HAPPY FORGINGS LIMITED

August 11, 2026

To

BSE Ltd, Corporate Relationship Department, Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001 **Scrip Code: 544057**	National Stock Exchange of India Ltd. Listing Department, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051 **Symbol: HAPPYFORGE**

Dear Sir/Ma'am,

<u>Sub: Transcript of the Earnings Conference Call for the quarter ended 30th June 2026 held on 5th August 2026.</u>

Pursuant to Regulation 30 of the Listing Regulations, kindly find enclosed the copy of the transcript of the Earnings call held on Wednesday, 5th August 2026 on the Standalone and Consolidated Financial Results of the Company for the quarter ended 30th June 2026.

Kindly take the same on records.

Thanking you

FOR HAPPY FORGINGS LIMITED

Bindu Garg

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“Happy Forgings Limited

Q1 FY27 Earnings Conference Call”

August 05, 2026

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MANAGEMENT: **MR. ASHISH GARG – MANAGING DIRECTOR – HAPPY FORGINGS LIMITED**
MR. PANKAJ KUMAR GOYAL – CHIEF FINANCIAL OFFICER – HAPPY FORGINGS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Happy Forgings Limited Q1, FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Garg, Managing Director from Happy Forgings Limited. Thank you, and over to you sir.

Ashish Garg: Thank you. Good morning, and a very warm welcome to all of you to Happy Forgings Limited Q1, FY27 Earnings Call. With me today are Mr. Pankaj Kumar Goyal, our CFO; and Strategic Growth Advisors, our Investor Relations Advisor. I trust everyone had an opportunity to review our FY27 Quarter 1, financial statements and investor presentation, which we have filed with stock exchanges.

We started FY27 on a strong note, delivering robust year-on-year growth along with improved profitability. Revenue for the quarter reached Rs.449 crores, while PAT stood at Rs.91 crores. Marking highest ever quarterly revenue and profitability with growth of 27.0% and 39.2% respectively.

Finished goods volumes increased by 23% during the quarter, while realizations per kg improved by 3.2% to Rs.253 per kilograms. Strong volume growth coupled with higher realizations underscored the strength of our business model, disciplined execution, and continued focus on value-added growth. On the profitability front, we continued to deliver industry-leading margins. EBITDA for the quarter stood at Rs.141 crores, and EBITDA margin expanded by 275 basis points year-on-year to 31.3%.

This marks the 4th consecutive quarter in which we have delivered an EBITDA margin in excess of 30%. PAT margin also expanded by 178 basis points to 20.4%. As communicated during our previous earnings call, we had witnessed an increase in input cost and we were engaged in discussions with our customers regarding inflationary pressures on other manufacturing costs. We have now successfully negotiated price revisions with OEMs and benefits from these revisions are expected to fully reflect in our P&L from Quarter 2 onwards.

Our capacity expansion program also continues to progress as planned and remains aligned with the strong opportunities we see across our focus segments. These investments will support our future growth while further strengthening our value-added capabilities. Now turning to our segmental performance.

Commercial Vehicles continue to be our largest business segment, contributing 33% of our revenues during Q1 FY27The segment delivered healthy single-digit growth during the quarter, With the domestic business registering strong growth of around 18%, supported by robust infrastructure activity, healthy freight movement, replacement demand, and sustained transportation activity. On the export front, growth was impacted by transit delays due to geopolitical conditions, resulting in higher inventory in transit and lower sales conversion during the quarter.

Farm equipment was our second largest revenue contributor during Q1 FY27 accounted for 32% of our total revenue. We delivered growth in mid-20s during the quarter, with the domestic business registering over 20% growth, supported by favourable demand in the domestic farm equipment market. On the export front, we continue to register growth despite a challenging demand environment in the US and Europe. Tractor demand in these markets remains subdued due to low farm incomes, high interest rates, weak commodity prices and cautious farmer spending, resulting in deferred equipment purchases.

The industrial segments contributed 16% of our revenue during the quarter. We achieved around 50% growth across both domestic and export segments. Demand remained healthy across power generation, renewable energy including wind, railways, oil and gas, and digital infrastructure. The broader capital goods and industrial ecosystem also remained robust, supported by sustained investments from both the government and the private sector. Continued investments in renewable energy, power transmission and grid infrastructure, railway modernization, and the rapid expanding data centre ecosystems are expected to support demand going forward.

Our off-highway contributed 11% to our revenue. The segment delivered growth of over 40% across both domestic and export segments. From an end-user perspective, the domestic construction equipment segment registered growth of almost 9% during the quarter, supported by healthy project awards, particularly across roads, highway, and other infrastructure segments. Export markets in the US and Europe also witnessed growth in construction equipment demand.

Passenger vehicles now contributes around 8% to our revenue. The segment delivered growth of more than 70% with domestic business growing by over 40%, supported by healthy market demand and increased wallet share. Most OEMs reported strong performance while retail demand remained healthy, reflecting the underlying strength of the market. On the export front, revenue more than doubled as we began executing export orders that had been secured earlier.

Our continued focus on value addition is also reflected in our product mix. Machining contribution increased to 90% in Q1 FY27 compared with 88% in Q1 FY26. Furthermore, one of the key strategic developments for our business has been continued diversification of our revenue mix, as reflected in the increasing contribution from industrial and passenger vehicles. We expect this diversification to gain further momentum, supported by a strong order book representing around Rs.950 crores of peak incremental annual revenue potential over the next two years to three years.

This order book is largely driven by industrial and passenger vehicle programs and is predominantly export-oriented. At the same time, the quality of our order book continues to improve with high proportion of complex precision engineering, value-added products that command superior realizations and are expected to support further margin improvement while creating a more balanced and resilient business portfolio over the medium term. Looking ahead, supported by our strong first quarter performance, we remain optimistic about our outlook for FY27.

We continue to expect the business to deliver high teen volume growth during the year while maintaining EBITDA margins broadly in line with FY26 levels, with potential for further improvement. With that, I would now like to invite our CFO, Mr. Pankaj Kumar Goyal, to take you through the detailed financial performance for the quarter.

Pankaj Kumar Goyal: Good morning everyone, I hope I'm audible to everyone. Let me now take you through the key financials and operational highlights for the first quarter of FY27. Revenue from operations for Q1 FY27 stood at Rs.449 crore, registering strong Y-o-Y growth of 27%.

On the operational front, we recorded robust volume growth of 23.1% during the quarter realizations improved by 3.2% Y-o-Y. Gross profit for the quarter stood at Rs.273 crores, registering Y-o-Y growth of 33.1%. Gross margin remains steady at 60.7%, expanding by 276 basis points. EBITDA for Q1 FY27 stood at Rs.141 crores, registering Y-o-Y growth of 39.3%. EBITDA margin improved to 31.3%. Expanding by approx 275 basis points, supported by operational leverage and our continuous focus on operational efficiencies.

Profit after tax stood at Rs.91 crores for Q1, representing Y-o-Y growth of 39.2%. PAT margins remain strong at 20.4%, expanding by approximately 180 basis points. We also added capacity during the quarter by commissioning another 4,000-ton forging press line, adding 4,000 tons of forging capacity.

Besides this, 7,200 metric tons of additional machining capacity has been added during the quarter. Our total forging capacity now stands at 1,52,000 metric tons. Machining capacity has increased to 75,200 metric tons.

The capacity utilization stood at 59% for forging and 78% for machining. With that, we are ready to commence the Q&A session. I'll turn it back to the moderator to invite the first question. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pankaj Tibrewal from IKIGAI Asset Managers.

Pankaj Tibrewal: Yes, good morning Ashish and team and congratulations on good set of results. My question is that, you know, we see a renewed, you know, growth which was missing for some time, and happy coming back to the trajectory of last 5-year, 10-year CAGR. Can you just help us understand from here on how and what are the things we are doing from a growth front across various parts like industrial, export, passenger vehicles, which makes us confident that the next two years, three years growth trajectory could be intact?

And when I look at all the auto and companies across the country, you have the highest gross margins, highest EBITDA margins. On one hand, it's good, but it makes us a little nervous that can that come down? So can you just?

Ashish Garg: Sure, sure. Thank you Pankaj. So on the business side, I can say that all the sectors are doing well. You know, you have been seeing the numbers coming from commercial vehicles, farm equipment, passenger vehicles, all are looking strong right now. And even on the export side, we are seeing a pickup in demand. At the same time, all the initiatives taken by company in the last two, three years with regards to diversification, going into industrials, going into passenger vehicles, is also playing out really well, which is supporting the overall business.

Despite of subdued demand in some of the areas, you know, we were able to perform on the back of very strong growth coming from some of the areas, some of the developments which we have already taken. The strong order books, you know, of almost Rs.950 crores of additional incremental businesses which is there, is already in the pipeline, already in the development phase or ramp-up phase, which gives us the strong confidence that the growth will continue. So that is there.

And the diversification model, you know, from, you know, light-weighting which was also introduced, and towards the heavy range from 250 kg to 3 tons will, is, you know, coming out well, and the capex is on stream. That will also start contributing from third or fourth quarter of next financial year, and we are very hopeful that the new scheme of business will start contributing meaningfully from FY29 onwards.

So overall, things are positive. In terms of our gross margin and EBITDA margin both the new sectors where the growth is coming up are actually high in terms of realization. The products are complex, where requirements are far more stringent, and there is a lot of value addition which is being done in-house, which is leading to higher gross margin because of the requirements in the products.

Also, the export products for the pass cars that we are machining and supplying are also high in terms of its gross margin requirements. So we were also able to, you know, take the increases from our customers in the last quarter. The last increase was paid almost three years back, so the increases has also happened from the last base, which will also help us in keeping up the margins going forward as well. Thank you.

Moderator: Thank you. The next question is from the line of Arjun Khanna from Kotak Mutual Funds. Please go ahead.

Arjun Khanna: Thank you for taking my question and congratulations on a great set of numbers. So the first query is regarding, the realizations. So you did, allude to in your opening remarks that the settlement has been done. So, the benefit would come in from the second quarter onwards. Is that the right way of understanding, the opening comments, sir?

Ashish Garg: Thank you Arjun. So part of it has come in Q1. I can say that almost 30% of that has come in Q1. So if we say our export business and the domestic business, on the export business, the cost increases have been supported by the currency gains. Because many of our export projects are under currency is not pass-through. So we are kind of contributed that the currency gain also supported over there.

But, you know, the 100-odd crores of the domestic business, I can say over there, you know, roughly we were able to take on only 2% increases in the first quarter, but roughly more than 4.5%, 5% has been kind of taken. So some OEMs, they have passed on from Q2 onwards. So you can say that the full impact is not there in the Q1, and, you know, it will start coming from Q2 onwards.

And this increases have been passed on from the last base which was settled three years back. So it is not like the increase which is coming up only for, you know, one quarter or so. So it's going to be permanent.

Arjun Khanna: Perfect, very helpful, sir. So the second query was regarding, and you have mentioned this in the result presentation also regarding our captive solar power project. We have mentioned it should start, it's on track and should contribute from FY28. We were anticipating that it would come at the end of this calendar year, so possibly we would see some benefit in the fourth quarter?

Ashish Garg: Yes, you're right. We are hopeful that the project will be on stream from January onwards, and a large part of the capex is already done. And, so all the clearances have been obtained. Just some work on ROW, right of way, is going on. Once the ROW work is completed, we'll be in a position to power up. So I think January is the time. Jan, Feb, March is, you know, normally in terms of, you know, it's colder winter months in north. So we have to connect till April. Some bit of it, of the power generation will start coming in from Q4 onwards.

Arjun Khanna: Sure. And, you did, just the final question, you did allude, to, the newer businesses which we are scaling up FY29 onwards. So if we, look at the trajectory of it, it's seemingly a higher margin profile business. So, given the outlook we have for FY27 benefits, say, from solar, etcetera, coming '28 onwards, so our EBITDA margin, you do believe at current we should be able to protect this 30% plus going forward?

Ashish Garg: Yes, I'm very confident that we should be achieving that because we will be having a benefit of 1%, 1.5% from power as well. So I'm quite confident that, you know, we should be seeing upwards of 30% going forward.

Arjun Khanna: Sure. Thank you for this and wishing you all the best going ahead. Thank you sir.

Ashish Garg: Thank you.

Moderator: Thank you. The next question is from the line of Mihir Vora from Equirus Securities Private Limited. Please go ahead.

Mihir Vora: Yes. Thanks for taking my question. So, sir, my question was on the quarterly numbers which we reported. Now when we see the segment-wise growth, the CV segment in terms of our revenue number grew only around 7% while the industry volumes were up around double digit. So what was the thinking that did we shift some of our lines to, you know, higher content product in terms of industrial off-highway? And like, some understanding here that why did we grow less than the industry here?

Ashish Garg: Yes. So, thank you Mihir. So the industry volumes of commercial vehicle in terms of production for domestic grew at almost 10% for the production volume, if you see. And over there, we have grown by almost 18% in domestic market. It was in the export market that the, for us, the business de-grew by almost 12% because our most of our European contracts and the contracts for Turkey are on the basis of DDP basis, delivered duty paid, to the plant. And because of the geopolitical condition, as already explained, almost a month of, you know, deliveries were pending. Because of the longer route and also because of the delays in transit.

Mihir Vora: All right, okay. So that's more of export-led right now. And so currently, given we are talking about exports, so what kind of issues are we facing on the freight right now, as there has been some cost increase in container availability issue? So how do we see this issue going ahead? Like, how are we managing it?

Ashish Garg: You're right, the cost of, you know, container has gone up from roughly from USD2,000 to almost USD6,000, and a large part of it, the contract that we have, it's kind of a pass-through, or it is around 75% pass-through. So we will be taking around roughly around 15%, 20% hit in terms of the incremental cost which is there. But we are also, in terms of, we are discussing right now, but, you know, roughly if it is USD6,000, we are hopeful to recover around USD4,500 from our customers. And for some customers, we also have full recovery as well.

Mihir Vora: Okay, okay. And then lastly, just, like overall onto the business, will you be able to give you the export mix across segments like in commercial vehicle, farm, off-highway and industries?

Ashish Garg: Yes, just give me a minute.

Mihir Vora: Yes.

Ashish Garg: Commercial vehicle is around 7%. Passenger vehicle is around 8% of our revenues. Farm equipment is around 5%. Off-highway is again 5%, and industrial is 9%.

Mihir Vora: Alright. Okay sir. Got it thanks that's all from my side.

Moderator: Thank you. The next question is from the line of Senthilkumar from Joindre Capital Services Limited. Please go ahead.

Senthilkumar: Hi, good morning sir. Am I audible?

Ashish Garg: Yes.

Senthilkumar: Thank you. I just have two questions. First, I just want to know this 14,000-ton press, now how it is progressing, now what kind of revenue potential we can expect from that 14,000 press, any sector-related order for that particular 14,000 press?

Ashish Garg: So, 14,000-ton press line is almost 65%, 70% utilized on the industrial business and on the commercial vehicle businesses. We still have some capacity available for which we have already received the orders and the order books are already there, which will be progressing well going forward as well.

Plus we have also added 10,000-ton press line, which was also added in last quarter. So some parts which we were doing on 14,000-ton press line can be shifted to 10,000-ton line to create more capacity on the heavy line. So if we ship those components, we should be looking at a bigger capacity going forward as well, around 30% open capacity, you can see. And for the new projects that we are getting in hand, we will be utilizing this press line.

Senthilkumar: Okay. Thank you. And secondly, when can we expect this 18,000 vertical upsetter line to be operational? By FY27?

Ashish Garg: Yes, we probably start adding from Q4 of this financial year. It is already under commissioning right now, and our trials will start from Q3 onwards.

Senthilkumar: And lastly, I just want to know any change we are facing in the working capital cycle. I'm just asking in terms of data as on June 2026?

Ashish Garg: Can you repeat your question once again?

Senthilkumar: No, I just want to know this data. Now, as of June 2026, now I just want to know whether we have any facing any big change in the working capital cycle. I'm talking about receivables day.

Ashish Garg: The receivable days, not really. There is no big change. No, it has been improved. In fact, there is no big change. And the material has gone down. So overall, there is an improvement in the working capital days.

Senthilkumar: So what is the inventory days, number of days as on June 2026?

Ashish Garg: Inventory days. 50 days as on date.

Senthilkumar: Okay. That's it thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Krisha Kansara from Molecule Ventures. Please go ahead.

Krisha Kansara: Yes hi. Am I audible?

Ashish Garg: Yes.

Krisha Kansara: Thank you. So sir, firstly congratulations on a very good set of numbers. My question is that in one of the previous calls when our order book was around Rs,800 crores, you had provided a detailed order book breakup between different end user industries. So could you please help us bifurcate the current Rs.950 crores order book in the similar manner? I understand your point that, you know, the order book is dominated by PV and industrials and specifically exports, but if you can break this entire Rs.950 crores order book in terms of each end user industry, that would be helpful.

Ashish Garg: Okay. Thank you. So we have almost 35% to 40% of the revenues planned from the industrial segments. We have the order books from industrial, you can see around 40%. Pass car is in the range of 25% to 30%. Commercial vehicles is again in the range of 25% to 30%. And there are, you can say, others, you know, where we have off-highway and some farm businesses. And roughly 60% of this order book, you know, order book comes from exports and 40% is domestic.

Krisha Kansara: Understood, understood. Got it thank you. And, and sir, another question on our Rs.650 crores capex program. So I wanted to understand the standalone plant level gross and EBITDA margins. I understand on a blended or consolidated level we will benefit from, solar power plant, etcetera. But my question is more on the gross and operating level margins solely for this new plant which is focused on industrial segments?

Ashish Garg: We are not actually making plant level, you know, margins as such. But, you know, particularly for the new capex which is planned, the realizations are high and the gross margins are in a range of, you know, kind of 80%. Like on a full machined component basis, if we supply 80%, 85% on the full machined crankshafts, on the forged crankshafts coming out of the, you know, line, it will be around, you know, 65% kind of a gross margin, 60%, 65%.

So that's kind of a, you know, margin profile on the high horsepower category that we are talking about. And, you know, roughly around 50% of the margins translates into EBITDA margin. You can assume that the, you know, margin profile for the new business.

Krisha Kansara: Okay, understood. That would -- that was helpful, sir. Just one last question if I can. So currently what percentage of our export revenue is contributed by Europe? And you know, with the European OEMs looking to kind of outsource a certain part of their production to countries like India, have you seen any increased inflow of orders in the recent times from, from European region?

Ashish Garg: Yes, on the European region, we are putting a lot of projects, a lot of large projects that is, you know, that we are seeing right now. But, you know, the maturity takes time because they also have a supply base in Europe, and it is taking some time. But yes, the inquiry flow is very strong right now from the Europe. And today in Europe accounts for around 60% of our exports.

Krisha Kansara: Okay understood. Thank you so much sir. All the best.

Moderator: Thank you. The next question is from the line of Pankaj Tibrewal from IKIGAI Asset Managers. Please go ahead.

Pankaj Tibrewal: Yes, thank you for the opportunity for a follow-up. Just two questions, Ashish when you look at the company, every 5-year block you make a pivot, and this time the pivot looks like exports and PV. Can you just spell out your thought process that over the next three, four-year, period, how large export opportunity could be for us across industrials and autos? And also on the passenger vehicles, it's great to see that you have moved to 7%, 8% kind in the mix. Where do you think with the visibility being there in the next three years, this passenger vehicles could also move into?

And also, is there any other areas where you are working on which could be more structural in nature? Maybe the semiconductor part, maybe the aerospace which requires high tonnage forging, or any other places? Because what we hear from other manufacturers is Europe is having a tough time in terms of their supplier base. So that large part of the business could move here. So just a broad thought process that in next three years how the shape and size of the company will look like will be really helpful in terms of export opportunity and PV particularly? Thank you.

Ashish Garg: Thank you Pankaj. So we are very bullish on the industrial side, the heavy line of equipment that we are investing on. Is one of its kind in the world. It's the second largest in the world, and the entire demand which we are seeing around energy sector and data centre, this line will be playing a major, you know, role over there. And the capacities are not available globally because the implementation of these lines take around 1.5 years, 3 years just to come into production from the date the LC is open.

So it's a very long period. It's a very large construction that we have done on the base levels. We have gone down by 80 feet to construct the foundation of this. So the execution has taken almost 1.5 years just to prepare its foundation. So, the, the demand, we are talking about producing parts. Currently we produce up to 200 kg. We are looking at producing parts up to 3 tons, and some parts that we are quoting on the new projects are worth Rs.28 lakhs, Rs.30 lakhs a piece, which is almost 1.8 tons in weight.

And this is largely coming out of the energy sector. So we see that, you know, the data centre and energy sector will be a large part of the industrials that we'll be catering to once this line is operational. Apart from that, on the heavy side, all other areas for the wind gearboxes which requires heavy forging, defence which requires heavy forgings. All other options are available, but right now the focus area is energy and data centre for us, as we are seeing a lot of inquiry flow over there. And also on the machining side, we are investing.

So we are. We can safely say that, you know, industrial skills will grow from these levels, will double from these levels in next three years to four years. Also, the PV, we should be looking at 12% to 15% of our revenues. Both the sectors put together should be contributing around 45%, 50% to our revenues. That's how we see the business kind of changing. But within industrial, there are a lot of new industries that we will be catering on.

We are putting a lot of parts on the very heavy requirements for the earth moving sector and mining sector for North American market, which is over 1 ton. So there is a lot different mix that we'll be seeing going forward. So also playing with a lot of different types of steel grades, you know, that is what we are seeing now.

Pankaj Tibrewal: Thank you for that detailed answer. And all this growth which you are targeting, your cash flows are super good, balance sheet is in a great shape. So I would assume that most of the growth which you are planning for the next three years will be funded by internal accrual. Is this is a rare assumption to make?

Ashish Garg: As of now, it looks like that we should be able to fund this growth on our own. Cash flows look very strong and the accruals will be even stronger going forward. So yes, we are also -- maybe there is some bridge loan for a year or so for opening up some letter of credit, but most of this will be funded from our own accruals.

Pankaj Tibrewal: And just last one, any inorganic, plans in this entire growth plan over the next three years where you think there are areas of pockets of opportunity which you can't gain organically and inorganic will be a faster way to go to market? Any thoughts on that side, or you think organically?

Ashish Garg: Yes, so we are quite like open for this and searching for it on especially on the energy and aerospace side where we are new in entering, and also the technology and approval process takes a lot of time. So we are open for that and are seeing an opportunity in that sector. And, but on the farm, CV, and other areas, we are already there. And plus, the valuations are very expensive, which would be a drain on the return on capital employed. So we are being little cautious on that, you know, on a simpler businesses. But wherever we see that there's a technology involved, we are quite open for it.

Pankaj Tibrewal: Okay. That's great. Wish you all the best and looking forward for great quarters going forward. Thank you so much.

Ashish Garg: Thank you sir.

Moderator: Thank you. The next question is from the line of Daksh Parashar from Desvelado Research. Please go ahead.

Daksh Parashar: Hi. Am I audible sir?

Ashish Garg: No, you're not. Your voice is breaking. Can you come again?

Daksh Parashar: Yes sir. Am I audible right now?

Moderator: Mr. Parashar, may we request you use a microphone to ask a question? Mr. Parashar?

Daksh Parashar: Am I audible?

Moderator: Yes, please go ahead with your question.

Daksh Parashar: Yes, sir, so my question was on the follow-up on the industrials. As the industries have increased 16% this quarter and we are working towards a medium-term target of 30% to 31%. Which sub-segments do you see as the key drivers?

Ashish Garg: So, just answered Pankaj's question as well, that, you know, data centre, energy, mining, and wind, are the sectors where the requirement for heavy forgings will be. It is already there, and all the sectors are also doing really well. If you look at energy data centres, the growth is phenomenal. And, you know, it's not that easy to build capacity overnight for this type of businesses. And in the initiative that we started almost 2 years, 2.5 years back, just after the company, you know, went public, so it's a complete plant which is getting ready at a site. And these are the sectors which, you know, company will be catering to going forward from this plant.

Daksh Parashar: And sir, your volume growth this quarter was also very good and well ahead of your earlier guidance. Given this strong demand, should we expect any upward revision on this?

Ashish Garg: So right now, for the guidance perspective, You know, I have picked on this but should be performing better than that.

Daksh Parashar: Thank you.

Moderator: Thank you. The next question is from the line of Jay Shah from Genuity Capital. Please go ahead.

Jay Shah: Hi can you hear me?

Ashish Garg: Yes.

Jay Shah: Good morning Ashish and team. And congratulations on a great set of numbers. So, Ashish, my question is a little bit strategic, if you see, you know, the last few years we have been on a heavy capex journey, and because casting, forging, you know, it's an industry that takes time for things to come on stream. So as we go higher, you know, in terms of capex towards end of FY27, starting FY28 is when majority of the capex comes on stream.

But, you know, on your end sector side, especially, you know, passenger vehicles, where you said that you may plan to go up to 10%, 12% of the market, do you think that the base, the benign base that, that was helping the industry and hence, you would become a challenge also going ahead. Industrials, I agree with you because there is a lot of tailwinds, but especially in automobiles, you know, the post-GST cuts and the last two years that we've seen, you know, the base is starting to become heavier.

And even for Happy Forging, which we see year-on-year, Q1 FY26 was probably the softest quarter. So, and now going ahead, you will be lapping around the strongest quarters that you had posted last year. So how do you see Happy Forgings going ahead, especially in terms of, you know, asset turns? Because probably by start of FY28, our asset turns will be at a trough, and then it will be all the way upwards. But, you know, the end sectors would probably themselves be at a very high base.

Ashish Garg: So, you know, we companies on a capex spree where, you know, we are investing Rs.350 crores to Rs.400 crores, you know, on an annualized basis. And see, I'm not worried about the temporary, you know, six months or one-year kind of a low asset turn because these are the assets which are built for the future. And, you know, the type of, you know, business that we are looking at producing for this, it's, you know, it's a temporary six-month scenario. If you're looking at a slightly lesser time, you know, asset turn, it's because on the forging side we will be adding a bulk capacity whenever we are adding. And when we are seeing a higher set of growth, you know, this capacity is helping us to grow actually.

So, you know, if we have a capacity in place, then only we can, as you know, assure or look forward for this. Even on the pass car side, if we are growing today, it's because of the capacity which is planned. And because the growth is coming, our products are approved, we are competitive in the market, and at the same time we are able to ramp up fast.

So all these things are kind of helping us out to grow this pass car business. And it is, the business is coming largely currently coming out of two, three customers. So there is a lot of potential for us to grow this business going forward because the customer acquisition has just started. It's not, you know, finished with these three customers.

Jay Shah: Okay, okay, understood. And, and on the industrial side, you don't think there is, going to be a heavy base or something that's going to affect you because the tailwinds are much stronger even than passenger vehicle sector, right?

Ashish Garg: The industrial is a very large sector because there are many industries within it. We call it as industrial because data centre, energy, you know, you will see some companies doing business only in energy today. And then the data centre requirement and the mining, wind. So all these sectors are very large in nature, which comes under industrials. With the new line of business coming in, all the doors are open to produce heavy components. So that is the reason all this industry will actually play, you know, role going forward in the years to come.

Jay Shah: Okay. And just picking your brains on the acquisition that you mentioned that you are looking actively. So when it comes to acquisition, are you looking at speed-to-market kind of an acquisition, or someone who can give you certifications, approvals, because assuming that, you know, you have a great, skill at machining already, and which is what a lot of aerospace components do need. So what would be the nature of that acquisition, if you could spend some time on that?

Ashish Garg: We are open for acquisition, we are open for joint ventures as well, and our company is in a phase to acquire technology and produce, but some of the, you know, steel like titanium and other grades which are being used on the aerospace side, you know, our experience is not there today. And sometimes when we are trying to acquire, it's not only this, it's more a lot of metallurgy and know-how chemistry which will, you know, probably help us.

So the way to look at is that, you know, we should be seeing something that we are not doing today on the energy side or on the aerospace side, which can be probably of for support with the existing business, or where, you know, it's a machining business where the forgings can be done by us, machining can be done over there, or it's kind of a synergic fit.

Jay Shah: Got it. Thank you so much. That's all from my side. All the best for the future.

Ashish Garg: Thank you.

Moderator: Thank you, ladies and gentlemen. That was the last question for the day, and now I hand the conference over to Mr. Ashish Garg for closing comments.

Ashish Garg: Thank you. To conclude, we are confident that our investments in innovation capacity and customer partnerships will drive sustained growth and value creation. With this, I would like to thank everyone for joining on the call. I hope we've been able to address all your queries. For any other further information, kindly get in touch with Strategic Growth Advisors, our investor relations firm. Thank you.

Moderator: Thank you. On behalf of Happy Forgings Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.