OF 17 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated December 9, 2023, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for the Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for the Offer Price' section starting from page 130 to 151 of the RHP and provided below in the advertisement.

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

- Customer concentration risk:** For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, our revenue from top 10 customers, represented 70.08%, 74.64%, 79.22%, 68.52% and 71.46% of our revenue from operations, respectively. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.
- Supplier concentration risk:** For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, our top 5 suppliers of steel, represented 96.59%, 96.94%, 97.94%, 96.56% and 98.15%, respectively, of our total cost of steel sourced. We do have any 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.
- Product concentration risk:** For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, sale of crankshaft, represented 45.29%, 41.68%, 47.04%, 48.06% and 43.93% of our revenue from sale of products, respectively. Any 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.
- Counterparty credit Risk:** In Fiscal 2023, 2022 and 2021 and six months ended September 30, 2023 and 2022, our trade receivables as a percentage of revenue from operations was 25.75%, 25.82%, 28.34%, 48.00% and 50.97% respectively. We are subject to counter party 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.
- Indebtedness:** As of October 31, 2023, our total outstanding borrowings amounted to ₹2,599.42 million. Any 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 also intend to utilise a portion of the Net Proceeds for prepayment of all or a portion of the borrowings availed by our Company.
- Dependency on the availability and cost of steel:** Our business and profitability is substantially dependent on the availability and cost of our steel, our primary raw material. For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, cost of steel sourced, represented 43.17%, 50.86%, 49.37%, 49.17% and 41.93%, respectively, of our revenue from operations. 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.
- Geographic concentration of manufacturing facilities:** 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.
- Dependency on performance of certain industries - commercial vehicles, farm equipment and off-highway vehicles:** During Fiscal 2023, 43.65%, 36.79%, 15.86% and 3.70% and during six months ended September 30, 2023, 40.38%, 33.31%, 12.61% and 13.70% of our revenue from sale of products is attributable to revenue from commercial vehicles, farm equipment, off-highway vehicles and industrial, respectively. Any adverse changes in the conditions affecting these industries can adversely impact our business, results of operations, cash flows and financial condition.
- No definitive commitment agreements with our customers:** We do not have agreements having commitment on part of our customers to purchase or place orders with us. 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.
- Significant power and fuel requirements:** We require substantial power and fuel for our manufacturing facilities. For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, our power and fuel expenses, represented 6.33%, 7.87%, 7.91%, 7.10% and 6.65% of our revenue from operations, respectively. 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.
- Substantial capital expenditure and working capital requirements:** For the Fiscals 2023, 2022 and 2021 and for six months ended September 30, 2023 and September 30, 2022, our capital expenditure, represented 18.70%, 23.91%, 16.76%, 9.99% and 10.24% of our Gross Block, respectively. Further, in Fiscal 2023, 2022 and 2021 and six months ended September 30, 2023 and 2022, our working capital requirement was ₹2,327.00 million, ₹1,797.12 million, ₹1,557.18 million, ₹2,531.42 million and ₹2,148.64 million respectively. Our business is capital intensive 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.
- Export related risk:** We export our products to various countries and our revenue from contract with customers outside India represented 12.89%, 10.94%, 8.77%, 20.75% and 11.87% of the total revenue from contract with customers in Fiscal 2021, 2022 and 2023 and the six months ended September 30, 2023 and 2022, respectively. Any adverse events affecting these countries could have an adverse impact on our revenue from operations.
- Operation Risk:** Our manufacturing facilities are subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production. 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.
- Certain Corporate Records not traceable:** Our Company is unable to trace certain corporate filings made by our Company. 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.

15.No trademark registration for our new corporate logo: 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.

16.The Offer Price of the Equity Shares, price to earnings ratio (“P/E”) ratio, market capitalization to revenue multiple of our Company may not be indicative of the market price of the Equity Shares on listing, for the years indicated.

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

Particulars	Price to Earnings Ratio	Market Capitalization to Revenue
For Fiscal 2023	36.45	6.69

17.Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹2.02 to ₹189.95 per Equity Share and Offer Price at higher end of the Price Band is ₹850.00 per Equity Share.

18.Weighted Average Return on Net Worth for past three Fiscals i.e. 2023, 2022 and 2021 is 18.82%.

19.Offer for Sale: The Selling Shareholders, including our Promoter, will receive the entire proceeds from the Offer for Sale. Our Company will not receive or benefit from any proceeds from the Offer for Sale.

20.Details of weighted average cost of acquisition of all Equity Shares transacted in last three years, eighteen months and one year immediately preceding the date of the RHP

Period	Weighted average cost of acquisition (WACA)*^ (in ₹)	Upper End of the Price Band is '₹850' times the WACA(in ₹)	Range of acquisition (Lowest Price-Highest Price) (in ₹)
Last one year	Nil	N.A.	N.A.
Last 18 months	Nil	N.A.	N.A.

Period	Weighted average cost of acquisition (WACA)*^ (in ₹)	Upper End of the Price Band is '₹850' times the WACA(in ₹)	Range of acquisition (Lowest Price-Highest Price) (in ₹)
Last three years	Nil	N.A.	N.A.

* Computed based on the Equity Shares acquired/allotted/purchased (including acquisition pursuant to transfer by way of gift and bonus issue).

^ As certified by Goel Garg & Co., Chartered Accountants by way of their certificate dated December 9, 2023.

21.Weighted average cost of acquisition, floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)^#	Floor price (i.e., ₹ 808)	Cap price (i.e., ₹ 850)
WACA for Primary Transactions* during 3 years prior to RHP	Nil	N.A.	N.A.
WACA for Secondary Transactions* during 3 years prior to RHP	Nil	N.A.	N.A.

^ As certified by Goel Garg & Co., Chartered Accountants pursuant to their certificate dated December 9, 2023.

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

* Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of the 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 the Red Herring Prospectus irrespective of the size of the transaction.

22. The four BRLMs associated with the Offer have handled 81 public issues in the past three years, out of which 22 issues closed below the offer price on listing date.

Name of BRLMs	Total Issues	Issues Closed Below IPO Price on Listing Date
JM Financial Limited	18	3
Axis Capital Limited	23	8
Equirus Capital Private Limited	5	1
Motilal Oswal Investment Advisors Limited	6	1
Common issues handled by the BRLMs	29	9
Total	81	22

BID / OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE MONDAY, DECEMBER 18, 2023*

BID / OFFER OPENS ON TUESDAY, DECEMBER 19, 2023

BID / OFFER CLOSURES ON THURSDAY, DECEMBER 21, 2023**

* 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.

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

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 425 times the face value of the Equity Shares.

Investors should also refer to "Risk Factors", "Our Business", "Restated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Other Financial Information" on pages 36, 219, 302, 384 and 381 of the RHP, 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 225 of the RHP.

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:

Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial year ended March 31, 2023	23.32	23.32	3
Financial year ended March 31, 2022	15.90	15.90	2
Financial year ended March 31, 2021	9.66	9.66	1
Weighted Average	18.57	18.57	
Six months ended September 30, 2023	13.33	13.33	
Six months ended September 30, 2022	13.01	13.01	

Investors should also refer to notes on "Basic and diluted earnings per share - Basis for the Offer Price" on pages 130 of the RHP.

II. Price / Earnings ("P / E") ratio in relation to Price Band of ₹808 to ₹850 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	34.65	36.45
Based on diluted EPS for Fiscal 2023	34.65	36.45

III. Industry peer group P / E ratio

Particulars	Industry P / E (number of times)
Highest	102.63
Lowest	43.92
Average	70.37

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:

Period	Return on Net Worth (%)	Weight
Financial year ended 2023	21.12%	3
Financial year ended 2022	18.07%	2
Financial year ended 2021	13.40%	1
Weighted Average	18.82%	
Six months ended September 30, 2023 (not annualised)	10.81%	-
Six months ended September 30, 2022 (not annualised)	12.87%	-

Investors should also refer to notes on "Return on Net Worth ("RoNW") - Basis for the Offer Price" on pages 131 of the RHP.

V. Net Asset Value (NAV) per Equity Share

As at	NAV per Equity Share (in ₹)
March 31, 2023	110.43
September 30, 2023	123.28
September 30, 2022	101.09

Note: 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	159.17
(ii) At Cap Price	159.58
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 for the year ended March 31, 2023.

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price as at December 7, 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	1,164.85	1,29,102.59	11.35	11.35	144.02	102.63	7.88%
Craftsman Automation Limited*	Consolidated	5.00	5,163.75	31,826.00	117.56	117.56	651.68	43.92	18.04%
Ramkrishna Forgings Limited*	Consolidated	2.00	761.65	31,928.95	15.52	15.43	82.67	49.36	18.77%
Sona BLW Precision Forgings Limited*	Consolidated	10.00	577.50	26,550.10	6.76	6.75	39.12	85.56	17.26%

* Financial information for the 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 statements/results of the respective Company for the year ended March 31, 2023.

Investors should also refer to "Notes for listed peers - Basis for the Offer Price" on pages 132 of the RHP.

VII. Key performance indicators ("KPIs")

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 9, 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 prior to the date of filing of the RHP 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 December 9, 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 509 of the RHP.

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 the 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.	Metric	Six months ended September 30		For the Fiscal Year		
		2023	2022	2023	2022	2021
1	Revenue from Operations (₹ million)	6,729.00	5,998.00	11,965.30	8,600.46	5,849.58
2	Growth in revenue from operations (%)	12.19%	N.A.	39.12%	47.03%	N.A.
3	Gross Margin (₹ million)	3,778.84	3,291.38	6,454.74	4,716.54	3,333.55
4	Gross Margin (%)	56.16%	54.87%	53.95%	54.84%	56.99%
5	EBITDA (₹ million)	1,952.14	1,818.62	3,409.40	2,308.87	1,587.46
6	EBITDA Margin (%)	29.01%	30.32%	28.49%	26.85%	27.14%
7	Profit after tax (₹ million)	1,192.99	1,163.97	2,087.01	1,422.89	864.48
8	Profit After Tax Margin (%)	17.73%	19.41%	17.44%	16.54%	14.78%
9	Return on Equity ("RoE") (%) ¹	10.81%	12.87%	21.12%	18.07%	13.40%
10	Return on Capital Employed ("RoCE") (%) ¹	12.21%	13.69%	24.24%	19.38%	16.13%
11	Debt/Total Net Worth (in times)	0.23	0.29	0.22	0.31	0.24
12	Cash Conversion Cycle (days)	174	169	167	187	N.A.
13	Gross fixed assets turnover ratio (in times)	0.74	0.90	1.40	1.47	1.16
14	Revenue from sale of products and services split between domestic and exports					
	Revenue from Sale of products and services (domestic) (in ₹ million)	4,883.55	4,655.93	9,351.64	7,068.89	5,005.60
	Revenue from Sale of products and services (exports) (in ₹ million)	1,278.80	627.12	1,383.51	868.14	481.05
	Revenue from Sale of products and services (domestic) (%)	79.25%	88.13%	87.11%	89.06%	91.23%
	Revenue from Sale of products and services (exports) (%)	20.75%	11.87%	12.89%	10.94%	8.77%
15	Total Sales Volume (MT)	27,530.06	25,289.65	73,593.49	62,651.15	50,067.89
16	Revenue from sale of products split between forged and machined components					
	Revenue from Sale of Forged Products (in ₹ million)	967.28	1,203.68	2,277.15	1,935.15	1,485.38
	Revenue from Sale of Machined components (in ₹ million)	5,144.31	4,069.98	8,392.33	5,920.50	3,992.02
	Revenue from Sale of Forged Products (%)	15.83%	22.82%	21.34%	24.63%	27.12%
	Revenue from Sale of Machined components (%)	84.17%	77.18%	78.66%	75.37%	72.88%
17	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (in ₹ million)	2,468.14	2,201.26	4,656.76	3,355.58	2,054.10
	Farm Equipment (in ₹ million)	2,035.73	2,113.10	3,925.19	3,179.74	2,402.91
	Off Highway Construction Vehicles (in ₹ million)	770.51	798.97	1,692.55	1,162.71	910.39
	Industrial applications (in ₹ million)	837.21	160.33	394.99	157.62	110.00
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	40.38%	41.74%	43.65%	42.72%	37.50%
	Farm Equipment (%)	33.31%	40.07%	36.79%	40.48%	43.87%
	Off Highway Construction Vehicles (%)	12.61%	15.15%	15.86%	14.80%	16.62%
	Industrial applications (%)	13.70%	3.04%	3.70%	2.01%	2.01%

¹Revenue from sale of crankshafts for the Company amounts to ₹4,831.74 million; ₹3,274.23 million; ₹2,576.49 million; ₹2,937.27 million and ₹2,316.48 million during the financial year ending March 31, 2023, March 31, 2022, March 31, 2021, six months ended September 30, 2023 and six months ended September 30, 2022, respectively.

¹Not Annualized for six months ended September 30, 2023 and six months ended September 30, 2022.

N.A. for the company refers to 'Not Available' as the restated consolidated financial information for the year ended March 2020 and six months ended September 2021, is not available.

Investors should also refer to notes on "Key Performance Indicators - Basis for the Offer Price" on pages 133-134 of the RHP.

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 the Company can cover its debt and represents the debt position in comparison to the equity position. It helps to evaluate the financial leverage.
12.	Cash Conversion Cycle (in days)	Cash Conversion Cycle days indicates the 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 the 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 the Red Herring Prospectus, see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" starting on pages 219 and 384 of the RHP, 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 (September 30, 2023)

S. No.	Metric	Six months ended September 30, 2023				
		Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited	Sona BLW Precision Forgings Limited
1.	Revenue from Operations (₹ million)	6,729.00	76,514.56	22,166.90	18,738.26	15,188.49
2.	Growth in revenue from operations (%)	12.19%	29.08%	52.54%	22.97%	22.77%
3.	Gross Profit (₹ million)	3,778.84	40,091.92	10,447.80	8,856.42	8,482.86
4.	Gross Margin (%)	56.16%	52.40%	47.13%	47.26%	55.85%
5.	EBITDA (₹ million)	1,952.14	12,147.03	4,517.30	3,979.59	4,138.67
6.	EBITDA Margin (%)	29.01%	15.88%	20.38%	21.24%	27.25%
7.	Profit After Tax (₹ million)	1,192.99	4,285.95	1,853.30	1,607.27	2,360.97
8.	Profit After Tax Margin (%)	17.73%	5.60%	8.36%	8.58%	15.54%
9.	Return on Equity ("RoE") (%) (not annualized)	10.81%	6.10%	11.58%	10.41%	9.47%
10.	Return on Capital Employed ("RoCE") (%) (not annualized)	12.21%	6.50%	10.94%	9.39%	11.69%
11.	Debt/Total Net Worth (in times)	0.23	1.01	0.86	0.99	0.12
12.	Cash Conversion Cycle (days)	174	124	74	97	91
13.	Gross Fixed Assets Turnover Ratio (in times)	0.74	N.A.	N.A.	N.A.	N.A.
14.	Revenue from Sale of products and services split between domestic and exports					
	Revenue from Sale of products and services (domestic) (in ₹ million)	4,883.55	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (exports) (in ₹ million)	1,278.80	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (domestic) (%)	79.25%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (exports) (%)	20.75%	N.A.	N.A.	N.A.	N.A.
15.	Total Sales Volume (MT)	27,530.06	N.A.	N.A.	N.A.	N.A.
16.	Revenue from sale of products split between forged and machined components					
	Revenue from Sale of Forged Products (in ₹ million)	967.28	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined components (in ₹ million)	5,144.31	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Forged Products (%)	15.83%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined components (%)	84.17%	N.A.	N.A.	N.A.	N.A.
17.	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (in ₹ million)	2,468.14	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (in ₹ million)	2,035.73	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (in ₹ million)	770.51	N.A.	N.A.	N.A.	N.A.
	Industrial applications (in ₹ million)	837.21	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	40.38%	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (%)	33.31%	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (%)	12.61%	N.A.	N.A.	N.A.	N.A.
	Industrial applications (%)	13.70%	N.A.	N.A.	N.A.	N.A.

(b) Comparison with listed industry peers (September 30, 2022)

S. No.	Metric	Six months ended September 30, 2022				
		Happy Forgings Limited	Bharat Forge Limited	Craftsman Automation Limited	Ramkrishna Forgings Limited	Sona BLW Precision Forgings Limited
1.	Revenue from Operations (₹ million)	5,998.00	59,278.49	14,532.00	15,237.72	12,371.69
2.	Growth in revenue from operations (%)	N.A.	31.93%	44.42%	52.35%	14.99%
3.	Gross Profit (₹ million)	3,291.38	33,192.77	7,337.80	7,517.58	6,600.13
4.	Gross Margin (%)	54.87%	55.99%	50.49%	49.34%	53.35%
5.	EBITDA (₹ million)	1,818.62	8,545.80	3,368.70	3,253.24	2,987.74
6.	EBITDA Margin (%)	30.32%	14.42%	23.18%	21.35%	24.15%
7.	Profit After Tax (₹ million)	1,163.97	3,019.26	1,191.20	1,186.16	1,683.85
8.	Profit After Tax Margin (%)	19.41%	5.09%	8.20%	7.78%	13.61%
9.	Return on Equity ("RoE") (%) (not annualized)	12.87%	4.57%	9.58%	10.00%	7.95%
10.	Return on Capital Employed ("RoCE") (%) (not annualized)	13.69%	4.39%	11.77%	8.93%	9.98%
11.	Debt/Total Net Worth (in times)	0.29	0.94	0.59	1.17	0.08
12.	Cash Conversion Cycle (days)	169	151	85	129	116
13.	Gross Fixed Assets Turnover Ratio (in times)	0.90	N.A.	N.A.	N.A.	N.A.
14.	Revenue from sale of products and services split between domestic and exports					
	Revenue from Sale of products and services (domestic) (in ₹ million)	4,655.93	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (exports) (in ₹ million)	627.12	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (domestic) (%)	88.13%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products and services (exports) (%)	11.87%	N.A.	N.A.	N.A.	N.A.
15.	Total Sales Volume (MT)	25,289.65	N.A.	N.A.	N.A.	N.A.
16.	Revenue from sale of products split between forged and machined components					
	Revenue from Sale of Forged Products (in ₹ million)	1,203.68	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined components (in ₹ million)	4,069.98	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Forged Products (%)	22.82%	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of Machined components (%)	77.18%	N.A.	N.A.	N.A.	N.A.
17.	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (in ₹ million)	2,201.26	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (in ₹ million)	2,113.10	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (in ₹ million)	798.97	N.A.	N.A.	N.A.	N.A.
	Industrial applications (in ₹ million)	160.33	N.A.	N.A.	N.A.	N.A.
	Revenue from Sale of products (split by End-use Industry)					
	Heavy Commercial Vehicles (%)	41.74%	N.A.	N.A.	N.A.	N.A.
	Farm Equipment (%)	40.07%	N.A.	N.A.	N.A.	N.A.
	Off Highway Construction Vehicles (%)	15.15%	N.A.	N.A.	N.A.	N.A.
	Industrial applications (%)	3.04%	N.A.	N.A.	N.A.	N.A.

(c) 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)	6,554.74	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)	3,409.40	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)	2,087.01	5,083.87	2,509.60	2,481.08	2,509.97
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 split between domestic and exports					
	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.
16.	Revenue from sale of products split between forged and machined components					
	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.

(d) 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)	4,716.54	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)	2,308.87	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 split between domestic and exports					
	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.
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.

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

S. No.	Metric
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Past transactions	Weighted average cost of acquisition per Equity Share (in ₹)	Floor Price is ₹ 808	Cap Price is ₹ 850
Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of the 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 the Red Herring Prospectus irrespective of the size of the transaction			
- Based on primary transactions	Nil	N.A.	N.A.
- Based on secondary transactions	Nil	N.A.	N.A.

As certified by Goel Garg & Co., Chartered Accountants, by their certificate dated December 9, 2023.

Justification for Basis for Offer Price:

Set out below is an explanation for our Cap Price being ₹850 in comparison to our WACA of Primary Transactions and Secondary Transactions (a) along with our Company's key performance indicators and financial ratios for the six-months period ended September 30, 2023 and September 30, 2022 and the Fiscals 2023, 2022 and 2021 and (b) in view of the external factors which may have influenced the pricing of the Offer. For details of our Company's KPIs, see "Key financial and operational metrics ("KPIs") above.

- 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).
- 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 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 263 of the RHP for details of our peers) in the last two Fiscals (i.e., Fiscal 2022 and 2023) (Source: Ricardo Report).
- 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).
- 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).
- 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 liquefied 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, 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).
- 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).

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 above mentioned 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 36, 219, 384 and 302 of the RHP, respectively, to have a more informed view.

For further details, please see the chapter titled "BASIS FOR THE OFFER PRICE" beginning on page 130 of the RHP.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

In case of any revision in the Price Band, the Bid / Offer Period will be extended for 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 and the Investor Selling Shareholder 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 press release, and also by indicating the change on the website of the BRLMs and terminals of the Syndicate Members and by intimation to Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.

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 and UPI ID in case of UPI Bidders, as applicable, pursuant to which their corresponding Bid Amounts will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Banks 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 474 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN and the Client ID and UPI ID (for UPI Bidders bidding through UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN, Client ID and UPI ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID and UPI ID available (for UPI Bidders bidding through the UPI Mechanism) in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for RBIs and NIs bidding through the UPI mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 17, 2021 and March 28, 2023 and any subsequent press releases in this regard.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of our Company, investors are requested to see "History and Certain Corporate Matters" beginning on page 269 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see "Material Contracts and Documents for Inspection" beginning on page 509 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our Company is ₹ 300,000,000 divided into 150,000,000 Equity Shares of face value of ₹2 each. The issued, subscribed and paid-up Equity share capital of our Company is ₹ 178,998,000 divided into 89,499,000 Equity Shares of face value of ₹ 2 each. For details of the capital structure of our Company, see "Capital Structure" beginning on page 97 of the RHP.

NAMES OF THE INITIAL SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The names of the initial signatories of the Memorandum of Association of our Company along with their allotment are: Allotment of 10 equity shares of face value of ₹ 100 each to Chanan Ram Garg and 10 equity shares of face value of ₹ 100 each to Paritosh Kumar. For details of the share capital history and capital structure of our Company see "Capital Structure" beginning on page 97 of the RHP.

LISTING: The Equity Shares offered through the RHP 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 September 12, 2023 and September 13, 2023, respectively. For the purposes of the Offer, NSE is the Designated Stock Exchange. A copy of the RHP 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 RHP until the Bid / Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 509 of the RHP.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities stated in the Offer Document. The investors are advised to refer to page 448 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF BSE: It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the RHP has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to the page 454 of the RHP for the full text of the disclaimer clause of BSE.

DISCLAIMER CLAUSE OF NSE (the Designated Stock Exchange): It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 454 and 455 of the RHP for the full text of the disclaimer clause of NSE.

GENERAL RISKS: 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 the RHP. Specific attention of the investors is invited to "Risk Factors" on page 36 of the RHP.

ASBA* | Simple, Safe, Smart way of Application!!!



UPI-Now available in ASBA for Retail Individual Investors and Non Institutional Investor applying in public issues where the application amount is up to ₹ 500,000, applying through Registered Brokers, Syndicate, DPs & RTAs. UPI Bidder also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by (i) Retail Individual Investors in the Retail Portion. For details on the ASBA and UPI process, please refer to the details given in the ASBA Form and abridged prospectus and also please refer to the section "Offer Procedure" on page 474 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI") and Stock Exchanges and in the General Information Document. The ASBA bid-cum application forms can be downloaded from the websites of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges" and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFp=yes&intmid=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFp=yes&intmid=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and HDFC Bank Limited have been appointed as the Sponsor Banks for the Offer, in accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Offer related queries, please contact the Book Running Lead Managers ("BRLMs") on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail id: ipo.upi@npci.org.in.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
<p>JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025, Maharashtra, India Telephone: +91 22 6630 3030 E-mail: hfl.ipo@jmf.com Investor Grievance E-mail: grievance.ibd@jmf.com Website: www.jmf.com Contact person: Prachee Dhuri SEBI Registration No.: INM000010361</p>	<p>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</p>	<p>Equirus Capital Private Limited 12th Floor, C Wing, Marathon Futorex, 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</p>	<p>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: moiapredressal@motilaloswal.com Website: www.motilaloswalgroup.com Contact person: Ritu Sharma SEBI Registration No.: INM000011005</p>	<p>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</p>	<p>Bindu Garg, Happy Forgings Limited B XXIX, 2254/1, Kanganwal Road P.O. Jugiana, Ludhiana – 141 120, Punjab, India Telephone: +91 161 5217162 Email: complianceofficer@happyforgingsltd.co.in Website: www.happyforgingsltd.com</p> <p>Investors can contact the Company Secretary and Compliance Officer, the BRLMs 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.</p>

[^] Motilal Oswal Investment Advisors Limited and MO Alternate Investment Advisors Private Limited (formerly known as MOPE Investment Advisors Private Limited), the investment manager to the Investor Selling Shareholder, are associates in terms of Regulation 21A (1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended. Accordingly, Motilal Oswal Investment Advisors Limited will be involved only in the marketing of the Offer and shall be the marketing lead manager to the Offer.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the "Risk Factors" beginning on page 36 of the RHP before applying in the Offer. A copy of the RHP has been made available on the website of SEBI at www.sebi.gov.in and is available on the website of the BRLMs, JM Financial Limited at www.jmf.com; Axis Capital Limited at www.axiscapital.co.in, Equirus Capital Private Limited at www.equirus.com and Motilal Oswal Investment Advisors Limited at www.motilaloswalgroup.com and the websites of the Stock Exchanges, for BSE at www.bseindia.com and for NSE at www.nseindia.com.

AVAILABILITY OF BID CUM APPLICATION FORM: Bid cum Application Form can be obtained from the Registered Office of our Company, **HAPPY FORGINGS LIMITED:** Telephone: +91 161 5217162; **BRLMs:** JM Financial Limited, Telephone: +91 22 6630 3030; Axis Capital Limited, Telephone: + 91 22 4325 2183; Equirus Capital Private Limited, Telephone: + 91 22 4332 0734 and Motilal Oswal Investment Advisors Limited, Telephone: + 91 22 7193 4380 and **Syndicate Members:** Equirus Securities Private Limited, Tel: +91 22 4332 0600; JM Financial Services Limited, Tel: +91 22 6136 3400 and Motilal Oswal Financial Services Limited, Tel: +91 22 7193 4200 / +91 22 7193 4263 and at selected locations of Sub-Syndicate Members (as given below), Registered Brokers, SCSBs, Designated RTA Locations and Designated CDP Locations for participating in the Offer. Bid cum Application Forms will also be available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at all the Designated Branches of SCSBs, the list of which is available on the websites of the Stock Exchanges and SEBI.

SUB-SYNDICATE MEMBERS: Almondz Global Securities Ltd.; Anand Rathi Share & Stock Brokers Ltd.; Anand Share Consultancy; ANS Pvt Limited; Ashwani Dandia & Co.; Asit C. Mehta Investment Intermediates Ltd.; Axis Securities Limited; Bonanza Portfolio Ltd.; Centrum Broking Ltd.; Dalal & Broacha Stock Broking Pvt Limited; Eureka Stock & Share Brokers Limited; Finwizard Technology Private Ltd.; G Raj & Co. (Consultants) Limited; Globe Capital Markets Ltd.; HDFC Securities Ltd.; ICICI Securities Limited; IDBI Capital

Markets and Securities Ltd.; IIFL Securities Ltd.; Jhaveri Securities; JM Financial Services Ltd.; Kalpataru Multiplier Limited; Keynote Capitals Limited; KJMC Capital Market Services Limited; KJMC Capital Markets Ltd.; Kotak Securities Limited; Lakshmeshree Investment & Securities Pvt Limited; LKP Securities Ltd.; Marwadi Shares & Finance; Nirmal Bang Securities Pvt Limited; Nuvama Wealth and Investment Limited (Formerly known as Edelweiss Broking Limited); Patel Wealth Advisors Pvt Limited; Prabhudas Lilladher Pvt Limited; Pravin Ratilal Share & Stock Brokers Ltd.; Religare Broking Ltd.; Rikhav Securities Ltd.; RR Equity Brokers Pvt. Ltd.; SBICAP Securities Ltd.; Sharekhan Ltd.; SMC Global Securities Limited; SS Corporate Securities Ltd.; TradeBulls Securities (P) Ltd. and Yes Securities (India) Ltd.

ESCROW COLLECTION BANK AND REFUND BANK: Axis Bank Limited. | **PUBLIC OFFER ACCOUNT BANK:** HDFC Bank Limited.

SPONSOR BANKS: Axis Bank Limited and HDFC Bank Limited.

UPI: UPI Bidders can also Bid through UPI Mechanism.

All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **HAPPY FORGINGS LIMITED**
On behalf of the Board of Directors
Sd/-
Bindu Garg
Company Secretary and Compliance Officer

HAPPY FORGINGS LIMITED is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed a draft red herring prospectus dated August 14, 2023 with SEBI (the "DRHP") and a red herring prospectus dated December 9, 2023 with the RoC. The RHP is made available on the website of the SEBI at www.sebi.gov.in as well as on the website of the BRLMs i.e., JM Financial Limited at www.jmf.com; Axis Capital Limited at www.axiscapital.co.in, Equirus Capital Private Limited at www.equirus.com and Motilal Oswal Investment Advisors Limited at www.motilaloswalgroup.com, the website of the NSE at www.nseindia.com and the website of the BSE at www.bseindia.com and the website of the Company at www.happyforgingsltd.com. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risks, please see the section titled "Risk Factors" beginning on page 36 of the RHP. Potential investors should not rely on the DRHP for making any investment decisions instead investors shall rely on RHP filed with the RoC.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or any state 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) under Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in and 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. There will be no public offering of the Equity Shares in the United States.