Happy Forgings Limited

45th AGM Transcript

held on Monday , July 29, 2024

Disclaimer: This transcript is edited for grammatical , factual and other transcribing errors.

LIST OF ATTENDEES

Name	Designation & Affiliation
Mr. Paritosh Kumar	Chairman & Managing Director, Happy Forgings Limited
Mr. Ashish Garg	Managing Director, Happy Forgings Limited
Mr. Narinder Singh Juneja	CEO & Whole Time Director, Happy Forgings Limited
Ms. Megha Garg	Whole Time Director, Happy Forgings Limited
Mr. Satish Sekhri	Independent Director, Happy Forgings Limited
Mr. Ravindra Pisharody	Independent Director, Happy Forgings Limited
Ms. Rajeswari Karthigeyan	Independent Director, Happy Forgings Limited
Mr. Atul B. Lall	Independent Director, Happy Forgings Limited
Mr. Pankaj Goyal	CFO, Happy Forgings Limited
Ms. Bindu Garg	Company Secretary & Compliance Officer
Ms. Pratima Khurana	S.R. Batliboi & Co. LLP (Statutory Auditor)
Mr. Rajan Sabharwal	Rajan Sabharwal & Associates (Cost Audit)
Mr. Ashish Agarwal	SCV & Co. LLP (Internal Audit)
Mr. PS Bathla	P.S. Bathla & Associates (Secretarial Auditors and Scrutinizer for the AGM)

PROCEEDINGS TRANSCRIPT

MODERATOR:
Good morning, ladies and gentlemen, a very warm welcome to all the panel members and the shareholder for the 45th Annual General Meeting of Happy Forgings Limited. We have the requisite quorum in place. Currently, we have total 30 members present for this meeting. I now hand over the proceeding to the company secretary and compliance officer Ms Bindu Garg. Over to you ma'am. Thank you.

BINDU GARG:
Thank you, Ashish. Good morning, dear shareholders and all the panel members present. I Bindu Garg company secretary and compliance officer of the company joining the meeting from my office in Ludhiana, welcome you all to the 45th Annual General Meeting of the company, which is being held through video conferencing in compliance with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India from time to time. The proceedings of the meeting are deemed to be conducted at the registered Office of the company, which is the deemed value of the meeting.

To ensure a smooth and organized meeting, all shareholders will be put on mute mode throughout the session. Please note that audio and video will only be activated for those shareholders who have pre-registered themselves as speakers and are scheduled to speak during the Annual General Meeting. Your cooperation in this regard would be highly appreciated.

Now I would introduce our panellists one by one.

Mr. Paritosh Kumar, chairman and Managing Director of the Company, and chairperson of CSR Committee joining from Happy Forging’s office in Ludhiana.

Mr. Ashish Garg, Managing Director of the company and chairperson of Risk Management committee joining from Happy Forging's office in Ludhiana.

Mrs. Megha Garg, Whole Time Director of the company, joining from Happy Forging's office in Ludhiana.

Mr. Narinder Singh Juneja, CEO and Whole- Time Director of the company joining from Happy forging's office in Ludhiana.

Mrs. Rajeswari Karthigeyan, Independent Director of the company, and chairperson of Audit Committee joining from Chennai.

Mr. Satish Sekhri, Independent Director of the company, and chairperson of Nomination and Remuneration Committee joining from Chandigarh

Mr. Ravindra Pisharody Independent Director of the company, joining from Mumbai.

Mr. Atul Behari Lall, Independent Director of the company, joining from Noida.

Mr. Vikas Giya independent director of the company could not join the meeting, so he's asked for a leave of absence. Since he is the chairperson of stakeholders committee meeting, so he has authorized Mr. Ashish Garg who is also a member of stakeholder relationship committee to answer any queries on his behalf.

Mr. Pankaj Goyal ,CFO of the company joining from Happy Forging's Office in Ludhiana

Apart from the directors, representative of our auditors are also participating through video conferencing.

Ms Pratima Khurana representing the statutory auditors SR Batliboi and Company LLP.

Mr. Rajan Sabharwal representing the cost auditors, Rajan Sabharwal and Associates.

Mr. Ashish Agarwal representing the internal auditors SCV and Company LLP

Mr. P S Bathla representing the Secretarial auditors P S Bathla and Associates, who is also the scrutinizer for this AGM.

Person to the provisions of the Companies Act 2013 and relevant circulars and Articles of Association of the company. Mr. Paritosh Kumar chairman and Managing Director of the company will act as chairman for this meeting. Before I hand over the proceedings to the chairman to declare the meeting open, I would like to bring your attention to the following points.

The facility to join this AGM through video conferencing is being made available to members on first come first serve basis person as per the regulatory requirements. Members are encouraged to join the meeting with a good internet connectivity to avoid any glitches. As the AGM is being held through video conferencing, the facility for appointment of proxies to the shareholders is not applicable

As the notice of EGM and copy of the annual report has already been circulated to all the members electronically, I take this as read, the statutory auditor's report on the annual financial statements of the company for the financial year ended 31st March 2024, and the secretarial audit report for the said period do not contain any qualifications, observations or comments on the financial transactions or matters having adverse effect on the functioning of the company, hence the same need not be read at this Annual General Meeting.

We have received requests from members to be registered at speaker shareholders will be allowed to speak as the meeting progresses. For smooth conduct of the meetings, speaker members will be kept on mute by default to avoid any noise disturbance.

During the question and answer sessions, the name of the members who have registered themselves as speakers will be announced one by one. Thereafter, the respective members will be unmuted by the moderator when his or her name is called out. Members while asking questions or seeking clarifications may turn their video on.

In case any member is facing any technical problem with the video transmission, they can ask the question through audio mode. Shareholders who have not registered themselves as speakers beforehand, and who are attending this meeting are also invited to express their views and raise questions, if any, in the chat box provided.

Their queries will be answered during the meeting itself if possible. If not, the response to the query received will be provided to them through email after the meeting. As per the provisions of Companies Act 2013 and LODR regulations 2015, your company had provided remote e voting facility to the members through Link Intime India Private Limited platform to cast their votes prior to the meeting. The remote e voting commenced at 09:00 A.M. IST on 26 July, 2024 and concluded at 05:00 P.M. IST on July 28, 2024. Members who have not cast their votes through remote e voting and who are participating in this meeting will have an opportunity to cast their votes during the meeting as well. The e voting window is already open for all the members and will remain open for another 30 minutes after the conclusion of the meeting.

On the other hand, members who have already casted their votes through remote e voting are eligible to participate in this AGM but are not eligible to cast their votes again during the meeting. Members can vote at this meeting by following the detailed instructions provided in the AGM notice.

The register of directors and KMPs, register of contacts and arrangements, secretarial auditor's certificate on ESOP scheme and other documents referred to in AGM notice has been made available electronically for inspection by the shareholders. Shareholders seeking to inspect any document can send an email to complianceofficer@happyforgingsltd.co.in

Thank you. Now I hand over the proceedings to the chairman, sir. Over to you sir.

PARITOSH KUMAR:
Thank you, Bindu. I welcome you all to our first AGM as a listed company. I hereby confirm presence of requisite quorum through video conferencing to conduct the proceedings of this meeting. In accordance with the circulars issued by the Ministry of Corporate Affairs and section 103 of the Companies Act 2013, the participation of shareholders through video conferencing is being identified for the purpose of quorum.

As a requisite quorum for this meeting is present, I call this meeting to order. I hope all of you have got an opportunity to go through the annual report of FY 2023-24 and have seen the highlights of our business performance in the year gone by.

I give me play immense pleasure to witness the transformation of our company into one of the leading entities within the forging and machining sectors poised to grow and create value.

Our 45 years journey has been marked by the strategic realignment of our business model to address the market opportunities and exploit our strengths. The expansion, of our footprint across diverse sectors and your geographics and the enhancement of our portfolio of products and services. This evolution has been driven by commitment to innovation and excellence, ensuring we remain at the forefront of our industry. Now I invite the Managing Director to present to you an overview of our journey and business performance in financial year 2024. Thereafter, Ms. Bindu Garg will take up the agenda items set forth in the notice. Thank you.

ASHISH GARG:
Thank you, chairman. Am I audible?

BINDU GARG:
Yes sir. Yeah. You're audible.

ASHISH GARG:
Dear Shareholders, good morning to all of you. I welcome you all to our 45th Annual General Meeting, our first meeting post listing, and I extend a warm welcome to our new shareholders who have recently joined us during or after our initial public offering (IPO). Your confidence in Happy Forgings is deeply appreciated, and we are excited to embark on this journey together, united in our pursuit of growth and creating sustainable value. We look forward to building a mutually rewarding relationship with each of you as we navigate the existing opportunities ahead.

I will take this opportunity to reflect on our illustrious 45 years journey, characterized by visionary entrepreneurial initiatives, calculated risk taking, bold exploration of new territories, resilience in the face of adversity and pursuit of engineering excellence and financial prudence, all of which have propelled Happy Forgings to significant heights in the engineering and manufacturing sectors. I will also share our company's achievements over the past fiscal year that marks the new beginning in our organization's journey and our approach that will pave the path for a continued value creation going forward. Let me begin with showcasing our corporate video, which will give you a brief introduction of our company and give you a bird's eye view of our manufacturing capabilities.

[Corporate video for 8.5 minutes was played]

I hope the corporate video gave you a fair idea about our manufacturing capabilities and positioning. Let me take you through our 45 years journey of evolution and provide you context of how we have reached our current level, which we optimistically hope is just the beginning of a long value creation journey. Happy Forgings was incorporated in the year 1979 when Ludhiana was a hub for bicycles, and tools and sewing machines, creating a demand for forged parts. Our Chairman and Managing Director, Mr. Paritosh Kumar, who set up the business in 1979 focused on forged bicycle pedals, initiating our engineering journey. In the year in eighties, the auto parts business was at nascent stage with OEMs relying mainly on suppliers from other parts of India and imports and forging players focusing more on after-market parts. During this phase, what set us apart from the competition was the ability to innovate and improve processes. For example, we innovated in the early eighties by shifting to Petter engines after-market parts and streamlining processes by converting a double heat process into a single heat process thus creating additional margins for ourselves.

In the early nineties, India was transforming into an exciting market for auto ancillaries as OEMs began cultivating the local supplier base to reduce their import dependency. Recognizing this opportunity, we raised capital in 1996 to invest in the state of Art machinery for producing critical parts for tractors. This was a pivotal moment for the company as other partners were uncomfortable with the significant capital expenditure and chose to exit the business, we had to buy out their stakes. Despite the uncertainties we had the conviction to front load this investment without significant order visibility and the move paid off and we successfully became suppliers to leading OEMs like Punjab Tractors marking the establishment of our presence as a significant supplier to a major farm equipment manufacturer.

Another pivotal movement in our journey came almost a decade later, realizing the limitations of hammer technology we invested in an 8000-tonne press in 2008, becoming one of the few Indian companies with such capability. An important facet of our journey has been the focus on deploying the best-in-class manufacturing Machinery Setup, helping us deliver the best quality while keeping operation costs low. However, the success of this approach lies in efficiently utilizing consistently, innovating and improving our manufacturing practices. It has helped us in stabilizing lines by reaching optimum capacity utilization levels. This journey had its ups and downs, but we managed to whether these challenges and turned them into a great learning experience to further improve our operating and manufacturing practices. This phase also laid the foundation for our prudent approach to maintaining financial strength, focusing on effective capital utilization and returns and winning customer confidence by establishing a strong track record of our delivering quality products backed by engineering capabilities.

As we expanded our engineering capabilities, after 2010, we ventured into manufacturing complex and safety-critical components resulting in a diverse product portfolio for commercial vehicles, farm equipment sector and office vehicles. We also expanded into industries like oil and gas power generation, railways, wind turbine and passenger cars winning new clients based on our investments in technology and automation and our ability to operate our lines in most effective manner.

In 2018, it was a landmark year for us when Motilal Oswal Private equity fund invested in the company providing necessary capital for further investments in manufacturing infrastructure. This association put us on a different trajectory as we also benefited from strategic insights from other investments. Their inputs helped us in enhancing our business and management practices, improving our corporate governance which eventually prepared us well for the IPO in 2000 in December 2023.

Forging is a business where raw material technology and product design are not propriety and it is the engineering ability and execution excellence that are real differentiators. At the time of our IPO when we approached the public markets, Happy forgings had successfully built a strong track record based on differentiators reflected in a CAGR of almost 16% and 23% in revenues and profits respectively over a period of 15 years. Our offering was recognized by the public markets in the form of significant investor interest during the IPO which was oversubscribed by almost 82 times on an overall basis, with the QIB portion being oversubscribed by 220 times.

Our 45-year journey truly exemplifies resilience, innovation and transformation in our industry. From our humble being beginnings in 1979, we have grown into India's 4th largest engineering led manufacturer of complex and safety-critical components specializing in heavy forged and precision machined products. Our journey has been marked by significant milestones including solidifying our position as a key player in domestic crankshaft manufacturing industry, expanding our global footprint, and achieving a robust financial performance track record with one of the best balance sheets and operating margins in the industry.
Operational excellence has been cornerstone of our success. We have strengthened our partnership with top OEMs in India in farm equipment sector and MHCV sectors, cementing our role as a trusted supplier. Our strategic investments in state of art manufacturing facilities boasting a forging capacity of 120,000 tons and machining capacity of 51,000 metric tons annually have enabled us to capitalize on emerging opportunities effectively.

With the IPO listing, our company has reached a significant milestone in our journey. Welcoming new stakeholders and opening new avenues of opportunities in the public market. This transition marks the beginning of an exciting new phase, where our commitment to retaining the confidence of all stakeholders is paramount. As we navigate this new chapter, we are dedicated to creating sustainable value ensuring that our growth and success benefit everyone involved.

Now I would like to discuss our business and financial performance on the financial year for the financial year 2023-24 mainly touching on sales performance, profitability and returns, our balance sheet strength and capacity expansion plans as well.

Sales performance: In FY 24 at the underlying industry segment level, there was a slowdown in growth. The domestic farm equipment sector experienced a downturn due to the weaker monsoon and reduced kharif production while commercial vehicle sales saw muted growth. On the export front, the red sea crisis led to increase in freight costs and transportation delays. Additionally, the European farm equipment and power generation sectors also witnessed a sharp slowdown.

Despite these challenges, our business was able to post a credible performance as we managed to post robust growth in revenues and profits. We were able to generate finished goods volume growth of 9% year on year. Our realization grew by 6% compared to the previous year to Rs. 245 per KG despite a decline in the steel price during the year. As a result, overall revenue from operations grew by 16 % year on year to Rs. 1,358 crores after excluding prior income recognized in FY 23.

Sales mix and revenue composition: Our focus on higher margin machining and export-oriented growth strategy paid off during the year, insulating us from the weakness in the underlying industry segments. The share of machined products has increased significantly and constitutes 85% of our revenues in FY 24, up from 79% in the prior year. This shift underscores our commitment to deliver precision engineered components of exceptional quality, meeting the stringent demands of our clients and supporting and sustaining our margins at higher levels. We also managed to grow our direct exports which now contribute to 20 % of our sales compared to 13 % in the previous year. This was despite the challenges faced in European markets and slower growth in some underlying industry sectors like farm equipment and power generation. Our investments in the 14,000-ton press have helped us to develop higher weight range components enabling us to cater to customers in the industrial segment, where we have started gaining traction. Consequently, in FY 24 we witnessed the share of the industrial sector increased to 12% up from 4% in FY 23.

During FY 24, we also marked our entry into the passenger vehicle sector, where we won an order for manufacturing higher precision crankshafts for application in SUVs manufactured by one of the India's leading OEMs. These crankshafts adhere to the most stringent standards of manufacturing in the automotive sector and our ability to bag this order and deliver this product is a corroboration of our engineering capabilities. Further we also managed to win two additional export orders in the passenger vehicle sector during the year from existing customers. Demonstrating our capability to expand wallet share from existing customers. We expect that this segment will start contributing meaningfully to the overall sales mix going forward and contributing almost 8 to 10% of our total revenues in next two to three years.

The domestic farm equipment sector saw a significant downturn in financial year 2024. Domestic tractor sales were down 8% year on year while production fell by 12% year on year. Similarly in the medium and heavy commercial vehicle sector, domestic sales grew by 4% year on year and domestic sales growth plummeted by 6 % in the last quarter of FY 24 on a year-on-year basis. Despite this weakness in underlying segments, we managed to post a better performance than underlying industry growth. In fact, if you look over the last ten years, for most years we have outperformed the underlying industry growth by focusing on growing our wallet share with customers and winning new businesses which has helped us stay resilient in such times.

Industry leading margins and profitability metrics have been cornerstones of our performance track record. Our constant endeavour is to ensure that whatever business we onboard, we optimize the trade-offs between margins and return on capital employed. I am pleased to report that in financial year 2024, we witnessed an expansion in our margins across the board. Our gross profit margin stood at 56.1% improving by 305 basis points year on year. The EBITDA margin was 28.5% improving by 150 basis points year on year, while EBIT and PAT margin also reflected the same improvement trend. Since there was a fresh equity infusion in the form of capital in quarter three of FY 24 on account of IPO, there was some drag on the return metrics where our ROCE standing at 21.8% and 18.7% respectively for FY24. However, if we consider removing capital advances and CWIP from the capital employed, our return on capital employed will be higher than 25%, which reflects a robust return on business that we are doing. Going forward, we are confident that we'll be able to sustain these margins and returns and are optimistic about further improvements as well.

In terms of balance sheet, our strong balance sheet is a testament to the strength of our business, a successful operational track record and a prudent approach to capital deployment. Over the past decade, we have significantly improved and demonstrated the quality of our business. Leveraging our engineering capabilities, we have developed strong customer relationships and grown our wallet share enabling profitable growth. Our focus on high quality products and integrated flexible manufacturing facilities has allowed us to provide clients with precision products, offering them cost and operational advantages. This strategy has led to industry leading profitability and healthy asset turn ratios ensuring attractive return on capital employed. We have been strategic in onboarding new businesses and planning capacity expansion while maintaining optimal working capital utilization to optimize costs and efficiency. This has resulted in strong cash flow generation, allowing us to expand organically without relying on external debt. The recent IPO further bolsters our balance sheet, positioning us well for organic capacity expansion. These efforts culminated in an upgrade to our credit rating to AA, the best in the industry for our scale and size. With excess liquidity parked as long-term investments, we are in a net cash position as of March 2024, and our debt equity stands at 0.1x giving us one of the strongest balance sheets in the industry. Consequently, we have announced a dividend of 4 Rs. Per share, reinforcing our commitment to creating value of our shareholders through judicious and optimal capital allocation.

Our annual installed forging capacity today stands at 120,000 metric tons while machining capacity stands at 51,000 metric tons at the end of financial year 2024. We managed to increase our forging capacity by 12 % year on year and machining capacity by 11 % year on year and utilization rates stood at 58% in forging and 87% in machining. Red sea crisis which started in quarter three of FY 2024, had an impact on machining capacity addition due to delayed deliveries of machines, which got pushed to FY 25. In FY 25, we are looking to expand our machining capacities by 11,000 tons, almost a 20% increase in installed capacity. Similarly, we'll be making an addition in our forging capacity by 10,000 tons during this year. We are in the process of commissioning a 6,300 Tonne forging line which will be operational by quarter three of FY 25. Further we will be adding a 10,000 Tonne forging press line in FY 26, expected to arrive in the later part of FY25 or early FY 26 and will be commissioned by quarter three of FY 26.

Looking ahead, our vision for the future is clear and ambitious. We aim to be amongst the top ten forging and machining companies in the world. We are optimistic that, we will be able to generate sustained value growth for the business and definitely navigate the dynamic business environment relying on our experience, expertise and focusing on developing our core strengths as key differentiators of our business. Our strength lies in our engineering prowess and advanced manufacturing capabilities equipping us to seize opportunities in both domestic and international markets. As we navigate the challenges ahead, we reaffirm our commitment to innovation, sustainability and creating long term value for our stakeholders.

Our operating strategy going forward will leverage our expertise and in house capabilities for product development to further grow and expand into industrial market opportunities. We aim to capitalize on our existing OEM relationships to increase wallet share while also focusing on acquiring new customers to drive business growth. Additionally, we are also exploring the feasibility and opportunities of entering the lightweight forging and machining segment to find additional growth levers. We plan to benefit from the supply chain shift to India and the export opportunities for Indian manufacturers by expanding our export business. Furthermore, we will meticulously seek suitable inorganic growth opportunities that are complementary and enable us to diversify and grow our business profitably.

As a company mindful of our responsibility towards all our stakeholders, we are committed to continuously enhance our operating practices to deliver value in the most environmentally and socially conscious this manner. We will achieve this by strengthening our governance mechanisms to develop best practices and control systems. Ensuring compliance with regulatory requirements and adhering to fair and responsible operating standards. Our dedication to safeguarding the environment is evident in our commitment to reduce carbon emissions by 50% by 2030. We will also continue to advance our human resource management practices to foster a highly energized and engaged workforce, providing a safe and healthy workplace. Additionally, we will invest in societal upliftment, working towards the betterment of disadvantage and underprivileged sections.

To conclude my address, I extend my heartfelt gratitude to all our stakeholders, shareholders, customers, employees, and partners for their unwavering support. Together we will continue to shape a brighter future for happy fortunes, advancing not just our industry but also contributing meaningfully to the society at large.

Thank you. Now I hand over to proceedings to Bindu.

BINDU GARG:
Thank you, sir.
Now I'll take up the agenda items set forth in the notice of the AGM.

Agenda item number 1: To receive, consider and adopt the audited standalone and consolidated financial statements of the company, including the balance sheet, statement of profit and loss and cash flow statement for the financial year ended 31st March 2024 along with the Boards report and auditors report thereon

Agenda item number 2: To declare final dividend of Rs 4/- per equity shares of the company for the financial year ended 31st March 2024.

Agenda item number 3: To appoint Mr. Ashish Garg who retires by rotation and being eligible offers himself for reappointment.

Agenda item number 4: Ratification of remuneration of cost auditor for financial year 2023-24.

Agenda item number 5: **R**atification of remuneration of cost auditor for financial year 2024-25.

Agenda item number 6: To approve the commission payable to the independent directors of the company for Financial Year 2023-24.

Agenda item number 7: To consider and approve continuation of Mr. Satish Sekhri as non-executive independent director of the company for his remaining term beyond 75 years of age.

Agenda item number 8: To consider and ratify the Happy Forging's ESOP Scheme 2023.

The text of the resolutions along with explanatory statements is provided in the notice circulated to the members.

Now the moderator will announce the name of the speaker shareholders. I request the moderator to unmute the speaker one by one. Over to you

MODERATOR:
Thank you, ma'am.

I now invite our 1st speaker for the meeting. Mr. Lokesh Gupta. Mr. Lokesh, you are in the panel, kindly enable your video and you may speak now.

Hello, sir you are audible.

LOKESH GUPTA: Hello. Sir kya aap mujhe sun paa rahe hain. Sir mai Lokesh Gupta Delhi se aap sabhi Board members ka Swagat karta hoon. Sir excellent chairman speech ho rahi thi. Sir healthy thi lekin ek chota sa zaroor kahunga thodi lengthy bhi thi sir. Sir VC se meeting attend kar rahe hain phone par kisi par. Apne point to point company ke bare me bataya hai uske liye boht boht dhanyawaad sir.
Sir excellent chairman. Sir mera ek sujhaav bhi hai. Jab humari meeting hoti hai AGM usme aadhe ghanta pehle humara link khulta hai. Kuch presentation jo hum bich me dekhte hain vo aadhe ghante pehle hongi toh hume bhin samjhne ka boht avsar milega sir. Thoda is samay ka hum sadupgyog kar skte hain. Sir baki aapki leadership me vishwas hai bharosa hai jo bhi aapne kiya karenge acha hai company bhi acha karegi aur company achi return bhi leke aayegi.
Sir ek jo aapne dividend diya uske liye bhi bohot bohot shukriya. Sir kya hum koi dividend policy laa rahe hain thoda is baare me bhi bataiye sir. Sir humare samne kya kya challenging hai humare margin kaise intact rahenge.
Sir listing ke baad humari pehli AGM hai mai delhi se baat kar rha hoon sir. Agar aap is platform pe AGM karenge toh hum aapke saath jude rahenge. Sir aap koi bhi nirnay lenge company k liye hum uske sath jude hain. Pehle bhi jude hain aage bhi jude rahenge sir. Sir ek secretarial. Jis tarah se company secretary madam ne prayas kiya hai shareholders se baat kar ke unki problems ko solve kar kar. Uske liye bhi unhe bohot dhanyawaad sir.
Sir humare kehne se nhi hoga aap unko appreciate karenge toh acha kaam hoga.
Baaki mai ek baar phir apka dhanyawaad karunga jo mujhe aapne bolne ka avsar diya.
Thank you sir.

MODERATOR:
I now invite our 2nd speaker for the meeting, Mr. Yusuf Rangawala. Mr. Yusuf, you are in the panel. Kindly enable your video and you may speak now.

YUSUF RANGWALA:
Good afternoon sir. Aapko awaz aa raha hai chairman sir. Sir aapka speech jo pura cover kiya sir mai janna chahta hun sir. After the public issue sir, ye first general meeting hai toh mai aapka saprem namaskar karta hun sweekar kariye.

Sir mai janna chahta hun 4 aapne dividend diya chappar farke aapne dividend diya. Sir aapne hume khush kar diya aaj aapka market me bhi acha hai. Apke return dekhke mujhe bohot Khushi hui. Sir ho sake toh hume aap factory visit kraiye sir. Agar hum darshan kare company ka production kaisa hota hai sir. I would like to have. Sir Diwali me aap hume mithai bhejiye aur dry fruit bhejiye.

Sir link people ki service bhi laajvaab hai. They are very hardworking. Unke liye dhanyawaad kam hai sir. Aaj link hai toh hum aapke sath me hain sir. Sir aapka awaz hume sunai de rha hai humara awaz aapko sunai de rha hai.

Sir aapke liye ek share hai sir.
Suraj ki chamak kabhi kam nahi hoti.
Happy Forging ko mera saprem namaskar. Listing me aapne hume malamaal kar diya.
Apne barsaat kar di hai sir. I am very happy and very proud.
Sir jai hind jai Maharashtra. Sir ho sake toh hume bhulna mat aur factory visit karvana sir. Koi chota sa gift bhejna sir. Sab tyoharon ka aapko shubhkamnayen rakshabandhan, Diwali sab. As a friend mai apko join karta hun sir.
Jai hind sir.

Sir mai video chalu karta hun aapko dikhta hai video. Yes sir my video is going on.
Jai hind sir.

MODERATOR:
I now invite our 3rd speaker for the meeting. Ms Lekha Shah. Lekha ji You are in the panel. Kindly enable your video and you may speak now.

LEKHA SHAH:
Hello.

Thank you Ashish bhai.

Respected Chairman, Board of Directors and my fellow shareholders. Good afternoon and regards to everyone, myself Lekha Shah from Mumbai. On this landmark day, I would like to welcome all the directors and employees on behalf of all shareholders. And also, I would like to thank our Company Secretary Bindu mam.

And this team for giving me the opportunity at four smooth process where I am able to talk in front of all in AGM. I found the notice and I am delighted to say the AGM report is so beautiful. Full of colours And facts and figures in place. Thank you Ashish sir, for such a informative and wonderful presentation. Chairman sir, I'm confident that with your vision and determination, we believe our company to greater height and also, I pray to god our company should progress more and more under you and your team sir.

Chairman sir, I pray to God that 2024 comes with great prosperity for our company.
Ashish sir aapne itne ache tareeke se sab kuch detail me hume bataya hume kuch question puchne k liye choda hi nhi sir. Mera ek hi request hai, mera previous speaker Yusuf bhai ne bataya hume zara factory visit kraiyega sir aur please continue video conference meeting in future. So, I strongly and forth hardly support all the solutions for today's meeting. From my side, No question sir. Thank you so much.

MODERATOR:
Thank you mam. And now I invite our 4th and last speaker for the meeting. Ms Neha Dua. Neha Mam, You are in the panel. Kindly enable your video and you may speak now.

NEHA DUA:
Yeah, good afternoon to all. We are the original allottees of the company and we enjoyed a bumper listing and making profit out of that. So, thank you so much, the excellent result and excellent performance of our company. My question to the management is that what is our value creation roadmap for next two years. The only question I have less one question of mine as already answered by you in your opening remarks and in presentation. So, I don't want to take much time. Thank you so much to the CS and entire team for maintaining such a higher standard of corporate governance. Thank you so much.

MODERATOR:
Thank you, sir. With this we completed with the speaker shareholder queries . I now request Mr. Ashish Garg to answer the queries of the shareholder. Thank you, sir.

ASHISH GARG:
Thank you, everyone!

So, our 1st question was from Mr. Lokesh Gupta. Thank you so much Lokesh for joining and showing confidence in Happy Forgings. So, your point is well taken with regards to the presentation that if we have a presentation next time. We will definitely put up prior to the AGM so that you can go through it in advance. And, the 2nd question from your side was on the dividend policy. So, we already have a dividend policy in place. And I'll request Bindu to be in touch and share it with you. 3rd point from your side was what are the challenges for us and how do we enhance our margins going forward? So, we have always considered margins and right returns.

Just a second.(Pause)

Yes

3rd question from Mr. Lokesh Gupta was what are the challenges for us and how do we enhance our margins going forward? So as already explained that there are certain challenges in the industry which are not in our hands with the regards to how industry is performing. But besides that, you know, our endeavour is to add new markets for which we have already added industrial business last year, which account for a very large portion this year. Also, we have entered into passenger vehicles which will contribute meaningfully going forward 8 to 9%. Further we are also looking at other areas as well. So, we as a company have continuously grown, you know, going forward for machining technologies, you know, the share for the machining business has grown to almost 85-87%. So, we will keep on enhancing the value addition business which will kind of get reflected, which you will see going forward as well in our margins. So, this is how we try to insulate our business and we'll keep on doing that going forward as well. And the product mix has also enhanced from hundred kgs to 250 kgs. So now we can forge parts up to 250 kgs given giving us better opportunities in different markets. Hope I'm able to address your question.

The next question we had from Yusuf regarding the plant visit. So, Yusuf you can be in touch with Bindu for that and we can surely arrange it for you. Thank you for joining this meeting.

The next question was from Ms. Lekha Shah. Thank you Lekha for joining this AGM. Again, it was for the request for factory visit which Bindu ma'am will address it.

And the last questions were from Ms Neha Dua which was regards to value creation roadmap.

So, we are already as already explained, a very old company, it's a 45 years old company with a very strong trajectory for growth as well as profit margins, which I've already explained that company has grown at a 16 % CAGR in terms of top line in the last 15 years, whereas the profit margins have grown at a CAGR of 25 % in the last 15 years. So, and despite of all this, we have grown, you know, organically so far, and we have the balance sheet strength, you can see that we are still sitting on cash today, one of the most profitable Balance sheets or the healthy balance sheets I can say in the industry. So going forward as well as we will be going for more and more machined products, our export businesses also increasing from 20% going forward. We expect the export business to improve from 20% to 30% in next two years. The industrial business will also improve to 30%. So, some of these factors where we have entered into heavy forging business exports as well as industrial business will keep on contributing for us. I am hope I am able to answer you and there was another question with regards to the two years guidance or two years performance going forward. So as already explained, I think I'll be, I have already answered it that, you know, despite of industry challenges, company is growing at a decent rate, is able to add capacity. We have already added 11,000 tons of capacity in the Q1 successfully and this is almost 20% of the machining capacities. With this capacity company will be able to, you know, generate and grow or and be able to execute all the new projects where we were working on. We have over 600 crores of new orders annually in place, which we are developing, which are some of them are in ramp up phase, some of them are waiting for the capacities to get started and some are in testing phase. So going forward, the marketing team will keep on adding new and new projects in this.

And we'll be able to grow going forward as well. I hope I'm able to answer everyone and if you have any queries, you can also write to Bindu we will try to address all your queries going forward as well.

I thank the Chairman, Directors, Auditors, and Members for attending this meeting, and now I request the Chairman to share his closing remarks.

PARTITOSH KUMAR:
Thank you, Ashish. I thank each one of you for attending this AGM today. The board of Directors has appointed Mr. P S Bathla proprietor, M/s P S Bathla, Associates, Company Secretaries as the Scrutinizer to supervise the e-voting process in a fair and transparent manner and issue their report.

The voting results on all the resolutions as set out in the notice of AGM will be declared on receipt of the scrutinizer’s report within the time stipulated under the applicable law and shall be intimated to the stock exchanges and uploaded on website of the Company as well as on the website of link in time India private limited. I hereby authorise Ms. Bindu Garg, Company Secretary to submit the results of e voting along with Scrutinizer’s report to the stock exchanges. Shareholders may note that the e voting will continue to be available for the next 30 min after conclusion of this meeting.

With this I declare this meeting as concluded. I would now like to thank you, our promoters, shareholders, directors, employees, auditors, regulatory authorities, including SEBI, MCA, Bankers, Lenders, Rating Agencies and wish you and your family members to stay safe and healthy.

Thank you very much once again.

MODERATOR:
Dear shareholders, E voting facility will be available for the next 30 minutes from now. We request you to please cast your vote if not casted yet. Thank you all for joining the meeting.

BINDU GARG:
Thank you, Ashish. The panel members can log out. Thank you so much for joining this meeting.

MODERATOR:
Thank you all.