



HEIL/SE-72/2023-24

February 8, 2023

To,
The Manager (Listing),
The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Script Code No. : **543600**

To,
The Manager (Listing),
National Stock Exchange of India Limited
"Exchange Plaza", C-1, Block - G,
Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol : **HARSHA**

Dear Sir/Madam,

Sub : Presentation on the Unaudited Financial Results of the Company for the quarter and nine month ended December 31, 2023
Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to subject matter and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we are enclosing herewith presentation on the Unaudited Financial Results of the Company for the quarter and nine month ended December 31, 2023.

The aforesaid presentation would also be available on the website of the Company viz; www.harshaengineers.com in accordance with Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015

Kindly take the same on your records.

Thanking you,

Yours faithfully,

FOR HARSHA ENGINEERS INTERNATIONAL LIMITED (Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

Kiran Mohanty
Company Secretary and Chief Compliance Officer
MEM NO. : F9907

Harsha Engineers International Limited
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
CIN : L29307GJ2010PLC063233

Corporate & Registered Office: Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand - 382213, Gujarat, India.
Tel.: +91-2717-618200 Fax: +91-2717-618259 E-mail: sec@harshaengineers.com URL: www.harshaengineers.com

Harsha Engineers International Limited

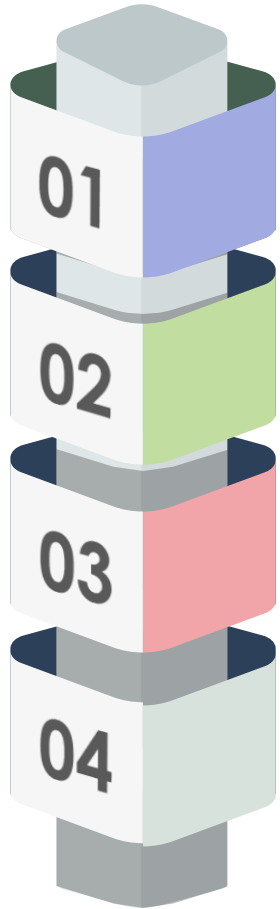
Earnings Presentation – For and upto Q3 of FY24



Disclaimer/ Safe Harbor

Cautionary statement regarding forward-looking statements

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Quarter Highlights

Business Update

Summary on use of IPO Proceeds

Company Overview



QUARTER

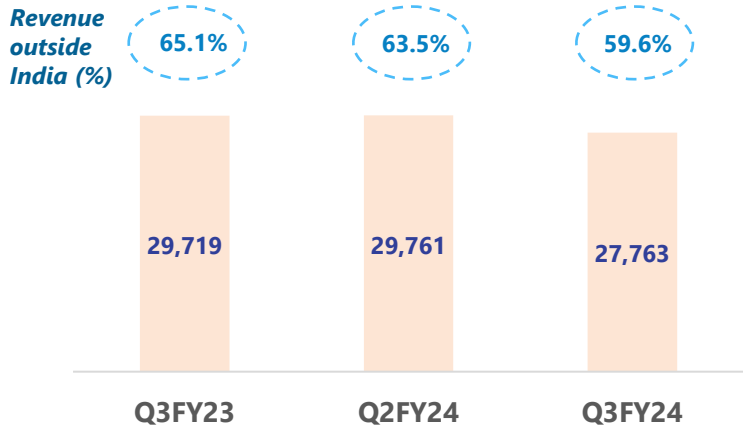
HIGHLIGHTS



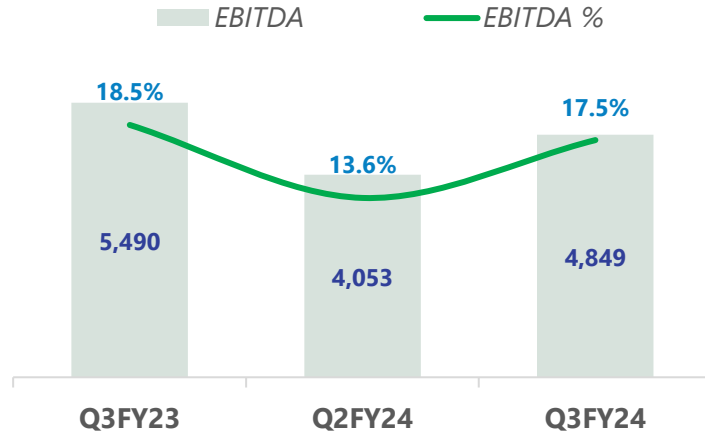
Financial Highlights

₹ in Lakhs

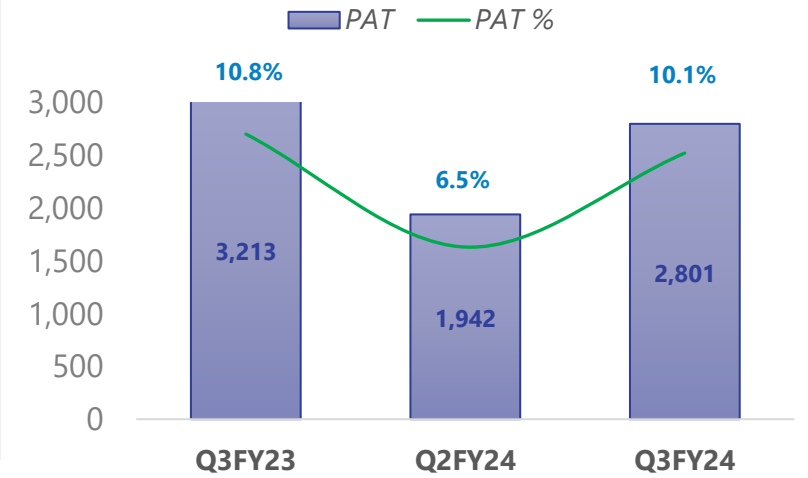
Revenue - Engineering CONSOLIDATED



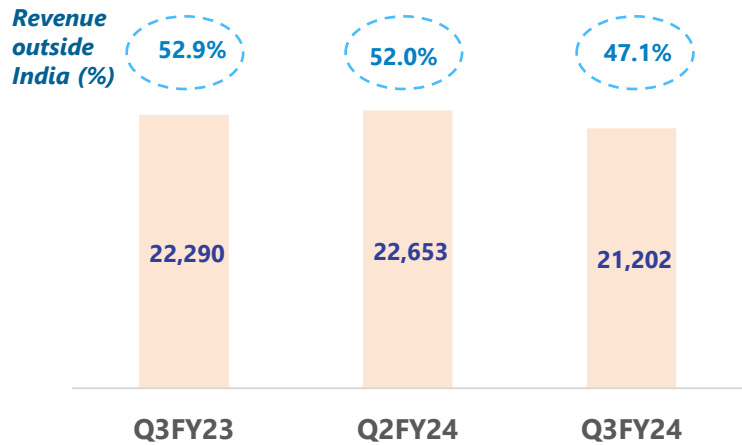
EBITDA - Engineering CONSOLIDATED



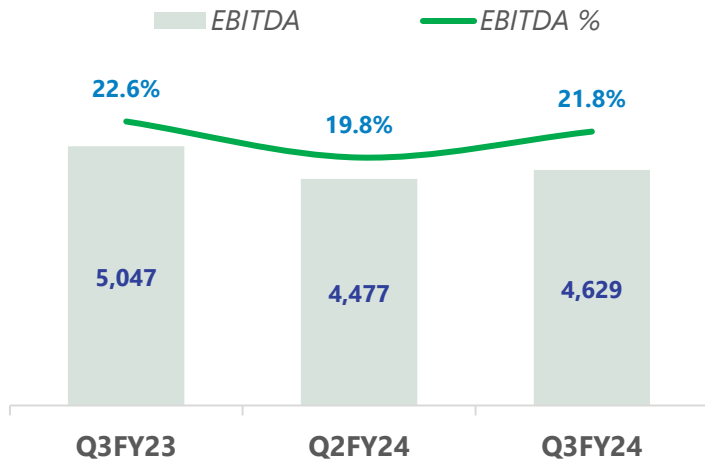
PAT - Engineering CONSOLIDATED



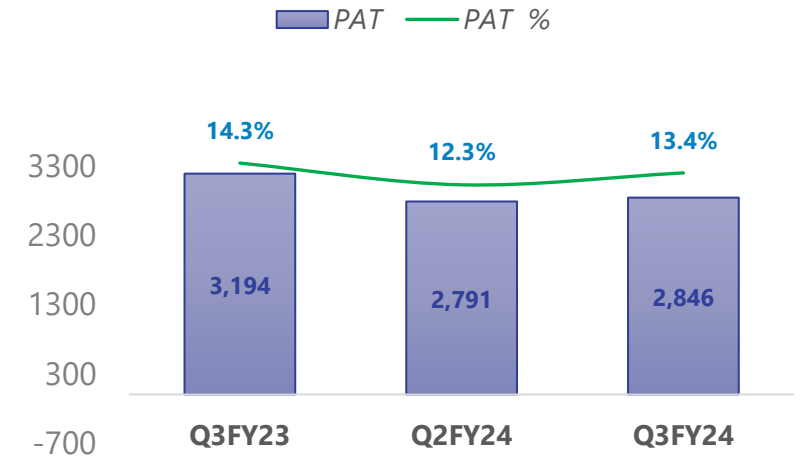
Revenue - Engineering INDIA



EBITDA - Engineering INDIA



PAT - Engineering INDIA



- On a consolidated basis, Q3 FY24 topline is marginally low compared to Q2 FY24, there is a noticeable improvement in the EBITDA and profitability in India as well as in China and Romania mainly owing to cost control measures coupled with improved realisation due to RM passthrough.
- Industrial Bearing Cage demand continues to be weak and calendar year-end inventory pressure lead to partial weakness in revenue.
- Bushings and Stampings showing encouraging performance in 9 Months period. Wind market is showing signs of global revival in Q4 while LSBs as well as Japanese customers growth expected to catch up in FY 2024-25.
- New product development pipeline continues to remain strong with the company while it continues to engage with various customers in Europe, Americas and Asia regions on outsourcing opportunities.
- The Company has commenced the implementation of the First Phase Capex plan of the new Greenfield site. The Company is on track in commissioning this project in Q3 FY 2025.
- Solar Business has shown sustainable positive performance due to focused cost control and favorable Wind-Solar policy of Gujarat .

Consolidated P & L Statement

	(₹ in Lakhs)				
Particulars	Q3 FY24	Q3 FY23	9M FY24	9M FY23	FY 22-23
REVENUE :					
Revenue from Operations	32,445	30,068	1,01,190	1,02,033	1,36,402
Other Income	1,109	1,350	2,174	2,397	2,979
TOTAL REVENUE	33,554	31,418	1,03,364	1,04,430	1,39,381
EXPENSES :					
Cost of Material Consumed	18,592	15,448	56,042	55,525	73,514
Change in Inventories of Finished Goods & Work-in-progress	(1,052)	(238)	416	(307)	73
COGS	17,540	15,210	56,458	55,218	73,587
Employee Benefits Expenses	4,131	3,870	12,618	11,552	15,619
Other Expenses	6,799	6,886	20,433	21,414	28,267
EBITDA	5,084	5,452	13,855	16,246	21,908
Margin %	15.7%	18.1%	13.7%	15.9%	16.1%
Finance Costs	284	230	794	1,328	1,584
Depreciation and Amortization Expense	1,002	920	2,934	2,697	3,612
PROFIT BEFORE TAXATION	3,798	4,302	10,127	12,221	16,712
Tax Expenses	830	1,128	2,662	3,155	4,384
PROFIT AFTER TAXATION (Net)	2,968	3,174	7,465	9,066	12,328
PAT Margin%	9.1%	10.6%	7.4%	8.9%	9.0%
Other comprehensive income	(316)	(943)	252	(979)	(748)
Basic Earnings per Share - In ₹	3.26	3.45	8.20	11.01	14.59
Diluted Earnings per Share-In ₹	3.26	3.45	8.20	11.01	14.59

Certain Key Parameters and Break Up

(₹ in Lakhs)					
Particulars	Q3 FY24	Q3 FY23	9M FY24	9M FY23	FY 22-23
Revenue from Operations					
- Engineering & Others - Consolidated	27,763	29,719	90,621	97,389	1,29,866
- Engineering & Others - India	21,202	22,290	67,772	50,415	95,936
- Solar - EPC and O & M	4,682	349	10,569	4,644	6,536
EBITDA*					
- Engineering & Others - Consolidated	4,849	5,490	13,777	16,164	21,810
- Engineering & Others - India	4,629	5,047	14,087	10,019	20,654
- Solar - EPC and O & M	235	(38)	78	82	98
PAT					
- Engineering & Others - Consolidated	2,801	3,213	7,439	9,009	12,309
- Engineering & Others - India	2,846	3,194	8,846	5,947	12,820
- Solar - EPC and O & M	167	(39)	26	57	19
Other Income					
- Gain / (Loss) on Exchange Rate Fluctuation	432	910	106	1,751	1,743
- Miscellaneous Income	7	9	67	30	38
- Interest Income	380	232	1,179	404	739
- Share of Profit/Loss from Cleanmax Harsha Solar LLP	47	6	50	19	24
- Share of Profit/Loss from Sunstream Green Energy One Pvt. Ltd.	(2)	-	(1)	-	-
- Gain / (Loss) on Sale of Investment (Mutual Fund)	58	84	274	84	103
- Gain / (Loss) on Fair value of Investments (measured at FVTPL)	187	109	499	109	332
- Total Other Income	1,109	1,350	2,174	2,397	2,979

Working Capital – Consolidated

Amount ₹ in Lakhs

Sr.	Particulars	9M FY24	9M FY23	FY22-23
1	Inventories			
a.	Raw Material - Amount	7,254	9,340	9,017
	No. of Days	20	24	24
b.	Semi Finished- Amount	2,545	2,700	2,627
	No. of Days	7	7	7
c.	Finished - Amount	11,827	13,303	12,550
	No. of Days	32	34	33
d.	Stores & Spares and Tooling - Amount	14,165	13,005	13,494
	No. of Days	38	34	36
2	Receivables - Amount	26,968	28,494	28,037
	No. of Days	73	74	74
3	Trade Creditors- Amount	11,378	11,277	11,743
	No. of Days	31	29	31

Utilisation of IPO Proceeds as on 30th Sep, 2023

Particulars	Amount (₹ Lakhs)
Total IPO Proceeds	45,500
Less: IPO Expenses	(2,560)
Net Proceeds as per Prospectus	42,940
Less: IPO Expenses (excess contingencies hold)	-
Net Proceeds available	42,940

₹ in Lakhs

Sr. No	Particulars	Amount as proposed in the Offer Document	Amount Utilised	Unutilised Amount
1	Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	27,000	27,000	-
2	Funding capital expenditure requirements towards purchase of machinery	7,795	3,662	4,133
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	712	547	165
4	General corporate purposes	7,433	7,433	-
	Total	42,940	38,642	4,298



Company Overview



Largest manufacturer of precision bearing cages in India*



6.5% of the market share in the global organized bearing brass, steel and polyamide cages market^



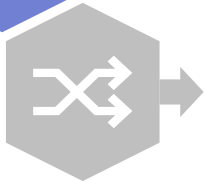
4 strategically located manufacturing facilities with various warehouses at different locations worldwide – supplying products to over 25 countries across 5 continents



Supplies products to each of the top 6 global bearing manufacturers^^



Capability to manufacture bearing cages with diameters between 20mm to 2,000mm with >7,500 products manufactured since incorporation



Diversifying into complex and specialized precision stamped components



50-60% of domestic market share



India



China



Romania

Schaffler AG
JTEKT

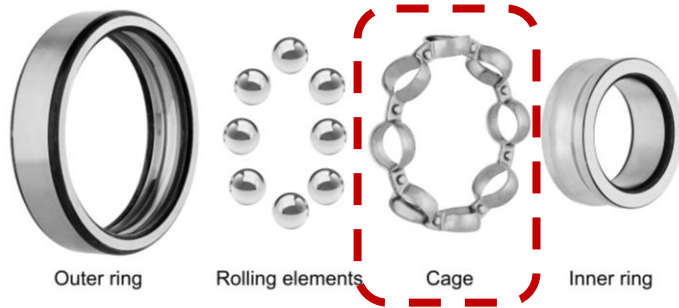
NTN
SKF

NSK
TIMKEN



Bearing cages | ~US\$5.2bn market expected to grow at ~6.4%

Bearing cages form an important component within Bearings



Bearing Cages are critical components requiring highest lead time, technical & tooling expertise



Separate rolling elements, reduce friction & heat generated in bearing



Keep the rolling elements evenly spaced optimizing load distribution on the bearing



Cages offer high rigidity, strength

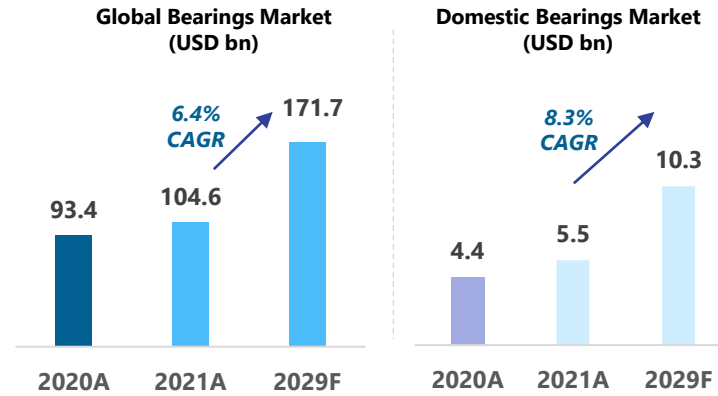


High heat resistant operating conditions



Small portion of total cost of bearing - The global bearing cages is estimated at about 5% of the global bearings market

Bearing cages have increasing usage across key fast-growing end user industries



Breakup of Bearing Market based on Application (USD bn)

Segment / Market Size	2022 F	2029 F	% share 2021	CAGR %
Automotive	24.8	37.0	22.5%	5.8%
Aviation & Aero	21.9	34.0	19.7%	6.5%
Railways	19.5	30.9	17.6%	6.7%
Construction	15.2	24.2	13.6%	6.8%
Mining	12.3	19.3	11.1%	6.6%
Electronics	10.0	15.5	9.0%	6.5%
Agriculture	6.2	9.5	5.6%	6.3%

High growth bearing cages market

Global Bearing Cages Market (USD mn)



India market is expected to grow at a **CAGR of 8.3% during 2021 to 2029.**



Supplies to each of the top 6 global bearing manufactures



Global bearing companies have **steadily increased outsourcing** manufacture of bearing cages



Given the **complexity of bearing cages production**, customers prefer continuing with **reliable vendors** for a long period for **consistency of quality**

Different designs of bearing cages with diverse applications



Taper Roller



Deep Groove



Angular Contact Ball



Thrust Roller



Spherical Roller



Cylindrical Roller



Sand Casting



Bronze Bushing



Precision Stamping Components

- ✓ *Railways*
- ✓ *Industrial machines*
- ✓ *Pumps*
- ✓ *Compressors*
- ✓ *OEMs*
- ✓ *Engine applications*

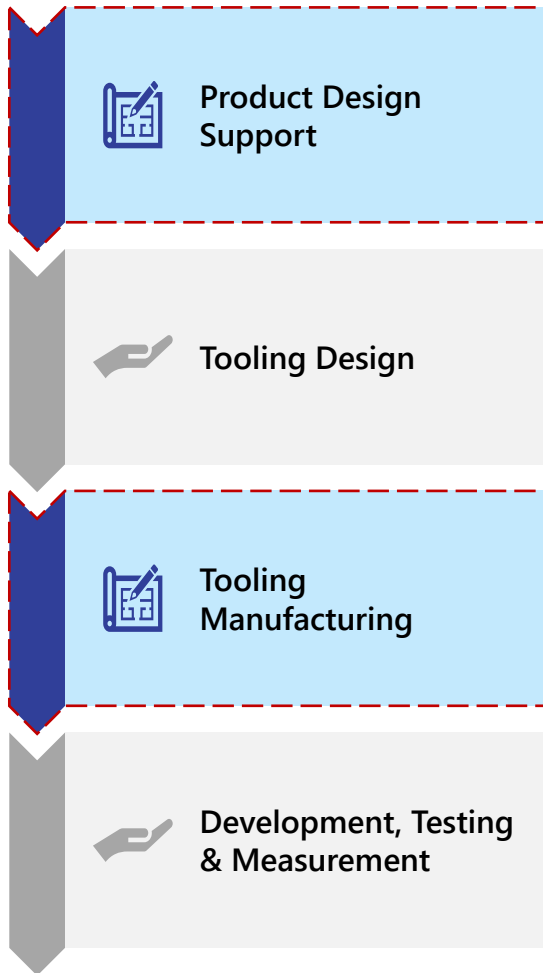
- ✓ *Crushers*
- ✓ *Steel mills*
- ✓ *Thermal turbines*
- ✓ *Windmills*
- ✓ *Agricultural machines*
- ✓ *Automotive parts*

- ✓ *Chemical machinery*
- ✓ *Utilities*
- ✓ *White appliances*
- ✓ *Chemical machinery*
- ✓ *General industries*
- ✓ *Blowout preventers*

- ✓ *Extruders*
- ✓ *Gearboxes*
- ✓ *Offshore drilling*
- ✓ *Oil rigs*
- ✓ *Traction motors for railways*

- ✓ *Railway Seal*
- ✓ *AC Compressor Head*
- ✓ *Bronze Bushing for Wind Gear Box*
- ✓ *Chassis Parts*
- ✓ *Engine Drive*
- ✓ *Clutch Components*
- ✓ *Gear Shifter Assembly Parts*

Full-service capabilities under one roof



Tooling Design

- Expertise to design and develop **advance tooling** inhouse which enables HEIL to manufacture **precision products**
- Engaged with customers to in product development process from **design stage**

Tool Manufacturing

- Comprehensive tooling, testing and measurement infrastructure
- **Dedicated tool production facilities** at Changodar have strengthened HEILs ability to meet customer demands

Process Design & automation

- **Decades of experience** – technologically driven manufacturing process enables HEIL to provide solutions in a **cost-effective manner**
- In-house automation has helped to **optimize O&M expenses, reduce production cycle time** and **minimize capex**
- *Indigenously designed vision camera system detects defects that are not possible to detect with naked eye*

Product Development

- Expertise in product development - product development cell and innovation centre



Key Strategies going forward

-  **Enhance market leadership in bearing cages and customer base expansion**
-  **Growing bronze bushings and specialised component segment**
-  **Increased focus on developing products suited to capture market opportunity in the growing EV segment**
-  **Retain and strengthen technological leadership through continued focus on development and automation**
-  **Focus on growth by partnerships with customers and opportunistic inorganic acquisitions**
-  **Focus on increasing operational efficiencies to improve returns**



THANK YOU

