

DAVINDER PAL SINGH & CO.

CHARTERED ACCOUNTANTS

H.O: House No.933,
HIG Independent Sector 70,
Mohali District SAS Nagar,
Mobile No.98140-25756
Phone: 0161-4610756,
E-mail:cadavinderpal@gmail.com



B.O. : 524-L Model Town,
Opp. Bawa Bakery, Ludhiana,
Mobile No. 83600-54645
Phone No. 161-2310756
E-mail:dpsinghca@yahoo.com

Certificate on Working Capital requirement

To,

The Board of Directors

M/s. Happy Steels Limited

Kanganwal Road, Jaspal Bangar
Ludhiana - 141122, Punjab, India

Share India Capital Services Private
Limited ("BRLM")

A-25, Basement, Sector 64,
Gautam Buddha Nagar, Noida,
Uttar Pradesh- 201301, India ("BRLM")

Master Capital Services Limited
("Co - BRLM")

Master Chambers, S.C.O 19
Feroz Gandhi Market,
Ludhiana, 141001

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the "Equity Shares") by Happy Steels Limited

We, Davinderpal Singh & Co, Chartered Accountants (Firm Registration Number: 007601N), Peer Reviewed and Statutory Auditors, a request from the Company to verify and certify the information with respect to the Working Capital requirement, as included in the Draft Red Herring Prospectus to be filed by the Company with Stock Exchange and any other regulatory or statutory authority.

We have performed the following procedures:

- Traced the amounts for items included in **Annexure A**, from the restated financial statements for the Fiscals ended March 31, 2024 and March 31, 2025 and March 31, 2026.
- Recomputed the arithmetical accuracy of the items included in **Annexure A**.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

Based on the aforementioned procedures, we certify that the information included in **Annexure A** is true and correct.

We confirm that the information in this certificate is true and correct and is in accordance with the requirements of the Companies Act, ICDR Regulations and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in any material aspect. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

This certificate is for information and for inclusion (in part or full) in the Red Herring Prospectus ("RHP") and the Prospectus ("Prospectus") including any addenda or corrigenda thereto, filed in relation to the Offer (collectively, the "Offer Documents") or any other Offer-related material, and may be relied upon by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to the submission of this certificate as may be necessary to SEBI, the Registrar of Companies (the "RoC"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Manager and in accordance with applicable law.

Branch Offices:

- Taran Villa, Shimla Pahari, Hoshiarpur, M. No: +91 99881-17156
- 105, Golden Avenue Amritsar-143001 M.No +91 99152-59909
- 1229, Sector 15-B, Chandigarh, M. No: +91 94631-82642
- S-53, Okhla Industrial Estate, Phase-2, Delhi, M. No. +91 98140-25756
- 73 A/4 Partap Complex, Sundar Nagar, Mandi, M. No +91 98551-25756



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We hereby consent to this certificate being disclosed by the Book Running Lead Manager, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to inform the Book Running Lead Manager promptly, in writing of any changes, intimated to us by the management of the Company in writing, to the above information until the Equity Shares commence trading on the relevant stock exchanges, pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock exchanges, pursuant to the Offer.

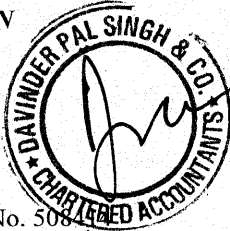
All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

FOR DAVINDERPAL SINGH & CO`
Chartered Accountants
FRN. 007601N

Arun Rattan
Partner

Membership No. 508
UDIN: 26508414ULAOEB4229



Place: Ludhiana
Date: 22/06/2026

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ANNEXURE A

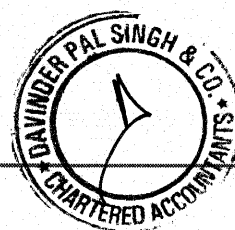
WORKING CAPITAL REQUIREMENT

(Rs. In lakhs)

Particulars	FY26	FY25	FY24
Revenue	9,464.26	8,214.03	8,090.85
Purchases	5,361.52	4,870.02	5,046.80
Cost of material consumed	5,451.63	4,805.89	5,160.02
Changes in inventories of finished goods and work-in-progress	-759.35	-254.22	-935.08
Consumption of stores & spares	317.85	240.31	296.01
Job-work expenses	471.97	398.17	242.67
Power and Fuel	905.10	751.96	763.14
COGS	6,387.20	5,942.11	5,526.76

Current Assets	FY26	FY25	FY24
(a) Inventories	3,897.95	3,228.70	2,910.34
(b) Trade receivables	1,276.18	1,603.45	2,211.17
(c) Cash and cash equivalents	22.57	26.13	6.16
Bank Balance other than (c) above	79.14	17.77	15.81
(d) Short-term loans and advances	148.91	27.07	51.37
(e) Other Current Assets	332.58	53.33	76.35
Total	5,757.33	4,956.45	5,271.20

Current liabilities	FY26	FY25	FY24
(a) Short-term borrowings	3,057.55	2,294.90	2,390.43
(b) Trade payables			
(i) Total outstanding dues of micro & small enterprises	121.81	114.62	92.49
(ii) Total outstanding dues of creditors other than micro & small enterprises	401.30	516.75	469.11
(c) Other current liabilities	337.81	280.50	310.24
(d) Short Term Provisions	123.09	-	134.00
Total	4,041.56	3,206.77	3,396.27



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Particulars	FY26	FY25	FY24
Working Capital	1,715.77	1,749.68	1,874.93
Inventory Days	204	189	165
Trade Receivables Days	56	85	102
Trade payable Days	39	45	69
Cash Conversion Cycle	221	229	198



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