



HAPPY FORGINGS LIMITED

February 16, 2026

To

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

Dear Sir/Ma'am,

Sub: Transcript of the Earnings Conference Call for the quarter and nine months ended 31st December 2025 held on Tuesday, 10th February 2026.

Pursuant to Regulation 30 of the Listing Regulations, kindly find enclosed the copy of the transcript of the Earnings call held on Tuesday, 10th February 2026 on the Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December 2025.

Kindly take the same on records.

Thanking you

FOR HAPPY FORGINGS LIMITED

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HAPPY FORGINGS LIMITED

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Q3 & 9 Months FY26 Earnings Conference Call

February 10, 2026

E&OE - This transcript has been edited for grammatical and other transcribing errors. In case of discrepancies, the audio recordings uploaded on the stock exchange on 10th February 2026 will prevail. In case of any conflict of factual information with published data in the Investor Presentation, the latter should be considered to be accurate.



HAPPY FORGINGS LIMITED



**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 Q3 and 9 Months FY '26 Earnings Conference Call of Happy Forgings Limited. 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 date of this call. The statements are not the guarantees of future performance and 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. I now hand the conference over to Mr. Ashish Garg, Managing Director, Happy Forgings Limited. Thank you, and over to you, sir.

Ashish Garg: Thank you. Good morning, everyone and thank you for joining us today for the quarter 3 FY '26 earnings call of Happy Forgings Limited. Along with me, I have Mr. Pankaj Kumar Goyal, our CFO and Strategic Growth Advisors, our Investor Relations advisors. I trust everyone had the opportunity to review the Q3 and 9M FY '26 financial results and investor presentations, which are now available on the exchanges.

I am delighted to share that we continued with a strong growth trajectory in the third quarter and 9 months of fiscal year 2026, delivered a robust operating and financial performance. In Q3 and 9M FY '26, the revenues continue to scale up and profitability showed a clear improving trend.

We have successfully navigated a period marked by softening steel prices, a challenging macro environment, including weak global demand and geopolitical events, while maintaining a positive growth momentum, improving profitability and further strengthening our balance sheet.

Importantly, during this period, we have invested meaningfully to build capacity and lay the foundation for future growth. And we have done so without straining the balance sheet. This was enabled by our robust business model, efficient working capital management, resulting in strong cash generation, allowing us to fund growth initiatives, while preserving financial strength and flexibility.

For the third quarter, the company delivered an all-time high performance across revenue from operations, gross profit, EBITDA and PAT, and we achieved the highest ever EBITDA PAT margin during the quarter. Profitability growth outpaced the revenue growth with PAT increasing to 22.3% year-on-year. This was driven by robust value add as reflected in higher gross margin and operational efficiencies.

For the 9-month period, revenue touched INR1,122 crores with a PAT of INR218 crores, demonstrating a resilient and consistent performance given the macro environment. Importantly, the sequential improvement witnessed in Q3 over Q2 reinforces the growth momentum in the business. And if this trend continues in quarter 4, it positions us well for a strong close in FY '26.

On the margins front, I would like to highlight that our EBITDA margins reached a new high of 30.8% in the quarter and for the 9 months period crossed 30%. While this represents a meaningful improvement over last year, margins can vary from quarter-to-quarter as raw

material prices, capacity addition and business mix evolve. Our focus remains on maintaining EBITDA margins within a sustained range between 29% to 31% over the medium term.

Coming to our operational performance in Q3, we recorded a healthy year-on-year volume growth of approximately 14%, driven by a strong uptick across domestic CV, farm and industrial segments, as well as the passenger vehicle segment overall contributed meaningfully.

Realizations remained broadly stable and range bound even as raw material prices softened during this period. Going forward, as higher value-add segments scale up, we expect realizations to improve. From a geographic perspective, domestic business delivered strong mid-teens year-on-year growth during the quarter, driven by healthy demand across our core segments, especially commercial vehicle farm equipment.

Direct exports remained subdued during the quarter, reflecting both ongoing weakness in certain end markets and tariff-related uncertainties. In addition, changes in incoterms for select customers during the period resulted in a reclassification of certain revenues from direct exports to deemed and indirect export categories, which also contributed to the apparent decline in direct export share.

However, when viewed on a broader and more meaningful basis by combining direct deemed and indirect exports, which together account for roughly one-fourth of our finished goods sales. Export market-dependent revenues were largely flat on a year-on-year basis. Importantly, this combined export-linked revenue pool recorded a modest sequential increase, indicating early signs of stabilization rather than further deterioration.

Following the recent announcements around India, U.S. tariffs and other trade agreements, we are closely tracking developments and await further clarity on the fine prints for these agreements. Directionally, we view these developments are positive for long-term economic growth and industry opportunities.

In parallel, some OEMs in CV and farm equipment segments have marginally revised their outlook for calendar year 2026 compared to the guidance issued in quarter 3 calendar 2025, with industry growth expectations now indicating stability to modest low single-digit growth. Against this backdrop, outlook for export business hence appears more constructive as compared to the previous quarter, which could support a gradual recovery and growth in our existing export-linked business.

Moving to our industry segment highlights for quarter 3 FY '26. Our diversified portfolio remains a cornerstone of our strategy. This balanced exposure allows us to effectively derisk while fully capturing the robust secular growth in the domestic and international markets.

Commercial vehicle contributed 37% to our operating revenue in 9 months '26 period. The segment continues to be the highest contributor during the quarter. The combination of the GST rate cut, improving affordability and healthy infrastructure-led demand mainly supported a meaningful pickup in the industry volumes. Also, domestic CV dispatches saw an uptick supported by sustained freight activity. With improving lead indicators in the domestic markets such as supportive policy measures and sustained infrastructure activity.

We are optimistic about the segments to sustain its strong demand visibility and positive momentum, positioning us well for continued growth. However, the broader global backdrop remains soft with major markets in North America and Europe yet to show meaningful recovery momentum.

Farm equipment contributed 33% (*corrected: stated as 31% on the call*) to our total operating revenue in 9 months '26.

The domestic tractor industry demonstrated growth, supported by favorable monsoons and Kharif agriculture output. Industry volumes grew on the back of strong rural demand and improved cash flows. Looking ahead in '27, industry demand is expected to remain stable, supported by normal monsoon assumptions, steady farm incomes and sustained mechanism trends to agriculture.

As per the outlook released by some OEMs, the European and U.S. farm equipment markets are expected to remain broadly stable or range bound in calendar year 2026.

Industrials contributed 14% (*corrected; stated as 15% on the call*) to our overall operating revenue in 9 months '26. This segment delivered a stable performance in the quarter, supported mainly by demand across power generation, renewables such as wind, railways, oil and gas and digital infrastructure.

Overall, the outlook for this segment is positive given the rapid expansion of India's data center ecosystem, solar and grid capacity additions, rail modernization and maintenance cycles that are likely to continue to support order inflows.

Off-highway contributed 11% (*corrected; stated as 12% on the call*) to our operating revenue. Amid broader category weakness, the domestic off-highway segment saw softness on a year-on-year basis. Slower project awards, particularly in roads and highway and other infrastructure segments, along with land acquisition approval-related delays moderated the pace of project execution. This impacted equipment demand during the period. Industry conditions in Europe and U.S. remained challenging during this period.

Passenger vehicles contributed 5% to our total revenue in 9 months '26. The passenger vehicle segment continued to perform well and now contributed close to a mid-single-digit share of revenues. We have strong visibility on incremental business in this segment and expect this contribution to scale meaningfully over the next few years.

We increased our machining capacity to 68,000 MT, an addition of 9,800 MT in quarter 3 FY '26. This expansion is in anticipation of the upcoming demand. Further, we will strengthen our forging capacities by commissioning a new 10,000 ton press in quarter 4 FY '26 and the 4,000 ton press in H1 FY '27.

To improve our cost efficiency and support our ESG commitments, we have signed a long-term lease for 80 acres of land to develop a captive solar power plant. We anticipated the benefit of this investment to start coming in partly in FY '28 and fully thereafter. Furthermore, we are on track with our heavy component related capex, which is progressing well as per the schedule.

Looking ahead, we expect domestic demand momentum to continue as global trade dynamics evolve. We hope that export pressures will also subside, paving the way for a measured turnaround in our international markets. We have visibility of new and incremental peak annual business of approximately INR800 crores, expected to commence from FY '27 onwards, which will scale up over the next 2 to 3 years.

This includes incremental revenues from heavy component capex lines. The addition of this business will further strengthen our diversification efforts. A large part of the upcoming business is linked to industrial and passenger vehicles with nearly two-thirds oriented towards export markets.

Consequently, the contribution of industrials, EV and export dependent segments is expected to increase meaningfully in the overall mix and have a positive impact on the revenue diversification and profitability as well. I'll now invite our CFO, Mr. Pankaj Kumar Goyal, to share a detailed breakdown of our financial drivers and offer further analytical color on our quarter 3 and 9 months performance.

Pankaj Kumar Goyal:

Thank you. I hope I'm audible to all of you. Good morning, everyone. Let's now dive into the key financial metrics that define our performance for the third quarter and nine months period of FY '26.

We recorded a revenue from operation of INR391 crores for Q3 FY '26 and INR1,122 crores for 9 months FY '26. This represents a Y-o-Y expansion of 10.4% and 6.2% for the quarter and 9 months period, respectively.

We registered a Y-o-Y volume growth of 13.8% in Q3 FY '26 and 7.6% for 9 months FY '26. Realizations were marginally lower for both Q3 and primarily due to changes in product mix and lower scrap prices.

Gross profit reached INR230 crores in Q3 and INR663 crores for 9 months, reflecting an uptick of 12.2% and 8.5% Y-o-Y, respectively. This performance incurred healthy gross margins of 58.9% for the quarter and 59.1% for 9 months.

EBITDA clocked in at INR120 crores for Q3 and INR337 crores for 9 months FY '26, making a year-on-year surge of 18.7% and 10.8%, respectively. Consequently, EBITDA margin settled at 30.8% and 30.1%, respectively, as a result of operating leverage.

Profit after tax stood at INR79 crores for the quarter and INR218 crores for 9 months FY '26. This reflects a significant Y-o-Y growth of 22.3% for quarter 3 and 11.8% for 9 months on an adjusted basis, with PAT margins holding firm at 20.2% and 19.4% for Q3 and 9 months, respectively.

I would also like to clarify that we have no financial impact from the new Labour Code transition as our current provisions and practices are already fully compliant with the updated regulations. Our balance sheet remains a core strength of the organization through focused working capital management, we have maintained stability relative to working capital levels of H1 FY '26.

This reduced our working capital intensity, combined with our expanding margin profile has translated into robust cash flow conversions, thereby resulting in a INR315 crores in cash flow from operations for the 9-month FY '26 period. Our treasury cushion has further strengthened with total liquid assets now exceeding INR400 crores. This provides us with a significant buffer and the financial flexibility to fund our growth initiatives from internal accruals.

We continue to invest for the future. Our ongoing capex program is progressing as per schedule. With INR300 crores deployed in the first 9 months of the year, we expected our total capex for FY '26 to be in the range of INR400 crores to INR500 crores, all of which aimed at augmenting our high-growth capabilities and enhancing long-term value for our stakeholders.

With that, we are ready to commence the question-and-answer session. I will turn it back to the moderator to invite the first question.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Preet Pitani from InCred AMC. Please go ahead.

Preet Pitani: I only had one question. My question is on the line of gross margin. We have seen the improvement on Y-o-Y basis on the gross margin despite raw material headwinds. What has led to such improvement? And what do we expect going forward?

Ashish Garg: So -- thank you. So gross margin improvement trend has improved over the last several years. It is improving year-on-year. That's largely on account of the product mix changes, which is happening and whereas the new product introduction is at better realization rate, which is kind of improving the overall average for the realizations. And this is despite the falling raw material prices that has happened in the last 1.5, 2 years. Going forward, we expect this momentum to continue as well on a medium-term basis as our export share will improve and also the industrial business will improve going forward.

Preet Pitani: Just a follow-up on that. The realization, if I can see that this quarter, it was 3% down year-on-year and despite we have seen gross margin improvement. So if you could just highlight that?

Ashish Garg: There's a fall in steel prices as well. So you're seeing the total realization base. But if you see the raw material price, the raw material price fall was even more than that. And secondly, it's because of the changes in the product mix.

Preet Pitani: Can you just name what are the top raw materials, which have been used along with the percentage of the contribution to the overall raw material base?

Ashish Garg: So we largely consume alloy steel and alloy steel grades like 1541, 20MnCr5 or chrome moly grades and carbon steel grades largely used for automotive requirements and wind requirements. So this is the base that we consume. And we also consume some bit of stainless steel in our product.

Moderator: The next question is from the line of Mihir Vora from Equirus.



- Mihir Vora:** So sir, just one clarification on capex that what would be the 9-month capex that we have already incurred and some projection for the FY '27 capex number as well?
- Ashish Garg:** Sure. So we have already completed a capex of almost INR300 crores in 9 months this financial year. And expect -- the expectation for next year is close to INR400 crores, excluding solar project. Including solar, it will be close to INR480 crores.
- Mihir Vora:** Okay. Next one is, sir, basically, we saw a good decent growth in the industrial segment here, which you mentioned in opening remarks was driven by the domestic part of it. But can you throw some more light on what kind of components are you basically giving into the railway segment, which you mentioned here and some more light on the components in the industrial part?
- Ashish Garg:** So railways is a very small segment for us. We produce piston pins for local applications, where we are import substitutes. And within industrial, we supply crank shafts as well as wind pinions. The large crank shaft goes for heavy genset applications and the wind pinions are for wind gearboxes.
- Mihir Vora:** And sir, lastly, on the order book front, which you have mentioned around INR800-odd crores, which also includes the heavy engineering part. But are we seeing some incremental orders like previously, I think we had mentioned a confirmed order of INR100-odd crores. Do we see any more confirmation here in the heavy engineering segment?
- Ashish Garg:** So on the heavy engineering, particularly on the large crank shaft family, we have close to INR180 crores of signed orders right now. And going forward, we are waiting for the capacity to come in place, but we are already in discussions with several OEMs for this project. As the time lines are very close by, so I think the real marketing will start around June, July because we expect equipment to reach in the plant, and that will be the time when we can actually demonstrate our capabilities once the infrastructure is built.
- Mihir Vora:** So when do we expect that plant to be utilized at a fair level like will it be in FY '28 or '29?
- Ashish Garg:** So some bit of utilization will start coming from FY '28 and largely from FY '29.
- Moderator:** The next question is from the line of Joseph George from IIFL.
- Joseph George:** I have two questions. One is, when I look at your capacity numbers that were given on the PPT, your forging stand at 127,000 tons and machining stands at 68,000 tons. Could you give us a sense of where these numbers will end at the end of FY '27?
- Ashish Garg:** Yes. So FY '27, we'll be looking at forging capacity of 150,000 tons and the machining capacity is around 82,000 tons.
- Joseph George:** Okay. And this obviously doesn't include much of the heavy engines capacity or heavy component capacity?
- Ashish Garg:** No. That will probably come in FY '28.



- Joseph George:** That will come in FY '28. And when that comes, we'll end closer to 200,000 tons in terms of forgings?
- Ashish Garg:** Around 180,000 tons on the forging side and around 90,000 tons in terms of the machining.
- Joseph George:** The second question that I had was on gross margins. You mentioned that your initial comment had reference to raw materials, et cetera. What I want to understand is, isn't the price of steel a complete pass-through under your contracts with your customers? That is one. And second is we have seen currency moving all over the place, be it EURO INR, USD INR. What are the implications for these currency movements for your profitability?
- Ashish Garg:** So steel is a pass-through in most of the cases, you can say almost 85% of the business, steel is a pass-through, but there is a lag of 1 month. And in export, there is a lag of 1 quarter. But scrap is not a pass-through. So whatever scrap gain or loss comes, that goes directly in the EBITDA.
- So if you see last year till December, we have seen scrap prices falling. And going forward, we see scrap prices improving as well. So the new contracts probably will get signed now for the scrap prices will be at a better realizations, better prices, as it has started to move upwards. But on the steel side, it is a pass-through for us. And on the domestic side, it is passed with a 1-month lag, and we have sufficient inventories to actually cover that.
- With regard to forex, forex in some of the contracts is a pass-through mechanism. And in some of the contracts is a long-term agreement, where we hedge our currency on a long-term basis. So we work on both contracts, both type of contracts. But largely on the open contract, we follow a hedge policy right now is more significant.
- Joseph George:** Okay. How long are your hedges typically duration?
- Ashish Garg:** It is typically for 1, 1.5 years looking forward.
- Moderator:** The next question is from the line of Sahil Sanghvi from Monarch Network Capital.
- Sahil Sanghvi:** Good to see the numbers improving. Congratulations on that. And also, on holding a very strong margin number. I have two set of questions. One, if you can give me the split of what was the growth in the domestic market and the growth or degrowth in the export market. If you can split that in whatever manner possible, revenue volumes?
- Ashish Garg:** Okay. Sure. So roughly 55% of our revenue comes from domestic CV and domestic farm business. So where in terms of value, we have grown by almost 22%, you can see on an average in terms of value. In terms of volume it is slightly better.
- Sahil Sanghvi:** 22%, right?
- Ashish Garg:** Yes. On the domestic CV and farm, which is around 55% - 57% of our revenues. Whereas on the off-highway side, we have witnessed a degrowth, both domestic as well as international. And we have one large customer, where we have seen this actually dipping. On the CV export side, we have seen weakness, where there's a degrowth to the level of almost 10%, 12%, both in Europe as well as in the U.S. market.

And the degrowth is more on the U.S. business on the CV side. On the farm export is a very small percentage. It's a new vertical where we have seen growth. And on the PV side, we have seen on the domestic as well as export side, a growth of almost 37% year-on-year. So that is something, which is ongoing. So largely on the degrowth side, it's off-highway business, where we have seen a degrowth and the CV export business, which is where we have seen this degrowth coming in.

Sahil Sanghvi:

Right, sir. And this is very elaborate. My second question is to understand what happens to the new orders next year, especially on the export front if the demand remains subdued. So we have a very strong new order book as such. But what kind of visibility do we have of these orders getting converted at the right time? Anything you can explain on that?

Ashish Garg:

So on the export side, we have largely three programs, and largely for U.S. which is for the industrial sector for gensets, which we have already started ramping up, and we have a visibility for the entire year. Thanks to the tariff situation that the numbers are very clear now. On the EV business, we already started the ramp-up in December, starting from December on the EV export business, which is indirect exports to North America.

And the third large order that we have is for the PV sector export. Over there as well, the visibility is there that we have to build stocks in U.S. warehouses in September. So we'll start ramping up from May, June onwards on that business as well and that is not related to CV, that's a PV program, where volumes are established and not much of a variation is seen as of now in terms of volumes for that. So that's the visibility we have on all these 3 projects. And we expect export percentage to improve meaningfully from second quarter of next financial year.

Moderator:

The next question is from the line of Akash from NVAFM.

Akash:

So just wanted to understand from a quarter-on-quarter perspective, I think we have seen a realization dip by almost 5% just wanted to understand and due to which we have also seen a kind of gross margins dipping on a sequential basis. So just wanted to understand, which segment is a margin driver for us or which segment has basically fallen off due to which we have taken a hit on our margins worldwide what I wanted to understand?

Ashish Garg:

So I'm just not clear with your question. Can you just repeat once again? You're asking that realization, can you just come once again?

Akash:

Yes, sure. So sir, we have seen our realizations dip by almost 5% on a sequential basis. I don't think steel prices have fallen that much on a quarter-on-quarter basis. Yes. So what I wanted to understand which segment is basically hitting us in terms of gross margins and realizations?

Ashish Garg:

So basically, it has not gone down. You can say that because of the product mix changes, we are seeing this largely on account of increased sales on the forged products to the tune of almost 1.5%, 2%, we are seeing this. On the other side, again, the cost is also less because of more of forged product sale. And that has also resulted in improvement in margin and that has happened because of the product mix. Even though there is a realization change is there, but if you look at the cost, sequentially, cost has also gone down.



- Akash:** Yes. So that's what I want to understand that for the product mix part basically we have a higher set of realizations and margins in this segment, this industrial CV and that basically is?
- Ashish Garg:** It's the industrial export business, which has picked up, which is largely very heavy components that we are exporting, which are largely on a forged nature of products, where the realization is not similar to crank shafts is less than that. Over there, there is an increase. But yes, relatively, the cost is not the same. So sequentially, if you see there is cost increment has not happened. But even despite of that, there is an improvement in overall margin.
- Akash:** Understood. And sir, I think to an earlier participant question, you explained the volume growth across all segments, except for industrial. So on a Y-o-Y basis, industrial have seen how much growth? Volume growth?
- Ashish Garg:** Just a second. So around volume growth on industrial is around 2%.
- Akash:** Understood. And my last question will be for FY '27. I think we are installing a 10,000 ton forging press line this quarter. So I would like to understand, for which components, which segment are we installing that? And basically what new programs are in place or new orders will start for us incrementally in FY '27? And for which segments, yes, that's it?
- Ashish Garg:** So we have already started ramping up on some of the industrial businesses on this line, and this will contribute on the industrial as well as on the CV side. And we've started ramping up from our 8,000 ton press line, and we expect to reach peak capacity utilization on 8,000 tons very soon. And that is the reason this 10,000 ton press line was planned. So the incremental volumes on the industrial side as well as on the CV side that we are looking from some of our customers on the domestic business will clearly come out of this press line.
- Moderator:** The next question is from the line of Nitin Agrawal from JM Financial.
- Nitin Agrawal:** Congratulations on a great set of numbers. I just wanted to have your thoughts about the recent deal with the U.S., some of the components fall under 232 section. So where are we -- what kind of a duty are we expecting on our product exported to the U.S. market? I know a lot of clarity is required, but wanted to know yourself. Will it be 0 under 232 section or 18% kind of a duty?
- Ashish Garg:** So it is still not clear. See, in most of the cases, the duty is paid by our customers. So we have not kept it in our scope. And it also depends how they are importing it and how they're getting it cleared prior to the situation because they cannot change that terms if they are importing under certain clause. So different customers are importing and getting it cleared in a different manner.
- So it's very difficult to say, yes, there are definitely ways and means to get it cleared in an 18% as well. But we are aware that not many are doing that right now. So we still have to see that how -- there will be more clarity coming in on this, I think in next 1 month's time, but it's not in our.
- Nitin Agrawal:** So just one more question on that as well. So if we are coming to 18% duty, do we get a competitive advantage to companies, which are based out of China. So do we get additional business from U.S.? Any sense on that?



- Ashish Garg:** You are right. India will be at an advantageous position if you compare it with China as well as Brazil because a lot of forged and machine components of this size are actually coming out of Brazil in the U.S. markets. Brazil today is at 50% and so is China. So India will get the benefit of this. And on one of the industrial projects, which the supply chain is in China. So we will be seeing business increasing in this part.
- Moderator:** The next question is from the line of Aniket Mhatre from Motilal Oswal Securities.
- Aniket Mhatre:** Just quickly on the you had indicated incremental order wins of INR8 billion. By when do you expect to reach this number?
- Ashish Garg:** Aniket, almost 80% of the business, 80%, 85% of the business is to be delivered in the next 2 years. And accordingly, the ramp-up and the capacities are planned for those businesses and regarding the high horsepower, which is around INR180 crores out of this INR800 crores, which will come some bit of it will come in FY '28 and balance will come in FY '29. And largely, you can say around INR620 crores of the business is across the other range of sectors, which will be delivered, which we will start ramping up and start executing these numbers in the next 18 to 20 months.
- Aniket Mhatre:** So by FY '28, we should expect 80%, 85% of this INR8 billion to be executed?
- Ashish Garg:** Yes.
- Aniket Mhatre:** Understood. Got it. The other question I had, sir, was again, from a margins perspective, basically, you had indicated that from Q2 of FY '27, exports will start ramping up, right? And I mean, as a general thumb rule, we understand exports will be higher margin. So is it fair to assume that margins can continue to gradually inch up as our mix improves in the coming years?
- Ashish Garg:** So Aniket, as we are already at a very strong range of numbers, definitely some improvements will come. So we can say that we'll be range bound 28% to 32%. And also on the realization bit and as we will start exporting, yes, some improvements will happen over there as well. Scrap prices also, we are seeing improvement, which will also drive some improvements over there. And thirdly, with regard to the solar project, which is coming up, we expect that to also improve our power cost starting from third quarter because it will roughly generate around power almost INR25 crores to INR30 crores per annum.
- Aniket Mhatre:** So the solar project itself, I guess, should be about a 50 basis points improvement, if I'm not mistaken?
- Ashish Garg:** Aniket, can you repeat? You were not clear?
- Aniket Mhatre:** No, sorry, I was asking about the solar project. What kind of benefit can we expect in terms of our margin once it's fully operational?
- Ashish Garg:** So we expect to reduce our power cost by INR25 crores to INR30 crores per annum, which is a substantial cost reduction that we'll be seeing on our power grid on an annualized basis.



- Aniket Mhatre:** Understood. And, we are hearing steel prices are again inching up. Are we seeing that in our grade of steel that we use for our raw materials as well?
- Ashish Garg:** So the alloy steel market, actually, the settlement happens with a lag. And sometimes the settlement happens with a retrospective date. So large OEMs like Tata Motors actually decide on this alloy steel pricing. It is not like the daily price movements that happened. On the daily price movement levels on the inwards and also on the TMT rates, it is already clear on the charts that the steel prices have started moving up also on the scrap prices.
- So we can say that, yes, the settlement that will happen will also drive the alloy steel prices. But as of now, it is not settled. So when the settlement happens, it could be retrospective that happens from 1st of Jan. But yes, definitely, it looks like that the cycle has now started even on the commodity side, which will probably be there for next 12 to 15 months.
- Aniket Mhatre:** And sir, what is the kind of increase we are seeing for our period of products firstly?
- Ashish Garg:** So Aniket, it is still not settled. It could be in a range of INR3 to INR4 a kg. But it all depends on the primary steel producers and Tata Motors to settle it. Because once it is settled, it is settled for at least one or two quarters because the changes will not happen in between. But roughly, you can say INR3 to INR4 is expected to go up. That can happen from 1st of April or some bit of it can be passed on from 1st of Jan. That's not clear.
- Aniket Mhatre:** Understood. Just my final question on exports. I understand about, just correct me if I'm wrong, about 50% of our exports mix comes from CVs, right, and roughly just about 1% from farm equipment. Could you help us understand what is the mix for industrial exports and OHV exports and PV exports?
- Ashish Garg:** Yes. If I combine direct and indirect, so 3% is off-highway exports, 8% is industrial exports and 4% is the farm equipment exports.
- Aniket Mhatre:** And CV?
- Ashish Garg:** CV is around 10% to 12%.
- Aniket Mhatre:** Balance is for passenger vehicles?
- Ashish Garg:** Passenger right now is very small. We have just started from December onwards. It is just 1% right now. So we expect this percentage to improve going forward.
- Moderator:** The next question is from the line of Vijay Pandey from Nuvama.
- Vijay Pandey:** Congratulations for a good set of numbers. A couple of questions. I just wanted to understand if you can tell us that order pipeline of INR800 crores. So what will be the bifurcation in terms of industrial, commercial vehicle, off-highway and passenger vehicle?
- Ashish Garg:** Yes. Just give me a minute. So it is roughly around 24% coming from passenger vehicle, 27% coming from commercial vehicle, 44% from industrial and 4% from farm equipment.



- Vijay Pandey:** Okay. Secondly, sir recently, the Volvo in their conference call or in their earnings release, they have increased the guidance for calendar year '26. So just wanted to understand Volvo Trucks. So just want to understand how do you see the outlook? Are you seeing some improvement in Europe and U.S. market on the CV side because some of the OEMs are increasing their guidance, especially for Europe?
- Ashish Garg:** On the guidance side, when we have reviewed, there is a slight improvement what they are showing. So heavy duty, we are seeing close to 10%.
- Ashish Garg:** Roughly around 10,000. Yes, roughly around 5% forecast increase is there for Europe for CV for this year, this calendar year.
- Vijay Pandey:** So are we seeing that in our orders also or our sales also?
- Ashish Garg:** See sir, there, we maintain minmax levels for European OEMs. And we still have to see that movement coming in because there will be inventory, which we are kind of reducing because of last year. Once we see that uptick, we will see, but right now, on the CV side, still the numbers that we have till June with us reflects slight improvement, but not much of an improvement we are seeing over there.
- But definitely, yes, over last year, we see some improvement on those numbers as well. On the off-highway side, and industrial side, we are seeing some improvements. We have the forecast for the entire year, which definitely shows a better number.
- Vijay Pandey:** Sir, on the new capex, so that plant that will become operational in FY '28. So what will be our forging and machining capacity for that?
- Ashish Garg:** Yes. So forging capacity will improve from 150,000 tons to 180,000 tons, so roughly increment of 30,000 tons in terms of the forging capacity. And in Phase 1, as there are 2 machining lines planned. For FY '28, there is first machining line will come, which will add additional 5,000 tons of machining capacity. And FY '29, there is another machining capacity, which is planned. So roughly 10,000 tons of machining capacities will also increase by FY '28 and '29.
- Vijay Pandey:** Combined or 10,000 tons each year?
- Ashish Garg:** No, sorry, 5,000 tons each because this is particularly for large high-horsepower crankshaft, but we also plan to sell semi-machined products or other machine products, which are not in crankshaft applications, especially on the wind side, which are in discussions. And relatively, the capex for those programs will not be the same, will be much lesser. The machining capex will be coming at lesser price.
- Moderator:** The next question is from the line of Mitul Shah from Pantomath Financial Services.
- Mitul Shah:** Congratulations for a very strong performance, particularly record high margins in this tough business environment. Sir, I have two questions. First one is on the U.S. side, considering the of course, it's too early, but in the last few days, this revised duty structure, are you getting any sense or any initial discussion with a very high level of inquiries or very strong traction?



Ashish Garg: So Mitul, a lot of the inquiry flow was already there. But yes, the decision-making was not happening. The last 6, 8 months, everything was stuck particularly on the farm side, where we are seeing the relative weakness. And the idea was to cut cost for the North American OEMs. So over there, we have started our discussions.

And again, on the PV side for our existing customer base, where we already have programs, we are in discussions for several -- other activities also. So definitely, interactions have started now, and we are hopeful that the conversion of business will also happen in this year, could be much faster.

Mitul Shah: And assuming that latest revised duty structure remains there and considering all our peers are sizable in terms of the U.S. contribution, where do you see our U.S. revenue 2 or 3 years down the line as a percentage of overall business?

Ashish Garg: So Mitul, so right now, we are around 7% to 8% on direct and indirect business to U.S. This will definitely inch up to 15% to 16% going forward. And the meaningful increase will come from CV and PV programs that we already have and for which we are planning to ramp up very soon and also on the industrial side, which will come at a medium-term basis.

Mitul Shah: Yes. But sir, actually, the CV cycle seems to be bottoming out globally now after almost 1.5, 2 years slowdown. So don't you think CV would be bigger trigger compared to PVs or farm?

Ashish Garg: So these are completely based on the new project wins and the new orders, which we have. And on the CV side, we don't have much of a business in North America right now and we still have to see. But right now, on the CV side, there are excess inventories, which are in place. So the flow of new businesses on the CV side is very less. Post this correction, probably we'll have to see because definitely, there will be shift from China, and we can see more opportunity on the CV side as well.

Mitul Shah: Sir, lastly, one clarification on this solar project. As you said, next year, Q3, it will become operational. So when can we expect fully operational that INR25 crores, INR30 crores benefit on an annualized basis? Would that be from Q3, Q4 next year or it will take another year or so?

Ashish Garg: No. Once the facility started, Mitul, we can reach the idle generation levels within 10, 15 days. Just that October to February or mid-Jan period is a winter period in North India, where generation is relatively lesser. But yes, you can see that we can start producing peak units from mid-February onwards on the plant. And it will kind of peak out because summer months will definitely have higher units. But yes, on the plant -- once the plant is operational, then within 10, 15 days, we can reach up to the optimum generation capacity. And this is the entire is for captive use.

Mitul Shah: Yes. And related to that, in FY '28 or '29, this solar would be how much portion of the overall contribution of power requirement?

Ashish Garg: So in FY '28 because FY '28, we expect our utilization for this to come. *[Note: The call was disrupted at this point due to an unforeseen technical issue. As several participants had disconnected during the interruption, the call was concluded once connectivity was restored.]*



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Moderator: As there are no further questions from the participants, I now hand the conference over to sir, Ashish Garg for the closing comments.

Ashish Garg: Thank you, and sorry participants for the technical issues. To conclude, our performance through quarter 3 and 9 months of FY '26 reinforces the strength of our core fundamentals and our growth strategy. In a dynamic landscape, our focus remains on leveraging advanced engineering capabilities and operating scale to deliver consistent outcomes.

Looking ahead, continued investments in capacity and deeper customer integration will drive sustained long-term value creation. We thank you for the continued trust in Happy Forgings Limited. It's a privilege to have you to join us for an insightful discussion. We believe to have addressed your queries satisfactorily. However, we welcome any further engagement through our IR team. Should you have any follow-up questions, please reach out to SGA, our Investor Relations partners. Thank you for joining us today.

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