

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 Financial Indebtedness

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

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 ("the Company" or "the Issuer").

Dear Sir/ Madam,

We Davinderpal Singh & Co, Chartered Accountants (Firm Registration Number: 007601N), Statutory Auditor of the Company, have conducted an independent verification of restated financial statements for the financial years ended on March 31, 2026, March 31, 2025, and March 31, 2025 as received from M/ Happy Steels Limited, Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Kanganwal Road, Jaspal Bangar, Ludhiana, India and bearing CIN: U35923PB1996PLC018348. In addition, we have also verified the loan agreements, sanction letters issued by banks and financial institutions, confirmations of outstanding loan amounts from group companies, bank statements, and bank balance confirmations evidencing outstanding loan amounts up to May 31, 2026, along with other relevant records.

We do certify and confirm the followings:

- The summary of the borrowings sanctioned to the Company and outstanding, as of May 31, 2026 and as stated in 'Annexure A', is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead and adequate to enable investors to make a well-informed decision. Further, we confirm that as on date, except as stated in Annexure A, there are no other loans or facilities availed by the Company or any guarantee extended by the Company.
- The financial indebtedness including summary of the borrowings sanctioned to the Company and outstanding, as on May 31, 2026 as stated in 'Annexure B'. Except as included in Annexure B there are no other loans or facilities availed by the Company.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the Red Herring Prospectus, Prospectus and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the BRLM in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of the Offer documents.

We confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well-informed decision.

This certificate may be relied on by the BRLM.



Branch Offices:

- Tarān 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, New Delhi, M. No. +91 98140-25756
- 73 A/4 Partap Complex, Sundar Nagar, Mandi, M. No +91 98551-25756

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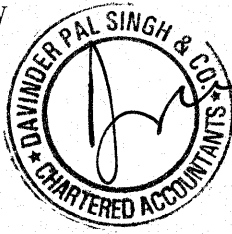


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We undertake to update you in writing of any changes in the abovementioned position, immediately upon us becoming aware, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges; you may assume that there is no change in respect of the matters covered in this certificate.

Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Offer Documents.

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



Arun Rattan
Partner

Membership No. 508414
UDIN: 26508414NDLHMU5047

Place: Ludhiana
Date: 19.06.2026

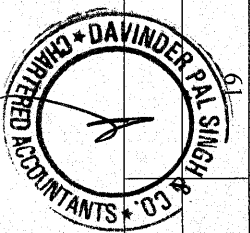
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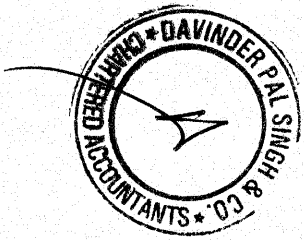
Annexure A

(All amounts in ₹ lacs, unless otherwise stated)

Bank / Financial Institution	Purpose of loan	Date of Sanction	Sanctioned Amount of Loans	Date of Disbursement	Amount Disbursed	Rate of Interest p.a.	Total Repayment period in months	Total Amount (Principal + Interest) Outstanding as at 31/05/2026 (in ₹ lakhs)
Secured Loans from Bank								
HDFC TEMPO LOAN - 143521716	Vehicle Loan	20-07-2023	9.00	20-07-2023	9.00	9.00%	37	0.83
HDFC CAR LOAN A/C	Vehicle Loan	21-07-2023	28.83	21-07-2023	28.83	10.50%	39	5.14
HDFC NEW MTL ACCOUNT-451311410	Business Loan	05-05-2021	23.14	16-10-2021	23.14	10.45%	73	7.64
HDFC NEW TERM LOAN - 800919750	Business Loan	26-11-2024	240.00	03-12-2024	240.00	7.75%	61	200.44
HDFC NEW TERM LOAN - 800919746	Business Loan	26-11-2024	53.33	03-12-2024	53.33	7.50%	59	40.28
HDFC NEW TERM LOAN A/C - 8963546	Business Loan	22-12-2021	200.00	06-02-2024	200.00	7.50%	81	146.87
HDFC TERM LOAN A/C - 83238683	Business Loan	22-12-2021	193.61	03-01-2022	193.61	7.95%	91	110.57
HDFC NEW TERM LOAN A/C-802702062	Business Loan	28-10-2025	78.84	27-11-2025	78.72	7.75%	60	74.23
UNION BANK CAR LOAN	Vehicle Loan	04-11-2025	16.79	04-11-2025	16.79	8.00%	60	15.46
HDFC NEW TERM LOAN A/C-802702032	Business Loan	28-10-2025	246.07	27-11-2025	245.99	7.75%	60	237.35
HDFC CASH CREDIT LIMIT	Business Loan	26-11-2024	3,500.00	NA	2,810.40	7.50%	NA	3,101.57
Sub Total (A)			4,589.61		3,899.81			3,940.38
Secured Loans from Financial Institution								
SIDBI (SMALL DEVELOPMENT BANK OF INDIA)	Business Loan	14-08-2025	264.68	14-08-2025	264.68	9.05%	61	238.04
Sub Total (B)			264.68		264.68			238.04



Unsecured Loans from Director and Shareholders									
ABHISHEK GARG	Business Loan	NA	NA	NA	169.99	NA	NA	NA	161.91
DEEPAK GARG	Business Loan	NA	NA	NA	228.01	NA	NA	NA	71.80
PARVEEN KUMAR GARG	Business Loan	NA	NA	NA	1,131.20	NA	NA	NA	178.03
PARVEEN KUMAR HUF	Business Loan	NA	NA	NA	96.53	NA	NA	NA	96.53
BINDU GARG	Business Loan	NA	NA	NA	72.96	NA	NA	NA	72.96
Sub Total (C)					1,868.40				581.23
Grand Total (A)+(B)+(C)				NA	5,563.95				4,759.65



Annexure B

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Sanctioned Limit	Outstanding as on May 31, 2026
(A) Fund Based		
<i>Secured</i>		
Term Loans	1299.67	1,055.41
Working Capital Facilities	3,500.00	3,101.57
Vehicle loan	54.62	21.44
<i>Unsecured</i>		
Loan from Related Party	NA	581.23
Total Fund Based (A)	4,854.29	4,759.65
(B) Non-Fund Based		
<i>Secured</i>		
Bank Guarantees	3.48	3.48
<i>Unsecured</i>		
Bank Guarantees	-	-
Total Non-Fund Based (B)	3.48	3.48
Total (A) + (B)	4,857.77	4,727.18

Principal terms of the facilities sanctioned to our Company:

Purpose: Bank facilities availed by the company will be used for business purposes. Term loan obtained for acquisition of a Commercial Tempo Vehicle for use in the ordinary course of business and Term loan taken for purchase of car used for business-related travel and commuting of directors. .

Interest: The applicable rate of interest for facilities availed by the company are typically linked to external benchmark rates. The interest rate applicable to the borrowings availed by our Company ranges from 7.50% per annum to 10.50% per annum. The borrower may change the applicable interest rate on loan in the event of any change in the internal/external benchmark/spread of the bank on the date of disbursement of the loan. Also, the bank has right to change applicable interest rate in the event of:

- Enhancement by way of new facility in interim cum enhancement
- At the time of limit conversion
- Credit deterioration/ Credit risks

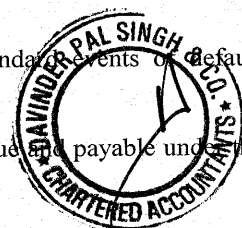
Tenor: The tenor of the term loan facilities availed by the company typically ranges from 1 year to 8 years. Our company have also availed working capital facilities and credit facilities that may be repayable on demand. These working capital facilities are up to total tenor of 1 year.

Security: Our Company borrowings are typically primarily secured by our current assets including stock, book debts, plant & machinery, fixed deposits and additionally secured by immovable property including industrial estate with industrial activity & industrial property used for commercial activity. The nature of the securities described is indicative and there may be additional requirements for creation of security under various borrowing arrangements entered into by our Company.

Repayment: Other than some of the working capital loans and other credit facilities, which are repayable on demand, the company are required to repay the borrowings on the maturity date or on such dates and/ or in such instalments as stipulated in the relevant loan documents.

Events of default: The financing arrangements entered into by our Company contain standard events of default including, among others:

- Any instalment of principal amount or interest or any another amount on the facility due and payable under the financing documents remaining unpaid;



- breach or default in the performance or observance of the material covenants of the facility agreement;
- A material representation, warranty or statement made to the lenders in connection with any financing agreements or project agreements or in any document delivered by or on behalf of the borrower is found to be substantially incorrect;
- The occurrence of any event or circumstance, which is prejudicial to or imperils or depreciated the security given to the lenders or materially impacts the validity of the project;
- Bankruptcy or insolvency of our Company.

Consequences of occurrence of events of defaults:

The following are the consequences of occurrence of events of default in relation to the borrowings of our company whereby the lenders may, among others:

- demand that our Company provide additional security;
- accelerate maturity of the facility and demand immediate repayment of the outstanding amount;
- enforce security; and
- take any action as per the loan/ security documents or/ and any applicable law.

Restrictive covenants: Certain borrowing arrangements entered into by our Company contain restrictive covenants, including covenants restricting certain actions except with the prior approval of the lender. An indicative list of such restrictive covenants is disclosed below.

- effecting any change of our
- implement any scheme of expansion / diversification / modernization other than incurring routine capital expenditure;
- permit any transfer of controlling interest or make any drastic changes in its management set up;
- amendments to the constitutional documents of our Company;
- venture into unrelated diversification; and
- change the practice with regard to remuneration of directors by means of ordinary resolution or commission, scale of sitting fees.

The details provided above, in relation to the principal terms of our borrowings are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by us.

