ANNEXURE -8

SECTION 62(1) (B) READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES 2014

The Brief details of the Employees Stock Options Scheme 2023 are detailed as below:

S. No.	Particulars	ESOP 2023 Scheme
(a)	Options granted during the year (No.)	3,92,687
(b)	Options vested at the end of the year (No.)	NIL
(c)	Options exercised during the year (No.)	NIL
(d)	The total number of shares arising as a result of exercise of option (including options that have been exercised but not allotted)	NIL
(e)	Options lapsed/ cancelled during the year (No.)	40,728
(f)	The exercise price (₹)	190/-
(g)	Variation of terms of options	No
(h)	Money realized by exercise of options during the year (₹)	Nil
(i)	Total no. of options in force at the end of the year	3,51,959
(j)	Employees wise details of options granted to: (Name/ Designation/ No. of options)	
	(i) Key managerial personnel*;	
	a) Narinder Singh Juneja – CEO & WTD	18,996
	b) Pankaj Kumar Goyal- CFO	26,912
	c) Bindu Garg - Company Secretary & Compliance Officer	6,162
	(ii) Any other employees who receives a grant of options in any one year of option amounting to five percent or more of options granted during the that year;	No
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	No

Note –
During the year, the Company has cancelled 40728 outstanding unvested/vested employee stock options, with prior consent of employee/ due to employees left during the year.

DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AS ON MARCH 31, 2024

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

1) Shareholders of the Company in the Extra Ordinary General Meeting held on July 31, 2023 has approved ESOP scheme 2023 to comply with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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held on 12th February 2022 and by the shareholders in the Extraordinary General Meeting held on 14th February 2022, was withdrawn and terminated with immediate effect and that there are no outstanding dues receivable/ payable against the said scheme

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

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regards from time to time. Refer Note No 43 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.

   Refer Note no 28 of Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

C. Details related to ESOP
   (i) A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including –

S. No.	Description	ESOP 2023 Scheme	ESOP Scheme
1	Date of Shareholder's Approval	July 31, 2023 by passing Special Resolution in Extraordinary General Meeting	February 14, 2022 by passing Special Resolution in Extraordinary General Meeting
2	Total Number of Options approved under the plan	13,42,485	13,42,485
3	Vesting Requirements	Generally between 1 year to 5 years	Generally between 1 year to 5 years
4	Maximum Term of Options Granted	5 years	5 years
5	Exercise price or pricing formula	190	No grant was done under the policy

6	Source of shares (primary, secondary or combination)	Primary	Primary
7	Variation in terms of options	No	NA. This Scheme was withdrawn.

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

(ii) Method used to account for ESOS - Intrinsic or fair value.

Refer Note No. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(iii) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

Not Applicable

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

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

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

Refer Note no. 43 Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –

(a) Senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

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

(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and

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

(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	Designation	No. of Shares*
NA	NA	NA

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a) The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(b) The method used and the assumptions made to incorporate the effects of expected early exercise;

Refer Notes to Accounts to the Standalone & Consolidated Financial Statements forming part of this Annual Report.

(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility;
Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. In the instinct case, the Volatility of the Company is calculated using the historical stock volatility of its comparable companies.

(d) Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.
The Company has applied Black Scholes Model to stimulate equity value of the Company for options granted to 96 employees which are subject to achievement of certain milestones.

Disclosures in respect of grants made in three years prior to IPO under each ESOS
Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.

There were no options granted in three years prior to IPO , so no details are being furnished here.

D. Details related to ESPS
No allotment was made under ESPS during FY 2023-24.

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

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

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