

DAVINDER PAL SINGH & CO.

CHARTERED ACCOUNTANTS

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

No.933,



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 Special Tax Benefits

To,

The Board of Directors

M/s. Happy Steels Limited
Kanganwal Road, Jaspal Bangar
Ludhiana, Punjab 14122, 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

Sub: Statement of Special Tax Benefits ('The Statement') available to Happy Steels Limited and its shareholders prepared in accordance with the requirement in Schedule VIII- Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended ("The Regulation")

Dear Sir/Madam,

We hereby report that the enclosed annexure prepared by the management of **Happy Steels Limited**, states the special tax benefits available to the Company and the shareholders of the Company under direct and indirect taxes (together "the Tax Laws", presently in force in India, which are defined in **Annexure I**. Several of these benefits, if available, are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statements and the contents stated therein is the responsibility of the Company's management. We are informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of Equity shares ("the Issue") by the Company.

We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" issued by the Institute of Chartered Accountants of India ("ICAI").

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.



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Opinion

We report that the enclosed statement in the **Annexure II**, states the possible special tax benefits, available to the Company and its shareholders, under the direct and indirect tax laws presently in force in India, as on the date of this certificate. Several of these benefits are dependent on the Company, and its shareholders, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, or its shareholders face in the future, the Company and its shareholders may or may not choose to fulfill.

We confirm that the Company does not have any material subsidiaries, either incorporated in India or abroad, of the Company, in terms of the Regulation 16, Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The benefits discussed in the enclosed in the Annexure I are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither are we suggesting nor advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- The Company and its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been/would be met with.

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.

Restriction on use

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, Chandigarh ("RoC"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Book Running Lead Managers, 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.

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We undertake to inform the Book Running Lead Managers 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. 508414

UDIN: 26508414KLME012199

Place: Ludhiana

Date: 18/06/2026

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ANNEXURE I

Sr. No.	Details of tax laws
1	Income-tax Act, 1961 (read with applicable circulars and notifications) as amended by the Finance Act, 2025
2	Income-tax Rules, 1962
3	Central Goods and Services Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications)
4	Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications)
5	Respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications)
6	Union Territory Goods and Services Tax Act, 2017 (read with respective rules, circulars, notifications)
7	Goods and Services Tax (Compensation to States) Act, 2017 (read with respective rules, circulars, notifications)
8	Customs Act, 1962 (read with Custom Rules, circulars, notifications)
9	Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications)
10	The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023)



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ANNEXURE II

SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY UNDER DIRECT TAX LAWS

A) TO THE COMPANY

The Company has claimed an additional Depreciation of Rs. 2,184,830/- as on 31st March, 2024.

The Company has exercised the option under Section 115BAA of the Income-tax Act, 1961 ("the Act").

Pursuant to Section 115BAA, a domestic company may opt to pay income tax at the rate of 22%, subject to satisfaction of prescribed conditions. After considering applicable surcharge and health & education cess, the effective tax rate is approximately 25.168%.

Further, a domestic company opting for taxation under Section 115BAA is not liable to pay Minimum Alternate Tax under Section 115JB of the Act.

The option exercised under Section 115BAA is irrevocable and cannot subsequently be withdrawn. The Company is eligible to continue to avail the benefit of the concessional tax regime, subject to compliance with the conditions prescribed under the Act. **Except as stated above, there are no other special direct tax benefits presently available to the Company under the Income-tax Act, 1961.**

B) TO THE SHAREHOLDERS

The Shareholders of the company are not entitled to any Special tax benefits under the Act.

SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS UNDER INDIRECT TAX LAWS

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax laws").

A) TO THE COMPANY

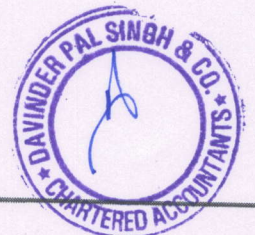
The Company has claimed duty drawback for exports made by the company over the years.

2023-24	58,156.00
2025-26	34,01,287.00

Moreover, the company has also earned an export incentive during the year 2024-25 amounting to Rs. 1,838,366.00/- and during the year 2025-26 amounting to Rs. 9,78,161/-

B) TO THE SHAREHOLDERS

The Shareholders of the company are not entitled to any Special tax benefits under the Act.



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Notes:

1. The above Annexure of special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above Annexure covers only the special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This Annexure also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. We have not considered the general tax benefits available to the Company, and/or its shareholders.
3. The above Annexure of special tax benefits is as per the current direct tax laws relevant for the assessment year 2026-27. Special Tax benefits, if any, several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
5. A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act, 2019') with effect from Financial Year 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives. The option under section 115BAA of the Act once exercised cannot be subsequently withdrawn for any future financial year. The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ('MAT') under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

In such a case, the Company is not allowed to claim any of the following deductions/ exemptions under the Act:

- Deduction under the provisions of Section 10AA.
- Deduction under clause (iia) of sub- section (1) of Section 32 (additional depreciation).
- Deduction under section 32AD or Section 33AB or Section 33ABA
- Deduction under section 35AD or Section 35CCC
- Deduction under section 80G



Lower corporate tax rate under Section 115BAA of the Act and Minimum Alternate Tax ('MAT') credit under section 115JAA of the Act which are in general available and hence may not be treated as special tax benefits.

6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
7. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

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