



PRECISION IN
ACTION.
GROWTH IN
MOTION.

INTEGRATED REPORT 2025-26



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Investor Information

| | |
|---|---|
| Market Capitalisation (as of March 31, 2026) | ₹286,106.1 lakhs |
| CIN | L29307GJ2010PLC063233 |
| BSE Code | 543600 |
| NSE Symbol | HARSHA |
| Bloomberg Code | HARSHA:IN |
| Dividend Declared | ₹1.5 per Share |
| AGM Date | July 23, 2026 |
| AGM Mode | Through Video Conferencing/Other Audio-Visual Means |

Scan this QR Code to access the Investor Relations page



Disclaimer: This document contains statements about expected future events and financials of Harsha Engineers International Limited ('Harsha Engineers', 'HEIL', 'The Company' or 'We'), which are 'forward-looking'. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

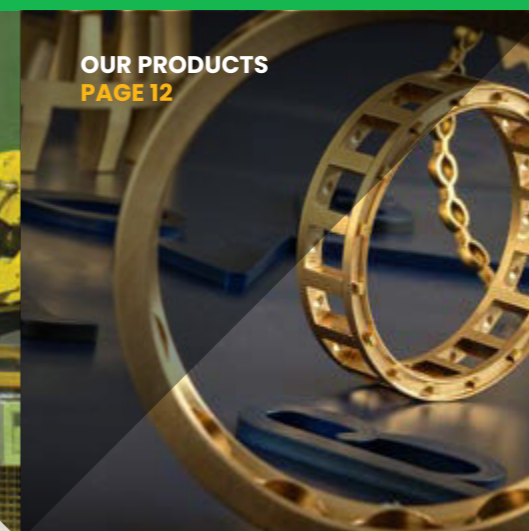
MANUFACTURING

PARTS THAT MOVE INDUSTRIES

Progress is rarely accidental. It is almost always the result of deliberate effort, consistent standards, and the discipline to get things right repeatedly. Whether in engineering, design, technology, or manufacturing, the ability to deliver with accuracy and intent is what creates lasting value. Precision, in that sense, is not just a technical requirement but a mindset that drives meaningful outcomes.



This is Harsha Engineers
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OUR PRODUCTS
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STRATEGIES
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FINANCIAL CAPITAL
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NATURAL CAPITAL
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About the Report

Reporting Approach

In this report, we provide a comprehensive overview of our strategies, business model, and their economic, social, and environmental impact. Aligned with our strategic direction, the Report highlights the material issues that influence our ability to create sustainable value. Through this, we also reaffirm our commitment to social and environmental sustainability as an integral part of our strategic and operational framework.

Scope and Boundary

This report presents information for the financial year ended March 31, 2026. It covers all our business segments and operations. It also outlines how they contribute to value creation across the short, medium, and long term. Through these disclosures, we aim to provide a balanced view of our performance, strategy execution, and progress against stated objectives during the reporting period.

Frameworks

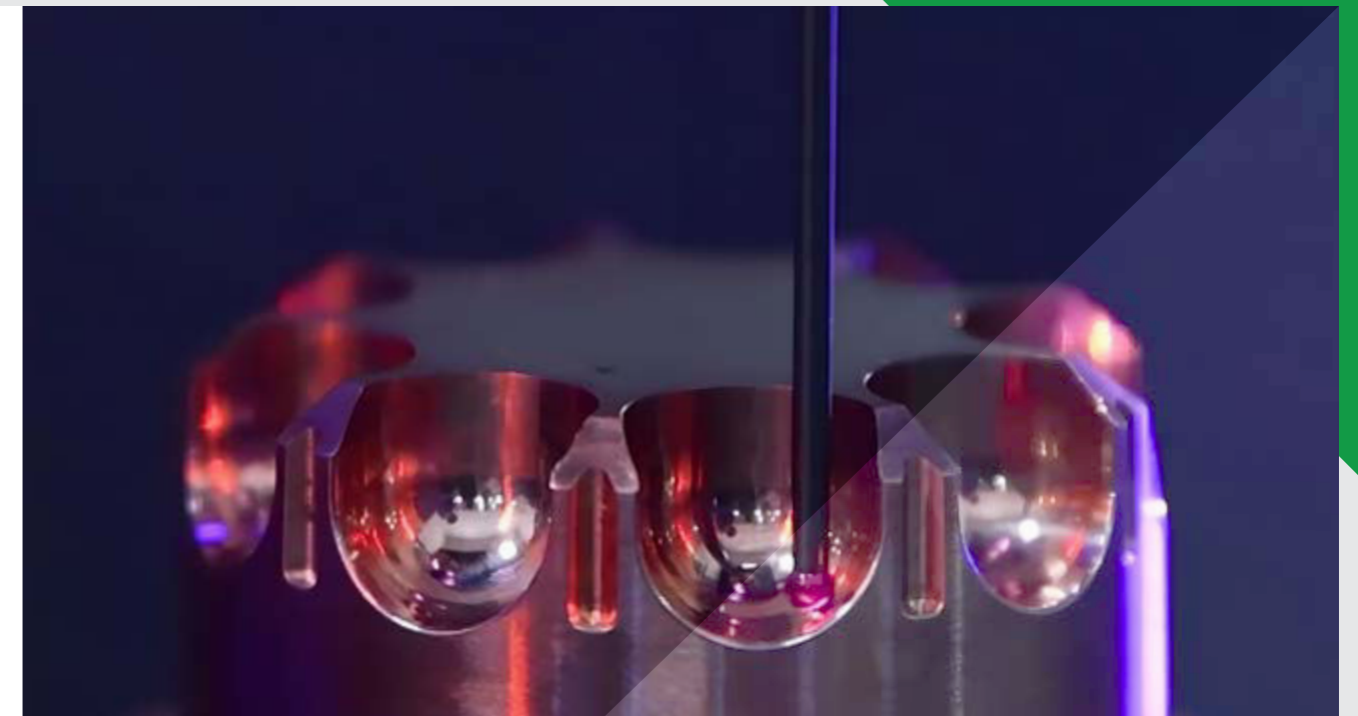
We have prepared this Report in accordance with the principles of Integrated Reporting prescribed by the International Integrated Reporting Council (IIRC). In doing so, we ensure a structured and stakeholder-focused narrative. We have also aligned the

Report with the applicable regulations and disclosure requirements of the NSE, BSE, and SEBI.

Further, we have prepared the statutory disclosures, including the Board's Report, Management Discussion and Analysis (MD&A), Corporate Governance Report, and Business Responsibility & Sustainability Report, in line with the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and relevant Secretarial Standards.

Leadership Accountability

Senior management has reviewed the contents of this report under the supervision of the Chairman, Managing Director & Whole Time Directors. Furthermore, the Board has exercised appropriate oversight to ensure the disclosures remain accurate, balanced, and reflective of our performance and governance standards.



PRECISION IN ACTION. GROWTH IN MOTION.

Precision is often seen as control. At Harsha Engineers, it is also a force of movement, helping us improve, scale and respond to a world that demands greater reliability with every passing year.

In engineering, the smallest details often carry the greatest responsibility. A fraction of accuracy, a carefully controlled process and a commitment delivered consistently can shape performance far beyond the factory floor.

At Harsha Engineers, this belief has defined the way we design, manufacture and deliver bearing cages for demanding industrial

applications worldwide. Precision is not only reflected in our products; it is embedded in our decisions, processes, automation and pursuit of continuous improvement.

As industries become more performance-driven, this discipline is enabling us to move with greater confidence. Strategic investments in capacity, automation and high-value product segments are

strengthening scalability, enhancing competitiveness and expanding our global relevance.

For us, growth is not a leap away from precision. It is the momentum created by it. Every detail done right builds reliability. Every reliable outcome builds trust. And trust, over time, sets growth in motion.



This is Harsha Engineers

ENGINEERED FOR GLOBAL PERFORMANCE

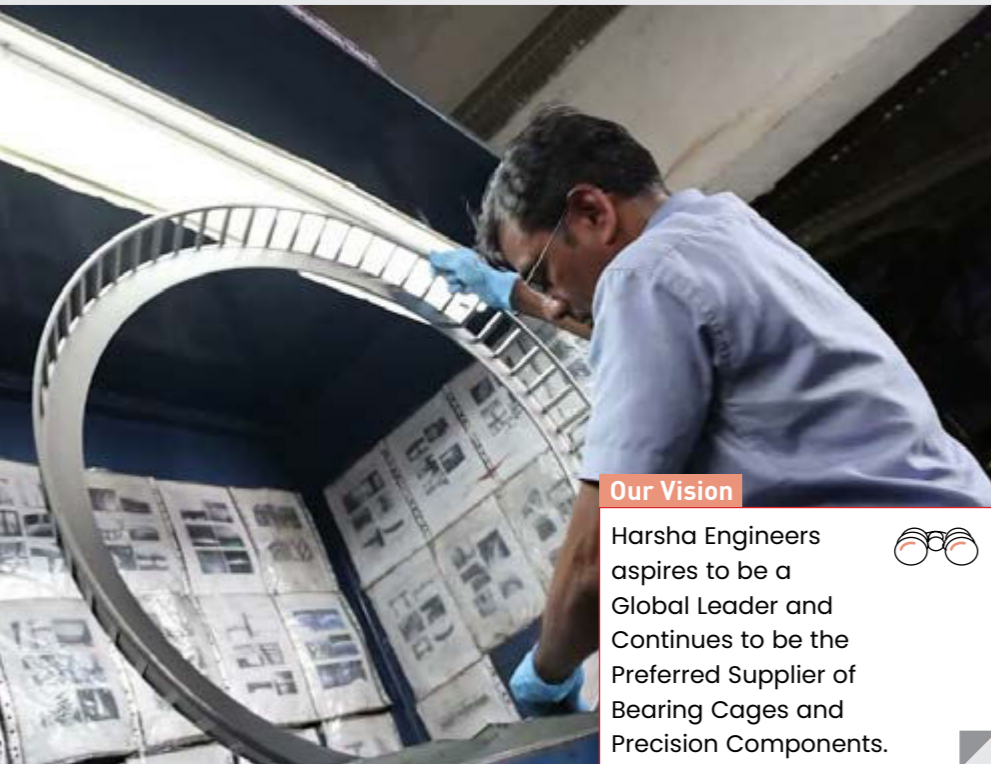
Harsha Engineers International Limited is a globally recognised manufacturer and exporter of precision bearing cages and advanced engineered components. Over nearly five decades, we have built a strong foundation based on technical expertise, operational strength, and enduring relationships with a distinguished global customer base.

With a strong international footprint and a customer-first approach, we continue to explore new opportunities to strengthen our core capabilities. We are focused on expanding

our reach, increasing our scale, enhancing our quality, using advanced technologies, and embedding sustainability more deeply across our operations.

Our Capabilities

Our strength lies in an integrated approach that combines design expertise, advanced manufacturing, and innovation-led development. Each capability is built to ensure precision, efficiency, and continuous improvement across the value chain.



Our Vision

Harsha Engineers aspires to be a Global Leader and Continues to be the Preferred Supplier of Bearing Cages and Precision Components.



A Snapshot of Scale, Reach, and Capability

Largest manufacturer

Of Precision Bearing Cages In India

50-60%

Domestic Market Share

5

Manufacturing Facilities with **16** Warehouses at Different Locations Worldwide

Supplying Products to Over **32 Countries across 5 Continents**





Supplying Products to Each of the **Top 6 Global Bearing Manufacturers**

Manufacturing Bearing Cages with Diameters Ranging from **20 mm to 2,000 mm**

7,278.07 lakhs+ Bearing Cages Manufactured in 2025-26 by **HEIL Standalone (Engineering Division)**

7,500+ Products Manufactured Since Inception

Diversifying Into **Complex and Specialised** Precision Bushings and Stamped Components

|  Tooling Design |  Tooling Manufacturing |  Process Design and Automation |  Product Development |
|---|--|---|--|
| <p>We design and develop advanced tooling solutions in-house, enabling complete control over precision, quality, and performance. By engaging closely with customers from the initial stages of product development, we ensure every tooling solution is purpose-built to meet specific application requirements with accuracy and reliability.</p> | <p>Our state-of-the-art facilities are equipped with advanced tooling, testing, and measurement systems to support consistent, high-precision output. Dedicated tool production units at Changodar, enable us to respond efficiently to customer requirements while maintaining strong operational readiness, quality standards, and delivery reliability.</p> | <p>Leveraging decades of experience, we integrate technology-driven manufacturing practices to enhance efficiency and cost-effectiveness. Our focus on automation helps streamline operations, improve productivity, reduce cycle times, and optimise capital deployment. Advanced systems, such as our in-house vision inspection technology, enable the detection of even the smallest defects, ensuring uncompromised quality.</p> | <p>Our product development and innovation centre drives continuous advancement through the creation of new solutions and the refinement of existing ones. With dedicated teams focused on responsiveness and agility, we continuously enhance product performance, durability, and reliability to meet evolving customer expectations.</p> |



The Year in Review

STRENGTHENED THROUGH DISCIPLINED EXECUTION

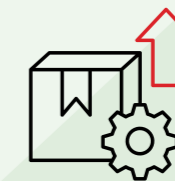
Growth & Performance

- Steady growth across core business segments
- Improved profitability through operational discipline
- Strong underlying business fundamentals
- Consistent contribution from the solar EPC segment



Expansion & Capacity

- Greenfield expansion progressing as planned
- Capacity enhancements across key geographies
- Strengthening global manufacturing footprint
- Commencement of the China brownfield expansion project



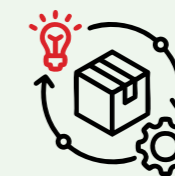
Markets & Demand

- Revival in export demand across regions
- Growing relevance among global customers
- Increased opportunities from shifting supply chains



Product & Innovation

- Specialised segments gaining momentum
- Shift towards high-value, complex components
- Continued focus on product development



Our Journey

SHAPED BY PROWESS AND EXPERIENCE



| | | | |
|---|---|---|--|
| <p>2009</p> <ul style="list-style-type: none"> Acquired equity shares of Aastha Tools Private Limited, leading to a partial acquisition | <p>2010</p> <ul style="list-style-type: none"> Launched Harsha Abakus Solar Private Limited, providing turnkey solutions for solar photovoltaics Opened new manufacturing facility in Changshu, China | <p>2021</p> <ul style="list-style-type: none"> Integrated the Engineering and Solar EPC businesses under a single entity following approval of the Scheme by the National Company Law Tribunal, Ahmedabad Bench Renamed as Harsha Engineers International Limited (HEIL) | <p>2022</p> <ul style="list-style-type: none"> Successfully launched the Initial Public Offering (IPO), leading to the listing of equity shares on the NSE and BSE on September 26, 2022 |
| <p>2008</p> <ul style="list-style-type: none"> Earned ISO 14001 certification, reinforcing the Company's commitment to environmental management | <p>2012</p> <ul style="list-style-type: none"> Commissioned machinery for large-size bearing cages with a capacity of 1,000 tonnes at the Changodar, Ahmedabad facility | <p>2019</p> <ul style="list-style-type: none"> Honoured by the Japan Institute of Plant Maintenance with the Award for TPM Excellence in Consistent TPM Commitment 2018 Commissioned new plant at Changshu, China | <p>2023</p> <ul style="list-style-type: none"> Incorporated Harsha Engineers Advantek Limited as a wholly owned subsidiary (greenfield project) Acquired approximately 100,161 sq. metres of non-agricultural land near Bavla, Ahmedabad for industrial use Attained ISO 45001 certification Acquired the TISAX label |
| <p>2004</p> <ul style="list-style-type: none"> Achieved ISO/TS 16949:2002 certification, ensuring compliance with international quality standards | <p>2014</p> <ul style="list-style-type: none"> Acquired BECOTEK Precision Bearing Components (Suzhou) Co. Limited, based in Suzhou, Jiangsu, China | <p>2018</p> <ul style="list-style-type: none"> Secured IATF 16949:2016 certification, further enhancing quality assurance | <p>2024</p> <ul style="list-style-type: none"> Concluded a significant long-term sourcing contract for cages with a large global customer |
| <p>2003</p> <ul style="list-style-type: none"> Established a 100% export-oriented unit in Moraiya, Ahmedabad, expanding global reach | <p>2016</p> <ul style="list-style-type: none"> Received TPM Excellence Category A 2015 award from Japan Institute of Plant Maintenance Expanded global presence by acquiring Johnson Metal SRL, located in Brasov, Romania | <p>2025</p> <ul style="list-style-type: none"> Commenced commercial production at Harsha Engineers Advantek Limited's Bhayla facility (from June 26, 2025) Made a strategic investment in 10.4 MW ground-mounted solar project in Banaskantha, Gujarat | <p>2026</p> <ul style="list-style-type: none"> The Company was awarded TPM Special Award on March 20, 2026 at Kyoto, Japan M/s. Harsha Precision Bearing Components (China) Co. Ltd, Wholly Owned Subsidiary of the Company (Harsha China), commenced a brownfield expansion Project at its Changshu Plant |
| <p>1986</p> <ul style="list-style-type: none"> Incorporated Harsha Engineers | | | |



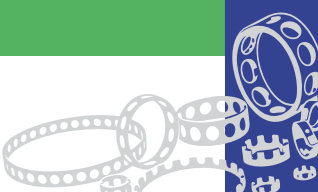
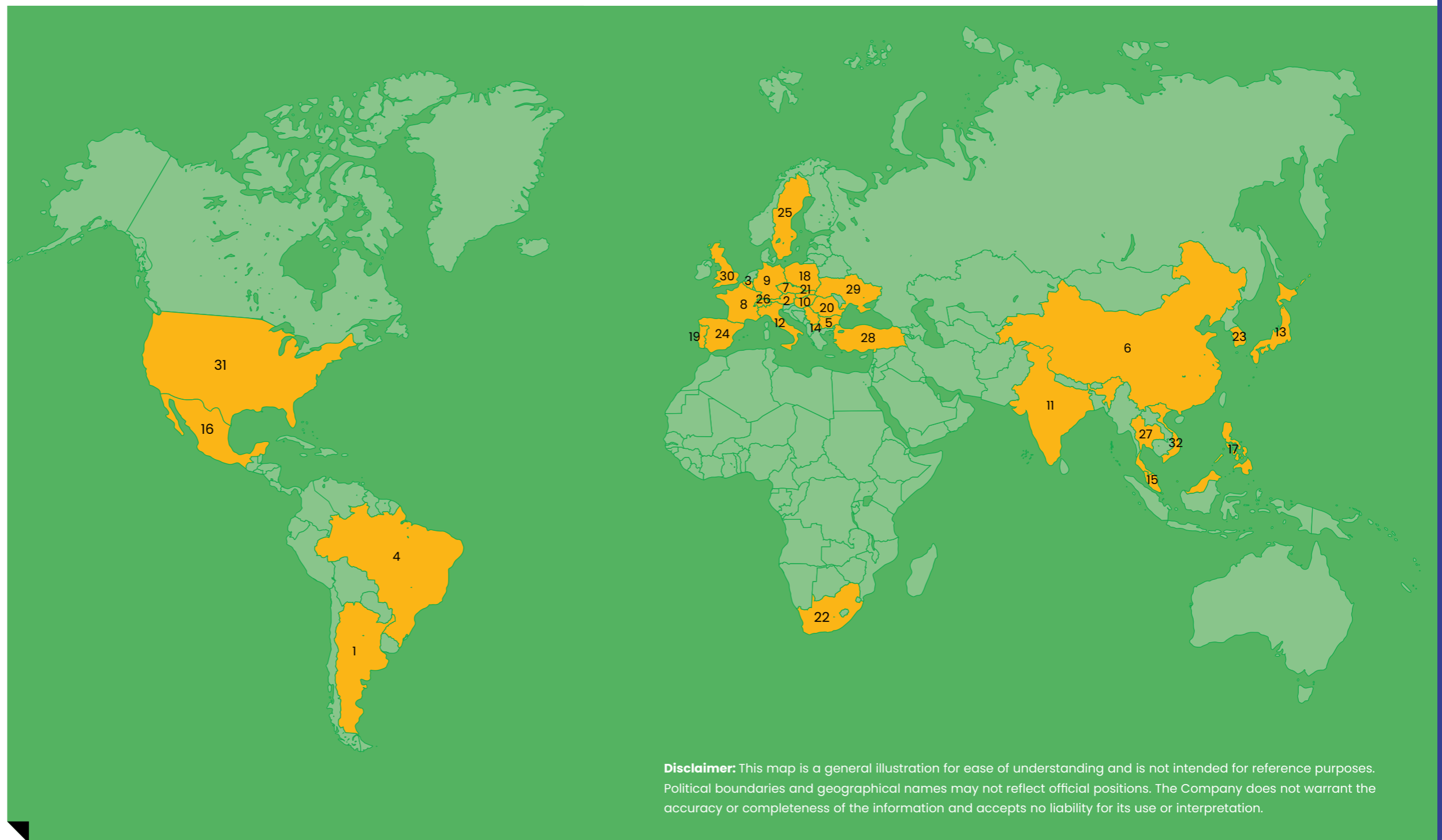
Our Presence

ESTABLISHED ACROSS GLOBAL MARKETS

Built on a globally integrated manufacturing and customer ecosystem, we enable seamless service to top bearing manufacturers and industrial clients around the world. With a footprint in 32 countries, our reach reflects more than geography. It is a strategic presence aligned with the world's most dynamic industrial hubs.

Our Global Presence

| | | | | | | | |
|---|----------------|----|-----------|----|--------------|----|----------------|
| 1 | Argentina | 9 | Germany | 17 | Philippines | 25 | Sweden |
| 2 | Austria | 10 | Hungary | 18 | Poland | 26 | Switzerland |
| 3 | Belgium | 11 | India | 19 | Portugal | 27 | Thailand |
| 4 | Brazil | 12 | Italy | 20 | Romania | 28 | Turkey |
| 5 | Bulgaria | 13 | Japan | 21 | Slovakia | 29 | Ukraine |
| 6 | China | 14 | Macedonia | 22 | South Africa | 30 | United Kingdom |
| 7 | Czech Republic | 15 | Malaysia | 23 | South Korea | 31 | USA |
| 8 | France | 16 | Mexico | 24 | Spain | 32 | Vietnam |



Our Products

DIVERSIFIED FOR EVOLVING MARKET DEMANDS

Harsha Engineers' product portfolio reflects decades of specialised expertise in bearing cage manufacturing, strengthened through strategic diversification into adjacent precision components. Since inception, we have developed over 7,500 products and added 532 new SKUs during the year. This diversification enabled our portfolio to evolve in line with global industrial requirements.

From high-load brass cages to lightweight polymer solutions, and from complex steel cages to precision stampings and bronze bushings, our offerings are engineered for performance, reliability and scalability.

1 STEEL CAGES



Built on a legacy of precision metal stamping, HEIL manufactures high-performance steel bearing cages engineered for exceptional strength, dimensional accuracy and operational durability. Designed to minimise friction and wear under demanding operating conditions, these components deliver consistent performance, extended service life and dependable reliability across a wide range of industrial applications.

2 BRASS CAGES AND BUSHINGS

In response to evolving industrial requirements and rising demand for versatile, high-performance solutions, we have expanded our portfolio to include advanced brass cages and bushings. Combining superior strength, heat resistance and durability, these products are engineered for a broad range of critical applications. This strategic diversification enhances our ability to address specialised operational requirements while reinforcing our position as a trusted partner in precision-engineered solutions.



3 POLYAMIDE CAGES



Using our advanced material engineering capabilities, we offer glass fibre-reinforced, injection-moulded polyamide cages designed for superior operational efficiency and long-term reliability. Lightweight and corrosion-resistant, these cages also provide excellent damping properties that help reduce noise and vibration in high-performance environments. Engineered for durability and stability, our advanced designs set new benchmarks in operational consistency and performance reliability.

4 STAMPED COMPONENTS

Our expertise in precision metal stamping extends beyond individual components to the delivery of engineered solutions for the automotive and industrial sectors. With capabilities covering complex geometries, high dimensional accuracy and superior material integrity, we manufacture precision components that meet demanding performance standards. Backed by agile manufacturing practices and advanced engineering capabilities, our semi-assembled and modular solutions support seamless system integration, improve production efficiency and optimise performance across critical applications.



Applications

DESIGNED FOR CRITICAL INDUSTRIES

HEIL's diverse application portfolio reflects the depth of the Company's engineering expertise and our ability to deliver precision-driven solutions across critical industries worldwide. From advanced mobility and industrial systems, to renewable energy and aerospace applications, we combine technical excellence, manufacturing agility, and operational reliability to address evolving global requirements.



We serve a wide range of industrial applications by combining manufacturing versatility with engineering precision to deliver reliable performance across diverse operating environments.



Automotive Components

As mobility technologies continue to evolve, we deliver precision-engineered solutions that support next-generation automotive manufacturing. Backed by advanced tooling and scalable production capabilities, we manufacture high-precision stamped components, polyamide parts, and assembly aids for both electric vehicle platforms and internal combustion engine systems. Designed to meet stringent industry standards, our solutions improve production efficiency while ensuring consistency, accuracy, and long-term reliability across high-volume applications.



Industrial

We serve a wide range of industrial applications by combining manufacturing versatility with engineering precision to deliver reliable performance across diverse operating environments. Our integrated portfolio includes steel, brass, and polyamide bearing cages, along with precision-stamped components, enabling us to address varying component complexities and production requirements. Whether supporting specialised low-volume needs or large-scale industrial demand, our agile manufacturing ecosystem ensures consistent quality, responsiveness, and operational excellence.



Wind

Supporting the advancement of sustainable energy infrastructure, we provide comprehensive manufacturing solutions for the wind energy sector through integrated in-house capabilities spanning tooling, foundry, and machining. Our expertise in manufacturing large-size brass and steel cages, along with precision-engineered bushes, enables us to meet the demanding performance requirements of modern wind turbine systems. Every solution is engineered for reliability, durability, and operational efficiency in high-load environments.



Railway

We support modern railway systems with precision-engineered components designed to meet critical requirements for safety, reliability, and operational continuity. Our diversified portfolio of steel, brass, and polyamide cages, along with precision-stamped parts, delivers consistent performance across varying load conditions and operating environments. This manufacturing flexibility enables dependable supply, consistent quality, and optimised performance across a broad range of railway applications.



Aerospace Components

Precision, reliability, and uncompromising quality define our contribution to the aerospace sector. Leveraging advanced stamping and machining expertise, we manufacture highly engineered components designed to meet the stringent tolerances and safety standards required for global aerospace applications. Our capabilities are especially suited to low-volume, high-precision production environments where material integrity, dimensional accuracy, and performance consistency are critical.



Solar EPC

As part of our commitment to sustainable progress, we deliver turnkey photovoltaic (PV) solutions through our established Solar EPC capabilities. Backed by extensive industry experience and a strong installed base across India, we provide high-performance solar infrastructure for industrial, commercial, and utility-scale applications. Every project is driven by engineering excellence, operational efficiency, and a focus on long-term energy performance, enabling reliable and sustainable outcomes for the future.



Our Competitive Edge

POWERED BY OPERATIONAL EXCELLENCE

Our strengths are rooted in a legacy of precision engineering, operational excellence, and the ability to adapt to evolving industrial demands. Guided by innovation, disciplined execution, and an unwavering commitment to quality, we continue to create enduring value while enabling sustainable, future-ready growth across global markets.



| | | | | | |
|---|--|---|---|---|---|
| <p>1 Decades of Manufacturing Excellence</p> | <p>2 Diverse Portfolio with Agile Product Development</p> | <p>3 Presence across High-Growth Industries</p> | <p>6 Advanced Tooling and Automation Expertise</p> | <p>7 Multi-Material Engineering Expertise</p> | <p>8 Innovation Focused on Precision and Sustainability</p> |
| <p>With over five decades of expertise in stamping, casting, machining, and moulding, we have developed a strong foundation in precision manufacturing. Our experienced teams, robust quality systems, and culture of continuous improvement enable us to consistently deliver engineering excellence while meeting the evolving technical requirements of global industries.</p> | <p>We combine a broad and evolving product portfolio with the agility to develop tailored solutions for specialised industrial needs. Backed by dedicated product development teams and capabilities in rapid prototyping, testing, and validation, we transform complex ideas into reliable, high-performance solutions that strengthen long-term customer relationships.</p> | <p>Our capabilities span a wide range of high-growth sectors, including automotive, industrial, renewable energy, and mobility applications. This diversified presence enables us to respond effectively to changing market dynamics while aligning our offerings with emerging industry trends and future-focused opportunities.</p> | <p>We use in-house tooling capabilities and advanced automation systems to ensure precision, operational consistency, and manufacturing efficiency at scale. From design modifications and process optimisation to quality assurance and production control, our integrated approach enhances productivity, reduces turnaround times, and supports future-ready manufacturing operations.</p> | <p>Our expertise across steel, brass, and polyamide allows us to engineer solutions tailored to varied operational and performance requirements. By combining advanced material knowledge with precision manufacturing capabilities, we deliver components optimised for durability, efficiency, sustainability, and long-term reliability.</p> | <p>Innovation remains central to our long-term vision. Through focused investments in innovation and development, we continue to advance precision component technologies and sustainable manufacturing practices. Our approach centres on creating high-performance solutions that balance operational efficiency with environmental responsibility, supporting the evolving needs of modern industry.</p> |

4 Global Leadership in Outsourced Bearing Cages

We have built a strong global reputation in outsourced bearing cage manufacturing through our focus on precision, reliability, and scalable production. Continued investments in capacity expansion, automation, and operational efficiency enable us to consistently deliver high-quality solutions while adapting to evolving customer requirements across international markets.

5 Strategic Global Partnerships

Our collaborations with global industry leaders strengthen access to advanced technologies, evolving market insights, and cross-functional innovation capabilities. These long-standing partnerships foster collaborative growth, accelerate product development, and enable us to deliver greater value through engineering excellence and operational agility.



LETTER FROM THE CHAIRMAN



Rajendra Shah

Chairman & Whole-Time Director



Our performance during the year reflects the resilience of our business model, the strength of our diversified product portfolio, and the unwavering commitment of our employees across geographies.



Dear Stakeholders,

The year under review is an important milestone in HEIL's growth journey. Amid a rapidly evolving global manufacturing landscape and rising infrastructure investments across key economies, we delivered strong operational and financial performance. At the same time, we continued to strengthen our long-term strategic foundations.

Driven by precision engineering, customer trust, and a sharp focus on execution, we successfully capitalised on emerging opportunities across domestic and international markets. Our performance during the year reflects the resilience of our business model, the strength of our diversified product portfolio, and the unwavering commitment of our employees across geographies.

The World We Operate in

The global business environment in 2025-26 operated amid an intensifying polycrisis, where geopolitical fragmentation, shifting trade alliances, and persistently high interest rates collectively reshaped economic stability across markets. The situation was further destabilised by the deepening conflict in West Asia, which extended beyond regional boundaries, disrupted critical shipping corridors, and triggered severe volatility in global energy prices.

As crude oil prices approached the USD 100-per-barrel mark, concerns around inflation, logistics costs, and supply chain continuity moved to the forefront of global economic discourse.

Despite these external pressures, India's economy demonstrated exceptional structural resilience. Real GDP growth for the year is projected at 7.6%, supported by robust private capital expenditure and timely Government interventions that helped shield domestic markets from global supply chain disruptions. Reinforcing this momentum, the Union Budget 2026-27 advanced the Government's long-term Viksit Bharat vision through a significant increase in capital expenditure outlay to ₹12.2 lakh crores, compared with ₹11.21 lakh crores in the previous year.

A defining feature of the budget was the introduction of City Economic Regions (CERs), backed by an initial allocation of ₹5,000 crores per region to transform Tier-II and Tier-III cities into emerging economic growth hubs. At the same time, the UDAN scheme entered its last-mile connectivity phase, operationalising a record number of regional water aerodromes and heliports to integrate remote industrial clusters more effectively into the national trade and logistics network.

Among the sectors driving India's economic transformation, railway infrastructure continues to play a pivotal role in enabling inclusive and industrial growth. In the Union Budget 2026-27, the Government announced a record capital outlay of ₹2.78 lakh crores for Indian Railways, underscoring its accelerated national infrastructure agenda. This historic allocation will support the expansion of high-speed rail connectivity through landmark corridors such as the Varanasi-Siliguri and Mumbai-Pune routes, alongside the development of dedicated freight corridors, including the strategically important Dankuni-Surat line.

The scale of this expansion is being further supported through the National Monetisation Pipeline 2.0 (NMP 2.0), which aims to unlock ₹16.72 lakh crores by 2030. Railways remain a central pillar of this initiative, accounting for nearly 16% of the overall monetisation potential, equivalent to approximately ₹2.62 lakh crores. Supported by enhanced Public-Private Partnership (PPP) participation and a strong focus on high-capacity multitracking projects, the Government continues to prioritise 100% electrification across high-density trunk routes to reduce national logistics costs and

improve freight efficiency across industries.

Simultaneously, India's automotive industry has strengthened its position as a key engine of economic growth, now contributing 7.5% to the national GDP. Having established itself as the world's fourth-largest vehicle producer, the sector's strategic focus under the 2026-27 policy framework has shifted towards achieving the Vision 2030 objective of increasing India's share in the global auto component trade from 3% to 8%.

This transformation is being propelled by the continued success of the PM E-Drive scheme and the PLI Scheme for Automobile and Auto Components, which together have mobilised investments exceeding ₹80,000 crores. These policy measures are enabling India to strengthen its position as a competitive global hub for core automotive technologies and next-generation mobility solutions.

The impact of this broader industrial transformation is also becoming increasingly visible within the precision engineering sector, particularly in the global bearing industry. The global bearing market is projected to reach USD 92.77 billion by 2031, with demand steadily shifting away from traditional internal combustion engine applications



towards electric vehicle drivetrains and renewable energy infrastructure.

At the same time, the maturing China Plus One sourcing strategy is prompting global manufacturers to diversify supply chains aggressively and identify reliable partners with vertically integrated forging and heat-treatment capabilities. This shift is being driven by the dual need to mitigate alloy price volatility and strengthen long-term supply chain resilience. In this evolving environment, Indian precision engineering companies are increasingly positioning themselves as critical participants in the global high-technology manufacturing ecosystem.

Precision in Action

It was another defining year in HEIL's evolution as a globally recognised force in precision engineering. We further strengthened our leadership in the organised bearing cage industry, while expanding our global presence through engineering excellence, manufacturing depth, and a highly integrated operating ecosystem.

Today, we offer a diversified portfolio of over 7,500 specialised engineering products to customers across more than 31 countries and 5 continents. Our longstanding relationships with all six of the world's leading bearing manufacturers continue to reinforce our position as a trusted Tier-1 engineering partner within the global industrial supply chain.

Growth in Motion

To support rising global demand and evolving customer requirements, we significantly enhanced the scale and flexibility of our operations. Our manufacturing ecosystem now includes five advanced production facilities and an efficient global warehousing and distribution network. This enables us to ensure speed, reliability, and uninterrupted supply across markets.

The global shift towards diversified sourcing under the 'China Plus One' strategy continues to reshape manufacturing ecosystems worldwide. Backed by our strong manufacturing base, technical expertise, and execution capabilities, we have deepened our integration within the global supply chains of leading international customers. This positions Harsha Engineers at the centre of a long-term global realignment in industrial sourcing and advanced manufacturing partnerships.

Towards a Responsible Future

The global industrial landscape is evolving towards cleaner technologies, efficient resource utilisation, and responsible manufacturing. In step with these trends, we continue to strengthen our commitment to building a resilient, adaptive, and environmentally responsible business.

Our sustainability philosophy is rooted in the belief that operational excellence and environmental stewardship must progress together. Across our manufacturing ecosystem, we are steadily adopting cleaner

energy solutions, optimising material utilisation, and improving process efficiencies to reduce environmental impact while supporting scalable growth. At the same time, our focus on advanced engineering and next-generation product development positions us to meet the rising demand for durable, energy-efficient, and future-ready industrial solutions.

We are equally committed to fostering a workplace culture built on accountability, inclusiveness, and shared progress. By encouraging open collaboration and empowering individuals across the organisation, we continue to create an environment where innovation and responsibility coexist naturally.

Beyond business, we recognise our wider responsibility towards society and the communities around us. Through thoughtfully designed Corporate Social Responsibility initiatives, we aim to create meaningful and measurable impact in areas that support long-term community development and collective well-being.

Recognitions that Reflect Our Pursuit of Excellence

Our continued focus on quality, innovation, sustainability and operational excellence received strong recognition across leading national and international industry platforms during 2025-26.

- Received the TPM Special Award at Kyoto, Japan, recognising manufacturing excellence and continuous improvement practices



- Won the Silver Award at the 53rd CII National Kaizen Competition for innovative Kaizen initiatives and team excellence
- Received sustainability excellence recognitions at the ACMA Zonal and Regional Kaizen Competitions for impactful improvement initiatives
- The Stamping Team secured 1st Prize at the Schaeffler Pune Supplier Competition for excellence in quality, innovation and teamwork
- The Cut & Carry Team was recognised at the NBC Quality Circle Competition for innovative solutions and continuous improvement efforts
- Team 'Brass Champions' secured 3rd Position at the ACMA (WR) Zonal Kaizen Competition – Gujarat Zone

Concluding Note

As we look ahead, we remain encouraged by the significant opportunities emerging across the global motion technology and precision engineering landscape. With industries rapidly transitioning towards electrification, automation, and

intelligent manufacturing, HEIL is well positioned to capitalise on this transformation through sustained focus on innovation, operational excellence, and technology-led growth.

As global supply chains increasingly prioritise technologically advanced and dependable partners, HEIL's emphasis on digital transformation, process automation, and advanced engineering solutions will remain central to strengthening its competitive advantage and leadership within the motion technology ecosystem.

At the same time, we remain focused on building strong strategic partnerships and expanding our technological capabilities to address the evolving needs of next-generation industries, including electric mobility, renewable energy, and high-precision industrial applications.

On behalf of the Board of Directors, I extend my sincere gratitude to our shareholders for their continued trust and confidence in the Company's vision and long-term journey. I also express heartfelt appreciation to our banking

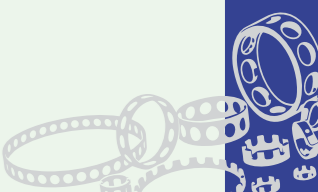
partners, including State Bank of India, Citibank, HDFC Bank, HSBC Bank, RBL Bank, Yes Bank, and ICICI Bank, for their continued support and partnership.

I would further like to thank our management team, employees, customers, suppliers, and all stakeholders whose dedication and unwavering support continue to play a vital role in HEIL's sustained progress and success. Together, we remain committed to building a stronger, future-ready organisation capable of delivering enduring value in an evolving global environment.

Warm Regards,

Rajendra Shah

Chairman & Whole-Time Director



LETTER FROM THE MANAGING DIRECTOR



Harish Rangwala

Managing Director

During the year, our focus went beyond scale. We strengthened our presence in high-value engineering segments, advanced sustainable businesses, and aligned ourselves with global supply chain shifts that continue to reshape the manufacturing sector.

Dear Stakeholders,

As we conclude 2025-26, I am pleased to reflect on a year defined by strategic progress, operational resilience, and purposeful transformation at Harsha Engineers International Limited. What began as a business in bearing cage manufacturing has steadily evolved into a diversified engineering enterprise, aligned with the needs of a rapidly changing industrial environment.

During the year, our focus went beyond scale. We strengthened our presence in high-value engineering segments, advanced sustainable businesses, and aligned ourselves with global supply chain shifts that continue to reshape the manufacturing sector.

Strengthening of the Precision Engineering Portfolio

Our expansion into adjacent high-precision segments gained strong momentum during 2025-26. Drawing from our expertise in engineering, tooling, and manufacturing excellence, we have built a strong presence in non-ferrous casting and precision machining applications serving critical industries.

One of the key growth drivers was our Bushing Business, which maintained its strong growth trajectory during the year

and reached over ₹125 crores. Rising demand from the wind energy sector validates both our technical capabilities and our ability to identify long-term industrial opportunities early.

While our Stamping business remained stable, we continued to build a presence in the electric vehicle ecosystem by leveraging our in-house tooling expertise, precision engineering capabilities, and advanced manufacturing infrastructure. These efforts have strengthened our ability to address emerging opportunities in next-generation mobility applications.

The Green Energy Transition

Our Solar EPC and Operations and Maintenance (O&M) business continued to strengthen as a key driver of diversification and sustainable growth, with the business reaching ₹183.23 crores. We pursued a disciplined and risk-calibrated strategy, focusing on small- and mid-sized projects. This approach enabled us to optimise capital deployment while maintaining operational efficiency and execution quality.

Supported by a healthy order pipeline and favourable policy momentum, our presence across rooftop and ground-mounted solar installations continued to expand steadily. More importantly, this business reflects our commitment to contributing meaningfully to the global transition towards cleaner and more sustainable energy systems.

The Global Supply Chain Realignment

The global 'China Plus One' strategy has evolved from a

macroeconomic trend into a tangible opportunity for Indian manufacturers. As multinational OEMs increasingly diversify and localise their supply chains, India is emerging as a preferred manufacturing destination, and Harsha Engineers is well positioned to benefit from this shift.

During the year, we witnessed healthy growth in order inflows, driven by global customers expanding their sourcing and manufacturing presence in India. Our long-standing focus on quality, consistency, and engineering excellence enabled us to strengthen relationships with both existing and new customers.

At Harsha Engineers, quality has always remained central to our philosophy. The continued trust of our customers further validates our commitment to premium manufacturing practices.

Our Technical Excellence

Central to our growth remains our highly skilled workforce and engineering-driven culture. We consciously invest in technical talent and maintain strong in-house capabilities because we believe precision manufacturing demands deep expertise, not commoditised execution. Our teams comprise highly trained engineers and specialists who bring problem-solving capabilities, innovation, and technical rigour to every stage of production.

Responsibility beyond Business

Sustainability and ethical responsibility extend beyond environmental initiatives and financial performance. We remain committed to

responsible business practices across our value chain.

During 2025-26, we further strengthened our ethical supply chain framework through enhanced assessments, stronger compliance systems, and transparent stakeholder engagement. We also continued to uphold international labour standards while fostering a safe, inclusive, and equitable workplace built on integrity, respect, and accountability.

Looking Ahead

As India strengthens its position as a global manufacturing hub, we remain optimistic about the opportunities ahead. With strong engineering capabilities, diversified growth drivers, long-standing customer relationships, and a future-focused mindset, Harsha Engineers is well positioned to contribute meaningfully to the evolving 'New India' manufacturing story.

We remain committed to building a company that combines technological excellence with sustainable growth and responsible leadership.

On behalf of the entire leadership team, I thank our shareholders, customers, employees, and partners for their continued trust and support. Your confidence inspires us to move forward with greater ambition and purpose.

Best Regards,

Harish Rangwala
Managing Director



LETTER FROM THE CHIEF EXECUTIVE OFFICER



Vishal Rangwala

CEO & Whole-Time Director



The global business environment continues to evolve amid shifting supply chains, advancing industrial technologies, and rising investments in automation and electric mobility.



Dear Stakeholders,

As we conclude 2025-26, we do so with stronger operational momentum, a more resilient business structure, and a clearer roadmap for long-term growth. Over the past year, we remained focused on strengthening execution, improving efficiencies, and aligning our capabilities with the evolving needs of global industries. This progress has created a strong foundation, positioning us to scale sustainably across markets and product segments.

The global business environment continues to evolve amid shifting supply chains, advancing industrial technologies, and rising investments in automation and electric mobility. At the same time, demand for precision-engineered components continues to grow across sectors such as automotive, industrial machinery, renewable energy, and railways. In this dynamic environment, our diversified manufacturing presence across India, China, and Romania enables us to remain agile, responsive, and closely aligned with the evolving requirements of global OEM customers.

India remains central to our growth strategy, supported by strong manufacturing momentum, infrastructure investments, and policy initiatives aimed at strengthening domestic industrial capabilities. As part of our long-term expansion plans, the new Bhayla facility represents a significant strategic investment for the Company. Designed to support our Bronze, Stamping, and Large Size Bearing (LSB) divisions, the facility will enhance production capabilities while integrating advanced automation systems and Total Productive Maintenance (TPM) practices to improve operational efficiency and competitiveness.

Our priorities remain firmly focused on expanding our presence in high-growth, technology-driven sectors. We continue to strengthen capabilities in areas such as wind energy gearboxes, specialised railway applications, aerospace, and electric mobility solutions. By aligning investments with emerging industry trends, we are positioning ourselves to create greater long-term value while reinforcing our role within the global engineering ecosystem.

2025-26 in a Nutshell

The year marked a period of meaningful progress for Harsha Engineers. Our investments in capacity expansion, product diversification, and operational efficiency began translating into stronger business momentum and improved financial performance. Through disciplined execution of our strategic priorities, we strengthened our market position while building a more

scalable and future-ready organisation.

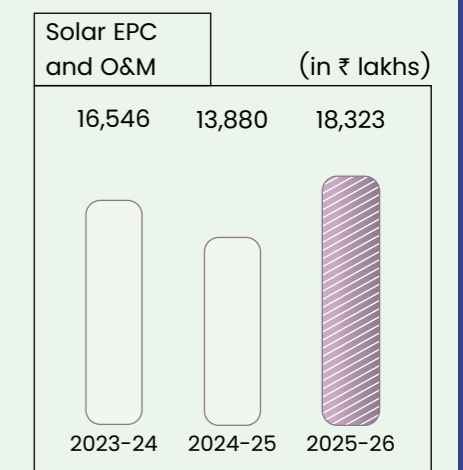
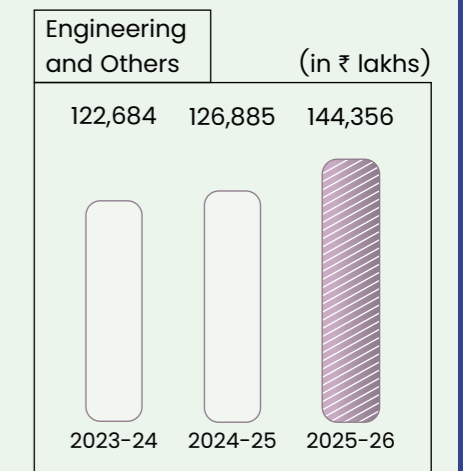
One of the key growth drivers during the year was our Bronze Bushing business, which continued to deliver strong momentum. The segment surpassed ₹125 crores in annual revenue while sustaining growth of over 25%. We further strengthened the business by securing a major long-term contract with a peak annual value of ₹117 crores. The contract started contributing to revenues in the final quarter of the year. This development reinforces our confidence in the segment's long-term potential and validates our focused investments in specialised engineering solutions.

A major milestone during the year was the operationalisation of our Harsha Engineers Advantek Limited (HEAL) greenfield facility in June 2025. Built with an investment of over ₹250 crores, the facility marks an important step in expanding our advanced manufacturing capabilities. I am pleased to share that the plant successfully ramped up production of high-margin bushings and stampings and achieved positive EBITDA by the end of the financial year.

The recovery in demand for our TRB and SRB cage products emerged as a key contributor to earnings growth during 2025-26. Supported by improving industrial activity across Europe and India, these product segments delivered stronger volumes and a favourable product mix, contributing meaningfully to EBITDA improvement. While our Stamping business remained

stable, we continued to strengthen our presence in the electric vehicle ecosystem by leveraging our engineering, tooling, and design expertise to address emerging opportunities in green mobility applications.

Segment-wise Revenue (Consolidated)



On the global front, we announced a USD 9.94 million brownfield expansion in our Chinese subsidiary to localise steel cage manufacturing and strengthen our presence in the Asian market. This strategic investment, coupled with the ongoing China Plus One supply chain shift, has enabled us to secure higher business from multinational customers seeking diversified and dependable manufacturing partners.



I am equally encouraged by the turnaround in our Solar division. Following the resolution of legacy receivable-related issues, the business returned to positive EBITDA and generated revenues of approximately ₹183.23 crores during the year.

These collective efforts contributed to stronger operational efficiency and profitability during 2025-26, reflecting the benefits of disciplined execution, productivity improvements, and a favourable business mix. More importantly, they have strengthened the foundation for future growth. Going forward, we remain focused on scaling our bushing business towards a ₹300 crore annual run rate while continuing to drive sustainable double-digit growth across our engineering portfolio through innovation, operational excellence, and customer-centricity.

Financially, the year marked a strong recovery for HEIL, reflecting the resilience of our business model and the effectiveness of strategic measures implemented across the organisation. Supported by improved operational performance and steady demand across key markets, we delivered significant growth in both revenue and profitability.

Revenue from operations stood at ₹162,679 lakhs, registering a healthy growth of 15.57% over ₹140,765 lakhs in the previous year. This performance was supported by strong export growth and healthy demand across domestic and international markets.

Profitability improved substantially during the year, with PBT rising to ₹21,525 lakhs

from ₹13,568 lakhs in 2024-25. PAT increased to ₹15,520 lakhs, reflecting a strong growth of 73.78% over ₹8,931 lakhs reported in the previous year.

The sharp improvement in earnings was primarily driven by the absence of exceptional impairment losses that impacted the previous year's financial performance. In addition, the Solar business delivered a notable turnaround, contributing a PAT of ₹1,007 lakhs, supported by operational stabilisation following earlier one-time bad debt write-offs.

This performance reflects our continued focus on operational discipline, strategic adaptability, and value-driven growth. As we move ahead, we remain committed to strengthening our competitive position through innovation, efficiency, and prudent financial management, while building a more resilient and sustainable business for the future.

Sustainability in Everyday Operations

At Harsha Engineers, sustainability is embedded in our business strategy and daily operations.

It guides how we innovate, make decisions, and create long-term value for stakeholders. We recognise that sustainable growth is closely tied to responsible actions that support environmental stewardship and social well-being.

In line with this commitment, we continue to reduce our environmental footprint while driving meaningful progress across our communities and workplaces. A key priority has been the accelerated adoption

of clean energy solutions, including the expanded use of solar and wind power across our facilities. By increasing our reliance on renewable energy, we are steadily moving towards a more energy-efficient and low-carbon future.

At the same time, we remain committed to fostering a workplace culture centred on safety, inclusivity, and employee well-being. We believe our people are integral to our sustainability journey, and we strive to create an environment where they can grow, contribute, and thrive. Through these efforts, we aim to build a resilient organisation that delivers sustainable impact for generations to come.

Path to Progress

The global manufacturing landscape continues to evolve rapidly, shaped by technological advancements, changing mobility trends, and rising demand for high-performance engineering solutions. In this dynamic environment, we are positioning ourselves to capture emerging opportunities while strengthening the capabilities that define our leadership in precision engineering.

A major focus area is the expanding electric vehicle market, where we are investing in advanced EV-specific components that support the future of sustainable mobility. These initiatives are complemented by continued investments in automation, smart manufacturing systems, and digital technologies to enhance efficiency, precision, and responsiveness across operations.

At the same time, we are expanding into adjacent product



At Harsha Engineers, sustainability is embedded in our business strategy and daily operations. It guides how we innovate, make decisions, and create long-term value for stakeholders.



categories such as bushings and specialised engineering components. By leveraging our technical expertise and manufacturing strengths, we aim to serve a wider range of industrial applications and create greater value for customers.

We also see long-term growth being driven by stronger strategic collaborations and carefully evaluated inorganic opportunities that align with our vision and capabilities. Operationally, our focus remains on enhancing productivity, optimising resources, and building greater organisational agility.

Looking ahead, our ambition extends beyond expanding market presence. We are focused on building a future-ready organisation driven by innovation, adaptability, and enduring customer partnerships. Backed by a strong foundation and a forward-looking mindset, we remain confident in our ability to deliver sustained growth in an increasingly competitive global market.

A Note of Gratitude

As we reflect on our achievements and look ahead to new opportunities, I would like to express my sincere

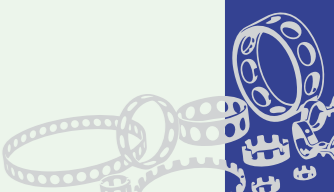
appreciation to everyone who has contributed to our journey. The guidance of our Board, the dedication of our leadership team and employees, the trust of our shareholders, and the continued confidence of our customers have each played an important role in our success.

I am equally grateful to our business associates and partners for the trust they continue to place in us. Their support and collaboration inspire us to keep innovating, raising benchmarks, and creating long-term value. It is this collective spirit and shared vision that strengthen our confidence as we move forward.

As we enter the next phase of growth, we remain committed to nurturing these strong relationships while welcoming new partnerships aligned with our long-term aspirations.

Warm regards,

Vishal Rangwala
CEO & Whole-Time Director



LETTER FROM THE CHIEF OPERATING OFFICER



Pilak Shah

COO & Whole-Time Director



Innovation continues to shape our growth trajectory. Through our dedicated product development cell and innovation centre, we remain focused on advancing engineering complexity and expanding our product portfolio.



Dear Stakeholders,

We continue to strengthen our position through disciplined execution, engineering excellence, and a long-term commitment to operational leadership. Amid economic uncertainty and shifting global demand patterns, our focus has remained clear: building a resilient organisation capable of delivering sustainable growth through technology, innovation, and people-driven performance.

Operational excellence remains central to our strategy. Over the years, we have built deep manufacturing expertise supported by advanced in-house technologies and higher levels of automation across operations. Through the continued implementation of Total Productive Maintenance and process-led improvements, we have enhanced production efficiency, improved delivery reliability, and strengthened product quality across our facilities.

Our investments in automation and precision engineering continue to deliver meaningful advantages. By leveraging technology-driven manufacturing processes and in-house automation

systems, we are improving operating efficiencies, reducing production cycle times, and enhancing capital productivity. Our indigenously developed vision camera systems further strengthen quality standards by detecting defects beyond the scope of manual inspection, ensuring consistency and reliability for customers worldwide.

A key differentiator for Harsha Engineers is the depth of our engineering ecosystem. Dedicated tooling facilities at our Changodar plant, combined with strong in-house design and manufacturing capabilities, enable us to respond efficiently to complex customer requirements. Unlike large-scale mass-production models, our operations are built around precision engineering, technical expertise, and specialised manufacturing capabilities that remain difficult to replicate globally.

Innovation continues to shape our growth trajectory. Through our dedicated product development cell and innovation centre, we remain focused on advancing engineering complexity and expanding our product portfolio. The development of 532 new SKUs in 2025-26 reflects both the strength of our technical capabilities and the trust customers place in our ability to deliver customised, high-precision solutions.

Our subsidiary, HEAL, continues to strengthen our presence in advanced engineering applications and high-value niche segments. The new Advantek facility at Bhayla marks an important milestone

in this journey. Designed as a technologically advanced manufacturing plant, the facility will progressively scale operations through incremental production lines and customer approvals over the next two to two-and-a-half years, supporting our long-term growth ambitions in technology-driven markets.

We are equally focused on driving continuous improvement across our global operations. In Romania, targeted cost optimisation initiatives and process enhancements are underway to improve efficiencies and gradually transition the product mix towards higher-value finished cages. These efforts reflect our broader approach of continuously strengthening competitiveness across every part of the business.

Alongside manufacturing excellence, we continue to benefit from the stability and efficiency of our solar business, which operates in a steady-state 'auto mode' model with minimal top management intervention while consistently contributing to profitability.

At the heart of our achievements are our people. We believe employee well-being and workplace safety are fundamental to long-term success. Our safety culture is built on continuous learning, proactive monitoring, structured training, and open communication across all levels of the organisation. Through regular audits, safety drills, awareness initiatives, and active employee participation, we continue to foster a workplace culture grounded

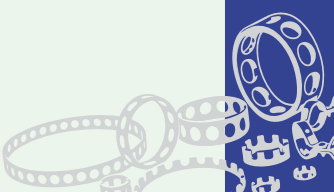
in accountability, trust, and shared responsibility.

As we look ahead, we remain committed to building an organisation that combines operational discipline with innovation, technological advancement, and human capability. With strong foundations, differentiated engineering expertise, and a forward-looking mindset, Harsha Engineers International Limited is well positioned to create enduring value for customers, employees, partners, and shareholders alike.

Best regards,

Pilak Shah

COO & Whole-Time Director



Business Model

ALIGNED FOR LONG-TERM VALUE

Capital



Financial Capital

Reflects the effective utilisation of invested and generated funds through business operations, representing the overall value of capital employed in running the organisation.



Manufactured Capital

Comprises manufacturing plants, offices, and warehouses, geared towards reducing reliance on natural resources while enhancing operational efficiency.



Intellectual Capital

Highlights the value of intangible assets such as intellectual property rights, content, patents, and trademarks that drive business growth and foster innovation.



Human Capital

Prioritises skill-building and employee development to enhance productivity and performance across all functions.



Social and Relationship Capital

Encourages responsible resource management while fostering strong relationships with communities and institutions.



Natural Capital

Aims to lower the carbon footprint and optimise resource usage, aligning business practices with broader societal welfare.

Inputs

Total Equity
₹ **9,104.41** lakhs
Paid Up Capital
Total Assets
₹ **206,688** lakhs

No. of Manufacturing Plants
5
No. of Warehouses
16

Trademarks Owned
4

Training Modules Completed
10
Investment in Training and L&D
₹ **35.17** lakhs
Total Training Hours
40,073

CSR Amount Spent (2025-26)
₹ **199.93** Lakhs

Total Electricity Consumption from Renewable Sources
77,379.36 GJ
Total Electricity Consumption from Non-renewable Sources
200,002.17 GJ
Total Energy Consumption
277,381.53 GJ

Note
The renewable energy values disclosed correspond to electricity consumed from our renewable facilities.



Outputs

Total Income
₹ **166,530** lakhs
PAT Margin
9.5%
PBT
₹ **21,525** lakhs
RoE
11.69%

Bearing Cages Produced by HEIL – Engineering Division in 2025-26
7,278.07 lakhs

New SKUs Launched by HEIL (Standalone) in 2025-26
532

Attrition Rate
Permanent Employees
6.40%
Permanent Workers
11.29%

Lives Benefitted by CSR Projects
1,172

Installed Capacity
10.4 MW at VADA
Water Consumption in 2025-26
49,026 kL

SDG Linkage



Materiality Assessment

FOCUSED ON MEANINGFUL IMPACT

Harsha Engineers' materiality assessment framework helps it continuously evaluate the Environmental, Social, and Governance (ESG) priorities that shape the industry, stakeholder expectations, and the global scenario. By aligning our decisions with evolving regulations, stakeholder expectations, and long-term business resilience, we focus our efforts on areas where we can create meaningful impact.

Double Materiality Assessment

During 2025-26, we conducted a Double Materiality Assessment (DMA) to identify and prioritise the ESG topics most relevant to our business, stakeholders,

and long-term value creation. The assessment evaluated ESG matters from two perspectives: financial materiality, which considers the impact of ESG issues on business performance, resilience, and competitiveness,

and impact materiality, which assesses the effects of our activities on society, the environment, and stakeholders across the value chain.

Objective of the Assessment

| | |
|----------|---|
| 1 | Identify the most material ESG topics for Harsha Engineers International Limited |
| 2 | Evaluate ESG topics from both financial and impact perspectives |
| 3 | Understand stakeholder priorities and emerging sustainability expectations |
| 4 | Strengthen ESG integration within business strategy, risk management, and decision-making |
| 5 | Support long-term sustainability performance and value creation |

Methodology



Stakeholder Identification

Identification of key internal and external stakeholder groups based on their relevance to business operations and ESG impacts



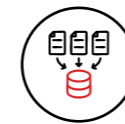
Stakeholder Engagement

Identification of key internal and external stakeholder groups based on their relevance to business operations and ESG impacts



Material Topic Identification

ESG topics prioritised based on stakeholder inputs, business relevance, risk exposure, and strategic importance



Data Collection, Scoring and Materiality Mapping

Responses evaluated using a five-point scoring methodology to assess financial and impact materiality

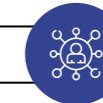
Key Impact Areas Identified

Environment



- GHG Emissions
- Air Pollution Compliance
- Energy Management
- Material & Chemical Management
- Life Cycle Assessment (LCA)
- Environmental Awareness & Training
- Climate Transition Risk
- Product End-of-Life Management
- Waste Management
- Water Management
- EU CBAM / Carbon Tax Risk
- Product Environmental Impact

Social

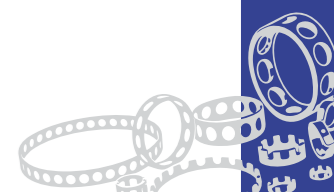


- Employee Health & Safety
- Human Rights & Fair Labour Practices
- Gender Equity
- Employee Well-Being
- Workforce Training & Development
- Community Engagement & CSR

Governance



- ESG Oversight
- Regulatory Compliance & Risk Management
- Whistleblower Mechanism
- Anti-Corruption & Business Ethics
- ESG Reporting & Transparency
- Supply Chain Due Diligence
- Cybersecurity & Data Privacy



Key Strategic Insights

Environment



Climate-related issues emerged as a key stakeholder priority

Energy, emissions and water management emerged as key sustainability priorities

Product lifecycle and environmental impacts are becoming increasingly important across value chains

Climate transition and product sustainability are important to long-term resilience

Social



Workforce-related issues demonstrated the highest double materiality significance

Health & safety, well-being, human rights and workforce development emerged as priority focus areas

Stakeholders highlighted workforce sustainability, labour practices and employee engagement

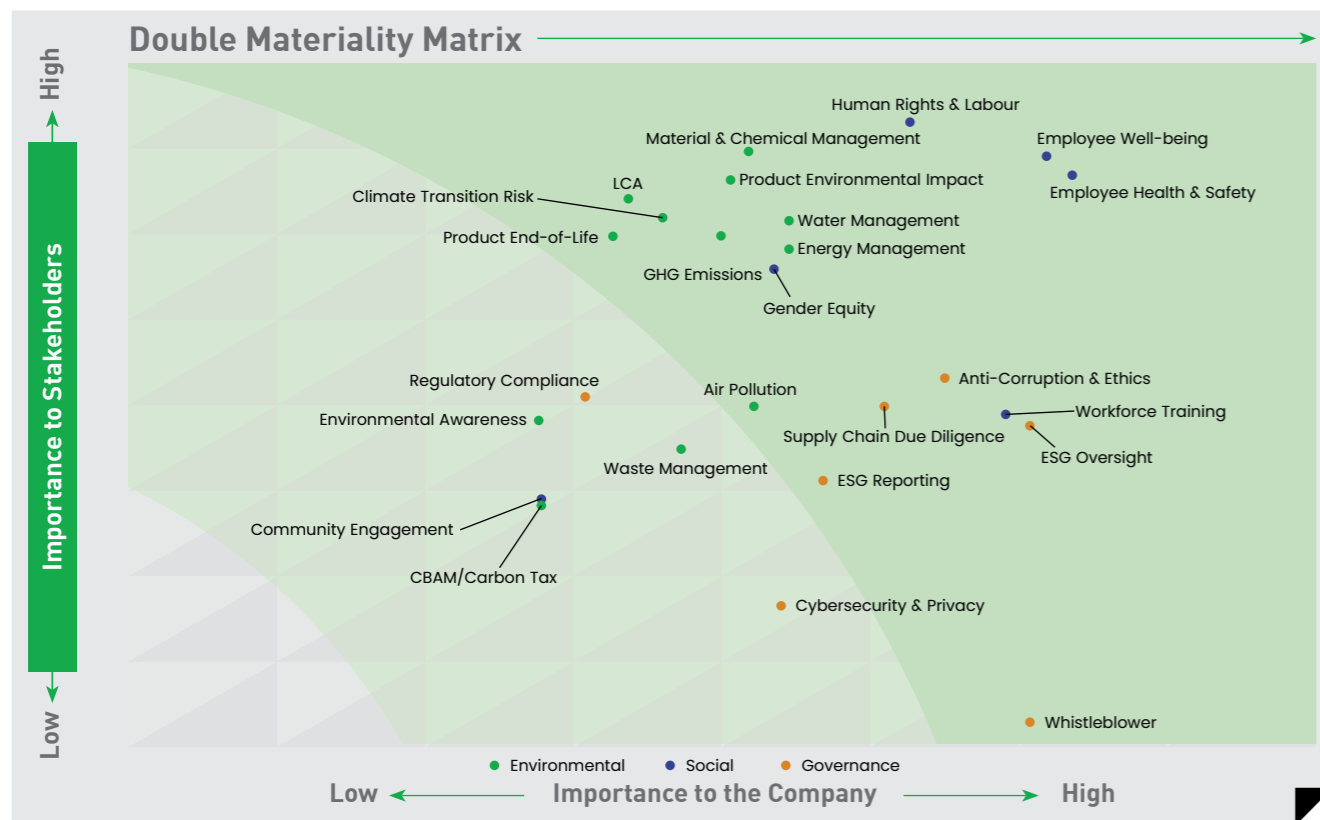
Governance



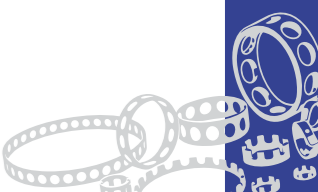
Governance topics demonstrated strong financial materiality

ESG oversight, whistleblower mechanisms, cybersecurity and ESG reporting emerged as key priorities

Governance performance remains closely linked to compliance, risk management, resilience and stakeholder confidence



| Pillar | Material Topic | Financial Materiality | Impact Materiality |
|--------------------|--------------------------------|-----------------------|--------------------|
| Environment | GHG Emissions | High | High |
| | Air Pollution | High | Medium |
| | Energy Management | High | High |
| | Material & Chemical Management | High | High |
| | Life Cycle Assessment (LCA) | Medium | High |
| | Environmental Awareness | Low | Low |
| | Climate Transition Risk | Medium | High |
| | Product End-of-Life | Medium | High |
| | Waste Management | High | Low |
| | Water Management | High | High |
| | CBAM/Carbon Tax | Low | Low |
| | Product Environmental Impact | High | High |
| Social | Employee Health & Safety | High | High |
| | Human Rights & Labour | High | High |
| | Gender Equity | High | High |
| | Employee Well-being | High | High |
| | Workforce Training | High | Medium |
| | Community Engagement | Low | Low |
| | ESG Oversight | High | Low |
| Governance | Regulatory Compliance | Medium | Medium |
| | Whistleblower | High | Low |
| | Anti-corruption & Ethics | High | Medium |
| | ESG Reporting | High | Low |
| | Supply Chain Due Diligence | High | Medium |
| | Cybersecurity & Privacy | High | Low |



Strategies

STRUCTURED FOR SCALABLE PROGRESS

Our strategies are rooted in clarity of purpose and driven by engineering excellence. We combine deep industry expertise with forward-thinking execution to stay ahead in a dynamic global landscape. Whether we are expanding into high-growth markets, accelerating innovation, or sharpening operational agility, every initiative is designed to deliver long-term value: with precision, discipline, and a clear sense of intent.



Enhancing Market Leadership in Bearing Cages and Expanding the Customer Base

We are strengthening our position in precision-engineered bearing cage solutions by deepening customer engagement and enhancing manufacturing capabilities. Through application-focused engineering, responsive collaboration, and a commitment to consistent quality, we continue to expand our presence across key industrial markets. Our focus remains on delivering reliable performance, building long-term partnerships, and developing differentiated solutions aligned with evolving customer expectations worldwide.



Growing Bushings and Specialised Component Segment

Demand for high-performance bushings and specialised components continues to grow across advanced industrial applications. To capitalise on this momentum, we are investing in next-generation manufacturing technologies, process optimisation, and product innovation. By combining engineering precision with flexible production capabilities, we are well positioned to deliver customised, high-quality solutions that address complex customer requirements and support scalable growth in this expanding segment.



Increasing Focus on Products Designed for the Growing EV Segment

The rapid evolution of electric mobility is reshaping component requirements across the automotive ecosystem. We are actively developing advanced products that meet the efficiency, durability, and precision standards required by EV platforms. Through focused R&D, collaborative development initiatives, and agile engineering capabilities, we are creating solutions that support the transition towards cleaner, smarter mobility while strengthening our position within the EV value chain.



Driving Growth through Customer Partnerships and Strategic Inorganic Opportunities

Strategic collaboration remains a key driver of sustainable growth. We work closely with customers to co-develop solutions, expand market opportunities, and build deeper business relationships founded on trust and shared success. At the same time, we continue to evaluate acquisition opportunities that complement our strengths, broaden technological capabilities, and support expansion into new markets. This balanced approach strengthens resilience and positions us for long-term value creation.



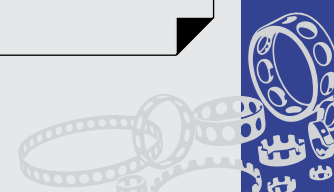
Strengthening Technological Leadership through Continued Development and Automation

Technology and automation remain central to our long-term growth strategy. We continue to modernise operations through intelligent manufacturing systems, digital integration, and advanced automation practices that improve consistency, productivity, and process control. By continuously upgrading our capabilities and fostering a culture of innovation, we are enhancing operational responsiveness while maintaining the high standards expected in a competitive global market.



Increasing Operational Efficiency to Improve Returns

Operational excellence is embedded across every level of our business. We continuously refine processes, improve resource utilisation, and leverage data-driven decision-making to enhance productivity and responsiveness. Our focus extends beyond cost optimisation to building a more agile, scalable, and efficient organisation capable of delivering stronger returns, improved execution, and sustainable long-term performance.



Integration of Capitals

CONNECTED FOR COLLECTIVE VALUE

| Capitals |  |  |  |  |  |  |
|---|--|--|--|---|---|---|
|  <p>Financial Capital</p> |  <p>Funding enables plant expansion, automation, and maintenance of machinery</p> | <p>Investments support R&D, process innovation, and digital systems</p> | <p>Capital allocation enables energy efficiency and sustainability initiatives</p> | <p>Higher spending improves training, safety, and employee welfare</p> | <p>Financial stability strengthens supplier trust and stakeholder engagement</p> | |
|  <p>Manufactured Capital</p> | <p>Efficient operations improve margins, productivity, and cash generation</p> |  <p>Advanced machinery supports technical know-how and process excellence</p> | <p>Efficient equipment reduces waste, emissions, and energy consumption</p> | <p>Safe and ergonomic facilities improve workforce productivity and morale</p> | <p>High-quality manufacturing strengthens customer confidence and partnerships</p> | |
|  <p>Intellectual Capital</p> | <p>Process innovation improves cost optimisation and financial returns</p> | <p>Technical expertise enhances machinery utilisation and operational efficiency</p> |  <p>Sustainable engineering solutions improve resource efficiency</p> | <p>Learning systems improve employee capabilities and problem-solving skills</p> | <p>Strong technical credibility improves customer and industry relationships</p> | |
|  <p>Natural Capital</p> | <p>Resource efficiency lowers operating costs and protects long-term profitability</p> | <p>Sustainable resource use improves equipment longevity and operational resilience</p> | <p>Environmental insights drive green innovation and compliance systems</p> |  <p>A healthy workplace environment supports employee wellbeing and safety</p> | <p>Sustainability initiatives improve brand reputation and stakeholder trust</p> | |
|  <p>Human Capital</p> | <p>Skilled employees improve productivity, profitability, and decision-making</p> | <p>A competent workforce enhances operational performance and asset utilisation</p> | <p>Employee expertise drives innovation, continuous improvement, and knowledge creation</p> | <p>Environmental awareness among employees improves sustainability performance</p> |  <p>Positive employee behaviour strengthens relationships with customers, suppliers, and communities</p> | |
|  <p>Social & Relationship Capital</p> | <p>Strong stakeholder trust improves access to funding and business opportunities</p> | <p>Reliable supplier and customer networks ensure operational continuity</p> | <p>Collaborative partnerships enable technology sharing and innovation</p> | <p>Strong community and regulatory relationships support environmental initiatives</p> | <p>A positive culture and strong external relationships improve employee engagement</p>  | |



Financial Capital



FINANCIAL STABILITY. SCALABLE GROWTH.

Financial strength forms the foundation that enables HEIL to innovate, expand, and compete confidently in a rapidly evolving industrial space. As a trusted industry name, we follow a disciplined capital management approach that supports operational excellence and future-ready growth.

Strategic investments in technology, research, manufacturing capabilities, and global market expansion help us remain agile and respond effectively to changing economic conditions.

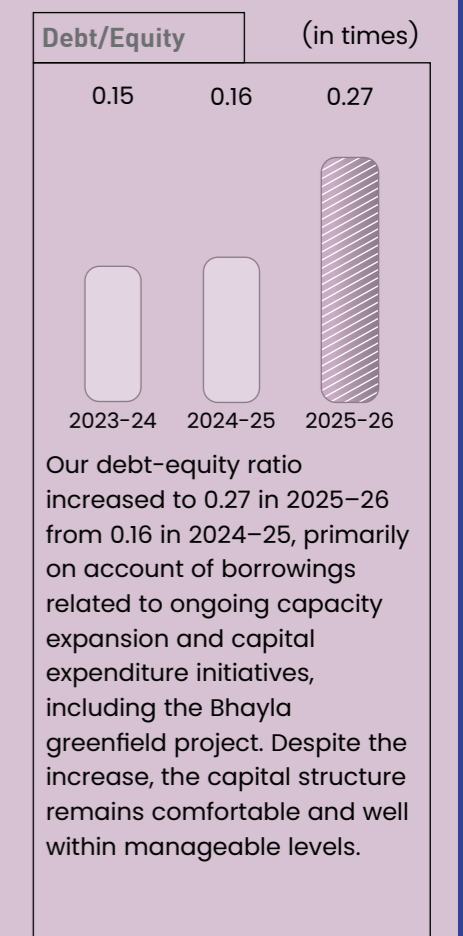
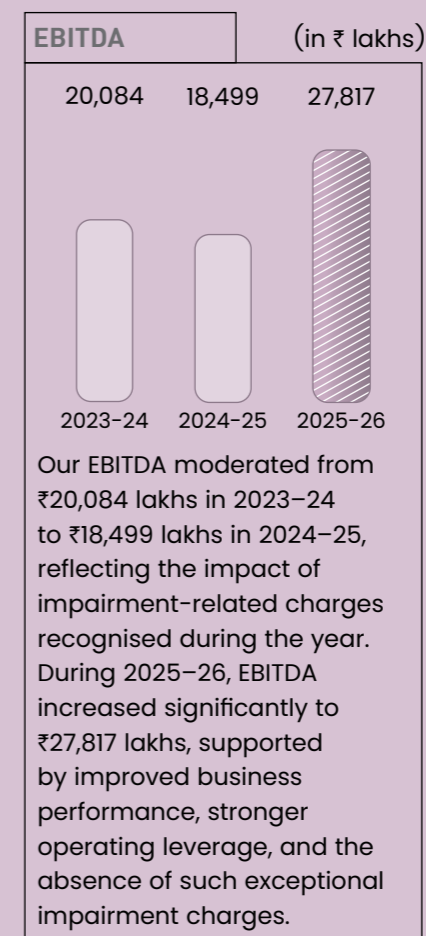
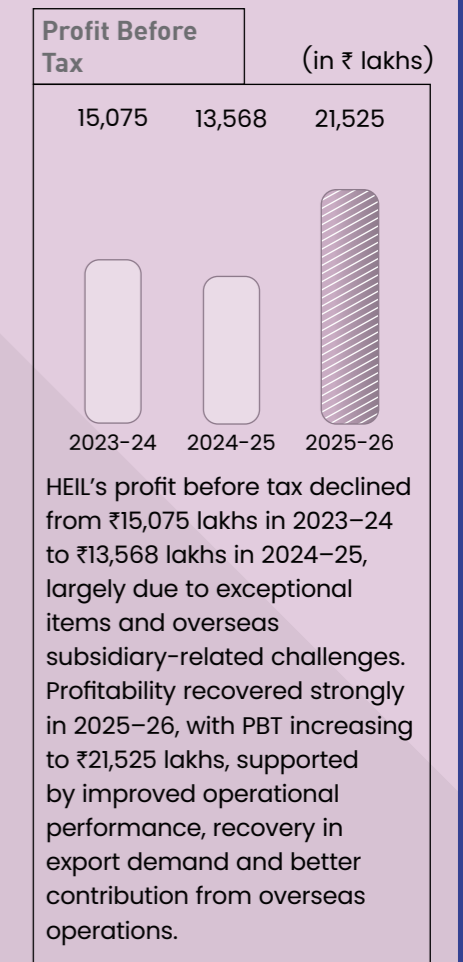
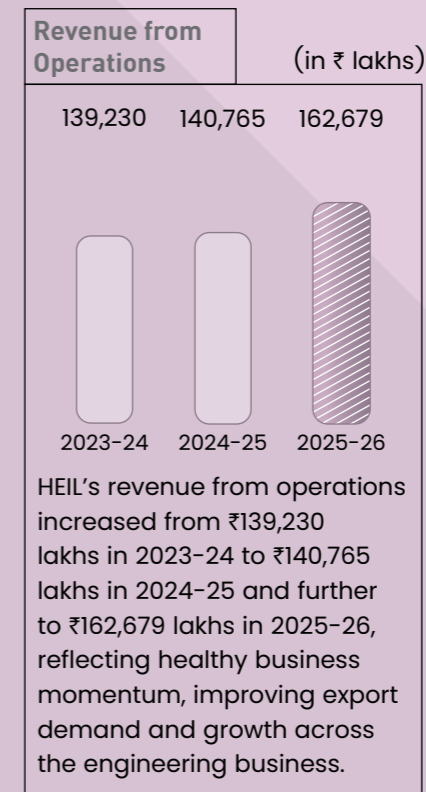
2025-26 Highlights

₹162,679 lakhs
Revenue

₹21,525 lakhs
PBT

₹27,817 lakhs
EBITDA

₹286,106 lakhs
Market Capitalisation as of
March 31, 2026





Manufactured Capital

Our expertise spans precision bearing cages, complex stamped parts, castings, bushings, and value-added assemblies engineered for demanding applications where durability and efficiency are critical.

OPERATIONAL STRENGTH. FUTURE-READY GROWTH.

At Harsha Engineers, manufacturing forms the foundation of reliability, scale, and long-term performance. Our integrated facilities deliver precision components and engineered solutions tailored to the evolving needs of global industries.

2025-26 Highlights

5
Strategically Located Manufacturing Plants

16
Warehouses

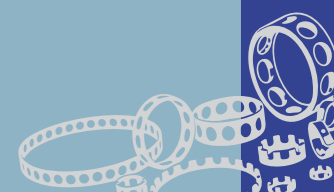
With strategically established manufacturing operations in India, China, and Romania, we combine advanced technology with agile execution to support customers across the automotive, industrial, energy, mobility, and heavy engineering sectors. From high-speed CNC machining and automated assembly lines to advanced inspection and metrology systems, every process is designed to ensure accuracy, consistency, and operational excellence.

Our expertise spans precision bearing cages, complex

stamped parts, castings, bushings, and value-added assemblies engineered for demanding applications where durability and efficiency are critical. Continuous investments in automation, smart manufacturing systems, and process optimisation further strengthen our ability to deliver at scale while maintaining uncompromising quality standards.

Supported by a globally integrated manufacturing and warehousing network, we provide dependable supply chain support and responsive

service across international markets. As industries transition towards smarter mobility and advanced engineering ecosystems, Harsha Engineers remains focussed on developing solutions that drive performance, reliability, and sustainable growth worldwide.



Manufacturing Plants



Harsha Engineers International Limited, Changodar Plant, India



Harsha Engineers International Limited, Moraiya Plant, India



Harsha Engineers Advantek Limited, Bhayla Plant, India



Harsha Precision Bearing Components (China) Co. Limited, China



Harsha Engineers Europe SRL, Romania

Sustainable Supply Chain Leadership

Sustainability is embedded across every layer of our supply chain ecosystem. At Harsha Engineers, we work closely with our partners to build a responsible, transparent, and future-ready value chain founded on shared environmental and ethical commitments.

Our General Purchasing Agreement defines clear sustainability and compliance standards, guiding suppliers towards environmentally

conscious operations and responsible business practices. Through continuous collaboration and engagement, we encourage our partners to integrate sustainable thinking across sourcing, manufacturing, logistics, and delivery.

During 2025-26, building sustainability capabilities remained a key focus area. Based on business value, 33% of value chain partners participated in specialised

training initiatives covering environmental impact assessment, CO₂ calculation methodologies, and sustainable operational practices.

By strengthening awareness, accountability, and measurable action across the supply network, we continue to advance a supply chain framework that supports long-term environmental stewardship while delivering precision-engineered solutions responsibly and efficiently.



Intellectual Capital



Our advanced manufacturing ecosystem combines intelligent engineering with automation-driven processes to produce high-quality stamped components, precision cages, and engineered assemblies that meet the evolving demands of modern industries.

INNOVATION DRIVEN. EXCELLENCE REALISED.

Innovation at Harsha Engineers is shaped by a culture of engineering excellence, continuous advancement, and precision-focused thinking. Our intellectual capital reflects the collective strength of deep technical expertise, advanced design capabilities, process innovation, and digital integration. Together, these capabilities enable us to deliver high-performance manufacturing solutions for global industries.

2025-26 Highlights

532

New SKUs Launched by HEIL (Standalone) in 2025-26

Supported by a highly skilled engineering team and fully equipped in-house tool rooms, we leverage advanced technologies such as 3D modelling, AutoCAD, HyperWorks, Pro Engineer, simulation tools, automated tool path systems, and sheet metal formability solutions. These capabilities accelerate product development, improve manufacturing precision, minimise design inconsistencies, optimise tooling performance, and enhance operational efficiency.

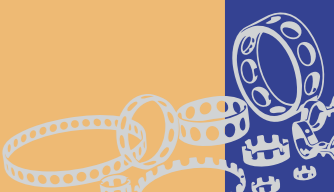
Our advanced manufacturing ecosystem combines intelligent engineering with automation-driven processes to produce high-quality stamped

components, precision cages, and engineered assemblies that meet the evolving demands of modern industries. As global markets transition towards electric mobility and next-generation industrial systems, we continue strengthening our tooling, design, and manufacturing capabilities to support future-ready applications.

A strategic focus on continuous innovation and development, technology integration, and process enhancement enables us to steadily expand our product portfolio while maintaining reliability, scalability, and quality excellence. With specialised expertise in lightweight polyamide cages for EV powertrains and advanced

precision components, we continue strengthening our position at the forefront of innovation in the automotive and engineering sectors.

By protecting intellectual property, investing in digital transformation, and fostering a culture of collaborative innovation, we convert engineering expertise into measurable business impact and sustainable competitive advantage across global markets.





Natural Capital

PRESERVING RESOURCES. POWERING PROGRESS.

Sustainability shapes the way HEIL thinks, builds, and operates. We believe responsible growth comes from creating solutions that support both industrial progress and environmental balance. By improving energy efficiency, conserving water, reducing waste, and prioritising responsible sourcing, we continuously reduce our environmental impact without compromising the high standards of engineering and performance we deliver.

Our environmental management framework is certified to ISO 14001 standards, reflecting our strong commitment to continuous improvement and accountable operations. This internationally recognised certification reinforces our structured approach to managing environmental impact across every stage of the business.

From emissions reduction and pollution prevention to resource

efficiency and compliance, we actively monitor and strengthen our performance through robust systems and measurable goals. Environmental responsibility is embedded across our organisation, guiding everyday decisions and reinforcing our commitment to a cleaner, smarter, and more sustainable future.

2025-26 Highlights



ISO 14001-Certified Environmental Management System

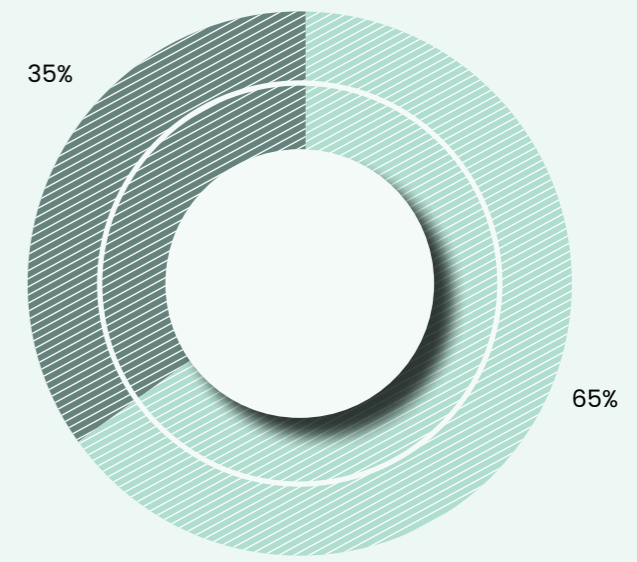
Accelerating Renewable Energy Expansion

Renewable energy continued to play a central role in our transition towards cleaner and more sustainable operations during 2025–26. Renewable sources contributed approximately 65% of our overall energy consumption during the year, significantly reducing dependence on conventional energy sources.

A major milestone during the year was the commissioning of the 10.4 MW solar tracker PV power plant at Vada, Gujarat. This addition substantially strengthened our renewable

energy portfolio and enhanced long-term energy security. With this expansion, our total installed and commissioned renewable energy capacity reached 18.35 MW, comprising rooftop solar, ground-mounted solar, and wind energy assets. Wind energy also continued to remain an important part of our renewable energy mix, supporting cleaner and more resilient operations across facilities.

2025-26 Highlights



● Renewable Energy ● Non-renewable Energy

The renewable energy values disclosed correspond to electricity consumed from our renewable facilities.



Driving Energy Performance

We continued to strengthen energy efficiency across manufacturing operations through targeted optimisation initiatives, automation-driven controls, and smarter process management practices.

Key initiatives undertaken during 2025–26 included:

- | | |
|----------|---|
| 1 | Installation of PLC-based auto idle stop systems in the Tapper Auto Division across multiple machine lines, enabling automatic shutdown during idle conditions and reducing avoidable electricity consumption |
| 2 | Deployment of IE4 energy-efficient motors at the Changodar facility to improve energy performance and operational efficiency |
| 3 | Installation of transformer on/off switch systems in the Changodar Tool Room to reduce unnecessary electricity usage |
| 4 | Adoption of induction mould heating systems in the Foundry Division to replace conventional PNG-based mould heating processes, thereby lowering fossil fuel dependency and reducing Scope 1 emissions |
| 5 | Continued utilisation of returnable box systems across operations to reduce packaging waste and associated Scope 3 emissions through improved circular material utilisation |

These initiatives contributed to lower electricity consumption, improved process efficiency, and reduced greenhouse gas emissions across operations. During 2025–26, the Company reported Scope 1 and Scope 2 emission intensity of 0.98 metric tonnes of CO₂ equivalent per metric tonne of production.

Advancing Smart Energy Solutions

Innovation continues to shape our approach to operational sustainability. We are strengthening automation-led energy management practices and continuously monitoring machine utilisation, equipment performance, and energy consumption patterns to drive further efficiency improvements across operations.

Regular monitoring and optimisation of timer settings, machine usage, and fuel consumption continues to

support sustainable operational performance while minimising environmental impact.



Managing Emissions Responsibly

We continue to strengthen our emissions management practices through cleaner technologies, process optimisation, renewable energy integration, and energy-efficient manufacturing systems. The replacement of conventional heating systems with induction-based technologies and the increasing share of renewable energy have contributed towards lowering greenhouse gas emissions across operations.

The induction mould heating initiative in the Foundry Division

enabled the Company to achieve emission intensity of below 0.15 tonnes of CO₂ per tonne against the internal target of 0.165 tonnes of CO₂ per tonne,

reflecting continued progress towards lower-carbon manufacturing.



Strengthening Water Stewardship

Water conservation remains an important pillar of our sustainability approach. We continue to implement initiatives focused on efficient water usage, groundwater recharge, recycling, and reuse across facilities.

Our infrastructure includes dedicated rainwater recharge wells supported by high-flow borewells to improve groundwater replenishment. During 2025–26,

approximately 2.9 million litres of rainwater were recharged at the Changodar facility, accounting for nearly 30% of the site's total water consumption. At the Moraiya facility, around 2.8 million litres were recharged, representing nearly 15% of total water usage.

We also continued water reuse practices through in-house ETPs and STPs across facilities. Treated water

from these systems is reused for applications such as solar panel cleaning, flushing, landscape irrigation, and cooling tower operations in accordance with applicable environmental norms and GPCB guidelines.

2025-26 Highlights

Water Reused

21 KLD
ETP Changodar and Moraiya

35 KLD
STP Changodar

40 KLD
STP Moraiya



Advancing Rainwater Conservation

Rainwater harvesting remains integral to our sustainable water management strategy. Through structured rainwater collection, storage, and groundwater recharge systems, we continue to reduce dependence on external water sources while strengthening long-term water resilience.

These initiatives contribute towards restoration of local water tables, reduced freshwater dependency, and improved environmental sustainability across our manufacturing ecosystem.



Supporting Biodiversity and Green Ecosystems

Preserving biodiversity remains an integral part of our environmental stewardship efforts. As part of our plantation initiatives during 2025-26, 71 trees were planted on World Environment Day to strengthen green cover and support healthier ecosystems around our operations.

Beyond environmental benefits, these plantation initiatives also help create greener and healthier spaces for employees, visitors, and surrounding communities while contributing towards carbon absorption and improved air quality.

2025-26 Highlights

71

Trees Planted



Creating a Circular Waste Economy

Responsible waste management and circularity remain embedded within our operational practices. We maintained our zero-landfill approach towards waste disposal while continuing to strengthen recycling, reuse, and resource recovery initiatives.

During 2025-26, the Company recycled approximately 955.08 MT of waste, including 11.04 MT of plastic waste generation. Returnable packaging systems continued to support reduction in packaging waste and improved circular utilisation of materials across operations.

2025-26 Highlights

955.08 MT
Total Waste Recycled

11.04 MT
Plastic Waste Generation

ZERO MT
E-Waste Generation



Advancing Sustainable Supply Chains

During the year, we strengthened sustainability engagement across our supplier ecosystem. A Supplier Quality Meet was organised on September 5, 2025, where sustainability expectations and responsible sourcing requirements were discussed with key suppliers.

We also initiated supplier sustainability agreements and supplier target assessments, receiving self-assessment checklists from nearly 10 suppliers. Our focus remains on engaging strategically significant suppliers based on procurement value and strengthening ESG alignment across the value chain.

Strengthening ESG Governance

To further institutionalise our sustainability framework, the Company formalised its ESG

Policy during 2025-26, reinforcing its commitment towards responsible environmental, social, and governance practices across operations and stakeholder ecosystems.





Human Capital

DYNAMIC WORKFORCE. PROGRESSIVE FUTURE.

Harsha Engineers realises that empowered and skilled employees are central to delivering sustainable growth and engineering excellence across our business. Through structured learning programmes, skill enhancement initiatives, and cross-functional exposure, we continue to build a future-ready workforce.

Our strong focus on employee well-being further helps us address evolving industry demands and advance the next generation of precision engineering solutions.

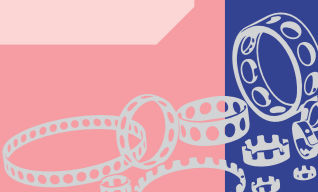
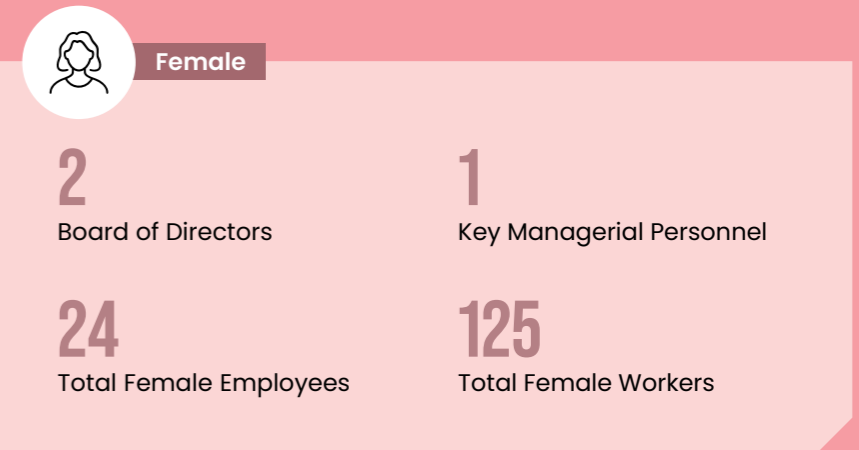
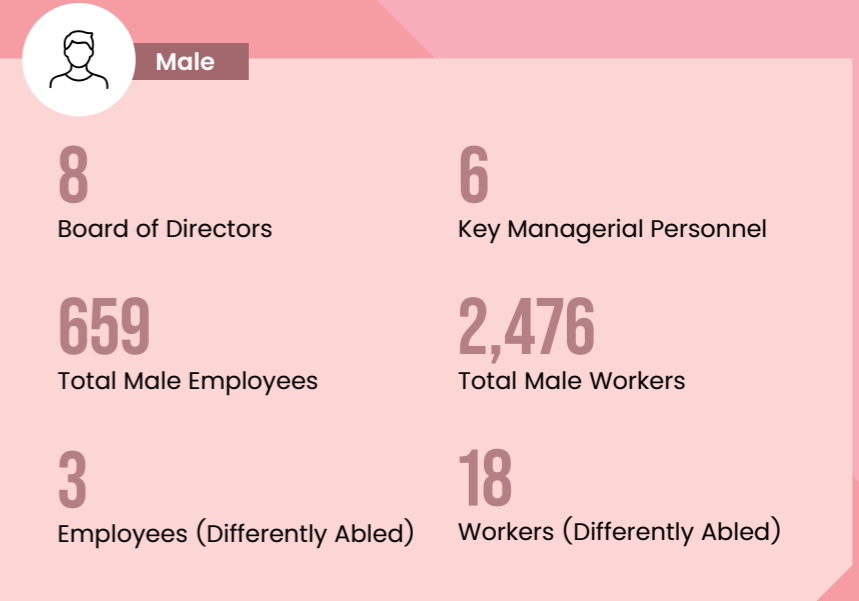
2025-26 Highlights

1,745
Permanent Employees
and Workers*

232
Qualified Engineers

*Including differently abled

1,539
Contractual Employees
and Workers*



Upholding Human Rights and Ethical Labour Practices

Respect for human rights and ethical labour practices is integral to our organisational values and governance framework. We are committed to fostering a workplace culture built on fairness, dignity, inclusion, and mutual respect across our operations and value chain.

We maintain a strict zero-tolerance approach towards child labour, forced labour, and all forms of involuntary employment. Robust internal policies, governance systems, and compliance mechanisms reinforce these principles and align with internationally recognised human rights and labour standards.

Our commitment extends beyond our workforce through active engagement with suppliers, contractors, and business partners. Structured onboarding processes, regular assessments, monitoring

mechanisms, and ongoing awareness programmes help strengthen ethical practices, promote safe and equitable working conditions, and mitigate potential risks across the supply chain.

Building Skills and Capability across Operations

Continuous learning and workforce development remain central to strengthening our organisational capability and operational excellence. During 2025-26, we conducted multiple structured training and awareness programmes covering technical capability development, skill enhancement, health and safety, POSH, the Business Code of Conduct, the Whistle Blower Policy, and Social Accountability (SA8000).

We delivered training and awareness programmes across our Board of Directors, Key Managerial Personnel, employees, and workers to reinforce ethical conduct, workplace awareness, governance standards, and

operational discipline. These initiatives formed part of our broader capability-building framework aimed at strengthening technical expertise, compliance awareness, operational efficiency, and workplace responsibility.

During the year, we continued to enhance workforce capability through extensive skill development and health and safety training programmes across employees and workers. Our performance and career development review processes also remained integral to employee engagement and development, supporting continuous feedback, accountability, and professional growth across the organisation.

We also continued to promote practical learning, cross-functional exposure, TPM, Kaizen, and continuous improvement initiatives across our manufacturing operations, strengthening operational capability while encouraging greater employee participation and ownership.

Fostering Inclusion and Workforce Stability

We remain committed to creating an inclusive and equitable workplace. During 2025-26, women represented 20% of our Board and 14.29% of our Key Managerial Personnel. We also continued to provide employment opportunities to differently abled employees and workers across our operations.

Our workforce comprises a balanced mix of permanent

and contractual employees and workers, enabling operational flexibility while supporting business continuity across our manufacturing facilities.

Workforce stability improved significantly during the year, with attrition among permanent employees declining to 6.40% in 2025-26 from 14.32% in 2024-25. This improvement reflects our continued focus on employee engagement, workplace stability, and people-centric practices.

Respect for human rights and ethical labour practices remain

integral to the way we operate. We maintain a strict zero-tolerance approach towards child labour, forced labour, and involuntary employment, supported by structured onboarding processes, supplier engagement, awareness programmes, and robust compliance mechanisms across our value chain.



2025-26 Highlights

| | | |
|-------------------------------|---------------------------------|---|
| 10 Training Modules | 40,073 Training Hours | ₹35.17 lakhs Training and L&D Expenditure |
|-------------------------------|---------------------------------|---|

Skill Upgradation Training

74.23%
Employees

79.12%
Workers

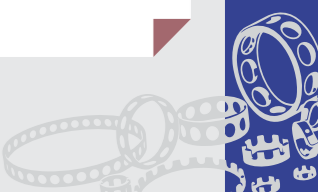
Employees and Workers Receiving Performance and Career Development Reviews

79.94%
Employees

45.06%
Workers

2025-26 Highlights

| | | |
|---|--|--|
| 20% Women Representation on the Board | 14.29% Women Representation among Key Managerial Personnel | 21 Differently Abled Employees and Workers |
| 670 Permanent Employees | 1,075 Permanent Workers | 1,539 Contractual Employees and Workers |
| 6.40% Permanent Employee Attrition Rate | | |



Prioritising Employee Health, Safety and Well-being

Employee health and safety remain fundamental to the way Harsha Engineers operates. The Company has implemented a structured Occupational Health and Safety Management System (OHSMS) integrated across manufacturing plants and operational functions. The framework focuses on maintaining safe working conditions, strengthening environmental standards, minimising workplace risks, and building a culture where safety remains a shared organisational responsibility.

The Company follows a structured and participative Hazard Identification and Risk

Assessment (HIRA) framework to identify, assess, and mitigate risks across routine and non-routine operations. Safety teams work closely with employees and workers to identify workplace hazards and implement preventive controls, mitigation measures, and corrective actions. Regular safety patrolling, workstation mapping, near-miss reporting, internal audits, and periodic reviews further strengthen workplace safety practices across operations.

Employees and workers are actively encouraged to report unsafe conditions, potential hazards, and near-miss incidents through established reporting mechanisms. This participative approach strengthens accountability,

early risk identification, and preventive safety culture across the organisation.

Reflecting the effectiveness of these practices, the Company reported zero lost-time injuries, zero recordable work-related injuries, zero fatalities, and zero high-consequence work-related injuries during 2025-26 for employees, workers, and contract workforce. No work-related rehabilitation cases were reported during the year.

The Company also continued to strengthen employee well-being and healthcare support systems during the year. Employees and workers are covered under accident insurance programmes, while eligible employees continue to receive PF, gratuity, ESIC, maternity, and

paternity benefits in accordance with applicable regulations. PF and gratuity coverage remained at 100% for eligible employees and workers.

Healthcare and emergency support infrastructure continued to remain a priority area. The Company provides access to occupational health centres, ambulance facilities across plant locations, nearby hospital tie-ups, and 24x7 qualified nurse support to ensure timely medical assistance and employee care across operations. The Company also increased spending on employee and worker well-being initiatives during 2025-26.

2025-26 Highlights

ZERO

Work-related Ill Health Recorded

ZERO

Work-related Injury Recorded

38.36%

Employees Trained on Health and Safety Measures

56.94%

Workers Trained on Health and Safety Measures





**Social & Relationship
Capital**

PURPOSEFUL PARTNERSHIPS. SHARED GROWTH.

Strong businesses are built on trusted partnerships and thriving communities. We focus on nurturing relationships that encourage shared progress and collective resilience. Through active dialogue, ethical decision-making, and community-centred initiatives, we seek to understand evolving expectations and respond with responsibility and integrity.

Furthermore, by fostering an ecosystem grounded in trust and collaboration, we aim to ensure that our growth supports not only business success, but also broader social well-being and sustainable development.

Communities

Social responsibility is deeply embedded in the way we operate and engage with society. Guided by a well-defined CSR framework, we strive to create long-term value by supporting community development, promoting inclusion, and contributing to meaningful social progress.

Our Long-term CSR Framework

Vision

To be focussed on CSR initiatives that foster inclusivity, sustainability, and educational excellence.



Mission

- | | |
|--|---|
| <p>1 Enhance the quality of life for individuals with disabilities through comprehensive skill development programmes</p> | <p>2 Advocate for animal welfare and promote sustainable organic farming practices.</p> |
| <p>3 Promote education and vocational skill enhancement across communities.</p> | <p>4 To provide essential medical support to underprivileged and vulnerable individuals.</p> |



Strategies

Establish collaborative partnerships with NGOs aligned with our mission to effectively implement CSR activities.



Implementation

Form a dedicated CSR sub-committee responsible for overseeing all CSR initiatives carried out in collaboration with our NGO partners.

Budget Allocation

Allocate funds based on recommendations provided by the CSR Committee of the Board, ensuring optimal resource utilisation.

Monitoring and Evaluation

- Conduct quarterly project reviews by the CSR sub-committee to assess progress and impact
- Certification from Chartered Accountants of

partner NGOs will be obtained to ensure the proper use of funds in line with the intended objectives



Building with Environmental Responsibility

Sustainability remains an important consideration in how we expand and operate. Through initiatives such as tree plantation drives, responsible infrastructure practices, and environmentally conscious development measures, we continue to reduce our environmental impact while supporting the protection of natural ecosystems for future generations.

1

Strengthening Local Economies

We believe community growth becomes stronger when opportunities are created locally. By engaging local talent, collaborating with regional suppliers, and encouraging participation across our operations, we contribute to employment generation, economic development, and stronger regional value chains.

2

Creating Meaningful Community Partnerships

Open and constructive engagement with local stakeholders helps us develop initiatives that are relevant, inclusive, and impactful. Through continuous dialogue and collaborative participation, we seek to understand community priorities, respond responsibly, and build relationships founded on trust and shared progress.

3

Extending Support Where it Matters Most

Our social initiatives focus on improving quality of life and expanding access to essential support systems. Through collaborations with institutions such as Aastha Charitable Trust, we support programmes related to healthcare, rehabilitation, education, and child development, particularly for underserved and vulnerable communities.

4

Enabling Long-term Social Development

Our commitment to community welfare extends beyond immediate support initiatives. By contributing to healthcare infrastructure, educational access, and livelihood-oriented programmes, we aim to create sustainable social impact that strengthens communities and supports inclusive growth over the long term.

Supporting Communities with Care and Purpose

We believe progress becomes meaningful only when it improves lives beyond business boundaries. Our approach to Corporate Social Responsibility is rooted in care, inclusion and long-term community development. Through focused partnerships and sustained interventions, we continue to support vulnerable communities by creating access to education, healthcare, rehabilitation and livelihood opportunities. Guided by our CSR Policy and overseen by the CSR Committee of the Board, we remain committed to building a more inclusive and compassionate society.

Building Spaces of Belonging | Anand Dham

A foundation of our CSR journey is Anand Dham, a residential community developed in partnership with Aastha Charitable Trust for Welfare of the Mentally Challenged. Located in Ahmedabad, Anand Dham has been envisioned as a safe, green and supportive environment for individuals with intellectual and developmental disabilities, especially those with ageing or no surviving parents.

Designed as a long-term care ecosystem, the facility provides medical support, occupational skill training, daily engagement activities and a family-like atmosphere that enables residents to lead more secure, active and dignified lives. Through this initiative, we aim to create not just infrastructure, but a lasting support system built on empathy, belonging and lifelong care.



During 2025–26, we extended our support to the ongoing project, 'Anandham – Welfare of Mentally Challenged People', aimed at enhancing care, development, and social inclusion for individuals with intellectual and developmental disabilities.

Anand Dham at a Glance

Flagship Initiative: Anand Dham, a residential community developed by Aastha Charitable Trust for persons with intellectual and developmental disabilities, particularly those with ageing or no surviving parents.

Purpose: To provide a safe, supportive, and family-like environment that promotes dignity, independence, and social inclusion.

Key Facilities: Residential care, medical support, occupational skill development, recreational activities, and community engagement opportunities.

Project Duration: 24 months.

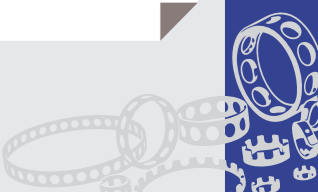
Implementing Agency: Aastha Charitable Trust for Welfare of the Mentally Challenged.

Location: Ahmedabad, Gujarat.

Focus Areas: Care, welfare, skill development, social integration, and long-term support for individuals with intellectual and developmental disabilities.

Objective: To enhance quality of life and create meaningful opportunities for personal growth, community participation, and independent living.

Long-term Commitment: Supporting vulnerable individuals and their families through sustained partnerships and inclusive community development initiatives.



Creating Impact across Communities

Alongside Anand Dham, we continued to support several community-focused initiatives during 2025-26 across education, skill development, healthcare, animal welfare and community infrastructure. Our interventions during the year included educational assistance for underprivileged and needy students, vocational skill development initiatives through the Institute Management Committee (IMC) of ITI Bavla, welfare programmes supported through Make A Difference



Education & Medical Welfare Foundation, animal welfare initiatives through Sant Vinoba Gram Swarajya Ashram, and educational and skill development support through a contribution to the LENCO Alumni Association. Together, these initiatives contributed to enhancing educational access, skill development, social welfare, and community well-being.

During the year, our CSR initiatives positively impacted approximately 1,172 beneficiaries across communities. This includes one ongoing project

was commenced during 2025-26 and expected to be completed in 2026-27, which is expected to benefit nearly 40 families. In addition, support was extended towards construction of a dedicated shed facility for 177 cows as part of our animal welfare initiatives.

These initiatives reflect our belief that sustainable development must address diverse social needs while strengthening communities at the grassroots level.

Our CSR Focus Areas

| | | | | |
|--|--|--|---|--|
|  Intellectual and Developmental Disabilities |  Education and Skill Development |  Healthcare Access |  Environmental Sustainability |  Disaster Response and Community Welfare |
|--|--|--|---|--|

Key Community Partnerships

| | | |
|--|--|---|
| 1 Make A Difference Education & Medical Welfare Foundation | 2 Sant Vinoba Gram Swarajya Ashram | 3 Institute Management Committee (IMC) of ITI Bavla |
| 4 LENCO Alumni Association | 5 Aastha Charitable Trust for Welfare of the Mentally Challenged | |

Investing in Long-term Social Impact

Our CSR initiatives are driven by a long-term commitment to inclusive growth and responsible corporate citizenship.

Over the years, Harsha Group has contributed around ₹1,178 lakhs towards CSR initiatives, reinforcing our commitment to creating meaningful and lasting social impact.

2025-26 CSR Snapshot

1,172 beneficiaries
Reached through CSR Initiatives During 2025-26

₹340.73 lakhs
CSR Obligation For 2025-26

₹199.93 lakhs
Deployed towards CSR Programmes During the Year

₹150 lakhs
Invested in Ongoing CSR Projects

₹49.93 lakhs
Allocated to Other CSR Initiatives

₹140.80 lakhs
Transferred to the Unspent CSR Account for Ongoing Project

₹1,178 lakhs
Contributed Cumulatively by The Harsha Group towards CSR and Community Development Initiatives

Delivering Customer Confidence

Customer safety and product reliability remain central to every stage of our operations. From engineering and manufacturing to product delivery and after-sales support, we integrate robust quality and safety practices across the entire product lifecycle. This helps ensure dependable performance and builds long-term customer trust.

We conduct comprehensive risk assessments to identify and address potential safety concerns related to product usage, handling, and

operational environments. These evaluations strengthen product integrity, minimise risks, and support continuous improvement in design and manufacturing processes. If any issue is reported, our structured response mechanisms ensure incidents are carefully documented, reviewed, and translated into corrective and preventive actions.

Clear communication with customers is equally important to our approach. We support our products with compliant safety labelling, detailed technical documentation, and accessible guidance to encourage safe

and effective usage. In addition, our support teams remain available to address queries, provide technical assistance, and respond promptly to customer concerns.

Customer feedback also plays an important role in shaping product innovation and service enhancement. Through regular engagement, dedicated support channels, and continuous feedback mechanisms, we gain deeper insight into customer expectations and strengthen our solutions accordingly.



STRUCTURED FOR EFFECTIVE OVERSIGHT



Governance Driven by Responsibility and Resilience

Our governance philosophy integrates environmental responsibility, social accountability, and ethical business conduct into everyday decision-making. This ensures that sustainability considerations remain closely aligned with corporate strategy and business performance.

Backed by structured oversight mechanisms, clearly defined policies, and strong leadership accountability, our governance framework supports responsible operations across all business verticals. As a result, we can respond effectively to evolving regulatory requirements, stakeholder expectations, and emerging business challenges while maintaining transparency and organisational integrity.

Enterprise Risk Management


HEIL follows a proactive and disciplined approach to risk management to safeguard business continuity and support sustainable value creation. Our enterprise-wide risk management framework enables the timely identification, evaluation, and mitigation of risks that may affect operations, financial stability, reputation, or long-term growth.

Oversight of the framework is led by a dedicated Risk Management Committee, which regularly reviews business risks, including ESG-related concerns, operational dependencies, market fluctuations, and supply chain vulnerabilities. This structured governance process

supports informed decision-making while strengthening accountability and transparency across the organisation.


To enhance preparedness and resilience, HEIL has established comprehensive contingency response mechanisms to address a wide range of potential disruptions, including fire incidents, natural disasters, operational interruptions, and supply chain challenges. These measures reflect our continued focus on protecting stakeholders, strengthening operational continuity, and building a resilient organisation capable of navigating evolving business environments.

Effective governance is central to maintaining a resilient, responsible, and future-focused organisation. We maintain a governance structure that promotes transparency, ethical leadership, effective oversight, and clear accountability. Supported by robust internal controls, well-defined policies, and a strong compliance culture, this framework enables us to manage risks responsibly while ensuring operational discipline and integrity.




Policies


Policy on Child Labour and Prevention of Forced Labour at the Workplace




Code of Conduct



Whistle Blower Policy



Information Security Management System





Ethical and Responsible Business Practices

During 2025-26, we further strengthened our culture of ethical governance and responsible business conduct by embedding integrity, transparency, and accountability deeper into our organisational processes and leadership practices.

The Company maintained high governance standards across all stakeholder interactions, supported by robust internal controls and clearly defined ethical guidelines. No instances of corruption or conflict of interest were reported during the year, reaffirming the effectiveness of our governance framework and the collective commitment of our workforce to ethical conduct.

Our leadership team operates under a comprehensive Code of Conduct that sets clear expectations for integrity, accountability, and regulatory compliance. This framework helps ensure that business decisions remain responsible, transparent, and aligned with the Company's values across all levels of operation.

As part of our continued commitment to governance excellence, we conducted performance evaluations of the Board of Directors, Board Committees, and Independent Directors in line with statutory requirements and recognised governance practices. These assessments support continuous improvement, strengthen leadership effectiveness, and reinforce accountability across the organisation.

We also continued to uphold rigorous standards for the fair disclosure of price-sensitive information. Our established disclosure practices ensure confidentiality, timely communication, and full regulatory compliance, with information shared strictly on a need-to-know basis to preserve the integrity of market communications.

Advancing Ethical Workplaces and Workforce Protection

Respect for human rights, workplace dignity, and ethical conduct remains central to our organisational culture. Through strong governance frameworks and clearly defined policies, we work to create fair, inclusive, and safe workplaces guided by integrity across all operations.

Code of Conduct

Our Code of Conduct defines the standards of ethical behaviour expected across the organisation. It outlines principles related to professional conduct, compliance, accountability, workplace respect, environmental responsibility, and operational safety. The framework reinforces a culture built on integrity and responsible business practices across all HEIL facilities.

Zero Tolerance for Child and Forced Labour

HEIL strictly prohibits child labour and all forms of forced or involuntary employment. We enforce these principles across our operations and supply chain in line with internationally recognised human rights standards, labour conventions, and applicable Indian labour laws.

Fair Contract Labour Practices

We remain committed to ensuring fair and equitable treatment of contract workers across our operations. Our contract labour practices promote fair wages, employee welfare, safe working conditions, and full compliance with applicable labour regulations governing workforce engagement.

Anti-bribery and Ethical Compliance

Through our Anti-Bribery Policy, HEIL reinforces its commitment to ethical business conduct and zero tolerance towards corrupt practices. Robust internal controls, due diligence processes, employee awareness programmes, and clear guidelines on gifts and hospitality strengthen compliance and accountability across the organisation. In addition, established reporting mechanisms enable employees to raise concerns responsibly and without hesitation.

Whistleblower Protection and Accountability

To promote transparency and responsible reporting, HEIL has implemented a comprehensive Whistleblower Policy that enables employees and external stakeholders to report concerns related to misconduct, policy violations, harassment, unethical practices, or financial irregularities. The framework ensures confidentiality, protection against retaliation, and fair investigation processes. As a result, it supports a workplace culture rooted in accountability, openness, and ethical governance.



Certified Systems that Strengthen Trust and Performance



ISO 9001:2015 – Quality Management System

Our ISO 9001:2015 certification reinforces our commitment to maintaining robust quality management practices across the organisation. The framework supports consistent product quality, operational efficiency, customer satisfaction, and continual process improvement. It also helps us uphold high standards across manufacturing and service delivery.



IATF 16949:2016 – Automotive Quality Management System

Our IATF 16949:2016 certification demonstrates our ability to meet the stringent quality requirements of the global automotive industry. The framework emphasises process standardisation, defect prevention, waste reduction, and continuous improvement across the automotive supply chain. This enables us to deliver reliable, high-precision engineering solutions.



ISO 14001:2015 – Environmental Management System

Through our ISO 14001:2015-certified Environmental Management System, we follow a structured and proactive approach to minimising environmental impact and strengthening sustainable business practices. The certification supports compliance with environmental regulations while promoting responsible resource management and long-term ecological stewardship.



ISO 45001:2018 – Occupational Health and Safety Management System

HEIL is also certified under ISO 45001:2018, reflecting our commitment to maintaining safe and healthy workplaces across all operations. The certification framework supports proactive hazard identification, risk mitigation, employee well-being, and continuous improvement in occupational health and safety practices.



Board of Directors

GUIDED BY DISTINGUISHED LEADERSHIP



Rajendra Shah
Chairman &
Whole-Time Director

Mr. Rajendra Shah is a distinguished industry veteran with over 53 years of experience in the precision engineering industry. He has played a pivotal role in shaping the growth of the Company and continues to provide strategic direction while overseeing overall management with a strong focus on financial strategy.

Mr. Shah has been instrumental in building a robust and value-driven organisation. He has also contributed significantly to industry bodies, having served as

Chairman of CII Gujarat during 2019-20 and having received the AMA Atlas Dycechem 'Outstanding Entrepreneur of the Year Award - 2001'.

He holds a Bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. Deeply committed to social causes, he serves as President of the Blind People's Association, Ahmedabad, and is also Managing Trustee of Aastha and Ananddham, reflecting his dedication to social responsibility.



Harish Rangwala
Managing Director

Mr. Harish Rangwala is an industry leader with over 53 years of experience in the precision engineering industry. He has been instrumental in driving the Company's operations and growth and currently oversees overall management with a strong focus on leading and expanding the Renewable Energy Division.

Mr. Rangwala began his career with Tata Chemicals before joining the Company, bringing with him rich experience across engineering and manufacturing.

Over the years, he has played a key role in strengthening the Company's capabilities and operational excellence.

He holds a Bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He also brings extensive expertise in bearing cages and precision stamped components, contributing significantly to the Company's leadership in the engineering sector.



Vishal Rangwala
CEO & Whole-Time Director

Mr. Vishal Rangwala is a visionary, result-driven leader with nearly 19 years of experience in the precision engineering industry. Since joining Harsha Engineers in 2007, he has held pivotal leadership roles across Marketing and Operations, serving as Chief Operating Officer before his appointment as CEO in 2022. He has been a member of the Board since 2010.

Mr. Rangwala began his career in the United States, gaining valuable international experience at Access Business Group and United Airlines (United Services

division) in industrial engineering and supply chain analysis. This global perspective is central to his current role in driving the Group's strategic direction and international expansion.

He holds a Bachelor's degree in Mechanical Engineering from the University of Pune and a Master of Science in Engineering Management from the University of Southern California. His unique blend of technical expertise and strategic acumen continues to strengthen Harsha's position as a global leader in the engineering sector.



Pilak Shah
COO & Whole-Time Director

Mr. Pilak Shah is a result-driven professional with over 20 years of experience in the precision engineering industry. Since joining the Company in 2006, he has been closely involved in strengthening its operational capabilities and driving efficiency across functions.

As Chief Operating Officer, he drives operational excellence across manufacturing and contributes to the Group's strategic direction. He has played a key role in enhancing

processes and supporting the Company's growth trajectory.

He holds a Bachelor's degree in Mechanical Engineering from Nirma Institute of Technology and a Master's degree in Integrated Manufacturing Systems Engineering from North Carolina State University. His strong technical foundation and operational expertise continue to add value to the Company's performance.



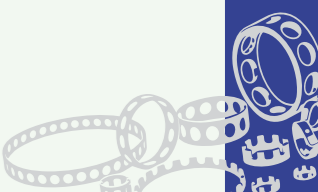
Hetal Naik
Whole-Time Director

Ms. Hetal Naik is a dynamic professional with significant experience in design engineering and manufacturing. Since joining the Company in 2015, she has been closely involved in strengthening operational capabilities and driving continuous improvement across functions.

She plays a pivotal role in driving operational excellence, with a strong focus on Total Productive Maintenance (TPM), Lean initiatives, and organisational capability building. She also leads key initiatives in employee health, safety,

and workplace sustainability, while actively driving sustainability practices across the Company.

She holds a Bachelor's degree in Mechanical Engineering from L.D. Engineering College and a Master of Technology in Design Engineering from Nirma University. Her strong technical expertise and leadership approach continue to foster a culture of excellence and accountability across the organisation.





Ambar Patel
Independent Director

Mr. Ambar Patel is an Independent Director of the Company. He is an experienced industry professional with several decades of experience in manufacturing and industrial management. He has been serving as Managing Director of Shilp Gravures Limited since October 29, 1993.

He currently serves as Co-Chairman of the Plastic Committee at the

Gujarat Chamber of Commerce & Industry and is Past President of the Santej Industrial Area Association. He is also an Advisory Committee Member for Aastha Charitable Trust, reflecting his involvement in social initiatives.

He holds a Bachelor's degree in Mechanical Engineering from Gujarat University.



Kunal Shah
Independent Director

Mr. Kunal Shah is an Independent Director of the Company. He is a professional with broad experience in general management and corporate affairs.

He has been associated with AIA Engineering Limited since December 2002 and currently serves as Executive Director – Corporate Affairs. He is also the founding trustee of The Lightship Initiative and has established his own consulting

firm, Theoden Ventures LLP. He is also the co-founder of Aurus.

He holds a Bachelor's degree in Chemical Engineering from Nirma Institute of Technology, Ahmedabad, and a Master of Science degree in Information Systems from Stevens Institute of Technology, USA.



Bhushan Punani
Independent Director

Dr. Bhushan Punani is an Independent Director of the Company. He is a distinguished professional with extensive experience in social development and institutional leadership. He is associated with the Blind People's Association, Ahmedabad, as General Secretary.

He has served as a member of the Central Advisory Board on Disability, the National Advisory Committee on Accessible Elections, and the Committee on Drafting of the National Law on Disability. He was honoured with the Distinguished Alumnus Award by the Indian

Institute of Management, Ahmedabad in 2011.

He holds a Bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University, Kurukshetra, a Bachelor of Laws from Gujarat University, a postgraduate degree in Management from the Indian Institute of Management, Ahmedabad, and a Doctor of Philosophy (Commerce) from Gujarat University. He has also completed a special course in vocational rehabilitation from the University of Haifa, School of Social Work.



Priyanka Agarwal Chopra
Independent Director

Ms. Priyanka Agarwal Chopra is an Independent Director of the Company. She is an experienced leader in venture capital and early-stage investing, with over 12 years of experience in building and scaling innovation-led enterprises.

She is the CEO and Managing Partner at IIMA Ventures and a Venture Partner at the Bharat Innovation Fund, where she leads investments in deep-tech, climate, and digital startups. She has also served on the Venture Capital Sector

Council of the Indian Venture and Alternate Capital Association (IVCA) and was recognised in the 2025 Hurun India Women Leaders List.

She holds an MBA from The Wharton School and a Master of Science from Georgia Institute of Technology. Prior to venture capital, she worked in the United States in engineering and strategy roles at Sun Microsystems and IBM.



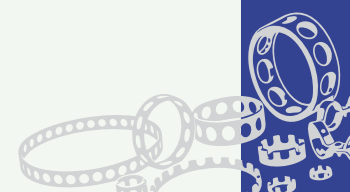
Ramakrishnan Kasinathan
Independent Director

Mr. Ramakrishnan Kasinathan is an Independent Director of the Company. He is a seasoned leader with extensive global experience across diverse industrial sectors.

He has held leadership roles across reputed organisations including Best & Crompton, ACT India, Johnson & Johnson Limited, SKF India Limited, Hindustan Zinc Limited, and Nextdigm Private Limited. As part of global management teams, he has led large-scale operations and currently operates as a freelance management consultant specialising in strategy, supply

chain, and sourcing, with a focus on operational excellence and digital transformation.

He holds a Bachelor's degree in Civil Engineering from the University of Madras, an MBA from Anna University, a Master's in Management from the Asian Institute of Management, Philippines, and a Diploma in Basic Finance from ICFAI.

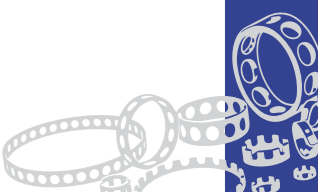


Governance

CONTRIBUTION TO SDGs

| SDG | Harsha Engineers' Contribution |
|-----|---|
| | Generates employment opportunities and supports community welfare initiatives. |
| | Contributes to rural and community development programmes through CSR activities. |
| | Promotes employee health, workplace safety, and pollution control measures. |
| | Provides skill development, employee training, and educational support programmes. |
| | Encourages equal opportunity, diversity, and women's empowerment at the workplace. |
| | Uses rainwater harvesting, wastewater treatment, and Zero Liquid Discharge systems. |
| | Invests in solar energy and renewable energy adoption initiatives. |
| | Creates skilled jobs and supports sustainable industrial growth. |
| | Invests in precision engineering, automation, and sustainable manufacturing technologies. |

| SDG | Harsha Engineers' Contribution |
|-----|---|
| | Promotes inclusive employment practices and community development. |
| | Supports environmentally responsible industrial operations and clean energy infrastructure. |
| | Focuses on recycling, waste minimisation, and efficient resource utilisation. |
| | Reduces carbon emissions through renewable energy and energy-efficient operations. |
| | Prevents water pollution through effective effluent and wastewater management. |
| | Conducts plantation drives and supports biodiversity conservation efforts. |
| | Maintains ethical governance, transparency, and regulatory compliance. |
| | Collaborates with stakeholders and communities to advance sustainability goals. |



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra Shah
Chairman & Whole-Time Director

Mr. Harish Rangwala
Managing Director

Mr. Vishal Rangwala
CEO & Whole-Time Director

Mr. Pilak Shah
COO & Whole-Time Director

Ms. Hetal Naik
Whole-Time Director

Mr. Ambar Patel
Independent Director

Dr. Bhushan Punani
Independent Director

Ms. Priyanka Agarwal Chopra
Independent Director

Mr. Ramakrishnan Kasinathan
Independent Director

Mr. Kunal Shah
Independent Director

VICE PRESIDENT – FINANCE & GROUP CHIEF FINANCIAL OFFICER

Mr. Maulik Jasani

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

Mr. Kiran Mohanty

AUDITORS

M/s. Pankaj J. Shah & Associates, Chartered Accountants, Ahmedabad

BANKERS

- CITI Bank N.A.
- State Bank of India
- HDFC Bank Limited
- RBL Bank Limited
- Yes Bank Limited
- The Hongkong and Shanghai Banking Corporation Limited
- ICICI Bank Limited

REGISTERED/CORPORATE OFFICE

CHANGODAR FACILITY

Sarkhej-Bavla Road, Changodar,
Sanand, Ahmedabad - 382213, Gujarat, India
Tel.: +91-2717-618200, Fax: +91-2717-618259
Email: sec@harshaengineers.com
Website: www.harshaengineers.com
CIN: L29307GJ2010PLC063233

MORAIYA FACILITY

Moraiya Farm, Sarkhej-Bavla Road,
P.O. Changodar, Ahmedabad - 382213,
Gujarat, India

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economic Overview

The global economy remained resilient in 2025, supported by easing inflation, gradual monetary policy normalisation and sustained investment momentum. According to the International Monetary Fund's April 2026 World Economic Outlook, global real GDP growth was registered at 3.4% in 2025 and is projected at 3.1% in 2026 and 3.2% in 2027, reflecting a modest deceleration and a more fragile growth trajectory.

Despite this relative stability, underlying risks have intensified. Rising geopolitical tensions, including the ongoing conflict in the Middle East, along with evolving trade policies and supply chain realignments, are contributing to fragmentation and uncertainty across global markets. These developments are affecting sentiment, disrupting trade flows and complicating long-term investment decisions.

At the same time, a strong investment cycle continues to provide support, led by technology-driven capital expenditure. Investment in AI, semiconductors and digital infrastructure remains robust, supporting trade and production, particularly in Asia. Technology-related exports and supply chain diversification are reshaping global trade patterns, with countries repositioning themselves within new production networks.

Regional growth trends reflect these mixed dynamics. Emerging market and developing economies are projected to grow at 3.9% in 2026, before recovering to 4.2% in 2027, with emerging and developing Asia remaining the primary growth engine despite a gradual moderation. The Middle East and Central Asia are expected to experience volatility due to conflict-related disruptions, while Sub-Saharan Africa continues to demonstrate relatively steady expansion

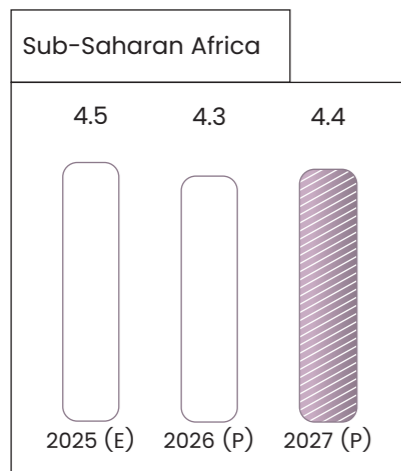
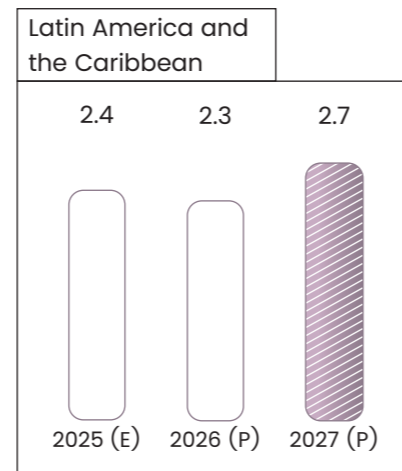
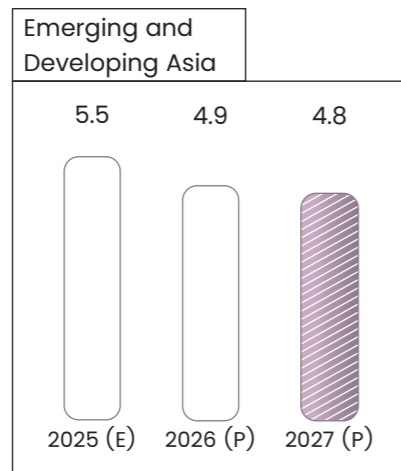
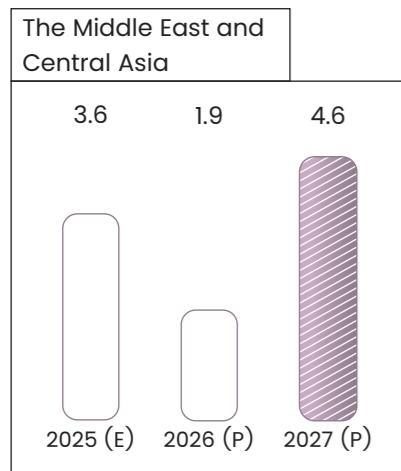
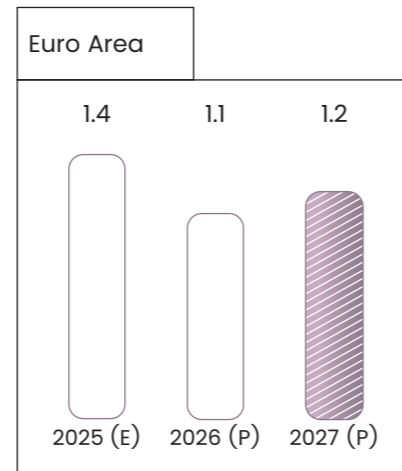
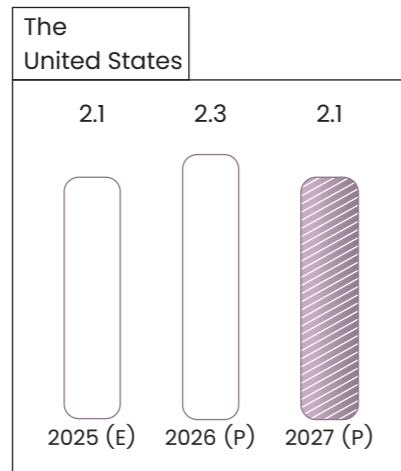
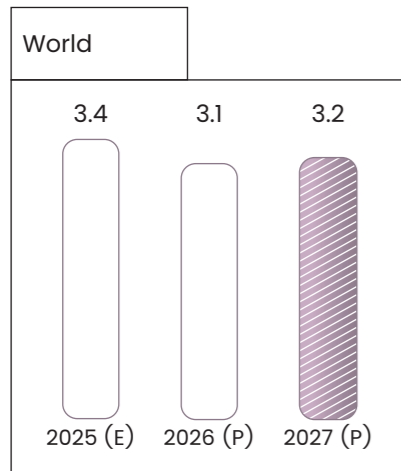
supported by structural reforms and investment flows.

In contrast, growth in advanced economies is expected to remain moderate, reflecting weaker momentum, demographic constraints and ongoing policy adjustments. While technology investment supports activity in select markets, broader industrial recovery remains gradual.

Looking ahead, the global outlook remains increasingly uncertain despite signs of resilience in certain regions. Growth dispersion across regions, elevated geopolitical risks, and persistent geoeconomic fragmentation are expected to weigh on medium-term prospects. However, continued investment in technology, supply chain realignment and gradual recovery in industrial demand are expected to support a more resilient and broad-based global expansion over time.



Growth Rate Projections by Region (in %)



P: Projected, E: Estimated

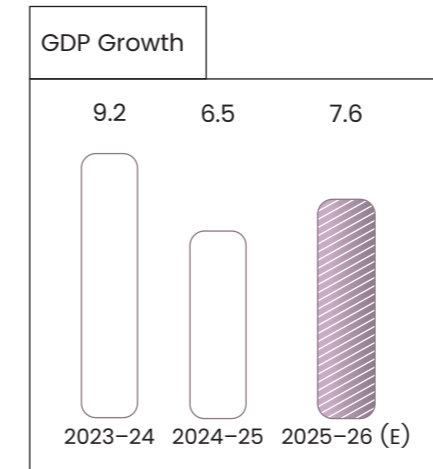
(Source: <https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>)



Indian Economic Overview

In 2025–26, the Indian economy sustained strong macroeconomic momentum despite an unsettled global environment. Growth remained anchored in domestic demand, infrastructure expansion and improving manufacturing activity, even as geopolitical tensions and commodity price volatility posed external risks. Real GDP growth is estimated at 7.6%, reflecting resilience across services, steady consumption and continued investment momentum.

Real GDP Growth Projections (in %)



E: Estimated

(Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219912®=3&lang=2>)

Domestic demand remained the principal driver of growth. Private consumption held firm, supported by stable income levels and moderating inflation in the earlier part of the year, while sustained public capital expenditure continued to accelerate infrastructure creation and industrial activity. Government-led investments in logistics corridors, industrial clusters and urban infrastructure are strengthening demand across metals, mobility and engineering value chains.

Continued policy emphasis on manufacturing scale-up, import substitution and supply chain localisation is reinforcing India's position as a key global manufacturing destination.

Inflation during the year reflected a mixed trajectory. While earlier moderation was supported by improved supply conditions, renewed pressures emerged from firming energy and commodity prices. The Reserve Bank of India maintained a calibrated approach, balancing inflation control with growth support. Inflation is expected to remain within a manageable range, albeit sensitive to crude oil movements and global conditions.

India's external sector remained broadly stable, supported by strong services exports and resilient remittance inflows. However, rising crude prices and global uncertainty are

expected to exert pressure on the current account and currency stability. Nevertheless, India continues to attract steady foreign investment, supported by its growth outlook, expanding industrial base and improving the ease of doing business.

Economic progress remained broad-based. Services continued to expand, while manufacturing strengthened, supported by policy incentives and rising private participation. Increasing focus on energy transition, circular economy solutions and supply chain modernisation is creating new demand across industrial and engineering segments.

Looking ahead, GDP growth is projected at around 6.9% for 2026–27. While near-term risks remain, strong domestic fundamentals, sustained infrastructure investment and continued policy support position India to maintain stable, long-term growth.

(Sources:

<https://www.indiabudget.gov.in/economicssurvey/doc/Infographics%20English.pdf>

<https://economictimes.indiatimes.com/news/economy/indicators/rbi-gdp-growth-fy-2026-27-mpc-meeting-gdp-forecast-india-eases-growth-forecast-as-iran-war-oil-surge-risks-cloud-growth-trajectory/articleshow/130091660.cms?from=mdr>

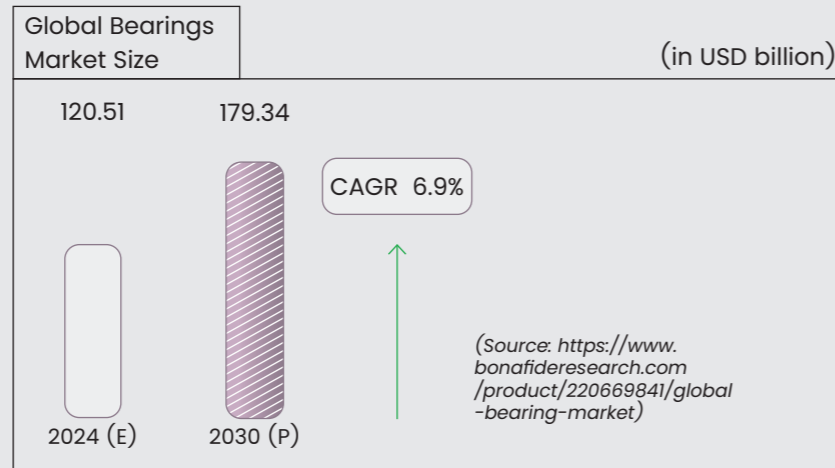
<https://www.thehindu.com/business/rbi-monetary-policy-meeting-speech-april-8-2026-live-updates/article70837023.ece>)



INDUSTRY OVERVIEW

Global Bearings Market

The global bearings market continued to demonstrate steady growth, supported by expanding industrial activity, increasing automation, rapid technological advancement, and the growing adoption of electric vehicles and renewable energy systems. According to Bonafide Research's Global Bearing Market Outlook, 2030, the market was valued at over USD 120.51 billion in 2024 and is projected to reach USD 179.34 billion by 2030, at a CAGR of 6.9% between 2025 and 2030.



P: Projected, E: Estimated

Growth Drivers

Rising demand from the food processing and medical equipment sectors is becoming a significant driver of market growth. Expanding packaged food and beverage consumption is accelerating investment in processing and packaging machinery, where bearings are critical for hygiene, operational efficiency, and reliable performance. Food-grade stainless steel bearings are therefore increasingly preferred to meet stringent safety and regulatory standards.

The medical equipment segment is also contributing to sustained demand growth. Bearings perform a vital function in diagnostic systems, surgical power tools and other precision devices. Miniature bearings engineered for low noise, minimal friction, high accuracy and longer service life are especially important in medical applications, supporting steady growth across this segment.

(Source: <https://www.precedenceresearch.com/bearing-market>)

Key Trends

Automotive Recovery with EV Shift

Global vehicle production is approaching 90 million units, with EVs accounting for roughly 25% of sales in 2025. While EVs require specialised insulated bearings, they reduce certain engine-related applications, tempering overall bearing demand during the transition phase.

Wind Energy Expansion

Rising onshore and offshore wind installations are driving demand for large-diameter, corrosion-resistant and sealed-for-life bearing solutions designed for harsh operating environments.

Raw Material Volatility

Fluctuations in alloy and energy prices continue to impact margins, making multi-sourcing and supply-chain resilience increasingly critical.

Smart and Predictive Bearings

Sensor-integrated bearings with real-time monitoring capabilities are gaining commercial traction. Predictive maintenance solutions improve uptime, lower inspection costs and create recurring service revenue opportunities.

Reshoring of Manufacturing

Industrial localisation across North America and Europe is supporting regional bearing demand, although steel supply constraints and skilled labour shortages continue to pose challenges.

(Source: <https://www.mordorintelligence.com/industry-reports/industrial-bearings-market>)

Indian Bearings Market

The Indian bearings market continues to expand steadily, supported by increasing industrialisation, infrastructure development, manufacturing growth, and rising adoption of automation across industries. According to industry estimates, the market is expected to grow by approximately USD 853.9 million between 2024 and 2029, registering a CAGR of 3.2% during the period.

(Source: <https://www.technavio.com/report/india-bearings-market-analysis#:~:text=Size%202025%2D2029-,The%20%20india%20bearings%20market%20size%20is%20for%20ecast%20to%20increase%20by,efficient%20bearing%20solutions>)

Key Market Trends

- 1 Rising demand for bearings with higher load capacity, lower friction and longer service life, supported by growth in automotive, EVs and industrial automation.
- 2 Initiatives such as Make in India are encouraging domestic production, reducing import dependence, and strengthening supply chains.
- 3 Increasing use of sensor-enabled bearings for real-time monitoring and predictive maintenance, particularly in automotive, railways, and heavy machinery.

Outlook

The medium-term outlook remains positive, supported by sustained growth in EVs, renewable energy, railways and industrial automation. Increasing adoption of advanced materials, smart technologies and application-specific designs is expected to enhance value addition and improve margins. Although raw material price volatility and cost pressures continue, India remains well positioned to strengthen its role as a global hub for bearing manufacturing over the coming decade.

(Source: <https://www.imarcgroup.com/india-bearings-market>)

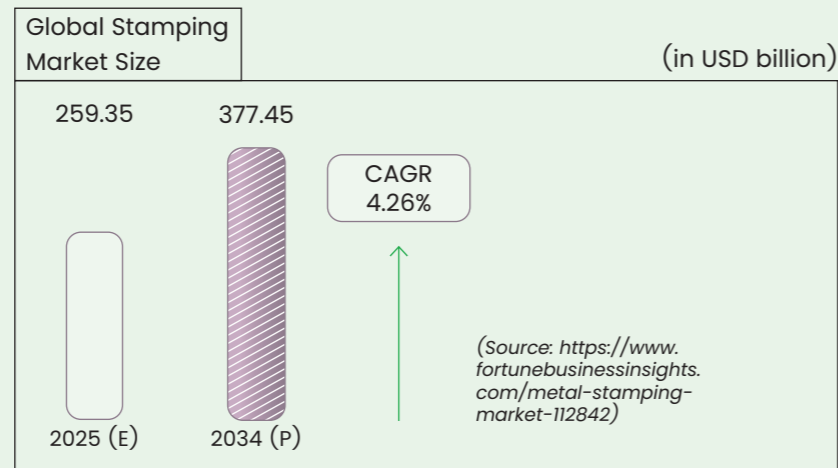


Global Stamping Market

The global metal stamping market was valued at USD 259.35 billion in 2025 and is projected to reach USD 377.45 billion by 2034, reflecting a CAGR of 4.26%. Growth is supported by sustained demand from automotive, medical devices, aerospace and consumer electronics, alongside increasing adoption of automation and advanced manufacturing technologies.

Growth is being driven by rising demand across the automotive sector, electric vehicles, medical devices, aerospace and consumer electronics. Expansion in the automotive and EV segments is increasing demand for stamped components used in structural and powertrain applications. Advancements in automation and CNC-enabled manufacturing are improving precision, productivity and

(Source: <https://www.fortunebusinessinsights.com/metal-stamping-market-112842>)



P: Projected, E: Estimated

scalability, while continued growth in consumer electronics is driving demand for lightweight, high-precision parts. Concurrently, the shift towards aluminium and advanced alloys in automotive and aerospace applications, combined with Industry 4.0 adoption such as IoT-based monitoring and predictive maintenance, is reinforcing overall market momentum.

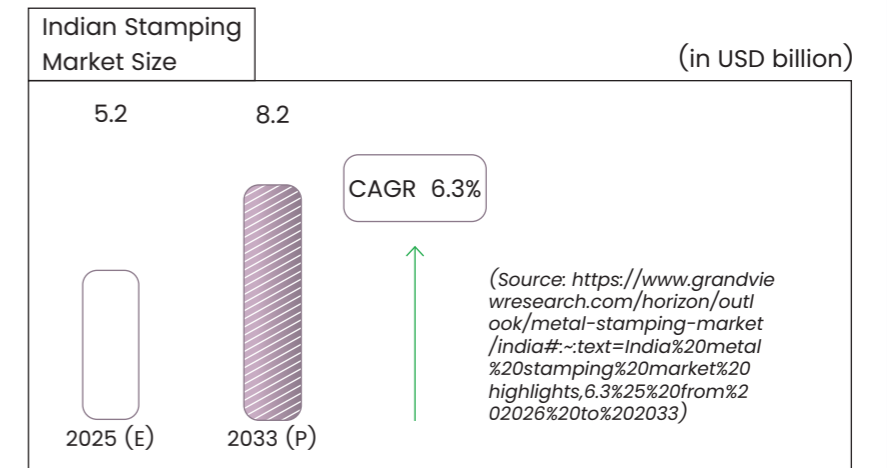
Outlook

The metal stamping market is expected to register steady growth, driven by high-volume manufacturing demand and expanding applications in medical devices and lightweight components. Raw material price volatility, environmental compliance costs and competition from additive manufacturing remain challenges; however, metal stamping is expected to retain its position as a cost-efficient solution for large-scale production.

Indian Stamping Market

The Indian metal stamping market generated revenues of USD 5.2 billion in 2025 and is projected to reach USD 8.2 billion by 2033, registering a CAGR of 6.3% during 2026–2033. Growth is driven by rising manufacturing activity, infrastructure expansion and increasing demand from automotive, industrial equipment and engineering sectors. By process, blanking was the largest segment in 2025, accounting for 38.46% of total revenues, reflecting its extensive use in high-volume component production.

(Source: <https://www.technavio.com/report/india-bearings-market-analysis#:~:text=Size%202025%2D2029-,The%20%20india%20bearings%20market%20size%20is%20forecast%20to%20increase%20by, reliable%20and%20efficient%20bearing%20solutions>)



P: Projected, E: Estimated

Outlook

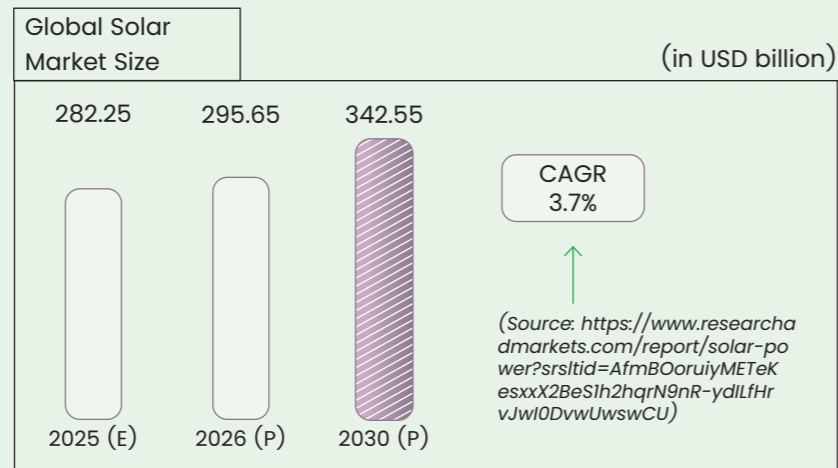
India's metal stamping market outlook remains favourable, supported by policy initiatives such as Make in India and Atmanirbhar Bharat, which promote domestic manufacturing, infrastructure development and foreign investment. Increasing localisation,

a skilled workforce and regulatory reforms, including higher FDI limits in aerospace and defence, are expected to strengthen global partnerships and support sustained long-term growth.



Global Solar Market

The global solar market has expanded steadily in recent years, reflecting the accelerating shift towards renewable energy. The market was valued at USD 282.25 billion in 2025 and is expected to reach USD 295.65 billion in 2026 and USD 342.55 billion by 2030, representing a CAGR of 3.7%. This growth is supported by favourable renewable energy policies, declining photovoltaic module costs, rising electricity demand, early adoption of grid-connected systems and continued expansion of utility-scale projects.



P: Projected, E: Estimated

Outlook

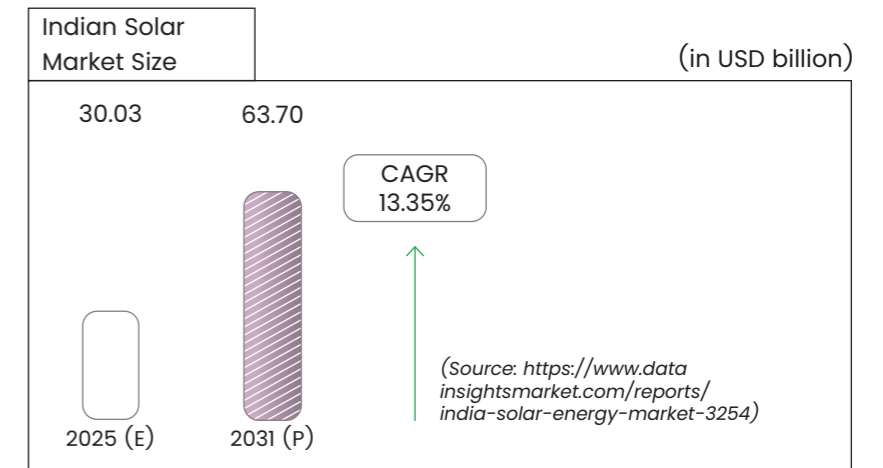
The solar market is expected to maintain steady growth over the medium term. Expansion will be supported by rising net-zero commitments, increased investment in energy storage integration and wider adoption of bifacial and high-efficiency modules. The sector should also benefit from growing emphasis on decentralised

generation, rooftop solar and smart grid infrastructure. Strong global demand for renewable energy, driven by decarbonisation goals, energy security considerations and cost competitiveness, reinforces solar power's long-term role within the global energy transition.

(Source: <https://www.researchandmarkets.com/report/solar-power?srsltid=AfmBOoruiyMETeKesxxX2BeSh2hqrN9nR-ydILfHrJwI0DvwUwswCU>)

Indian Solar Market

India's solar energy market is poised for strong growth, expanding from USD 30.03 billion in 2025 to USD 63.70 billion by 2031, registering a CAGR of 13.35%. This growth is driven by India's commitment to expanding renewable capacity, reducing carbon emissions and strengthening energy security. Abundant solar resources, particularly across arid and semi-arid regions, provide a clear structural advantage.



P: Projected, E: Estimated

Key Government Solar Initiatives in India

National Solar Mission and 100 GW Solar Target by 2030

Providing long-term policy direction and accelerating investments in solar parks and rooftop installations.

PM Surya Ghar Muft Bijli Yojana

Accelerating residential rooftop adoption, targeting 1 crore households and expanding distributed solar capacity.

PM-KUSUM:

Driving solar adoption in agriculture through pump solarisation and decentralised plants.

Rooftop Solar Programme and Solar Parks

Supporting decentralised installations and large utility-scale projects, enabling steady capacity additions.

PLI Scheme for High-efficiency Solar PV Modules

Building domestic manufacturing capacity and strengthening supply security.

CPSU Scheme and Grid Support Measures

Supporting utility-scale deployment, domestic content and solar integration.

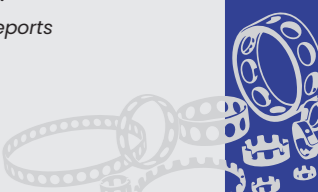
Declining photovoltaic module costs and ongoing technology improvements continue to support adoption.



Market Outlook

The outlook for India's solar energy market remains positive, supported by policy continuity, rising electricity demand and long-term decarbonisation commitments under the Paris Agreement. Continued investment in grid modernisation, energy storage and transmission infrastructure is expected to enhance integration and system reliability. Challenges such as land acquisition, financing constraints and intermittency management persist; however, advances in storage technologies and hybrid models should help address these limitations. Solar power is expected to remain central to India's energy transition and sustainable growth over the medium to long term.

(Source: <https://www.datainsightsmarket.com/reports/india-solar-energy-market-3254>)



Company Overview

Harsha Engineers International Limited 'HEIL', 'Harsha Engineers', or 'The Company' is a global precision engineering company with a leadership position in bearing cage manufacturing. As India's largest bearing cage producer, the Company supplies all six leading global bearing manufacturers and serves diverse industrial and mobility applications.

The Company offers over 7,500 bearing cage designs, spanning diameters from 20 mm to 2,000 mm. Its manufacturing footprint comprises five facilities in India, Romania and China, supported by a global logistics and distribution network with more than 16 warehouses across over 25 countries.

Beyond its core bearing cage operations, HEIL has expanded into adjacent precision engineering segments.

Its precision stamping business manufactures complex components for automotive, electrical and industrial applications. The Company has also established meaningful scale in the bushing segment, which reported around 25% year-on-year growth during 2025-26 and surpassed ₹127 crores in annual revenue.

This segment focuses on specialised, high-precision components designed for demanding operating conditions, particularly within the wind energy value chain.

HEIL also operates in renewable energy through its solar EPC vertical, delivering end-to-end solutions for rooftop and ground-mounted solar photovoltaic projects. Supported by in-house tooling, automation and product development capabilities, the Company

continues to strengthen its position as a trusted engineering partner to global OEMs and Tier-1 suppliers, supporting long-term programmes across geographies.

7,500+
Bearing Cage Designs

5
Global Manufacturing Facilities

20+
Warehouse Locations across 25+ Countries



SCOT Analysis

S

Strengths

- Leadership position in bearing cages with deep engineering expertise.
- Strong and long-standing relationships with global bearing OEMs.
- Diversified precision engineering portfolio across cages, bushings, stampings, and solar EPC.
- In-house tooling, automation, and application-led product development capabilities.

C

Challenges

- Near-term margin pressure due to capacity ramp-up and fixed cost absorption at new facilities.
- Subdued demand in select end markets such as wind and parts of automotive.
- Volatility in raw material prices impacting short-term margins.
- Execution and turnaround efforts still underway at overseas operations, particularly Romania.

O

Opportunities

- Early recovery in global industrial demand, especially in Europe.
- Strong growth momentum in the bushing and large-sized cage segments.
- Rising outsourcing of precision-engineered components by global OEMs.
- Capacity expansion at Bhayla enabling participation in higher-value and complex applications.
- Long-term potential in EV-adjacent, industrial, and energy-linked applications.

T

Threats

- Prolonged global macroeconomic uncertainty affecting customer demand visibility.
- Currency volatility and trade-related policy changes impacting export competitiveness.
- Delays in customer capex cycles affecting order flows.
- Competitive intensity in global precision engineering markets.
- Inflation-driven volatility in steel and other key raw material prices affecting input cost stability.
- Persistent inflationary pressures on wages, energy, freight, and operating expenses impacting overall cost structures and margins.

Expanding manufacturing footprint, supported by the operationalisation of the Bhayla facility in India and the ongoing Phase II capacity expansion in China, strengthening long-term growth potential.



Operational Overview

HEIL operated through 2025–26 within an evolving environment marked by early demand recovery and continued investment for future growth. Near-term profitability was impacted by capacity ramp-up at new facilities, though operating performance strengthened across core businesses, supported by improving exports, disciplined cost management and sharper focus on high-value segments. Strategic investments in automation, capacity expansion and product development positioned the Company to capture emerging opportunities as market conditions stabilise.

*Capital additions during the year stood at ₹28,814 lakhs. However, net capital expenditure was ₹14,669 lakhs after accounting for a downward adjustment of ₹14,145 lakhs arising from negative movement in capital work-in-progress (CWIP).

Total Capacity Installed and Commissioned (in MW)

| Segment | Capacity |
|----------------------|--------------|
| Rooftop Solar | 1.98 |
| Ground Mounted Solar | 12.41 |
| Wind | 3.95 |
| Total | 18.35 |

Outlook

The Company remains optimistic about the growth outlook for the bearing cages and precision engineering industry, supported by rising outsourcing opportunities, improving industrial demand, increasing localisation, and continued investments across automotive, industrial and renewable energy sectors. India Engineering business is expected to maintain healthy growth momentum, driven by strong domestic demand, improving export traction from Europe and the US, higher wallet share with existing customers, and continued expansion across large-size cages, bushings, stamping components and Japanese customer business.

Harsha Engineers Advantek Limited (HEAL) is expected to witness significant improvement in capacity utilisation and revenue contribution in 2026–27, while the Company is also progressing with the second

phase of expansion to support future growth. The China brownfield expansion project is expected to become operational in the second half of 2027–28 and is expected to strengthen the Company’s long-term manufacturing capabilities in the region. At the same time, management continues to focus on improving profitability in Romania through better product mix, higher cage contribution and cost optimisation initiatives.

The Solar EPC and O&M business is also expected to continue benefiting from favourable policy support and rising renewable energy adoption trends. Overall, the Company remains confident of delivering double-digit revenue growth in 2026–27, with the India Engineering business expected to achieve mid-teen growth while maintaining healthy margins through operational efficiencies, improved product mix and disciplined cost management.

7,278.07 lakhs

Total Bearing Cages Produced by HEIL - Engineering division during 2025–26

14,669 lakhs

Total Capex Incurred by HEIL on a Consolidated Basis during 2025–26

10.4 MW

Solar Capacity Installed and Commissioned at Wada during 2025–26

Engineering Business

Major Milestones

Progressed capacity expansion and strengthened operations across the Engineering business.

Commissioned the first phase of Harsha Engineers Advantek Limited’s Bhayla facility, marking a significant milestone in domestic manufacturing scale-up.

Secured long-term business in both the Bronze Bushing and bearing cage segments, including a strategic sourcing arrangement with a leading European customer.

Accelerated new product development and application-led engineering initiatives.

Advanced Phase II capacity expansion plans in China to support future growth.

Fully deployed IPO proceeds towards debt reduction and capital expenditure programmes.

Commissioned a 10.4 MW ground-mounted solar power project, strengthening renewable energy adoption and supporting sustainability objectives.

Received the TPM Special Award from the Japan Institute of Plant Maintenance (JIPM), recognising continued excellence in manufacturing systems, operational discipline, and continuous improvement practices.

Strategic Priorities

Prioritising overseas stabilisation to achieve sustained subsidiary profitability.

Premiumising the portfolio by increasing the share of finished cages and specialised components.

Expanding focus on bushings and precision stampings.

Advancing China localisation to deepen engagement with multinational and domestic bearing manufacturers.

Optimising utilisation of the Bhayla facility to unlock operating leverage and support margin expansion.



Challenges and Mitigation

| | | | |
|--|---|--|--|
| Initial ramp-up costs at the Bhayla plant led to margin pressure due to higher depreciation and interest charges. | Commodity price volatility, particularly in copper and metals, impacted overseas margins. | Certain export segments, including European wind energy and Japanese markets, remained soft. | |
| Regulatory developments in labour laws necessitated additional provisioning, impacting employee-related costs during the year. | Accelerated capacity utilisation to offset cost pressures. | Implemented raw material price pass-through arrangements to mitigate the impact of steel and other input cost volatility on profitability. | Strengthened the replacement-driven bushing portfolio. |
| Tightened cost controls and maintained focused market outreach. | Streamlined Romania operations to improve efficiency, productivity and cost optimisation. | | |

Industry Trends and the Company Response

| | | | |
|--|---|---|---|
| Industrial demand in Europe is showing early signs of recovery. | Global bearing manufacturers are increasingly localising and outsourcing supply chains. | Favourable trade agreements have strengthened export sentiment. | |
| Rising technical complexity in precision components is elevating entry barriers. | Expanding exports and enhancing finishing capabilities in overseas operations. | Investing in automation and tooling. | Positioning the Company as a reliable, technology-driven partner in the global precision engineering ecosystem. |



Solar EPC Business

Major Milestones

| | | | | |
|--|--|--|--|---|
| Demonstrated resilience in the Solar EPC and O&M vertical through disciplined project execution. | Recovered project momentum following seasonal disruptions. | Maintained consistent profitability across operations. | Maintained a strong regional presence in Gujarat while continuing to expand Solar EPC and O&M project execution across multiple states in India. | Ensured execution continuity and stable earnings contribution to the Group. |
|--|--|--|--|---|

Strategic Priorities

| | | |
|--|--|---|
| Operating the solar vertical through a lean, process-driven structure. | Limiting senior management bandwidth to ensure efficiency. | Sustaining margin stability and generating positive cash flows. |
| Positioning the segment as a dependable, self-sufficient contributor. | Avoiding aggressive expansion in favour of stability and discipline. | |

Challenges and Mitigation

| | |
|--|--|
| Extended monsoon conditions impacted project execution timelines; mitigated through focused planning and efficient resource deployment. | Land acquisition and Right of Way (RoW) challenges delayed certain projects; addressed through proactive stakeholder and regulatory engagement. |
| Transmission infrastructure constraints affected grid connectivity and commissioning schedules; managed through close coordination with utilities and transmission agencies. | The order-driven nature of the Solar EPC business created variability in execution and revenue recognition; mitigated through disciplined project management and a diversified project pipeline. |

Industry Trends and the Company Response

| | | | |
|---|--|---|--|
| Renewable EPC activity remains milestone-based and seasonally influenced. | Aligning resources to seasonal execution cycles. | Prioritising operational agility and profitability over volatile top-line growth. | Reinforcing positioning as a reliable and financially disciplined renewable energy player. |
|---|--|---|--|



Financial Overview

(₹in lakhs)

| Particulars | Standalone | | | Consolidated | | |
|--|------------|---------|---------|--------------|---------|---------|
| | 2025-26 | 2024-25 | 2023-24 | 2025-26 | 2024-25 | 2023-24 |
| Revenue from Operations | 122,820 | 108,930 | 108,094 | 162,679 | 140,765 | 139,230 |
| Profit before Exceptional Items, Depreciation and Tax | 26,701 | 20,345 | 19,450 | 26,191 | 20,390 | 19,007 |
| Less: Depreciation | 2,994 | 2,867 | 2,685 | 4,666 | 4,054 | 3,932 |
| Profit before Exceptional Items and Tax | 23,707 | 17,478 | 16,765 | 21,525 | 16,336 | 15,075 |
| Exceptional Items | - | 9,501 | - | - | 2,768 | - |
| Profit before Taxation | 23,707 | 7,977 | 16,765 | 21,525 | 13,568 | 15,075 |
| Less: Current Tax | 5,930 | 4,079 | 3,771 | 6,085 | 4,120 | 3,797 |
| Less: Deferred Tax | 97 | 362 | 303 | (80) | 517 | 135 |
| Profit after Taxation | 17,680 | 3,536 | 12,691 | 15,520 | 8,931 | 11,143 |
| Other Comprehensive Income | (759) | (228) | 400 | (745) | (229) | 400 |
| Total Comprehensive Income | 16,921 | 3,308 | 13,091 | 14,775 | 8,702 | 11,543 |

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Indian Accounting Standards (Ind AS). There has been no deviation in the accounting treatment adopted by the Company.

Segment-wise Revenue and EBITDA – Consolidated Financials

(₹in lakhs)

| Segment | Revenue 2023-24 | Revenue 2024-25 | Revenue 2025-26 | EBITDA 2024-25* | EBITDA 2025-26* |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Engineering and Others | 122,684 | 126,855 | 144,356 | 26,385 | 19,914 |
| Solar EPC and O&M | 16,546 | 13,880 | 18,323 | 1,432 | 1,415 |

*EBITDA represents Profit Before Finance Cost, Tax, Depreciation and Amortisation

*Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

The Company delivered a strong recovery in 2025-26, supported by improved export demand, better overseas subsidiary performance, and growth across bushings and large-sized cage businesses.

Revenue from Operations

Revenue from operations increased to ₹122,820 lakhs on a standalone basis and ₹162,679 lakhs on a consolidated basis in 2025-26, compared to ₹108,930 lakhs and ₹140,765 lakhs respectively in 2024-25. Growth was supported by improving industrial demand in Europe, stronger export momentum, growing traction in the bushings segment, recovery in demand for large-sized cages, and sustained strength in the Indian market across product lines.

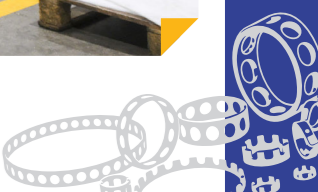
Profit before Exceptional Items, Depreciation and Tax improved to ₹26,701 lakhs (standalone) and ₹26,191 lakhs (consolidated) in 2025-26, compared to ₹20,345 lakhs and ₹20,390 lakhs respectively in 2024-25. The improvement reflects operating leverage, better product mix, and recovery in overseas operations, partly offset by ramp-up costs associated with the new Bhayla greenfield facility.

Profit after Tax

Profit after Tax increased significantly to ₹17,680 lakhs on a standalone basis and ₹15,520 lakhs on a consolidated basis in 2025-26, compared to ₹3,536 lakhs and ₹8,931 lakhs respectively in 2024-25. The previous year's performance was impacted by exceptional impairment charges, whereas 2025-26 benefited from earnings normalisation, improved operational performance, recovery in subsidiary operations, and the absence of major exceptional losses. Harsha Advantek reported a loss during the year, primarily due to interest costs and depreciation associated with ongoing capacity expansion and commissioning activities.

Overall Trend

2025-26 reflected strong profitability and stable operations. 2024-25 was impacted by exceptional impairment charges and weaker overseas performance. 2025-26 marked a strong recovery phase driven by operational improvement, export revival, better product mix, and capacity-led growth initiatives.



Key Financial Ratios

| Particulars | 2025-26* | 2024-25* | 2023-24 |
|-------------------------------------|----------|----------|---------|
| Current Ratio (times) | 2.60 | 3.27 | 2.91 |
| Debt-to-Equity Ratio (times) | 0.27 | 0.16 | 0.15 |
| Debt Service Coverage Ratio (times) | 5.33 | 10.55 | 7.69 |
| Return on Equity Ratio (%) | 11.69 | 7.35 | 9.92 |
| Inventory Turnover Ratio (times) | 4.44 | 4.07 | 3.78 |
| Return on Capital Employed (%) | 14.24 | 10.22 | 12.33 |
| Net Profit Ratio (%) | 9.54 | 6.34 | 8.00 |

*Inclusive exceptional Items and bad debt in 2024-25

The current ratio moderated during 2025-26 due to increased working capital deployment and higher current liabilities associated with expansion activities and business growth. The debt-to-equity ratio increased primarily on account of borrowings undertaken towards capacity expansion and capital expenditure initiatives, including the Bhayla facility, which also led to moderation in the debt service coverage ratio owing to higher debt servicing obligations.

Return on equity, return on capital employed, inventory turnover ratio, and net profit ratio improved during the year, supported by stronger profitability, improved operational performance, better inventory management, recovery in overseas operations, and absence of major exceptional losses compared to the previous year.

Risk Management

HEIL has adopted a structured and proactive risk management approach, embedded within strategic planning and operational decision-making. Key risks are reviewed regularly by the Risk Management Committee and the Board to ensure alignment with business priorities and evolving external conditions.

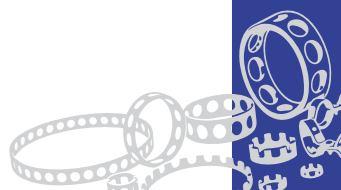
The framework spans major businesses, including bearing cages, precision stampings, bushings and solar EPC, supported by defined processes for risk identification, monitoring and escalation. This enables timely responses to emerging risks while safeguarding business continuity and long-term value creation.



Risk Management

(₹ in lakhs)

| Risk Type | Impact | Mitigation Strategy |
|--------------------------------------|---|--|
| Market Concentration | A significant portion of the Company's revenue is derived from a limited number of large bearing manufacturers. Any reduction in demand, change in sourcing strategy, or consolidation among key customers could adversely affect revenues. | <ul style="list-style-type: none"> Diversifying the revenue mix through expansion into adjacent segments such as precision stampings, bushings, and solar EPC. Strengthening new product development and expanding presence in emerging and non-automotive markets. |
| Raw Material Price Volatility | Volatility in prices of brass, steel, and other metals may impact margins in a competitive and cost-sensitive global market. | <ul style="list-style-type: none"> Adopting a multi-supplier sourcing strategy and flexible procurement contracts. Implementing pass-through pricing mechanisms with customers to offset material cost fluctuations. |
| Sectoral Transition (EV Shift) | The transition from internal combustion engine vehicles to electric vehicles may reduce demand for certain conventional automotive components. | <ul style="list-style-type: none"> Leveraging stamping capabilities to supply components for EV and new-age mobility applications. Continued investment in product development aligned with evolving vehicle platforms. |
| Foreign Exchange Fluctuations | As a significant exporter, the Company is exposed to currency fluctuations that could impact profitability and cash flows. | <ul style="list-style-type: none"> Using hedging instruments, including forward contracts, to manage foreign exchange exposure. Maintaining a geographically diversified revenue base to reduce currency concentration risk. Coordinating closely with customers, vendors, and contractors to ensure timely and cost-effective execution. |
| Execution Challenges in EPC Business | Delays, cost overruns, or execution challenges in solar EPC projects could affect margins and customer relationships. | <ul style="list-style-type: none"> Following a structured project management framework with defined controls. |



| Risk Type | Impact | Mitigation Strategy |
|-----------------------------------|--|--|
| Supply Chain Disruptions | Disruptions in supply chains, logistics constraints, or supplier-related issues may impact production schedules and customer commitments. | <ul style="list-style-type: none"> Maintaining alternate sourcing options and supplier diversification. Continuous monitoring of supply chains and proactive engagement with critical vendors. |
| Regulatory and Compliance Risks | Non-compliance with applicable laws, regulations, or contractual obligations could result in penalties, operational disruptions, or reputational impact. | <ul style="list-style-type: none"> Strengthening internal compliance systems and regular monitoring of regulatory developments. Conducting periodic internal audits and compliance reporting to ensure adherence to applicable requirements. |
| Cybersecurity and Data Protection | Cyber incidents or data breaches could disrupt operations, compromise sensitive information, and impact stakeholder confidence. | <ul style="list-style-type: none"> Strengthening IT security infrastructure and access controls. Ensuring regular monitoring, system audits, and employee awareness initiatives on information security. |
| Competitive Intensity | Increased competition may exert pressure on pricing, margins, and market share across business segments. | <ul style="list-style-type: none"> Focusing on design capability, quality, cost competitiveness, and timely delivery. Strengthening customer relationships and expanding value-added offerings. |
| Climate and Environmental Risks | Regulatory changes or physical risks related to climate change may impact manufacturing operations and EPC activities. | <ul style="list-style-type: none"> Adopting energy-efficient and environmentally responsible practices. Supporting the clean energy transition through the Company's solar EPC business. |



Human Resources

At HEIL, people remain central to operational excellence and long-term growth. During 2025-26, the Company continued to strengthen its people practices through capability-building initiatives, safety programmes, employee engagement, skill development, and operational excellence initiatives across locations.

As of March 31, 2026, the Company employed 3,284 individuals, including 232 qualified engineers. The Company continued to focus on building a skilled, safe, inclusive, and performance-driven workplace aligned with evolving business requirements and future growth aspirations.

Capability development remained a key focus area during the year through structured training programmes

covering technical skills, health and safety, POSH, business code of conduct, whistle blower policy, social accountability, and continuous improvement practices. HEIL also continued to strengthen its culture of operational excellence through TPM, Kaizen, sustainability, and process improvement initiatives across manufacturing operations.

The Company further strengthened its safety culture through structured Occupational Health and Safety Management Systems, HIRA-based risk assessment practices, safety patrolling, near-miss reporting, workstation mapping, and regular awareness programmes. Reflecting the effectiveness of these initiatives, the Company reported zero fatalities, zero lost-time injuries, and zero

high-consequence work-related injuries during the year.

Employee wellbeing continued to remain a priority through accident insurance coverage, statutory benefits, occupational health centres, ambulance support, and tie-ups with nearby hospitals for emergency healthcare services. The Company also continued to focus on employee engagement, workforce stability, and creating a supportive and collaborative workplace culture.

The industrial relations during the year under review remained cordial and harmonious at all manufacturing locations.

More details on the Company's human capital initiatives, employee wellbeing, safety practices, diversity, training, and workplace development programmes are covered in the Human Capital chapter of this Report at pages 54-59



Sustainability

Sustainability remains a core focus for Harsha Engineers, with environmental, social and governance (ESG) principles embedded in business operations and decision-making.

During 2025–26, the Company continued to strengthen its environmental performance through focused initiatives across renewable energy adoption, energy optimisation, water conservation, waste management and responsible supply chain practices.

Renewable energy contributed approximately 65% of the Company's overall energy consumption during the year, supported by investments across rooftop solar, ground-mounted solar and wind energy infrastructure. The Company also expanded its renewable energy footprint during the year through additional commissioned solar capacity.

Multiple energy optimisation initiatives were undertaken across facilities to improve operational efficiency and reduce greenhouse gas emissions. These included installation of PLC-based auto idle stop systems, deployment of IE4 energy-efficient motors, transformer control systems and induction mould heating systems to replace conventional PNG-based heating processes. These interventions contributed towards lower electricity consumption, improved process efficiency and reduced Scope 1 and Scope 2 emissions. During 2025–26, the Company reported Scope 1 and Scope 2 emission intensity of 0.98 metric tonnes of CO₂ equivalent per metric tonne of production.

The Company also continued to strengthen water conservation and reuse practices across locations through rainwater recharge systems, ETPs and STPs. Rainwater recharge initiatives at the Changodar and Moraiya facilities contributed meaningfully towards reducing freshwater dependency and improving water sustainability across operations.

Circularity and responsible waste management remained another important focus area during the year. The Company maintained its zero-landfill approach towards waste disposal while continuing to improve recycling and material recovery practices. Returnable packaging systems were also used across operations to reduce packaging waste and associated Scope 3 emissions.

As part of its biodiversity and environmental stewardship efforts, the Company undertook plantation activities during the year to support greener manufacturing ecosystems and environmental awareness.



Harsha Engineers also expanded sustainability engagement across its supply chain. During 2025–26, the Company organised a Supplier Quality Meet to communicate sustainability expectations and responsible sourcing requirements to key suppliers. Supplier sustainability assessments were initiated as part of strengthening ESG integration across the value chain.

Through these initiatives, the Company continues to progress its sustainability agenda in line with regulatory expectations and stakeholder priorities, while reinforcing long-term value creation.

Detailed ESG performance data, including energy consumption, GHG emissions, water usage, waste management metrics and social impact indicators, are disclosed in the Business Responsibility and Sustainability Report (BRSR) forming part of this Annual Report.

Corporate Social Responsibility (CSR)

HEIL integrates Corporate Social Responsibility (CSR) into its broader business philosophy, focusing on inclusive development and long-term community wellbeing. The Company's CSR approach is anchored in a formal CSR Policy and governed by a Board-level CSR Committee, ensuring structured oversight, transparency and effective implementation.

The Company's CSR initiatives are aligned with its objective of enabling meaningful socio-economic development and creating an environment where communities can lead dignified and self-reliant lives. Key focus areas include welfare of persons with intellectual and developmental disabilities, education and skill development, healthcare access, environmental sustainability and disaster response.

A flagship initiative is Anand Dham, a residential community developed in partnership

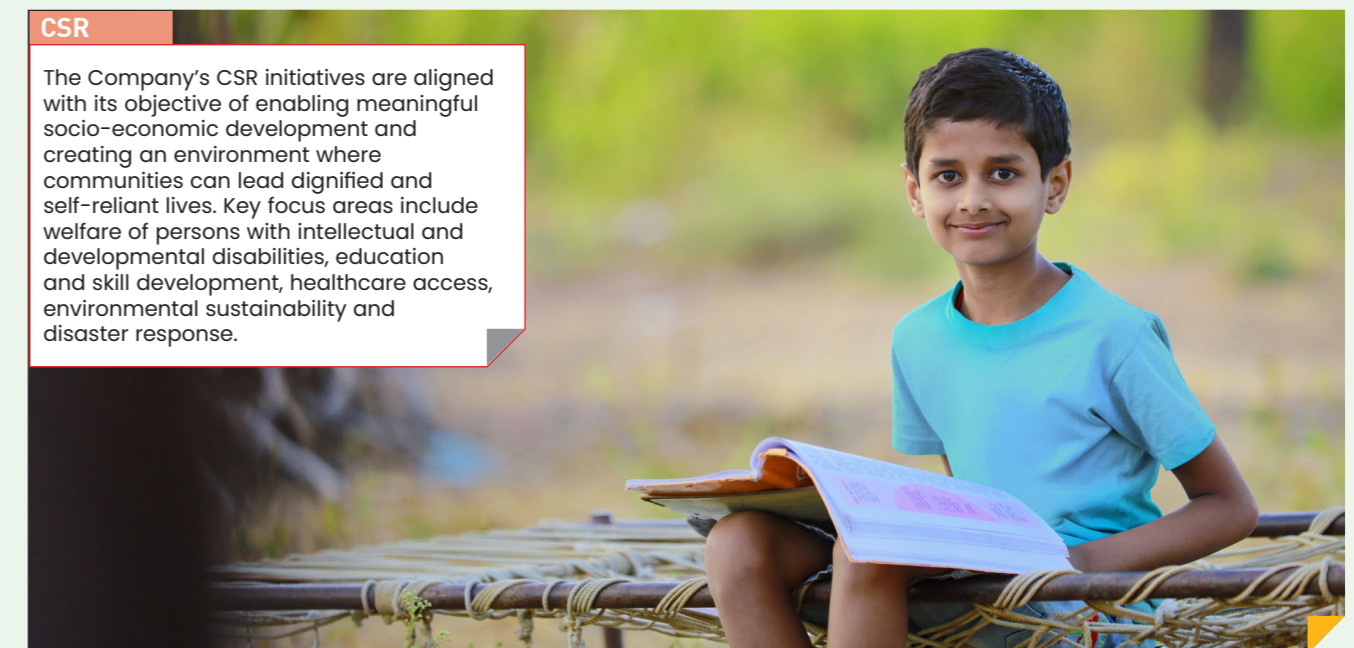
with 'Aastha Charitable Trust for Welfare of the Mentally Challenged'. Located in Ahmedabad, this ongoing project (24-month duration) is designed to provide a safe, clean and supportive environment for individuals with intellectual disabilities, particularly those with ageing or no surviving parents. The facility offers medical care, skill development opportunities and a family-like ecosystem, reinforcing HEIL's commitment to long-term care solutions.

During 2025–26, the Company's prescribed CSR obligation stood at ₹341 lakhs. HEIL spent ₹200 lakhs on CSR initiatives during the year, including ₹150 lakhs towards ongoing projects and ₹50 lakhs towards other initiatives. An additional ₹141 lakhs was transferred to the Unspent CSR Account for ongoing projects. Administrative overheads remained nil, ensuring that the majority of funds were directed towards on-ground impact.

CSR activities were implemented through credible partner organisations and institutions. Key initiatives included support for education and welfare of underprivileged students, animal welfare programmes, and skill development initiatives in collaboration with institutions such as Make A Difference Education & Medical Welfare Foundation, Sant Vinoba Gram Swarajya Ashram and Institute Management Committee (IMC) of ITI Bavla.

The CSR Committee, comprising Mr. Rajendra Shah (Chairman), Mr. Harish Rangwala and Dr. Bhushan Punani, met twice during the year to review progress and guide implementation.

Through sustained and structured CSR efforts, HEIL continues to create meaningful social impact while reinforcing its commitment to responsible and inclusive growth.



Internal Control Systems and Their Adequacy

HEIL maintains internal control systems that are commensurate with the size, scale, and complexity of its operations. The Company has established a robust internal control framework aligned with the geographic spread and operational diversity of its businesses. The Company continues to strengthen its internal audit function, expanding its scope to cover corporate governance, risk management, information technology controls, policy compliance and statutory requirements. The internal control systems are designed to safeguard assets, ensure accurate transaction recording, maintain compliance with applicable laws and policies,

and support the timely preparation of reliable financial information. These controls enable effective operational oversight and informed decision-making across the organisation.

Periodic reviews are undertaken to assess the adequacy and effectiveness of internal controls, ensuring alignment with regulatory requirements and evolving business needs. The Audit Committee of the Board oversees the control environment, reviews internal audit observations, and monitors the implementation of corrective and improvement measures to enhance operational discipline and risk governance.

Cautionary Statement

The Management Discussion and Analysis may contain 'forward-looking' statements based on the Company's current expectations, assumptions, and projections regarding future events. These statements involve inherent risks and uncertainties, both known and unknown, that may cause actual results to differ materially from those expressed or implied. Key factors that could influence outcomes include changes in macroeconomic conditions, regulatory developments, geopolitical events, and other global disruptions, including pandemics. The Company undertakes no obligation to revise or update any 'forward-looking' statements to reflect subsequent events or circumstances, except as required by applicable law.

Board's Report

To,

The Members,

The Board of Directors is pleased to present Integrated Annual Report together with the Audited Financial Statements of the Harsha Engineers International Limited ("the Company") for the financial year ("year") ended March 31, 2026.

1. FINANCIAL RESULTS

The Audited Standalone and Consolidated Financial Statements of the Company as on March 31, 2026 are prepared in accordance with the relevant applicable Indian Accounting Standards ("Ind AS") and provisions of the Companies Act, 2013 ("the Act").

The Standalone and Consolidated financial performance for the financial year ended March 31, 2026 has been summarised as under:

(₹ in lakhs)

| Particulars | Standalone | | Consolidated | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Revenue from Operations | 122,820 | 108,930 | 162,679 | 140,765 |
| Profit Before Depreciation and Amortisation Expenses, Exceptional Items and Tax | 26,701 | 20,345 | 26,191 | 20,390 |
| Less: Depreciation & Amortisation Expenses | 2,994 | 2,867 | 4,666 | 4,054 |
| Less: Exceptional Items [#] | - | 9,501 | - | 2,768 |
| Profit Before Tax | 23,707 | 7,977 | 21,525 | 13,568 |
| Tax Expense: | | | | |
| Less: Current Tax | 5,930 | 4,079 | 6,085 | 4,120 |
| Less: Deferred Tax | 97 | 362 | (80) | 517 |
| Profit After Tax | 17,680 | 3,536 | 15,520 | 8,931 |
| Add: Other Comprehensive Income | (759) | (228) | (745) | (229) |
| Total Comprehensive Income | 16,921 | 3,308 | 14,775 | 8,702 |

[#] It pertains to Impairment in carrying value of Investment based on Fair Valuation Report of Harsha Engineers Europe SRL, Wholly-owned subsidiary of the Company.

2. PERFORMANCE AND OPERATION REVIEW

CONSOLIDATED

The Company has achieved revenue from operations of ₹ 162,679 lakhs for the financial year ended March 31, 2026, an increase of 15.57% as compared to ₹ 140,765 lakhs in the previous financial year.

Profit after tax (PAT) for the financial year ended March 31, 2026 is ₹ 15,520 lakhs, an increase of 73.78% as against ₹ 8,931 lakhs in the previous financial year.

Basic earnings per share (EPS) for the financial year ended March 31, 2026 is ₹ 17.05 as against ₹ 9.81 in the previous financial year.

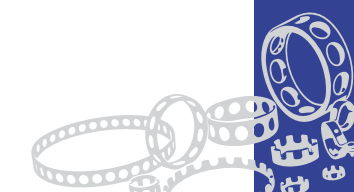
Diluted earnings per share (EPS) for the financial year ended March 31, 2026 is ₹ 17.05 as against ₹ 9.81 in the previous financial year.

STANDALONE

The Company has achieved revenue from operations of ₹ 122,820 lakhs for the financial year ended March 31, 2026, increase of 12.75% as compared to ₹ 108,930 lakhs in the previous financial year.

Profit after tax (PAT) for the financial year ended March 31, 2026 is ₹ 17,680 lakhs, increase of 400.00% as against ₹ 3,536 lakhs in the previous financial year.

Basic earnings per share (EPS) for the financial year ended March 31, 2026 is ₹ 19.42 as against ₹ 3.88 in the previous financial year.



Board's Report (Contd.)

Diluted earnings per share (EPS) for the financial year ended March 31, 2026 was ₹ 19.42 as against ₹ 3.88 in the previous financial year.

3. SIGNIFICANT ACTIVITIES IN FINANCIAL YEAR 2025-26

The year under review would be remembered for the following significant activities in your Company:

- The Company has entered into a Letter of Intent ("LOI") with a leading multinational Group company engaged in the business of manufacturing AC compressors, effective on April 26, 2025, for manufacture and supply of stamping products in accordance with terms and conditions stipulated in LOI.
- The Company has successfully commissioned 2*5.20 MWp Solar Tracker PV Power Plant ("Solar Power Plant") at Survey No. 13, 19, 34, 35, 36, 37, Village: Vada, Taluka: Kankrej, District: Banaskantha, Gujarat. The Solar Power Plant was commissioned on May 23, 2025 in accordance with the approved commissioning protocol and will be used for captive purpose.
- M/s. Harsha Engineers Advantek Limited, Wholly Owned Subsidiary of the Company ("Harsha Advantek") has commenced commercial production and invoicing from June 26, 2025 at its newly established plant at Survey No: 376 to 379, TA: Bavla, Bhayla, Ahmedabad, Gujarat, 382220.
- The Company has entered into a long term Agreement ("the Agreement") with a leading multinational company for manufacture and supply of journal bearings / bushings in accordance with terms and conditions stipulated in the Agreement effective on July 31, 2025.
- M/s. Harsha Precision Bearing Components (China) Co. Ltd, Wholly Owned Subsidiary of the Company ("Harsha China"), will undertake a brownfield expansion Project at an outlay of approximately USD 9.94 Mio at its plant situated at No. 10 Fuhua Road, Bixi Sub-district, Changshu, Jiangshu. The capital expenditure will be towards infrastructure development and purchase of plant and machinery.
- The Company has participated in Gate 2025 - GCCI Annual Trade Expo during April, 2025.

- The Company won the Silver Award on August 21, 2025 and August 22, 2025 at the 53rd CII National Kaizen Competition for a Renovative and Innovative Kaizen, recognising team excellence, continuous improvement, and impactful results at the CII National Kaizen Event.
- The Company was awarded Long Association recognition by our esteemed customer at the SKF Seals Supplier Meet 2025 on August 22, 2025, acknowledging a long-standing partnership, consistent performance, and strong support in sheet metal parts supply.
- The Company was awarded Best Presentation on Sustainability Award at the 12th ACMA Zonal Kaizen Competition, Gujarat, on November 22, 2025, recognising excellence in sustainable practises.
- The Company was awarded 2nd Prize for Best Presentation on Sustainability at the 16th ACMA (WR) Regional Kaizen Competition, Pune, on December 19, 2025, recognising excellence in sustainable practises, innovation, and impactful continuous improvement initiatives.
- The Stamping Team won 1st Prize on November 18, 2025 at the Schaeffler Pune Supplier Competition during Schaeffler Quality Month 2025, recognized for excellence in quality, innovation, teamwork, and consistent superior performance at Pune.
- The Cut & Carry Team was honored by NBC at the Quality Circle Competition on November 20, 2025, in recognition of their innovative solutions, strong teamwork and commitment to continuous improvement.
- 3rd position award was secured by Team "Brass Champions" at the 12th ACMA (WR) Zonal Kaizen Competition – Gujarat Zone, held on November 21, 2025.
- The Company has participated in India Supplier Excellence Award Day 2026 on January 29, 2026 at Pune.
- The Company was awarded TPM Special Award on March 20, 2026 at Kyoto, Japan.
- The Company has inaugurated "Tech Facility" at Indian Institute of Technology Gandhinagar.

Board's Report (Contd.)

4. UTILIZATION OF NET PROCEEDS OF THE INITIAL PUBLIC OFFER ("IPO")

As on March 31, 2026, the main objects and utilisation of net proceeds of the IPO are as follows:

| (₹ in crores) | | | |
|---------------|--|--|---------------|
| Sl. No. | Item Head | Amount as proposed in the Offer Document | Fund Utilized |
| 1 | Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company | 270.00 | 270.00 |
| 2 | Funding capital expenditure requirements towards purchase of Machinery | 77.95 | 77.95 |
| 3 | Infrastructure repairs and renovation of our existing production facilities including office premises in India | 7.12 | 7.12 |
| 4 | General corporate purposes | 74.33 | 74.33 |
| Total | | 429.40 | 429.40 |

The Company has fully utilized the net proceeds from its IPO for the purposes stated in the Prospectus dated September 19, 2022, and the same stands fully utilized as on March 31, 2026.

5. SHARE CAPITAL

The Authorised Share Capital of your Company as on March 31, 2026 stood at ₹ 1,000,000,000 divided into 100,000,000 equity shares of ₹ 10 each. The Issued Share Capital of your Company is ₹ 910,441,050 divided into 91,044,105 equity shares of ₹ 10 each and the Subscribed and Paid-up Share Capital is ₹ 910,441,050 divided into 91,044,105 equity shares of ₹ 10 each fully paid-up.

6. DIVIDEND

The Board of Directors have recommended a final dividend of ₹ 1.5 per equity share of ₹ 10 each fully

11. DETAILS OF SUBSIDIARY/HOLDING, ASSOCIATE AND JOINT VENTURE CEASED AND ACQUIRED DURING THE FINANCIAL YEAR

As on March 31, 2026, the Company has three subsidiaries and a Joint Venture, the details of which are given below:

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate/ Joint Venture | % of Share Holding/ Capital Contribution |
|---------|---|--------------------|---|--|
| 1 | Harsha Precision Bearing Components (China) Co. Limited No. 10 Fuhua Road, Bixi Avenue, Changshu City, Jiangsu, Province, China. | Foreign Subsidiary | Wholly Owned Subsidiary | 100% |

paid up for the financial year ended on March 31, 2026. The proposal is subject to the approval of Members at the ensuing Annual General Meeting. The final dividend on equity shares, if approved by the Members, would involve a cash outflow of ₹ 1,365.66 lakhs.

7. DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board of the Company has adopted a Dividend Distribution Policy, which is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

8. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Act and other applicable provisions, if any, of the Act including any statutory modifications or re-enactments thereof, during the financial year ended March 31, 2026 the Company was not required to transfer any amount in the Investor Education and Protection Fund.

9. TRANSFER TO RESERVES

As permitted under the provisions of the Act, the Board does not propose to transfer any amount to general reserve for the financial year ended on March 31, 2026.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITIONS BETWEEN THE END OF FINANCIAL YEAR AND DATE OF THE REPORT

There have been no material changes and commitments which affect the financial position of the Company, that have occurred between the end of financial year to which the financial statements relates and the date of this report.



Board's Report (Contd.)

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate/ Joint Venture | % of Share Holding/ Capital Contribution |
|---------|---|-----------------------|---|--|
| 2 | Harsha Engineers Europe SRL Ghimbav, "ICCO Ghimbav – Brasov Industrial Park", County Road 103C, km 2 + 115, Building H4, County Brasov. | Foreign Subsidiary | Wholly Owned Subsidiary | 100% |
| 3 | Harsha Engineers Advantek Limited Sarkhej-Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India. | U28140GJ2023PLC139182 | Wholly Owned Subsidiary | 100% |
| 4 | Cleanmax Harsha Solar LLP 13, A Floor 13, Plot 400, The Peregrine Apartment, Kismat Cinema, Prabhadevi, Mumbai-400025, Maharashtra, India. | AAE-4231 | Joint Venture | 50% |

During the year under review, the Board of Directors reviewed the affairs of subsidiaries and joint venture. In accordance with Section 129(3) of the Act, the Company has prepared consolidated financial statements of the Company and all its subsidiaries and joint venture, which form part of the Annual Report. Further a statement containing the salient features of the financial statements of subsidiaries and joint venture in the prescribed Form no. AOC-1 is appended as **ANNEXURE-A**. The separate audited financial statements in respect of the subsidiary shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of the subsidiary are also available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/financial-information.php#>. The Company has framed a policy for determining material subsidiaries, which has been available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

12. DIRECTORS

The Board of Directors consists of 10 Directors, out of which 5 are Non-Executive & Independent Directors including one women Director and 5 are Executive & Non-Independent Directors including one women Director. The composition is in compliance with the Act and SEBI Listing Regulations.

During the year, no changes have been made in the composition of the Directors of the Company.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Rajendra Shah (DIN:00061922) Chairman & Whole-time Director and Mr. Harish Rangwala (DIN:00278062) Managing Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting, being eligible for re-appointment, both have offered themselves for the same.

The term of Mr. Ambar Patel (DIN:00050042), Mr. Kunal Shah (DIN:02087152), Mr. Bhushan Punani (DIN:00119874) and Mr. Ramakrishnan Kasinathan (DIN:09461806) as an Independent Director will expire on January 09, 2027. Hence, proposal of their re-appointment for a second term of 5 (five) consecutive years with effect from January 10, 2027 has been attached in the Notice which forms part of this Annual Report.

13. PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and SEBI Listing Regulations, the following performance evaluations were carried out:

- Performance evaluation of the Board, Chairman and non-Independent Directors by the Independent Directors;
- Performance evaluation of the Board, its Committees and Independent Directors by the Board of Directors.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report which forms part of this Annual Report.

Board's Report (Contd.)

14. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Nomination Remuneration Evaluation Policy is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

15. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 2(51) and 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 following persons are acting as Key Managerial Personnel ("KMP") of the Company as on March 31, 2026.

| Sl. No. | Name of KMP | Designation |
|---------|---------------------|--|
| 1 | Mr. Rajendra Shah | Chairman & Whole-time Director |
| 2 | Mr. Harish Rangwala | Managing Director |
| 3 | Mr. Vishal Rangwala | CEO & Whole-time Director |
| 4 | Mr. Pilak Shah | COO & Whole-time Director |
| 5 | Ms. Hetal Naik | Whole-time Director |
| 6 | Mr. Maulik Jasani | Vice President Finance & Group Chief Financial Officer |
| 7 | Mr. Kiran Mohanty | Company Secretary & Chief Compliance Officer |

16. NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 4 (four) times during the financial year 2025-26. All the Board Meetings were convened and held in accordance with Section 173 of Act with all the relevant rules & regulations related to that Secretarial Standard -1 (Board Meeting) and SEBI Listing Regulations are duly complied with.

The details of the meetings of the Board of Directors of the Company held and attended by the Directors during the financial year 2025-26 are given in the Corporate Governance Report which forms part of this Annual Report.

17. INDEPENDENT DIRECTORS

The Company has complied with the definition of Independence according to the provisions of Section 149(6) of the Act and SEBI Listing Regulations. The

Company has also obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Act and SEBI Listing Regulations. All Independent Directors have provided declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and SEBI Listing Regulations.

18. FAMILIARIZATION PROGRAM FOR THE INDEPENDENT DIRECTORS

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying it in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Company has, through presentations, at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. The details of such familiarisation programmes for Independent Directors are explained in the Corporate Governance Report which forms part of this Annual Report.

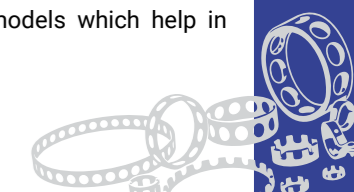
19. COMMITTEES

During the financial year the Board has 6 Committees: Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Management Committee. During the financial year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

A detailed note on the composition of the Board and its Committees, including its terms of reference is in line with the provisions of the Act and the SEBI Listing Regulations and provided in the Corporate Governance Report which forms part of this Annual Report.

20. RISK MANAGEMENT FRAMEWORK

The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in



Board's Report (Contd.)

identifying risks trend, exposure and potential impact analysis at the Company level as well as for business segments.

The Company has a Risk Management Committee and Risk Management Policy consistent with the provisions of the Act and the SEBI Listing Regulations. The Risk Management Policy is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>. The Committee facilitates the execution of risk management practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting and also provides guidance to the management team. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and related procedures and status.

The details of Risk Management Committee along with other details are set out in Corporate Governance Report, forming part of this Annual report.

21. DISCLOSURE UNDER SECTION 67(3)(C) OF THE ACT

No disclosure is required under Section 67(3)(c) of the Act read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

22. DEPOSIT

During the year the Company has not accepted deposits under the provisions of the Act.

23. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year 2025-26 were on an arm's length basis and were in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors, KMP, etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the Members. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on Related Party Transactions is available on our website at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

24. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2026 in the prescribed Form no. MGT-7 is available on the Company's website at <https://www.harshaengineers.com/InvestorRelations/financial-information.php#>.

25. PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are provided in the notes to the Financial Statements.

26. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, Directors of the Company hereby state and confirm that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2026, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;

Board's Report (Contd.)

- e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and are operating effectively.

27. AUDITORS AND AUDITORS' REPORT
Statutory Auditor

M/s. Pankaj R. Shah & Associates, Chartered Accountants (FRN: 107361W) was appointed as Statutory Auditor of the Company for a period of five consecutive years from the conclusion of 11th Annual General Meeting until the conclusion of the 16th Annual General Meeting of the Company with such remuneration as may be decided by the Board of Directors. The term of M/s. Pankaj R. Shah & Associates, Chartered Accountants (FRN: 107361W) will expire at the conclusion of ensuing Annual General Meeting.

The notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

Pursuant to the provisions of the Companies Act, 2013 and other applicable provisions, if any, and subject to approval of members at the ensuing Annual General Meeting, the Board, on the recommendation of the Audit Committee, at its meeting held on May 07, 2026 has appointed M/s. Mukesh M. Shah & Co., Chartered Accountants, (FRN: 106625W) Ahmedabad as the Statutory Auditor of the Company for a term of five consecutive years from the conclusion of 16th Annual General Meeting until the conclusion of the 21st Annual General Meeting of the Company with such remuneration as may be decided by the Board of Directors.

Cost Auditor

M/s. Kiran J. Mehta & Co., Cost Accountants (FRN: 000025) were appointed as Cost Auditors to carry out the audit of cost records of the Company for the financial year ending March 31, 2026.

Secretarial Auditor

Pursuant to Regulation 24A of SEBI Listing Regulations and the Act, M/s. Chirag Shah &

Associates, Peer Reviewed Firm of Practicing Company Secretaries has been appointed as Secretarial Auditor to carry out the Secretarial Audit of the Company for a term of five consecutive years commencing from financial year 2025-26 till financial year 2029-30.

According to the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report of the Company is enclosed as a part of this Board's Report as an **ANNEXURE-B1**. The observations and comments, appearing in the Secretarial Auditor's Report are self-explanatory and do not call for any further comments. The Secretarial Auditor's Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A(1)(a) of the SEBI Listing Regulations, Secretarial Audit Report of Harsha Engineers Advantek Limited, material unlisted subsidiary incorporated in India, is annexed to the report as **ANNEXURE-B2**. The said report issued by M/s. Chirag Shah & Associates, Peer Reviewed Firm of Practicing Company Secretaries, does not contain any qualification, reservation or adverse remarks.

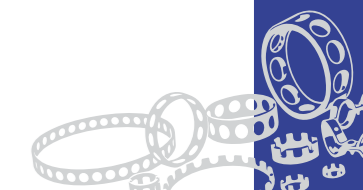
Internal Auditor

M/s. Talati & Talati LLP, Chartered Accountants (FRN: 110758W) and M/s. MAR & Co., Chartered Accountants (FRN: 138633W) were appointed as Internal Auditors of the Company for Engineering Business Division and Solar EPC Business Division respectively for the financial year 2025-26. The Board of Directors of the Company in consultation with the Internal Auditors formulated the scope, functioning, periodicity and methodology for conducting an Internal Audit.

During the financial year under review, neither the Statutory Auditor nor the Secretarial Auditor have reported to the Audit Committee or the Board, any instances of fraud committed against the Company by its officers or employees under Section 143(12) of the Companies Act, 2013, the details of which would be required to be mentioned in the Board's Report.

28. INSURANCE

The Company has taken adequate insurance cover of all its movable and immovable assets (except Land) to cover various types of risks.



Board's Report (Contd.)

29. CREDIT RATING

There has been no revision in credit ratings of the Company during the financial year ended March 31, 2026, details of which are as under:

| Credit Rating Agency | Facilities/ Instruments | Existing Ratings | New Ratings | Rating Action | Amount (₹ in crores) |
|----------------------|--|-----------------------------|-----------------------------|-----------------------------------|-------------------------------|
| CARE Ratings Limited | Long term / Short term Bank Facilities | CARE AA-; Stable / CARE A1+ | CARE AA-; Stable / CARE A1+ | Reaffirmed by CARE Rating Limited | 493.12 (Enhanced from 428.12) |

30. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is disclosed in the **ANNEXURE-C** to this Board's Report.

31. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In accordance with the provisions of Section 135 of the Act and rules made thereunder the Company has adopted a policy for CSR and the Board has constituted a committee for implementing the CSR activities. The Annual Report on the CSR activities is appended as **ANNEXURE-D** to this Board's Report.

32. CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In compliance with Regulation 34 of the SEBI Listing Regulations, a separate Report on Corporate Governance and the Business Responsibility and Sustainability Report, forms part of this Annual Report.

33. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as stipulated under the SEBI Listing Regulations is presented in a separate section forming part of this Annual Report.

34. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **ANNEXURE-E** to this Board's Report. The statement containing names of the top 10 employees, in terms of remuneration drawn and the particulars of employees as required under the Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are

being sent to the Members, excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection and any member interested in obtaining a copy of the same may write to the Company Secretary at sec@harshaengineers.com.

35. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to provide and promote a safe and healthy work environment for all its employees.

The Company has a 'Prevention of Sexual Harassment' (POSH) policy which is in line with the statutory requirement. The Company has put in place a structured reporting and redressal mechanism. The POSH policy is communicated to all employees of the Company. During the financial year 2025-26, no complaints in respect of the same have been received by the Company.

| | |
|--|-----|
| Number of complaints filed during the financial year 2025-26 | Nil |
| Number of complaints disposed of during the financial year 2025-26 | Nil |
| Number of complaints pending as on end of the financial year 2025-26 | Nil |

36. VIGIL MECHANISM / WHISTLE BLOWER

Pursuant to the provisions of Act and rules made thereunder and SEBI Listing Regulations the Company has framed and adopted vigil mechanism policy to deal with instance of fraud and mismanagement, if any and is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>. The Company has also provided adequate safeguards against victimisation of employees and directors who express their concerns.

37. INTERNAL FINANCIAL CONTROLS

Your Company has implemented Internal Financial Controls over Financial Reporting through policies,

Board's Report (Contd.)

procedures and guidelines. The approved schedule of powers is used to control the approval process for various activities, based on hierarchical value limits. A combination of these systems will enable your Company to maintain a robust design of controls and its operating effectiveness is ensured from time to time through internal checks and audit.

The Statutory Auditor of your Company has also given an opinion that the Internal Financial Controls over Financial Reporting are adequate and are operating effectively during the financial year.

38. SECRETARIAL STANDARDS

During the year under review, your Company has complied with all the applicable provisions of

Secretarial Standards issued by the Institute of Company Secretaries of India.

39. NOTES TO ACCOUNTS

The notes forming part of the accounts are self-explanatory and therefore do not call for any further comments. **ANNEXURE-A** to **ANNEXURE-E** forms part of this Board's Report.

40. ACKNOWLEDGEMENT

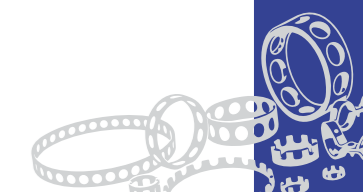
The Directors are thankful for the co-operation and assistance received from the Financial Institutions, Bankers, Collaborators, Central and State Government Departments, Local Authorities, Shareholders, Employees and other Stakeholders of the Company.

Registered Office:

Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand-382213,
Gujarat, India.
CIN: L29307GJ2010PLC063233
Email-Id: sec@harshaengineers.com
Website: www.harshaengineers.com

By Order of the Board of Directors

Rajendra Shah
Chairman & Whole-time Director
DIN:00061922
May 07, 2026



Annexure-A

FORM NO. AOC-1 STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES OR ASSOCIATE COMPANIES OR JOINT VENTURES (Pursuant to first proviso to Sub-Section (3) of Section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014)

| Name of Subsidiary company/Joint Venture | Reporting period for the concerned Subsidiary company/ Joint Venture if different from that of the Company Reporting Period | Reporting currency and exchange rate as on the last date of relevant financial year in case of foreign Subsidiary company/Joint Venture | | Share Capital | Reserve and Surplus | Total Assets | Total Liabilities (excluding Share Capital and Reserves and Surplus) | Investments | Turnover | Profit/ (Loss) Before Tax | Provision for Tax | Profit/ (Loss) After Tax | % of Share Holding/ Capital Contribution |
|---|---|---|--------------------------------------|---------------|---------------------|--------------|--|-------------|----------|---------------------------|-------------------|--------------------------|--|
| | | Currency | Exchange Rate | | | | | | | | | | |
| Harsha Precision Bearing Components (China) Co. Limited | N.A. | RMB | 13.5520 (for B/S), 12.4600 (for P&L) | 14,847 | (5,921) | 15,171 | 6,245 | - | 12,031 | 688 | 195 | 493 | 100% |
| Harsha Engineers Europe SRL | N.A. | RON | 21.3800 (for B/S), 20.2007 (for P&L) | 6,415 | (8,422) | 10,656 | 12,663 | - | 24,741 | (1,422) | - | (1,422) | 100% |
| Harsha Engineers Advantek Limited | N.A. | INR | N.A. | 15,010 | (1,080) | 38,795 | 24,866 | - | 4,319 | (1,375) | (217) | (1,158) | 100% |
| Cleanmax Harsha Solar LLP | N.A. | INR | N.A. | 1,159 | - | 1,254 | 94 | - | 395 | 105 | 0 | 105 | 50% |

Note:

1. Proposed dividend from any of the subsidiaries is Nil.

| | | | |
|--|---|--|--|
| Rajendra Shah Chairman & Whole-time Director | Harish Rangwala Managing Director | Maulik Jasani VP Finance & Group CFO | Kiran Mohanty Company Secretary & Chief Compliance Officer |
| DIN:00061922 May 07, 2026 | DIN:00278062 May 07, 2026 | May 07, 2026 | M. No.: F9907 May 07, 2026 |

Annexure-B1

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Harsha Engineers International Limited
Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand, Gujarat, India, 382213

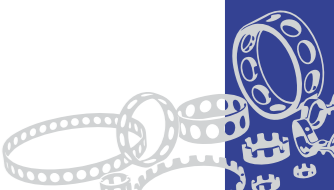
We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Harsha Engineers International Limited** (CIN L29307GJ2010PLC063233) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit by using appropriate Information technology tools like virtual data sharing by way of data room and remote desktop access tools, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2026**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after. The physical Inspection or Verification of documents and records were taken to the extent possible.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the

- extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021: Not Applicable to the Company during the audit period;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021: Not Applicable to the Company during the audit period;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: Not Applicable to the Company during the audit period;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable to the Company during the audit period;
 - i. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;
- (vi) No Laws specifically applicable to the industry to which the Company belongs, as Identified by the management;



Annexure-B1 (Contd.)

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by the Institute of Company Secretaries of India;
- b. The Listing Agreements entered into by the Company with Stock Exchange(s)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In Certain

cases, the shorter notice was given for meetings and the consent of all directors were taken for the same.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period the Company has not passed any Special Resolution.

Chirag Shah
Partner
Chirag Shah and Associates
FCS No. 5545
C P No.: 3498

Place: Ahmedabad **UDIN: F005545H000299487**
Date: May 07, 2026 **Peer Review Cert. No.6543/2025**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure-B1 (Contd.)
'Annexure A'

To,
The Members,
Harsha Engineers International Limited
Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand, Gujarat, India, 382213

Our Secretarial Audit Report of even date is to be read along with this letter.

MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtain from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

DISCLAIMER

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: May 07, 2026

Chirag Shah
Partner
Chirag Shah and Associates
FCS No. 5545
C P No.: 3498
UDIN: F005545H000299487
Peer Review Cert. No.6543/2025



Annexure-B2

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Harsha Engineers Advantek Limited

Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand, Gujarat, India, 382213

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HARSHA ENGINEERS ADVANTEK LIMITED (CIN: U28140GJ2023PLC139182)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit by using appropriate Information technology tools like virtual data sharing by way of data room and remote desktop access tools, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The physical Inspection or Verification of documents and records were taken to the extent possible:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made Thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - Not Applicable to the Company during the Audit period

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made Thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: - Not Applicable to the Company during the Audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - Not Applicable to the Company during the Audit period;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - i. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- (vi) No Laws specifically applicable to the industry to which the Company belongs, as Identified by the management;

Annexure-B2 (Contd.)

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India;
- b. The Listing Agreements entered into by the Company with Stock Exchange(s):-
Not Applicable to the Company during the Audit period.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has passed following Special Resolutions:

1. To Issue Optionally Convertible Non-Cumulative Redeemable Preference Shares (OCRPS) upto ₹ 10 crores on right basis to the existing shareholders of the Company vide Extra Ordinary General Meeting of the Company held on June 02, 2025.
2. To Issue Optionally Convertible Non-Cumulative Redeemable Preference Shares (OCRPS) upto ₹ 10 crores on right basis to the existing shareholders of the Company vide Extra Ordinary General Meeting of the Company held on July 30, 2025.

CS Raimeen Maradiya
Partner
Membership No. FCS 11283
C P No. 17554
UDIN: F011283H000281575
Peer review no.: 6543/2025

Place: Ahmedabad
Date: May 05, 2026

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



'Annexure A'

To,
The Members,
Harsha Engineers Advantek Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtain from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

DISCLAIMER

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Raimeen Maradiya
Partner
Membership No. FCS 11283
C P No. 17554
UDIN: F011283H000281575
Peer review no.: 6543/2025

Place: Ahmedabad
Date: May 05, 2026

Annexure-C

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC.

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as per Section 134 of the Act read with the Companies (Accounts) Rules, 2014 are provided hereunder:

A. Form for Disclosure of Particulars with respect to Conservation of Energy

1. Steps taken or impact on conservation of energy

Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change.

- The Company continues to refine processes and implement new technologies to achieve even greater efficiency gains. Some of the key initiatives contributing to this achievement include:

i. Process Optimization:

We have analyzed our manufacturing processes to identify and eliminate energy waste by streamlining operations, optimizing equipment utilisation, reducing unnecessary energy consumption, and implementing preventive maintenance practices to improve overall process efficiency and operational performance.

ii. Energy-Efficient Technologies:

The Company invests in energy-efficient technologies for its machinery and facilities by replacing old and low-efficiency motors (IE-02) with high-efficiency motors (IE-04). In addition, human motion sensors have been installed to automatically switch off lights when not in use, and unnecessary or idle machines and equipment are removed or shut down to minimize energy consumption and improve overall operational efficiency.

iii. Employee Engagement:

We foster a culture of energy awareness among our employees

by providing training programs on energy-saving practices and encouraging them to identify and report opportunities for improvement.

By implementing these initiatives, the Company is contributing to cost savings through lower energy consumption.

- Optimizing Energy Efficiency:

The Company continuously focuses on optimizing energy efficiency across its manufacturing operations through various energy-saving and process optimization initiatives. Several improvement actions have been implemented, including installation of Variable Frequency Drives (VFDs), replacement of conventional lighting with energy-efficient LED lights, use of high-efficiency IE-04 motors in place of old IE-02 motors, and installation of motion sensors and timers to avoid unnecessary electricity consumption.

The Company has also introduced automation and interlock systems to stop conveyors, motors, hydraulic power packs, compressors, fans, pumps, and other equipment during idle conditions, thereby reducing avoidable energy losses.

In addition, initiatives such as air leakage reduction, optimization of compressed air systems, temperature control for HVAC systems, and elimination of excess lighting and equipment usage have been undertaken to improve overall operational efficiency and reduce power consumption.

Further, the Company continues to drive continuous improvement through energy-saving Kaizens, process optimization projects, and adoption of advanced technologies to strengthen sustainable manufacturing practices and minimize environmental impact.

- We recognize the significant impact of indirect energy use across our value chain, from raw material extraction to product use. Two key initiatives:



Annexure-C (Contd.)

 i. Supplier Engagement:

We collaborate with our suppliers to identify and implement energy efficient practices within their operations. This could involve sharing best practices for equipment upgrades or encouraging them to utilize renewable energy sources where feasible. By working together, we can minimize the environmental footprint across our entire value chain.

 ii. Energy-Efficient Product Design:

The Company prioritizes designing products that minimize energy use throughout their lifecycle. This approach translates to using lightweight materials, optimizing functionality, and providing clear instructions for energy conscious use by customers.

 2. **Steps taken by the Company for utilizing alternate source of energy**

The Company prioritizes a sustainable future by actively expanding our renewable energy portfolio and reducing our reliance on traditional fossil fuels. This diversified approach not only minimizes our environmental footprint but also enhances our energy security and long-term cost efficiency. Diversifying our Renewable Energy Sources:

- Solar Power: The Company has installed solar power projects across multiple locations to enhance renewable energy utilisation. This includes a 1.013 MW Solar Hybrid project and a 0.749 MW Solar Rooftop project at Changodar, a 0.855 MW Solar Rooftop project and a 0.395 MW Tapper Solar Rooftop project at Moraiya, and a 1 MW Solar Mounted project at Tarapur. In addition, the Company has commissioned a 10.4 MW Solar Tracker PV Power Plant at Vada, Kankrej, Banaskantha, Gujarat. In addition, The Company has successfully commissioned 2*5.20 MWp

Solar Tracker PV Power Plant ("Solar Power Plant") at Survey No. 13, 19, 34, 35, 36, 37, Village: Vada, Talluka: Kankrej, District: Banaskantha, Gujarat. The Solar Power Plant was commissioned on May 23, 2025 in accordance with the approved commissioning protocol and will be used for captive purpose.

- Wind Power: The Company leverages wind energy through facilities in Kalyanpur and Pipaliya, Gujarat. Our existing 1.25 MW windmill at Kalyanpur continues operation, generating reliable clean energy.
- Hybrid Power Project: In Pipaliya, the Company has implemented hybrid renewable energy projects, including a 2.7 MW Wind Hybrid project and a 1.013 MW Solar Hybrid project, enabling optimized utilisation of renewable energy sources and improving overall energy efficiency across operations. The hybrid renewable energy projects combine the benefits of both solar and wind power, ensuring better energy reliability and efficient utilisation of available renewable resources. These initiatives further strengthen the Company's focus on clean energy adoption and sustainable business growth.

By significantly increasing our renewable energy usage, the Company demonstrates its commitment to a sustainable future. We remain dedicated to expanding our renewable energy portfolio through diversification, geographical expansion, and embracing technological advancements.

 3. **Capital investment on energy conservation equipment's**

The Company has successfully commissioned 2*5.20 MWp Solar Tracker PV Power Plant ("Solar Power Plant") at Survey No. 13, 19, 34, 35, 36, 37, Village: Vada, Talluka: Kankrej, District: Banaskantha, Gujarat. The Solar Power Plant was commissioned on May 23, 2025 in accordance with the approved commissioning protocol and will be used for captive purpose.

Annexure-C (Contd.)

 B. **Form for disclosure of particulars with respect to absorption**

 1. **Technology, absorption, adaptation and innovation**

 a) **Efforts in brief made towards technology adaptation and innovation**

Products and processes developed through in-house activities have been internally absorbed by the manufacturing units for commercialization.

 b) **Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.**

The efforts made by design and automation activities helped for the augmentation of the Company's product range in targeted market segments leading the customer acquisition/retention, increased the competitiveness and customer satisfaction and helped to give an edge over other competitors.

 C. **Foreign Exchange Earning and Outgo**

 1. **Activity relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans**

Management has taken various initiatives to increase the exports and the development of the new markets for the products of the Company.

 2. **Foreign exchange earned and used**

Foreign Exchange inflow and outflow by the Company during the financial year amounts to ₹ 43,787.38 lakhs and ₹ 6,033.94 lakhs respectively.

By Order of the Board of Directors

Rajendra Shah
Chairman & Whole-time Director
 DIN:00061922
 May 07, 2026



Annexure-D

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

(Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014)

I. CSR Policy & Philosophy

Corporate Social Responsibility ("CSR") is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. The Company believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise. The Company commits itself to contribute to the society in ways possible for the organization.

CSR has been a long-standing commitment at the Company and forms an integral part of our activities. Being a responsible corporate citizen, the Company is committed to perform its role towards the society at large. In alignment with its vision, the Company always works towards adding value to its stakeholders by going beyond business goals and contributing to the well-being of the community. Its contribution to social sector development includes several pioneering interventions, and is implemented through the involvement of stakeholders within the Company and the broader community.

The Company's objective is to pro-actively support meaningful socio-economic development. The Company works towards developing an enabling environment that will help citizens realize their aspirations towards leading a meaningful life. The Company aims to identify critical areas of development contributing to the well-being of the community and benefitting them over a period of time.

The Company has set up the CSR Policy and Long Term CSR Framework that sets out the framework guiding the Company's CSR activities. The Policy

also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

II. Overview of CSR Initiatives

The Company undertakes CSR initiatives which are a key function that overlay itself across all key operations of the Company. The Company's CSR efforts are primarily dedicated in following areas:

1. Enhance the quality of life for individuals with disabilities through comprehensive skill development programs.
2. Advocate for animal welfare and promote sustainable organic farming practices.
3. Promote education and vocational skill enhancement across communities.
4. To provide essential medical support to underprivileged and vulnerable individuals.

So far Harsha Group has contributed around ₹ 11.78 crores towards CSR initiatives and firmly believes that these outreach programs are needed for the greater good.

However, in addition to aforesaid key thrust area, the Company is committed to attend to any of activities outlined in Schedule VII as amended from time to time which the CSR Committee and Board of Directors may consider and approve as a part of CSR Activities.

III. CSR Committee

The CSR Committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. Pursuant to the provisions of Section 135(1) of the Act, the Board has set up the CSR Committee.

The details of the CSR Committee members and meeting held during the financial year 2025-26 are given as under:

| Sl. No. | Name of Committee Member | Category | Position | Date of Meeting | Number of Meetings Held | Number of Meetings Attended |
|---------|--------------------------|------------------------------------|----------|-------------------------------|-------------------------|-----------------------------|
| 1 | Mr. Rajendra Shah | Executive Director | Chairman | May 08, 2025 & March 21, 2026 | 2 | 2 |
| 2 | Mr. Harish Rangwala | Executive Director | Member | | 2 | 2 |
| 3 | Dr. Bhushan Punani | Non-Executive Independent Director | Member | | 2 | 2 |

Annexure-D (Contd.)

IV. Web links where composition of the CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

- The composition of the CSR Committee is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/boardofdirector.php#>
- The Committee, with the approval of the Board, has adopted the CSR Policy as required under Section 135 of the Act. The CSR Policy of the Company is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>
- The Committee, with the approval of the Board, has approved the CSR projects for financial year 2025-26 which is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/stockexchange-compliance.php>

V. Details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Not Applicable

VI. Details of the amount available for set-off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any: Not Applicable

VII. CSR Budget and Obligation

| | |
|--|----------------|
| a. Prescribed CSR Expenditure (2% of the average net profit of the Company of preceding three financial years as per section 135(5)) | ₹ 340.73 lakhs |
| b. Surplus arising out of the CSR projects or programs or activities of the previous financial years | Nil |
| c. Amount required to be set-off for the financial year, if any | Nil |
| d. Total CSR obligation for the financial year [(a)+(b)-(c)] | ₹ 340.73 lakhs |

VIII. CSR amount spent for the financial year 2025-26

| | |
|--|----------------|
| a. Amount Spent on CSR Projects. | |
| (i) Ongoing Project | ₹ 150 lakhs# |
| (ii) Other than Ongoing Project | ₹ 49.93 lakhs |
| b. Amount spent in Administrative Overheads | Nil |
| c. Amount spent on Impact Assessment, if applicable | N.A. |
| d. Total amount spent for the financial year 2025-26 | ₹ 199.93 lakhs |

Excludes ₹ 140.8 lakhs transferred to Unspent CSR Account towards an ongoing project.

IX. A. CSR amount spent or unspent for the financial year 2025-26

| Total Amount Spent for the financial year (₹ in lakhs) | Amount Unspent | | | | |
|--|---|------------------|---|---------------------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount (₹ in lakhs) | Date of Transfer | Name of the Fund | Amount (₹ in lakhs) | Date of Transfer |
| 199.93# | 140.8 | April 27, 2026 | | Not Applicable | |

Excludes ₹ 140.8 lakhs transferred to Unspent CSR Account towards an ongoing project.



Annexure-D (Contd.)

B. Details of CSR amount spent against ongoing projects for the financial year 2025-26

| (1) Sl. No. | (2) Name of the Project | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project | | (6) Project duration (in months) | (7) Amount spent for the project (₹ in lakhs) | (8) Mode of Implementation - Direct (Yes/No) | (9) Mode of Implementation - Through Implementing Agency | |
|----------------|--|--|----------------------------|--------------------------------|-----------|-------------------------------------|--|---|--|-------------------------|
| | | | | State | District | | | | Name | CSR Registration number |
| 1 | Anandham – Welfare of Mentally Challenged People | iii | Yes | Gujarat | Ahmedabad | 24 | 150# | No | Aastha Charitable Trust for Welfare of the Mentally Challenged | CSR00002020 |

Excludes ₹ 140.8 lakhs transferred to Unspent CSR Account towards an ongoing project.

C. Details of CSR amount spent against other than ongoing projects for the financial year 2025-26

| (1) Sl. No. | (2) Name of the Project | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project | | (6) Amount spent for the project (₹ in lakhs) | (7) Mode of Implementation - Direct (Yes/No) | (8) Mode of Implementation - Through Implementing Agency | |
|----------------|---|--|----------------------------|--------------------------------|-------------|--|---|---|-------------------------|
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Education and Welfare for Underprivileged and needy individuals/ students | ii | No | Gujarat | Ahmedabad | 10.00 | No | Make A Difference Education & Medical Welfare Foundation | CSR00013663 |
| 2 | Education and Welfare for Underprivileged and needy individuals/ students | ii | No | Gujarat | Banaskantha | 4.03 | Yes | - | - |
| 3 | Animal Welfare | iv | Yes | Gujarat | Ahmedabad | 10.00 | No | Sant Vinoba Gram Swarajya Ashram | CSR00059364 |
| 4 | Education and Skill Development for Students | ii | Yes | Gujarat | Ahmedabad | 0.90 | No | Institute Management Committee (IMC) of ITI Bavla | CSR00004721 |
| 5 | Education and Skill Development for Students | ii | No | Gujarat | Morbi | 25.00 | No | LENCO ALUMNI ASSOCIATION | CSR00091799 |

X. Amount available for set off in succeeding financial years: Nil

Annexure-D (Contd.)

XI. A. Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding financial year | Amount transferred to Unspent CSR Account under section 135(6) (₹ in lakhs) | Amount spent in the reporting financial year (₹ in lakhs) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any | Amount remaining to be spent in succeeding financial years (₹ in lakhs) |
|---------|--------------------------|---|---|---|---|
| 1 | 2022-23 | - | - | - | - |
| 2 | 2023-24 | - | - | - | - |
| 3 | 2024-25 | 135# | 134.89 | - | - |

Includes an excess amount of ₹ 11,100.

B. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) Sl. No | (2) Project ID | (3) Name of the Project | (4) Financial year in which the project was commenced | (5) Project duration (in months) | (6) Total amount allocated for the project (₹ in lakhs) | (7) Amount spent on the project in the reporting financial year (₹ in lakhs) | (8) Cumulative amount spent at the end of reporting financial year (₹ in lakhs) | (9) Status of the project - Completed /Ongoing |
|---------------|-------------------|--|--|-------------------------------------|--|---|--|---|
| 1 | FY31.03.2025_1 | Anandham – Welfare of Mentally Challenged People | 2024-25 | 24 | 255 | 135# | 255 | Completed |

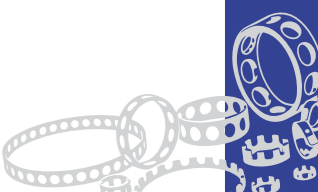
Includes an excess amount of ₹ 11,100.

XII. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR spent (₹ in lakhs) | Details of Entity/ Authority/ Beneficiary of the Registered Owner | | |
|----------------|---|-------------------------------------|------------------|----------------------------------|---|------|--------------------|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

Note: We have disclosed only the capital assets created / acquired by the Company itself (i.e., invoice is in the name of the Company). The assets created / acquired by Implementing Agency where project directly belongs to creation / acquisition is disclosed in the following link: <https://www.harshaengineers.com/InvestorRelations/stockexchange-compliance.php>

Further, none of the capital assets created / acquired out of CSR funds, directly by the Company or by Implementing Agency have been capitalized in the books of accounts of the Company and all the expenses have been debited to CSR expenditure in Profit & Loss Statement.



Annexure-D (Contd.)

XIII. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) :

The Company's CSR obligation for 2025-26 was ₹ 340.73 lakhs. Of this amount, ₹ 199.93 lakhs was directly spent - comprising ₹ 150 lakhs on an ongoing CSR project and ₹ 49.93 lakhs on other CSR initiatives. The remaining ₹ 140.8 lakhs was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013, toward ongoing CSR project.

By Order of the Board of Directors

Rajendra Shah
Chairman - CSR Committee
DIN:00061922
May 07, 2026

Harish Rangwala
Managing Director
DIN: 00278062
May 07, 2026

Annexure-E

PARTICULARS OF REMUNERATION

(Pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

1. The ratio of the remuneration of each director to median remuneration of the employees of the Company for the financial year 2025-26:

| Name of Director | Designation | Ratio of remuneration of each director to the median remuneration of the employees |
|-----------------------------|--------------------------------|--|
| Mr. Rajendra Shah | Chairman & Whole-time Director | 19:01 |
| Mr. Harish Rangwala | Managing Director | 31:01 |
| Mr. Vishal Rangwala | CEO & Whole-time Director | 58:01 |
| Mr. Pilak Shah | COO & Whole-time Director | 56:01 |
| Ms. Hetal Naik | Whole-time Director | 24:01 |
| Mr. Ambar Patel | Independent Director | 0.2:01 |
| Mr. Kunal Shah | Independent Director | 0.2:01 |
| Dr. Bhushan Punani | Independent Director | 0.2:01 |
| Mr. Ramakrishnan Kasinathan | Independent Director | 0.2:01 |
| Ms. Priyanka Agarwal Chopra | Independent Director | 0.2:01 |

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2025-26:

| Name | Designation | % increase in remuneration in the 2025-26 |
|---------------------|--|---|
| Mr. Rajendra Shah | Chairman & Whole-time Director | 13.38% |
| Mr. Harish Rangwala | Managing Director | 17.59% |
| Mr. Vishal Rangwala | CEO & Whole-time Director | 17.69% |
| Mr. Pilak Shah | COO & Whole-time Director | 17.51% |
| Ms. Hetal Naik | Whole-time Director | 17.34% |
| Mr. Maulik Jasani | Vice President Finance & Group Chief Financial Officer | 20.67% |
| Mr. Kiran Mohanty | Company Secretary & Chief Compliance Officer | 10.28% |

Note for 1 and 2:

- Remuneration of Managerial Personnel is inclusive of Managerial Commission payable for the financial year ended March 31, 2026 as approved by the Board at its meeting held on May 07, 2026.
- Other than sitting fees for attending the Board Meeting's, Independent Directors has not been paid any remuneration.
- Executive Directors' remuneration in the above table is given on accrual basis.

- The percentage increase in the median remuneration of employees in the financial year 2025-26: 11.99%
- The number of permanent employees on the rolls of the Company as on March 31, 2026: 1745 employees
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 11.09%

The median increase in remuneration to employees other than Managerial Personnel: 6.50%

The average increase in the managerial remuneration: 9.64%

- It is hereby affirmed that the remuneration paid is as per the Nomination Remuneration Evaluation Policy of the Company.

By Order of the Board of Directors

Rajendra Shah
Chairman & Whole-time Director
DIN:00061922
May 07, 2026



Corporate Governance Report

[As required under Regulation 34 and Schedule V Para C of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is adopting high standards of excellence in Corporate Governance and believes that good corporate governance practises should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximising value for all its stakeholders.

The Company's Corporate Governance philosophy has been further strengthened through its various policies like

- Code Of Conduct For Directors & Senior Management Personnel
- Code Of Practises And Procedures For Fair Disclosure Of Unpublished Price Sensitive Information
- Code Of Conduct To Regulate, Monitor And Report Trading By Insiders
- Corporate Social Responsibility Policy
- Policy For Evaluation Of The Performance Of The Board Of Directors
- Familiarisation Programme For Independent Directors
- Policy On Selection, Appointment, Performance Evaluation And Remuneration Of Directors And Key Managerial Personnel
- Policy To Promote Diversity On The Board Of Directors
- Policy On Succession Planning For The Board And Senior Management
- Whistle Blower Policy
- Policy On Related Party Transactions

Its well-structured Internal Control Systems are subjected to regular assessment for its effectiveness, reinforces integrity of management and fairness in dealing with the Company's stakeholders.

The business operations are conducted to benefit of all its stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

The Company's board comprises eminent individuals with considerable experience and expertise across a range of disciplines including general management, business strategy, marketing, legal and finance and is

at the core of our corporate governance practise and oversees how the management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Company has optimum combination of executive and non-executive director's including independent directors and woman directors.

A report on compliance with corporate governance principles as prescribed under Regulation 17 to 27 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as applicable, is given below.

II. BOARD OF DIRECTORS

The Board provides strategic guidance and independent views to the Company's management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholder's aspirations and society's expectations. The Board has identified the list of core skills/expertise/competences of the Board of Directors as required in the context of the business of the Company, which forms part of the Policy of the Nomination and Remuneration.

The Company is managed by the Board of Directors comprises eminent individuals with considerable experience and expertise across a range of disciplines including general management, business strategy, marketing, legal and finance, who formulate strategies, policies, procedures and review its performance periodically.

A. Composition of the Board:

The Company has a balanced Board with optimum mix of Executive and Non-Executive Directors including Independent Directors and Woman Directors. All the members of the Board are competent and are persons of repute with strength of character, professional eminence, having the expertise in their respective disciplines to deal with the management functions of the Company.

The composition of Board of directors of the Company is in consonance with the requirements of The Companies Act, 2013 ("the

Corporate Governance Report (Contd.)

Act") and Regulation 17 of the SEBI Listing Regulations. As on March 31, 2026 the Board of Directors comprises of 10 (Ten) Directors out of which 5 (Five) are Executive Non-Independent Directors including Chairman and 5 (Five) are Non-Executive Independent Directors.

The Composition of the Board of Directors as on March 31, 2026 is as under:

| Sl. No. | Name of Director | Category | Number of Board Meetings attended during the 2025-26 | Whether attended last AGM held on September 12, 2025 | Number of Directorship in other Public Companies | | Number of Committee positions held in other Public Companies | |
|---------|--------------------------------|------------------------------------|--|--|--|--------|--|--------|
| | | | | | Chairman | Member | Chairman | Member |
| 1 | Mr. Rajendra Shah [#] | Executive Non-Independent Director | 4 | Yes | 1 | 4 | - | 2 |
| 2 | Mr. Harish Rangwala | Executive Non-Independent Director | 4 | Yes | - | 1 | - | - |
| 3 | Mr. Vishal Rangwala | Executive Non-Independent Director | 4 | Yes | 1 | 1 | - | - |
| 4 | Mr. Pilak Shah | Executive Non-Independent Director | 4 | Yes | - | 1 | - | - |
| 5 | Ms. Hetal Naik | Executive Non-Independent Director | 4 | No | - | - | - | - |
| 6 | Mr. Ambar Patel ^{##} | Non-Executive Independent Director | 4 | Yes | - | 3 | 1 | 2 |
| 7 | Dr. Bhushan Punani | Non-Executive Independent Director | 4 | Yes | - | 2 | - | 2 |
| 8 | Mr. Ramakrishnan Kasinathan | Non-Executive Independent Director | 4 | Yes | - | - | - | - |
| 9 | Mr. Kunal Shah | Non-Executive Independent Director | 4 | Yes | - | - | - | - |
| 10 | Ms. Priyanka Agarwal Chopra | Non-Executive Independent Director | 4 | No | - | 1 | - | - |

[#]Mr. Rajendra Shah is ceased to be Chairman and Director in the AIA Engineering Limited effective from April 20, 2026.

[#]Term of Mr. Rajendra Shah in Dishman Carbogen Amcis Limited has been completed as an Independent Director on April 01, 2025 and consequently ceased to be a Director in that company with effect from April 02, 2025. On account of this, he is also ceased to be a Chairman of the Audit Committee and the Stakeholders Relationship Committee.

^{##}Mr. Ambar Patel was appointed as the Chairperson of the Audit Committee of Zodiac Energy Limited with effect from February 09, 2026.

Note: ^{*}For the purpose of considering the limit of the number of directorship Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act are excluded which is in line with the requirement of the SEBI Listing Regulation. ^{**} For the purpose of determination of position in committees only chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee have been considered as per Regulation 26 of the SEBI Listing Regulations.

B. Name of other Listed Entities where Directors of the Company are Directors and the category of Directorship:

| Sl. No. | Name of Director | Directorship in Other Listed Entities | Category of Directorship |
|---------|--------------------------------|---|--|
| 1 | Mr. Rajendra Shah [#] | AIA Engineering Limited | Non-Executive & Non Independent Director |
| | | Transformers And Rectifiers (India) Limited | Independent Director |
| | | Ratnamani Metals And Tubes Limited | Independent Director |



| Sl. No. | Name of Director | Directorship in Other Listed Entities | Category of Directorship |
|---------|-----------------------------|---------------------------------------|--------------------------|
| 2 | Mr. Ambar Patel | Shilp Gravures Limited | Managing Director |
| | | Zodiac Energy Limited | Independent Director |
| | | Neptune Petrochemicals Limited | Independent Director |
| 3 | Ms. Priyanka Agarwal Chopra | Epigral Limited | Independent Director |

#Mr. Rajendra Shah is ceased to be Chairman and Director in the AIA Engineering Limited effective from April 20, 2026.

C. Brief Profile of Directors:

The Board of Directors comprises of highly renowned professionals of diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process.

The brief profile of the Company's Board of Directors is as under:

Mr. Rajendra Shah - Chairman & Whole-time Director

Mr. Rajendra Shah is a distinguished industry veteran with over 53 years of experience in the precision engineering industry. He has played a pivotal role in shaping the growth of the Company and continues to provide strategic direction while overseeing overall management with a strong focus on financial strategy.

Mr. Shah has been instrumental in building a robust and value-driven organisation. He has also contributed significantly to industry bodies, having served as Chairman of CII Gujarat during 2019-20, and is a recipient of the AMA Atlas Dycechem 'Outstanding Entrepreneur of the Year Award - 2001'. He holds a Bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. Deeply committed to social causes, he serves as President of the Blind People's Association, Ahmedabad, and is also Managing Trustee of Aastha and Ananddham, reflecting his dedication to social responsibility.

Mr. Harish Rangwala - Managing Director

Mr. Harish Rangwala is an industry leader with over 53 years of experience in the precision engineering industry. He has been instrumental in driving the Company's operations and growth and currently oversees overall management with a strong focus on leading and expanding the Renewable Energy Division.

Mr. Rangwala began his career with Tata Chemicals before joining the Company, bringing with him rich experience across engineering and manufacturing. Over the years, he has played a key role in strengthening the Company's capabilities and operational excellence.

He holds a Bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He also brings extensive expertise in bearing cages and precision stamped components, contributing significantly to the Company's leadership in the engineering sector.

Mr. Vishal Rangwala - Chief Executive Officer (CEO) & Whole-time Director

Mr. Vishal Rangwala is a visionary, result-driven leader with nearly 19 years of experience in the precision engineering industry. Since joining Harsha Engineers in 2007, he has held pivotal leadership roles across Marketing and Operations, serving as Chief Operating Officer before his appointment as CEO in 2022. He has been a member of the Board since 2010.

Mr. Rangwala began his career in the United States, gaining valuable international experience at Access Business Group and United Airlines (United Services division) in industrial engineering and supply chain analysis. This global perspective is central to his current role in driving the Group's strategic direction and international expansion.

He holds a Bachelor's degree in Mechanical Engineering from the University of Pune and a Master of Science in Engineering Management from the University of Southern California. His unique blend of technical expertise and strategic acumen continues to strengthen Harsha's position as a global leader in the engineering sector.

Mr. Pilak Shah - Chief Operating Officer (COO) & Whole-time Director

Mr. Pilak Shah is a result-driven professional with over 20 years of experience in the precision engineering industry. Since joining the Company in 2006, he has been closely involved in strengthening its operational capabilities and driving efficiency across functions.

As Chief Operating Officer, he drives operational excellence across manufacturing and contributes to the Group's strategic direction. He has played a key role in enhancing processes and supporting the Company's growth trajectory.

He holds a Bachelor's degree in Mechanical Engineering from Nirma Institute of Technology and a Master's degree in Integrated Manufacturing Systems Engineering from North Carolina State University. His strong technical foundation and operational expertise continue to add value to the Company's performance.

Ms. Hetal Naik - Whole-time Director

Ms. Hetal Naik is a dynamic professional with significant experience in design engineering and manufacturing. Since joining the Company in 2015, she has been closely involved in strengthening operational capabilities and driving continuous improvement across functions.

She plays a pivotal role in driving operational excellence, with a strong focus on Total Productive Maintenance (TPM), Lean initiatives, and organisational capability building. She also leads key initiatives in employee health, safety, and workplace sustainability, while actively driving sustainability practices across the Company.

She holds a Bachelor's degree in Mechanical Engineering from L.D. Engineering College and a Master of Technology in Design Engineering from Nirma University. Her strong technical expertise and leadership approach continue to foster a culture of excellence and accountability across the organisation.

Mr. Ambar Patel - Independent Director

Mr. Ambar Patel is an Independent Director of the Company. He is an experienced industry professional with several decades of experience in manufacturing and industrial management. He has been serving as Managing Director of

Shilp Gravures Limited since October 29, 1993.

He currently serves as Co-Chairman of the Plastic Committee at the Gujarat Chamber of Commerce & Industry and is Past President of the Santej Industrial Area Association. He is also an Advisory Committee Member for Aastha Charitable Trust, reflecting his involvement in social initiatives.

He holds a Bachelor's degree in Mechanical Engineering from Gujarat University.

Dr. Bhushan Punani - Independent Director

Dr. Bhushan Punani is an Independent Director of the Company. He is a distinguished professional with extensive experience in social development and institutional leadership. He is associated with the Blind People's Association, Ahmedabad as General Secretary.

He has served as a member of the Central Advisory Board on Disability, the National Advisory Committee on Accessible Elections, and the Committee on Drafting of the National Law on Disability. He was honoured with the Distinguished Alumnus Award by the Indian Institute of Management, Ahmedabad in 2011.

He holds a Bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University, Kurukshetra, a Bachelor of Laws from Gujarat University, a postgraduate degree in Management from the Indian Institute of Management, Ahmedabad, and a Doctor of Philosophy (Commerce) from Gujarat University. He has also completed a special course in vocational rehabilitation from the University of Haifa, School of Social Work.

Mr. Ramakrishnan Kasinathan - Independent Director

Mr. Ramakrishnan Kasinathan is an Independent Director of the Company. He is a seasoned leader with extensive global experience across diverse industrial sectors.

He has held leadership roles across reputed organisations including Best & Crompton, ACT India, Johnson & Johnson Limited, SKF India Limited, Hindustan Zinc Limited, and Nexdigm Private Limited. As part of global management teams, he has led large-scale operations and



Corporate Governance Report (Contd.)

currently operates as a freelance management consultant specialising in strategy, supply chain, and sourcing, with a focus on operational excellence and digital transformation.

He holds a Bachelor's degree in Civil Engineering from the University of Madras, an MBA from Anna University, a Master's in Management from the Asian Institute of Management, Philippines, and a Diploma in Basic Finance from ICFAI.

Mr. Kunal Shah - Independent Director

Mr. Kunal Shah is an Independent Director of the Company. He is a professional with broad experience in general management and corporate affairs.

He has been associated with AIA Engineering Limited since December 2002 and currently serves as Executive Director – Corporate Affairs. He is also the founding trustee of The Lightship Initiative and has established his own consulting firm, Theoden Ventures LLP. He is also the co-founder of Aurus.

He holds a Bachelor's degree in Chemical Engineering from Nirma Institute of Technology, Gujarat, and a Master of Science degree in Information Systems from Stevens Institute of Technology, USA.

Priyanka Agarwal Chopra Independent Director

Ms. Priyanka Agarwal Chopra is an Independent Director of the Company. She is an experienced leader in venture capital and early-stage investing, with over 12 years of experience in building and scaling innovation-led enterprises.

She is the CEO and Managing Partner at IIMA Ventures and a Venture Partner at the Bharat Innovation Fund, where she leads investments in deep-tech, climate, and digital startups. She has also served on the Venture Capital Sector Council of the Indian Venture and Alternate Capital Association (IVCA) and was recognised in the 2025 Hurun India Women Leaders List.

She holds an MBA from The Wharton School and a Master of Science from Georgia Institute of Technology. Prior to venture capital, she worked in the United States in engineering and strategy roles at Sun Microsystems and IBM.

D. The Board has identified the following skills/expertise/competencies with reference to its business for the effective functioning of the Company and which are currently available with the Board:

In terms of the requirement of the SEBI Listing Regulations, the Board has identified the following fundamental skills/ expertise/ competencies for the effective functioning of the Company, which are currently available with the Board as below:

| | |
|---|---|
| Based on job profile | 1. Knowledge of job profile 2. Skills required to perform or to execute the job profile |
| Responsibilities and obligations | 1. Attendance and participation in the meetings 2. Expert opinions in respect of the serious issues |
| Strategies | 1. Strategies formulated and successfully implemented 2. Various Directions provided in the best interest of the Company on key issues |
| Performance management | 1. Performance of the Company on the stock exchanges 2. Financial Performance 3. Achievement of domestic or international award |
| Risk management | 1. Avoidance of high financial risk while executing the functions and duties 2. Avoidance of any other high risk |
| Mergers and acquisitions | 1. Number of Mergers and Acquisitions ("M&A") taken place 2. Number of brands undertaken from outsiders or competitors 3. Success rate in executing M&A |
| Talent management | 1. Achievement in respect of successful negotiations 2. Level of talent retained at low, mid and top level |
| Core governance and compliance management | 1. Review of detailed compliances applicable under the various laws, rules and regulations 2. Reviewing whether the business is running legally or not |
| Annual targets | 1. Targets achieved in domestic and international sales and marketing 2. Targets achieved in manufacturing activity |
| Expansion and diversification | 1. Successfully executed business expansions and diversifications |

Corporate Governance Report (Contd.)

| | |
|--|--|
| Succession planning | 1. Provision for additional or alternate Directors |
| Conflict of interest management | 1. Strategy to resolve the conflict of interest in other directors and employees |
| Financial and operational control mechanism | 1. Control on financial dealings 2. Control on internal operational activities |
| Maintenance of corporate culture and moral values | 1. Initiatives to maintain corporate culture and moral values of the Company |
| Maintenance high level of integrity and ethics | 1. Initiative to maintain high level of integrity and ethics |
| Compliance with the code of conduct for board of directors and senior management personnel | 1. Functioning of duties and responsibilities as per the Code of Conduct for Board of Directors and Senior Management Personnel 2. Abidance and behaviour in accordance with Code of Conduct for Board of Directors and Senior Management Personnel |
| In-general knowledge and skills | 1. Skills required for carrying out business activities 2. Communication skills and quick responsiveness |

The eligibility of a person to be appointed as a Director of the Company is dependant on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The directors so appointed are from diverse backgrounds and possess expertise across a range of disciplines including general management, business strategy, marketing, legal and finance.

E. Agenda of the Board and Committee Meetings:

The annual calendar of Board and Committee Meetings is agreed upon at the beginning of each year. Meetings are governed by a structured Agenda and a Board member may bring up any matter for consideration at the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board members at least 7 working days in advance. In addition, for any business exigencies the resolutions are passed by circulation and are placed at the subsequent Board or Committee Meeting for ratification/approval. Detailed presentations are made at the meetings on all major issues to enable the Board to take informed decisions.

F. Invitees and Proceedings:

Apart from the Board members, Chief Financial Officer (CFO) and Company Secretary also attend

the Board Meetings. Both CEO and CFO make presentation on the financial and operational performance of the Company quarterly and annually. They also present annual financial and operational budget.

Internal Auditors and Statutory Auditors are the permanent invitees of the Audit Committee meetings to discuss the areas of internal audit as well as highlights of the financial performance of the Company.

G. Support and Role of Company Secretary:

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance to the Board and the Management.

H. Attendance of each Director at the Board meeting and the Last Annual General Meeting:

During the financial year 2025-26, 4 (Four) Board Meetings were held on May 08, 2025, August 06, 2025, November 06, 2025 and February 05, 2026. The gap between two Board Meetings was within the maximum time gap prescribed in the Act and the SEBI Listing Regulations. The attendance of each Director at these Board Meetings and last Annual General Meeting ("AGM") was as under:-



| Sl. No. | Name of Directors | Attendance in the Board meetings | | Attendance at AGM held on September 12, 2025 |
|---------|-----------------------------|----------------------------------|---------|--|
| | | Held | Present | |
| 1 | Mr. Rajendra Shah | 4 | 4 | Yes |
| 2 | Mr. Harish Rangwala | 4 | 4 | Yes |
| 3 | Mr. Vishal Rangwala | 4 | 4 | Yes |
| 4 | Mr. Pilak Shah | 4 | 4 | Yes |
| 5 | Ms. Hetal Naik | 4 | 4 | No |
| 6 | Mr. Ambar Patel | 4 | 4 | Yes |
| 7 | Dr. Bhushan Punani | 4 | 4 | Yes |
| 8 | Mr. Ramakrishnan Kasinathan | 4 | 4 | Yes |
| 9 | Mr. Kunal Shah | 4 | 4 | Yes |
| 10 | Ms. Priyanka Agarwal Chopra | 4 | 4 | No |

I. Separate Meeting of Independent Directors:

Independent Directors play an important role in the governance processes of the Board. They bring their expertise and experience on the deliberations of the Board. This enriches the decision-making process at the Board with different points of view and experiences and prevents conflict of interest in the decision-making process.

None of the Independent Directors serves as "Independent Director" in more than seven listed companies. No person has been appointed or continuing as an Alternate Director of an Independent Director of the Company.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Act and SEBI Listing Regulations and are independent from the management.

None of the Independent Directors of the Company have resigned before the expiry of their tenure during the financial year 2025-26. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them, is not applicable.

Schedule IV of the Act and SEBI Listing Regulations, inter alia, prescribes that the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

During the financial year, one meeting of Independent Directors was held on May 08, 2025 and taken the following resolutions.

- Review the performance of non-independent directors and the board of directors as a whole
- Review the performance of the Chairman of the Company taking into account the views of executive directors and non-executive directors
- Assess the quality, quantity and timeliness of flow of information between the Company's management and the board that is necessary for the board to effectively and reasonably perform their duties

J. Disclosure of relationships between the Directors inter-se:

Except as disclosed below, there is no relationship between the Directors inter-se:

- Mr. Rajendra Shah is the father of Mr. Pilak Shah and Ms. Hetal Naik;
- Mr. Harish Rangwala is the father of Mr. Vishal Rangwala;
- Mr. Vishal Rangwala is the son of Mr. Harish Rangwala;
- Mr. Pilak Shah is the son of Mr. Rajendra Shah and brother of Ms. Hetal Naik; and
- Ms. Hetal Naik is the daughter of Mr. Rajendra Shah and sister of Mr. Pilak Shah

a. Number of shares and convertible instruments held by Non-Executive Directors:

| Name of Director | No. of Equity Shares held |
|-----------------------------|---------------------------|
| Mr. Ramakrishnan Kasinathan | 500 |

During the year under review, none of the Non-Executive Directors hold any convertible instruments of the Company.

K. Familiarisation Programmes imparted to Independent Directors:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practises. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. The Company is also periodically review this programme and make suitable revisions, as may be deemed necessary, from time to time. The details of such familiarisation programmes for Independent Directors are available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/boardofdirector.php#>

L. Code of Conduct for Directors and Senior Management Personnel:

In terms of Regulation 17 of the SEBI Listing Regulations and Section 149 of the Act, the Board of Directors of the Company has laid down a Code of Conduct for Directors and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chief Executive Officer of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The said declaration for financial year 2025-26 is attached to this report.

M. Code of Conduct for Prohibition of Insider Trading:

In terms of SEBI Listing Regulations as amended from time to time, the Company has formulated and adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders, Code of Practises and Procedures for Fair Disclosure

of Unpublished Price Sensitive Information and Policy on procedures to be followed while conducting an enquiry in the event of leak or suspected leak of Unpublished Price Sensitive Information.

All Directors, designated employees/persons and connected persons have affirmed compliance with the code.

III. COMMITTEES OF THE BOARD

The Board has constituted the following 6 (Six) Committees viz:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Management Committee

The terms and reference to these Committees are determined by the Board and their relevance reviewed from time to time. Each of these Committees has been mandated to operate within a given framework. Minutes of the meetings of each of these Committees are tabled regularly at the Board Meetings for their perusal and noting.

A. AUDIT COMMITTEE

The Board of Directors of the Company has constituted the Audit Committee in compliance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. The Committee members are having requisite experience in the fields of Finance, Accounts and Management. The Chief Financial Officer, representatives of Internal Auditors and Statutory Auditors are the permanent invitees at the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee. All the recommendations of the Audit Committee have been accepted by the Board of Directors.

The terms of reference of the Audit Committee, as approved by the Board and as updated time to time by the Board, are as under:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;



Corporate Governance Report (Contd.)

- Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - ii. Changes, if any, in accounting policies and practises and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgement by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
- Approval or any subsequent modifications of transactions of the Company with related parties;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

Corporate Governance Report (Contd.)

- Reviewing the functioning of the whistle blower mechanism;
- Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;
- Reviewing the utilisation of loans and/or advances from/investment by the holding Company in any subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as per applicable law;
- Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services; and
- Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

Audit Committee shall mandatorily review the following information:

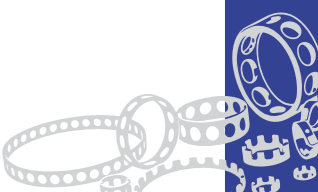
- Management's discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee; and
- Statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
 - (b) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

In addition to the above, the Audit Committee discharges all such other duties and functions generally indicated under the SEBI Listing Regulations, the Act and the Rules made thereunder.

Composition of Audit Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 4 (Four) Audit Committee Meetings were held on May 08, 2025, August 06, 2025, November 06, 2025 and February 05, 2026. The attendance of members at meetings is as under:

| Sl. No. | Name of Committee Member | Category | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|--------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Kunal Shah | Non-Executive Independent Director | Chairman | 4 | 4 |
| 2 | Dr. Bhushan Punani | Non-Executive Independent Director | Member | 4 | 4 |
| 3 | Mr. Ambar Patel | Non-Executive Independent Director | Member | 4 | 4 |
| 4 | Mr. Rajendra Shah | Executive Non-Independent Director | Member | 4 | 4 |



Corporate Governance Report (Contd.)

Corporate Governance Report (Contd.)

B. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted the Nomination and Remuneration Committee in compliance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

Terms of reference of the Nomination and Remuneration Committee inter alia, include the following:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
- i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- Formulating of criteria for evaluation of the performance of the independent directors and the Board;
 - Devising a policy on Board diversity;
 - Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
 - Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

- Analysing, monitoring and reviewing various human resource and compensation matters;
- Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- Reviewing and approving compensation strategy from time to time in the context of the current Indian market in accordance with applicable laws;
- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - i. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
 - ii. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
- Performing such other activities as may be delegated by the Board and/or specified/ provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

In addition to the above, Nomination and Remuneration Committee discharges all such other duties and functions generally indicated under the SEBI Listing Regulations, the Act and Rules made thereunder.

Composition of Nomination and Remuneration Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 1(One) Nomination and Remuneration Committee meetings was held on May 08, 2025. The attendance of members at meetings is as under:

| Sl. No. | Name of Committee Member | Designation | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|-----------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Ambar Patel | Non-Executive Independent Director | Chairman | 1 | 1 |
| 2 | Mr. Kunal Shah | Non-Executive Independent Director | Member | 1 | 1 |
| 3 | Ms. Priyanka Agarwal Chopra | Non-Executive Independent Director | Member | 1 | 1 |

Evaluation of the Board's Performance:

The Committee evaluate the performance of each Director of the Company as per the Policy for Evaluation of the Performance of the Board of Directors of the Company framed in accordance with the provisions of Section 178 of the Act and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel and the criteria for the evaluation of the performance as prescribed above.

Evaluation of Independent Director is carried on by the entire Board in the same way as it is done for the executive directors of the Company except the Independent Director getting evaluated.

Based on the performance evaluation of each and every Director and the chairman of the Company, the Committee provides the ratings based on each criteria and sub-criteria.

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board decides the appointments, re-appointments and removal of the non-performing Directors of the Company.

Evaluation of the Executive Directors of the Company is carried out by entire Board except the Executive Director being evaluated. The meeting for the purpose of evaluation of performance of Board members is held at least once in a year and the Company discloses the criteria lay down by the Committee for performance evaluation on its website for the reference and also in the annual report of the Company.

Remuneration of Directors:

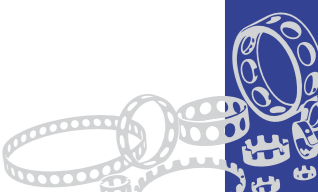
Remuneration of Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and members of the Company, based on the Board evaluation process considering the criteria such as the performance of the Company as well as that of each Executive Director.

The Company pays sitting fees of ₹ 30,000 per meeting to its Non-Executive Independent Directors for attending meeting of the Board. The Company also reimburses the out-of-pocket expenses incurred by the Non-Executive Independent Directors for attending the meetings.

The details of sitting fees paid to Non-Executive Independent Directors for the financial year 2025-26 are as under:

| (₹ in lakhs) | | |
|--------------|-----------------------------|--------------|
| Sl. No. | Name of Director | Sitting Fees |
| 1 | Mr. Ambar Patel | 1.20 |
| 2 | Dr. Bhushan Punani | 1.20 |
| 3 | Mr. Ramakrishnan Kasinathan | 1.20 |
| 4 | Mr. Kunal Shah | 1.20 |
| 5 | Ms. Priyanka Agarwal Chopra | 1.20 |

The Company has disclosed the criteria of making payment to Non-Executive Independent Directors and the same is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/boardofdirector.php#>



Corporate Governance Report (Contd.)

The details of remuneration paid to Executive Directors for the financial year 2025-26 are as under:

| (₹ in lakhs) | | | | |
|--------------|---------------------|--------|------------|--------|
| Sl. No. | Name of Director | Salary | Commission | Total |
| 1 | Mr. Rajendra Shah | 42.35 | 37.50 | 79.85 |
| 2 | Mr. Harish Rangwala | 42.35 | 87.50 | 129.85 |
| 3 | Mr. Vishal Rangwala | 77.00 | 162.50 | 239.50 |
| 4 | Mr. Pilak Shah | 77.00 | 156.25 | 233.25 |
| 5 | Ms. Hetal Naik | 45.60 | 56.25 | 101.85 |

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of the Company has constituted the Stakeholders' Relationship Committee in compliance with the provisions of Section 178(5) of the Act and Regulation 20 of the SEBI Listing Regulations.

Terms of reference of the Stakeholders' Relationship Committee inter alia, include the following:

- Consider and resolve grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- To approve, register, refuse to register transfer or transmission of shares and other securities;
- To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;

- Allotment and listing of shares;
- To authorise affixation of common seal of the Company;
- To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
- To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- To dematerialise or rematerialise the issued shares;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and
- To resolves the concerns or make any communication made in good faith by a Stakeholder to this Committee that discloses or demonstrates information that may evidence unethical or improper activity by an Accused in accordance with Whistle Blower Policy of the Company.
Accused here means a person against or in relation to whom an allegation has been made or evidence gathered during the course of an investigation.
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Governance Report (Contd.)

Composition of Stakeholders' Relationship Committee, Number of Meetings held and Participation at the Meetings during the financial year:

During the financial year, 4 (Four) Stakeholders' Relationship Committee meetings were held on May 08, 2025, August 06, 2025, November 06, 2025 and February 05, 2026. The attendance of members at meetings is as under:

| Sl. No. | Name of Committee Member | Designation | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|-----------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Ambar Patel | Non-Executive Independent Director | Chairman | 4 | 4 |
| 2 | Mr. Ramakrishnan Kasinathan | Non-Executive Independent Director | Member | 4 | 4 |
| 3 | Mr. Vishal Rangwala | Executive Non-Independent Director | Member | 4 | 4 |

Name and Designation of Compliance Officer

| | |
|--|--|
| Name and Contact detail of Compliance Officer: | Mr. Kiran Mohanty Company Secretary & Chief Compliance officer Tel: 91-2717-618200 |
| Email Id for correspondence: | sec@harshaengineers.com |
| Registered Office: | Sarkhej-Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India. |

Details of Complaints / Queries received and redressed during April 01, 2025 to March 31, 2026:

| Number of shareholders' complaints pending at the beginning of the year | Number of shareholders' complaints received during the year | Number of shareholders' complaints redressed during the year | Number of shareholders' complaints pending at the end of the year |
|---|---|--|---|
| Nil | Nil | Nil | Nil |

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors of the Company has constituted the Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act and rules made thereunder read with Schedule VII of the Act.

Terms of reference of the Corporate Social Responsibility Committee:

- To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;
- To formulate and recommend an annual action plan in pursuance of its Corporate Social Responsibility Policy which shall list the projects or programmes undertaken, manner of execution of such projects, modalities of utilisation of funds, monitoring and reporting mechanism for the projects;
- To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

- To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- To recommend the amount of expenditure to be incurred on the CSR activities, at least two per cent. of the average net profits of the Company made during the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;
- To monitor the CSR Policy and its implementation by the Company from time to time;
- To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.



Corporate Governance Report (Contd.)

Composition of Corporate Social Responsibility Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 2 (Two) Corporate Social Responsibility Committee meeting was held on May 08, 2025 and March 21, 2026. The attendance of members at meeting is as under:

| Sl. No. | Name of Committee Member | Designation | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|--------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Rajendra Shah | Executive Non-Independent Director | Chairman | 2 | 2 |
| 2 | Mr. Harish Rangwala | Executive Non-Independent Director | Member | 2 | 2 |
| 3 | Dr. Bhushan Punani | Non-Executive Independent Director | Member | 2 | 2 |

E. RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company has constituted the Risk Management Committee in compliance with the provisions of Regulation 21 of SEBI Listing Regulations. As on March 31, 2026, Risk Management Committee of the Company comprised of six members viz. Mr. Rajendra Shah, Mr. Pilak Shah, Mr. Kunal Shah, Mr. Ramakrishnan Kasinathan, Mr. Vishal Rangwala and Ms. Hetal Naik and Mr. Rajendra Shah, Executive Director, acts as Chairman of the Committee.

Terms of reference of the Risk Management Committee:

- To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

ii. Measures for risk mitigation including systems and processes for internal control of identified risks.

iii. Business continuity plan.

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Composition of Risk Management Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 2 (Two) Risk Management Committee meetings were held on May 08, 2025 and November 06, 2025. The attendance of members at meetings is as under:

| Sl. No. | Name of Committee Member | Designation | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|-----------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Rajendra Shah | Executive Non-Independent Director | Chairman | 2 | 2 |
| 2 | Mr. Pilak Shah | Executive Non-Independent Director | Member | 2 | 2 |
| 3 | Mr. Kunal Shah | Non-Executive Independent Director | Member | 2 | 2 |
| 4 | Mr. Ramakrishnan Kasinathan | Non-Executive Independent Director | Member | 2 | 2 |
| 5 | Mr. Vishal Rangwala | Executive Non-Independent Director | Member | 2 | 2 |
| 6 | Ms. Hetal Naik | Executive Non-Independent Director | Member | 2 | 2 |

Corporate Governance Report (Contd.)

F. MANAGEMENT COMMITTEE

The Board of Directors has constituted the Management Committee for the smooth day-to-day functioning of the Company. The committee comprises of 5 Executive Non-Independent Directors.

Role:

The Management Committee's primary role is to look after the day-to-day business activities of the Company within Board approved direction/framework. The Committee meets frequently, as and when need arises, to transact matters within the purview of its terms of reference.

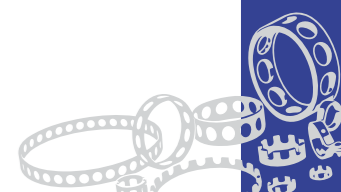
Composition of Management Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 10 (Ten) Management Committee meetings were held on various dates. The attendance of members at meetings is as under:

| Sl. No. | Name of Committee Member | Designation | Position | Number of Meetings Held | Number of Meetings Attended |
|---------|--------------------------|------------------------------------|----------|-------------------------|-----------------------------|
| 1 | Mr. Rajendra Shah | Executive Non-Independent Director | Chairman | 10 | 10 |
| 2 | Mr. Harish Rangwala | Executive Non-Independent Director | Member | 10 | 9 |
| 3 | Mr. Vishal Rangwala | Executive Non-Independent Director | Member | 10 | 9 |
| 4 | Mr. Pilak Shah | Executive Non-Independent Director | Member | 10 | 10 |
| 5 | Ms. Hetal Naik | Executive Non-Independent Director | Member | 10 | 9 |

IV. INFORMATION OF GENERAL BODY MEETINGS
A. The last three Annual General Meetings (AGM) were held as under:

| Financial Year | Day, Date and Time | Meeting Venue | Details of Special Resolution |
|----------------|--|---|---|
| 2024-25 | Friday, September 12, 2025 at 11:00 a.m. | Through Video Conferencing / Other Audio Visual Means | - |
| 2023-24 | Monday, September 16, 2024 at 11:00 a.m. | Through Video Conferencing / Other Audio Visual Means | 1. Re-appointment of Mr. Rajendra Shah (DIN: 00061922) as a Chairman & Whole-time Director of the Company for the period of five years with effect from December 25, 2024. 2. Re-appointment of Mr. Harish Rangwala (DIN: 00278062) as a Managing Director of the Company for the period of five years with effect from December 25, 2024. |
| 2022-23 | Thursday, September 28, 2023 at 11:00 a.m. | Through Video Conferencing / Other Audio Visual Means | - |



B. The last three Extra Ordinary General Meeting were held as under:

| Financial Year | Day, Date and Time | Meeting Venue | Details of Special Resolution |
|----------------|---|----------------------------------|---|
| 2021-22 | Tuesday, January 11, 2022 at 10:00 a.m. | Registered Office of the Company | 1. Appointment of Mr. Ambar Patel (DIN:00050042), as an Independent Director of the Company. 2. Appointment of Dr. Bhushan Punani (DIN:00119874), as an Independent Director of the Company. 3. Appointment of Mr. Kunal Shah (DIN:02087152), as an Independent Director of the Company. 4. Appointment of Prof. (Dr.) Neharika Vohra (DIN:06808439), as an Independent Director of the Company. 5. Appointment of Mr. Ramakrishnan Kasinathan (DIN:09461806), as an Independent Director of the Company. 6. Initial Public Offer of Equity Shares. 7. Alteration of the Memorandum of Association of the Company. 8. Adoption of new Articles of Association. 9. Increase in Authorised Share Capital. 10. Increase in investment limits for Non-Resident Indians and overseas citizens of India. |
| 2021-22 | Saturday, August 14, 2021 at 10:00 a.m. | Registered Office of the Company | Appointment of M/s Pankaj R. Shah & Associates, Chartered Accountants (FRN:107361W), as Statutory Auditor of the Company. |
| 2019-20 | Wednesday, September 25, 2019 at 11.00 a.m. | Registered Office of the Company | 1. Alteration of the Memorandum of Association of the Company. 2. Increase in the Authorised Share Capital. |

C. Details of Resolution Passed through Postal Ballot, the person who conducted the Postal Ballot Exercise and details of the voting pattern:

No Resolution was passed in the last financial year through postal ballot and at present no Resolution is proposed to be conducted through postal ballot. Hence, the provisions relating to postal ballot are not required to be complied with.

D. Means of Communications:

The quarterly, half - yearly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the requirements of SEBI Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in 'Business Standard' (English) and 'Jai Hind' (Gujarati) newspapers and is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/stockexchange-compliance.php#>. The press

releases, investor presentations and transcript of post result analyst and investor's conference call are available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/financial-information.php>.

E. General Shareholder Information:
a. Annual General Meeting:

| | |
|-------|---|
| Date | July 23, 2026 |
| Time | 11.00 a.m. |
| Venue | Through Video Conferencing / Other Audio Visual Means |

For details, please refer to the notice of the AGM.

In accordance with Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at the ensuing AGM are given in the Annexure to the notice of the AGM.

F. Financial Calendar:

The financial year of the Company is for a period of 12 months from 1st April to 31st March.

| | |
|--|---|
| Quarterly results and Limited Review for the quarter ending June 30, 2025 | Within 45 days of the end of the quarter |
| Quarterly/Half-yearly results and Limited Review for the quarter ending September 30, 2025 | |
| Quarterly/Nine-months results and Limited Review for the quarter ending December 31, 2025 | |
| Quarterly/Yearly results and audit report for the financial year ending March 31, 2026 | Within 60 days of the end of the financial year |

G. Date of Book Closure/Record Date: As mentioned in the Notice of ensuing AGM.

H. Dividend payment Date: As mentioned in the Notice of ensuing AGM.

I. List of Stock Exchanges:

Equity Shares of the Company are listed on the following stock exchanges:

| Name of the Stock Exchange | Address |
|--|---|
| BSE Limited | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 |
| National Stock Exchange of India Limited | Exchange Plaza, C-I, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 |

The Company has paid Annual Listing Fees for the financial years 2025-26 and 2026-27 to both stock Exchanges.

J. Registrar and Transfer Agent:
MUFG INTIME INDIA PRIVATE LIMITED (Formerly known as Link Intime India Private Limited)

5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C.G. Road, Ellisbridge, Ahmedabad-380009.
 Tel. No.: +91 79 26465179/ 86/ 87
 E-mail id: investor.helpdesk@in.mpms.mufg.com
 Website: www.in.mpms.mufg.com

K. Share Transfer System:
Delegation of Share Transfer Formalities:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to converting their holdings to dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

Pursuant to SEBI circular dated January 25, 2022, securities of the Company shall be issued in dematerialised form only while processing service requests in relation to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

During the financial year, the Company had obtained, on yearly basis, a certificate, from a Company Secretary in Practise, certifying that no share certificate transfer request has been processed in view of restriction on processing transfer in physical mode pursuant to clause 40(1) of the SEBI Listing Regulations. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates have been received from a Company Secretary in Practice for timely dematerialisation of Shares and for reconciliation of the Share Capital of the Company on a quarterly basis.

L. Investors' Grievances:

The Registrar and Transfer Agent under the supervision of the Secretarial Department of the Company look after investors' grievances. MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) is responsible for redressal of Investors' Grievances. The Company Secretary of the Company has been appointed as the Compliance Officer for this purpose. At each meeting of the Stakeholders' Relationship Committee, all matters pertaining to investors including their grievances and redressal are reported.



Corporate Governance Report (Contd.)

Corporate Governance Report (Contd.)

M. Category wise shareholding as on March 31, 2026:

| Category | Number of Shares | % of Shareholding |
|--|-------------------|-------------------|
| Clearing Members | 6,382 | 0.0070 |
| Other Bodies Corporate | 475,643 | 0.5224 |
| Hindu Undivided Family | 403,639 | 0.4433 |
| Mutual Funds | 11,282,436 | 12.392 |
| Non Resident Indians | 217,511 | 0.2389 |
| Non Resident (Non Repatriable) | 379,692 | 0.4170 |
| Office Bearers | 21,534 | 0.0237 |
| Public | 7,743,613 | 8.5053 |
| Trusts | 266 | 0.0003 |
| Promoters / Directors | 38,272,086 | 42.037 |
| Relatives Of Promoters | 26,435,158 | 29.036 |
| Independent Director | 500 | 0.0005 |
| Promoter - Trust | 3,575,833 | 3.9276 |
| Body Corporate - Ltd Liability Partnership | 37,949 | 0.0417 |
| FPI (Corporate) - I | 2,157,155 | 2.3694 |
| Alternate Investment Funds - III | 31,716 | 0.0348 |
| Key Managerial Personnel | 1,646 | 0.0018 |
| FPI (Corporate) - II | 1,346 | 0.0015 |
| Total | 91,044,105 | 100.0000 |

N. Distribution of Shareholding as on March 31, 2026:

| Shares Range | Number of Shareholder | % of total Shareholders | No. of Shares | % of Issued Capital |
|----------------|-----------------------|-------------------------|-------------------|---------------------|
| 1 to 500 | 68,738 | 96.45 | 4,464,476 | 4.9036 |
| 501 to 1000 | 1,594 | 2.2366 | 1,143,614 | 1.2561 |
| 1001 to 2000 | 492 | 0.6904 | 704,956 | 0.7743 |
| 2001 to 3000 | 168 | 0.2357 | 425,242 | 0.4671 |
| 3001 to 4000 | 71 | 0.0996 | 251,769 | 0.2765 |
| 4001 to 5000 | 70 | 0.0982 | 325,955 | 0.3580 |
| 5001 to 10000 | 54 | 0.0758 | 397,876 | 0.4370 |
| 10001 to ***** | 81 | 0.1137 | 83,330,217 | 91.5273 |
| | 71,268 | 100.00 | 91,044,105 | 100.00 |

O. Dematerialisation of Shares and Liquidity:

Demat ISIN: Equity Shares fully paid: INE0JUS01029

The Shares of the Company are compulsorily traded in **Demat** form at the stock exchanges where they are listed. The Shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2026, 99.9999978% of the total equity share capital of the Company are in Dematerialised form. The Shares of the Company are actively traded at BSE Limited,

Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

Norms for furnishing of PAN, KYC, Bank details and Nomination:

SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has mandated the listed companies to have PAN, Contact details, Postal address with PIN, Mobile number, E-mail address, Bank account details (bank name and branch, bank account number, IFS code), Specimen Signature and Nomination of all shareholders holding shares in physical form. Folios wherein any one of the above cited details / documents are not

available with the Company on or after October 01, 2023, shall be frozen as per the aforesaid SEBI circular. The Company has sent a letter to the shareholders holding shares in physical form in relation to the aforesaid intimation on May 12, 2023. In respect of shareholders who hold shares in the dematerialised form and wish to update their above mentioned details are requested to contact their respective Depository Participants.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely Impact on Equity:

During the financial year 2025-26, the Company has not issued Global Depository Receipts

There has been no revision in credit ratings of the Company during the financial year ended March 31, 2026, details of which are as under:

| Credit Rating Agency | Facilities/ Instruments | Existing Ratings | New Ratings | Rating Action | Amount (Rs. crores) |
|----------------------|--|-----------------------------|-----------------------------|-----------------------------------|-------------------------------|
| CARE Ratings Limited | Long term / Short term Bank Facilities | CARE AA-; Stable / CARE A1+ | CARE AA-; Stable / CARE A1+ | Reaffirmed by CARE Rating Limited | 493.12 (Enhanced from 428.12) |

Q. Commodity price risk or foreign exchange risk and hedging activities:

The Company has adequate risk management framework including for commodities as well as foreign exchange. The foreign exchange risk is managed through the hedging strategy of the Company which is reviewed periodically. The Company does not have material exposure for any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of circular of SEBI dated November 15, 2018.

R. Plant locations:
Registered Office/ Corporate Office/ Changodar Facility

Sarkhej-Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India.

Tel. : 91-2717-618200, Fax. : 91-2717-618259

Email-Id : sec@harshaengineers.com

Website : www.harshaengineers.com

CIN : L29307GJ2010PLC063233

Moraiya Facility

Moraiya Farm, Sarkhej-Bavla Road, P.O. Changodar, Ahmedabad- 382213, Gujarat, India.

(GDR) or American Depository Receipts (ADR) or Warrants or any Convertible Instruments.

P. Credit Ratings and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad:

The Company has not issued any debt instruments or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2026.

S. Address for correspondence:

Members may correspond with the Company at the Registered Office of the Company or at the office of Registrar and Transfer Agent of the Company:

Harsha Engineers International Limited

Sarkhej-Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India.

Tel. : 91-2717-618200, Fax. : 91-2717-618259

Email-Id : sec@harshaengineers.com

Website : www.harshaengineers.com

CIN : L29307GJ2010PLC063233

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)

5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C.G. Road, Ellisbridge, Ahmedabad-380009.

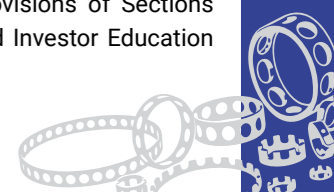
Tel. No. : +91 79 26465179/ 86/ 87

E-mail id: ahmedabad@in.mpms.mufg.com

Website: www.in.mpms.mufg.com

T. Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund:

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education



Corporate Governance Report (Contd.)

and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends not encashed/claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund ("IEPF"). The IEPF Rules mandate companies to transfer shares of members whose dividends remain unpaid/unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The members whose dividend and/or shares are transferred to the IEPF Authority can claim their dividend and/or shares from the Authority.

There are no unclaimed dividends that have remained unclaimed for seven years from the date of declaration, which are required to be transferred to the IEPF under the provisions of Section 124 of the Act read with the IEPF Rules, as amended.

V. OTHER DISCLOSURE

- A.** All transactions entered into by the Company with related parties as defined under the Act and SEBI Listing Regulations, during the financial year 2025-26 were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act. Transactions with related parties are disclosed in "Notes forming part of the Accounts" annexed to the financial statements for the financial year. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Suitable disclosure as required by the Indian Accounting Standard-24 (Ind AS 24) is forming part of this Annual Report. The policy on dealing with related party transactions is available on website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.
- B.** The Company has been in compliance with all applicable regulations and directives of the stock exchanges, SEBI, and other statutory authorities, ensuring conformity with the regulatory provisions in letter and spirit, and has maintained strict confidentiality of client information, as required under the Securities Contracts (Regulation) Act, 1956, and the

SEBI Listing Regulations. No penalty has been imposed by any stock exchange, SEBI nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.

C. Vigil Mechanism/Whistle Blower Policy:

Pursuant to the provisions of the Act and rules made thereunder and SEBI Listing Regulations, the Company has framed and adopted vigil mechanism policy to deal with instance of fraud and mismanagement, if any. The Company has also provided adequate safeguards against victimisation of employees and directors who express their concerns.

The objective of this Policy to establish a vigil mechanism for directors and employees to report their genuine concerns and grievances. The vigil mechanism is required to provide adequate safeguards against victimisation of employees and directors who avail the vigil mechanism and to provide direct access to the Chairperson of Audit Committee in appropriate cases. The Whistle Blower Policy is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>

Reporting Complaints:

According to the policy, any stakeholder may report Protected Disclosures to the Whistleblower Review Committee using the following link: <https://www.harshaengineers.com/whistle-blowing-system.php>

In the event of a Protected Disclosure concerning any Director, any stakeholder may report the Protected Disclosure to the Chairperson of the Audit Committee of the Company using the provided link. Alternatively, stakeholders can submit a written report to the address below, providing detailed and comprehensive information along with any supporting documents :

Chairperson of the Audit Committee

Harsha Engineers International Limited
Sarkhej - Bavla Road, Changodar, Ahmedabad,
Sanand, Gujarat, India, 382213.

Corporate Governance Report (Contd.)

- D.** The Company has formed the policy for determining material subsidiary as required by Regulation 16 of the SEBI Listing Regulations and the same is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

During the year ended March 31, 2026, the Company have Two (2) material unlisted subsidiary as defined in Regulation 16 of the SEBI Listing Regulations. The details are provided below:

| Sr. No. | Name of Material Subsidiary Company | Incorporation details | | Statutory Auditor's details | | Other details |
|---------|-------------------------------------|-----------------------|------------------|-----------------------------|---------------------|--|
| | | Date | Place | Name | Date of Appointment | |
| 1 | Harsha Engineers Advantek Limited | March 14, 2023 | State of Gujarat | Mukesh M. Shah & Co. | September 05, 2023 | unlisted company incorporated in India |
| 2 | Harsha Engineers Europe SRL | April 18, 2006 | Brasov | Diligent Consult SRL | November 02, 2006 | unlisted company incorporated in Romania |

- E.** There were no instances of raising of funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- F. Certification from Company Secretary in Practise:**
A certificate obtained from M/s. Chirag Shah & Associates, Company Secretary in Practise that none of the Directors on the Board of the Company for the financial year ended on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. The said certificate is annexed and forms a part of the Annual Report.
- G.** In terms of the amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the financial year, it has accepted all recommendations received from its mandatory committees.
- H.** The Company has followed all relevant Accounting Standards notified by The Companies (Indian Accounting Standards) Rules, 2015 while preparing Financial Statements for financial year 2025-26.
- I.** Disclosure with respect to demat suspense account/ unclaimed suspense account: Not applicable.
- J.** The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- K.** Details of total fees for all services paid by the Company and its Subsidiary to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part have been included in the notes to financial statements which forms integral part of the Annual Report.
- L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

| | |
|---|-----|
| Number of complaints filed during the financial year 2025-26: | Nil |
| Number of complaints disposed of during the financial year 2025-26: | Nil |
| Number of complaints pending as on end of the financial year 2025-26: | Nil |
- M. Loans and Advances:** During the financial year, the Company has not given any loans and advances to firms/companies in which directors are interested with the exception of an intercorporate deposit made with Harsha Engineers Advantek Limited, a wholly owned subsidiary of the Company, the details of which are provided in the notes to the Financial Statements.
- N. Details of Compliance:** The Company has complied with all the mandatory requirements as stipulated under SEBI Listing Regulations.
- O. The Board:** The Chairman of the Company is Executive Non Independent Director.
- P. Shareholder Rights:** Half-yearly and other Quarterly financial statements are published in newspapers and are available on the website of



Corporate Governance Report (Contd.)

the Company at <https://www.harshaengineers.com/InvestorRelations/financial-information.php#> and same are not being sent to the shareholders.

Q. Modified Opinion(s) in Audit Report: The Company already has a regime of un-qualified financial statement. Auditors have raised no qualification on the financial statements.

R. Separate posts of Chairperson and Chief Executive Officer: Mr. Rajendra Shah is the Chairman and Mr. Vishal Rangwala is Chief Executive Officer (CEO) of the Company.

S. Reporting of Internal Auditor: The Internal Auditors report to the Audit Committee.

V. Particulars of Senior Management Personnel

The particulars of senior management as of March 31, 2026, are as follows:

| Sl. No. | Name of Director | Designation |
|---------|------------------------------------|--|
| 1 | Mr. Shaji Jacob | Senior Vice President (Head-Engineering, Tool Room & Technology) |
| 2 | Mr. Hemant Sharma | Senior Vice President (Brass SBU) |
| 3 | Mr. Maulik Jasani | Vice President - Finance & Group CFO |
| 4 | Mr. Anand Bhardwaj | Senior General Manager (Marketing) |
| 5 | Mr. Sanjaykumar Korke ¹ | Senior General Manager (Engineering) |
| 6 | Mr. Jinan Shah | Senior General Manager (Purchase) |
| 7 | Mr. Rajesh Nirmal | General Manager (Logistics & Commercial) |
| 8 | Mr. Darpesh Parmar | General Manager (Human Resource) |
| 9 | Mr. Jayeshkumar Tank | General Manager (Information Technology) |
| 10 | Mr. Hemant Shah | Deputy General Manager (Admin) |
| 11 | Mr. Kiran Mohanty | Company Secretary & Chief Compliance Officer |
| 12 | Mr. Falgun Shah | Senior General Manager (Finance & Accounts) - Solar EPC Division |
| 13 | Mr. Hitesh Gadhvi | General Manager (Business Development) - Solar EPC Division |
| 14 | Mr. Mayur Patel | Senior General Manager (Head-Steel SBU) |
| 15 | Mr. Lokesh Miglani | Senior General Manager (Head-Brass SBU) |
| 16 | Mr. Chetan Prabhu ² | Head Project Management |
| 17 | Mr. Jai Kumar Soni ³ | General Manager – Digital Transformation |

¹Mr. Sanjaykumar Korke has resigned with effect from June 30, 2025.

²Mr. Chetan Prabhu is retired with effect from December 31, 2025.

³Mr. Jai Kumar Soni is designated as the Senior Management of the Company with effect from May 19, 2025.

The above Report was placed before the Board at its meeting held on May 07, 2026 and the same was approved.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: May 07, 2026

Rajendra Shah
Chairman & Whole-time Director
DIN:00061922

Corporate Governance Report (Contd.)

CEO / CFO CERTIFICATE

(Regulation 17(8) and Part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
The HARSHA ENGINEERS INTERNATIONAL LIMITED
Ahmedabad

Dear Sir,

We, the undersigned, in our respective capacities as the Chief Executive Officer and Chief Financial Officer of The HARSHA ENGINEERS INTERNATIONAL LIMITED ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2026 and based on our knowledge and belief, we state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violate of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated, based on our evaluation, wherever applicable, to the Auditors' and the Audit Committee:
- (1) significant changes in internal control over financial reporting during the year, if any;
 - (2) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Ahmedabad
Date: May 07, 2026

Vishal Rangwala
Chief Executive Officer

Maulik Jasani
Chief Financial Officer



Corporate Governance Report (Contd.)

**DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT FOR
DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is available on the website of the Company at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>.

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2026.

For Harsha Engineers International Limited

**Place: Ahmedabad
Date: May 07, 2026**

**Vishal Rangwala
CEO & Whole Time Director**

Corporate Governance Report (Contd.)

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Harsha Engineers International Limited
Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand, Gujarat, India, 382213

We have examined the compliance of conditions of Corporate Governance by **Harsha Engineers International Limited** ("the Company") for period from **April 01, 2025 to March 31, 2026** as stipulated in the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, pursuant to the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the Efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Ahmedabad
Date: May 07, 2026**

**CS Chirag Shah
Partner
Chirag Shah and Associates
FCS No.: 5545
C. P. No. 3498
UDIN: F005545H000299795
Peer Review Cert. No.6543/2025**



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Harsha Engineers International Limited
Sarkhej - Bavla Road, Changodar,
Ahmedabad, Sanand, Gujarat, India, 382213

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Harsha Engineers International Limited** having CIN L29307GJ2010PLC063233 and having registered office at Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand, Gujarat, India, 382213. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|-----------------------------|----------|--------------------------------|
| 1. | Mr. Rajendra Shantilal Shah | 00061922 | May 06, 2011 |
| 2. | Mr. Harish Ranjit Rangwala | 00278062 | December 11, 2010 |
| 3. | Mr. Vishal Harish Rangwala | 02452416 | August 12, 2021 |
| 4. | Mr. Pilak Rajendra Shah | 00407960 | February 05, 2016 |
| 5. | Ms. Hetal Manish Naik | 01990172 | August 12, 2021 |
| 6. | Mr. Ambar Jayantilal Patel | 00050042 | January 10, 2022 |
| 7. | Mr. Bhushan Chelaram Punani | 00119874 | January 10, 2022 |
| 8. | Mr. Kunal Dilipbhai Shah | 02087152 | January 10, 2022 |
| 9. | Ms. Priyanka Agarwal Chopra | 10011547 | November 11, 2024 |
| 10. | Mr. Ramakrishnan Kasinathan | 09461806 | January 10, 2022 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, Chirag Shah and Associates

CS Chirag Shah
Partner

Membership No.: 5545
C. P. No.: 3498

UDIN: F005545H000299839
Peer Review Cert. No. 6543/2025

Date: May 07, 2026
Place: Ahmedabad

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES
I: Details of the listed entity

| | | | |
|----|---|---|----------------|
| 1 | NSE Symbol | HARSHA | |
| 2 | BSE Scrip Code | 543600 | |
| 3 | MSEI Symbol | NA | |
| 4 | ISIN | INE0JUS01029 | |
| 5 | Corporate Identity Number (CIN) of the Listed Entity | L29307GJ2010PLC063233 | |
| 6 | Name of the Listed Entity | HARSHA ENGINEERS INTERNATIONAL LIMITED | |
| 7 | Year of incorporation | December 11, 2010 | |
| 8 | Registered office address | Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India. | |
| 9 | Corporate address | Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India. | |
| 10 | E-mail | sec@harshaengineers.com | |
| 11 | Telephone | 91-2717-618200 | |
| 12 | Website | https://www.harshaengineers.com | |
| 13 | Financial year for which reporting is being done | Start date | End date |
| | Current Financial Year | April 01, 2025 | March 31, 2026 |
| | Previous Financial Year | April 01, 2024 | March 31, 2025 |
| | Prior to Previous Financial year | April 01, 2023 | March 31, 2024 |
| 14 | Name of the Stock Exchange(s) where shares are listed | BSE Limited and National Stock Exchange of India Limited | |
| 15 | Paid-up Capital (In Rs) | 910,441,050 | |
| | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | | |
| 16 | Name of the Person | Kiran Mohanty | |
| | Telephone | 91-2717-618200 | |
| | Email address | sec@harshaengineers.com | |
| 17 | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together) | Standalone Basis | |
| 18 | Whether the company has undertaken assessment or assurance of the BRSR Core? | Yes, Limited assurance | |
| 19 | Name of assessment or assurance provider | Growlity Inc. | |
| 20 | Type of assessment or assurance obtained | Limited assurance | |

II: Products/services
21. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|--------|--|--|-----------------------------|
| 1 | Manufacturing | Metal and metal products | 85.08% |
| 2 | Electricity, gas, steam & air condition supply | Electric power generation, transmission & distribution | 14.92% |



Business Responsibility & Sustainability Report (Contd.)

22. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total Turnover contributed |
|--------|--|----------|---------------------------------|
| 1 | Bearing cages, Brass Casting and Automotive Components | 28140 | 85.08% |
| 2 | EPC and O & M of Solar Power Plant | 42201 | 14.92% |

III: Operations
23. Number of locations where plants & operations/offices of the entity are situated:

| Location | Number of plants [^] | Number of offices* | Total |
|---------------|-------------------------------|--------------------|-------|
| National | 2 | 1 | 3 |
| International | 0 | 0 | 0 |

[^]The Company has Solar Plants and Windmills which has not been considered as plants.

*The Company has 16 warehouses which has not been considered.

24. Markets served by the entity:
A. Number of locations:

| Location | Number |
|-----------------------------------|--------|
| National (No. of States) | 15 |
| International (No. of Countries)* | 31 |

*Here the total 31 countries do not include India.

B. What is the contribution of exports as a % of the total turnover of the entity?

- 39.14%

C. A brief on types of customers

- The Company serves a diverse mix of customers across both domestic and international markets. Our products are supplied to various businesses in different regions, which helps in maintaining a broad and stable market presence. We ensure that our products meet their required standards and specifications. By consistently supplying reliable and quality products, we have been able to build strong and long-term relationships with our customers.
- This helps in maintaining a balanced customer portfolio and supports business continuity. Having both domestic and international customers also allows us to expand our reach and reduce dependency on any single market. We focus on understanding customer requirements and delivering products accordingly. It emphasizes timely delivery, consistent quality, and dependable service. Regular communication and coordination with customers help in maintaining smooth operations and improving customer satisfaction.
- Overall, we aim to maintain strong and stable relationships with our customers by ensuring reliability, quality, and continuous support in all our business interactions.

IV: Employees
25. Details as at the end of Financial Year:
A: Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | | Others | |
|------------------|--------------------------------|--------------|--------------|---------------|------------|--------------|----------|----------|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (H) | % (H/A) |
| EMPLOYEES | | | | | | | | |
| 1. | Permanent (D) | 670 | 646 | 96.42% | 24 | 3.58% | 0 | 0 |
| 2. | Other than Permanent (E) | 13 | 13 | 100.00% | 0 | 0.00% | 0 | 0 |
| 3. | Total employees (D + E) | 683 | 659 | 96.49% | 24 | 3.51% | 0 | 0 |
| WORKERS | | | | | | | | |
| 4. | Permanent (F) | 1,075 | 1,055 | 98.14% | 20 | 1.86% | 0 | 0 |
| 5. | Other than Permanent (G) | 1,526 | 1,421 | 93.12% | 105 | 6.88% | 0 | 0 |
| 6. | Total workers (F + G) | 2,601 | 2,476 | 95.19% | 125 | 4.81% | 0 | 0 |

Business Responsibility & Sustainability Report (Contd.)

B: Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | | Others | |
|------------------------------------|--|-----------|-----------|----------------|----------|--------------|----------|----------|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (H) | % (H/A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | | | |
| 1. | Permanent (D) | 3 | 3 | 100.00% | 0 | 0.00% | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 |
| 3. | Total differently abled employees (D + E) | 3 | 3 | 100.00% | 0 | 0.00% | 0 | 0 |
| DIFFERENTLY ABLED WORKERS | | | | | | | | |
| 4. | Permanent (F) | 18 | 18 | 100.00% | 0 | 0.00% | 0 | 0 |
| 5. | Other than Permanent(G) | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 |
| 6. | Total differently abled workers (F + G) | 18 | 18 | 100.00% | 0 | 0.00% | 0 | 0 |

26. Participation/Inclusion/Representation of Women

| | Total (A) | No. and % of Females | |
|--------------------------|-----------|----------------------|---------|
| | | No. (B) | % (B/A) |
| Board of Directors | 10 | 2 | 20.00% |
| Key Management Personnel | 7 | 1 | 14.29% |

27. Turnover rate for permanent employees and workers

| | Turnover rate in current FY (2025-26) | | | | Turnover rate in previous FY (2024-25) | | | | Turnover rate in the year prior to the previous FY (2023-24) | | | |
|---------------------|---------------------------------------|--------|-------|--------|--|--------|-------|--------|--|--------|-------|--------|
| | Male | Female | Other | Total | Male | Female | Other | Total | Male | Female | Other | Total |
| Permanent Employees | 6.41% | 6.25% | 0 | 6.40% | 14.72% | 4.35% | 0 | 14.32% | 13.00% | 12.00% | 0 | 13.00% |
| Permanent Workers | 11.09% | 0.00% | 0 | 11.29% | 10.39% | 5.31% | 0 | 10.32% | 9.00% | 0.00% | 0 | 9.00% |

V: Holding, Subsidiary and Associate Companies (Including Joint Ventures)
28. Names of holding/subsidiary/associate companies/joint ventures

| S. No. | Name of the holding/subsidiary/associate companies/joint ventures (A) | Indicate whether holding/Subsidiary/Associate/Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility Initiatives of the listed entity? (Yes/No) |
|--------|---|---|-----------------------------------|--|
| 1 | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 100.00% | No |
| 2 | Harsha Engineers Europe SRL | Subsidiary | 100.00% | No |
| 3 | Harsha Engineers Advantek Limited | Subsidiary | 100.00% | No |
| 4 | Cleanmax Harsha Solar LLP | Joint Venture | 50.00% | No |

VI: CSR Details
29. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

- Yes

(ii) Turnover (in ₹): 12,282,029,831

(iii) Net worth (in ₹): 14,306,873,572



VII: Transparency and Disclosures Compliances

30. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) if yes, then provide web-link for grievance redress policy | FY (2025-26) | | Remarks | PY (2024-25) | | Remarks |
|---|--|--|--|--|--|--|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | |
| Communities | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | Nil | Nil | Nil | Nil | Nil | Nil |
| Investors (other than shareholder) | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | Nil | Nil | Nil | Nil | Nil | Nil |
| Shareholders* | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | Nil | Nil | Nil | 2 | Nil | Nil |
| Employees and Workers | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | Nil | Nil | Nil | Nil | Nil | Nil |
| Customers | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | 48 | 3 | Out of three pending complaints, for two complaints the Company has asked to provide some details but no response is given by the customer and one complain was found to be outside the scope after due review and was communicated accordingly to the complainant with reasons. | 59 | 6 | All the pending complaints are responded within 14 days of the receipt of the complaints. |
| Value Chain Partners | Yes, https://www.harshaengineers.com/InvestorRelations/Company-policies.php | Nil | Nil | Nil | Nil | Nil | Nil |
| Other (please specify) | NA | Nil | Nil | Nil | Nil | Nil | Nil |

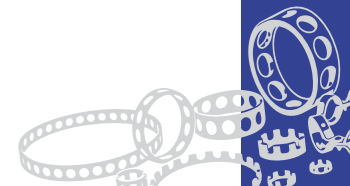
*Investor complaints also include shareholder complaints.

Notes - No complaint was received by the Company from communities, employees & workers, value chain partners, or other stakeholders during both financial years. We have a proper Grievance Redressal Mechanism in place for all stakeholders, and all received complaints were responded within the stipulated timeline.

Overview of the Entity's material responsible business conduct issues

31. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---|--|--|---|--|
| GHG Emissions (Scope 1, 2 & 3) | Risk & Opportunity | <p>R:- Rising climate regulations globally may create significant compliance and operational risks if our GHG emissions across Scope 1, 2, and 3 are not actively managed and reduced over time.</p> <p>- Failure to align with emission reduction targets may also damage our reputation among customers, investors, and external organisations such as CDP and SBTi.</p> <p>O:- Proactive adoption of renewable electricity and carbon reduction initiatives improves our operational efficiency, reduces input costs, and strengthens long-term sustainability performance.</p> <p>- Active GHG emission management enhances our customer and investor confidence and supports our commitments under SBTi and broader ESG frameworks including BRSR, CDP, and UN Goals.</p> | <p>Scope 1: We have invested in the induction mould heating system, which has led to a reduction in PNG consumption and a measurable reduction in Scope 1 GHG emissions from our Foundry operations.</p> <p>Scope 2: We have invested in renewable electricity projects to increase the share of renewable electricity consumption, which reduces our dependency on grid electricity and directly lowers Scope 2 GHG emissions.</p> <p>Scope 3: We have initiated supplier engagement on sustainability through structured training programmes and have commenced a supplier sustainability assessment with our major suppliers.</p> <p>We have signed and registered on the SBTi portal with a near term and long term committed targets to achieve net zero by 2050, aligning our climate strategy with global science-based pathways.</p> | <p>Positive: Energy savings, reduction in GHG emissions, stronger supplier engagement, and improve our ESG ratings.</p> <p>Negative: Carbon tax exposure, regulatory penalties, and higher compliance costs.</p> |

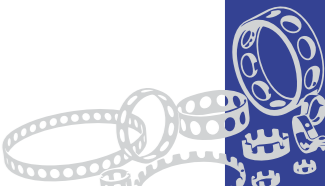


Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---------------------------------|--|--|--|---|
| Air Pollution Compliance | Risk | <p>R:- Our manufacturing operations generate air pollutants as part of production processes. If air emissions are not managed and maintained within statutory limits, it may lead to non-compliance with applicable environmental standards and create regulatory risks for us.</p> <p>- Unmanaged air pollution can also adversely impact the surrounding ecosystem, community health, and our operational license, leading to reputational and financial consequences.</p> | <p>- We are certified under ISO 14001 and implement its practises across our manufacturing facilities, which provides a structured framework for identifying, managing, and reducing air pollution risks.</p> <p>- We regularly conduct environmental monitoring and compliance reviews at all manufacturing sites to ensure adherence to consent conditions and applicable statutory emission limits.</p> | <p>Negative: Regulatory penalties, operational disruption including potential plant shutdown in the worst case, and corrective action costs arising from non-compliance.</p> |
| Energy Management | Risk & Opportunity | <p>R:- Our manufacturing operations require significant energy consumption. If energy use is not actively managed, it leads to increase of operational costs, higher dependency on non-renewable resources such as grid electricity, PNG etc., and that results to increase of GHG emissions across our operations.</p> <p>- Unmanaged energy consumption also exposes us to energy price volatility and limits our ability to meet our Scope 2 neutral target by December 2030.</p> <p>O:- Investment in Renewable electricity and deployment of energy-efficient equipment help us to reduce energy consumption, lower operational costs, and actively support our climate goals.</p> <p>- Reducing our dependency on grid electricity through Renewable electricity projects also improves our energy security and positions us positively with customers, regulators, and sustainability frameworks.</p> | <p>Electricity Consumption: We continuously execute energy efficiency projects such as switching to high-efficiency equipment, replacing manual controls with motion sensors, and upgrading motors from low-efficiency to high-efficiency variants, all of which reduce our grid electricity consumption.</p> <p>Renewable Electricity: We use electricity generated from our own renewable electricity projects, which reduces grid dependency and lowers emissions in line with our plan to achieve Scope 2 neutrality from renewable sources by December 2030.</p> <p>Fuel Switching: We have initiated a transition from PNG mould heating to an induction mould heating system. While the switchover is not yet 100% complete, the portions converted have contributed to a measurable reduction in our Scope 1 GHG emissions.</p> | <p>Positive: Reduce electricity and fuel costs, lower GHG emissions, and improve energy security across operations.</p> <p>Negative: High energy expenses and increase GHG emissions if energy consumption is left unmanaged.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---|--|--|--|--|
| Material & Chemical Management | Risk and Opportunity | <p>R:- Improper handling of raw materials and secondary chemicals used in our manufacturing processes may create risks across environmental, social, and governance dimensions:</p> <p>Environmental: Inefficient material use can increase waste generation, contribute to air and ground pollution, and damage the surrounding ecosystem.</p> <p>Social: Exposure to hazardous chemicals may result in occupational health risks for our workforce, including respiratory issues and other health concerns.</p> <p>Governance: Non-compliant chemical handling may attract regulatory penalties, compliance notices, and increased monitoring by authorities.</p> <p>O:- Efficient raw material usage and responsible chemical management improve our overall operational efficiency, reduce material losses, and support cost optimisation.</p> <p>Environmental: Responsible material management reduces waste generation, prevents ecosystem damage, and supports our sustainability commitments.</p> <p>Social: Safe chemical handling practises protect worker health, reduce absenteeism, and build a healthier and more productive workplace.</p> <p>Governance: Strong compliance with material and chemical regulations helps us to avoid penalties, maintain operational continuity, and build stakeholder confidence.</p> | <p>- We are certified under both ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health & Safety), which together provide an integrated framework for responsible material and chemical management across all our operations.</p> <p>- ISO 14001 guides us in managing environmental risks related to material use, waste minimisation, and pollution prevention.</p> <p>- ISO 45001 ensures safe chemical handling through structured PPE protocols, hazard identification, and controlled material storage and usage practises.</p> <p>- Together, these certifications help us to manage our resources efficiently, minimise waste, prevent occupational exposure, and maintain compliance with applicable environmental and safety standards.</p> | <p>Positive: Reduce material losses, improve production yield, and enhance ESG performance through responsible resource management.</p> <p>Negative: Waste disposal costs, regulatory penalties, and safety incidents arising from improper handling of materials and chemicals.</p> |

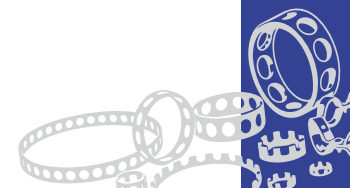


Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---------------------------|--|---|---|---|
| Climate Transition Risk | Risk & Opportunity | <p>R: As industries globally shift toward low-carbon manufacturing, delays in preparedness may expose us to a range of transition-related risks:</p> <p>Policy and Legal: Evolving carbon pricing mechanisms, including the EU Carbon Border Adjustment Mechanism (CBAM), may increase costs for emission-intensive operations.</p> <p>Technology: Failure to adopt modern, low-emission manufacturing technologies may limit our competitiveness and ability to meet decarbonisation goals.</p> <p>Reputational: Our stakeholders, including customers, investors, and external organisations, may lose confidence in us if we are not seen to be actively managing climate transition risks.</p> <p>O: Early climate action and proactive sustainability investments improve our resilience, enhance our market position, and prepare us for future regulatory and customer requirements.</p> <p>Policy and Legal: CBAM preparedness with LCA compliance position us as a reliable partner for export-oriented customers requiring climate disclosure.</p> <p>Technology: Investment in low-emission technologies and efficient equipment reduces our carbon footprint and lowers long-term operational costs.</p> <p>Reputational: Demonstrated climate leadership strengthens stakeholder trust and supports our growth in sustainability driven markets.</p> | <p>- We are investing in renewable electricity projects and simultaneously in high-efficiency with low-emission equipment's which reduce our Scope 1 and Scope 2 emissions and also align with our science-based targets.</p> <p>- We have commenced Product Carbon Footprint (PCF) calculations and Life Cycle Assessment (LCA) as per ISO standards and the GHG Protocol, which strengthens our ability to respond to CBAM and customer disclosure requirements.</p> <p>- We are actively progressing CBAM preparedness, including GHG emissions accounting and climate disclosure aligned with CDP and SBTi requirements, ensuring our export operations are future-ready.</p> | <p>Positive: Improve investor and customer confidence, stronger CBAM readiness, and improve market access in sustainability-driven supply chains.</p> <p>Negative: Loss of market access, regulatory penalties, and reduce export competitiveness if transition requirements are not addressed.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|--------------------------------|--|--|--|--|
| Product End-of-Life Management | Risk & Opportunity | <p>R:- Lack of proper recyclability planning and end-of-life practises for our products may increase environmental concerns and create compliance risks linked to extended producer responsibility and circular economy regulations.</p> <p>- Inadequate product end-of-life management may also impact our reputation with customers and stakeholders who increasingly demand evidence of responsible product lifecycle management.</p> <p>O:- Designing products with recyclability in mind and adopting circular economy practises improve our sustainability performance, reduce environmental impact, and position us positively within our statutory limits and customer expectations.</p> <p>- Proactive engagement with end-of-life recyclability also enhances our brand value and supports alignment with ESG reporting frameworks including BRSR, GRI, ESRs, CSRD and customer sustainability requirements.</p> | <p>- We are strengthening our circularity practises by focusing on proper recycling processes and ensuring responsible handling of product materials.</p> <p>- We are also advancing awareness by providing training on circular economy principles across our operations and supply chain to improve resource efficiency and reduce environmental impact.</p> | <p>Positive: Reduce waste handling costs and improve brand value through circularity practises and sustainable product management.</p> <p>Negative: Regulatory compliance costs and reputational risk if end-of-life recyclability expectations are not met.</p> |

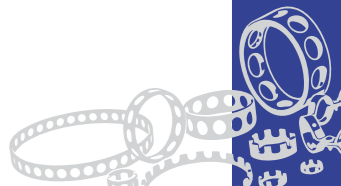


Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---------------------------|--|---|---|---|
| Waste Management | Risk & Opportunity | <p>R:- Waste generated from our manufacturing operations may create environmental pollution, regulatory risks, and compliance challenges if not properly managed, segregated, and disposed of in accordance with applicable standards.</p> <p>- Improper waste management may also harm the surrounding environment and community, and expose us to penalties from regulatory authorities.</p> <p>O:- Effective recycling and waste reduction initiatives support our circular economy goals, improve resource efficiency, and reduce our overall environmental footprint.</p> <p>- Responsible waste management demonstrates our commitment to sustainability and strengthens our credibility with customers, regulators, and ESG rating organisations.</p> | <p>- We are strengthening waste segregation, recycling tracking, and waste management practises across all our operations to ensure compliance and resource recovery.</p> <p>- We do not landfill any of our waste.</p> <p>- All waste generated at our facilities undergoes recycling or co-processing, ensuring that materials are responsibly handled and do not contribute to environmental degradation.</p> | <p>Positive: Lower disposal costs and potential recycling revenue through responsible waste recovery and resource reutilisation.</p> <p>Negative: Regulatory penalties, waste disposal expenses, and environmental liability if waste is not managed in compliance with applicable standards.</p> |
| Water Management | Risk & Opportunity | <p>R:- Our manufacturing operations depend on water as an essential resource, and any disruption caused by water scarcity or inadequate supply may impact our operational continuity and production efficiency.</p> <p>- Unsustainable water usage may also create regulatory and reputational risks, particularly in the context of increasing focus on water stewardship in sustainability frameworks like CDP Water Security and UN Goals.</p> <p>O:- Rainwater harvesting, treated water reuse, and robust water monitoring systems improve our water efficiency, reduce water procurement cost, and strengthen our long-term operational resilience.</p> <p>- Demonstrating strong water stewardship also enhances our sustainability credentials and supports compliance with BRSR and other disclosure requirements such as CDP.</p> | <p>- We have installed rainwater harvesting systems that allow us to utilise rainwater effectively, reducing our dependency on borewell water and third-party water procurement.</p> <p>- We operate a closed-loop water management system where treated water is fully reused within our plant premises.</p> <p>- We do not discharge any treated water outside our premises, and all water reuse is carried out in compliance with applicable consent conditions.</p> | <p>Positive: Reduce freshwater procurement cost and improve operational continuity through responsible water management.</p> <p>Negative: Treatment, compliance, and infrastructure-related costs associated with maintaining water management systems.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|-------------------------------------|--|--|---|---|
| EU CBAM/Carbon Tax Risk | Risk | <p>R:- Our export-oriented operations may face higher costs and additional disclosure obligations due to the EU Carbon Border Adjustment Mechanism (CBAM) and other evolving carbon border tax frameworks.</p> <p>- Failure to adequately prepare for CBAM requirements may reduce our competitiveness in export markets and impacting our financial performance.</p> | <p>- We are strengthening our CBAM readiness by advancing GHG emissions accounting, climate disclosure, and data management systems aligned with CDP and SBTi requirements.</p> <p>- We have commenced Life Cycle Assessment (LCA) calculations as per ISO standards and the GHG Protocol, which provides the foundation for product-level carbon data required under CBAM.- Our overall CBAM preparedness programme is actively progressing to ensure that our export operations remain compliant and competitive as carbon border regulations evolve.</p> | <p>Negative: Additional carbon tax liabilities, increase reporting obligations, and reduce export competitiveness if CBAM requirements are not addressed in a timely manner.</p> |
| Employee Health & Safety | Risk and Opportunity | <p>R:- Our manufacturing activities involve the use of heavy machinery, exposure to noise, and various operational hazards that may affect employee health, safety, and wellbeing if not properly managed.</p> <p>- Workplace incidents may result in production downtime, regulatory action, and reputational consequences, particularly in the context of our obligations under ISO 45001 and applicable labour laws.</p> <p>O:- Strong PPE awareness programmes, regular safety training, and a proactive occupational health and safety culture improve workplace safety, reduce incidents, and enhance employee wellbeing across our facilities.</p> <p>- A safe and healthy workplace also improves employee morale, productivity, and retention, which contributes to the long-term sustainability and stability of our operations.</p> | <p>- We are certified under ISO 45001 and implement its practises across all our manufacturing operations, which provides a structured framework for hazard identification, risk assessment, and safety management.</p> <p>- Our ISO 45001 system includes PPE protocols, controlled material handling procedures, regular safety training, and ongoing monitoring to ensure that workplace health and safety standards are consistently maintained.</p> | <p>Positive: Improve employee productivity, stronger workplace culture, and reduce frequency of workplace incidents.</p> <p>Negative: Medical expenses, compensation claims, and production downtime arising from workplace accidents or safety non-compliance.</p> |

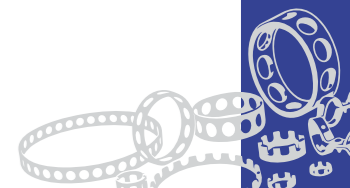


Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|---|--|---|---|---|
| Human Rights & Fair Labour Practises | Risk and Opportunity | <p>R:- Non-compliance with applicable labour standards and human rights obligations may create legal, operational, and reputational risks for us, particularly in the context of increasing scrutiny from customers, auditors, and sustainability disclosure frameworks.</p> <p>- Weak labour practises may also result in employee dissatisfaction, high attrition, and potential adverse findings during customer sustainability audits and ESG assessments.</p> <p>O:- Maintaining ethical labour practises and a strong culture of fairness, respect, and inclusion strengthens employee trust, reduces attrition, and supports a positive organisational culture.</p> <p>- Demonstrated commitment to human rights and fair labour practises also improves our standing with customers, investors, and external organisations that evaluate supply chain sustainability.</p> | <p>- We have implemented a structured employee grievance mechanism that provides a confidential and accessible channel for employees to raise concerns regarding workplace conduct and labour practises.</p> <p>- We have also rolled out employee wellbeing initiatives and maintain labour compliance practises across our operations, ensuring adherence to applicable statutory requirements and alignment with our sustainability commitments.</p> | <p>Positive: Improve employee retention, greater workforce stability, and enhance stakeholder confidence especially among our customers and ESG evaluators.</p> <p>Negative: Legal liabilities, reputational damage, and potential loss of customer relationships if labour standards are not upheld.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|--|--|--|---|---|
| Working Conditions & Employee Wellbeing | Risk and Opportunity | <p>R:- The quality of working conditions and employee wellbeing directly influences productivity, retention rates, and overall workforce satisfaction across our manufacturing operations.</p> <p>- Inadequate attention to working conditions may lead to increased absenteeism, lower engagement, and difficulties in retaining skilled employees, which can affect our operational performance and sustainability goals.</p> <p>O:- Proactive employee wellbeing initiatives, a supportive work culture, and improved workplace conditions enhance employee engagement, increase productivity, and contribute to a more stable and motivated workforce.</p> <p>- Demonstrating a genuine commitment to employee wellbeing also strengthens our reputation as a responsible employer and supports positive evaluations from customers and sustainability frameworks.</p> | <p>- We regularly conduct employee wellbeing programmes and occupational health and safety initiatives across our operations, including health check-ups, awareness sessions, and engagement activities.</p> <p>- These programmes are designed to promote physical and mental wellbeing, create a safe and inclusive work environment, and reinforce our commitment to caring for our workforce beyond standard compliance requirements.</p> | <p>Positive: Higher employee productivity, reduce attrition, and lower hiring and training costs as a result of strong workplace wellbeing practises.</p> <p>Negative: Productivity losses, increase attrition, and higher recruitment costs if employee wellbeing is not adequately prioritised.</p> |

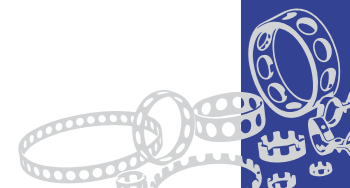


Business Responsibility & Sustainability Report (Contd.)

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|--|--|--|---|---|
| Regulatory Compliance & Costs | Risk and Opportunity | <p>R:- Increasing sustainability disclosure requirements and evolving environmental, social, and governance regulations require continuous investment in compliance monitoring, data management, and reporting systems across our operations.</p> <p>- Failure to maintain up-to-date compliance with applicable standards may expose us to regulatory penalties, business disruptions, and erosion of stakeholder trust.</p> <p>O:- Strong compliance systems and robust internal monitoring processes help us maintain operational continuity, reduce legal exposure, and demonstrate accountability to our stakeholders.</p> <p>- Proactive compliance management also positions us positively in sustainability assessments and supports smoother business operations across all our facilities.</p> | <p>- We regularly monitor regulatory requirements and conduct compliance reviews across our operations to ensure that all applicable environmental, safety, and governance standards are consistently met.</p> <p>- We have established a Sustainability Committee and maintain Board-level oversight of our ESG performance and compliance activities, ensuring that sustainability governance is integrated into our overall business management.</p> | <p>Positive: Reduce legal exposure, smoother business operations, and improve stakeholder confidence arising from strong compliance management.</p> <p>Negative: Regulatory penalties, litigation risks, and compliance-related expenses if standards are not maintained.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|--|--|--|--|---|
| Anti-Corruption & Business Ethics | Risk and Opportunity | <p>R:- Unethical business conduct, corruption, or non-compliance with anti-briber standards may create significant regulatory and reputational risks for us, and can undermine stakeholder confidence in our governance practises.</p> <p>- Weak governance controls may also lead to fraud, financial losses, and adverse findings during customer audits or external ESG assessments.</p> <p>O:- Maintaining strong ethics, anti-bribery controls, and governance practises improves stakeholder trust, enhances our institutional reputation, and supports long-term business continuity and sustainable growth.</p> <p>- Demonstrated commitment to business ethics also strengthens our relationships with investors, customers, and external organisations that assess governance quality as part of their sustainability evaluations.</p> | <p>- We have implemented comprehensive governance systems that include anti-bribery controls, ethics policies, and internal compliance mechanisms to strengthen business integrity across all our operations.</p> <p>- These systems are designed to prevent, detect, and address unethical conduct, and are reviewed periodically to ensure they remain aligned with applicable laws and our evolving governance commitments.</p> | <p>Positive: Improve investor confidence, stronger governance reputation, and continue business continuity through ethical business practises.</p> <p>Negative: Regulatory penalties, fraud-related financial losses, and significant reputational damage arising from ethics violations.</p> |



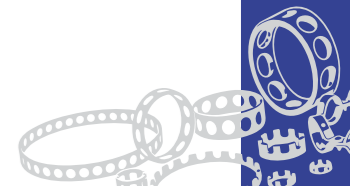
Business Responsibility & Sustainability Report (Contd.)

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|---------------------------------|--|--|--|--|
| ESG/BRSR Reporting Transparency | Risk and Opportunity | <p>R:- Stakeholders including regulators, investors, and customers increasingly expect transparent, accurate, and comprehensive sustainability disclosures from us.</p> <p>- Inaccurate, incomplete, or delayed reporting may negatively impact our credibility, create compliance risks, and undermine the confidence of key stakeholders in our ESG performance.</p> <p>O:- Transparent and credible sustainability reporting improves our standing with investors, customers, regulators, and external organisations that rely on ESG disclosures to evaluate our performance.</p> <p>- Strong reporting practises also improve our sustainability ratings, support alignment with frameworks such as BRSR, GRI, and ESRS, and demonstrate our commitment to accountability and continuous improvement.</p> | <p>- We are actively strengthening our sustainability data collection, management, and reporting systems to ensure accuracy, completeness, and consistency across all our ESG disclosures.</p> <p>- Our reporting processes are being progressively aligned with GRI, BRSR, and ESRS frameworks to meet the expectations of diverse stakeholders including customers, investors, regulatory bodies, and external sustainability organisations.</p> | <p>Positive: Improve sustainability ratings, stronger investor and customer confidence, and enhanced credibility arising from transparent and accurate ESG reporting.</p> <p>Negative: Sustainability compliance penalties and reputational impact if disclosure standards are not maintained.</p> |

Business Responsibility & Sustainability Report (Contd.)

| Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity | In case of risk, Approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate Positive or Negative implications) |
|----------------------------|--|---|---|---|
| Supply Chain Due Diligence | Risk and Opportunity | <p>R:- Supplier dependency and sustainability gaps within our supply chain may impact business continuity, create compliance risks, and damage our reputation, particularly in the context of increasing customer and regulatory expectations around responsible sourcing.</p> <p>- Supply chain disruptions or adverse findings during customer sustainability audits related to our suppliers may affect our ability to meet delivery obligations and retain key business relationships.</p> <p>O:- Supplier sustainability assessments, structured engagement programmes, and responsible sourcing practises improve our supply chain resilience and ensure alignment with our customers' sustainability requirements.</p> <p>- Strengthening supply chain sustainability also supports our performance in customer assessments such as ASR and CDP, and demonstrates our commitment to responsible procurement aligned with UN Goals and SBTi requirements.</p> | <p>- We are strengthening supplier sustainability by conducting structured training programmes, sustainability assessments, and sustainability agreements with our key suppliers.</p> <p>- Our supplier engagement activities are aligned with customer sustainability requirements including ASR, CDP, and SBTi, ensuring that our supply chain meets the expectations of our stakeholders and external organisations.</p> | <p>Positive: Stronger supplier relationships, improve supply chain resilience, and enhanced export readiness through responsible and sustainable sourcing.</p> <p>Negative: Risk of client rejection, supply disruptions, and audit non-compliance if supply chain sustainability gaps are not proactively addressed.</p> |

Note: Details about the materiality procedure and all the material topics can be found in ESG section of our Company's Annual Sustainability Report and Annual Report.



Business Responsibility & Sustainability Report (Contd.)

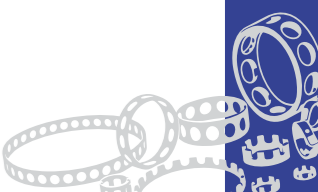
SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available | 1. Code of Conduct for Directors & Senior Management Personnel, P1, P7 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 2. Code of Conduct Policy, P1, P7 (available on intranet) 3. Whistle Blower Policy, P1 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 4. Risk Management Policy, P2 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 5. Corporate Social Responsibility Policy, P8 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 6. Code for Fair Disclosures, P4 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 7. Sexual Harassment Policy, P3, P5 (available on intranet) 8. Forced Labour Policy, P3, P5 (available on intranet) 9. Mobile Phone Usage Policy, P1, P9 (available on intranet) 10. Supplier Business Integrity Policy, P1, P5, P6 (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 11. Policy on Child Labour, P3, P5 (available on intranet) 12. Dividend Distribution Policy, P4 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) 13. Workplace Discipline Policy, P1, P9 (available on intranet) 14. Human Rights and Working Condition Policy, P5 (available on intranet) 15. Environment, Health & Safety Policy, P2, P6 (available on intranet) 16. Policy on Anti-Discrimination & Equal Opportunity, P3, P5 (available on intranet) 17. Grievance Redressal Policy, P3, P5, P8 (available on intranet) 18. Leave Policy, P3, P5 (available on intranet) 19. Non-Retaliation Policy, P4, P8 (available on intranet) 20. Policy on Anti-Harassment, P5 (available on intranet) 21. Policy on Gender Harassment at workplace, P5 (available on intranet) 22. Social Accountability Policy, P1, P2, P6 (available on intranet) | | | | | | | | |

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| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|--|-----|-----|-----|-----|-----|-----|-----|-----|
| 23. Policy on Determination and Disclosure of Materiality of Events and Information, P1, (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) | | | | | | | | | |
| 24. Policy on Related Party Transactions, P1 (https://www.harshaengineers.com/InvestorRelations/Company-policies.php) | | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | The Company has following certificates - ISO 14001:2015 - ISO 45001:2018 - IATF 16949 - ISO 9001:2015 - TISAX Label | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | <p>Environment: The Company is focused on protecting the environment through clear and time bound goals. We are committed to reducing our environmental impact and transitioning towards a low carbon future. Our key environmental goals include achieving Scope 2 neutrality by 2030. We also aim to become net zero by 2050. To support this, we have set a target to generate 100% renewable energy by 2030. We will be submitting our decarbonisation targets to SBTi (Science Based Targets initiative) for validation. In addition, we will provide sustainability training to all our employees and ensure that the training is completed by December 2026. These initiatives reflect our strong focus on responsible environmental management and building a culture of sustainability across the organisation.</p> <p>Social: We believe in creating an inclusive and diverse workplace with more equitable and representative workplace. For 2026 - 27, we have plan to increase the numbers of women employees compare to the 2025 - 26. We are also committed to promote which embrace diversity and ensure equal opportunity and our approach to hire people with special abilities (PwDs) by creating a respectful, supportive and accessible environment.</p> <p>Governance: We maintain the highest standards of transparency, ethics, and compliance across all our operations. We ensure that all reported cases of corruption or fraud are thoroughly investigated and resolved within three months of reporting. We have also strengthened our compliance management system across the entire Harsha Engineers Group, including all overseas subsidiaries. This helps us uphold good governance practises and maintain full regulatory adherence in every location where we operate.</p> | | | | | | | | |



Business Responsibility & Sustainability Report (Contd.)

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|----|----|----|----|----|----|----|----|----|
| <p>6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</p> <p>Environment: We have made good progress on our environmental commitments. Our current renewable energy contribution has already crossed 50%, which strongly supports our targets of achieving Scope 2 neutrality and generating 100% renewable energy by 2030. For our net zero goal by 2050, we have completed the registration process of SBTi and our application has been approved. We are now required to submit our detailed SBTi target information by September 2026.</p> <p>On the sustainability training front, training has been successfully completed for management, managers, employees, and housekeeping staff. Only the operators are remaining, and we are on track to complete their training by December 2026. These efforts are helping us build a strong culture of sustainability across the organisation.</p> <p>Social: We continue to focus on building a diverse and inclusive workforce. This year, we have hired more than 30 female employees (includes the contractual women). In addition, to promote inclusivity and diversity, we have onboarded more than 5 specially abled individuals. These steps reflect our ongoing commitment to creating equal opportunities and a more representative work environment.</p> <p>Governance: We uphold the highest standards of ethics and transparency. We have ensured that all reported cases of corruption or fraud are thoroughly investigated and resolved within three months of reporting. During the year, we are pleased to report that there was no whistle blower complaint received.</p> | | | | | | | | | |
| Governance, leadership and oversight | | | | | | | | | |
| <p>7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)</p> <p>Our Business Responsibility and Sustainability Report (BRSR) reflect the Company's strong and unwavering commitment to Environmental, Social, and Governance (ESG) principles.</p> <p>In today's fast changing industrial landscape, we face several important challenges, including decarbonising our operations amid rising energy costs, building a more inclusive and diverse workplace, and strengthening governance practises under increasing global scrutiny. These challenges motivate us to go beyond mere regulatory compliance and drive our ambition to become a truly sustainable and responsible organisation.</p> <p>We are pleased with the progress made during the year. Our proactive efforts have enabled us to achieve more than 50% renewable energy contribution, surpass our diversity hiring targets, successfully complete sustainability training for most of our employees, record zero whistle blower case. These achievements not only demonstrate our commitment but also create long-term value for the Company, stakeholders, and the communities we serve.</p> <p>We remain focused on our long-term goals of achieving Scope 2 neutrality and 100% renewable energy by 2030, and net zero by 2050. We will continue to strengthen our ESG performance with transparency, accountability, and continuous improvement.</p> <p>Looking ahead, we will continue to integrate ESG considerations into our core business strategy. We believe that responsible and sustainable practises are essential for building resilience, fostering innovation, and delivering enduring value to all our stakeholders in the years to come.</p> | | | | | | | | | |

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| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----|----|----|----|----|----|----|----|----|
| <p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p> <p>Board of Directors</p> | | | | | | | | | |
| <p>9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.</p> <p>Yes. We have established dedicated committees to support decision-making on sustainability-related matters and to strengthen our overall governance framework in this area.</p> <p>We have constituted an Enterprise Risk Management Steering Committee (ERM Steering Committee) and an Environmental, Social and Governance Steering Committee (ESG Steering Committee). These committees play an important role in guiding our approach towards sustainability and ensuring that relevant risks and opportunities are appropriately identified and managed.</p> <p>Through the ERM Steering Committee, we focus on identifying, assessing, and managing risks, including those related to environmental, social, and governance aspects. This helps us in integrating sustainability considerations into our overall risk management processes.</p> <p>Through the ESG Steering Committee, we oversee key areas such as environmental stewardship, stakeholder health and safety, community development, corporate social responsibility, ethical practises, and corporate governance. These areas together form our key ESG material issues, and we regularly review and monitor them.</p> <p>We use these committee structures to ensure that sustainability-related aspects are discussed at the appropriate level and that necessary actions are taken in a timely manner. These committees also support us in aligning our business practises with our sustainability goals and in improving our overall ESG performance.</p> <p>Overall, we aim to strengthen our commitment towards responsible business practises, sustainable growth, and long-term value creation for all our stakeholders through this structured governance approach.</p> | | | | | | | | | |

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually/Half yearly/Quarterly/Any other – please specify) | | | | | | | | |
|--|---|----|----|----|----|----|----|----|----|---|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Director | | | | | | | | | Annually | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Director | | | | | | | | | Annually | | | | | | | | |

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No).

| P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

If yes, provide name of the agency.

- The Company has undertaken independent assessments through external agencies as part of its compliance and due diligence processes.
- Primarily, the assessments have been carried out by the legal advisor to the Initial Public Offering (IPO). As part of the due diligence process in line with SEBI guidelines, the Company's statutory policies and related frameworks were independently reviewed through the IPO legal advisor.



Business Responsibility & Sustainability Report (Contd.)

- In addition, a safety audit of the Company's operations was conducted in accordance with IS 14489 standards. This audit was carried out by a qualified external agency to evaluate safety practises and ensure compliance with applicable requirements.
- Through these assessments, we ensure that our policies, processes, and practises are aligned with regulatory expectations and industry standards, and we continue to strengthen our compliance and governance framework.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| The entity does not consider the principles material to its business (Yes/No) | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

Notes:

- All nine NGRBC principles are duly covered by the Company's existing policies; accordingly, the above questions are not applicable. We have established a comprehensive policy framework that addresses each principle and its core elements, ensuring alignment with regulatory expectations and responsible business practises.
- We use a structured and proactive approach to periodically review and update our policies to keep them relevant, effective, and in line with evolving regulatory requirements and industry standards. This reflects our commitment to integrating the NGRBC principles across all aspects of our operations and governance framework.

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SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE

1

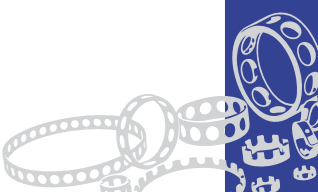
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators
1. % coverage by training and awareness programmes on any of the principles during the financial year.

| Segment | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|--|--|--|
| Board of Directors | 4 | Refresher training of Sexual Harassment, Business Code of Conduct, Whistle Blower Policy | The number indicated vary depending on the type and scope of training conducted and are specific to the topics listed in the table. While we conduct a wide range of training programs across various areas, the details presented here are limited to key topics such as refresher training on Sexual Harassment, Business Code of Conduct, Whistle Blower Policy, and SA 8000. Accordingly, this table does not represent the complete spectrum of training initiatives undertaken by the Company, but rather highlights specific focus areas relevant to the disclosures. |
| Key Managerial Personnel | 4 | Refresher training of Sexual Harassment, Business Code of Conduct, Whistle Blower Policy | |
| Employees other than BOD and KMPs Workers | 12 | Code of Conduct, Sexual Harassment & Social Accountability (SA8000) | |
| Workers | 12 | Code of Conduct, Sexual Harassment & Social Accountability (SA8000) | |



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2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| | Monetary | | | | |
|-----------------|-----------------|---|---------------|---|--|
| | NGRBC Principle | Name of the regulatory/enforcement agencies/judicial institutions | Amount (in ₹) | Brief of the case | Has an appeal been preferred? (Yes/No) |
| Penalty/Fine | Principle 1 | Office of the Commercial Tax Officer | 35,240 | Wrong availment of ineligible Input Tax Credit of ₹ 352,404 under IGST in contravention of Section 16 of the TNGST Act, 2017. The Penalty of ₹ 35,240 and Interest of ₹ 263,463 was levied under Section 73 and Section 50 of the TNGST Act, 2017 respectively. | No |
| Settlement | Nil | Nil | Nil | Nil | Nil |
| Compounding fee | Nil | Nil | Nil | Nil | Nil |

| | Non-Monetary | | | | |
|--------------|-----------------|---|---------------|-------------------|--|
| | NGRBC Principle | Name of the regulatory/enforcement agencies/judicial institutions | Amount (in ₹) | Brief of the case | Has an appeal been preferred? (Yes/No) |
| Imprisonment | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/enforcement agencies/judicial institutions |
|--------------|---|
| | Nil |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

- Yes, the Company's code of conduct has clause of Anti-Bribery. We have built our reputation over the years on the strong foundation of our core values and guiding principles. The Company is deeply committed to conducting all its business activities with the highest level of honesty, integrity, fairness, and trust. We treat our customers, employees, suppliers, and all other stakeholders with complete fairness and transparency in dealing. The policy provides a clear and structured framework that guides us on how to identify, prevent, and effectively address any instances related to corruption. Above all, the Company maintains a strict zero-tolerance stance towards any form of corruption or bribery. This policy is readily available on the Company's intranet, ensuring easy access for all employees whenever required.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

| Case Details | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
|--------------|--|---|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 0 | 0 |
| Workers | 0 | 0 |

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6. Details of complaints with regard to conflict of interest

| Case Details | FY (2025-26) (Current Financial Year) | | PY (2024-25) (Previous Financial Year) | |
|--|--|---------|---|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | NA | 0 | NA |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 | NA | 0 | NA |

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

- Not Applicable as there were no cases relating to corruption or conflict of interest.

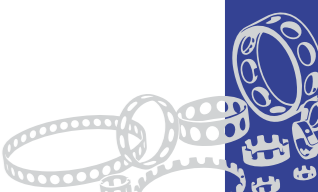
8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:

| | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
|-------------------------------------|--|---|
| Number of days of accounts payables | 59 | 57 |

9. Open-ness of business-Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
|----------------------------|--|--|---|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | NA | NA |
| | b. Number of trading houses where purchases are made from | NA | NA |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | NA | NA |
| Concentration of Sales | a. Sales to dealers/distributors as % of total sales | NA | NA |
| | b. Number of dealers/distributors to whom sales are made | NA | NA |
| | c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors | NA | NA |
| Share of RPTs in | a. Purchases (Purchases with related parties/Total Purchases) | 0.19% | 0.28% |
| | b. Sales (Sales to related parties/Total Sales) | 3.43% | 2.06% |
| | c. Loans & advances (Loans & advances given to related parties/Total loans & advances) | 81.47% | 57.64% |
| | d. Investments (Investments in related parties/Total Investments made) | 39.13% | 46.46% |

Notes: Trading houses are entities that primarily focus on the buying and selling of goods, often serving as intermediaries between producers and buyers. They typically do not engage in manufacturing but rather facilitate trade at both domestic and international levels. In this context, the criteria do not appear to be applicable to the Company.



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Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year.

| Total number of awareness programmes held | Topics/principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| 1 | Risk assessment for part manufacturing process inline to VDA-AIAG guidelines for Direct material suppliers | 41.00% |
| 2 | HARSHA's Sustainability journey | 33.00% |

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

- Yes, the Company has a policy of "Code of Conduct for Directors & Senior Management Personnel" and "Policy on Related Party Transactions". These policies prohibits Directors and Senior Management Personnel of the Company to enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/her to act in any manner other than in the best interests of the Company. These policies also provides procedures when a conflict of interest arises between Company and its Directors & Senior Management Personnel. Also, the Company receives a declaration (changes from time to time) from its Board members on the entities they are interested in and ensures requisite approvals as required under the statute as well as the Company's policies are in place before transacting with such entities/individuals.

Notes: We are strongly committed to conducting and governing our business with the highest level of integrity, ethics, transparency, and accountability. We believe that ethical business practises form the foundation of our long-term success and reputation. Our governing principles provide a clear framework to prevent, identify, and effectively address any issues related to corruption. We ensure that every decision and action taken in the organisation is transparent and accountable. All our policies and codes of conduct are regularly reviewed and communicated to employees to promote ethical behavior across the organisation. We are dedicated to continuously strengthening our culture of integrity and ethical governance in all aspects of our operations.

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PRINCIPLE

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. % of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) | Details of Improvements in environmental and social impacts |
|-------|--|---|---|
| R&D | NA | NA | NA |
| Capex | 6.15% | 36.89% | <p>In 2025-26, The CAPEX was done for Box wall Mobile Flood Barrier, 20HP Pump & PVC Line, Drinking Water Cooler, Vision System for SRB Line (7A, 7G and 7H), OD-ID papering machine, Roof Replacement and Solar Replacement which provide following benefits:</p> <ol style="list-style-type: none"> 1. Increase protection of premise and employees against flood which also increase safety and business continuity. 2. Efficient removal of excess water from the premise which ensures workplace hygiene, safety, and flood management. 3. Increase employee health by providing clean drinking water at Changodar Plant and Moraiya Plant. 4. Generation of renewable solar energy through rooftop installation which reduce dependency on fuel and decrease the carbon footprint. 5. Elimination of manual inspection process of SRB cage.6.Automation and elimination Vibro operation of Brass cage. <p>In 2024-25, The CAPEX was utilized for Roof Top solar plant, Hand Pallet Truck (Battery Operated), Water Cooler, Revamping of Bundling machine 8" X 8", Ground Mounted Solar Project and land for that, Road Sweeping Machine, Life line installation for Roof Top Solar Plants, Automatic Sprinkler System and Fire Detection System.</p> |

2. A. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

- Yes, the Company has a formal policy in place as outlined in its Supplier Business Integrity Policy, which is publicly available on the Company's website. This policy clearly emphasizes that sustainability is a key and integral component of the Company's overall business strategy and long-term vision. It reflects the Company's commitment to conducting business in an environmentally and socially responsible manner while ensuring alignment with global best practises.

Under this policy, suppliers are expected to actively work towards minimizing their environmental impact. This includes taking appropriate measures to reduce greenhouse gas emissions, manage and reduce waste



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generation, optimize energy consumption, and ensure efficient use of water resources. Suppliers are also required to comply with all applicable local environmental laws and regulations.

Furthermore, the Company has established a Supplier Code of Conduct, which has been in effect since November, 2022. The primary objective of this code is to ensure that all suppliers are fully aware of and compliant with, the Company's requirements regarding the hazardous chemical content of purchased materials. It also aims to restrict and monitor the use of raw materials sourced from prohibited or non-compliant regions, including specific smelters, in order to uphold ethical sourcing standards and regulatory compliance.

This ensures that sustainability and compliance considerations are embedded throughout the supply chain and across all stages of material procurement and usage.

In addition, the Company's supplier policy places strong emphasis on sourcing materials from suppliers who are certified under internationally recognised regulatory frameworks such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances Directive (RoHS). By doing so, the Company ensures that the materials used in its operations meet stringent safety, environmental, and regulatory standards, thereby reinforcing its commitment to responsible sourcing and sustainable business practises.

B. If yes, what % of inputs were sourced sustainably?

- 40%

This proportion reflects the Company's ongoing efforts to integrate environmental and social considerations into its procurement practises and supply chain management. To determine this percentage, the Company follows a structured internal mechanism that evaluates suppliers against defined sustainability criteria.

This includes verification of certifications such as REACH and RoHS, as well as an assessment of suppliers' environmental performance in areas like emissions management, resource efficiency, and responsible material sourcing.

The Company also undertakes periodic reviews of its supplier base, wherein relevant data and declarations are collected and assessed to ensure continued compliance with sustainability requirements. Suppliers demonstrating consistent adherence to these expectations are considered part of the sustainable sourcing pool. Additionally, preference is given to suppliers who show measurable improvements in sustainability performance or who actively adopt environmentally responsible practises.

This approach enables the Company to systematically track and enhance the share of sustainably sourced inputs over time, while maintaining transparency and accountability within its supply chain.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company has established defined processes to ensure the safe handling and disposal of waste in line with applicable regulatory requirements and environmental best practises. The approach varies based on the type of waste generated, as outlined below:

| | |
|------------------------------------|--|
| (a) Plastics (including packaging) | Plastic waste, including packaging materials, is managed in accordance with Extended Producer Responsibility (EPR) norms. The Company ensures that such waste is systematically collected, segregated, and handed over only to authorized and registered recyclers. This approach supports circularity by diverting plastic waste away from landfills and promoting its reintroduction into the value chain. |
| (b) E-waste | Electronic waste generated from operations is disposed of strictly in compliance with applicable E Waste norms. The Company channels all E waste to registered recyclers. This ensures that valuable materials are recovered efficiently while preventing environmental contamination and health risks associated with improper handling of electronic waste. |

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| | |
|---------------------|--|
| (c) Hazardous waste | Hazardous waste is managed with a high level of control and regulatory compliance. A portion of the hazardous waste is sent to cement plants for co-processing in an environmentally safe manner. Additionally, waste streams such as Effluent Treatment Plant (ETP) sludge and other hazardous residues are disposed of through authorized recyclers in accordance with hazardous waste management rules. This ensures safe handling, treatment, and final disposal without adverse environmental impact. |
| (d) other waste | All other non-hazardous waste generated during operations is segregated at source and directed to registered recyclers for further processing. The Company prioritizes recycling, thereby reducing landfill dependency and supporting sustainable waste management practises. |

Overall, the Company's waste management processes emphasize regulatory compliance, environmental safety, and resource efficiency, ensuring responsible end-of-life handling across all waste categories.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

- Yes, Applicable.
- The EPR annual return for Plastic waste for the 2024-25 has been submitted within statutory timeline.
- The annual return for the 2025- 26 will be filed within statutory timeline.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details.

- No, the Company has not conducted a full Life Cycle Assessment (LCA) for its products. However, we have taken progressive steps towards understanding and managing the environmental impact of our products through alternative assessment approaches. We are currently carrying out Product Carbon Footprint (PCF) calculations for our products with aligning ISO 14040:2006 Environmental management – Life cycle assessment – Principles and framework, ISO 14044:2006 Environmental management – Life cycle assessment – Requirements and guidelines. These calculations are conducted in line with recognised standards and frameworks, enabling us to assess greenhouse gas emissions associated with different stages of the product lifecycle. This helps in identifying key emission sources and areas for improvement. In addition, the Company has also initiated carbon footprint calculations in alignment with the Carbon Border Adjustment Mechanism (CBAM) framework. This further strengthens our approach towards measuring and reporting emissions in line with evolving regulatory and global requirements. Through these initiatives, we aim to enhance transparency, improve environmental performance, and build a strong foundation for more comprehensive lifecycle assessments in the future. These efforts support better monitoring of emissions across operations and help the Company in identifying opportunities for improving energy efficiency, optimizing processes, and reducing overall environmental impact. The insights derived from these assessments are being gradually integrated into decision-making and operational practises. Going forward, the Company remains committed to strengthening its environmental assessment practises and may consider expanding the scope towards a more comprehensive life cycle approach in the future, in line with business requirements and industry practises.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Action taken to mitigate significant social or environmental concerns and/or risks arising from production or disposal of products/services | | |
|---|---------------------------------|--------------|
| Name of Product/Service | Description of the risk/concern | Action Taken |
| -- | | |

Note:

- We have not conducted a full Life Cycle Assessment (LCA) of our products.
- However, we perform Product Carbon Footprint (PCF) calculations in accordance with ISO standards and the GHG Protocol.



Business Responsibility & Sustainability Report (Contd.)

- The scope of our product carbon footprint covers both cradle-to-gate and cradle-to-customer gate boundaries.
- Furthermore, our PCF calculations have been independently verified by a third-party assurance provider, Growlity Inc.

3. % of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material | |
|-------------------------|--|---|
| | FY (2025-26) Current Financial Year | PY (2024-25) Previous Financial Year |
| Reusable Boxes | 10.56% | 6.48% |

Note - The Company has been consistently focusing on improving resource efficiency and promoting sustainable practises across its operations. One of the key initiatives in this direction is the increased use of reusable packaging materials. Reusable boxes have been an integral part of our operations in previous years as well. However, from 2025-26 onwards, the Company has started formally tracking and disclosing the % of reusable input materials, along with corresponding data for the previous financial year to ensure transparency and comparability. We have also initiated a structured approach towards monitoring this parameter on a quarterly basis. This helps in tracking progress more effectively, identifying improvement areas, and ensuring better implementation of reuse practises across operations. The Company remains committed to further enhancing the use of reusable packaging materials in the coming years. By strengthening internal processes, increasing awareness, and exploring additional opportunities for reuse, we aim to improve resource efficiency and contribute towards reducing environmental impact.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY (2025-26) Current Financial Year | | | PY (2024-25) Previous Financial Year | | |
|--------------------------------|--|----------|-----------------|---|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | 0.00 | 11.04 | 0.00 | 0.00 | 10.72 | 0.00 |
| E-waste | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.07 |
| Hazardous waste | 0.00 | 276.06 | 188.81 | 0.00 | 0.00 | 195.88 |
| Other waste: (Total) | 0.00 | 666.57 | 1.42 | 0.00 | 614.90 | 0.00 |
| 1) Glass Waste | 0.00 | 0.00 | 1.42 | 0.00 | 0.00 | 0.00 |
| 2) Office waste | 0.00 | 78.99 | 0.00 | 0.00 | 68.11 | 0.00 |
| 3) Paper waste | 0.00 | 29.53 | 0.00 | 0.00 | 23.46 | 0.00 |
| 4) Wooden Waste | 0.00 | 163.88 | 0.00 | 0.00 | 143.29 | 0.00 |
| 5) Packaging waste | 0.00 | 394.17 | 0.00 | 0.00 | 380.04 | 0.00 |

5. Reclaimed products and their packaging materials (as % of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| | NA |

Note - We are intermediaries in supply chain, where major quantum of our products is directly and indirectly supplied to the OEMs. Hence the Company has no scope for reclaiming it at the end of its lifecycle.

Notes: We believe that sustainability and product safety are essential parts of our responsibility towards customers, society, and the environment. We focus on delivering high quality products that meet the highest standards of safety while minimizing our environmental impact. We continuously work towards adopting cleaner and more sustainable practises across our operations. Sustainability is deeply embedded in our business approach. We strive to balance business growth with environmental care and long-term resource conservation. Through these efforts, we aim to create lasting value for our stakeholders while contributing positively to a more sustainable future. We remain dedicated to continuously improving our products and processes to make them safer and more environmentally responsible.

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

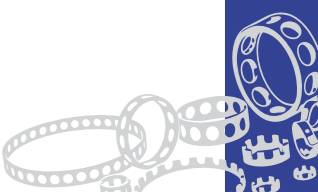
| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|---------------------|---------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent employees | | | | | | | | | | | |
| Male | 646 | 50 | 7.74% | 646 | 100.00% | NA | NA | 646 | 100.00% | 0 | 0.00% |
| Female | 24 | 0 | 0.00% | 24 | 100.00% | 24 | 100.00% | NA | NA | 0 | 0.00% |
| Total | 670 | 50 | 7.46% | 670 | 100.00% | 24 | 3.58% | 646 | 96.42% | 0 | 0.00% |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 13 | 0 | 0.00% | 13 | 100.00% | 0 | 0.00% | 13 | 100.00% | 0 | 0.00% |
| Female | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| Total | 13 | 0 | 0.00% | 13 | 100.00% | 0 | 0.00% | 13 | 100.00% | 0 | 0.00% |

b. Details of measures for the well-being of workers:

| Category | % of employees covered by | | | | | | | | | | |
|-------------------------------------|---------------------------|------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|---------------------|---------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent workers | | | | | | | | | | | |
| Male | 1,055 | 0 | 0.00% | 1,055 | 100.00% | 0 | 0 | 1,055 | 100.00% | 0 | 0.00% |
| Female | 20 | 0 | 0.00% | 20 | 100.00% | 20 | 100.00% | 0 | 0.00% | 0 | 0.00% |
| Total | 1,075 | 0 | 0.00% | 1,075 | 100.00% | 20 | 1.86% | 1,055 | 98.14% | 0 | 0.00% |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 1,421 | 0 | 0.00% | 1,421 | 100.00% | 0 | 0 | 0 | 0.00% | 0 | 0.00% |
| Female | 105 | 0 | 0.00% | 105 | 100.00% | 105 | 100.00% | 0 | 0.00% | 0 | 0.00% |
| Total | 1,526 | 0 | 0.00% | 1,526 | 100.00% | 105 | 6.88% | 0 | 0.00% | 0 | 0.00% |

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format.

| | FY (2025-26) Current Financial Year | PY (2024-25) Previous Financial Year |
|--|--|---|
| Cost incurred on well- being measures as a % of total revenue of the Company | 0.089% | 0.077% |



Business Responsibility & Sustainability Report (Contd.)

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Category | FY (2025-26) Current Financial Year | | | PY (2024-25) Previous Financial Year | | |
|-------------------------|---|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/NA) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/NA) |
| PF | 100% | 100.00% | Yes | 100.00% | 100.00% | Yes |
| Gratuity | 100% | 100.00% | Yes | 100.00% | 100.00% | Yes |
| ESI | 7.03% | 26.70% | Yes | 2.07% | 33.86% | Yes |
| Others – please specify | We have added the details of benefits in the principle 3. | | | | | |

3. Accessibility of workplaces

Are the premises/offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.

- Yes. The Company ensures that its premises and offices are accessible to differently abled employees and workers. We are committed to creating an inclusive and barrier-free work environment where all employees can work with ease, safety, and dignity. Accessibility is considered an important aspect of our workplace design and operations. We aim to provide a supportive environment that promotes equal participation and independence for all employees. Wherever required, appropriate arrangements and basic facilities are ensured to enhance mobility and ease of access within the workplace. Awareness and support from colleagues further help in creating a comfortable and encouraging work environment for differently abled employees. The Company continues to review and improve its facilities and practises to strengthen accessibility and inclusivity, ensuring that all employees feel valued and supported in the workplace.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

- Yes. The Company has implemented an Equal Opportunity Hiring Policy for Specially Abled Individuals, it reflects the Company's commitment towards building an inclusive, diverse, and equitable workplace for all.
- The policy is designed to ensure that persons with disabilities are provided with fair and equal opportunities at every stage of employment. The Company ensures that employment decisions are based on merit, skills, and qualifications, without any form of discrimination.
- We focus on creating a work environment where specially abled individuals feel respected, supported, and empowered to contribute effectively. Necessary support and reasonable considerations are provided, wherever required, to enable them to perform their roles efficiently. The Company also promotes awareness and sensitivity among employees to foster a culture of inclusion and mutual respect.
- In addition to this policy, the Company's Code of Conduct further strengthens the commitment to equal opportunity by encouraging all employees to treat each other fairly, equally, and with dignity. It clearly discourages any form of discrimination or bias in the workplace.
- The policy is communicated to employees through internal channels and forms an integral part of the Company's people practises. Through these combined efforts, the Company continues to promote diversity, inclusion, and equal opportunity, ensuring a positive and supportive work environment for specially abled individuals as well as the entire workforce.

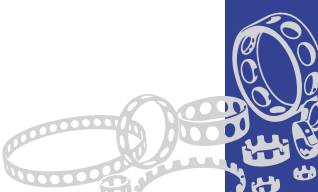
Business Responsibility & Sustainability Report (Contd.)

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------------|---------------------|----------------|---------------------|--------------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100.00% | 84.00% | 100.00% | 90.00% |
| Female | 100.00% | 00.00% | No One Taken Leave | No One Taken Leave |
| Total | 100.00% | 80.00% | 41.00% | 90.00% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|--------------------------------|---|
| Permanent Workers | Yes. The Company has established a well-defined, structured, and transparent mechanism to receive, address, and effectively resolve grievances of employees and workers in a timely and fair manner. This mechanism forms an important part of the Company's governance framework and reflects its commitment to maintaining a positive, inclusive, and respectful workplace environment. All grievances raised by employees and workers are dealt with in accordance with the Company's Grievance Redressal Policy. The policy provides a formal and accessible platform for individuals to report concerns related to workplace practises, employee welfare, working conditions, or any other issues that may impact their professional environment. The process ensures that every concern is acknowledged, reviewed, and resolved through a systematic approach, with due consideration given to confidentiality and impartiality. We do encourage employees and workers to openly communicate their concerns without fear of retaliation. Grievances can be raised through designated channels, and appropriate actions are taken after careful evaluation of the issue. The mechanism also ensures proper documentation, tracking, and closure of grievances, thereby strengthening accountability and continuous improvement in workplace practises. In addition to the grievance redressal mechanism, the Company has implemented a robust Whistle Blower mechanism that allows employees, workers, and other stakeholders to report genuine concerns related to unethical behaviour, misconduct, fraud, or violation of Company policies. Such concerns can be reported confidentially, ensuring protection of the identity of the complainant. All whistle blower complaints are reviewed by the Whistle Blower Review Committee, which evaluates the matter independently and takes appropriate corrective and preventive actions based on the findings. Further, to ensure transparency and independence in handling sensitive matters, the Company has provided a direct escalation channel. In cases where a complaint involves any Director, stakeholders have the option to directly report the concern to the Chairperson of the Audit Committee. This ensures that such complaints are addressed objectively, without any conflict of interest. Through these comprehensive mechanisms, the Company aims to foster a culture of trust, integrity, and accountability, where employees and workers feel empowered to raise their concerns and are assured that their grievances will be addressed in a fair, transparent, and timely manner. |
| Other than Permanent Workers | |
| Permanent Employees | |
| Other than Permanent Employees | |



7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY (2025-26) (Current Financial Year) | | | PY (2024-25) (Previous Financial Year) | | |
|---------------------------|--|--|---------|--|---|---------|
| | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees/workers in respective category (C) | No. of employees/workers in respective category, who are part of association (s) or Union (D) | % (D/C) |
| Total Permanent Employees | 670 | 0 | 0.00% | 562 | 0 | 0.00% |
| - Male | 646 | 0 | 0.00% | 536 | 0 | 0.00% |
| - Female | 24 | 0 | 0.00% | 26 | 0 | 0.00% |
| Total Permanent Workers | 1,075 | 0 | 0.00% | 1,084 | 0 | 0.00% |
| - Male | 1,055 | 0 | 0.00% | 1,067 | 0 | 0.00% |
| - Female | 20 | 0 | 0.00% | 17 | 0 | 0.00% |

8. Details of training given to employees and workers:

| Category | FY (2025-26) Current Financial Year | | | | | PY (2024-25) Previous Financial Year | | | | |
|------------------|--|-------------------------------|---------------|----------------------|---------------|---|-------------------------------|---------------|----------------------|---------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Male | 659 | 250 | 37.94% | 485 | 73.60% | 554 | 190 | 34.30% | 549 | 99.10% |
| Female | 24 | 12 | 50.00% | 22 | 91.67% | 26 | 8 | 30.77% | 26 | 100.00% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |
| Total | 683 | 262 | 38.36% | 507 | 74.23% | 580 | 198 | 34.14% | 575 | 99.14% |
| Workers | | | | | | | | | | |
| Male | 2,476 | 1,395 | 56.34% | 1,947 | 78.63% | 2,591 | 633 | 24.43% | 1010 | 38.98% |
| Female | 125 | 86 | 68.80% | 111 | 88.80% | 89 | 12 | 13.48% | 17 | 19.10% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |
| Total | 2,601 | 1,481 | 56.94% | 2,058 | 79.12% | 2,680 | 645 | 24.07% | 1027 | 38.32% |

9. Details of performance and career development reviews of employees and worker:

| Category | FY (2025-26) Current Financial Year | | | PY (2024-25) Previous Financial Year | | |
|------------------|--|--------------|---------------|---|--------------|---------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| Male | 659 | 524 | 79.51% | 554 | 494 | 89.17% |
| Female | 24 | 22 | 91.67% | 26 | 24 | 92.31% |
| Others | 0 | 0 | 0.00% | 0 | 0 | 0.00% |
| Total | 683 | 546 | 79.94% | 580 | 518 | 89.31% |
| Workers | | | | | | |
| Male | 2,476 | 1,151 | 46.49% | 2,591 | 1,042 | 40.22% |
| Female | 125 | 21 | 16.80% | 89 | 17 | 19.10% |
| Others | 0 | 0 | 0.00% | 0 | 0 | 0.00% |
| Total | 2,601 | 1,172 | 45.06% | 2,680 | 1,059 | 39.51% |

10. Health and safety management system:
a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

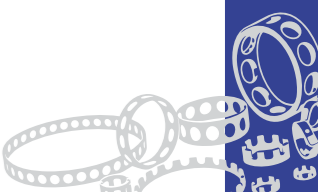
- Yes, we have implemented a structured Occupational Health and Safety Management System as an integral part of its sustainability framework. We focus on continuously maintaining and enhancing workplace health, safety, and environmental standards across all operations. We have developed and implemented a comprehensive Health, Safety, and Environment (HSE) management system in alignment with applicable standards and industry practises. This system is designed to ensure safe working conditions, prevent workplace incidents, and promote a culture of safety across the organisation. The framework is consistently applied across both manufacturing plants and extends to all operational and support functions. It enables the identification of risks, implementation of preventive controls, and continuous monitoring of safety performance, thereby ensuring that all employees and workers operate in a safe and secure environment. We continuously strengthen our safety practises through regular monitoring, internal audits, and safety initiatives. Our approach focuses not only on compliance but also on building a culture where safety is considered a shared responsibility and an integral part of daily operations.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

- The Company follows a structured, systematic, and participative approach for the identification of work-related hazards and assessment of associated risks across routine and non-routine activities. Our safety team plays a central role in driving this process in close coordination with plant employees and workers. This collaborative approach ensures that potential hazards are identified at an early stage, leveraging both technical expertise and on-ground experience of the workforce.
- We maintain a detailed Hazard Identification and Risk Assessment (HIRA) register, which serves as a key tool for evaluating risks. Each activity is assessed based on defined parameters such as likelihood of occurrence and severity of impact. Based on the risk rating, appropriate control measures, preventive actions, and mitigation strategies are identified and implemented.
- The process is dynamic and continuously updated to reflect changes in operations, introduction of new processes, or modifications in existing systems. In addition to routine assessments, special attention is given to non-routine activities such as maintenance work, shutdowns, or new installations to ensure that associated risks are effectively managed.
- To further strengthen our safety practises, we conduct regular safety patrolling, near-miss reporting, and safe workstation mapping. These initiatives help in identifying unsafe conditions and behaviour's, encouraging early reporting, and preventing potential incidents. Periodic reviews and updates of the HIRA register ensure that all identified risks are tracked and addressed in a timely manner.
- Through this structured and ongoing process, we aim to create a safe working environment and continuously improve our risk management practises.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

- Yes. The Company has established clear and accessible processes that enable workers to report work-related hazards and unsafe conditions, as well as take appropriate action to avoid exposure to such risks. We actively encourage all employees and all workers to participate in safety-related activities and to promptly report any unsafe conditions, near-miss incidents, or potential hazards to their supervisors or the safety team. Regular safety inspections, patrolling activities, and interactive sessions provide platforms for workers to raise concerns and share observations. All reported hazards are reviewed, and necessary corrective and preventive actions are implemented in a timely manner. This ensures that risks are addressed effectively and do not escalate into incidents.



Business Responsibility & Sustainability Report (Contd.)

- We promote a culture of openness and accountability, where workers feel empowered to speak up about safety concerns without hesitation. This participative approach not only strengthens hazard identification but also reinforces a sense of shared responsibility towards maintaining a safe workplace.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

- Yes. The Company provides access to non-occupational medical and healthcare services as part of its commitment to employee well-being and overall welfare. We extend support beyond statutory requirements to ensure that employees have access to timely and adequate medical care. Ambulances are available at all plant locations to handle emergency situations efficiently, and tie-ups with nearby hospitals within a 10 to 15 minutes radius ensure quick access to advanced medical treatment when required.
- Eligible employees are covered under the ESIC scheme, which provides access to government healthcare facilities and medical benefits. This ensures that employees and their families have access to essential healthcare services. In addition, the Company has established an in-house occupational health centre equipped with necessary medical facilities. The centre is supported by a qualified nurse who is available 24 hours a day to provide immediate medical assistance and first aid support.
- We continue to focus on strengthening healthcare support systems and ensuring that employees feel secure and supported in terms of their health and well-being. Through these initiatives, we aim to promote a healthy workforce and a safe working environment across all our operations.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category* | FY (2025-26) | PY (2024-25) |
|--|-----------|------------------------|-------------------------|
| | | Current Financial Year | Previous Financial Year |
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.00 | 0.00 |
| | Workers | 0.00 | 0.00 |
| Total recordable work-related injuries | Employees | 0.00 | 0.00 |
| | Workers | 0.00 | 0.00 |
| No. of fatalities | Employees | 0.00 | 0.00 |
| | Workers | 0.00 | 0.00 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0.00 | 0.00 |
| | Workers | 0.00 | 0.00 |

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

- We are firmly committed to create and maintain a safe and healthy workplace where all our employees and workers can perform their duties without undue risk of injury, illness, or adverse health effects. We aim to maintain a safe and healthy workplace by systematically reducing the risk of injuries, health hazards, and accidents, while strictly adhering to all applicable safety-related laws and regulations. Our approach to workplace safety is comprehensive, multi-faceted, and based on the recognition that occupational health and safety is an integral part of our overall business operations and our commitment to sustainability.
- We have established comprehensive training and communication programs that ensure all employees understand the hazards associated with their work, the safety procedures and practises they must follow, and the personal protective equipment they must use. We conduct regular safety training sessions, safety awareness campaigns, and toolbox talks to keep safety at the forefront of employees' minds and to reinforce the importance of following safety procedures. We ensure that all new employees receive comprehensive safety induction training before beginning work, and that all employees receive regular refresher training to keep their knowledge and skills current.
- We have implemented Safety Kaizen initiatives that bring together workers, supervisors, and management to identify small but meaningful improvements to safety practises and work processes. Through Safety Kaizen initiatives, we empower frontline workers to identify safety improvements and participate in implementing these

Business Responsibility & Sustainability Report (Contd.)

improvements, creating a culture of continuous safety enhancement throughout our organisation. Regular safety patrolling is conducted by health and safety professionals, managers, and trained employee representatives who walk through our facilities on a systematic schedule to observe work practises, identify potential hazards, and ensure compliance with safety procedures. Safety patrols enable us to identify unsafe conditions or unsafe work practises in real-time and to take immediate corrective action. Near-miss reporting is an important part of our safety culture where workers are encouraged to report incidents that could have resulted in injuries but did not, as well as unsafe conditions.

- Safe workstation mapping involves assessing individual workstations to ensure that they are designed and equipped in ways that minimize risk of injury and promote worker comfort and efficiency. This process includes evaluation of ergonomic factors, proper positioning of equipment and materials, adequate lighting and ventilation, and elimination of unnecessary hazards. By mapping and improving individual workstations, we ensure that the immediate work environment of each employee supports safe and healthy work practises.
- Through these comprehensive measures and initiatives, Harsha Engineers International Limited demonstrates our genuine commitment to creating and maintaining workplaces where all employees and workers are protected from occupational hazards and can work safely and healthily. We recognise that workplace safety is not achieved through a single initiative or program but rather through a comprehensive, integrated, and sustained commitment to identifying hazards, implementing controls, training workers, monitoring performance, and continuously improving our safety practises and systems.

13. Number of Complaints on the following made by employees and workers:

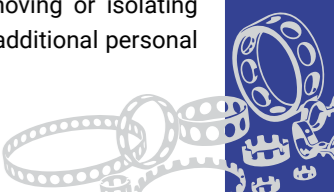
| | FY (2025-26) (Current Financial Year) | | | PY (2024-25) (Previous Financial Year) | | |
|--------------------|--|---------------------------------------|---------|---|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | NA | 0 | 0 | NA |
| Health & Safety | 0 | 0 | NA | 0 | 0 | NA |

14. Assessments for the year.

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practises and working conditions.

- Through our comprehensive assessments of health and safety practises and working conditions at our manufacturing plants and operational facilities, no significant risks or concerns have been identified. This positive outcome reflects the effectiveness of our occupational health and safety management systems, the commitment of our employees and management to maintaining safe working environments, and the proactive approach we take towards identifying and addressing health and safety issues before they become significant problems. However, we remain vigilant and responsive to any unsafe conditions that may be observed at our plants during routine operations and monitoring activities. We have established a culture and organisational approach where corrective actions are taken promptly during the year whenever any unsafe conditions are observed at our plants or operational facilities. Our commitment is not simply to maintain current levels of safety but to continuously identify opportunities for improvement and to address any emerging safety concerns before they result in injuries or serious incidents.
- When unsafe conditions are observed during our regular safety patrols, maintenance activities, or through worker reports, our health and safety team, along with plant management, takes immediate action to assess the situation and implement appropriate corrective measures. These corrective actions may include removing or isolating hazards, implementing engineering controls to prevent worker exposure to hazards, providing additional personal



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protective equipment where necessary, modifying work procedures or work methods to eliminate unsafe practises, conducting training and retraining of workers on safe work practises, or implementing systemic changes to processes or equipment to eliminate unsafe conditions. We maintain detailed records of all unsafe conditions identified, corrective actions taken, and the timeline for implementation of corrections. By maintaining this proactive approach to identifying and correcting unsafe conditions as they arise, we ensure that our plants continue to maintain high standards.

- Our commitment to continuous improvement in occupational health and safety, combined with our responsive approach to addressing unsafe conditions when they are identified, demonstrates our genuine dedication to protecting the health and safety of all workers at our facilities. We recognise that workplace injuries and illnesses are preventable and that our responsibility as an employer is to eliminate or minimize hazards and to create work environments where all workers can perform their jobs safely and return home healthy to their families at the end of each workday.

Leadership Indicators
1. Does the entity extend any life insurance or any compensatory package in the event of death of

- (A) Employees (Y/N) – Yes
- (B) Workers (Y/N) – Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

- We are ensuring compliance with statutory obligations is a fundamental responsibility that extends not only to our direct operations but also throughout our value chain, particularly to our contractors and service providers who engage workers on our behalf. We understand that statutory dues including provident fund contributions, employee state insurance contributions, professional tax, and goods and services tax represent legal obligations that must be fulfilled by all our value chain partners, and that failure to comply with these obligations can expose workers to financial insecurity and can expose our Company to legal and reputational risks.
- The Company regularly monitors the Provident Fund (PF), Employee State Insurance (ESIC), Professional Tax (PT), and Goods and Services Tax (GST) compliance of our contractors through a systematic and ongoing monitoring process.
- Our commitment to ensuring that statutory dues are properly deducted and deposited by our value chain partners reflects our recognition that contract workers depend on contractors to protect their statutory rights and entitlements, and that our Company has responsibility for the welfare of workers engaged through our contractors. By implementing comprehensive monitoring mechanisms and holding contractors accountable for statutory compliance, we ensure that workers' rights are protected and that statutory obligations are fulfilled. Through these measures, Harsha Engineers International Limited demonstrates our commitment to responsible contracting practises and to ensuring that all workers associated with our business, whether direct employees or contract workers, are treated fairly and have their statutory entitlements protected.

3. Provide the number of employees/workers having suffered high consequence work- related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees/workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|---|---|---|
| | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
| Employees | 0 | 0 | 0 | 0 |
| Workers | 0 | 0 | 0 | 0 |

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4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

- Yes, our Company does provide transition assistance programs designed to facilitate continued employability. We believe that it is our responsibility as a responsible employer to provide appropriate support and assistance to help these employees navigate these transitions successfully and to prepare them for the next phases of their careers and lives. By providing transition assistance programs, we help minimize the disruption and challenges associated with the end of employment and enable employees to move forward with greater confidence and security.
- Our transition assistance programs may include counselling, skills training and development opportunities that help employees develop new skills or update existing skills to make themselves more competitive in the job market and to enhance their employability in their current or new fields. We believe that transition assistance programs are an important investment in the well-being of our employees and in the maintenance of our reputation as a responsible and caring employer.
- Our commitment to transition assistance also reflects our recognition that many of our former employees become members of the communities we serve, customers of our business, or advocates or critics of our Company based on their experiences with us. We ensure that information about our transition assistance programs is communicated clearly to employees so that they understand what support is available to them in the event that their employment ends due to retirement or termination. Our transition assistance programs are designed to be practical, accessible, and responsive to the real needs of employees facing the end of their employment. We periodically review and update our transition assistance programs to ensure that they remain relevant and effective in meeting employee needs. We seek feedback from employees who have used our transition assistance programs to understand whether the programs were helpful and to identify areas where improvements can be made.

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | 33.00% |
| Working Conditions | 33.00% |

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practises and working conditions of value chain partners.

- We have not identified significant risks or concerns requiring immediate corrective action, we remains committed to supporting continuous improvement in health and safety practises throughout our value chain. We recognise that even organisations with good health and safety records can find opportunities for further improvement and enhancement of their practises.
- We are committed to maintaining these positive relationships and to supporting our partners in their ongoing efforts to enhance their health and safety practises and protect the well-being of their workers. Through our comprehensive assessment of value chain partners and our collaborative approach to continuous improvement, we ensure that health and safety standards are maintained throughout our business operations and value chain.

Notes: We are committed to respecting and promoting the wellbeing of all our employees and workers, including those in our value chain. We believe that the growth and happiness of our people are fundamental to our success as a responsible organisation. We provide a safe, healthy, and inclusive working environment for all our employees. We maintain zero tolerance towards any form of discrimination, harassment, or forced labour. We remain dedicated to continuously strengthening our practises to ensure the highest standards of human rights and well-being for all employees and workers across our operations and value chain.





Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

- We understand that our success is not achieved in isolation but rather through strong and collaborative relationships with diverse groups of individuals and organisations who have varying interests in our business operations and who are affected by our business decisions and activities. We are privileged to share strong relationships with our investors and other stakeholder groups, relationships that are built on a deep understanding of their expectations, concerns, and priorities, combined with our genuine and consistent commitment to fulfilling the expectations we have established with them. We analyse the impact and influence of each stakeholder group on our business and, conversely, the impact of our business on each stakeholder group. This analysis helps us understand the relative significance of different stakeholder groups and helps us prioritize our stakeholder engagement efforts. We assess factors such as the financial or operational dependence of our business on each stakeholder group, the ability of each stakeholder group to influence our business decisions or operations, the dependence of each stakeholder group on our business for their own success or well-being, and the vulnerability of each stakeholder group to negative impacts from our business operations. We have developed a clear and comprehensive understanding of our stakeholder landscape. This understanding enables us to prioritize our stakeholder engagement efforts, to allocate resources to engaging with the most significant stakeholder groups, and to ensure that our policies and practises are responsive to the concerns and expectations of our key stakeholders. Through our systematic and comprehensive approach to stakeholder identification and engagement, we demonstrate our recognition that our long-term success depends on building and maintaining positive, transparent, and mutually beneficial relationships with all our key stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/Half yearly/ Quarterly/others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|-------------------|--|---|---|--|
| Employees | No | <ul style="list-style-type: none"> Emails Internal Meetings Engagement Activities Internal Portal Townhall Meeting One-To-One Interaction | <ul style="list-style-type: none"> Need Basis | <ul style="list-style-type: none"> Employee Wellbeing Career Development Business Plans |
| Shareholders | No | <ul style="list-style-type: none"> Email Teleconference Investor Presentation Plant Visits Website AGM | <ul style="list-style-type: none"> Quarterly Annually Need Basis | <ul style="list-style-type: none"> Financial Performance Prospective Investment Investor Relationship Dividend Profitability Financial Stability |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/Half yearly/ Quarterly/others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|------------------------|--|---|---|--|
| Investors | No | <ul style="list-style-type: none"> Email Teleconference Investor Presentation Plant Visits Website Roadshows Investor Conference | <ul style="list-style-type: none"> Quarterly Need Basis | <ul style="list-style-type: none"> Financial Performance Prospective Investment Investor Relationship Dividend Profitability Financial Stability |
| Suppliers | No | <ul style="list-style-type: none"> Email Meetings | <ul style="list-style-type: none"> Need Basis | <ul style="list-style-type: none"> Commercial Quality On Time Delivery |
| Customers | No | <ul style="list-style-type: none"> Email Exhibitions Meetings Plant visits | <ul style="list-style-type: none"> Need Basis | <ul style="list-style-type: none"> Business Enhancement Customer Satisfaction |
| Suppliers/ Contractors | No | <ul style="list-style-type: none"> Email Meetings | <ul style="list-style-type: none"> Need Basis | <ul style="list-style-type: none"> Quality |
| Community | Yes | <ul style="list-style-type: none"> One-To-One Interactions | <ul style="list-style-type: none"> Need Basis | <ul style="list-style-type: none"> CSR Projects Community Needs |

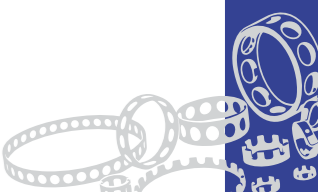
Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

- We recognise that meaningful and regular consultation with our stakeholders on economic, environmental, and social topics is fundamental to our ability to operate responsibly, identify emerging risks and opportunities, and make informed strategic decisions that benefit all our stakeholders. We recognise that effective stakeholder consultation requires a decentralized and locally responsive approach that is sensitive to the specific needs, concerns, and characteristics of different stakeholder groups in different locations. Therefore, consultation with stakeholders on economic, environmental, and social topics has been delegated to the relevant departments and teams within our organisation who are best positioned to engage with stakeholders on a continuous and ongoing basis. We are committed to ensuring that the process of collecting and communicating stakeholder feedback is transparent, fair, and responsive. By establishing robust processes for stakeholder consultation and ensuring that feedback from stakeholders informs Board-level decision-making, we demonstrate our commitment to stakeholder-inclusive governance and our recognition that our long-term success depends on building and maintaining positive relationships with all our stakeholders.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

- Our stakeholder consultation is actively used to support the identification and management of environmental and social topics within our organisation. We recognise that our stakeholders have valuable insights, concerns, and perspectives regarding the environmental and social impacts of our business operations, and we deliberately incorporate these perspectives into our processes for identifying and managing economic, environmental, and social topics. We engage with multiple stakeholder groups including our employees, customers, investors, and local communities through relevant and appropriate mechanisms to understand their perspectives on environmental and social and governance topics through double materiality assessment.



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- We engage with customers to understand their expectations regarding the environmental performance of our products, our social responsibility practises, our supply chain management, and other factors that influence their purchasing decisions and brand loyalty. By consulting with our customers and understanding their environmental and social requirements, we ensure that our practises remain responsive to market expectations and competitive pressures in our industry.
- We believe that the integration of stakeholder consultation into our environmental and social management processes is essential for building credibility with our stakeholders, for ensuring that our practises remain responsive to emerging concerns and opportunities, and for driving continuous improvement in our environmental and social performance. We are committed to maintaining and strengthening our stakeholder engagement mechanisms, to giving serious consideration to stakeholder feedback in our policy and practice development, and to communicating back to stakeholders about how their input has influenced our decisions and actions. Through these commitments and practises, we demonstrate that stakeholder voices are valued in our organisation and that we are serious about identifying and managing environmental and social topics in ways that address stakeholder concerns and contribute to sustainable and responsible business practises.

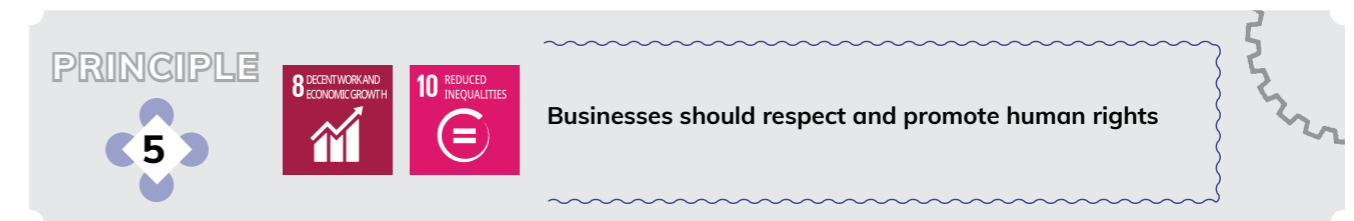
3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

- The Company has demonstrated a commitment to supporting vulnerable groups by engaging in various initiatives. The Company has partnered with an independent NGO, Aastha Charitable Trust, to provide a residential complex called "ANAND DHAM" for the mentally challenged and those with aging or posthumous parental care needs. In the similar manner the Company has made a Corporate Social Responsibility (CSR) contribution to the Make a Difference Education & Medical Welfare Foundation, Sant Vinoba Gram Swarajya Ashram, Institute Management Committee(IMC) of ITI Bavla, LENCO Alumni Association. During 2025-26 the Company has contributed approximately 199.93 lakhs towards the welfare of vulnerable groups, and ensured that the outreach programs address their needs.

Note: At Harsha Engineers International Limited (HEIL), we believe that strong, transparent, and mutually beneficial relationships with our stakeholders are essential for our long-term success and responsible growth. We systematically identify key stakeholder groups by assessing their influence on our business and our impact on them, enabling us to understand their expectations and concerns better.

We regularly engage with our Employees on well-being and career development, Shareholders & Investors on financial performance and returns, Suppliers & Contractors on quality and delivery, Customers on satisfaction and business growth, and local Communities – recognised as a vulnerable group – through CSR initiatives. We actively consult stakeholders on economic, environmental, and social topics, using their valuable feedback – including through double materiality assessment – to inform our policies, decisions, and Board-level discussions. At HEIL, stakeholder engagement remains a continuous journey of listening, learning, and creating shared value for all.

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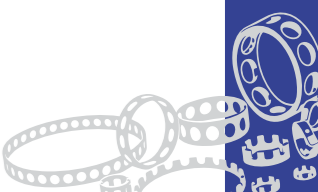
Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY (2025-26) Current Financial Year | | | PY (2024-25) Previous Financial Year | | |
|------------------------|--|--------------------------------------|---------------|---|--------------------------------------|---------------|
| | Total (A) | No. of employees/workers covered (B) | % (B/A) | Total (C) | No. of employees/workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 670 | 263 | 39.25% | 562 | 190 | 33.81% |
| Other than permanent | 13 | 12 | 92.31% | 18 | 3 | 16.67% |
| Total Employees | 683 | 275 | 40.26% | 580 | 193 | 33.28% |
| Workers | | | | | | |
| Permanent | 1,075 | 227 | 21.12% | 1,084 | 263 | 24.26% |
| Other than permanent | 1,526 | 416 | 27.26% | 1,596 | 261 | 16.35% |
| Total Workers | 2,601 | 643 | 24.72% | 2,680 | 524 | 19.55% |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY (2025-26) Current Financial Year | | | | | PY (2024-25) Previous Financial Year | | | | |
|----------------------|--|-----------------------|---------|------------------------|---------|---|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal Minimum Wage to | | More than Minimum Wage | | Total (D) | Equal Minimum to Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | 670 | 0 | 0.00% | 670 | 100.00% | 562 | 0 | 0.00% | 562 | 100.00% |
| Male | 646 | 0 | 0.00% | 646 | 100.00% | 536 | 0 | 0.00% | 536 | 100.00% |
| Female | 24 | 0 | 0.00% | 24 | 100.00% | 26 | 0 | 0.00% | 26 | 100.00% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |
| Other Permanent than | 13 | 0 | 0.00% | 13 | 100.00% | 18 | 0 | 0.00% | 18 | 100.00% |
| Male | 13 | 0 | 0.00% | 13 | 100.00% | 18 | 0 | 0.00% | 18 | 100.00% |
| Female | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |



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| Category | FY (2025-26) Current Financial Year | | | | PY (2024-25) Previous Financial Year | | | | | |
|----------------------|--|--------------------------|---------|---------------------------|---|--------------|--------------------------|---------|---------------------------|---------|
| | Total (A) | Equal Minimum Wage to | | More than Minimum Wage | | Total (D) | Equal Minimum to Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Workers | | | | | | | | | | |
| Permanent | 1,075 | 5 | 0.465% | 1,070 | 99.535% | 1,084 | 29 | 2.68% | 1,055 | 97.32% |
| Male | 1,055 | 5 | 0.47% | 1,050 | 99.526% | 1,067 | 29 | 2.72% | 1,038 | 97.28% |
| Female | 20 | 0 | 0.00% | 20 | 100.00% | 17 | 0 | 0 | 17 | 100.00% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 | 0 | 0.00% |
| Other than Permanent | 1,526 | 489 | 32.04% | 1,037 | 67.96% | 1,596 | 665 | 41.67% | 931 | 58.33% |
| Male | 1,421 | 468 | 32.93% | 953 | 67.07% | 1,524 | 637 | 41.80% | 887 | 58.20% |
| Female | 105 | 21 | 20.00% | 84 | 80.00% | 72 | 28 | 38.89% | 44 | 61.11% |
| Others | 0 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0.00% | 0 | 0.00% |

3. Details of remuneration/salary/wages.
1. Median remuneration/wages:

| | Male | | Female | |
|----------------------------------|--------|--|--------|--|
| | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category |
| Board of Directors (BoD) | 8 | 4,052,502 | 2 | 5,152,500 |
| Key Managerial Personnel | 6 | 11,220,064 | 1 | 10,185,000 |
| Employees other than BoD and KMP | 654 | 625,745 | 26 | 510,909 |
| Workers | 1229 | 368,987 | 20 | 296,350 |

2. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY (2025-26) Current Financial Year | PY (2024-25) Previous Financial Year |
|---|--|---|
| Gross wages paid to female | 44,477,940 | 28,849,578 |
| Total wages | 1,361,957,778 | 1,267,668,573 |
| Gross wages paid to females as % of total wages | 3.27% | 2.28% |

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

- Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

- We recognise that having comprehensive grievance redressal mechanisms is essential for protecting human rights, identifying problems early, addressing issues before they escalate, and demonstrating our genuine commitment to respecting and protecting the rights of all individuals affected by our business operations.
- At the core of our grievance redressal mechanism is the establishment of a dedicated Human Resources Single Point of Contact (HR SPOC) for each division of our organisation. This is a significant and strategic commitment that demonstrates the importance we place on grievance redressal and human rights protection. By designating an HR SPOC in each division, we ensure that employees and workers in every part of our organisation have access to a trained, accessible, and responsive official who is responsible for receiving and addressing human rights grievances. The division-level structure of our HR SPOC system ensures that grievances are handled at the closest possible level to where the issues arise, enabling faster response times, better understanding of local context and

issues, and more personalized support for grievant. We recognise that having a grievance redressal mechanism is not sufficient by itself; the mechanism must be widely known, easily accessible, and genuinely trusted by employees to be effective. Through our comprehensive internal mechanisms to redress grievances related to human rights issues, we demonstrate our unwavering commitment to protecting human rights, creating safe and respectful workplaces, and ensuring that all individuals affected by our business have access to effective remedies when human rights violations occur.

6. Number of Complaints on the following made by employees and workers:

| | FY (2025-26) Current Financial Year | | | PY (2024-25) Previous Financial Year | | |
|----------------------------------|--|--|---------|---|--|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | 0 | 0 | NA | 0 | 0 | NA |
| Discrimination at workplace | 0 | 0 | NA | 0 | 0 | NA |
| Child Labour | 0 | 0 | NA | 0 | 0 | NA |
| Forced Labour/Involuntary Labour | 0 | 0 | NA | 0 | 0 | NA |
| Wages | 0 | 0 | NA | 0 | 0 | NA |
| Other Human | | | | | | |
| Rights related issues | 0 | 0 | NA | 0 | 0 | NA |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

| | FY (2025-26) Current Financial Year | PY (2024-25) Previous Financial Year |
|---|--|---|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | 0 | 0 |
| Average number of female employees/workers at the beginning of the year and as at the end of the year | 0 | 0 |
| Complaints on POSH as a % of female employees/workers | 0 | 0 |
| Complaints on POSH upheld | 0.00% | 0.00% |

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

- We recognise that creating an effective mechanism to address discrimination and harassment complaints requires not only clear policies and procedures but also robust protections for complainants to ensure that they do not face any adverse consequences, retaliation, or negative treatment as a result of filing complaints or participating in investigations. Our organisation has established comprehensive mechanisms and safeguards specifically designed to prevent adverse consequences to complainants in discrimination and harassment cases.
- Our Human Resources Single Point of Contact (HR SPOC), who serves as the central focal point for all matters related to sexual harassment, discrimination at the workplace, and related issues.
- We have established a culture of respect and accountability where all employees understand that discrimination and harassment are serious violations of Company values and applicable law. We communicate clearly that complainants are not the wrongdoers and that the organisation will support and protect them rather than blame them for the problems that existed in their work environment. By fostering a culture where employees understand that coming forward with complaints is the right thing to do and that doing so will be rewarded with protection and support rather than punishment, we encourage employees to report problems early, enabling us to address issues before they escalate.



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- All employees are trained on our sexual harassment and discrimination prevention which emphasizes the organisation's zero-tolerance approach towards both discrimination and harassment.
- Harsha Engineers International Limited recognises that creating a safe environment for complainants requires more than just policies and procedures; it requires a genuine commitment from leadership and all employees to protecting complainants and ensuring that discrimination, harassment, and retaliation are not tolerated.
- Through our comprehensive mechanisms and unwavering commitment to protecting complainants, Harsha Engineers International Limited demonstrates our dedication to creating workplaces free from discrimination, harassment, and retaliation, where all employees can work with dignity, respect, and security.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

- Yes

10. Assessment for the year.

| Name of other assessment | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour | 100.00% |
| Forced/involuntary labour | 100.00% |
| Sexual harassment | 100.00% |
| Discrimination at workplace | 100.00% |
| Wages | 100.00% |
| Others – please specify | - |
| Code of Conduct | 100.00% |
| SA 8000 | 100.00% |
| Whistle blower policy | 100.00% |

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

- We are pleased to report that no significant risks or concerns arising from the comprehensive assessments conducted at our premises. This positive outcome reflects the effectiveness of our governance systems, policies, and operational practises in maintaining high standards of ethical conduct, labour rights protection, and human rights compliance across all our facilities.
- Our comprehensive assessment program, as detailed in Question 10, involved a thorough evaluation of all our plants and offices across multiple critical dimensions including child labour prevention, forced or involuntary labour prevention, sexual harassment prevention, discrimination at workplace prevention, wages and compensation practises, Code of Conduct compliance, Prevention of Sexual Harassment policy implementation, SA 8000 standard compliance, and Whistle Blower Policy effectiveness.
- We remain committed to regularly monitoring our practises, updating our policies to address emerging issues, providing ongoing training and awareness to our employees, and maintaining open channels for employees to raise concerns and grievances. Our commitment to human rights and ethical labour practises is unwavering, and we will continue to invest in building and maintaining robust systems and processes that protect and promote human rights throughout our organisation.

Leadership Indicators
1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

- With respect to business processes being modified or introduced as a result of addressing human rights grievances and complaints, we report the following status.
- We initiate necessary actions and implement appropriate responses as and when human rights grievances or complaints are brought to our attention through our grievance mechanisms. We take all human rights concerns

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seriously and respond promptly to address the issues raised by our employees, contractors, or other stakeholders. Our approach to addressing human rights grievances is focused on understanding the root causes of the issue, implementing appropriate measures, and preventing recurrence of similar issues in the future.

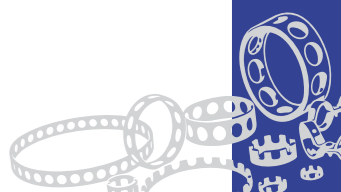
- However, during the reporting period, no business process was modified or introduced as a result of addressing human rights complaints.
- We recognise that the absence of business process modifications does not imply complacency in our human rights practises. Rather, it reflects that our existing governance structures, policies, and procedures are functioning effectively in addressing the human rights concerns that arise. We have in place comprehensive policies, clear grievance mechanisms, and trained personnel who are capable of responding to human rights issues promptly and appropriately. We are committed to continuously evaluate our human rights governance practises and making improvements wherever necessary. Our commitment to human rights is unwavering, and we will continue to invest in building robust systems and processes to protect and promote human rights throughout our organisation.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

- We recognise the importance of human rights protection in our business operations and have taken proactive measures to ensure that our organisational practises align with human rights principles. We have adopted multiple comprehensive policies that establish clear expectations and guidelines for ensuring that correct human rights practises are undertaken throughout our organisation. These policies serve as the foundational framework for our human rights governance and provide guidance to all our employees, on what is expected of them with respect to human rights protection and promotion.
- We believe that our comprehensive policy framework, combined with our commitment to implementing the policies throughout our organisation, effectively addresses the core human rights issues that are relevant to our business operations. Our policies are regularly reviewed and updated to ensure that they remain current, relevant, and aligned with evolving human rights standards. All our policies are reviewed periodically as and when required to ensure their continued relevance and effectiveness. While we acknowledge that a formal Human Rights Due Diligence in the comprehensive sense has not been conducted, we are committed to strengthening our human rights governance practises over time. We recognise the value of conducting periodic human rights assessments and due diligence to identify potential risks and gaps in our human rights protections. We will continue to evaluate our practises and consider implementing more formal human rights due diligence processes in the future as part of our ongoing commitment to improving our human rights governance and performance.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

- Yes, we are conscious about the difficulties differently abled visitors and rights of them and accordingly we make arrangement of accessibility for them.
- Our staff members are trained to provide assistance and support to differently abled visitors, ensuring that they receive the help they need without making them feel uncomfortable or treated differently.
- Our commitment to accessibility extends to ensuring that persons with disabilities have equal employment opportunities within our organisation. We are committed to continuously improving the accessibility of our facilities and services. We believe that building an inclusive and accessible organisation is an ongoing journey that requires continuous commitment, investment, and improvement. Our accessibility initiatives demonstrate our deep commitment to respecting the rights and dignity of persons with disabilities and ensuring that they are treated with equal respect and provided with equal opportunities to access our facilities and participate in our organisational activities.



Business Responsibility & Sustainability Report (Contd.)

4. Details on assessment of value chain partners

| Name of other assessment | % of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|---|
| Sexual Harassment | 100.00% |
| Discrimination at workplace | 100.00% |
| Child Labour | 100.00% |
| Forced Labour/Involuntary Labour | 100.00% |
| Wages | 100.00% |
| Others – please specify | - |
| Supplier Vendor Assessment | 100.00% |
| Supplier | 100.00% |
| Vendor | 100.00% |
| Recruiting | 100.00% |
| Staffing | 100.00% |
| Manpower | 100.00% |
| Services | 100.00% |

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

- We recognise that our value chain partners, plays a crucial role in our business operations and have a significant impact on our overall sustainability and human rights performance. We are committed to ensuring that all our value chain partners adhere to the same high standards of ethical conduct, human rights, and responsible business practises that we ourselves uphold. Our assessment of value chain partners includes a thorough evaluation of their policies and practises. We assess whether our partners have implemented comprehensive policies, complaint mechanisms, and preventive measures to protect their employees. We require all our value chain partners to maintain safe and respectful working environments.
- Beyond the core human rights and labour practice assessments, we have also carried out a comprehensive Supplier Vendor Assessment that evaluates and ensures that we have comprehensive visibility and control over all our value chain partners' practises. This comprehensive assessment demonstrates our commitment to ensuring that all categories of our business partners maintain appropriate standards of conduct and practice.

Notes: We are strongly committed to respecting and promoting human rights across all our operations. We believe that every individual deserves to be treated with dignity, respect, and fairness. We provide equal opportunities to all employees irrespective of caste, creed, gender, religion, or background. We respect the fundamental rights of all our stakeholders, including employees, workers, contractors, and communities. We have established transparent grievance redressal mechanisms so that any concerns related to human rights can be raised and addressed promptly and fairly. We are dedicated to creating a workplace and business ecosystem where human rights are protected, promoted, and respected at all times. We remain committed to continuously strengthening our human rights practises across the organisation and our value chain.

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE

Business should respect and make efforts to protect and restore the environment.

Essential Indicators
1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format. Whether total energy consumption and energy intensity is applicable to the Company?

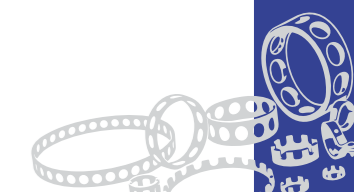
| Revenue from operations(in ₹) | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|---|--|
| | 12,282,029,831 | 10,893,044,292 |
| Parameter | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
| From renewable sources (GJ) | | |
| Total electricity consumption (A) | 77,379.36 | 38,393.42 |
| Total fuel consumption (B) | 0 | 0 |
| Energy consumption through sources (C) | 0 | 0 |
| Total energy consumed from renewable sources (A+B+C) | 77,379.36 | 38,393.42 |
| From non-renewable sources(GJ) | | |
| Total electricity consumption (D) | 111,580.31 | 102,675.89 |
| Total fuel consumption (E) | 88,421.86 | 122,701.61 |
| Energy consumption through other sources (F) | 0 | 0 |
| Total energy consumed from non-renewable sources (D+E+F) | 200,002.17 | 225,377.50 |
| Total energy consumed (A+B+C+D+E+F) | 277,381.53 | 263,770.92 |
| Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations) (GJ/₹) | 0.000023 | 0.000022 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP) (GJ/₹) | 0.000517 | 0.000506 |
| Energy intensity in terms of physical Output (Total GJ Consumed/ MT of Production) (GJ/MT) | 20.27 | 16.62 |
| Energy intensity (optional)- the relevance metric may be selected by the entity | NA | NA |

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

- Ambica Associates



Business Responsibility & Sustainability Report (Contd.)

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|---|--|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 0.00 | 0.00 |
| (ii) Groundwater | 34,601.00 | 28,824.00 |
| (iii) Third party water | 14,425.61 | 4,218.38 |
| (iv) Seawater/desalinated water | 0.00 | 0.00 |
| (v) Others | 0.00 | 0.00 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 49,026.61 | 33,042.38 |
| Total volume of water consumption (in kilolitres) | 49,026.00 | 33,000.00 |
| Water intensity per rupee of turnover (Total water consumption/Revenue from operations) | 0.0000040 | 0.0000030 |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP) | 0.00009 | 0.00007 |
| Water intensity in terms of physical Output (KL/MT of Production) | 3.58 | 2.36 |
| Water intensity(optional)- the relevant metric may be selected by the entity | NA | NA |

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

4. Provide the following details related to water discharged:

| Parameter | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|---|--|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | 0.00 | 0.00 |
| - No treatment | 0.00 | 0.00 |
| - With treatment – please specify level of treatment | 0.00 | 0.00 |
| (ii) To Groundwater | 0.00 | 0.00 |
| - No treatment | 0.00 | 0.00 |
| - With treatment – please specify level of treatment | 0.00 | 0.00 |
| (iii) To Seawater | 0.00 | 0.00 |
| - No treatment | 0.00 | 0.00 |
| - With treatment – please specify level of treatment | 0.00 | 0.00 |
| (iv) Sent to third-parties | 0.00 | 0.00 |
| - No treatment | 0.00 | 0.00 |
| - With treatment – please specify level of treatment | 0.00 | 0.00 |
| (v) Others | 0.00 | 0.00 |
| - No treatment | 0.00 | 0.00 |
| - With treatment – please specify level of treatment | 0.00 | 0.00 |
| Total water discharged (in kilolitres) | 0.00 | 0.00 |

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

Business Responsibility & Sustainability Report (Contd.)

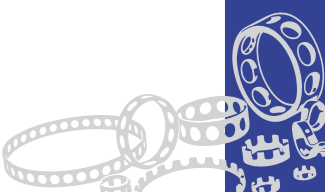
5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

- We are pleased to confirm that Yes, our Company has implemented a comprehensive mechanism to reuse all the treated water within our plant premises as mentioned in our consent. We are deeply committed to responsible water management and environmental protection, recognizing that water is a precious natural resource that must be conserved and managed sustainably. Our system represents our proactive approach towards minimizing our environmental impact and demonstrating our commitment to sustainable water management practises.
- Our mechanism is built on the principle that all wastewater generated during our manufacturing processes should be treated and reused within our facilities, thereby eliminating the need to discharge any liquid effluent into water bodies or the environment. This practice not only helps us conserve precious freshwater resources but also reduces our operational costs associated with freshwater procurement and wastewater treatment. One of the primary applications of our treated water is toilet flushing throughout our facilities. This practice demonstrates our commitment to water conservation at every level of our operations. Our treated water is also being utilized for solar panel cleaning at our facilities. Rather than using freshwater for cleaning our solar panels, we use treated wastewater, thereby reducing our freshwater consumption while maintaining our solar equipment. This practice ensures that our renewable energy investments continue to generate maximum benefits while we also conserve water resources. Another significant application of our treated water is for cooling tower because it requires substantial quantities of water for their operation, and by using treated wastewater instead of freshwater, we are able to reduce our demand on freshwater resources. We also utilize our treated water for gardening and plantation activities at our facilities. All our gardening and plantation activities are sustained using treated wastewater, which provides the necessary water for nurturing plants and maintaining green areas within our facilities. This practice demonstrates how we can integrate environmental sustainability into our everyday operational activities.
- We have implemented this system with the understanding that it aligns with our broader sustainability objectives and helps us move towards a circular economy model where resources are used efficiently and waste is minimized. The implementation of our mechanism has required significant investment in wastewater treatment infrastructure, regular maintenance and monitoring, and continuous process optimization. However, we believe that this investment is worthwhile as it contributes to environmental protection, resource conservation, and long-term operational sustainability. We conduct regular monitoring and testing of our treated water to ensure that it meets all required quality standards before it is reused in our facilities. Our environmental management team maintains detailed records of all wastewater treatment activities, water quality testing results, and water reuse data. We ensure full compliance with all applicable consent conditions and environmental regulations related to water management and wastewater treatment. Our mechanism represents our genuine commitment to becoming an environmentally responsible organisation that minimizes its impact on water resources and contributes positively to environmental conservation.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Whether air emissions(other than GHG emissions) by the entity is applicable to the Company?

| Parameter | Please specify unit | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|-------------------------------------|---------------------|---|--|
| NOx | PPM | 15.30 | 6.22 |
| SOx | PPM | 14.43 | 18.8 |
| Particulate matter (PM) | mg/Nm ³ | 57.90 | 46.23 |
| Persistent organic pollutants (POP) | mg/Nm ³ | 0.00 | 0.00 |
| Volatile organic compounds (VOC) | mg/Nm ³ | 0.00 | 0.00 |
| Hazardous air pollutants (HAP) | mg/Nm ³ | 0.00 | 0.00 |
| Others – please specify | - | - | - |



Business Responsibility & Sustainability Report (Contd.)

Note: Yes, air emissions other than greenhouse gas emissions are applicable to us. We acknowledge that our manufacturing operations generate various air emissions including NOx (Nitrogen Oxides), SOx (Sulfur Oxides), and Particulate Matter (PM), which are regulated air pollutants that require monitoring, control, and reporting. We are committed to managing and minimizing these air emissions through proper operational controls, regular monitoring, and compliance with all applicable environmental regulations and consent conditions issued by the competent environmental authorities.

Monitoring and Measurement of Air Emissions

We observe that there has been an increase in NOx emissions in the current financial year, and we are investigating the root causes of this increase and implementing corrective measures to bring the emissions back to lower levels. The increase in NOx emissions may be attributed to changes in operational load, fuel quality, or combustion process parameters, and we are working with our technical teams to optimize our processes and reduce these emissions. In Particulate Matter (PM) emissions, we observed that there has been an increase in particulate matter emissions in the current financial year, and we recognise that this requires our immediate attention and corrective action. We are evaluating our dust control systems to identify areas where improvements can be made to reduce particulate emissions.

Emissions Not Applicable to Our Operations

We confirm that certain air emission parameters are not applicable to our manufacturing operations based on the nature of our processes and the specific conditions outlined in our environmental consent orders. Specifically, we report that Persistent Organic Pollutants (POP), Volatile Organic Compounds (VOC), and Hazardous Air Pollutants (HAP) emissions are recorded as 0.00 mg/Nm³. These parameters do not apply to our operations as per the issued environmental consent conditions for both of our manufacturing plants.

Changodar Plant - Environmental Consent

Our Changodar manufacturing plant operates under the environmental consent under Consent Order Number AWH-129023, which is valid and effective up to March 31, 2028. This consent order specifies the applicable air emission parameters for our Changodar plant and prescribes the permissible limits for various air pollutants that we are required to monitor and comply with.

Moraiya Plant - Environmental Consent

Our Moraiya manufacturing plant operates under the environmental consent issued under Consent Order Number AWH-142666, which is valid and effective up to January 23, 2028. The Moraiya plant also operates under the framework established through its respective consent order, and we maintain strict compliance with all applicable terms, conditions, and emission limits prescribed in this consent.

Regulatory Compliance and Consent Compliance

We are fully committed to comply with all the terms and conditions specified in our environmental consent orders for both our manufacturing facilities. We understand that the consent orders represent a legal contract between our Company and the regulatory authorities, and strict compliance with these orders is not only a legal obligation but also a moral responsibility towards environmental protection and public health. We believe that proactive maintenance and continuous monitoring are the keys to ensuring sustained compliance with our consent orders and regulatory requirements.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Yes, Growlity Inc.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Whether greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, is applicable to the Company?

| Parameter | Unit | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|---|---|---|--|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 5,160 | 6,487 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 8,276 | 12,785 |

Business Responsibility & Sustainability Report (Contd.)

| Parameter | Unit | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|--|---|--|
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations) | tCO ₂ e/rupee | 0.00000109 | 0.00000177 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP) | tCO ₂ e/rupee | 0.000025 | 0.000041 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output | Metric tonnes of CO ₂ equivalent/MT of production | 0.98 | 1.33 |
| Total Scope 1 and scope2 emission intensity(optional)-the relevant metric may be selected by the entity | - | NA | NA |

Note: We are committed to effectively managing and reducing our greenhouse gas emissions as part of our environmental responsibility. We continuously monitor and work towards controlling Scope 1 emissions, which are generated directly from our own operations within our premises. At the same time, we focus on reducing Scope 2 emissions that result from the purchase of electricity for our facilities. Through various energy efficiency improvement initiatives, adoption of modern technologies, and process optimizations across our plants, we strive to lower our overall carbon footprint. These efforts help us minimize our impact on the environment while maintaining operational efficiency. We remain dedicated to regularly reviewing our energy consumption patterns and implementing suitable measures to achieve sustained reduction in both Scope 1 and Scope 2 emissions. This reflects our long-term commitment towards responsible and sustainable manufacturing practises.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Yes, Growlity Inc.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details

- We are deeply committed to addressing the global challenge of climate change and reducing our greenhouse gas emissions across all our operational facilities and value chain. Our Company has undertaken several significant and ambitious projects directly focused on reducing greenhouse gas emissions and achieving our long-term sustainability objectives. Our greenhouse gas emission reduction strategy is comprehensive and incorporating various initiatives that address different aspects of our operations and encompassing both direct and indirect emissions. We have developed a clear roadmap with specific targets and timelines that guides our efforts towards building a more sustainable and environmentally conscious organisation.
- We have set an aspirational long-term goal to achieve net zero greenhouse gas emissions by the year 2050. This commitment represents our vision for a truly sustainable organisation that operates in complete harmony with the environment and contributes positively to global climate change mitigation. Our net zero emissions target encompasses both Scope 1 (direct emissions from our operations) and Scope 2 (indirect emissions from purchased electricity) emissions, and potentially Scope 3 emissions (indirect emissions from our value chain) as we expand our sustainability initiatives. Achieving net zero emissions by 2050 will require comprehensive and transformative changes across all aspects of our business operations, value chain, and strategic decision-making processes. We are committed to continuously improving our operational efficiency, investing in clean technologies, and exploring innovative solutions that can help us reduce our absolute emissions towards zero. Our net zero commitment demonstrates our belief that climate change is one of the most critical challenges of our time, and that businesses have a responsibility to play an active and meaningful role in addressing this global challenge.
- We are genuinely committed to reduce our greenhouse gas emissions and building a more sustainable organisation for future generations. Our comprehensive portfolio of GHG reduction projects, combined with our ambitious



Business Responsibility & Sustainability Report (Contd.)

targets for renewable energy adoption, net zero emissions, waste management, water conservation, and supply chain sustainability, demonstrates our unwavering commitment to environmental responsibility and climate action. We recognise that achieving these targets will require sustained effort, continuous innovation, and significant investment, but we are fully committed to this transformative journey towards sustainability. Through these initiatives, we aim to set an example of responsible corporate citizenship and meaningful climate action in our industry.

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|---|---|--|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 11.04 | 10.72 |
| E-waste (B) | 0.00 | 1.07 |
| Bio-medical waste (C) | 0.00 | 0.00 |
| Construction and demolition waste (D) | 0.00 | 0.00 |
| Battery waste (E) | 0.00 | 0.00 |
| Radioactive waste (F) | 0.00 | 0.00 |
| Other Hazardous waste. Please specify, if any. (G) | 464.87 | 195.88 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 0.00 | 0.00 |
| Office waste | 78.99 | 68.11 |
| Glass Waste | 1.42 | 0.00 |
| Packaging Waste | 394.17 | 380.04 |
| Wooden Waste | 163.88 | 143.29 |
| Paper waste | 29.53 | 23.46 |
| Total of Other Non-hazardous waste generated (H). | 667.99 | 614.90 |
| Total (A+B + C + D + E + F + G + H) | 1,143.89 | 822.57 |

Note: Other non-hazardous waste is the quantity of Office Waste, Glass Waste, Packaging Waste, Wooden Waste and Paper Waste.

| | | |
|--|-------------|-------------|
| Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations) | 0.000000093 | 0.000000076 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP) | 0.0000021 | 0.0000017 |
| Waste intensity in terms of physical output (MT/MT of Production) | 0.084 | 0.057 |
| Waste intensity(optional)- the relevant metric may be selected by the entity | NA | NA |

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

| Category of waste | | |
|---------------------------------|---------------|---------------|
| (i) Recycled | 955.08 | 115.83 |
| (ii) Re-used | 0.00 | 0.00 |
| (iii) Other recovery operations | 0.00 | 0.00 |
| Total | 955.08 | 115.83 |

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

| Category of waste | | |
|----------------------------------|--------|--------|
| (i) Incineration & Co-processing | 188.81 | 180.85 |

Business Responsibility & Sustainability Report (Contd.)

| Parameter | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|---|---|--|
| (ii) Landfilling | 0.00 | 0.00 |
| (iii) Other disposal operations -please specify (Safety Disposal Plastic) | 0.00 | 49.00 |
| Total | 188.81 | 229.85 |

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

10. Briefly describe the waste management practises adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practises adopted to manage such wastes.

- Our waste management approach is guided by the principles of the ISO 14001:2015 Environmental Management System standard, which provides us with a structured framework to identify, manage, and minimize waste generation at all our facilities. We have established a detailed and comprehensive Waste Disposal Standard Operating Procedure (SOP) document bearing the reference number HEO810000010, which serves as the foundational guidance document for all waste management activities conducted across our establishments. This SOP document provides clear, step by step instructions and protocols that all our employees, contractors, and operational staff must follow when handling, segregating, storing, and disposing of waste generated during our manufacturing and operational processes. By focusing on process optimization and continuous improvement, we have been able to achieve better resource utilization and reduced environmental impact from our operations.
- We understand that the responsible disposal of hazardous waste is crucial for environmental protection and public health. Therefore, we have established partnerships with authorized and registered recyclers and co-processors who are duly certified and licensed to handle, treat, and dispose of hazardous waste in accordance with the Hazardous and Other Wastes Management Rules, 2016 and all other applicable environmental regulations. All hazardous waste generated during our manufacturing processes is carefully segregated, properly stored in designated containers, and regularly transferred to our registered waste management partners for appropriate treatment and disposal.
- Our waste management practises are regularly monitored and reviewed through both internal audits and external compliance checks to ensure that all procedures are being followed correctly and that we are achieving our waste reduction objectives.
- Through these comprehensive and well-structured waste management practises, we demonstrate our commitment to environmental stewardship, regulatory compliance, and sustainable business operations. We are dedicated to continuously improving our waste management systems and reducing the generation of hazardous waste, thereby contributing to a cleaner and healthier environment for all our stakeholders.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

- We confirm that as per the current operational status and geographical footprint of the Company, the organisation does not have any operations in or around ecologically sensitive areas. Our operations and offices are not situated within or in proximity to national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, designated forest areas, or coastal regulation zones as defined under the Environmental Protection Act and other applicable environmental laws and regulations of India.
- We have carefully evaluated its current operational footprint across all its facilities spread across various locations in Ahmedabad, Gujarat, India. We have implemented comprehensive environmental management systems and practises to ensure that all its operations are conducted in an environmentally responsible manner. We regularly monitor our operations to ensure compliance with all applicable environmental regulations, guidelines, and best practises. We believe that responsible business practises and environmental protection are not mutually exclusive but rather complementary objectives that should be pursued simultaneously.



Business Responsibility & Sustainability Report (Contd.)

- We also ensure that even though its current manufacturing operations are not in ecologically sensitive areas, it remains vigilant and committed to minimizing its overall environmental footprint. This includes measures such as reducing greenhouse gas emissions, reducing water consumption, managing waste responsibly, and promoting the use of renewable energy. We have recognised that our environmental responsibility extends beyond the operational locations and encompasses the entire value chain, supply chain, and the communities in which the Company operates. Therefore, in response to this specific question we confirm that the status is Not Applicable (NA) to the Company's current operations sites. We will continue to uphold our commitment to environmental stewardship and sustainable business practises in all its future endeavours and growth initiatives.

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|--------|--------------------------------|--------------------|---|
| NA | | | |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

- We are committed to conduct our operations and projects in an environmentally responsible manner and adheres to all applicable laws and regulations. We confirm that the disclosure on details of environmental impact assessments is Not Applicable. No projects undertaken by the Company or the Company itself required an Environmental Impact Assessment (EIA) as per the applicable laws and regulations. We carefully select and plan our projects in such a way that they do not trigger the requirement for formal environmental impact assessments under the prevailing environmental laws. This approach helps us to ensure that our activities remain in full compliance with regulatory requirements while minimizing any potential environmental concerns from the planning stage itself.
- We will continue to evaluate every new project thoroughly and will carry out necessary environmental impact assessments if and when any future project falls under the purview of applicable EIA regulations. This responsible approach supports our broader commitment to sustainable development and environmental protection.

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes/No) | Results Communicated in public domain (Yes/No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| NA | | | | | |

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law/regulation/guidelines which was not complied with | Provide details of the non - compliance | Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--------|---|---|---|---------------------------------|
| No | | | | |

Note: We are fully committed to complying with all applicable environmental laws, regulations, and guidelines in India. This includes the Water (Prevention and Control of Pollution) Act, the Air (Prevention and Control of Pollution) Act, the Environment Protection Act, and all rules made thereunder. We are pleased to confirm that it has remained fully compliant with all the above-mentioned environmental laws and regulations during the reporting period. There have been no instances of non-compliance. Since we have maintained full compliance, the details of non-compliances are Not Applicable. As our Company has not faced any penalties or fines related to environmental laws and regulations in 2025-26, all fields have been marked as "NA" (Not Applicable). The Company continues to maintain strict adherence to environmental norms and remains committed to upholding the highest standards of environmental compliance in all its operations.

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Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Yes, Growlity Inc.

Leadership Indicators
1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

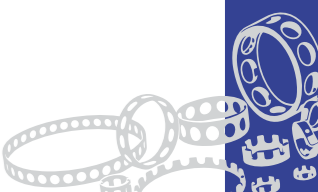
For each facility/plant located in areas of water stress, provide the following information:

- Name of the area – NA
- Nature of operations – NA
- Water withdrawal, consumption and discharge in the following format:

| Parameter | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
|--|--|---|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | NA | NA |
| (ii) Groundwater | NA | NA |
| (iii) Third party water | NA | NA |
| (iv) Seawater/desalinated water | NA | NA |
| (v) Others | NA | NA |
| Total volume of water withdrawal (in kilolitres) | NA | NA |
| Total volume of water consumption (in kilolitres) | NA | NA |
| Water intensity per rupee of turnover (Water consumed/turnover) | NA | NA |
| Water relevant metric may be selected by the entity | NA | NA |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) Into Surface water | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (ii) Into Groundwater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (iii) Into Seawater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (iv) Sent to third-parties | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (v) Others | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| Total water discharged (in kilolitres) | NA | NA |

Note: As our Company is not located in areas of water stress area so there for the above table is not applicable.

- We do not operate in or around any ecologically sensitive areas. Therefore, no independent assessment, evaluation, or assurance by an external agency has been carried out in this regard. Since there is no presence or operational activity near ecologically sensitive zones, the requirement for any external independent assessment related to biodiversity impacts does not arise. This disclosure reflects our responsible approach to site selection and



Business Responsibility & Sustainability Report (Contd.)

operations, ensuring that we avoid any potential interaction with ecologically sensitive areas and thereby eliminate the need for such external assessments.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Whether total Scope 3 emissions & intensity is applicable to the Company?

| Parameter | Unit | FY (2025-26) (Current Financial Year) | PY (2024-25) (Previous Financial Year) |
|---|--|--|---|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 8,075 | 4,748 |
| Total Scope 3 emissions per rupee of turnover | Metric tonnes of CO ₂ equivalent/Turnover Rupee | 0.0000007 | 0.0000004 |
| Total Scope 3 emission intensity (optional)- the relevant metric may be selected by the entity (Metric tonnes of CO ₂ equivalent/MT of Production) | Metric tonnes of CO ₂ equivalent/MT of Production | 0.59 | 0.33 |

Note: As a responsible manufacturer with a global supply chain, we address all 15 categories of the GHG Protocol where applicable. In our ASR and BRSR disclosures, we currently report the three applicable Scope 3 categories, namely waste generated through operations, upstream transportation, and downstream transportation. However, for CDP disclosures and specific customer requirements, we disclose all relevant and applicable Scope 3 categories. Going forward, we are further strengthening our disclosures by expanding the coverage of applicable categories, including alignment with SBTi requirements and evolving stakeholder expectations means whenever our customers demand transparency into the full scope of our emissions, we proactively disclose all applicable Scope 3 categories to them.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- Yes, Growlity Inc.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

- We operate with a strong focus on environmental responsibility and biodiversity protection. With respect to the ecologically sensitive areas, we confirm that this disclosure is Not Applicable to us because we do not operate in or around any ecologically sensitive areas. As a result, there are no significant direct or indirect impacts on biodiversity from our operations in such areas. Since we do not have any presence or activities near ecologically sensitive zones, no specific prevention or remediation activities related to biodiversity impacts are required at present. This reflects our ongoing efforts to minimize any potential negative effects on the environment and biodiversity through responsible site selection and operational practises.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Business Responsibility & Sustainability Report (Contd.)

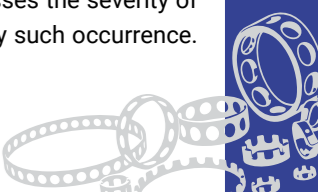
| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along with summary) | Outcome of the initiative (Saved in KWH per Month) | Corrective action taken, if any |
|--------|---|---|--|---|
| 1) | Installation of auto idle stop system in Tapper Auto Division (GHG Emission) | Implemented PLC-based timers for automatic machine shutdown during idle conditions across multiple machines, including: 9A Facing line (Elevators 1 & 2, Bowl Feeder, H. Conveyor, SPD, Loader, Dryer, Vision systems), 8B Facing line, and 10B line (Facing, Notching, Coining). | Achieved energy savings of approximately 160 kWh per month after completion of the project, through reduced idle-time electricity consumption, contributing to improved energy efficiency and lower Scope 2 emissions. | Monitoring of machine utilization and periodic optimization of timer settings to ensure minimal impact on production while maximizing energy savings. |
| 2) | Installation and use of IE4 energy-efficient motors at Changodar facility (GHG Emission) | In the Changodar division (Maintenance – Utility and SRB areas), initiatives have been undertaken to install and utilize IE4 (high-efficiency) motors to improve energy performance. | Estimated energy savings of approximately 560 kWh per month (after completion of the project) leading to improved energy efficiency and reduction in electricity consumption. | Continued replacement of conventional motors with IE4 motors and monitoring of performance to ensure optimal energy savings. |
| 3) | Installation of on and off switch for transformer in Changodar Tool Room (Environment = GHG Emission) | In the tool room division (Changodar), this initiative leads to the electricity consumption reduction. | Achieved energy savings of approximately 1400 kWh per month, after completion of the project through re installation and reduced the electricity consumption, contributing to improved energy efficiency and lower Scope 2 emissions | Regular monitoring will be done to ensure the electricity savings. |
| 4) | Installation of induction mold heating system in Foundry Division (GHG Emission) | Installed 1.5 meter and 3-meter induction mold heating systems to replace conventional PNG-based mold heating, thereby reducing dependency on fossil fuel usage in the foundry process. | Significant reduction in PNG consumption leading to lower Scope 1 GHG emissions. Achieved emission intensity of <0.15-ton CO ₂ per ton (average) against internal target of 0.165-ton CO ₂ per ton (average). | Continuous monitoring of fuel consumption and performance optimization of induction systems to sustain and further improve emission reduction |
| 5) | Returnable Box Utilization (Resource Utilization) | Monthly tracking is carried out to monitor utilization trends across operations. - The returnable packaging figures are dependent on domestic order volumes, hence, setting a fixed target is not feasible. | Reduction in packaging waste and its related GHG emission like Scope 3 - Improved circular utilization of materials. | Continuous monitoring of usage trends. |

Note: Saved KWH values represent energy savings that begin from the project completion date. Energy savings are only counted once a project becomes operational.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Details of entity at which business continuity and disaster management plan is placed/weblink.

- Yes, we have a well-defined contingency plan in place that serves as the Company's Business Continuity and Disaster Management Plan. The plan clearly outlines the various risks that we may face, assesses the severity of each risk, and describes the corresponding mitigation measures to be taken in the event of any such occurrence.



Business Responsibility & Sustainability Report (Contd.)

This structured approach helps us to respond effectively and minimize disruption to business operations during emergencies or unforeseen events.

- The contingency plan has been effectively communicated to all functional heads of our Company. It has also been shared with all employees to ensure comprehensive awareness and better preparedness across the organisation. This wide dissemination ensures that everyone in the Company understands their role and responsibilities in case of any contingency, thereby strengthening overall readiness and resilience.
- The Business Continuity and Disaster Management Plan is an important part of our risk management framework and reflects the Company's commitment to safeguarding its operations, people, and stakeholders even in challenging situations.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

- We remain committed to responsible supply chain practises and continuously monitors the environmental performance of its value chain. We understand that our overall environmental footprint is influenced not only by our own operations but also by the activities of our suppliers and business partners. Based on the current practises and assessments carried out during the reporting period, the Company has not identified any significant adverse environmental impacts arising from its value chain.
- We regularly engage with our value chain partners through training sessions and assessments focused on CO₂ calculation, GHG emissions, and sustainability. As of now, no major or significant negative environmental effects have been observed or reported from the value chain. Since no significant adverse impacts were identified, specific mitigation or adaptation measures were not required during the year. However, the Company continues to take proactive steps to prevent any future risks. We will keep strengthening our engagement with value chain partners, expand the coverage of environmental assessments, and promote better sustainability practises across the supply chain. This ongoing approach helps us maintain a responsible and low impact value chain while supporting our long-term environmental goals. We will continue to monitor the situation closely and take necessary actions promptly if any significant adverse impacts are identified in the future.

7. % of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

- During the reporting period, we continued our efforts to engage with value chain partners on environmental and sustainability matters. We understand that our environmental performance is closely linked with the practises of our suppliers and business partners. Therefore, assessing the environmental impacts of our value chain is an important part of our sustainability journey.
- We are pleased to report that 33.00% of our value chain partners (by value of business done with such partners) were covered under this assessment. These selected value chain partners were provided with dedicated training sessions on Greenhouse Gas (GHG) Emissions, Product Carbon Footprint and we have shared our journey related to the Sustainability which includes the topics like Tree Plantation, CBAM, Initiatives taken to reduce the electricity consumption, diesel consumption, water consumption, PNG consumption etc., The training helped them to understand key sustainability concepts and enabled a proper assessment of their impacts.
- We aimed to build awareness and encourage better sustainability practises among our key value chain partners. The initiative focused on equipping them with the knowledge and tools needed to measure, monitor, and manage their greenhouse gas emissions more effectively. This step is expected to create a positive ripple effect across our supply chain and support our broader goal of reducing the overall environmental footprint of our operations.

8. How many Green Credits have been generated or procured:

1. By the listed entity: Nil, during the reporting period, Harsha Engineers International Limited has not generated or procured any Green Credits. The Company has not purchased any Green Credits from listed companies. We continue to focus on our own internal efforts towards environmental sustainability rather than participating in the Green Credit market at this stage. Our current priority remains on increasing the share of renewable energy, improving energy efficiency, and reducing our carbon footprint through direct operational improvements.
2. By the top ten (in terms of value of purchase and sales, respectively) value chain partners: Nil, the top ten value chain

Business Responsibility & Sustainability Report (Contd.)

partners of the Company (in terms of value of purchase and sales respectively) have not purchased or generated any Green Credits on behalf of Harsha Engineers International Limited. The Company has not procured any Green Credits through its value chain partners during the year under review. We maintain regular engagement with our value chain partners on various sustainability matters, but Green Credits have not been part of these engagements so far.

Notes: The Company has not bought, generated, or procured any Green Credits during the reporting period. We are currently concentrating on strengthening our internal environmental and sustainability initiatives. These include progressing towards our targets of Scope 2 neutrality and 100% renewable energy by 2030, as well as working towards net zero by 2050. We will continue to monitor the Green Credit mechanism and evaluate its relevance in the future as and when it aligns with our long term decarbonization goals and overall ESG strategy.



Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE 7 **Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.
 - 4
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

| S. No. | Name of the trade and industry chambers/associations | Reach of trade and industry chambers/associations (State/National) |
|--------|--|--|
| 1 | GCCI | State |
| 2 | CII | National |
| 3 | AMA | State |
| 4 | ACMA | National |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| | Nil | |

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public Policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly/Others – please specify) | Web Link, if available |
|--|-------------------------|-----------------------------------|--|---|------------------------|
| No such public policy advocated by the Company | | | | | |

Notes: At Harsha Engineers International Limited (HEIL), we believe in engaging responsibly with industry bodies and associations to contribute to the growth and development of the engineering and manufacturing sector. We are currently affiliated with four respected trade and industry chambers/associations. These memberships enable us to stay updated with industry trends, share best practises, and participate in constructive dialogues that support the overall progress of the sector.

During the year, we have not advocated any specific public policy positions. There have also been no instances of anti-competitive conduct, and we have not received any adverse orders from regulatory authorities in this regard. We remain committed to transparent, ethical, and responsible engagement in all industry forums while strictly adhering to the highest standards of integrity and compliance.

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE 8 **Businesses should promote inclusive growth and equitable development**

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent External agency (Yes/No) | Results Communicated in public domain (Yes/No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| NA | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| Sr. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In ₹) |
|---|--|-------|----------|---|--------------------------|---------------------------------------|
| None of the Company projects undertaken required rehabilitation and resettlement. | | | | | | |

Note - Harsha Engineers International Limited is committed to responsible business practises and ensures that all our projects are executed with due care for the local communities and the environment.

During the reporting period, none of the projects undertaken by the Company required any Rehabilitation and Resettlement (R&R). This means that no project activities involved displacement of people or communities that would necessitate rehabilitation or resettlement measures. However, in the current financial year, our operations and new projects did not trigger any such requirements.

All our project sites were selected and developed in a manner that avoided the need for R&R activities. The Company remains fully committed to following all applicable laws, guidelines, and best practises related to Rehabilitation and Resettlement. We will continue to assess every new project carefully and ensure that, if any R&R becomes necessary in the future, it is carried out in a fair, transparent, and humane manner, with proper support provided to the affected communities.

3. Describe the mechanisms to receive and redress grievances of the community.

- Grievance Redressal Mechanism (GRM) plays a very important role in building and maintaining strong relationships with the local community. It helps the Company to earn the trust and support of the people living around our operations. This mechanism also gives the Company a social license to operate smoothly and carry out different community development projects in a successful way.
- To handle community grievances effectively, the Company has put in place a practical and proactive system. We have deployed our local employees who regularly visit the nearby communities. These employees meet and interact with the local people on a regular basis.
- Through these interactions, they listen to the concerns and feedback of the community members and try to understand any issues they may be facing. This regular engagement helps us address community concerns quickly and in a friendly manner. So far, based on all these interactions, the Company has not received any specific grievances from the community.



Business Responsibility & Sustainability Report (Contd.)

- Apart from interactions, the Company also follows a clear process for recording external complaints. Any complaints related to health, safety, and environment coming from outside the Company are properly recorded on the Company's intranet. Once recorded, we take suitable and sufficient steps to resolve these complaints. The Company makes sure that all such complaints are closed in a timely manner. We also do proper follow ups after resolving the issues so that the same problems do not happen again in the future.
- This simple and transparent approach helps us stay connected with the community. It shows our sincere efforts to listen to people, solve their concerns, and act responsibly. We believe that by handling grievances in this way, we can continue to build long-lasting trust and goodwill with the communities around us.

4. % of input material (inputs to total inputs by value) sourced from suppliers:

| | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|---|--|
| Directly sourced from MSMEs/small producers | 7.71% | 4.56% |
| Directly from within India (within the district and neighboring districts) | 75.51% | 70.55% |

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

| Location | FY(2025-26) (Current Financial Year) | PY(2024-25) (Previous Financial Year) |
|--|---|--|
| Rural | 0 | 0 |
| Semi-urban | 0 | 0 |
| Urban | | |
| 1) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) | 1,361,957,778 | 1,267,668,573 |
| 2) Total Wage Cost | 1,361,957,778 | 1,267,668,573 |
| 3) % of job creation in Urban areas | 100% | 100% |
| Metropolitan | 0 | 0 |

Note –The job creation in urban area is given and shared as our all employees are from urban location.

Leadership Indicators
1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| NA | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

- We are deeply committed to Corporate Social Responsibility and actively contribute to the social and economic development of the communities where we operate. We believe that responsible businesses have a vital role to play in nation building by supporting inclusive growth, education, healthcare, skill development, and environmental sustainability. As part of our CSR philosophy, we regularly assess various opportunities to create meaningful impact through well planned and impactful projects.
- We recognise the importance of aspirational districts as priority areas for accelerated development and inclusive growth. The Government's initiative to identify and develop these districts aims to bridge regional imbalances and improve the quality of life for citizens in underdeveloped regions. While we have not initiated projects in these districts this year, we remain fully open and committed to exploring suitable opportunities in the future. We will continue to monitor and assess potential projects that can make a meaningful difference in aspirational districts, in line with our CSR policy and in collaboration with credible implementing partners. However, we did not undertake

Business Responsibility & Sustainability Report (Contd.)

any CSR projects specifically in these aspirational districts. This decision was taken after careful review of our current CSR focus areas, ongoing initiatives, resource allocation, and alignment with our long-term sustainability objectives.

- We will keep strengthening its overall CSR framework and will strive to expand its social footprint in a phased and sustainable manner. Our focus will always be on creating long-term value for society while ensuring that our CSR efforts are impactful, transparent, and aligned with national development priorities.

| S. No. | State | Aspirational District | Amount spent (In ₹) |
|--------|-------|-----------------------|---------------------|
| | | | Nil |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No).

- No, the Company does not have preferential procurement policy in place but on needs basis the Company sources paper cutting activities from Aastha Charitable Trust for Welfare of the Mentally Challenged.

(b) From which marginalized/vulnerable groups do you procure?

- NA

(c) What % of total procurement (by value) does it constitute?

- NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

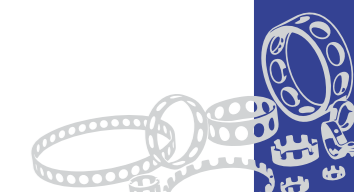
| S. No. | Intellectual Property based on traditional knowledge | Owned/Acquired (Yes/No) | Benefit shared (Yes/No) | Basis of calculating benefit share |
|--------|--|-------------------------|-------------------------|------------------------------------|
| | | | | Nil |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|---|
| | | Not applicable, as except Trademark, the Company has no other intellectual property |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|--------|---|---|--|
| 1 | Anandham – Welfare of Mentally Challenged People* | 40 | 100.00% |
| 2 | Education and Welfare for Underprivileged and needy individuals/students through Make a Difference Education & Medical Welfare Foundation | 89 | 100.00% |
| 3 | Education and Welfare for Underprivileged and needy individuals/students | 75 | 100.00% |
| 4 | Animal Welfare through Sant Vinoba Gram Swarajya Ashram# | 177 | 100.00% |



Business Responsibility & Sustainability Report (Contd.)

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|--------|--|---|--|
| 5 | Education and Skill Development for Students through Institute Management Committee (IMC) of ITI Bavla | 41 | 100.00% |
| 6 | Education and Skill Development for Students through LENCO Alumni Association | 750 | 100.00% |

*The project is commenced in the 2025-26 and will be completed in the 2026-27, benefitting 40 families.

Project commenced in 2024-25 and completed in 2025-26 is not considered.

#This CSR Contribution was provided for constructing shed for 177 Cows.

The detailed information related to the CSR is given in the Board Report, which forms part of this Annual Report.

Notes: During the year, we implemented several CSR projects focused on supporting vulnerable and marginalized sections of society. These initiatives included welfare programmes for mentally challenged people, education and welfare support for underprivileged and needy students, animal welfare activities, and skill development programmes for students. We are pleased that all beneficiaries from these projects belonged to vulnerable and marginalized groups.

Business Responsibility & Sustainability Report (Contd.)

PRINCIPLE

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

- Consumer complaints and feedback are received through the customer portal, and timely responses are provided through detailed 8D reports to address issues and implement corrective actions.

2. Turnover of products and/services as a % of turnover from all products/service that carry information:

| | As a % to total turnover |
|---|--------------------------|
| Environmental and social parameters relevant to the product | 100.00% |
| Safe and responsible usage | 100.00% |
| Recycling and/or safe disposal | 100.00% |

Note :

- We strictly follow IMDS and REACH guidelines in our processes to minimize environmental impact and promote responsible practises.
- We are committed to designing and manufacturing products that can be used safely by our customers.
- We focus on responsible product design and material selection that enables effective recycling and safe end-of-life disposal. By following IMDS and REACH standards, we ensure our products have minimal environmental impact at the end of their life cycle.

3. Number of consumer complaints in respect of the following:

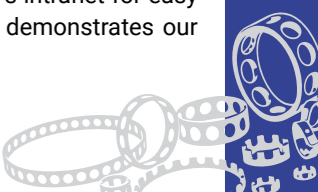
| | FY (2025-26) (Current Financial Year) | | PY (2024-25) (Previous Financial Year) | |
|--------------------------------|--|-----------------------------------|---|-----------------------------------|
| | Received during the year | Pending resolution at end of year | Received during the year | Pending resolution at end of year |
| Data privacy | 0 | 0 | 0 | 0 |
| Advertising | 0 | 0 | 0 | 0 |
| Cyber-security | 0 | 0 | 0 | 0 |
| Delivery of essential services | 0 | 0 | 0 | 0 |
| Restrictive Trade Practises | 0 | 0 | 0 | 0 |
| Unfair Trade Practises | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | 0 | 0 |
| Forced recalls | 0 | 0 |

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

- Yes, the Company has a well-defined policy on cyber security and risks related to data privacy. This policy outlines the guidelines, procedures, and best practises to be followed by all employees to safeguard sensitive information and protect the organisation from cyber threats. The policy is readily available on the Company's intranet for easy access by all employees. Additionally, the Company holds the prestigious TISAX label, which demonstrates our



strong commitment to information security and data protection, particularly in the automotive supply chain. This certification reflects our adherence to the highest standards of information security management.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**
 - The Company did not receive any complaint in this regard during the reporting period.
7. **Provide the following information relating to data breaches:**
 - Number of instances of data breaches along- with impact – 0
 - % of data breaches involving personally identifiable information of customers – 0.00%
 - Impact, if any, of the data breaches – NA

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**
 - Product information is available on the Company's website at this link: <https://www.harshaengineers.com/>
2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**
 - Measurement Methods
 - Packaging Data Sheets
 - WI for Product handling
3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**
 - E-mail communication to customers in place.
4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Company manufactures products strictly as per the detailed print designs and technical specifications provided by our customers. This particular clause is not applicable to us. We regularly carry out comprehensive surveys and feedback sessions of our major products in close coordination with our esteemed customers, who are primarily leading bearing manufacturers. These interactions help us understand their evolving requirements and ensure continuous alignment with their expectations. No major changes have been observed or implemented based on the recent customer feedback.

Notes: At Harsha Engineers, we are committed to engaging with our customers in a responsible and transparent manner. We have a structured system in place to receive customer feedback and complaints and respond to them promptly.

The Company maintains a strong policy on cyber security and data privacy to protect customer information. We provide product information through our website to ensure continuous improvement.

Independent Auditor's Report

To
The Members of
HARSHA ENGINEERS INTERNATIONAL LIMITED,
REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS Financial Statements of Harsha Engineers International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss and the Cash Flow Statement, Statement of changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2026, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INFORMATION OTHER THAN THE IND AS FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report but does not include the Ind AS Financial Statements and our auditor's report thereon.

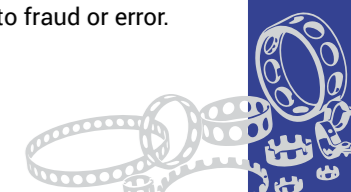
Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Independent Auditor's Report (Contd.)

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the Ind AS Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our works; and (ii) to evaluate the effect of any identified misstatements in the standalone Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (Contd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ('The Order') issued by the Central Government of India in terms of subsection 11 of section 143 of the Act, we give in the **Annexure – A**, a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in equity, and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of directors is disqualified the as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in **Annexure – B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(6) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its notes to the standalone financial statements
 - ii. The company has made the provision, as required under the applicable laws or accounting standards for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. The company is not required to transfer any amount to the Investor Education and Protection fund.
 - iv.
 - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including



Independent Auditor's Report (Contd.)

- foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 32 to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approvals of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment

Rules 2021 requiring companies, which use accounting software for maintaining its books of account, to use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. As stated in note of the standalone financial statements and based on our examination which included test checks, The Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail [edit log] facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail has been enabled at the database level for accounting software to log any direct data changes.

Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For, M/s Pankaj R. Shah & Associates
Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah
Partner
(Membership No. 110142)
UDIN: 26110142PYYZJ06769

Place: Ahmedabad
Date: May 07, 2026

Annexure - A

To The Independent Auditors' Report of Even Date on the Ind As Financial Statements of Harsha Engineers International Limited

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL & REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE TO THE IND AS FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2026

1. In respect of its Property, Plant and Equipment and Intangible Assets:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- (c) According to information and explanations given by the management to us, the records examined by us and based on the examination of documents, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.
- (d) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, no revaluation of PPE or intangible asset has been done by the company during the year under review.
- (e) According to information and explanations given to us and result of our audit procedures, in our opinion, no proceedings have been

initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2. In respect of its Inventories:

- (a) The management has conducted physical verification of inventory at reasonable intervals during the year and provided report prepared by them which is not formal and no material discrepancies were noticed on such physical verification. In respect of inventories of stores and spares, the Management has a verification programme with appropriate procedures designed to cover the items over a period of three years, which in our opinion, is appropriate.
- (b) During the year, company has been sanctioned CC and EPC as working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. As per records verified by us, in our opinion, the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.

- 3. (a) During the year, company has made additional investments in one subsidiary and granted vehicle loan and personal loan to few employees and also provided guarantees to companies, firms, Limited Liability Partnerships, and other parties, details are as follows:

| Aggregate amount during the year | Guarantees (Amount in Lakhs) | Loans (Amount in Lakhs) |
|--|------------------------------|-------------------------|
| -Subsidiary | 40,406.11 | - |
| -Others | 9,659.98 | - |
| -Employees | - | 20.28 |
| Total | 50,066.09 | 20.28 |
| Balance outstanding as at the balance sheet date | | |
| -Subsidiary | 30,285.67 | 2,294.95 |
| -Others | 4,927.55 | - |
| -Employees | - | 15.96 |
| Total | 35,213.22 | 2,310.91 |



Annexure - A (Contd.)

Annexure - A (Contd.)

(b) According to the information and explanations given to us and based on the audit procedures conducted by us we are of the opinion that the terms and conditions on which loan have been granted by the company during the year are not prejudicial to the company's interest.

According to the information and explanations given to us and based on the audit procedures conducted by us we are of the opinion that the terms and conditions on which guarantees have been given by the company during the year are not prejudicial to the company's interest.

(c) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(d) According to the Information and explanations and based on our audit procedures, there is no amount overdue for more than ninety days, at the end of the year.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to promoters or related parties.

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income-tax, Goods and Service tax, Duty of Customs, Duty of Excise, Sales Tax, Service Tax, Value Added Tax, Provident Fund, Employees' State Insurance, Cess or other statutory dues as at March 31, 2026, which have not been deposited with the appropriate authorities on account of dispute, other than those mentioned as mentioned as under.

(₹ in Lakhs)

| Name of the Statue | Nature of dues | Period to which amount relates | Amount Involved (Tax including interest) | Amount Unpaid (Tax including interest) | Forum where the dispute is pending |
|----------------------|----------------|--------------------------------|--|--|------------------------------------|
| Income Tax Act, 1961 | Income Tax | F.Y. 2012-13 | 62,710,500 | 62,428,936 | High Court |
| Income Tax Act, 1961 | Income Tax | F.Y. 2013-14 | 66,463,860 | 66,463,854 | High Court |
| Income Tax Act, 1961 | Income Tax | F.Y. 2015-16 | 107,276,220 | 107,276,220 | High Court |
| Income Tax Act, 1961 | Income Tax | F.Y. 2016-17 | 92,621,463 | 92,621,463 | High Court |
| Income Tax Act, 1961 | Income Tax | F.Y. 2017-18 | 26,088,613 | 2,699,666 | Appeal |

5. In our opinion and according to the information and explanation given to us, the Company has not accepted deemed deposits from the shareholders of the Company in accordance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 and all other relevant provisions, if any, of the Act and the rules made thereunder.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of Company's products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate or complete.

7. In respect of Statutory Dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

(₹ in Lakhs)

| Name of the Statue | Nature of dues | Period to which amount relates | Amount Involved (Tax including interest) | Amount Unpaid (Tax including interest) | Forum where the dispute is pending |
|--|--------------------------------|--------------------------------|--|--|---|
| Income Tax Act, 1961 | Income Tax | F.Y. 2020-21 | 9,844,898 | 437,986 | Appeal |
| Income Tax Act, 1961 | Income Tax | F.Y. 2022-23 | 6,568,750 | 6,568,750 | Appeal |
| Central Excise Act, 1944 and Service Tax | Service Tax and Duty of Excise | F.Y.2012-13 to F.Y.2017-18 | 82,244 | 82,244 | High Court |
| Central Excise Act, 1944 and Service Tax | Service Tax and Duty of Excise | F.Y.2012-13 to F.Y.2017-18 | 38,689 | 38,689 | High Court |
| Central Excise Act, 1944 and Service Tax | Service Tax and Duty of Excise | F.Y.2015-16 to F.Y.2017-18 | 6,481,233 | 6,481,233 | Appeal filed before the CESTAT |
| Goods and Services Tax | GST, Gujarat | F.Y. 2019-20 | 30,176,345 | 28,656,661 | Appeal |
| Goods and Services Tax | GST, Gujarat | F.Y.2017-18 to 2022-23 | 10,800,000 | 9,720,000 | Appeal |
| Goods and Services Tax | GST, Gujarat | F.Y.2019-20 | 318,250 | 302,429 | Appeal |
| Goods and Services Tax | GST, MP | F.Y.2018-19 | 5,899,476 | 4,826,844 | The Goods and Services Tax Appellate Tribunal (GSTAT) |
| Goods and Services Tax | GST,Tamil Nadu | F.Y.2021-22 | 651,107 | 615,866 | Appeal |
| Goods and Services Tax & VAT | GST, UK | F.Y.2016-17 | 245,000 | 149,463 | Recovery pending as per GST portal |

8. According to information and explanations given to us, there was no transaction found unrecorded in the books of account of the company which have been surrendered or disclosed as income during the year in the tax assessments under The Income Tax Act, 1961.

9. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or any lender. During the year, the Company has not taken any loan either from financial institutions or from the government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) On the basis of review of utilization of funds pertaining to term loans on an overall basis and related information made available to us, the company has not taken any term loans during the year ended March 31,2026.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.

(f) According to the information and explanations given to us and procedures applied by us, The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013 and hence reporting on Clause 3(ix)(f) of the Order is not applicable.

10. (a) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the Company has not raised any money by way of initial public



Annexure - A (Contd.)

- offer or further public offer (including debt instruments) during the year.
- (b) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
11. (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
12. In our opinion and according to the information and explanations given by the management, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
13. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that transactions with related parties are in compliance with the provisions of Section 177 & 188 of the Companies Act, 2013, wherever applicable and all the transactions with related parties have been disclosed in the Financial Statements, as required by applicable accounting standards.
14. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company, by independent CA Firm, during the year and till date, in determining the nature, timing and extent of our audit procedures.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. (a) According to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
17. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management the Company is generally profit-making company and there was no cash loss in last financial year also.
18. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable and hence not commented upon.
19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

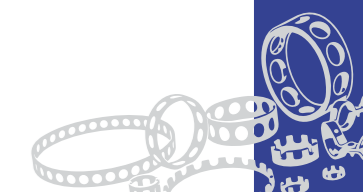
Annexure - A (Contd.)

20. (a) According to the information and explanations given to us and based on our audit procedures, in respect of other than ongoing projects, there is no amount remaining unspent under sub-section (5) of Section 135 of the Companies Act, 2013. Accordingly, reporting under this clause is not applicable.
- (b) According to the information and explanations given to us and based on our audit procedures, in respect of ongoing projects, the company had unspent CSR obligation of 140.80 lakhs at the end of the year, which has been transferred to a special account in compliance with the provision of the Act.
21. The reporting under clause 3 (xxi) of the Order is not applicable in respect of audit of the standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For, M/s Pankaj R. Shah & Associates
Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah
Partner
(Membership No. 110142)
UDIN: 26110142PYYZJO6769

Place: Ahmedabad
Date: May 07, 2026



Annexure - B

To The Independent Auditors' Report of Even Date on the Financial Statements of Harsha Engineers International Limited

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **HARSHA ENGINEERS INTERNATIONAL LIMITED** ("the Company") as of March 31, 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure - B (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah
Partner

(Membership No. 110142)
UDIN: 26110142PYYZJO6769

Place: Ahmedabad
Date: May 07, 2026



Standalone Balance Sheet

As at March 31, 2026

| Particulars | Notes | ₹ in Lakhs | |
|---|---------|-------------------------|-------------------------|
| | | As at March 31, 2026 | As at March 31, 2025 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 28,859 | 26,353 |
| (b) Capital Work-In-Progress | 2 | 558 | 3,182 |
| (c) Other Intangible Assets | 2 | 85 | 18 |
| (d) Financial Assets | | | |
| Investments | 3 | 49,553 | 27,858 |
| Loans | 4 | 2,305 | 2,077 |
| Other Financial Assets | 5 | 55 | 42 |
| (e) Non-Current Tax Assets [Net] | 6 | 330 | 308 |
| (f) Other Non-Current Assets | 7 | 858 | 947 |
| Total Non-Current Assets | | 82,603 | 60,785 |
| Current Assets | | | |
| (a) Inventories | 8 | 28,602 | 27,154 |
| (b) Financial Assets | | | |
| Investments | 3 | 23,099 | 26,212 |
| Trade Receivables | 9 | 28,557 | 24,360 |
| Cash and Cash Equivalents | 10 | 1,703 | 782 |
| Bank Balance Other than Cash and Cash Equivalents | 10 | 1,053 | 5,740 |
| Loans | 4 | 512 | 1,512 |
| Other Financial Assets | 5 | 864 | 508 |
| (c) Other Current Assets | 7 | 3,225 | 1,531 |
| Total Current Assets | | 87,615 | 87,799 |
| TOTAL ASSETS | | 170,218 | 148,584 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 11 | 9,104 | 9,104 |
| (b) Other Equity | 12 | 133,849 | 117,839 |
| Total Equity | | 142,953 | 126,943 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 92 | 111 |
| Lease liabilities | 14 | 69 | 133 |
| Other Financial Liabilities | 18 | 341 | 404 |
| (b) Provisions | 15 | 1,009 | 990 |
| (c) Deferred Tax Liabilities (Net) | 16 | 1,840 | 1,732 |
| Total Non-Current Liabilities | | 3,351 | 3,370 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 4,312 | 2,117 |
| Lease liabilities | 14 | 64 | 62 |
| Trade Payables | 17 | | |
| - Dues to Micro & Small Enterprises | | 2,866 | 836 |
| - Dues to other than Micro & Small Enterprises | | 11,911 | 11,883 |
| Other Financial Liabilities | 18 | 3,021 | 1,835 |
| (b) Other Current Liabilities | 19 | 1,449 | 1,292 |
| (c) Provisions | 15 | 291 | 246 |
| Total Current Liabilities | | 23,914 | 18,271 |
| Total Liabilities | | 27,265 | 21,641 |
| TOTAL EQUITY AND LIABILITIES | | 170,218 | 148,584 |
| Material Accounting Policies | 1 | | |
| Notes to Financial Statements | 1 to 35 | | |

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Maulik Jasani
VP Finance & Group CFO

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 07, 2026
Place: Ahmedabad

Date: May 07, 2026
Place: Ahmedabad

Standalone Statement of Profit and Loss

for the year ended March 31, 2026

| Particulars | Notes | ₹ in Lakhs | |
|---|---------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| INCOME | | | |
| Revenue from Operations | 20 | 122,820 | 108,930 |
| Other Income | 21 | 3,799 | 3,794 |
| Total Income (A) | | 126,619 | 112,724 |
| EXPENSES | | | |
| Cost of Materials Consumed | 22 | 63,203 | 55,114 |
| Change In Inventories of Finished Goods & Work-In-Progress | 23 | (374) | 612 |
| Employee Benefits Expenses | 24 | 13,955 | 12,482 |
| Finance Costs | 25 | 259 | 450 |
| Depreciation and Amortization Expenses | 2 | 2,994 | 2,867 |
| Other Expenses | 26 | 22,879 | 21,661 |
| Bad Debts Write Off/Net Sundry Balances write off | 27 | (4) | 2,060 |
| Total Expenses (B) | | 102,912 | 95,246 |
| Profit/(Loss) Before Exceptional Items & Tax (C)=(A-B) | | 23,707 | 17,478 |
| Exceptional Items (D) | 28 | - | 9,501 |
| Profit/(Loss) Before Tax (E)=(C-D) | | 23,707 | 7,977 |
| Tax Expense | | | |
| Current Tax | 30 | 5,930 | 4,079 |
| Deferred Tax | 30 | 97 | 362 |
| Total Tax Expense (F) | | 6,027 | 4,441 |
| Profit/(Loss) After Tax for the year (G)=(E-F) | | 17,680 | 3,536 |
| Other Comprehensive Income ('OCI') | | | |
| i) Items that will be reclassified to profit or loss | | | |
| Gains/(Loss) of Cashflow Hedge | | (1057) | (189) |
| Income tax relating to these items | 30 | 266 | 48 |
| ii) Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post-employment benefit obligations | 31 | 40 | (116) |
| Income tax relating to these items | 30 | (8) | 29 |
| Other Comprehensive Income for the year, net of tax (H) | | (759) | (228) |
| Total Comprehensive Income for the year (I)=(G+H) | | 16,921 | 3,308 |
| Earning Per Equity Share (EPS) for the year | | | |
| Basic (₹) | | 19.42 | 3.88 |
| Diluted (₹) | | 19.42 | 3.88 |
| Material Accounting Policies | 1 | | |
| Notes to Financial Statements | 1 to 35 | | |

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

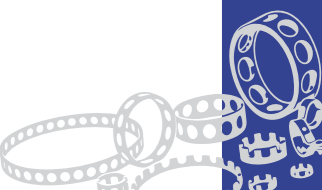
Maulik Jasani
VP Finance & Group CFO

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 07, 2026
Place: Ahmedabad

Date: May 07, 2026
Place: Ahmedabad



Standalone Cash Flow Statement

for the year ended March 31, 2026

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax as per statement of Profit & Loss | 23,707 | 7,977 |
| Adjustments for: | | |
| Depreciation and Amortization Expenses | 2,994 | 2,867 |
| Interest Income | (1,163) | (1,404) |
| Finance Cost | 259 | 450 |
| Loss/(Profit) on Sale of Investment | (1,449) | (1,415) |
| Bad Debts Write Off/Net Sundry Balances write off | (4) | 2,060 |
| Allowances for credit losses | (16) | 517 |
| Impairment of Equity Share of Subsidiary | - | 9,501 |
| Share of (Profit)/Loss from Joint venture/Associates | (53) | (29) |
| Loss/(Profit) on Sale of Assets | (7) | 16 |
| Operating Profit before Working Capital Changes | 24,268 | 20,540 |
| Adjustments for Changes in Working Capital | | |
| Inventories | (1,448) | 1,767 |
| Trade Receivables | (4,177) | (6) |
| Other Current Assets | (2,050) | 2,127 |
| Other Non-Current Assets | (18) | 195 |
| Trade Payables | 2,058 | 1,137 |
| Other Financial Liabilities | 1,008 | (458) |
| Other Current Liabilities | 157 | 120 |
| Provisions | (684) | (262) |
| Cash Generated from Operations | 19,114 | 25,160 |
| Income Taxes Paid | (5,947) | (4,155) |
| Net Cash Flow from Operating Activities (A) | 13,167 | 21,005 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Property, Plant and Equipment, Capital Work-In-Progress and Other Intangibles | (3,151) | (6,756) |
| Proceeds from Sale of Property, Plant and Equipment | 413 | 74 |
| Sale/(Purchase) of Investments (Net) | (16,133) | (9,598) |
| Loans and Advances (Net) | (222) | (149) |
| Investment in fixed deposits with bank (Net) | 4,687 | 2,930 |
| Interest Income | 1,163 | 1,404 |
| Share of Profit/(Loss) from Joint venture/Associates | 53 | 29 |
| Net Cash Flow from Investing Activities (B) | (13,190) | (12,066) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid | (911) | (911) |
| Repayment of Non-Current Borrowings | (19) | (17) |
| Finance Cost | (259) | (450) |
| Proceeds/(Repayment) of Current Borrowings (Net) | 2,133 | (7,793) |
| Net Cash Flow from Financing Activities (C) | 944 | (9,171) |

Standalone Cash Flow Statement for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| (D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 921 | (232) |
| Cash and Cash Equivalents at the Beginning | | |
| Cash on Hand | 6 | 9 |
| Balances with Banks | 776 | 1,005 |
| | 782 | 1,014 |
| Cash and Cash Equivalents at the End | | |
| Cash on Hand | 4 | 6 |
| Balances with Banks | 1,699 | 776 |
| | 1,703 | 782 |
| Notes to Financial Statements | 1 to 35 | |

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

Date: May 07, 2026
Place: Ahmedabad

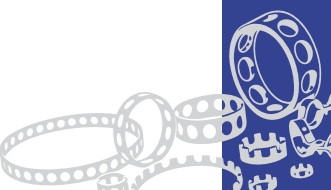
For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Maulik Jasani
VP Finance & Group CFO

Date: May 07, 2026
Place: Ahmedabad

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907


Standalone Statement of Changes in Equity (SOCIE)

for the year ended March 31, 2026

A. Equity Share Capital

| Particulars | ₹ in Lakhs | |
|---|-------------------|--------------|
| | No. of Shares | Amount |
| Issued, Subscribed and Paid up Share Capital | | |
| Equity Shares of ₹ 10/- each fully paid up | | |
| As at April 01, 2024 | 91,044,105 | 9,104 |
| Add: Equity shares issued during the year | - | - |
| As at March 31, 2025 | 91,044,105 | 9,104 |
| Add: Equity shares issued during the year | - | - |
| As at March 31, 2026 | 91,044,105 | 9,104 |

B. Other Equity

| Particulars | Reserves & Surplus | | | | Other Comprehensive Income - Cashflow Hedge Reserve | Total Other Equity |
|--|----------------------------------|------------------|-----------------|-------------------|---|--------------------|
| | Capital Reserves/ Merger Reserve | Security Premium | General Reserve | Retained Earnings | | |
| As at April 01, 2024 | (116) | 42,119 | 2,307 | 71,046 | 86 | 115,442 |
| Profit for the year | - | - | - | 3,536 | - | 3,536 |
| Other comprehensive income for the year | - | - | - | (87) | (141) | (228) |
| Total comprehensive income for the year | - | - | - | 3,449 | (141) | 3,308 |
| Less: Dividend Distribution | - | - | - | (911) | - | (911) |
| As at March 31, 2025 | (116) | 42,119 | 2,307 | 73,584 | (55) | 117,839 |
| Profit for the year | - | - | - | 17,680 | - | 17,680 |
| Other comprehensive income for the year | - | - | - | 32 | (791) | (759) |
| Total comprehensive income for the year | - | - | - | 17,712 | (791) | 16,921 |
| Less: Dividend Distribution\$ | - | - | - | (911) | - | (911) |
| As at March 31, 2026 | (116) | 42,119 | 2,307 | 90,385 | (846) | 133,849 |

\$The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2024-25 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 911 lakhs.

Notes to Financial Statements 1 to 35

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

Date: May 07, 2026
Place: Ahmedabad

For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Maulik Jasani
VP Finance & Group CFO

Date: May 07, 2026
Place: Ahmedabad

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

1 MATERIAL ACCOUNTING POLICY INFORMATION

A. GENERAL INFORMATION

Harsha Engineers International Limited, is a public limited company, incorporated and domiciled in India, under the provisions of the Companies Act, 2013 ("HEIL" or "the Company") (CIN: L29307GJ2010PLC063233). Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The Company expresses itself as a Core Engineering as well as Solar-EPC and O&M company which focuses on continuous learning and developments, having experience to produce best Engineering products and provide best solar services as per customers requirement. Since its inception, the Company undertakes turnkey projects, using solar photovoltaic (PV) technology, including polycrystalline and thin-film materials under its Solar EPC segment, ranging from KW scale to MW scale. The Company having Engineering business which are in the manufacturer of bearing cages & bushings having materials in form of brass, bronze, steel, and polyamide as well a capability to deliver stamping components primarily for the automotive and industrial customers. While the Company have principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, the Company also have production facilities at Bhayla, near Ahmedabad, Changshu in China and Ghimbav Brasov in Romania, through its subsidiaries. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited. The registered office of the companies is located at Sarkhej - Bavla Road, Changodar, Sanand, Ahmedabad - 382213, Gujarat, India.

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 7, 2026.

B. BASIS OF PREPARATION

B.1. Statement of compliance with Ind AS

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act.(the 'Act')

B.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.'), which is also the functional currency of the Company. All the amounts have been rounded off to the nearest lakh, except per share data and unless otherwise indicated. The amount "0" (zero) represents value, which is less than ₹ 1 Lakh.

B.3. Basis of Measurement

The financial statements have been prepared on the accrual basis and under historical cost basis except for the following items:

| Items | Measurement Basis |
|--|---|
| 1) Investments in Debentures, Mutual Funds | Fair value |
| 2) Employee Defined Benefit Plans | Plan Assets measured at fair value less present value of defined benefit obligation |
| 3) Certain Financial Assets & Liabilities (Including Derivative Instruments) | Fair value |

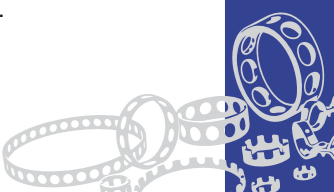
B.4. Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.



Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

B.5. Measurement of Fair Values

The Company has established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the

fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the respective note.

C. MATERIAL ACCOUNTING POLICIES

C.1. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the date of transactions or an average rate, if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

C.2. Financial Instruments

2.1. Financial Assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those measured at amortized cost and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) The classification depends on the Company's business

model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
 - i. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - ii. the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

iii) Subsequent Measurement and Gains and Losses

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



2.2. Financial Liabilities

i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

2.3. Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either

to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.4. Investment in Subsidiaries, Joint venture & Associates

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investments in subsidiaries and joint ventures, the differences between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

C.3. Derivative Instruments and Hedge Accounting

The Company designates derivative contracts or non-derivative Financial Assets/Liabilities as hedging instruments to mitigate the risk of movement in interest rates and/or foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs, the cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If

the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting.

C.4. Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company or it enhanced the useful lives.

iii. Depreciation/Amortisation

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

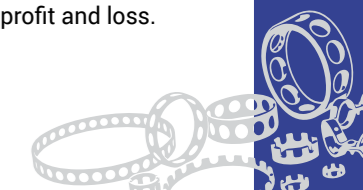
Depreciation method, useful lives and residual values are reviewed at each financial year-end and any revision to these is recognised prospectively in current and future periods. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

iv. Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or sale or when no future economic benefits are expected to arise from the continued use of assets.

The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of profit and loss.



C.5. Intangible Assets

i. Initial Recognition and Classification

Goodwill is not amortised. It is tested annually for impairment. Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred or it enhanced the useful lives.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Goodwill is not amortized and is tested for impairment annually. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Derecognition

An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognized in profit or loss when the asset is derecognized.

C.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred

in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress is valued at actual cost of production.

Cost of raw materials, Stock in trade, Project brought out components, stores and spares are determined on moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis. Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

C.7. Impairment

i. Impairment of Financial Assets

The Company recognizes loss allowances for financial assets measured at amortized cost using expected credit loss model.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For trade receivables, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. For all other financial assets, the Company measures loss allowances

at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased if it is more than 360 days past due and evaluate the same on regular basis. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the

contract and the cash flows that the Company expects to receive). Presentation of Allowance for Expected Credit Losses in the Balance Sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines (on the basis of availability of the information) that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of Non-Financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



C.8. Employee Benefits

i. Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Defined Contribution Plan

The Company makes specified monthly contributions towards the provident fund. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return

on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C.9. Revenue Recognition

i. Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when control including the significant risks and rewards and title of ownership have been transferred to the customer, satisfies a performance obligation, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the

individual terms of sale, usually such transfer occurs as per Inco terms.

Revenue from contracts

Revenue from long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from maintenance contracts are recognised on pro-rata basis over the period of the contract.

ii. Export Benefits

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

C.10. Recognition of Dividend Income, Interest Income

Dividend on financial instruments is recognized as and when received. Interest is recognized on accrual basis.

C.11. Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except

to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised,



are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

C.12. Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

C.13. Borrowing Cost

Borrowing cost are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended

use are capitalised as part of cost of asset until such time the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

C.14. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

C.15. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

C.16. Leases

The Company has adopted Ind AS 116 using the prospective approach. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Balance Sheet and recognition of Depreciation and Interest expenses in Profit & Loss A/c.

Lease accounting

As a lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control

the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

As a lessor

Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognized in the statement of profit or loss on a straight-line basis over the lease term, unless either:

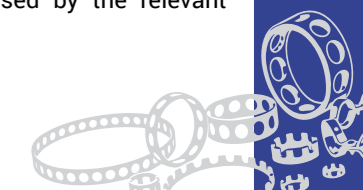
- A. another systematic basis is more representative of the time pattern of the user's benefit; or
- B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.
- C. the lease asset capitalised and recognised as an asset in the books.

C.17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised at present value when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provision for decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of PPE. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts, until such time that the liabilities arising out of these outstanding litigations have been crystallised by virtue of a final order being passed by the relevant



regulatory authority or court or forum. Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

C.18. Business Combinations

Business Combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Common Control Transactions

Business combinations involving entities that are controlled by the Group in which all the combining entities or businesses are ultimately controlled by the same party or parties are accounted for using the pooling of interests method as follows:

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognise any new assets and liabilities. Adjustments are only made to harmonise accounting policies.
3. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
5. The identity of the reserves are preserved and the reserves of the transferor become reserves of the transferee.

6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

C.19. Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

C.20. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

- In May 2025, MCA notified amendments to: Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company

has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

- In August 2025, MCA notified the following amendments to: Ind AS 7, Statement of Cash Flows and IndAS107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – the amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation the Company has provided necessary disclosures in notes to financial statements.

Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. The Company has determined that this amendment is not applicable.



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

2 PROPERTY, PLANT & EQUIPMENT, OTHER INTANGIBLE ASSETS & CAPITAL WORK-IN-PROGRESS
 For the year ended March 31, 2026

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | Net Block | |
|--|----------------------|----------------------------|----------------------|----------------------|-------------------------------|----------------|----------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2025 | Addition during the period | Disposal/ Adjustment | As at March 31, 2026 | As at April 01, 2025 | For the period | Disposal/ Adjustment | As at March 31, 2026 | As at March 31, 2025 | As at March 31, 2025 |
| | | | | | | | | | | |
| Property, Plant & Equipment | | | | | | | | | | |
| Freehold Land | 1,938 | 645 | - | 2,583 | - | - | - | - | 2,583 | 1,938 |
| Buildings | 7,908 | 49 | - | 7,957 | 3,178 | 253 | - | 3,431 | 4,526 | 4,730 |
| Plant And Machineries | 35,700 | 2,142 | 914 | 36,928 | 21,581 | 2,091 | 512 | 23,160 | 13,768 | 14,119 |
| Furniture And Fittings | 1,202 | 27 | - | 1,229 | 878 | 50 | - | 928 | 301 | 324 |
| Vehicles | 379 | 3 | - | 382 | 197 | 42 | - | 239 | 143 | 182 |
| Office Equipments | 343 | 53 | 4 | 392 | 241 | 31 | 4 | 268 | 124 | 102 |
| Electric Installation | 2,610 | 66 | 22 | 2,654 | 1,682 | 131 | 21 | 1,792 | 862 | 928 |
| Computer & Peripherals | 554 | 22 | 40 | 536 | 513 | 12 | 37 | 488 | 48 | 41 |
| Solar Generation Plant | 2,810 | 2,887 | - | 5,697 | 977 | 199 | - | 1,176 | 4,521 | 1,833 |
| Wind Mill | 2,667 | - | - | 2,667 | 695 | 111 | - | 806 | 1,861 | 1,972 |
| Right of Use Assets-Lease\$ | 322 | - | 14 | 308 | 138 | 62 | 14 | 186 | 122 | 184 |
| TOTAL (A) | 56,433 | 5,894 | 994 | 61,333 | 30,080 | 2,982 | 588 | 32,474 | 28,859 | 26,353 |
| Other Intangible Assets | | | | | | | | | | |
| Computer software | 611 | 79 | - | 690 | 593 | 12 | - | 605 | 85 | 18 |
| TOTAL (B) | 611 | 79 | - | 690 | 593 | 12 | - | 605 | 85 | 18 |
| TOTAL (A+B) | 57,044 | 5,973 | 994 | 62,023 | 30,673 | 2,994 | 588 | 33,079 | 28,944 | 26,371 |

Capital Work-in-progress aging schedule as at March 31, 2026

| Particulars | Amount in CWIP for a period of | | | Total |
|--------------------------------|--------------------------------|-----------|-----------|------------|
| | Amount in CWIP for a period of | | | |
| | Less than 1 year | 1-2 years | 2-3 years | |
| CWIP ^ | | | | |
| Projects in progress | 532 | 19 | 7 | 558 |
| Projects temporarily suspended | - | - | - | - |
| TOTAL | 532 | 19 | 7 | 558 |

^No capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan. Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan.

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

For the year ended March 31, 2025

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | Net Block | |
|--|----------------------|----------------------------|----------------------|----------------------|-------------------------------|--------------|----------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2024 | Addition during the period | Disposal/ Adjustment | As at March 31, 2025 | As at April 01, 2024 | For the year | Disposal/ Adjustment | As at March 31, 2025 | As at March 31, 2024 | As at March 31, 2024 |
| | | | | | | | | | | |
| Property, Plant & Equipment | | | | | | | | | | |
| Freehold Land | 628 | 1,310 | - | 1,938 | - | - | - | - | 1,938 | 628 |
| Buildings | 7,744 | 164 | - | 7,908 | 2,931 | 247 | - | 3,178 | 4,730 | 4,813 |
| Plant And Machineries | 33,596 | 2,262 | 158 | 35,700 | 19,651 | 2,054 | 124 | 21,581 | 14,119 | 13,945 |
| Furniture And Fittings | 1,196 | 13 | 7 | 1,202 | 823 | 60 | 5 | 878 | 324 | 373 |
| Vehicles | 379 | - | - | 379 | 153 | 44 | - | 197 | 182 | 226 |
| Office Equipments | 303 | 42 | 2 | 343 | 218 | 25 | 2 | 241 | 102 | 85 |
| Electric Installation | 2,379 | 320 | 89 | 2,610 | 1,633 | 133 | 84 | 1,682 | 928 | 746 |
| Computer & Peripherals | 550 | 4 | - | 554 | 503 | 10 | - | 513 | 41 | 47 |
| Solar Generation Plant | 2,708 | 102 | - | 2,810 | 874 | 103 | - | 977 | 1,833 | 1,834 |
| Wind Mill | 2,667 | - | - | 2,667 | 584 | 111 | - | 695 | 1,972 | 2,083 |
| Right of Use Assets-Lease\$ | 385 | 51 | 114 | 322 | 138 | 65 | 65 | 138 | 184 | 247 |
| TOTAL (A) | 52,535 | 4,268 | 370 | 56,433 | 27,508 | 2,852 | 280 | 30,080 | 26,353 | 25,027 |
| Other Intangible Assets | | | | | | | | | | |
| Computer software | 609 | 2 | - | 611 | 578 | 15 | - | 593 | 18 | 31 |
| TOTAL (B) | 609 | 2 | - | 611 | 578 | 15 | - | 593 | 18 | 31 |
| TOTAL (A+B) | 53,144 | 4,270 | 370 | 57,044 | 28,086 | 2,867 | 280 | 30,673 | 26,371 | 25,058 |

Capital Work-in-progress aging schedule as at March 31, 2025

| Particulars | Amount in CWIP for a period of | | | Total |
|--------------------------------|--------------------------------|-----------|-----------|--------------|
| | Amount in CWIP for a period of | | | |
| | Less than 1 year | 1-2 years | 2-3 years | |
| CWIP ^ | | | | |
| Projects in progress | 3,149 | 33 | - | 3,182 |
| Projects temporarily suspended | - | - | - | - |
| TOTAL | 3,149 | 33 | - | 3,182 |

^ No capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan. Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan.

Note:1. The Company has not revalued any tangible & intangible asset.

2. The title deeds of all the immovable properties are held in the name of the Company.

3. Refer Note 33.1 (b) for Capital Contractual Commitments with respect to property, plant and equipments.

\$ Lease Asset & Liability refer note 33.4



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

3 INVESTMENTS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| A) Investments in Shares Capital of Subsidiary (Measured at Cost) | | |
| Unquoted equity instruments Fully Paid Up | | |
| Harsha Engineers Advantek Limited | 10 | 10 |
| 100,000 Equity shares of ₹ 10 each (Previous year 100,000 Equity shares of ₹ 10 each)(Extent of Holding-100%) | | |
| Principal Place of Business: Ahmedabad, India | | |
| Harsha Precision Bearings Components (China) Co. Limited. | 6,760 | 6,760 |
| (Extent of Holding-100%,) | | |
| Principal Place of Business: Changshu, China | | |
| Harsha Engineers Europe SRL | | |
| 3,622,727 Equity shares of RON 10 each (Previous year 2,986,465 Equity shares of RON 10 each) (Extent of Holding-100%) | | |
| Investments Value (Cost) | 15,575 | 14,281 |
| Less: Provision for Impairment in carrying Value of Equity Investments of Subsidiary (Fair Value Adjustment), Refer Note: 28 | (9,501) | (9,501) |
| Carrying Value(Value in Use) of Entity based on Fair Valuation Report | 6,073 | 4,779 |
| Principal Place of Business: Brasov, Romania | | |
| B) Investment in Equity Instruments via Optionally Convertible Non Cumulative Redeemable Preference Shares (OCNRPS) of wholly owned Subsidiary (Measured at Cost)[Unquoted] | | |
| Harsha Engineers Advantek Limited | 15,000 | 13,000 |
| 150,000,000 Preference Shares of ₹ 10 each (Previous year 130,000,000 Preference Shares of ₹ 10 each) (6% OCNRPS) | | |
| C) Investments in Joint venture/Associates (Measured at cost)[Unquoted] | | |
| Cleanmax Harsha Solar LLP - Capital A/c. | 3 | 3 |
| Capital contribution of ₹ 250,000 (Voting Rights and Profit Sharing of 50%) | | |
| Principal Place of Business: Mumbai, India | | |
| D) Investments - Others | | |
| Measured at Cost | | |
| Goldi Harsha Ventures LLP - Capital A/c. [Unquoted] | 0 | 0 |
| (Capital contribution of ₹ 10,000 (Previous year ₹ 10,000) (Profit Sharing of 0%) | | |
| Measured at Amortised cost | | |
| Investments in Bonds (Quoted) | 11,796 | 2,006 |
| Measured at FVTPL | | |
| Investments in Mutual Funds (Quoted) | 9,911 | 1,300 |
| Total Non-Current Investments | 49,553 | 27,858 |
| Current | | |
| Measured at Cost | | |
| Cleanmax Harsha Solar LLP Current A/c [Unquoted] | 580 | 569 |
| Measured at Amortised cost | | |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Investments in Bonds (Quoted) | 3,020 | 2,999 |
| Measured at FVTPL | | |
| Investments in Mutual Funds (Quoted) | 19,499 | 22,644 |
| Total Current Investments | 23,099 | 26,212 |
| 1) i Aggregate book value of quoted investments | 44,226 | 28,949 |
| ii Aggregate market value of quoted investments | 44,167 | 28,953 |
| 2) Aggregate book value of unquoted investments (Net of Impairment) | 28,426 | 25,121 |
| 3) Aggregate amount of impairment in value of investment | (9,501) | (9,501) |

4 LOANS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| (Unsecured, Considered Good) | | |
| Loans to Related Parties [^] | 2,295 | 2,068 |
| Loans to Employees ^{^^} | 10 | 9 |
| Total Non-Current Loans | 2,305 | 2,077 |
| Current | | |
| (Unsecured, Considered Good) | | |
| Loan to Employees ^{^^} | 12 | 12 |
| Intercorporate deposits ^{^^^} | 500 | 1,500 |
| Total Current Loans | 512 | 1,512 |
| [^] Details of loans pursuant to Section 186(4) of Companies Act, 2013: | | |
| Harsha Precision Bearings Components (China) Co. Limited. (Subsidiary) | 2,295 | 2,068 |

a. The above loan has been given for the business purposes and which are outstanding at the end of the financial year.

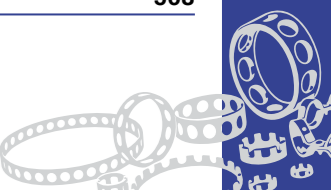
b. The above loan is repayable within a period of 3 to 5 years.

^{^^}The loans to employees are interest free and are generally for a tenure of 6 to 30 months. Includes Loan given to KMP Refer Note 32G

^{^^^}Intercorporate deposits (ICD) given to NBFC for the purpose of debt repayment/working capital.

5 OTHER FINANCIAL ASSETS

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Security Deposits (Unsecured, Considered Good) | 55 | 42 |
| Total Other Non-Current Financial Assets | 55 | 42 |
| Current | | |
| Export Benefits Receivables | 42 | 34 |
| Interest Income Receivable | 669 | 402 |
| Security Deposits (Unsecured, Considered Good) | 1 | 0 |
| Other Income Receivable | 152 | 72 |
| Total Other Current Financial Assets | 864 | 508 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

6. TAX ASSETS [NET]

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Advance Payment of Tax (Net of Provisions) | 330 | 308 |
| Total Other Tax Assets [Net] | 330 | 308 |

7. OTHER ASSETS

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Capital Advances (Unsecured, Considered Good) | 763 | 846 |
| Prepaid Expenses | 95 | 101 |
| Total Other Non-Current Assets | 858 | 947 |
| Current | | |
| (Unsecured, Considered Good) | | |
| Balances With Statutory Authorities | 1,243 | 974 |
| Prepaid Expenses | 289 | 271 |
| Advances To Employees | 28 | 30 |
| Advances To Suppliers | 1,665 | 256 |
| Total Other Current Assets | 3,225 | 1,531 |

8. INVENTORIES

| Particulars | (₹ in Lakhs) | |
|-------------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Raw Material | 6,380 | 4,946 |
| Work-In-Progress | 1,674 | 1,533 |
| Finished Goods | 10,591 | 9,340 |
| Stores, Spares & Other | 1,131 | 1,226 |
| Toolings | 8,317 | 9,335 |
| Project bought-out Components-Solar | 509 | 774 |
| Total Inventories | 28,602 | 27,154 |

- Inventories valued at lower of cost or net realisable value.
- Inventories are hypothecated to secure working capital facilities from banks -Refer Note 13
- Includes Goods in transit of Finished Goods as at March 31, 2026, ₹ 4,597 lakhs (March 31, 2025 ₹ 3,690 lakhs)
- The Company follows suitable provisioning norms for writing down the value of Finished Inventories towards slow moving and non-moving inventory, as at March 31, 2026 ₹ 769 lakhs (March 31, 2025 ₹ 652 lakhs).

9. TRADE RECEIVABLES

| Particulars | (₹ in Lakhs) | |
|-------------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Unsecured Trade Receivables | | |
| Considered Good | 28,557 | 24,360 |
| Significant increase in credit risk | - | - |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Credit impaired | 509 | 525 |
| Sub Total# | 29,066 | 24,885 |
| Less: Allowances for credit losses | 509 | 525 |
| Total Trade Receivables | 28,557 | 24,360 |
| #Includes trade receivable from related parties -Refer Note 32G | 1,338 | 1,160 |

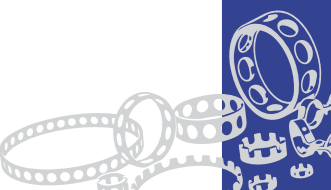
The credit period on sale of goods is up to 130 days.

Trade receivables are hypothecated to secure working capital facilities from banks -Refer Note 13

Ageing of Trade Receivables

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | | Total |
|--|--------------|---------------|--------------------------------------|-------------|------------|-----------|-------------------|---------------|
| | | | Less than 6 Months | 6-12 Months | 1-2 Years | 2-3 Years | More than 3 Years | |
| | | | | | | | | |
| As at March 31 2026 | | | | | | | | |
| Undisputed-Considered Good | 39 | 22,860 | 3,161 | 781 | 296 | - | 1,420 | 28,557 |
| Undisputed-which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Undisputed-Credit Impaired | - | - | - | 20 | 15 | - | 474 | 509 |
| Disputed-Considered Good | - | - | - | - | - | - | - | - |
| Disputed-which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Disputed-Credit Impaired | - | - | - | - | - | - | - | - |
| Gross carrying amount | 39 | 22,860 | 3,161 | 801 | 311 | - | 1,894 | 29,066 |
| Less: Allowances for credit losses | - | - | - | 20 | 15 | - | 474 | 509 |
| Net carrying amount | 39 | 22,860 | 3,161 | 781 | 296 | - | 1,420 | 28,557 |

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | | Total |
|--|--------------|---------------|--------------------------------------|-------------|------------|-----------|-------------------|---------------|
| | | | Less than 6 Months | 6-12 Months | 1-2 Years | 2-3 Years | More than 3 Years | |
| | | | | | | | | |
| As at March 31 2025 | | | | | | | | |
| Undisputed-Considered Good | 61 | 19,411 | 2,525 | 482 | 408 | - | 1,473 | 24,360 |
| Undisputed-which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Undisputed-Credit Impaired | - | - | - | 12 | 22 | - | 491 | 525 |
| Disputed-Considered Good | - | - | - | - | - | - | - | - |
| Disputed-which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Disputed-Credit Impaired | - | - | - | - | - | - | - | - |
| Gross carrying amount | 61 | 19,411 | 2,525 | 494 | 430 | - | 1,964 | 24,885 |
| Less: Allowances for credit losses | - | - | - | 12 | 22 | - | 491 | 525 |
| Net carrying amount | 61 | 19,411 | 2,525 | 482 | 408 | - | 1,473 | 24,360 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

10. CASH AND BANK BALANCES

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Cash and Cash Equivalents | | |
| Cash on Hand | 4 | 6 |
| Balances with Banks (Including Fixed Deposits with maturity of 0 - 3 months) | 1,699 | 776 |
| Total Cash and Cash Equivalents | 1,703 | 782 |
| Bank Balance Other than Cash and Cash Equivalents | | |
| In Fixed Deposit# | 1,053 | 5,605 |
| Earmarked balances for Unclaimed dividend | 0 | 0 |
| Earmarked balances for CSR Unspent Amount (Unclaimed dividend and unspent CSR balance can only be used for the purpose it has been maintained) | 0 | 135 |
| Total Bank Balance Other than Cash and Cash Equivalents | 1,053 | 5,740 |
| Total Cash and Bank Balances | 2,756 | 6,522 |
| # Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility. | 5 | 4 |

11. EQUITY SHARE CAPITAL

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Authorised Share Capital | | |
| 100,000,000 (Previous Year: 100,000,000) Equity Shares of Face Value ₹ 10/- each | 10,000 | 10,000 |
| Total | 10,000 | 10,000 |

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Issued, Subscribed and Fully Paid up Share Capital | | |
| 91,044,105 (Previous Year: 91,044,105) Equity Shares of Face Value ₹ 10/-each | 9,104 | 9,104 |
| Total | 9,104 | 9,104 |

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | Amount (₹ in lakhs) | |
|------------------------------------|---------------------|---------------------|
| | No. of shares | Amount (₹ in lakhs) |
| As at April 01, 2024 | | |
| At the beginning of the year | 91,044,105 | 9,104 |
| Add: Shares issued during the year | - | - |
| As at March 31, 2025 | 91,044,105 | 9,104 |
| At the beginning of the year | 91,044,105 | 9,104 |
| Add: Shares issued during the year | - | - |
| As at March 31, 2026 | 91,044,105 | 9,104 |

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

Details of shareholder(s) holding more than 5% Equity Shares

| Particulars | (₹ in Lakhs) | |
|-----------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Name of Shareholder | No. of shares | No. of shares |
| Mr. Rajendra Shah | 12,006,390 | 11,919,390 |
| Mr. Harish Rangwala | 11,206,364 | 11,206,364 |
| Ms. Charusheela Rangwala | 10,446,762 | 10,446,762 |
| Ms. Nirmala Shah | 6,128,049 | 6,128,049 |
| Mr. Vishal Rangwala | 7,769,829 | 7,769,829 |
| Mr. Pilak Shah | 7,289,503 | 7,198,281 |
| DSP Mutual Fund | 6,991,662 | 2,500,000 |
| Nippon India Mutual Fund | 4,136,864 | 5,039,704 |
| % Holding in Equity Shares | | |
| Mr. Rajendra Shah | 13.19% | 13.09% |
| Mr. Harish Rangwala | 12.31% | 12.31% |
| Ms. Charusheela Rangwala | 11.47% | 11.47% |
| Ms. Nirmala Shah | 6.73% | 6.73% |
| Mr. Vishal Rangwala | 8.53% | 8.53% |
| Mr. Pilak Shah | 8.01% | 7.91% |
| DSP Mutual Fund | 7.68% | 2.75% |
| Nippon India Mutual Fund | 4.54% | 5.54% |

Shareholding of Promoters

| Particulars | (₹ in Lakhs) | |
|----------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Mr. Rajendra Shah | No. of shares | No. of shares |
| 12,006,390 | 11,919,390 | |
| % Holding in Total Equity Shares | 13.19% | 13.09% |
| % change during the year | 0.10% | |
| Mr. Harish Rangwala | No. of shares | No. of shares |
| 11,206,364 | 11,206,364 | |
| % Holding in Total Equity Shares | 12.31% | 12.31% |
| % change during the year | 0.00% | |
| Mr. Vishal Rangwala | No. of shares | No. of shares |
| 7,769,829 | 7,769,829 | |
| % Holding in Total Equity Shares | 8.53% | 8.53% |
| % change during the year | 0.00% | |
| Mr. Pilak Shah | No. of shares | No. of shares |
| 7,289,503 | 7,198,281 | |
| % Holding in Total Equity Shares | 8.01% | 7.91% |
| % change during the year | 0.10% | |

12. OTHER EQUITY

| Particulars | (₹ in Lakhs) | |
|------------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| A: Capital Reserves/Merger Reserve | (116) | (116) |
| B: Security Premium | 42,119 | 42,119 |
| C: General Reserve | 2,307 | 2,307 |
| D: Retained Earnings | 90,385 | 73,584 |
| E: Other Comprehensive Income | (846) | (55) |
| Total Other Equity | 133,849 | 117,839 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

Nature and purpose of reserves:

- A: Capital Reserves/Merger Reserve: The Company has recognised Capital Reserves/Merger Reserve for difference between consideration paid and net assets acquired under common control business combination transaction (Arising pursuant to the Scheme of Amalgamation). This can be utilised in accordance with the provisions of the Companies Act, 2013.
- B: Security Premium: The amount received in excess of face value of the equity shares is recognised in Securities premium. It is utilised in accordance with the provisions of the Companies Act, 2013.
- C: General Reserve: The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. General Reserve is created by the transfer from one component of equity to another and is not an item of other comprehensive income. This can be utilised in accordance with the provisions of the Companies Act, 2013.
- D: Retained Earnings: Retained earnings represents accumulated profit of the Company as on reporting date. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.
- E: Other Comprehensive Income -Cashflow Hedge Reserve: This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit and loss or upon discontinuation of hedge relationship.

| (₹ in Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| A: Capital Reserves/Merger Reserve | | |
| Opening Balance | (116) | (116) |
| Total Capital Reserves/Merger Reserve | (116) | (116) |
| B: Security Premium | | |
| Opening Balance | 42,119 | 42,119 |
| Total Security Premium | 42,119 | 42,119 |
| C: General Reserve | | |
| Opening Balance | 2,307 | 2,307 |
| Total General Reserve | 2,307 | 2,307 |
| D: Retained Earnings | | |
| Opening Balance | 73,584 | 71,046 |
| Add: Profit during the year | 17,680 | 3,536 |
| Add/(Less): Remeasurement of defined benefit plan transferred from OCI | 32 | (87) |
| Less: Dividend Distribution [§] | (911) | (911) |
| Total Retained Earnings | 90,385 | 73,584 |
| §The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2024-25 and which was approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 911 lakhs. | | |
| E: Other Comprehensive Income (OCI) | | |
| Items that will be reclassified to statement of profit and loss | | |
| (a) Cashflow Hedge Reserve: | | |
| Opening Balance | (55) | 86 |
| Increase/(Decrease) During the Year | (1,057) | (189) |
| Income Tax relating to above item | 266 | 48 |
| Total Cashflow Hedge Reserve | (846) | (55) |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| Items that will not be reclassified to statement of profit and loss | | |
| (b) Remeasurement of defined benefit plan: | | |
| Opening Balance | - | - |
| Increase/(Decrease) During the Year | 40 | (116) |
| Income Tax relating to above item | (8) | 29 |
| Less: Transferred to retained earnings | (32) | 87 |
| Closing Balance | - | - |
| Total Other Comprehensive Income (OCI) | (846) | (55) |

13. BORROWINGS

| (₹ in Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current Borrowings | | |
| Secured | | |
| From Mercedes Benz Financial Services India Pvt Ltd | 92 | 111 |
| Total Non-Current Borrowings | 92 | 111 |

Major Terms And Conditions w.r.t. Non Current Borrowings
(1) Mercedes Benz Financial Services India Pvt Ltd -Engineering Segment

Secured by hypothecation of Car availed out of the said term loan.

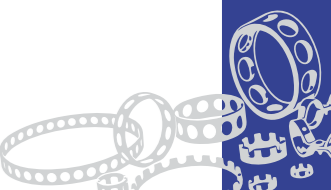
Rate of interest ranges from 9.25% to 10.25% p.a. on Long Term Borrowing

Repayments Terms of Non- Current Borrowing:

| (₹ in Lakhs) | | |
|----------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| 1-2 Years | 21 | 19 |
| 2-3 Years | 71 | 21 |
| 3-4 Years | - | 71 |
| Beyond 4 Years | - | - |
| Total | 92 | 111 |

Note: Non- Current Borrowing Repayments schedule does not includes current maturity of term loan

| (₹ in Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| Current Borrowings | | |
| Secured | | |
| State Bank of India | 4,273 | 2,100 |
| Citi Bank N.A. | 20 | - |
| Current maturities of long term debt | 19 | 17 |
| Unsecured | | |
| Loan From Bank | - | - |
| Total Current Borrowings | 4,312 | 2,117 |

Security for Current Borrowings


Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

(1) State Bank of India:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citi Bank N.A., RBL Bank Ltd., HSBC Ltd and HDFC Bank Ltd.

(2) Citi Bank N.A.:

Engineering Segment -HEIL 1) Working capital Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with State Bank of India, RBL Bank Limited, HSBC Ltd and HDFC Bank Limited, and secured by demand promissory note and letter of continuity for the facility amount 2) SBLC extended to Citibank, China for working capital facility to Harsha Precision Bearing Components (China) Co. Ltd. secured by demand promissory note and letter of continuity for the facility amount 3) SBLC extended to Citibank, Romania for working capital facility Harsha Engineers Europe SRL, further Citibank, Romania secured by first charge on inventory and receivables of Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and first charge on plant and machinery Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and secured by demand promissory note and letter of continuity for the facility amount.

(3) YES Bank Ltd:

Solar Segment Demand loans from banks are secured by first pari passu charge with RBL Bank Ltd. by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future excluding project specific charge.

(4) RBL Bank Ltd:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citi Bank N.A., HSBC Ltd and HDFC Bank Limited

Solar Segment Demand loans from banks are secured by first pari passu charge with YES Bank Ltd by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future.

(5) HDFC Bank Ltd:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citi Bank N.A., HSBC Ltd and RBL Bank Limited.

(6) HSBC Ltd:

Engineering Segment -HEIL 1) Working capital Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citi Bank N.A., State Bank of India, RBL Bank Limited and HDFC Bank Limited 2) SBLC extended to HSBC Bank (China) Co. Ltd. for working capital facility to Harsha Precision Bearing Components (China) Co. Ltd.

The Company has obtained various borrowings from banks on the basis of security of current assets wherein the quarterly returns/statements of current assets as filed with banks are in agreement with the books of accounts.

14. LEASE LIABILITY

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Lease Liability, Refer Note: 33.4 | 69 | 133 |
| Total Non-Current Lease Liability | 69 | 133 |
| Current | | |
| Lease Liability, Refer Note: 33.4 | 64 | 62 |
| Total Current Lease Liability | 64 | 62 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

15. PROVISIONS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Provision For Employees Benefits, Refer Note: 31 | 1,009 | 990 |
| Total Non-Current Provisions | 1,009 | 990 |
| Current | | |
| Provision For Employees Benefits, Refer Note: 31 | 291 | 246 |
| Total Current Provisions | 291 | 246 |

16. DEFERRED TAX LIABILITY/(ASSET)

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Deferred Tax Liability, Refer Note: 30 | 2,338 | 2,227 |
| Less: Deferred Tax Asset, Refer Note: 30 | (498) | (495) |
| Net Deferred Tax Liability/(Asset) | 1,840 | 1,732 |

17. TRADE PAYABLES

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Dues to Micro and Small Enterprises# | 2,866 | 836 |
| Dues to other than Micro and Small Enterprises | 11,911 | 11,883 |
| Total Trade Payables\$ | 14,777 | 12,719 |
| \$Includes trade payable to related parties -Refer Note 32G | 20 | 21 |

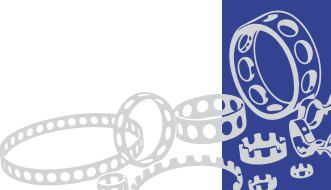
Trade Payables are generally settled as per payment terms agreed by the Company and Vendor

The Company has trade payables balance, which are part of supplier finance arrangements of ₹ 3,091 lakhs (Previous year ₹ Nil). The key terms and conditions of the arrangement are:

- 1.) The Company accepts supplier approved invoices for finance at mutual agreed terms.
- 2.) The financier pays the supplier before the due date of the invoice.
- 3.) The Company pays the financier on the due date of the invoice.
- 4.) The financing terms are negotiated by the Company and Banks separately, and it bears interest up to 9% on the credit availed.

#Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March are provided as under for & to the extent the Company has received intimation from the "Suppliers" regarding their status under the MSMED Act.

| | | |
|---|-------|-----|
| A: Principal amount remaining unpaid to any supplier as at year end | 2,866 | 836 |
| B: Interest due thereon | - | - |
| C: Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year | 1 | - |
| D: Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act | - | - |
| E: Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| F: Amount of further interest remaining due and payable in succeeding years. | - | - |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

Ageing of Trade Payables

(₹ in Lakhs)

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | Total |
|-----------------------------|--------------|---------------|--------------------------------------|-----------|-----------|-------------------|---------------|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31, 2026 | | | | | | | |
| (i) MSME-Undisputed | - | 2,866 | - | - | - | - | 2,866 |
| (ii) Other-Undisputed | 2,234 | 7,783 | 1,867 | 9 | 6 | 12 | 11,911 |
| (iii) MSME-Disputed | - | - | - | - | - | - | - |
| (iv) Other-Disputed | - | - | - | - | - | - | - |
| Total | 2,234 | 10,634 | 1,882 | 9 | 6 | 12 | 14,777 |

(₹ in Lakhs)

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | Total |
|----------------------------|--------------|---------------|--------------------------------------|-----------|-----------|-------------------|---------------|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31 2025 | | | | | | | |
| (i) MSME-Undisputed | - | 836 | - | - | - | - | 836 |
| (ii) Other-Undisputed | 971 | 10,011 | 860 | 19 | 17 | 5 | 11,883 |
| (iii) MSME-Disputed | - | - | - | - | - | - | - |
| (iv) Other-Disputed | - | - | - | - | - | - | - |
| Total | 971 | 10,847 | 860 | 19 | 17 | 5 | 12,719 |

18. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|--|----------------------|----------------------|
| Non-current | | |
| Security Deposits From Vendors | 341 | 404 |
| Total Other Non-Current Financial Liabilities | 341 | 404 |
| Current | | |
| Payables for Capital Goods | 283 | 168 |
| Accrued Expenses | 1,464 | 1,457 |
| Unpaid Dividends* | 0 | 0 |
| Unspent CSR Payable | 141 | 135 |
| Derivative Liability/(Asset) | 1,133 | 75 |
| Total Other Current Financial Liabilities | 3,021 | 1,835 |

*There is no amount due to be transferred to Investor Education and Protection Fund.

19. OTHER LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|--|----------------------|----------------------|
| Current | | |
| Payable to Statutory Authorities | 855 | 885 |
| Advance from Customers | 563 | 376 |
| Asset Retirement Obligation - ARO | 31 | 31 |
| Total Current Other Liabilities | 1,449 | 1,292 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

20. REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|---|-----------------------------------|-----------------------------------|
| Sales of Products & Services | | |
| (a) Sale of Products | 118,300 | 103,848 |
| (b) Sale of Services | 3,545 | 4,180 |
| (c) Unbilled Revenue | (22) | (1) |
| Total | 121,823 | 108,027 |
| Other Operating Revenues | | |
| Exports Benefits | 960 | 865 |
| Solar Power Generation | 37 | 38 |
| Total | 997 | 903 |
| Total Revenue from Operations | 122,820 | 108,930 |

i) Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|---|-----------------------------------|-----------------------------------|
| Reconciliation of revenue from operations with the contracted price: | | |
| Revenue as per Contract price | 122,669 | 108,898 |
| Less: Discounts | (321) | (619) |
| Less: Sales return | (525) | (252) |
| Sales of Products & Services | 121,823 | 108,027 |
| Other Operating Revenues | 997 | 903 |
| Total Revenue from Operations | 122,820 | 108,930 |

ii) Revenue disaggregation by geography:

(₹ in Lakhs)

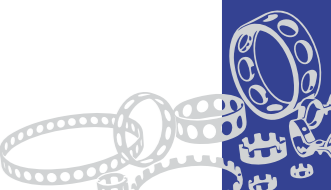
| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| a. India | 74,895 | 67,881 |
| b. Outside India | 47,925 | 41,049 |
| Total Revenue from Operations | 122,820 | 108,930 |

iii) Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|---|-----------------------------------|-----------------------------------|
| Contract assets: | | |
| Trade receivables | 28,518 | 24,299 |
| Contract assets (Other Trade Receivable -Un billed Revenue) | 39 | 61 |
| Contract liabilities: | | |
| Advance from customers | 563 | 376 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

iv) **Remaining Performance obligation:**

The performance obligation is satisfied upon dispatch of goods from the Company's premises/delivery of goods to the customer in accordance with the terms of contract with customer.

21. OTHER INCOME

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Interest Income | 1,163 | 1,404 |
| Share of Profit/(Loss) from Cleanmax Harsha Solar LLP | 53 | 29 |
| Gain/(Loss) on Exchange Rate Fluctuation# | 986 | 909 |
| Miscellaneous Income | 148 | 37 |
| Other Income-Non -Operating | | |
| Gain/(Loss) on Sale of Investment (Mutual funds) (measured at FVTPL) | 2,131 | 151 |
| Gain/(Loss) on Fair value of Investments (measured at FVTPL) | (682) | 1,264 |
| Total Other Income | 3,799 | 3,794 |
| #Includes unrealised Gain/(Loss) on Exchange Rate Fluctuation | 662 | 25 |

22. COST OF MATERIALS CONSUMED

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Cost of Material Consumed | 63,203 | 55,114 |
| Total Cost of Materials Consumed | 63,203 | 55,114 |

23. CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Finished Goods Opening Stock | 9,340 | 10,575 |
| Less: Finished Goods Closing Stock | (10,591) | (9,340) |
| Total | (1,251) | 1,235 |
| Work-In-Progress Opening Stock | 1,533 | 1,031 |
| Less: Work-In-Progress Closing Stock | (1,674) | (1,533) |
| Total | (141) | (502) |
| Toolings Opening Stock | 9,335 | 9,214 |
| Less: Toolings Closing Stock | (8,317) | (9,335) |
| Total | 1,018 | (121) |
| Total Change In Inventories of Finished Goods & Work-In-Progress | (374) | 612 |

24. EMPLOYEE BENEFIT EXPENSES

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Salaries, Wages & Bonus etc. | 11,490 | 10,657 |
| Contribution To PF, ESI etc.## | 1,497 | 943 |
| Staff Welfare | 968 | 882 |
| Total Employee Benefit Expenses | 13,955 | 12,482 |

##Includes expenses related to Post Employment Defined Benefit Plans Refer Note: 31

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

25. FINANCE COSTS

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Interest Expense | | |
| On Term Loans | 12 | 14 |
| On Working Capital Loans | 132 | 350 |
| On Others (Includes Interest on Lease Liability refer note: 33.4) | 53 | 20 |
| Total | 197 | 384 |
| Other Borrowing Costs | | |
| Bank Charges & Processing Fees | 62 | 66 |
| Total | 62 | 66 |
| Total Finance Costs | 259 | 450 |

26. OTHER EXPENSES

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Stores & Spares Consumed | 3,828 | 3,438 |
| Packing Materials Consumed | 2,719 | 2,237 |
| Power & Fuel Consumption (Net) | 1,258 | 1,876 |
| Machinery Repairs & Maintenance | 438 | 434 |
| Civil and Fabrication Charges | 659 | 316 |
| Installation & Commissioning charges | 1,565 | 1,273 |
| Contractor-Labour Charges | 4,672 | 4,096 |
| Other Operative Expenses | 416 | 315 |
| Advertisement & Sales Promotion | 75 | 139 |
| Celebration Expenses | 49 | 41 |
| Computer Expenses | 365 | 299 |
| Corporate Social Responsibility(CSR) (Refer Note: 33.2) | 341 | 306 |
| Donations | 1 | 30 |
| Freight, Forwarding & Clearing Exp | 4,109 | 3,664 |
| Insurance Premium | 233 | 182 |
| Legal & Professional Expenses### | 400 | 633 |
| Rent & Fleet Management Expenses | 102 | 129 |
| Loss/(Profit) on Sale/disposal of Property, Plant & Equipment/Termination of Leases (net) | (7) | 16 |
| Repairs & Maintenance | 457 | 300 |
| Rates & Taxes | 23 | 13 |
| Security & Housekeeping Expenses | 552 | 505 |
| Stationery, Printing & Communication Expenses | 139 | 117 |
| Staff Training, Membership & Subscription | 49 | 73 |
| Allowances for credit losses | (16) | 517 |
| Traveling & Conveyance Expenses | 330 | 303 |
| Miscellaneous expenses | 122 | 409 |
| Total Other Expenses | 22,879 | 21,661 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

###Legal and Professional Expenses include:

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Payment to Statutory Auditor as (Excluding taxes): | | |
| a) Statutory Audit Fees | 15 | 15 |
| b) Other Services | 2 | 2 |
| c) Reimbursement of Expenses | 0 | 0 |
| Total | 17 | 17 |

27. BAD DEBTS WRITE OFF/NET SUNDRY BALANCES WRITE OFF

| Particulars | (₹ in Lakhs) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Bad Debts Write Off/Net Sundry Balances write off | (4) | 2,060 |
| Total Bad Debts Write Off/Net Sundry Balances write off | (4) | 2,060 |

Bad Debts Write Off/Net Sundry Balances write off are mainly pertains to Solar-EPC and O&M Segment in the previous year.

28. EXCEPTIONAL ITEMS

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Impairment Loss on Equity Investments of Subsidiary | - | 9,501 |
| Total Exceptional Items | - | 9,501 |

In the previous year, the Company had made provision for impairment of ₹ 9,501 lakhs in the carrying value of investment based on Fair Valuation Report of Harsha Engineers Europe SRL-Romania [HEE SRL], a wholly owned subsidiary, due to change in the business plans of HEE SRL, which resulted into fair value of net assets of HEE SRL being lower than their carrying value of the investment. Consequently, there had been a diminution in the value of Company's investment in the equity shares of HEE SRL. The provision for impairment has been disclosed as an exceptional item.

The value-in-use is determined based on specific calculations. These calculations use cash flow projections over a period of five years. The key assumptions used for the calculations are as follows:

| | |
|--|--------|
| Long Term Growth Rate for Terminal Value Calculation | 2.00% |
| Discount Rate (WACC) | 10.76% |

29. EARNING PER SHARE

| Particulars | (₹ in Lakhs) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Profit after tax attributable to Equity Holders (₹ in lakhs) | 17,680 | 3,536 |
| Weighted average number of Equity Shares for Basic EPS | 91,044,105 | 91,044,105 |
| Weighted average number of Diluted Shares for Diluted EPS | 91,044,105 | 91,044,105 |
| Nominal value of equity share (₹) | 10 | 10 |
| Earnings Per Share (₹) | | |
| Basic | 19.42 | 3.88 |
| Diluted | 19.42 | 3.88 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

30. INCOME TAX & DEFERRED TAX ASSET/(LIABILITIES) [NET]
A: Income Tax Expenses
1) Income taxes recognised in the Statement of Profit and Loss

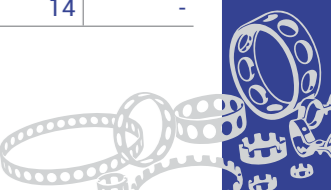
| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| 1. Profit & Loss Section: | | |
| Current Tax | 5,873 | 4,116 |
| Excess/Short Provision of Tax | 57 | (37) |
| Deferred Tax | 97 | 362 |
| Tax Expense Reported in Profit & Loss a/c. | 6,027 | 4,441 |
| 2. OCI section: | | |
| Current Tax of OCI | (266) | (48) |
| Deferred Tax of OCI | 8 | (29) |
| Tax Charged to OCI | (258) | (77) |
| Total Income Tax Expense | 5,769 | 4,364 |

2) The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Profit/(Loss) Before Tax | 23,706 | 7,977 |
| Income Tax Expenses @ 25.168% | 5,966 | 2,008 |
| Add/(Less) tax effect on account of: | | |
| Permanent Disallowances | 82 | 79 |
| DT Not Created on Impairment Loss (due to uncertainty) | - | 2,391 |
| Previous year Income Tax & DT | 57 | (37) |
| Tax Rate Difference | (78) | - |
| Income tax Expenses recognised in Statement of Profit & Loss | 6,027 | 4,441 |

B: Movement in Deferred Tax Balances

| Particulars | Net Balance April 01, 2025 | For the year ended March 31, 2026 | | As at March 31, 2026 | | |
|---|----------------------------|-----------------------------------|-----|----------------------|--------------------|------------------------|
| | | Recognized in Profit and Loss | OCI | Net | Deferred Tax Asset | Deferred Tax Liability |
| Deferred Tax Asset/(Liabilities) | | | | | | |
| Property, Plant & Equipment | (1,615) | (283) | - | (1,899) | - | (1,899) |
| Lease Liability | 3 | - | - | 3 | 3 | - |
| Bonus and Ex-gratia Payable | 4 | (1) | - | 3 | 3 | - |
| Gratuity | 82 | 5 | - | 87 | 87 | - |
| Leave Encashment | 120 | 21 | - | 141 | 141 | - |
| ARO Assets & Provision | 9 | 0 | - | 9 | 9 | - |
| Provision of doubtful Debts | 132 | (4) | - | 128 | 128 | - |
| O&M Income Receivable | (2) | 2 | - | - | - | - |
| Amortized Merger Expenses | 12 | (8) | - | 4 | 4 | - |
| Brought Forward LTCL | 7 | (7) | - | - | - | - |
| Provision Payable | 8 | 6 | - | 14 | 14 | - |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| Particulars | Net Balance April 01, 2025 | For the year ended March 31, 2026 | | As at March 31, 2026 | | |
|--|----------------------------|-----------------------------------|------------|----------------------|--------------------|------------------------|
| | | Recognized in Profit and Loss | OCI | Net | Deferred Tax Asset | Deferred Tax Liability |
| Provision Income/Loss of MFs | (610) | 172 | - | (439) | - | (439) |
| Remeasurement of Gratuity (OCI) | 117 | - | (8) | 109 | 109 | - |
| Deferred Tax Assets/(Liabilities) | (1,732) | (97) | (8) | (1,840) | 498 | (2,338) |

Movement in Deferred Tax Balances

(₹ in Lakhs)

| Particulars | Net Balance April 01, 2024 | For the year ended March 31, 2025 | | As at March 31, 2025 | | |
|--|----------------------------|-----------------------------------|-----------|----------------------|--------------------|------------------------|
| | | Recognized in Profit and Loss | OCI | Net | Deferred Tax Asset | Deferred Tax Liability |
| Deferred Tax Asset/(Liabilities) | | | | | | |
| Property, Plant & Equipment | (1,557) | (58) | - | (1,615) | - | (1,615) |
| Lease Liability | 55 | (52) | - | 3 | 3 | - |
| Bonus and Ex-gratia Payable | 2 | 2 | - | 4 | 4 | - |
| Gratuity | 83 | (1) | - | 82 | 82 | - |
| Leave Encashment | 115 | 5 | - | 120 | 120 | - |
| ARO Assets & Provision | 9 | - | - | 9 | 9 | - |
| Provision of doubtful Debts | 2 | 130 | - | 132 | 132 | - |
| O&M Income Receivable | (10) | 8 | - | (2) | - | (2) |
| Amortized Merger Expenses | 20 | (8) | - | 12 | 12 | - |
| Brought Forward LTCL | 21 | (14) | - | 7 | 7 | - |
| Provision Payable | 65 | (57) | - | 8 | 8 | - |
| Provision Income/Loss of MFs | (293) | (317) | - | (610) | - | (610) |
| Remeasurement of Gratuity (OCI) | 88 | - | 29 | 117 | 117 | - |
| Deferred Tax Assets/(Liabilities) | (1,400) | (362) | 29 | (1,732) | 495 | (2,227) |

31. DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|-------------------|-------------------------|--------------|-------------------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Withdrawal rate | Age 25 & below: 5% p.a. | | Age 25 & below: 5% p.a. | |
| | Age 25 to 45: 3% p.a. | | Age 25 to 45: 3% p.a. | |
| | Age 45 & Above: 1% p.a. | | Age 45 & Above: 1% p.a. | |
| Retirement Age | 58 Years | | 58 Years | |
| Discount Rate | 7.25% P.A. | | 6.75% P.A. | |
| Salary escalation | 6.00% P.A. | | 6.00% P.A. | |

The plan typically exposes the Company to actuarial risk such as –

- A. Actuarial Risk:** Risk in cost more than expected due to adverse salary growth experience, variability mortality rates, and variability in withdrawal rate.
- B. Investment Risk:** For funded plans that rely on insurers for managing the assets, the value of the assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

- C. Liquidity Risk:** Employees with high salaries and long duration or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company, there can be strain of the cashflows.
- D. Market Risk:** Market risk is collective term for risk that are related to changes and fluctuations of the financial markets. One actuarial assumption that has a market effect in the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to a decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- E. Legislative Risk:** Legislative risk is the risk of increase in plan liabilities or reduction in the plan assets due to change in the legislative/regulation. The government may amend the Social Security Code, 2020 thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

New Labour Code:

Effective November 21, 2025, the Government of India has consolidated 29 existing labour legislations into a unified framework comprising four Labour Codes collectively referred to as the "New Labour Codes". On the basis of the information available, the Company has assessed the financial implications of these changes, which has resulted in one time increase in gratuity and leave encashment liability mainly on account of past service cost by ₹ 579 lakhs. Such increase is primarily arising due to change in the definition of "wages" for employees and contract labours. Certain supporting rules under the New Labour Codes are yet to be notified, and the Company continues to monitor the enactment of the Central and State rules and related clarifications, appropriate accounting effect of such developments will be provided.

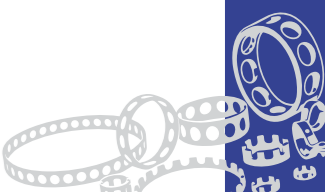
The following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on "Employee Benefit".

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|---|--------------|--------------|--------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Table showing change in benefit obligation | | | | |
| Opening defined benefit obligation | 2,355 | 479 | 2,114 | 458 |
| Interest Cost | 149 | 31 | 142 | 31 |
| Transfer in/(out) Obligation | (61) | (14) | (17) | (5) |
| Current Service Cost | 204 | 81 | 192 | 70 |
| Benefit Paid by an entity | (139) | (116) | (220) | (139) |
| Due to change in financial Assumptions | (138) | (32) | 101 | 24 |
| Due to Experience adjustments | 2 | 34 | 43 | 41 |
| Past Service Cost | 479 | 100 | - | - |
| Liability at the end of the period | 2,851 | 562 | 2,355 | 479 |
| Table showing change in Fair Value of Plan Assets | | | | |
| Fair Value of Plan Assets at the beginning | 1,599 | - | 1,469 | 0 |
| Expected Return on Plan Assets | (93) | - | 27 | - |
| Contributions | 500 | - | - | - |
| Interest Income | 107 | - | 103 | - |
| Fair Value of Plan Assets at the end of the period | 2,112 | - | 1,599 | - |

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|---|------------|--------------|------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Amount recognized in Balance Sheet | | | | |
| Liability at the end of the period | 2,851 | 562 | 2,356 | 479 |
| Fair Value of Plan Asset at the end of the period | 2,112 | - | 1,599 | - |
| Net Amount recognized in Balance Sheet | 738 | 562 | 757 | 479 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|--|-------------|--------------|------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Expense recognized in the Statement of Profit and Loss | | | | |
| Current Service cost | 204 | 81 | 192 | 70 |
| Past Service Cost | 479 | 100 | - | - |
| Interest cost | 42 | 31 | 39 | 31 |
| Expected return on Plan Asset | - | 2 | - | 64 |
| Net Expense recognized in P&L | 725 | 213 | 231 | 165 |
| Expense recognized in the Statement of Other Comprehensive Income | | | | |
| Due to change in financial assumption | (138) | - | 101 | - |
| Due to change in demographic assumption | - | - | - | - |
| Due to experience adjustment | 3 | - | 43 | - |
| Return on plan assets excluding amounts included in interest income | 94 | - | (27) | - |
| Net Expense recognized in OCI | (40) | - | 116 | - |

Sensitivity Analysis

The Sensitivity Analysis is performed by varying a single parameters, while keeping all the other parameters unchanged.

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|--|----------|----------|----------|----------|
| | Increase | Decrease | Increase | Decrease |
| Gratuity | | | | |
| Discount rate 1%/-1% (Previous year: 1%/-1%) | (247) | 287 | (216) | 251 |
| Salary growth rate 1%/-1% (Previous year: 1%/-1%) | 287 | (251) | 249 | (218) |
| Withdrawal/Attrition Rate 10%/-10% (Previous year: 10%/-10%) | 6 | (5) | 2 | (4) |
| Leave salary | | | | |
| Discount rate 0.5%/-0.5% (Previous year: 0.5%/-0.5%) | (30) | 32 | (26) | 29 |
| Salary growth rate 0.5%/-0.5% (Previous year: 0.5%/-0.5%) | 32 | (30) | 29 | (27) |
| Withdrawal/Attrition Rate 10%/-10% (Previous year: 10%/-10%) | 2 | (2) | 1 | (1) |

The Maturity Profile of Defined Benefit Obligation

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|--|------------|--------------|-------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| The Weighted Average Duration (Years) as at valuation date | 9.89 Years | 11.92 Years | 10.33 Years | 12.23 Years |
| Expected Future Cash Flows (Undiscounted) | | | | |
| Year 1 Cash flow | 288 | 51 | 239 | 41 |
| Year 2 Cash flow | 140 | 23 | 114 | 21 |
| Year 3 Cash flow | 200 | 30 | 113 | 20 |
| Year 4 Cash flow | 149 | 25 | 425 | 26 |
| Year 5 Cash flow | 241 | 41 | 330 | 24 |
| Year 6 to Year 10 Cash flow | 1304 | 209 | 1040 | 178 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

32 RELATED PARTY DISCLOSURES

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified by the Company is as follows:

A. Subsidiary/Joint Venture:-

| Name of Entity | Type of Relationship |
|--|----------------------|
| Harsha Precision Bearing Components (China) Co., Limited | Subsidiary |
| Harsha Engineers Europe SRL | Subsidiary |
| Harsha Engineers Advantek Limited | Subsidiary |
| Cleanmax Harsha Solar LLP | Joint Venture |

B. Director or Key Management Personnel ("KMP"):-

| | |
|-----------------|-------------------------|
| Rajendra Shah | Harish Rangwala |
| Vishal Rangwala | Pilak Shah |
| Hetal Naik | Ambar Patel |
| Kunal Shah | Ramakrishnan Kasinathan |
| Bhushan Punani | Priyanka Agrawal Chopra |
| Maulik Jasani | Kiran Mohanty |

C. Relative of Director or KMP with whom transactions has been made during the reporting period:-

| | |
|---------------|----------------------|
| Nirmala Shah | Charusheela Rangwala |
| Vaishali Shah | Tanvi Rangwala |
| Manish Naik | Maulik S Jasani HUF |
| Suresh Jasani | Rinkal Jasani |
| Saurin Jasani | |

D. Enterprise on which Director or KMP or it's relatives have significant influence and control with whom transactions has been made during the year:-

| | |
|------------------------------|--|
| Vishal Rangwala Family Trust | Pilak Shah Family Trust |
| Munjil Rangwala Family Trust | Mili Mehta Family Trust |
| Hetal Ukani Family Trust | Aastha Charitable Trust for Welfare of the Mentally Challenged |
| AIA Engineering Limited* | Harsha Engineers International Limited Group Gratuity Trust |
| Crest Creative Unit | Sant Vinoba Gram Swarajya Ashram |

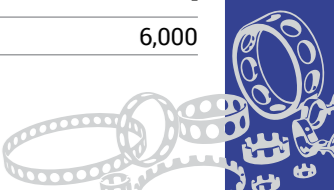
E. Name of Related Parties other than mentioned in above point A, B,C and D with whom transactions has been made during the year:-

| | |
|---------------------------|--------------------------|
| Jyotsnaben Shah | Rameshbhai Shah |
| Hemant Kumar Sharma | Vidhya Sharma |
| Mircea Bucur | Ecological Service Inc.^ |
| Goldi Harsha Ventures LLP | |

F. Transactions during the year with related parties:-
Nature of transaction/relationship/major parties

(₹ in Lakhs)

| Sr. No. | Name of Entity | Type of Relationship | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|---------|---|----------------------|-----------------------------------|-----------------------------------|
| 1 | Investment in Equity/Preference Share/Partner's Capital/Current A/c in Joint Venture's | | | |
| | Harsha Engineers Europe SRL | Subsidiary | 1,294 | - |
| | Harsha Engineers Advantek Limited | Subsidiary | 2,000 | 6,000 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | | | |
|--------------|--|--|-----------------------------------|-----------------------------------|
| Sr. No. | Name of Entity | Type of Relationship | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| | Cleanmax Harsha Solar LLP** | Joint Venture | 12 | (36) |
| | Total | | 3,305 | 5,964 |
| 2 | Sales of Goods & License/Reimbursement | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 429 | 513 |
| | Harsha Engineers Europe SRL | Subsidiary | 192 | 36 |
| | Harsha Engineers Advantek Limited | Subsidiary | 585 | 132 |
| | AIA Engineering Limited* | Directors have significant influence & control | 2,826 | 1,511 |
| | Goldi Harsha Ventures LLP | Other Related Parties as mentioned in above E | 137 | 33 |
| | Rajendra Shah | Director | 3 | - |
| | Vishal Rangwala | Director | 1 | - |
| | Total | | 4,173 | 2,225 |
| 3 | Sales of Assets | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 296 | - |
| | Total | | 296 | - |
| 4 | Purchase of Goods/Job work/Service/Reimbursement | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 107 | - |
| | Manish Naik | Relative of Director | 15 | 15 |
| | Maulik S Jasani HUF | Relative of KMP | - | 2 |
| | Crest Creative Unit | Directors have significant influence & control | 16 | 7 |
| | AIA Engineering Limited* | Directors have significant influence & control | 1 | - |
| | Aastha Charitable Trust for Welfare of the Mentally Challenged | Directors have significant influence & control | 5 | 4 |
| | Ecological Service Inc.^ | Other Related Parties as mentioned in above E | 13 | 65 |
| | Vidhya Sharma | Other Related Parties as mentioned in above E | 5 | 5 |
| | Total | | 161 | 98 |
| 5 | Managerial Remuneration and Salary # | | | |
| | Director's/KMP's/Other Related Parties | | 1,102 | 954 |
| | Total | | 1,102 | 954 |
| 6 | CSR Contribution | | | |
| | Aastha Charitable Trust for Welfare of the Mentally Challenged | Directors have significant influence & control | 285 | 120 |
| | Sant Vinoba Gram Swarajya Ashram | Directors have significant influence & control | 10 | 15 |
| | Total | | 295 | 135 |
| 7 | Contribution to Group Gratuity Trust | | | |
| | Harsha Engineers International Limited Group Gratuity Trust | Directors have significant influence & control | 500 | - |
| | Total | | 500 | - |

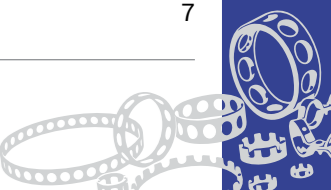
Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | | | |
|--------------|--|----------------------|-----------------------------------|-----------------------------------|
| Sr. No. | Name of Entity | Type of Relationship | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| 8 | Interest Income | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 84 | 106 |
| | Harsha Engineers Advantek Limited | Subsidiary | 4 | 8 |
| | Kiran Mohanty | KMP | 0 | 0 |
| | Total | | 88 | 114 |
| 9 | Corporate Guarantee Charges Income | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 64 | 28 |
| | Total | | 64 | 28 |
| 10 | Dividend Paid | | | |
| | Director's/KMP's/Other Related Parties | | 681 | 679 |
| | Total | | 681 | 679 |
| 11 | Sitting Fees | | | |
| | Director's Sitting Fees | | 6 | 4 |
| | Total | | 6 | 4 |
| 12 | Loans Given | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 520 | 900 |
| | Total | | 520 | 900 |
| 13 | Loans Received Back | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 520 | 900 |
| | Kiran Mohanty | KMP | 0 | 0 |
| | Total | | 520 | 900 |
| 14 | Impairment Loss on Investments | | | |
| | Harsha Engineers Europe SRL^^ | Subsidiary | - | 9,501 |
| | Total | | - | 9,501 |
| 15 | Advances To Suppliers | | | |
| | Harsha Engineers Europe SRL | Subsidiary | 908 | - |
| | Total | | 908 | - |

G. Outstanding balance of related party:-

Nature of transaction/relationship/major parties

| (₹ in Lakhs) | | | | |
|--------------|--|--|----------------------|----------------------|
| Sr. No. | Name of Entity | Type of Relationship | As at March 31, 2026 | As at March 31, 2025 |
| 1 | Trade & Other Receivable | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 491 | 867 |
| | Harsha Engineers Europe SRL | Subsidiary | 70 | 36 |
| | Harsha Engineers Advantek Limited | Subsidiary | 581 | 28 |
| | AIA Engineering Limited* | Directors have significant influence & control | 101 | 201 |
| | Goldi Harsha Ventures LLP | Other Related Parties as mentioned in above E | 94 | 30 |
| | Total | | 1,338 | 1,160 |
| 2 | Trade & Other Payables | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 7 | 7 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | | | |
|--------------|--|---|----------------------|----------------------|
| Sr. No. | Name of Entity | Type of Relationship | As at March 31, 2026 | As at March 31, 2025 |
| | Harsha Engineers Advantek Limited | Subsidiary | 12 | |
| | Ecological Service Inc.^ | Other Related Parties as mentioned in above E | - | 13 |
| | Vidhya Sharma | Other Related Parties as mentioned in above E | 0 | 0 |
| | Total | | 20 | 21 |
| 3 | Loan & Advance | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 2,295 | 2,068 |
| | Kiran Mohanty | KMP | - | 0 |
| | Total | | 2,295 | 2,069 |
| 4 | Interest Receivable on loan | | | |
| | Harsha Precision Bearing Components (China) Co., Limited | Subsidiary | 96 | 218 |
| | Total | | 96 | 218 |
| 5 | Advances To Suppliers | | | |
| | Harsha Engineers Europe SRL | Subsidiary | 908 | - |
| | Total | | 908 | - |
| 6 | Managerial Remuneration and Salary Payable # | | | |
| | Director's/KMP's/Other Related Parties | | 530 | 432 |
| | Total | | 530 | 432 |

* Mr. Rajendra Shah is ceased to be Chairman and Director in the AIA Engineering Limited effective from April 20, 2026.

**Includes Profit/(Loss) Share & Partner's Capital Infusion/Drawings.

^The Representative Agreement with Ecological Services has been terminated, effective from June 30, 2025.

^^Value pertains to Impairment in carrying value of Investment based on Fair Valuation Report of wholly owned subsidiary, Harsha Engineers Europe SRL.

#Remuneration of Managerial Persons is inclusive of Managerial Remuneration payable for financial year ended March 31, 2026 as approved by the Board at their meeting held on May 7, 2026.

H. The transactions with related parties entered during the year were in ordinary course of the business and are on arm's length basis.

33. OTHER NOTES

33.1. Contingent Liabilities, Contingent Assets and Capital Commitments

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts (net of advance, if any). Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

| (₹ in Lakhs) | | | |
|---|--|----------------------|----------------------|
| Particulars | | As at March 31, 2026 | As at March 31, 2025 |
| (a) CONTINGENT LIABILITIES NOT PROVIDED FOR: | | | |
| (i) | Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding) | 37,702 | 24,562 |
| (ii) | Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged. | 367 | 14 |
| (iii) | Claims against the Company not acknowledged as debts: | | |
| - | Income Tax Matters | 3,385 | 6,231 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | |
|--|----------------------|----------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| - Excise, Service Tax and GST Matters | 509 | 501 |
| (iv) Other Matters including claims related to Customer, Vendor, ESIC, Ex-Employee and others# | 1,552 | 1,564 |
| (b) CAPITAL COMMITMENTS: | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 815 | 600 |

#It includes ₹ 1500 lakhs of the City Civil Court, Bengaluru case filed by Orchestrate Systems Pvt Ltd. (OSPL) against the Company. This matter was filed by OSPL after the winding up petition was filed by the Company against OSPL at Karnataka High Court. Later the Company had withdrawn the winding up petition at Karnataka High court against OSPL, with permission of court to pursue the matter under MSMED Act. Thereafter, the Company had filed MSME case against OSPL for recovery of ₹ 686 lakhs and on conciliation fail at MSMEFC the matter was refer to Arbitration. After completion of arbitration, arbitrator has passed necessary order in favour of the Company for recovery of ₹ 686 lakhs plus interest as per the said order dated May 4, 2019. The Company has filed execution petition at commercial court Raipur for above arbitration order as assets of OSPL are located in Chhattisgarh. The same matter is pending with commercial court, Raipur. OSPL has challenged this arbitration at Gujarat High court and the same matter is also pending with Gujarat High court. Against, civil court case at Bengaluru by OSPL, Counter Claim Revival Application has been submitted by the Company, Hearing on revival application is pending.

Note: All of the issue of litigation pertaining to Income tax are based on interpretation of the income tax law & rules, Management has been opined by its counsel that many of the issues raised by revenues will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. As such no material impact on the financial of the Company is envisaged. Out of above net contingent liabilities ₹ 252 lakhs refund & interest received from department before approval of financials by Board.

33.2. Corporate Social Responsibility (CSR) Expenses

Based on the guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities (CSR) issued by the Institute of Chartered Accountants of India and Section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities.

Details of CSR amount spent by the Company & Set off available.

| (₹ in Lakhs) | | |
|---|-----------------------------|----------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| 1. Gross amount required to be spent by the Company during the year | 341 | 318 |
| 2. Various Head of amount spent during the year: | 200 | 171 |
| 1) Construction of staff quarters for Welfare of Mentally Challenged People Anandham-Welfare of Mentally Challenged People (Aastha Charitable Trust for Welfare of the Mentally Challenged) | 150 | 120 |
| 2) Heart Surgery free of cost for needy people | - | 25 |
| 3) Animal Welfare | 10 | 15 |
| 4) Education and Welfare of deaf Children and for Trainees | | 11 |
| 5) Education and Skill Development for Students | 26 | |
| 6) Education and Welfare for Underprivileged and needy individuals/ students | 14 | |
| 3. Amount of excess CSR Spent of Earlier years utilized for the Financial years | - | 12 |
| 4. Excess/(Shortfall) at the end of the financial year | 141 | 135 |
| 5. Amount available for set off in the succeeding financial year | - | - |
| 6. Reason for Shortfall if any | Pertains to Ongoing Project | |
| 7. The moment in the provision for unspent CSR (relating to ongoing projects) is as follows: | | |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| a) Opening provision | 135 | - |
| b) Amount required to be spent during the year | 291 | 255 |
| c) Amount Spent during the years | 285 | 120 |
| d) Closing provision# | 141 | 135 |
| #₹ 141 lakhs pertaining to an ongoing CSR project for FY 2025–26 was transferred to the Unspent CSR Account on April 27, 2026. Further, ₹ 135 lakhs pertaining to an ongoing CSR project for FY 2024–25 was transferred to the Unspent CSR Account on March 27, 2025. | | |
| 8. Details of Related Parties | | |
| Aastha Charitable Trust for Welfare of the Mentally Challenged | 285 | 120 |
| Sant Vinoba Gram Swaraja Ashram | 10 | 15 |

33.3. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the Company.

Ind AS 108 "Operating Segment" establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas. Accordingly, information has been presented both along business segments and geographic segments.

A: BUSINESS SEGMENTS INFORMATION

The Chief Operating Decision Maker [CODM] reviews the Company as (i) "Engineering & Others" and (ii) "Solar-EPC and O&M" segment.

The CODM reviews revenue, results, total assets and total liabilities as the performance indicator of an operating segment.

The "Engineering & Others" segment includes all activities related with Bearing Cages & Stamp components including but not limited to sales, services, design, tooling, development, procurement and manufacturing.

The "Solar-EPC and O&M" segment includes all activities related with Solar Power Projects including but not limited to engineering, design, development, procurement, construction, erection, installation, commissioning, operation & maintenance.

The above business segments have been identified considering, (1) the different risk and returns and (2) the Customers.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional information for segment reporting.

| Particulars | (₹ in Lakhs) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| 1. Segment Revenues: | | |
| a. Engineering & Others | 104,497 | 95,050 |
| b. Solar-EPC and O&M | 18,323 | 13,880 |
| Total Revenue from Operations | 122,820 | 108,930 |
| 2. Segment Operating Results (EBITDA)#: | | |
| a. Engineering & Others | 25,528 | 12,709 |
| b. Solar-EPC and O&M | 1,432 | (1,415) |
| Total Operating Results (EBITDA) | 26,960 | 11,294 |
| 3. Segment Results (PBT): | | |
| a. Engineering & Others | 22,300 | 9,437 |
| b. Solar-EPC and O&M | 1,407 | (1,460) |
| Total Profit Before Tax (PBT) | 23,707 | 7,977 |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|--------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| 4. Segment Assets: | | |
| a. Engineering & Others | 158,149 | 140,331 |
| b. Solar-EPC and O&M | 12,069 | 8,253 |
| Total Assets | 170,218 | 148,584 |
| 5. Segment Liabilities: | | |
| a. Engineering & Others | 14,907 | 12,088 |
| b. Solar-EPC and O&M | 12,358 | 9,553 |
| Total Liabilities | 27,265 | 21,641 |

#Operating Results (EBITDA): Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

SECONDARY SEGMENT INFORMATION
B: Geographical Segment:

| Particulars | (₹ in Lakhs) | |
|---------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| 1. Revenues:* | | |
| a. India | 74,895 | 67,881 |
| b. Outside India | 47,925 | 41,049 |
| Total | 122,820 | 108,930 |
| 2. Non-current assets:** | | |
| a. India | 29,502 | 29,553 |
| b. Outside India | - | - |
| Total | 29,502 | 29,553 |

*The revenue information above is based on the locations of the customers, however Sales to SEZ Unit has been Considered as Outside India.

**Non-current assets for this purpose consist of property, plant and equipment, intangible assets and Capital Work-In-Progress.

Information about major customers:

There are no transactions with a single customer which amounts to 10% or more of the Company's revenue.

33.4. Leases

The Company has adopted Ind AS 116 using the prospective approach. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' (ROU) assets are part of financial statement captions "Property plant and equipment". Depreciation and impairment are similar to measurement of owned assets. Lease liabilities are part of financial statement captions "non-current financial liabilities" and "current financial liabilities". Interest is part of financial statement captions "Finance Costs".

1. Right Of Use(ROU) Assets

| Particulars | (₹ in Lakhs) | |
|--------------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| At the beginning of the year | 184 | 247 |
| Additions during the year | - | 51 |
| Disposal during the year | 14 | 114 |
| Depreciation charge for the year | 62 | 65 |
| Accumulated Depreciation of Disposal | 14 | 65 |
| At the end of the year [Net] | 122 | 184 |

I. The Company has not taken any asset being in the nature of finance lease.

II. The Company has acquired land on operating lease for the purpose of installation of windmill and various cars for executives & some machines on operating lease to conduct business activity in ordinary course of business with tenure of leases 25 years and 5 years respectively.

III. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

2. Movement in Lease Liabilities:

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Lease liability at the beginning of the year | 195 | 258 |
| Additions during the year | - | 51 |
| Redemption during the year | (62) | (114) |
| Lease liability at end of the year | 133 | 195 |
| of which: | | |
| Non current portion | 69 | 133 |
| Current portion | 64 | 62 |
| Maturity analysis of lease liabilities: | | |
| The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows: | | |
| Within 1 year | 64 | 62 |
| 2-5 years | 69 | 133 |
| Above 5 years | - | - |

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Lease Rental p.a. | 78 | 81 |
| Interest on Lease Liability | 15 | 20 |
| Short term lease and low value assets lease rental recognised in profit and loss a/c p.a. | 65 | 89 |

33.5. Additional Regulatory Information:

- The Company does not have any investment property. Hence, comment related to revaluation is not made.
- The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are: (a) repayable on demand; or (b) without specifying any terms or period of repayment.
- No proceedings have been initiated during the year or are pending against the Company as at reporting date for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- The Company has not been declared as wilful defaulter (by virtue of Section 477 & 488 of the Companies Act, 2013) by any bank or financial institution or government or any government authority.
- The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017
- (A)** The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

9) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

10) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

33.6. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 7, 2026, recommended the final dividend of ₹ 1.50 per equity share of ₹ 10/- each for the year 2025-26, which will result in a total outflow of ₹ 1,365.66 lakhs. The recommended dividend is subject to the approval of the shareholders at the Annual General Meeting and hence not recognized as a liability as at March 31, 2026.

33.7. Maintenance of Books of Accounts with Audit Trail

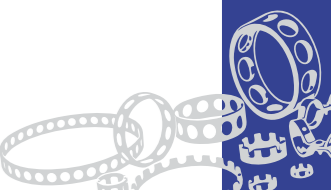
The Company has used accounting software for maintaining its books of accounts which has a feature of recording audit trail [edit log] facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail has been enabled at the database level for accounting software to log any direct data changes.

Audit trail has been preserved by the Company as per the statutory requirements for record retention.

33.8 Previous year's figures have been regrouped/reclassified to make them comparable with those of the current reporting year, wherever necessary.

34 FINANCIAL RATIO

| Particulars | Numerator | Denominator | For the year ended | | % Change |
|---|---|---|--------------------|----------------|----------|
| | | | March 31, 2026 | March 31, 2025 | |
| 1) Current Ratio (Times) | Current Assets | Current Liabilities | 3.66 | 4.81 | (23.76%) |
| 2) Debt-Equity Ratio (Times)* | Total debt (current and non-current borrowings & lease liabilities) | Total equity | 0.03 | 0.02 | 66.28% |
| 3) Debt Service Coverage Ratio (Times)** | Profit After Tax Plus Depreciation and Finance Cost, Excluding Other Income | Debt Service = Current Debt Obligation (Interest and 12 months principal repayment) | 50.10 | 5.78 | 766.38% |
| 4) Return on Equity Ratio (%)# | Net profit attributable to Equity Share holders(PAT-Profit After Tax) | Average Equity | 13.10% | 2.79% | 370.34% |
| 5) Inventory turnover ratio (Times) | Net Sales | Average Inventories | 4.37 | 3.98 | 9.84% |
| 6) Trade Receivables turnover ratio (Times) | Net Sales | Average Accounts Receivable | 4.60 | 4.45 | 3.57% |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | Numerator | Denominator | For the year ended March 31, 2026 | For the year ended March 31, 2025 | % Change |
|--|---|--|-----------------------------------|-----------------------------------|----------|
| 7) Trade payables turnover ratio (Times) | Cost of materials consumed and Other Expenses (Excluding Corporate Social Responsibility (CSR), Donations, Loss/(Profit) on Sale of Fixed Assets, Rates & Taxes, Sundry Balance write off/Bad debts (Net), Provision for doubtful debts | Average Accounts Payables | 6.24 | 6.46 | (3.46%) |
| 8) Net capital turnover ratio (Times) | Net Sales | Average Working Capital (Current Assets minus Current Liabilities) | 1.83 | 1.60 | 14.31% |
| 9) Net profit ratio (%)## | Net profit (PAT-Profit After Tax) | Revenue from Operations | 14.40% | 3.25% | 343.45% |
| 10) Return on Capital employed (%)### | Profit before interest and tax | Average Capital Employed (Total Equity, Total Debt & Deferred Tax Liabilities) | 17.09% | 6.43% | 165.91% |
| 11) Return on investment (%) | Income from Investment | Average Fund Invested | 6.94% | 8.61% | (19.42%) |

Reason for change more than 25%:

***Debt-Equity Ratio (Times):** Increase due to Increase in Current Borrowings

****Debt Service Coverage Ratio (Times):** Improved due to decrease in Finance Cost & in last comparative year PAT was lower (with reference to ₹ 9,501 lakhs Impairment in carrying value of Investment of wholly owned subsidiary, Harsha Engineers Europe SRL-Romania & ₹ 2,060 lakhs Bad Debts Write Off/Net Sundry Balances write off pertains to Solar-EPC and O&M Segment.)

#Return on Equity Ratio (%): Improved due to last comparative year PAT was lower (with reference to ₹ 9,501 lakhs Impairment in carrying value of Investment of wholly owned subsidiary, Harsha Engineers Europe SRL-Romania & ₹ 2,060 lakhs Bad Debts Write Off/Net Sundry Balances write off pertains to Solar-EPC and O&M Segment.)

##Net profit ratio (%): Improved due to last comparative year PAT was lower (with reference to ₹ 9,501 lakhs Impairment in carrying value of Investment of wholly owned subsidiary, Harsha Engineers Europe SRL-Romania & ₹ 2,060 lakhs Bad Debts Write Off/Net Sundry Balances write off pertains to Solar-EPC and O&M Segment.)

###Return on Capital Employed (%): Improved due to last comparative year PBIT was lower (with reference to ₹ 9,501 lakhs Impairment in carrying value of Investment of wholly owned subsidiary, Harsha Engineers Europe SRL-Romania & ₹ 2,060 lakhs Bad Debts Write Off/Net Sundry Balances write off pertains to Solar-EPC and O&M Segment.)

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

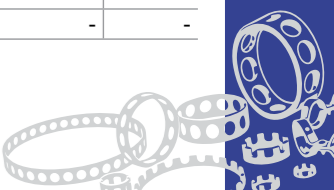
35 A. FINANCIAL INSTRUMENTS BY CATEGORY AND THEIR FAIR VALUE

(₹ in Lakhs)

| As at March 31, 2026 | Carrying amount | | | | Fair value | | | |
|------------------------------------|-----------------|--------------|----------------|---------------|--|---|---|---------------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| Financial assets | | | | | | | | |
| Investments# | | | | | | | | |
| Quoted | 29,410 | - | 14,816 | 44,226 | 29,410 | - | - | 29,410 |
| <i>Loans</i> | | | | | | | | |
| Non-Current | - | - | 2,305 | 2,305 | - | - | - | - |
| Current | - | - | 512 | 512 | - | - | - | - |
| Trade Receivables | - | - | 28,557 | 28,557 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 1,703 | 1,703 | - | - | - | - |
| Other Bank Balances | - | - | 1,053 | 1,053 | - | - | - | - |
| Other financial assets | | | | | | | | |
| Non-Current | - | - | 55 | 55 | - | - | - | - |
| Current | - | - | 864 | 864 | - | - | - | - |
| Total financial assets | 29,410 | - | 49,865 | 79,275 | 29,410 | - | - | 29,410 |
| Financial liabilities | | | | | | | | |
| Borrowings | | | | | | | | |
| Non-current | - | - | 92 | 92 | - | - | - | - |
| Current | - | - | 4,312 | 4,312 | - | - | - | - |
| Lease liabilities | | | | | | | | |
| Non-current | - | - | 69 | 69 | - | - | - | - |
| Current | - | - | 64 | 64 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| Non-current | - | - | 341 | 341 | - | - | - | - |
| Current | - | 1,133 | 1,888 | 3,021 | 1,133 | - | - | 1,133 |
| Trade Payables | - | - | 14,777 | 14,777 | - | - | - | - |
| Total financial liabilities | - | 1,133 | 21,884 | 23,017 | 1,133 | - | - | 1,133 |

(₹ in Lakhs)

| As at March 31, 2025 | Carrying amount | | | | Fair value | | | |
|-------------------------------|-----------------|----------|----------------|---------------|--|---|---|---------------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| Financial assets | | | | | | | | |
| Investments# | | | | | | | | |
| Quoted | 23,944 | - | 5,005 | 28,949 | 23,944 | - | - | 23,944 |
| <i>Loans</i> | | | | | | | | |
| Non-Current | - | - | 2,077 | 2,077 | - | - | - | - |
| Current | - | - | 1,512 | 1,512 | - | - | - | - |
| Trade Receivables | - | - | 24,360 | 24,360 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 782 | 782 | - | - | - | - |
| Other Bank Balances | - | - | 5,740 | 5,740 | - | - | - | - |
| Other financial assets | | | | | | | | |
| Non-Current | - | - | 42 | 42 | - | - | - | - |
| Current | - | - | 508 | 508 | - | - | - | - |
| Total financial assets | 23,944 | - | 40,026 | 63,970 | 23,944 | - | - | 23,944 |
| Financial liabilities | | | | | | | | |
| Borrowings | | | | | | | | |
| Non-current | - | - | 111 | 111 | - | - | - | - |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

| As at March 31, 2025 | Carrying amount | | | | Fair value | | | Total |
|------------------------------------|-----------------|-----------|----------------|---------------|--|---|---|-----------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | |
| Current | - | - | 2,117 | 2,117 | - | - | - | - |
| Lease liabilities | | | | | | | | |
| Non-current | - | - | 133 | 133 | - | - | - | - |
| Current | - | - | 62 | 62 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| Non-current | - | - | 404 | 404 | - | - | - | - |
| Current | - | 75 | 1,760 | 1,835 | 75 | - | - | 75 |
| Trade Payables | - | - | 12,719 | 12,719 | - | - | - | - |
| Total financial liabilities | - | 75 | 17,710 | 17,785 | 75 | - | - | 75 |

#Investments in Subsidiaries, Joint venture & Associates have been accounted at historical cost (Net of Impairment). Since these are out of scope of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table.

Fair value of instruments measured at amortised cost:

The carrying amounts of Financial assets and liabilities are considered to be the approximately equal to the fair values and not materially different from the carrying amount. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:

Input Level 1 (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges.

Input Level 2 (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

Input Level 3 (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

B. Financial Risk Management

The Company's principal financial liabilities comprises of loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company operations and to provide guarantees to support its operations. The Company's principal financial assets include trade & other receivables, cash & cash equivalents and investments that are derived directly from its operations. The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the Company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

The Company's exposure to credit risk is the exposure that Company has on account of goods & services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Company's customer base are Industrial and Commercial.

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix, Consequently, the Company has taken Life time expected credit losses approach (simplified approach) and loss allowance was determined based on loss rate at 0% for not due & ageing less than 6 months, 2.5% for ageing between 6 to 12 months, 5% for ageing between 1-2 years, 10% for ageing between 2-3 years, 25% for ageing more than 3 years.

Movement in allowance for credit losses of Trade receivables:

| Particulars | As at | |
|------------------------------|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| Balance at the Beginning | 525 | 8 |
| Allowances for credit losses | (16) | 517 |
| Amount Write off/Write back | - | - |
| Balance at the end | 509 | 525 |

Age of Receivables & Loss allowance was determined as follows:

| Particulars | As at March 31, 2026 | | | | As at March 31, 2025 | | | |
|------------------------------|-----------------------|-----------|------------------------------------|---------------------|-----------------------|-----------|------------------------------------|---------------------|
| | Gross carrying amount | Loss Rate | Less: Allowances for credit losses | Net carrying amount | Gross carrying amount | Loss Rate | Less: Allowances for credit losses | Net carrying amount |
| Unbilled Due | 39 | 0.0% | - | 39 | 61 | 0.0% | - | 61 |
| Not Due | 22,860 | 0.0% | - | 22,860 | 19,411 | 0.0% | - | 19,411 |
| Less than 6 Months | 3,161 | 0.0% | - | 3,161 | 2,525 | 0.0% | - | 2,525 |
| 6-12 Months | 801 | 2.5% | 20 | 781 | 494 | 2.5% | 12 | 482 |
| 1-2 Years | 311 | 5.0% | 16 | 295 | 430 | 5.0% | 22 | 409 |
| 2-3 Years | - | 10.0% | - | - | - | 10.0% | - | - |
| More than 3 Years | 1,894 | 25.0% | 474 | 1,421 | 1,964 | 25.0% | 491 | 1,473 |
| Gross carrying amount | 29,066 | | 509 | 28,557 | 24,885 | | 525 | 24,360 |

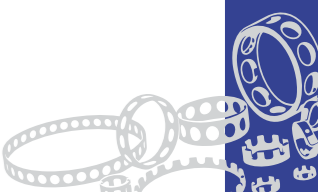
Other financial assets

Other financial assets comprise of cash and cash equivalents, Bank fixed deposits, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures as well as derivative instruments.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Company reviews their credit-worthiness at regular intervals.
- Investments are made in credit worthy Asset Management Companies or Instruments.
- Derivative instrument comprises cross currency interest rate swaps, forward contracts, options etc. where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross/undiscounted values and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

| Particulars | Contractual cash flows based on maturity | | | | | | | |
|---|--|---------------|---------------------|---------------------|----------------------|---------------|---------------------|---------------------|
| | As at March 31, 2026 | | | | As at March 31, 2025 | | | |
| | Carrying amount | Total | Less than 12 months | More than 12 months | Carrying amount | Total | Less than 12 months | More than 12 months |
| Non-derivative financial liabilities | | | | | | | | |
| Non current borrowings | 92 | 92 | - | 92 | 111 | 111 | - | 111 |
| Current borrowings | 4,312 | 4,312 | 4,312 | - | 2,117 | 2,117 | 2,117 | - |
| Non current lease liabilities | 69 | 69 | - | 69 | 133 | 133 | - | 133 |
| Current lease liabilities | 64 | 64 | 64 | - | 62 | 62 | 62 | - |
| Non current financial liabilities | 341 | 341 | - | 341 | 404 | 404 | - | 404 |
| Current financial liabilities | 3,021 | 3,021 | 3,021 | - | 1,835 | 1,835 | 1,835 | - |
| Trade and other payables | 14,777 | 14,777 | 14,777 | - | 12,719 | 12,719 | 12,719 | - |
| Total | 22,676 | 22,676 | 22,174 | 502 | 17,381 | 17,381 | 16,733 | 648 |

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cashflows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by time to time evaluating and utilising the favourable financial instrument. There are certain fixed interest rate barring investment instruments, which are excluded to derive interest rate risk. As at the year end, the Company is exposed to changes in market interest rates through investment and bank borrowings at variable interest rates, to derive sensitivity it has been net out.

Sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax.

(₹ In lakhs)

| Particulars | Movement - effect on Profit Before Tax | |
|------------------------------------|--|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| | 50 bp increase-decrease in profits | 11 |
| 50 bp decrease-increase in profits | (11) | (1) |

Price risk:

The Company's exposure to price risk arises from investments in Mutual Funds, Bonds, by the Company and classified in the balance sheet as fair value through profit or loss and as fair value through OCI respectively.

Price risk Sensitivity:

The impact of increases/decreases of the index on the Company's profit before tax and equity for the period are as under.

(₹ In lakhs)

| Particulars | Movement (%) | | Effect on PBT | | Effect on equity net of tax | |
|--------------|------------------------------|----------------|----------------|----------------|-----------------------------|----------------|
| | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 |
| | Mutual Funds [Quoted] | | | | | |
| Increased by | 2.00 | 2.00 | 588.20 | 478.88 | 440.16 | 358.36 |
| Decreased by | 2.00 | 2.00 | (588.20) | (478.88) | (440.16) | (358.36) |

Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

Currency risk

The functional currency of the Company is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising out of the EURO, US Dollar, CNY, JPY etc. Accordingly, the foreign currency exposure has been hedged time to time as per the Company's Risk management policy after evaluating the risk associated with. This aside, the Company does not have any derivative instruments used for trading or speculative purposes.

Foreign Currency exposure at the year end not hedged by derivative instruments: (₹ In lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|----------------------|----------------------|
| Outstanding Foreign Receivables(Including Loans, if any) | | |
| - Receivable in USD | 4,153,475 | 4,260,005 |
| - Receivable in EUR | 2,653,720 | 1,245,311 |
| - Receivable in CNY | 5,159,689 | 7,940,860 |
| - Receivable in JPY | 35,034,287 | 38,144,576 |
| - Receivable in THB | 2,755,032 | 4,883,672 |
| Equivalent ₹ In lakhs (FEDAI rate considered) | 7,827 | 6,061 |
| Outstanding Foreign Payables (Including Loans, if any) | | |
| - Payable in EUR | - | 50,359 |
| - Payable in CNY | 173,463 | 431,829 |
| - Payable in JPY | 330,000 | - |
| - Payable in RUB | 6,046,909 | 6,046,909 |
| - Payable in SGD | - | 6,750 |
| Equivalent ₹ In lakhs (FEDAI rate considered) | 95 | 164 |

Foreign Currency Risk Sensitivity

(₹ In lakhs)

| Particulars | Movement (%) | | Effect on PBT | | Effect on equity net of tax | |
|------------------------|------------------------|----------------|----------------|----------------|-----------------------------|----------------|
| | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 |
| | USD Sensitivity | | | | | |
| INR/USD- Increased by | 1.00 | 1.00 | 39.39 | 36.41 | 29.48 | 27.25 |
| INR/USD- Decreased by | 1.00 | 1.00 | (39.39) | (36.41) | (29.48) | (27.25) |
| EUR Sensitivity | | | | | | |
| INR/EUR- Increased by | 1.00 | 1.00 | 28.92 | 11.00 | 21.64 | 8.23 |
| INR/EUR- Decreased by | 1.00 | 1.00 | (28.92) | (11.00) | (21.64) | (8.23) |
| CNY Sensitivity | | | | | | |
| INR/CNY- Increased by | 1.00 | 1.00 | 6.84 | 8.82 | 5.12 | 6.60 |
| INR/CNY- Decreased by | 1.00 | 1.00 | (6.84) | (8.82) | (5.12) | (6.60) |
| JPY Sensitivity | | | | | | |
| INR/JPY- Increased by | 1.00 | 1.00 | 2.06 | 2.16 | 1.54 | 1.62 |
| INR/JPY- Decreased by | 1.00 | 1.00 | (2.06) | (2.16) | (1.54) | (1.62) |
| THB Sensitivity | | | | | | |
| INR/THB- Increased by | 1.00 | 1.00 | 0.79 | 1.23 | 0.59 | 0.92 |
| INR/THB- Decreased by | 1.00 | 1.00 | (0.79) | (1.23) | (0.59) | (0.92) |
| RUB Sensitivity | | | | | | |
| INR/RUB- Increased by | 1.00 | 1.00 | (0.70) | (0.62) | (0.52) | (0.47) |
| INR/RUB- Decreased by | 1.00 | 1.00 | 0.70 | 0.62 | 0.52 | 0.47 |
| SGD Sensitivity | | | | | | |
| INR/SGD- Increased by | 1.00 | 1.00 | - | (0.04) | - | (0.03) |
| INR/SGD- Decreased by | 1.00 | 1.00 | - | 0.04 | - | 0.03 |



Notes to the Standalone Financial Statements for the year ended March 31, 2026 (Contd.)

C. Capital Management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

The Company's debt to equity ratio is as follows:

| Particulars | ₹ In lakhs | |
|-----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Debt* | 4,537 | 2423 |
| Total equity | 142,953 | 126,943 |
| Debt to total equity ratio | 0.03:1 times | 0.02:1 times |

*Debt includes Current and Non-current Borrowings & Lease liabilities.(including current maturities of long term debt)

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

Notes to Financial Statements 1 to 35

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

Date: May 07, 2026
Place: Ahmedabad

For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Maulik Jasani
VP Finance & Group CFO

Date: May 07, 2026
Place: Ahmedabad

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907

Independent Auditor's Report

To

The Members of

HARSHA ENGINEERS INTERNATIONAL LIMITED,

Report on the audit of the Consolidated Ind AS Financial Statements: -

OPINION

We have audited the accompanying Consolidated Ind AS Financial Statements of Harsha Engineers International Limited and its subsidiaries and Joint venture ("the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and the Consolidated Cash Flow Statement, Consolidated Statement of changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2026, its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our

audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INFORMATION OTHER THAN THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting



Independent Auditor's Report (Contd.)

policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion whether the Company has adequate internal

financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our works; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated

Independent Auditor's Report (Contd.)

Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

(a) We did not audit the financial statements of 3 subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs. 64,622.41 lakhs as at March 31, 2026 and total revenues of Rs 41,268.12 lakhs for the year ended March 31, 2026, total net loss after tax of Rs. 2,086.73 lakhs for the year ended March 31, 2026 and total comprehensive income of Rs. (2,072.22) lakhs for the year ended March 31, 2026 and net cash inflows of Rs. 841.95 lakhs for the year ended March 31, 2026, as considered in the Statement (the figures reported above are before eliminations on consolidation). These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a joint venture, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above

(b) We did not audit the financial statements of 1 joint venture. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint venture, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The

Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

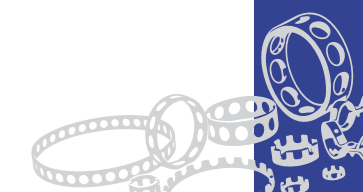
The financial year of foreign subsidiaries is calendar year. In view of the same, audited accounts of the respective subsidiaries are prepared and audited as per the calendar year. However, for consolidation of annual accounts of the company the relevant figures of foreign subsidiaries have been drawn up to same reporting date as that of the Company, i.e., year ended on March 31, to enable the Company to consolidate the financial information of the subsidiary.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give a statement on the matters specified in paragraph 3(xxii) of CARO 2020 as below:

Referred to in paragraph 17 of the Independent Auditors' Report of even date to the Members of Harsha Engineers International Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2026 We report that the following qualifications or adverse remarks were included in the CARO 2020 reports issued by us in respect of the standalone financial statements of the Holding Company and by the other auditors in their CARO 2020 reports on the financial statements of the respective companies included in the consolidated financial statements.



Independent Auditor's Report (Contd.)

Cash losses reported by subsidiary:

| Name of the company | Relationship with the Holding Company (Holding Company/ Subsidiary/Joint Venture) | Paragraph number and comment in the respective CARO report reproduced below |
|-----------------------------------|---|---|
| Harsha Engineers Advantek Limited | Subsidiary | (xvii)The company has incurred cash losses amounting to Rs. 627.48 lakhs during the financial year ended March 31, 2026 |

2. As required by Section 143(3) of the Act, based on our audit, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 3(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in **Annexure – A**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Notes to the consolidated financial statements
- ii. The Holding Company, its subsidiary companies, and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2026.
- iii. The company is not required to transfer any amount to the Investor Education and Protection fund.
- iv. a. The respective Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether

recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The respective management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in notes of the standalone Ind AS financial statements, the Board of Directors of the Company have proposed

final dividend for the year which is subject to the approvals of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. As stated in notes to the consolidated financial statements and based on our examination which included test checks, performed by us on the Holding Company and its subsidiaries incorporated in India, has used accounting software for maintaining its books of accounts which has a feature of recording audit trail [edit log] facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail has been enabled at the database level for accounting software to log any direct data changes.

Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Presently, the log has been activated at the application and the privileged access to HANA database continues to be restricted to limited set of users who necessarily require this access for maintenance and administration of the database.

For, M/s Pankaj R. Shah & Associates
Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah
Partner

Place: Ahmedabad
Date: May 07, 2026

(Membership No. 110142)
UDIN: 26110142PYYZJO6769



Annexure - A

To the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Harsha Engineers International Limited

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **HARSHA ENGINEERS INTERNATIONAL LIMITED** ("the Company") and its subsidiaries, and joint ventures (incorporated in India) as of March 31, 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management (including the management of the subsidiaries and joint ventures incorporated in India) is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure - A (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company and its subsidiaries and joint ventures (incorporated in India) has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control

stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to the subsidiaries which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner

Place: Ahmedabad
Date: May 07, 2026

(Membership No. 110142)
UDIN: 26110142XBHPKW1834

Annexure to Independent Auditor's Report

List of Subsidiaries

1. Harsha Precision Bearing Components (China) Co. Ltd.
2. Harsha Engineers Advantek Limited
3. Harsha Engineers Europe SRL

List of Investments in Joint venture

1. Cleanmax Harsha Solar LLP - Joint Venture

Place: Ahmedabad
Date: May 07, 2026

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner

(Membership No. 110142)
UDIN: 26110142XBHPKW1834



Consolidated Balance Sheet

as at March 31, 2026

| Particulars | Notes | ₹ In lakhs | |
|---|---------|-------------------------|-------------------------|
| | | As at March 31, 2026 | As at March 31, 2025 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 61,517 | 36,910 |
| (b) Capital Work-In-Progress | 2 | 1,852 | 16,140 |
| (c) Goodwill on Consolidation | 3 | 4,407 | 4,407 |
| (d) Other Intangible Assets | 2 | 123 | 76 |
| (e) Financial Assets | | | |
| Investments | 4 | 22,712 | 4,312 |
| Loans | 5 | 16 | 12 |
| Other Financial Assets | 6 | 68 | 203 |
| (f) Non-Current Tax Assets [Net] | 7 | 352 | 308 |
| (g) Other Non-Current Assets | 8 | 2,008 | 3,939 |
| Total Non-Current Assets | | 93,055 | 66,307 |
| Current Assets | | | |
| (a) Inventories | 9 | 39,398 | 33,386 |
| (b) Financial Assets | | | |
| Investments | 4 | 24,609 | 26,212 |
| Trade Receivables | 10 | 37,796 | 30,259 |
| Cash and Cash Equivalents | 11 | 3,309 | 1,546 |
| Bank Balance Other than Cash and Cash Equivalents | 11 | 1,189 | 6,072 |
| Loans | 5 | 515 | 1,512 |
| Other Financial Assets | 6 | 871 | 409 |
| (c) Other Current Assets | 8 | 5,946 | 3,403 |
| Total Current Assets | | 113,633 | 102,799 |
| TOTAL ASSETS | | 206,688 | 169,106 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 12 | 9,104 | 9,104 |
| (b) Other Equity | 13 | 131,065 | 116,310 |
| Total Equity | | 140,169 | 125,414 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 14 | 20,114 | 9,482 |
| Lease liabilities | 15 | 69 | 133 |
| Other Financial Liabilities | 19 | 356 | 408 |
| (b) Provisions | 16 | 1,119 | 1,005 |
| (c) Deferred Tax Liabilities (Net) | 17 | 1,106 | 1,240 |
| Total Non-Current Liabilities | | 22,764 | 12,268 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 14 | 16,969 | 10,369 |
| Lease liabilities | 15 | 64 | 62 |
| Trade Payables | | | |
| - Dues to Micro & Small Enterprises | 18 | 2,961 | 853 |
| - Dues to other than Micro & Small Enterprises | 18 | 16,305 | 14,799 |
| Other Financial Liabilities | 19 | 5,317 | 3,313 |
| (b) Other Current Liabilities | 20 | 1,814 | 1,777 |
| (c) Provisions | 16 | 297 | 251 |
| (d) Current Tax Liabilities [Net] | 21 | 28 | - |
| Total Current Liabilities | | 43,755 | 31,424 |
| Total Liabilities | | 66,519 | 43,692 |
| TOTAL EQUITY AND LIABILITIES | | 206,688 | 169,106 |
| Material Accounting Policies | 1 | | |
| Notes to Financial Statements | 1 to 36 | | |

As per our report of even date attached

For Pankaj R. Shah & Associates

Chartered Accountants

FRN: 107361W

Chintan Shah

Managing Partner

M. No.: 110142

For and on behalf of the Board of Directors
Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Maulik Jasani

VP Finance & Group CFO

Harish Rangwala

Managing Director

DIN: 00278062

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907

Date: May 07, 2026

Place: Ahmedabad

Date: May 07, 2026

Place: Ahmedabad

Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

| Particulars | Notes | ₹ In lakhs | |
|--|-----------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| INCOME | | | |
| Revenue from Operations | 22 | 162,679 | 140,765 |
| Other Income | 23 | 3,851 | 3,773 |
| Total Income (A) | | 166,530 | 144,538 |
| EXPENSES | | | |
| Cost of Materials Consumed | 24 | 87,584 | 72,883 |
| Change In Inventories of Finished Goods & Work-In-Progress | 25 | (2,684) | 985 |
| Employee Benefits Expenses | 26 | 21,500 | 18,155 |
| Finance Costs | 27 | 1,626 | 877 |
| Depreciation and Amortisation Expenses | 2 | 4,666 | 4,054 |
| Other Expenses | 28 | 32,282 | 29,188 |
| Bad Debts Write Off / Net Sundry Balances write off | 29 | 31 | 2,060 |
| Total Expenses (B) | | 145,005 | 128,202 |
| Profit/ (Loss) Before Exceptional Items & Tax (C)=(A-B) | | 21,525 | 16,336 |
| Exceptional Items (D) | 30 | - | 2,768 |
| Profit/ (Loss) Before Tax (E)=(C-D) | | 21,525 | 13,568 |
| Tax Expense | | | |
| Current Tax | | 6,085 | 4,120 |
| Deferred Tax | 32 | (80) | 517 |
| Total Tax Expense (F) | | 6,005 | 4,637 |
| Profit/ (Loss) After Tax for the year (G)=(E-F) | | 15,520 | 8,931 |
| Less: Profit transferred to Non-Controlling Interest | | - | - |
| Profit/ (Loss) After Tax (After Non-Controlling Interest) (H) | | 15,520 | 8,931 |
| Other Comprehensive Income | | | |
| i) Items that will be reclassified to profit or loss | | | |
| Gains / (Loss) of Cashflow Hedge | | (1,057) | (189) |
| Income tax relating to these items | 32 | 266 | 48 |
| ii) Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post-employment benefit obligations | 33 | 57 | (117) |
| Income tax relating to these items | 32 | (11) | 29 |
| Other Comprehensive Income for the year, net of tax (I) | | (745) | (229) |
| Total Comprehensive Income for the year (J)=(H+I) | | 14,775 | 8,702 |
| Earning Per Equity Share (EPS) | 31 | | |
| Basic (₹) | | 17.05 | 9.81 |
| Diluted (₹) | | 17.05 | 9.81 |
| Material Accounting Policies | 1 | | |
| Notes to Financial Statements | 1 to 36 | | |

As per our report of even date attached

For Pankaj R. Shah & Associates

Chartered Accountants

FRN: 107361W

Chintan Shah

Managing Partner

M. No.: 110142

For and on behalf of the Board of Directors
Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Maulik Jasani

VP Finance & Group CFO

Harish Rangwala

Managing Director

DIN: 00278062

Kiran Mohanty

Company Secretary & Chief Compliance Officer

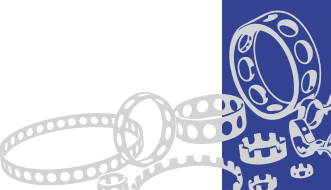
M. No.: F9907

Date: May 07, 2026

Place: Ahmedabad

Date: May 07, 2026

Place: Ahmedabad



Consolidated Cash Flow Statement

for the year ended March 31, 2026

(₹ In lakhs)

| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|--|--------------------------------------|--------------------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax as per statement of Profit & Loss | 21,525 | 13,568 |
| Adjustments for: | | |
| Depreciation and Amortisation Expenses | 4,666 | 4,054 |
| Interest Income | (1,206) | (1,315) |
| Finance Cost | 1,626 | 877 |
| Loss/(Profit) on Sale of Investment | (1,500) | (1,461) |
| Foreign Currency Translation Reserve | (60) | (43) |
| Bad Debts Write Off / Net Sundry Balances write off | 31 | 2,060 |
| Allowances for credit losses | (63) | 517 |
| Impairment of Goodwill | - | 2,768 |
| Share of (Profit)/Loss from Joint venture / Associates | (53) | (29) |
| Loss / (Profit) on Sale of Assets | 9 | 15 |
| Operating Profit before Working Capital Changes | 24,975 | 21,011 |
| Adjustments for Changes in Working Capital | | |
| Inventories | (6,012) | 1,980 |
| Trade Receivables | (7,505) | (882) |
| Other Current Assets | (3,008) | 846 |
| Other Non-Current Assets | 77 | 364 |
| Trade Payables | 3,614 | 1,380 |
| Other Financial Liabilities | 1,367 | 158 |
| Other Current Liabilities | 37 | 159 |
| Provisions | (639) | (262) |
| Cash Generated from Operations | 12,906 | 24,754 |
| Income Taxes Paid | (6,057) | (4,120) |
| Net Cash Flow from Operating Activities (A) | 6,849 | 20,634 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Property, Plant and Equipment, Capital Work-In-Progress and Other Intangibles | (12,003) | (20,934) |
| Proceeds from Sale of Property, Plant and Equipment | 428 | 73 |
| Sale / (Purchase) of Investments (Net) | (14,297) | (4,555) |
| Loans and Advances (Net) | (3) | (1,696) |
| Investment in fixed deposits with bank (Net) | 4,897 | 4,589 |
| Interest Income | 1,206 | 1,315 |
| Share of Profit/(Loss) from Joint venture / Associates | 53 | 29 |
| Net Cash Flow from Investing Activities (B) | (19,719) | (21,179) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid | (911) | (911) |
| Proceeds of Non-Current Borrowings | 10,650 | 9,206 |
| Repayment of Non-Current Borrowings | (18) | (18) |
| Finance Cost | (1,626) | (877) |
| Proceeds / (Repayment) of Current Borrowings (Net) | 6,538 | (6,809) |
| Changes in Non-Current Liability | - | - |
| Net Cash Flow from Financing Activities (C) | 14,633 | 591 |

Consolidated Cash Flow Statement
for the year ended March 31, 2026 (Contd.)

(₹ In lakhs)

| Particulars | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
|---|--------------------------------------|--------------------------------------|
| (D) Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | 1,763 | 46 |
| Cash and Cash Equivalents at the Beginning | | |
| Cash on Hand | 9 | 10 |
| Balances with Banks | 1,537 | 1,490 |
| | 1,546 | 1,500 |
| Cash and Cash Equivalents at the End | | |
| Cash on Hand | 6 | 9 |
| Balances with Banks | 3,303 | 1,537 |
| | 3,309 | 1,546 |
| Notes to Financial Statements 1 to 36 | | |

As per our report of even date attached

For Pankaj R. Shah & Associates

Chartered Accountants

FRN: 107361W

Chintan Shah

Managing Partner

M. No.: 110142

Date: May 07, 2026

Place: Ahmedabad

For and on behalf of the Board of Directors

Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Maulik Jasani

VP Finance & Group CFO

Date: May 07, 2026

Place: Ahmedabad

Harish Rangwala

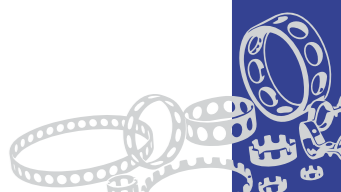
Managing Director

DIN: 00278062

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907



Consolidated Statement of Changes in Equity (SOCIE)

for the year ended March 31, 2026

A. EQUITY SHARE CAPITAL

| Particulars | (₹ in Lakhs) | |
|---|-------------------|--------------|
| | No. of Shares | Amount |
| Issued, Subscribed and Paid up Share Capital | | |
| Equity Shares of ₹ 10/- each fully paid up | | |
| As at March 31, 2024 | 91,044,105 | 9,104 |
| Add: Equity shares issued during the year | - | - |
| As at March 31 2025 | 91,044,105 | 9,104 |
| Add: Equity shares issued during the year | - | - |
| As at March 31, 2026 | 91,044,105 | 9,104 |

B. OTHER EQUITY

| Particulars | Reserves & Surplus | | | | | Other Comprehensive Income - Cashflow Hedge Reserve | Total Other Equity |
|--|----------------------------------|------------------|-----------------|--------------------------------------|-------------------|---|--------------------|
| | Capital Reserves/ Merger Reserve | Security Premium | General Reserve | Foreign Currency Translation Reserve | Retained Earnings | | |
| As at March 31, 2024 | (116) | 42,119 | 2,397 | 1,036 | 62,903 | 85 | 108,424 |
| Profit for the year | - | - | - | - | 8,931 | - | 8,931 |
| Other comprehensive income for the year | - | - | - | - | (88) | (141) | (229) |
| Total comprehensive income for the year | - | - | - | - | 8,843 | (141) | 8,702 |
| Increase/(Decrease) During the Year | - | - | - | 95 | - | - | 95 |
| Less: Dividend Distribution | - | - | - | - | (911) | - | (911) |
| As at March 31 2025 | (116) | 42,119 | 2,397 | 1,131 | 70,835 | (56) | 116,310 |
| Profit for the year | - | - | - | - | 15,520 | - | 15,520 |
| Other comprehensive income for the year | - | - | - | - | 46 | (791) | (745) |
| Total comprehensive income for the year | - | - | - | - | 15,566 | (791) | 14,775 |
| Increase/(Decrease) During the Year | - | - | - | 891 | - | - | 891 |
| Less: Dividend Distribution\$ | - | - | - | - | (911) | - | (911) |
| As at March 31, 2026 | (116) | 42,119 | 2,397 | 2,022 | 85,490 | (847) | 131,065 |

\$ The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2024-25 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 911 lakhs.

Notes to Financial Statements 1 to 36

As per our report of even date attached
For Pankaj R. Shah & Associates

Chartered Accountants

FRN: 107361W

Chintan Shah

Managing Partner

M. No.: 110142

Date: May 07, 2026

Place: Ahmedabad

For and on behalf of the Board of Directors
Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Maulik Jasani

VP Finance & Group CFO

Date: May 07, 2026

Place: Ahmedabad

Harish Rangwala

Managing Director

DIN: 00278062

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

NOTE 1 MATERIAL ACCOUNTING POLICY INFORMATION

A. GENERAL INFORMATION

Harsha Engineers International Limited, is a public limited company, incorporated and domiciled in India, under the provisions of the Companies Act, 2013 ("HEIL" or "the Company") (CIN: L29307GJ2010PLC063233). Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The Company expresses itself as a Core Engineering as well as Solar-EPC and O&M company which focuses on continuous learning and developments, having experience to produce best Engineering products and provide best solar services as per customers requirement. Since its inception, the Company undertakes turnkey projects, using solar photovoltaic (PV) technology, including polycrystalline and thin-film materials under it's Solar EPC segment, ranging from KW scale to MW scale. The Company having Engineering business which are in the manufacturer of bearing cages & bushings having materials in form of brass, bronze, steel, and polyamide as well a capability to deliver stamping components primarily for the automotive and industrial customers. While the company have principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, the company also have production facilities at Bhayla, near Ahmedabad, Changshu in China and Ghimbav Brasov in Romania, through its subsidiaries. The registered office of the companies is located at Sarkhej-Bavla Road, Changodar, Ahmedabad-382213, Gujarat, India.

These consolidated financial statements comprise financial statements of the Company and its subsidiaries, associates & joint ventures (collectively referred to as the "Group").

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 07, 2026.

B. BASIS OF PREPARATION

B.1. Statement of compliance with Ind AS

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards)

Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 (the 'Act').

B.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.'). which is also the functional currency of the Company. All the amounts have been rounded off to the nearest lakh, unless otherwise indicated. The amount "0" (zero) represents value, which is less than ₹ 1 Lakh.

B.3. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

| ITEMS | MEASUREMENT BASIS |
|--|---|
| 1) Investments in Debentures, Mutual Funds | Fair value |
| 2) Employee Defined Benefit Plans | Plan Assets measured at fair value less present value of defined benefit obligation |
| 3) Certain Financial Assets & Liabilities (Including Derivative Instruments) | Fair value |

B.4. Use of Estimates and Judgements

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact



on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

B.5. Measurement of Fair Values

The Group has established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable

market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the respective note.

C. MATERIAL ACCOUNTING POLICIES

C.1. Basis for Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

The Consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Indian Accounting Standard (Ind AS).
- II. In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year/period

end; any exchange difference arising on same is recognised in "Foreign Currency Translation Reserve".

- III. The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- IV. Non-controlling interest's share of net profit/loss of consolidated subsidiaries for the year/period is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Group.
- V. Non-controlling interest's share of net assets of consolidated subsidiaries as at year/period is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Group's Shareholder.
- VI. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.

The annual financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary.

Joint Venture / Associates

The Company's investments in its joint ventures or associates are accounted for using the equity method. Under the equity method, the investment is initially

recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint ventures or associates since the acquisition date. The statement of profit and loss reflects the Company's share of the results of operations of the joint ventures / associates.

C.2. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Group at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary-assets and liabilities denominated in foreign currency at year / period end exchange rate are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

C.3. Financial Instruments

3.1. Financial Assets

i) Classification

The Group classifies its financial assets in the following measurement categories:



- Those measured at amortised cost and
 - Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
- A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

iii) Subsequent Measurement and Gains and Losses

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

iv) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

3.2. Financial Liabilities

i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified

as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

ii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

3.3. Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C.4. Derivative Instruments and Hedge Accounting

The Company designates derivative contracts or non-derivative Financial Assets/ Liabilities as hedging instruments to mitigate the risk of movement in interest rates and/or foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast

cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

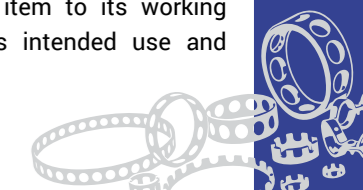
Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting.

C.5. Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and



estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company or it enhanced the useful lives.

iii. Depreciation/Amortisation

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortisation on leasehold land is provided over the period of lease.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and any revision to these is recognised prospectively in current and future periods. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

| Name of Subsidiaries | Basis of Depreciation |
|---|-----------------------|
| Harsha Engineers Advantek Limited | Straight Line Method |
| Harsha Precision Bearing Components (China) Co. Limited (HPBCCCL) | Straight Line Method |
| Harsha Engineers Europe SRL (HEESRL) | Straight Line Method |

iv. Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or Sale or when no future economic benefits are expected to arise from the continued use of assets.

The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of profit and loss.

C.6. Intangible Assets

i. Initial Recognition and Classification

Goodwill is not amortised. It is tested annually for impairment.

Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred or it enhanced the useful lives.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Goodwill is not amortized and is tested for impairment annually. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Derecognition

An item of an intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

C.7. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress is valued at actual cost of production.

Cost of raw materials, stores and spares are determined on moving average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

C.8. Impairment

i. Impairment of Financial Assets

The Group recognizes loss allowances for financial assets measured at amortized cost using expected credit loss model. At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For trade receivables, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. For all other financial assets, the Group measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the losses that result from all possible default events over the expected life of a financial asset. Twelve months



expected credit losses are the portion of lifetime expected credit losses that represent the losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased if it is more than 360 days past due and evaluate the same on regular basis. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of Allowance for Expected Credit Losses in the Balance Sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines (on the basis of availability of the information) that the debtor does not have assets or sources of income that could generate sufficient cash flows to pay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of Non-Financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

C.9. The list of Subsidiary Companies included in consolidation of the Company are as under:

| Name of Subsidiaries | Country of Incorporation | Ownership Interest held by the group | | Proportion of ownership interests and voting rights held by non-controlling interests | |
|---|--------------------------|--------------------------------------|----------------|---|----------------|
| | | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 |
| Harsha Engineers Advantek Limited | India | 100% | 100% | - | - |
| Harsha Precision Bearing Components (China) Co. Limited | China | 100% | 100% | - | - |
| Harsha Engineers Europe SRL | Romania | 100% | 100% | - | - |

C.10. Employee Benefits

i. Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Defined Contribution Plan

The Company makes specified monthly contributions towards the provident fund. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.



When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C.11. Revenue Recognition

i. Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when control including the significant risks and rewards and title of ownership have been transferred to the customer, satisfies a performance obligation, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on Delivered-at-Place (DAP); however, for exports transfer occurs as per Inco terms.

Revenue from contracts

Revenue from long term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total

costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from maintenance contracts are recognised on pro-rata basis over the period of the contract.

ii. Export Benefits

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

C.12. Recognition of Dividend Income, Interest Income

Dividend on financial instruments is recognised as and when received. Interest is recognised on accrual basis.

C.13. Income Tax

The Group and other Indian subsidiaries:

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Foreign Companies

Foreign Companies recognise tax liabilities and assets in accordance with the local laws.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

C.14. Cash and Cash Equivalents

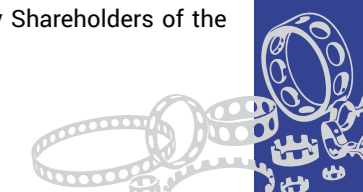
Cash and Cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

C.15. Borrowing Cost

Borrowing Cost are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

C.16. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the



Group by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

C.17. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

C.18. Lease

The Company has adopted Ind AS 116 using the prospective approach. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Balance Sheet and recognition of Depreciation and Interest expenses in Profit & Loss A/c.

Lease accounting

As a lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation,

accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

As a lessor

Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognised in the statement of profit and loss on a straight-line basis over the lease term, unless either:

- A. another systematic basis is more representative of the time pattern of the user's benefit; or
- B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.
- C. the lease asset capitalised and recognised as an asset in the books.

C.19. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised at present value when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be

made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provision for decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of PPE. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts, until such time that the liabilities arising out of these outstanding litigations have been crystallised by virtue of a final order being passed by the relevant regulatory authority or court or forum. Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

C.20. Business Combinations

Business Combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is

recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

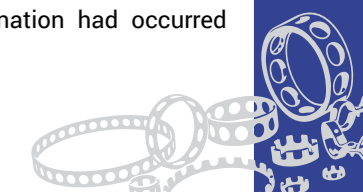
Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Common Control Transactions

Business combinations involving entities that are controlled by the Group in which all the combining entities or businesses are ultimately controlled by the same party or parties are accounted for using the pooling of interests method as follows:

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognise any new assets and liabilities. Adjustments are only made to harmonise accounting policies.
3. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
5. The identity of the reserves are preserved and the reserves of the transferor become reserves of the transferee.
6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

C.21. Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

C.22. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

- In May 2025, MCA notified amendments to: Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 01, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.
- In August 2025, MCA notified the following amendments to: Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 01, 2025 – the amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation the Company has provided necessary disclosures in notes to financial statements.

Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. The Company has determined that this amendment is not applicable.

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

2 PROPERTY, PLANT & EQUIPMENT, OTHER INTANGIBLE ASSETS & CAPITAL WORK-IN-PROGRESS

For the year ended March 31, 2026

| Particulars | Gross Block | | | | Depreciation and Amortization | | | | Net Block | | |
|--|----------------------|----------------------------|-----------------------|----------------------------------|-------------------------------|----------------------|----------------|----------------------------------|-----------------------|----------------------|----------------------|
| | As at April 01, 2025 | Addition during the period | Disposal/ Adjustments | Currency translation adjustments | As at March 31, 2026 | As at April 01, 2025 | For the year ^ | Currency translation adjustments | Disposal/ Adjustments | As at March 31, 2026 | As at March 31, 2025 |
| Property, Plant & Equipment | | | | | | | | | | | |
| Land | 6,243 | 683 | - | 100 | 7,026 | 95 | 14 | 16 | - | 125 | 6,148 |
| Buildings | 11,770 | 8,480 | 13 | 584 | 20,821 | 4,373 | 609 | 199 | 8 | 5,173 | 15,648 |
| Plant And Machineries | 59,906 | 14,279 | 1,380 | 3,604 | 76,409 | 42,384 | 3,147 | 3,189 | 954 | 47,766 | 28,643 |
| Furniture And Fittings | 1,299 | 355 | 3 | 15 | 1,666 | 944 | 71 | 10 | 2 | 1,023 | 643 |
| Vehicles | 407 | 11 | - | 4 | 422 | 224 | 43 | 3 | - | 270 | 152 |
| Office Equipments | 554 | 330 | 4 | 33 | 913 | 415 | 50 | 28 | 3 | 490 | 423 |
| Electric Installation | 3,101 | 1,557 | 22 | 72 | 4,708 | 1,987 | 276 | 50 | 21 | 2,292 | 2,416 |
| Computer & Peripherals | 633 | 150 | 40 | 13 | 756 | 570 | 26 | 10 | 37 | 569 | 187 |
| Solar Generation Plant | 2,810 | 2,887 | - | - | 5,697 | 977 | 199 | - | - | 1,176 | 4,521 |
| Wind Mill | 2,667 | - | - | - | 2,667 | 695 | 111 | - | - | 806 | 1,861 |
| Right of Use Assets-Lease | 322 | - | 14 | - | 308 | 138 | 62 | - | 14 | 186 | 122 |
| TOTAL (A) | 89,712 | 28,732 | 1,476 | 4,425 | 1,21,393 | 52,802 | 4,608 | 3,505 | 1,039 | 59,876 | 36,910 |
| Other Intangible Assets | | | | | | | | | | | |
| Computer software | 1,143 | 82 | - | 81 | 1,306 | 1,067 | 41 | 75 | - | 1,183 | 123 |
| TOTAL (B) | 1,143 | 82 | - | 81 | 1,306 | 1,067 | 41 | 75 | - | 1,183 | 123 |
| TOTAL (A+B) | 90,855 | 28,814 | 1,476 | 4,506 | 1,22,699 | 53,869 | 4,649 | 3,580 | 1,039 | 61,059 | 36,986 |

^ Note: 1. Depreciation and amortisation expenses in Statement of Profit and Loss A/c also includes ₹17 lakhs due to amortisation of Long Term Deferred Expenses (Refer Note No. 8)

Note: 2. The Company has not revalued any tangible & intangible asset.

Note: 3. Refer Note 35.1 (b) for Capital Contractual Commitments with respect to property, plant and equipments.

Capital Work-in-progress aging schedule as at March 31, 2026

| | Amount in CWIP for a period of | | | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | |
| CWIP ^ | | | | |
| Projects in progress | 1,819 | 26 | 7 | 1,852 |
| Projects temporarily suspended | - | - | - | - |

^ No capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan. Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan.



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

For the year ended March 31, 2025

| Particulars | Gross Block | | | Depreciation and Amortisation | | | Net Block | | | |
|--|----------------------|--------------------------|-----------------------|----------------------------------|----------------------|----------------------|----------------|----------------------------------|----------------------|----------------------|
| | As at April 01, 2024 | Addition during the year | Disposal/ Adjustments | Currency translation adjustments | As at March 31, 2025 | As at April 01, 2024 | For the year ^ | Currency translation adjustments | As at March 31, 2025 | As at March 31, 2024 |
| Property, Plant & Equipment | | | | | | | | | | |
| Land | 3,871 | 2,359 | - | 13 | 6,243 | 80 | 13 | 2 | 95 | 6,148 |
| Buildings | 11,464 | 229 | - | 77 | 11,770 | 3,920 | 431 | 22 | 4,373 | 7,397 |
| Plant And Machineries | 56,490 | 3,175 | 267 | 508 | 59,906 | 39,323 | 2,849 | 447 | 42,384 | 17,522 |
| Furniture And Fittings | 1,291 | 13 | 7 | 2 | 1,299 | 872 | 75 | 2 | 944 | 355 |
| Vehicles | 406 | - | - | 1 | 407 | 178 | 44 | 2 | 224 | 183 |
| Office Equipments | 508 | 44 | 3 | 5 | 554 | 377 | 37 | 4 | 415 | 139 |
| Electric Installation | 2,855 | 326 | 89 | 9 | 3,101 | 1,882 | 184 | 5 | 1,987 | 1,114 |
| Computer & Peripherals | 626 | 6 | - | 1 | 633 | 544 | 26 | - | 570 | 63 |
| Solar Generation Plant | 2,709 | 102 | - | (1) | 2,810 | 875 | 103 | (1) | 977 | 1,834 |
| Wind Mill | 2,667 | - | - | - | 2,667 | 584 | 111 | - | 695 | 1,972 |
| Right of Use Assets-Lease | 385 | 51 | 114 | - | 322 | 138 | 65 | - | 138 | 184 |
| TOTAL (A) | 83,272 | 6,305 | 480 | 615 | 89,712 | 48,773 | 3,938 | 483 | 52,802 | 36,910 |
| Other Intangible Assets | | | | | | | | | | |
| Computer software | 1,123 | 9 | - | 11 | 1,143 | 1,020 | 37 | 10 | 1,067 | 76 |
| TOTAL (B) | 1,123 | 9 | - | 11 | 1,143 | 1,020 | 37 | 10 | 1,067 | 76 |
| TOTAL (A+B) | 84,395 | 6,314 | 480 | 626 | 90,855 | 49,793 | 3,975 | 493 | 53,869 | 36,986 |

^ Note: 1. Depreciation and amortisation expenses in Statement of Profit and Loss A/c also includes ₹ 78 lakhs due to amortisation of Long Term Deferred Expenses (Refer Note No. 8)

Note: 2. The Company has not revalued any property, plant & equipment & intangible asset.

Note: 3. Refer Note 35.1 (b) for Capital Contractual Commitments with respect to property, plant and equipments.

Capital Work-in-progress aging schedule as at March 31, 2025

| Particulars | Amount in CWIP for a period of | | | Total |
|--------------------------------|--------------------------------|------------|-----------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | |
| Projects in progress | 15,854 | 286 | - | 16,140 |
| Projects temporarily suspended | - | - | - | - |
| Total | 15,854 | 286 | - | 16,140 |

^ No capital-work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan. Project execution plans are modulated on the basis of capacity requirement assessment annually and all the projects are executed based on rolling annual plan.

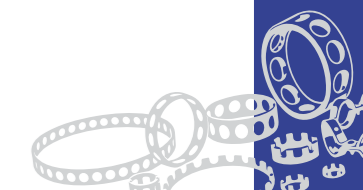
3 GOODWILL ON CONSOLIDATION

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Goodwill on Consolidation | 4,407 | 7,175 |
| Impairment of Goodwill, Refer Note: 30 | - | (2,768) |
| Total Goodwill on Consolidation | 4,407 | 4,407 |

The Group tests goodwill for impairment and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

4 INVESTMENTS

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| A) Investments in Joint venture / Associates (Measured at Cost) | | |
| Cleanmax Harsha Solar LLP - Capital A/c. | | |
| Capital contribution of ₹ 250,000 (Voting Rights and Profit Sharing of 50%) | 3 | 3 |
| Principal Place of Business: Mumbai, India | | |
| B) Investments - Others | | |
| Measured at Cost | | |
| Goldi Harsha Ventures LLP - Capital A/c. | | |
| (Capital contribution of ₹ 10,000 (Previous year ₹ 10,000) (Profit Sharing of 0%)) | 0 | 0 |
| Measured at Amortised cost | | |
| Investments in Bonds (Quoted) | 12,799 | 3,009 |
| Measured at FVTPL | | |
| Investments in Mutual Funds (Quoted) | 9,910 | 1,300 |
| Total Non-Current Investments | 22,712 | 4,312 |
| Current | | |
| Measured at Cost | | |
| Cleanmax Harsha Solar LLP Current A/c | 580 | 569 |
| Measured at Amortised cost | | |
| Investments in Bonds (Quoted) | 3,526 | 2,999 |
| Measured at FVTPL | | |
| Investments in Mutual Funds (Quoted) | 20,503 | 22,644 |
| Total Current Investments | 24,609 | 26,212 |
| 1) i Aggregate book value of quoted investments | 46,738 | 29,952 |
| ii Aggregate market value of quoted investments | 46,674 | 29,954 |
| 2) Aggregate book value of unquoted investments | 583 | 572 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

5 LOANS

| Particulars | (₹ in Lakhs) | |
|---------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| (Unsecured, Considered Good) | | |
| Loans to Employees [^] | 12 | 9 |
| Other Loan & Advances | 4 | 3 |
| Total Non-Current Loans | 16 | 12 |
| Current | | |
| (Unsecured, Considered Good) | | |
| Loan to Employees [^] | 15 | 12 |
| Intercorporate deposits ^{^^} | 500 | 1,500 |
| Total Current Loans | 515 | 1,512 |

[^]The loans to employees are interest free and are generally for a tenure of 6 to 30 months. Includes Loan given to KMP Refer Note 34G

^{^^}Intercorporate deposits (ICD) given to NBFC for the purpose of debt repayment / working capital.

6 OTHER FINANCIAL ASSETS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Security Deposits (Unsecured, Considered Good) | 57 | 178 |
| Fixed deposits with maturity more than 12 months # | 11 | 25 |
| Total Non-Current Other Financial Assets | 68 | 203 |
| Current | | |
| Export Benefits Receivables | 74 | 50 |
| Interest Income Receivable | 607 | 206 |
| Security Deposits (Unsecured, Considered Good) | 1 | 0 |
| Other Income Receivable | 189 | 153 |
| Total Current Other Financial Assets | 871 | 409 |

Balances with banks to the extent held as margin money deposit against Guarantees.

7 TAX ASSETS [NET]

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Advance Payment of Tax (Net of Provisions) | 352 | 308 |
| Total Other Tax Assets [Net] | 352 | 308 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

8 OTHER ASSETS

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Capital Advances (Unsecured, Considered Good) | 1,879 | 3,792 |
| Prepaid Expenses | 95 | 101 |
| Long Term Deferred Expenses | 34 | 46 |
| Total Other Non-Current Assets | 2,008 | 3,939 |
| Current | | |
| (Unsecured, Considered Good) | | |
| Balances With Statutory Authorities | 4,238 | 2,539 |
| Prepaid Expenses | 557 | 448 |
| Advances To Employees | 28 | 30 |
| Advances To Suppliers | 1,123 | 386 |
| Total Other Current Assets | 5,946 | 3,403 |

9 INVENTORIES

| Particulars | (₹ in Lakhs) | |
|-------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Raw Material | 8,597 | 5,865 |
| Work-In-Progress | 3,310 | 2,381 |
| Finished Goods | 14,642 | 11,348 |
| Stores, Spares & Other | 1,834 | 1,742 |
| Toolings | 10,506 | 11,276 |
| Project bought-out Components-Solar | 509 | 774 |
| Total Inventories | 39,398 | 33,386 |

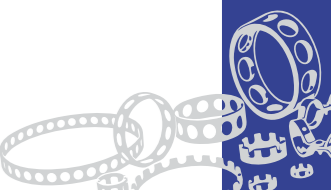
- Inventories valued at lower of cost or net realisable value.
- Inventories are hypothecated to secure working capital facilities from banks - Refer Note 14

10 TRADE RECEIVABLES

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Unsecured and Considered Good | | |
| Considered Good | 37,796 | 30,259 |
| Significant increase in credit risk | - | - |
| Credit impaired | 509 | 568 |
| Sub Total# | 38,305 | 30,827 |
| Less: Allowances for credit losses | 509 | 568 |
| Total Trade Receivables | 37,796 | 30,259 |
| #Includes trade receivable from related parties -Refer Note 34G | 196 | 230 |

The credit period on sale of goods is up to 130 days.

Trade receivables are hypothecated to secure working capital facilities from banks - Refer Note 14



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Ageing of Trade Receivables

(₹ in Lakhs)

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | | Total |
|---|--------------|---------------|--------------------------------------|-------------|------------|-----------|-------------------|---------------|
| | | | Less than 6 Months | 6-12 Months | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31, 2026 | | | | | | | | |
| Undisputed -Considered Good | 39 | 31,358 | 3,843 | 835 | 298 | 2 | 1,421 | 37,796 |
| Undisputed -which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Undisputed -Credit Impaired | - | - | - | 20 | 15 | - | 474 | 509 |
| Disputed -Considered Good | - | - | - | - | - | - | - | - |
| Disputed -which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Disputed -Credit Impaired | - | - | - | - | - | - | - | - |
| Gross carrying amount | 39 | 31,358 | 3,843 | 855 | 313 | 2 | 1,895 | 38,305 |
| Less: Allowances for credit losses | - | - | - | 20 | 15 | - | 474 | 509 |
| Net carrying amount | 39 | 31,358 | 3,843 | 835 | 298 | 2 | 1,421 | 37,796 |

(₹ in Lakhs)

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | | Total |
|---|--------------|---------------|--------------------------------------|-------------|------------|-----------|-------------------|---------------|
| | | | Less than 6 Months | 6-12 Months | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31, 2025 | | | | | | | | |
| Undisputed -Considered Good | 61 | 24,421 | 3,274 | 521 | 415 | 21 | 1,546 | 30,259 |
| Undisputed -which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Undisputed -Credit Impaired | - | - | - | 12 | 22 | - | 534 | 568 |
| Disputed - Considered Good | - | - | - | - | - | - | - | - |
| Disputed - which have significant Increase Credit Risk | - | - | - | - | - | - | - | - |
| Disputed - Credit Impaired | - | - | - | - | - | - | - | - |
| Gross carrying amount | 61 | 24,421 | 3,274 | 533 | 437 | 21 | 2,080 | 30,827 |
| Less: Allowances for credit losses | - | - | - | 12 | 22 | - | 534 | 568 |
| Net carrying amount | 61 | 24,421 | 3,274 | 521 | 415 | 21 | 1,546 | 30,259 |

11 CASH AND BANK BALANCES

(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|----------------------|----------------------|
| Cash and Cash Equivalents | | |
| Cash on Hand | 6 | 9 |
| Balances with Banks (Including Fixed Deposits with maturity of 0 - 3 months) | 3,303 | 1,537 |
| Total Cash and Cash Equivalents | 3,309 | 1,546 |
| Bank Balance Other than Cash and Cash Equivalents | | |
| In Fixed Deposit Accounts # | 1,189 | 5,937 |
| Earmarked balances with bank (unpaid dividend) | 0 | 0 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|----------------------|----------------------|
| Earmarked balances for CSR Unspent Amount | 0 | 135 |
| (Unclaimed dividend and unspent CSR balance can only be used for the purpose it has been maintained) | | |
| Total Bank Balance Other than Cash and Cash Equivalents | 1,189 | 6,072 |
| Total Cash and Bank Balances | 4,498 | 7,618 |
| # Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility. | 141 | 336 |

12 EQUITY SHARE CAPITAL

(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|----------------------|----------------------|
| Authorised Share Capital | | |
| 100,000,000 (Previous Year: 100,000,000) Equity Shares of Face Value ₹ 10/-each | 10,000 | 10,000 |
| Total | 10,000 | 10,000 |

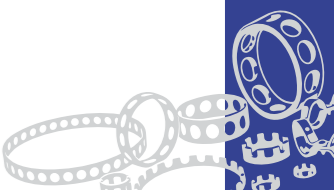
(₹ in Lakhs)

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|----------------------|----------------------|
| Issued, Subscribed and Fully Paid up Share Capital | | |
| 91,044,105 (Previous Year: 91,044,105) Equity Shares of Face Value ₹ 10/-each | 9,104 | 9,104 |
| Total | 9,104 | 9,104 |

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | No. of shares | Amount (₹ in lakhs) |
|------------------------------------|-------------------|---------------------|
| As at March 31, 2024 | | |
| At the beginning of the year | 91,044,105 | 9,104 |
| Add: Shares issued during the year | - | - |
| As at March 31, 2025 | 91,044,105 | 9,104 |
| At the beginning of the year | 91,044,105 | 9,104 |
| Add: Shares issued during the year | - | - |
| As at March 31, 2026 | 91,044,105 | 9,104 |

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Details of shareholder(s) holding more than 5% Equity Shares

| Particulars | As at | As at |
|-----------------------------------|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | No. of shares | No. of shares |
| Name of Shareholder | | |
| Mr. Rajendra Shah | 12,006,390 | 11,919,390 |
| Mr. Harish Rangwala | 11,206,364 | 11,206,364 |
| Ms. Charusheela Rangwala | 10,446,762 | 10,446,762 |
| Ms. Nirmala Shah | 6,128,049 | 6,128,049 |
| Mr. Vishal Rangwala | 7,769,829 | 7,769,829 |
| Mr. Pilak Shah | 7,289,503 | 7,198,281 |
| DSP Mutual Fund | 6,991,662 | 2,500,000 |
| Nippon India Mutual Fund | 4,136,864 | 5,039,704 |
| % Holding in Equity Shares | | |
| Mr. Rajendra Shah | 13.19% | 13.09% |
| Mr. Harish Rangwala | 12.31% | 12.31% |
| Ms. Charusheela Rangwala | 11.47% | 11.47% |
| Ms. Nirmala Shah | 6.73% | 6.73% |
| Mr. Vishal Rangwala | 8.53% | 8.53% |
| Mr. Pilak Shah | 8.01% | 7.91% |
| DSP Mutual Fund | 7.68% | 2.75% |
| Nippon India Mutual Fund | 4.54% | 5.54% |

Shareholding of Promoters

| Particulars | As at | As at |
|----------------------------------|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | No. of shares | No. of shares |
| Mr. Rajendra Shah | 12,006,390 | 11,919,390 |
| % Holding in Total Equity Shares | 13.19% | 13.09% |
| % change during the year/period | 0.10% | |
| Mr. Harish Rangwala | 11,206,364 | 11,206,364 |
| % Holding in Total Equity Shares | 12.31% | 12.31% |
| % change during the year/period | 0.00% | |
| Mr. Vishal Rangwala | 7,769,829 | 7,769,829 |
| % Holding in Total Equity Shares | 8.53% | 8.53% |
| % change during the year/period | 0.00% | |
| Mr. Pilak Shah | 7,289,503 | 7,198,281 |
| % Holding in Total Equity Shares | 8.01% | 7.91% |
| % change during the year/period | 0.10% | |

13 OTHER EQUITY

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | | |
| A: Capital Reserves/Merger Reserve | (116) | (116) |
| B: Security Premium | 42,119 | 42,119 |
| C: General Reserve | 2,397 | 2,397 |
| D: Retained Earnings | 85,490 | 70,835 |
| E: Foreign Currency Translation Reserve | 2,022 | 1,131 |
| F: Other Comprehensive Income | (847) | (56) |
| Total Other Equity | 131,065 | 116,310 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Nature and purpose of reserves

- A: Capital Reserves/Merger Reserve:** The Company has recognised Capital Reserves/Merger Reserve with difference between consideration paid and net assets acquired under common control business combination transaction (Arising pursuant to the Scheme of Amalgamation). This can be utilised in accordance with the provisions of the Companies Act, 2013.
- B: Security Premium:** The amount received in excess of face value of the equity shares is recognised in Securities premium. It is utilised in accordance with the provisions of the Companies Act, 2013.
- C: General Reserve:** The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. General Reserve is created by the transfer from one component of equity to another and is not an item of other comprehensive income. This can be utilised in accordance with the provisions of the Companies Act, 2013.
- D: Retained Earnings:** Retained earnings represents accumulated profit of the Company as on reporting date. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.
- E: Other Comprehensive Income - Cashflow Hedge Reserve:** This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit and loss or upon discontinuation of hedge relationship.

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | | |
| A: Capital Reserves/Merger Reserve | | |
| Opening Balance | (116) | (116) |
| Total Capital Reserves | (116) | (116) |

| Particulars | As at | As at |
|-------------------------------|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | | |
| B: Security Premium | | |
| Opening Balance | 42,119 | 42,119 |
| Total Security Premium | 42,119 | 42,119 |

| Particulars | As at | As at |
|------------------------------|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | | |
| C: General Reserve | | |
| Opening Balance | 2,397 | 2,397 |
| Total General Reserve | 2,397 | 2,397 |

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| | | |
| D: Retained Earnings | | |
| Opening Balance | 70,835 | 62,903 |
| Add: Profit during the year | 15,520 | 8,931 |
| Add / (Less): Remeasurement of defined benefit plan transferred from OCI | 46 | (88) |
| Less: Dividend Distribution \$ | (911) | (911) |
| Total Retained Earnings | 85,490 | 70,835 |

\$ The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2024-25 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 911 lakhs.



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

| (₹ in Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| E: Foreign Currency Translation Reserve | | |
| Opening Balance | 1,131 | 1,036 |
| Increase/(Decrease) During the Year | 891 | 95 |
| Total Reserves FCTR | 2,022 | 1,131 |

| (₹ in Lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| F: Other Comprehensive Income (OCI) | | |
| Items that will be reclassified to statement of profit and loss | | |
| (a) Cashflow Hedge Reserve: | | |
| Opening Balance | (56) | 85 |
| Increase/(Decrease) During the Year | (1,057) | (189) |
| Income Tax relating to above item | 266 | 48 |
| Total Cashflow Hedge Reserve | (847) | (56) |
| Items that will not be reclassified to statement of profit and loss | | |
| (b) Remeasurement of defined benefit plan: | | |
| Opening Balance | - | - |
| Increase/(Decrease) During the Year | 57 | (117) |
| Income Tax relating to above item | (11) | 29 |
| Less: Transferred to retained earnings | (46) | 88 |
| Closing Balance | - | - |
| Total Other Comprehensive Income (OCI) | (847) | (56) |

14 BORROWINGS

| (₹ in Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current Borrowings | | |
| Secured | | |
| From HDFC Bank Ltd. | 20,022 | 9,372 |
| From Mercedes Benz Financial Services India Pvt Ltd | 92 | 110 |
| Total Non-Current Borrowings | 20,114 | 9,482 |

Major Terms And Conditions w.r.t. Non Current Borrowings

(1) HDFC Bank Ltd

Engineering Segment-HEAL Secured by hypothecation of exclusive charge on the entire movable fixed assets, second charge on the entire stock and book debts and Corporate Guarantee of Harsha Engineers International Ltd, India.

(2) Mercedes Benz Financial Services India Pvt Ltd:

Engineering Segment -HEIL Secured by hypothecation of Car availed out of the said term loan.

Rate of interest ranges from 7% to 10.25% p.a. on Long Term Borrowing

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Repayments Terms of Non- Current Borrowing:

| (₹ in Lakhs) | | |
|----------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| 1-2 Years | 2,912 | 1,268 |
| 2-3 Years | 2,962 | 1,270 |
| 3-4 Years | 2,892 | 1,321 |
| Beyond 4 Years | 11,348 | 5,623 |
| Total | 20,114 | 9,482 |

Note: Non- Current Borrowing Repayments schedule does not includes current maturity of term loan

| (₹ in Lakhs) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2026 | As at March 31, 2025 |
| Current Borrowings | | |
| Secured | | |
| State Bank of India | 4,273 | 2,100 |
| Citi Bank | 8,064 | 7,415 |
| HDFC Bank Ltd | 1,000 | - |
| HSBC Bank (China) Co. Ltd. | 595 | 764 |
| Current maturities of long term debt | 1,682 | 17 |
| Unsecured | | |
| Loan from Bank | 1,355 | 73 |
| Total Current Borrowings | 16,969 | 10,369 |

Security for Current Borrowings

(1) State Bank of India:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citibank N.A., RBL Bank Ltd., HSBC Ltd and HDFC Bank Ltd.

(2) Citi Bank:

Engineering Segment -HEIL - Working capital Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with State Bank of India, RBL Bank Limited, HSBC Ltd and HDFC Bank Limited, and secured by demand promissory note and letter of continuity for the facility amount;

- SBLC extended to Citibank, China secured by demand promissory note and letter of continuity for the facility amount for working capital facility to Harsha Precision Bearing Components (China) Co. Limited;

- SBLC extended to Citibank, Romania for working capital facility to Harsha Engineers Europe SRL, further Citibank, Romania secured by first charge on inventory and receivables of Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and first charge on plant and machinery Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and secured by demand promissory note and letter of continuity for the facility amount.

(3) YES Bank Ltd:

Solar Segment Demand loans from banks are secured by first pari passu charge with RBL Bank Ltd. by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future excluding project specific charge.

(4) RBL Bank Ltd:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., HSBC Ltd and HDFC Bank Limited



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Solar Segment Demand loans from banks are secured by first pari passu charge with YES Bank Ltd by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future.

(5) HDFC Bank Ltd:

Engineering Segment -HEIL - Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., HSBC Ltd and RBL Bank Limited.

Engineering Segment-HEAL Secured by hypothecation of first charge on the entire stock and book debts; and Corporate guarantee of Harsha Engineers International Limited."

(6) HSBC Ltd:

Engineering Segment -HEIL Working capital Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citi Bank N.A., State Bank of India, RBL Bank Limited and HDFC Bank Limited

- SBLC extended to HSBC Bank (China) Co. Ltd. for working facility to Harsha Engineering Bearing Components (China) Co. Limited"

The Company has obtained various borrowings from banks on the basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks are in agreement with the books of accounts.

15 LEASE LIABILITY

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Lease Liability | 69 | 133 |
| Total Non-Current Lease Liability | 69 | 133 |
| Current | | |
| Lease Liability | 64 | 62 |
| Total Current Lease Liability | 64 | 62 |

16 PROVISIONS

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-Current | | |
| Provision For Employees Benefits, Refer Note: 33 | 1,119 | 1,005 |
| Total Non-Current Provisions | 1,119 | 1,005 |
| Current | | |
| Provision For Employees Benefits, Refer Note: 33 | 297 | 251 |
| Total Current Provisions | 297 | 251 |

17 DEFERRED TAX LIABILITY / (ASSET)

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Deferred Tax Liability, Refer Note: 32 | 2,587 | 2,240 |
| Less: Deferred Tax Asset, Refer Note: 32 | (1,481) | (1,000) |
| Net Deferred Tax Liability / (Asset) | 1,106 | 1,240 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

18 TRADE PAYABLES

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Dues to Micro and Small Enterprises [#] | 2,961 | 853 |
| Dues to other than Micro and Small Enterprises | 16,305 | 14,799 |
| Total Trade Payables \$ | 19,266 | 15,652 |
| \$ Includes trade payable to related parties -Refer Note 34G | 0 | 13 |

Trade Payables are generally settled as per payment terms agreed by the Company and Vendor

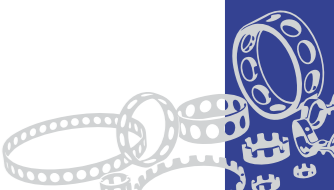
[#] Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March are provided as under for to the extent the Company has received intimation from the "Suppliers" regarding their status under the said Act.

| | | |
|---|-------|-----|
| A: Principal amount remaining unpaid to any supplier as at year end | 2,961 | 853 |
| B: Interest due thereon | - | - |
| C: Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year | 1 | - |
| D: Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act | - | - |
| E: Amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| F: Amount of further interest remaining due and payable in succeeding years. | - | - |

Ageing of Trade Payables

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | Total |
|-----------------------------|--------------|---------------|--------------------------------------|-----------|-----------|-------------------|---------------|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31, 2026 | | | | | | | |
| (i) MSME -Undisputed | - | 2,961 | - | - | - | - | 2,961 |
| (ii) Other -Undisputed | 2,586 | 10,755 | 2,924 | 9 | 6 | 25 | 16,305 |
| (iii) MSME -Disputed | - | - | - | - | - | - | - |
| (iv) Other -Disputed | - | - | - | - | - | - | - |
| Total | 2,586 | 13,716 | 2,924 | 9 | 6 | 25 | 19,266 |

| Particulars | Unbilled Due | Not Due | Outstanding from due date of payment | | | | Total |
|-----------------------------|--------------|---------------|--------------------------------------|------------|-----------|-------------------|---------------|
| | | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| As at March 31, 2025 | | | | | | | |
| (i) MSME -Undisputed | - | 853 | - | - | - | - | 853 |
| (ii) Other -Undisputed | 1,188 | 11,611 | 1,755 | 180 | 24 | 41 | 14,799 |
| (iii) MSME -Disputed | - | - | - | - | - | - | - |
| (iv) Other -Disputed | - | - | - | - | - | - | - |
| Total | 1,188 | 12,464 | 1,755 | 180 | 24 | 41 | 15,652 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

19 OTHER FINANCIAL LIABILITIES

| Particulars | (₹ in Lakhs) | |
|--|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Non-current | | |
| Security Deposits From Vendors | 356 | 408 |
| Total Other Non-Current Financial Liabilities | 356 | 408 |
| Current | | |
| Interest accrued but not due on borrowings | 134 | 67 |
| Payables for Capital Goods | 1,562 | 977 |
| Accrued Expenses | 2,347 | 2,059 |
| Unpaid Dividends * | 0 | 0 |
| Unspent CSR Payable | 141 | 135 |
| Derivative Liability / (Asset) | 1,133 | 75 |
| Total Other Current Financial Liabilities | 5,317 | 3,313 |

*There is no amount due to be transferred to Investor Education and Protection Fund.

20 OTHER LIABILITIES

| Particulars | (₹ in Lakhs) | |
|-----------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Current | | |
| Payable to Statutory Authorities | 1,217 | 1,367 |
| Advance from Customers | 566 | 379 |
| Asset Retirement Obligation - ARO | 31 | 31 |
| Total Current Liabilities | 1,814 | 1,777 |

21 CURRENT TAX LIABILITIES [NET]

| Particulars | (₹ in Lakhs) | |
|---|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Current | | |
| Provision for Taxation (Net of Advance Tax) | 28 | - |
| Total Current Tax Liabilities [Net] | 28 | - |

22 REVENUE FROM OPERATIONS

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Sales of Products & Services | | |
| (a) Sale of Products | 158,118 | 135,683 |
| (b) Sale of Services | 3,545 | 4,180 |
| (c) Unbilled Revenue | (22) | (1) |
| Total | 161,641 | 139,862 |
| Other Operating Revenues | | |
| Exports Benefits | 1,001 | 865 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|--------------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Solar Power Generation | 37 | 38 |
| Total | 1,038 | 903 |
| Total Revenue from Operations | 162,679 | 140,765 |

i) Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Reconciliation of revenue from operations with the contracted price: | | |
| Revenue as per Contract price | 162,765 | 141,171 |
| Less: Discounts | (342) | (672) |
| Less: Sales return | (782) | (637) |
| Sales of Products & Services | 161,641 | 139,862 |
| Other Operating Revenues | 1,038 | 903 |
| Total Revenue from Operations | 162,679 | 140,765 |
| ii) Revenue disaggregation by geography: | | |
| a. India | 78,645 | 68,666 |
| b. Outside India | 84,034 | 72,099 |
| Total Revenue from Operations | 162,679 | 140,765 |

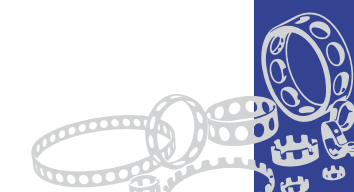
iii) Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

| Contract assets: | | |
|---|--------|--------|
| Trade receivables | 37,757 | 30,198 |
| Contract assets (Other Trade Receivable -Un billed Revenue) | 39 | 61 |
| Contract liabilities: | | |
| Advance from customers | 566 | 379 |

iv) Remaining Performance obligation:

The performance obligation is satisfied upon dispatch of goods from the Company's premises / delivery of goods to the customer in accordance with the terms of contract with customer.



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

23 OTHER INCOME

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Interest Income | 1,206 | 1,315 |
| Share of Profit/Loss from Cleanmax Harsha Solar LLP | 53 | 29 |
| Gain / (Loss) on Exchange Rate Fluctuation # | 882 | 925 |
| Miscellaneous Income | 210 | 43 |
| Other Income-Non -Operating | | |
| Gain / (Loss) on Sale of Investment (Mutual funds) (measured at FVTPL) | 2,179 | 197 |
| Gain/ (Loss) on Fair value of Investments (measured at FVTPL) | (679) | 1,264 |
| Total Other Income | 3,851 | 3,773 |
| # Includes unrealised Gain / (Loss) on Exchange Rate Fluctuation | 549 | (23) |

24 COST OF MATERIALS CONSUMED

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Cost of Material Consumed | 87,584 | 72,883 |
| Total Cost of Materials Consumed | 87,584 | 72,883 |

25 CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Finished Goods Opening Stock | 11,348 | 12,793 |
| Less: Finished Goods Closing Stock | (14,642) | (11,348) |
| Total | (3,294) | 1,445 |
| Work-In-Progress Opening Stock | 2,381 | 2,061 |
| Less: Work-In-Progress Closing Stock | (3,310) | (2,381) |
| Total | (929) | (320) |
| Toolings Opening Stock | 11,276 | 11,033 |
| Less: Toolings Closing Stock | (10,506) | (11,276) |
| Total | 770 | (243) |
| Exchange differences on translation of foreign operations | 769 | 103 |
| Total Change In Inventories of Finished Goods & Work-In-Progress | (2,684) | 985 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

26 EMPLOYEE BENEFIT EXPENSES

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Salaries, Wages & Bonus etc. | 18,798 | 16,254 |
| Contribution To PF, ESI etc. ## | 1,593 | 953 |
| Staff Welfare | 1,109 | 948 |
| Total Employee Benefit Expenses | 21,500 | 18,155 |

##Includes expenses related to Post Employment Defined Benefit Plans Refer Note: 33

27 FINANCE COSTS

| Particulars | (₹ in Lakhs) | |
|--------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Interest Expense | | |
| On Term Loans | 924 | 18 |
| On Working Capital Loans | 512 | 746 |
| On Others | 53 | 20 |
| Total | 1,489 | 784 |
| Other Borrowing Costs | | |
| Bank Charges & Processing Fees | 137 | 93 |
| Total | 137 | 93 |
| Total Finance Costs | 1,626 | 877 |

28 OTHER EXPENSES

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Stores & Spares Consumed | 5,606 | 4,574 |
| Packing Materials Consumed | 3,059 | 2,461 |
| Power & Fuel Consumption (Net) | 3,666 | 3,903 |
| Machinery Repairs & Maintenance | 918 | 797 |
| Civil and Fabrication Charges | 659 | 316 |
| Installation & Commissioning Charges | 1,565 | 1,273 |
| Contractor-Labour Charges | 5,940 | 5,057 |
| Other Operative Expenses | 619 | 419 |
| Advertisement & Sales Promotion | 79 | 154 |
| Celebration Expenses | 91 | 54 |
| Computer Expenses | 391 | 316 |
| Corporate Social Responsibility(CSR) | 341 | 306 |
| Donations | 1 | 30 |
| Freight, Forwarding & Clearing Expenses | 4,723 | 4,089 |
| Insurance Premium | 295 | 219 |
| Legal & Professional Expenses | 616 | 798 |
| Rent & Fleet Management Expenses | 1,059 | 1,038 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

| Particulars | (₹ in Lakhs) | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Loss / (Profit) on Sale/disposal of Property, Plant & Equipment/Termination of Leases (net) | 9 | 15 |
| Repairs & Maintenance | 526 | 346 |
| Rates & Taxes | 156 | 141 |
| Security & Housekeeping Expenses | 773 | 646 |
| Stationery, Printing & Communication Expenses | 192 | 147 |
| Staff Training, Membership & Subscription | 56 | 79 |
| Allowances for credit losses | (63) | 517 |
| Traveling & Conveyance Expenses | 488 | 424 |
| Miscellaneous Expenses | 517 | 1,069 |
| Total Other Expenses | 32,282 | 29,188 |

29 BAD DEBTS WRITE OFF / NET SUNDRY BALANCES WRITE OFF

| Particulars | (₹ in Lakhs) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Bad Debts Write Off / Net Sundry Balances write off | 31 | 2,060 |
| Total Bad Debts Write Off / Net Sundry Balances write off | 31 | 2,060 |

Bad Debts Write Off / Net Sundry Balances write off are mainly pertains to Solar-EPC and O&M Segment in the previous year

30 EXCEPTIONAL ITEMS

| Particulars | (₹ in Lakhs) | |
|--------------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Impairment of Goodwill | - | 2,768 |
| Total Exceptional Items | - | 2,768 |

In the previous year, the Company had made provision for impairment of Goodwill ₹ 2,768 lakhs in the carrying value of Goodwill on Consolidation based on Fair Valuation Report of Harsha Engineers Europe SRL-Romania [HEE SRL], due to change in the business plans of HEE SRL during the previous year, which resulted into fair value of net assets of HEE SRL being lower than their carrying value of the investment. Consequently, there had been a diminution in the value of Goodwill on Consolidation. The provision for impairment of Goodwill has been disclosed as an exceptional item.

31 EARNING PER SHARE (EPS)

| Particulars | (₹ in Lakhs) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2026 | For the year ended March 31, 2025 |
| Profit after tax attributable to Equity Holders (₹ In lakhs) | 15,520 | 8,931 |
| Weighted average number of Equity Shares for Basic EPS | 91,044,105 | 91,044,105 |
| Weighted average number of Diluted Shares for Diluted EPS | 91,044,105 | 91,044,105 |
| Nominal value per equity share (₹) | 10 | 10 |
| Earnings Per Share (₹): | | |
| Basic | 17.05 | 9.81 |
| Diluted | 17.05 | 9.81 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

32 DEFERRED TAX ASSET/ (LIABILITIES) [NET]
Movement in Deferred Tax Balances

| Particulars | Net Balance April 01, 2025 | For the year ended March 31, 2026 | | | As at March 31, 2026 | | |
|---|----------------------------|-----------------------------------|----------------------------------|-------------|----------------------|--------------------|------------------------|
| | | Recognised in Profit and Loss | Currency translation adjustments | OCI | Net | Deferred Tax Asset | Deferred Tax Liability |
| Deferred Tax Asset/ (Liabilities) | | | | | | | |
| Property, Plant & Equipment | (1,625) | (520) | - | - | (2,145) | - | (2,145) |
| Lease Liability | 3 | - | - | - | 3 | 3 | - |
| Bonus and Ex-gratia Payable | 4 | (1) | - | - | 3 | 3 | - |
| Gratuity | 85 | 20 | - | - | 105 | 105 | - |
| Leave Encashment | 122 | 26 | - | - | 148 | 148 | - |
| ARO Assets & Provision | 9 | - | - | - | 9 | 9 | - |
| Derivative Assets/ liabilities | (2) | - | - | - | (2) | - | (2) |
| Cumulative C/F Business Loss | 500 | 395 | 64 | - | 960 | 960 | - |
| Provision of doubtful Debts | 132 | (4) | - | - | 128 | 128 | - |
| O&M Income Receivable | (2) | 2 | - | - | - | - | - |
| Amortized Merger Expenses | 12 | (8) | - | - | 4 | 4 | - |
| Brought Forward LTCL | 8 | (7) | - | - | 1 | 1 | - |
| Provision Payable | 8 | 6 | - | - | 14 | 14 | - |
| Provision Income/Loss of MFs | (611) | 171 | - | - | (440) | - | (440) |
| Remeasurement of Gratuity (OCI) | 117 | - | - | (11) | 106 | 106 | - |
| Deferred tax assets/ (liabilities) | (1,240) | 80 | 64 | (11) | (1,106) | 1,481 | (2,587) |

Movement in Deferred Tax Balances

| Particulars | Net Balance April 01, 2024 | For the year ended March 31, 2025 | | | As at March 31, 2025 | | |
|---|----------------------------|-----------------------------------|----------------------------------|-----------|----------------------|--------------------|------------------------|
| | | Recognised in Profit and Loss | Currency translation adjustments | OCI | Net | Deferred Tax Asset | Deferred Tax Liability |
| Deferred Tax Asset/ (Liabilities) | | | | | | | |
| Property, Plant & Equipment | (1,562) | (63) | - | - | (1,625) | - | (1,625) |
| Lease Liability | 55 | (52) | - | - | 3 | 3 | - |
| Bonus and Ex-gratia Payable | 2 | 2 | - | - | 4 | 4 | - |
| Gratuity | 85 | 0 | - | - | 85 | 85 | - |
| Leave Encashment | 116 | 6 | - | - | 122 | 122 | - |
| ARO Assets & Provision | 9 | 0 | - | - | 9 | 9 | - |
| Derivative Assets/ liabilities | (2) | - | - | - | (2) | - | (2) |
| Cumulative C/F Business Loss | 639 | (153) | 13 | - | 500 | 500 | - |
| Provision of doubtful Debts | 2 | 130 | - | - | 132 | 132 | - |
| O&M Income Receivable | (10) | 8 | - | - | (2) | - | (2) |
| Amortized Merger Expenses | 20 | (8) | - | - | 12 | 12 | - |
| Brought Forward LTCL | 21 | (13) | - | - | 8 | 8 | - |
| Provision Payable | 65 | (57) | - | - | 8 | 8 | - |
| Provision Income/Loss of MFs | (293) | (318) | - | - | (611) | - | (611) |
| Remeasurement of Gratuity (OCI) | 88 | - | - | 29 | 117 | 117 | - |
| Deferred Tax Assets/ (Liabilities) | (765) | (517) | 13 | 29 | (1,240) | 1,000 | (2,240) |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

33 DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|-------------------|-------------------------|--------------|-------------------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Withdrawal rate | Age 25 & below: 5% p.a. | | Age 25 & below: 5% p.a. | |
| | Age 25 to 45: 3% p.a. | | Age 25 to 45: 3% p.a. | |
| | Age 45 & Above: 1% p.a. | | Age 45 & Above: 1% p.a. | |
| Retirement Age | 58 Years | | 58 Years | |
| Discount Rate | 7.25% P.A. | | 7.20% P.A. | |
| Salary escalation | 6.00% P.A. | | 6.00% P.A. | |

The plan typically exposes the Company to actuarial risk such as –

- A. Actuarial Risk:** Risk in cost more than expected due to adverse salary growth experience, variability mortality rates, and variability in withdrawal rate.
- B. Investment Risk:** For funded plans that rely on insures for managing the assets, the value of the assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- C. Liquidity Risk:** Employees with high salaries and long duration or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company, there can be strain of the cashflows.
- D. Market Risk:** Market risk is collective term for risk that are related to changes and fluctuations of the financial markets. One actuarial assumption that has a market effect in the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to a decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- E. Legislative Risk:** Legislative risk is the risk of increase in plan liabilities or reduction in the plan assets due to change in the legislative/regulation. The government may amend the Social Security Code, 2020 thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

New Labour Code:

Effective November 21, 2025, the Government of India has consolidated 29 existing labour legislations into a unified framework comprising four Labour Codes collectively referred to as the “New Labour Codes”. On the basis of the information available, the Company has assessed the financial implications of these changes, which has resulted in one time increase in gratuity and leave encashment liability mainly on account of past service cost by ₹ 597 lakhs. Such increase is primarily arising due to change in the definition of “wages” for employees and contract labours. Certain supporting rules under the New Labour Codes are yet to be notified, and the Company continues to monitor the enactment of the Central and State rules and related clarifications, appropriate accounting effect of such developments will be provided.

The following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on “Employee Benefit”.

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|---|----------|--------------|----------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Table showing change in benefit obligation | | | | |
| Opening defined benefit obligation | 2,370 | 485 | 2,118 | 459 |
| Interest Cost | 152 | 32 | 143 | 31 |
| Current Service Cost | 219 | 93 | 194 | 71 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

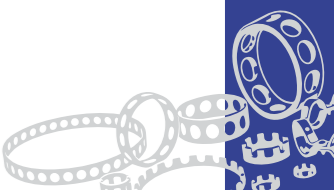
(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|---|--------------|--------------|--------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Benefit Paid | (145) | (121) | (229) | (141) |
| Due to change in financial Assumptions | (144) | (35) | 102 | 24 |
| Due to Experience adjustments | (9) | 33 | 42 | 41 |
| Past Service Cost | 492 | 105 | - | - |
| Liability at the end of the period | 2,934 | 593 | 2,370 | 485 |
| Table showing change in Fair Value of Plan Assets | | | | |
| Fair Value of Plan Assets at the beginning | 1,599 | - | 1,469 | - |
| Expected Return on Plan Assets | (93) | - | 27 | 0 |
| Contributions | 500 | - | - | 0 |
| Interest Income | 107 | - | 103 | - |
| Fair Value of Plan Assets at the end of the period | 2,112 | - | 1,599 | - |

(₹ in Lakhs)

| Particulars | 2025-26 | | 2024-25 | |
|---|------------|--------------|------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Amount recognised in Balance Sheet | | | | |
| Liability at the end of the period | 2,934 | 593 | 2,370 | 485 |
| Fair Value of Plan Asset at the end of the period | 2,112 | - | 1,599 | - |
| Net Amount recognised in Balance Sheet | 823 | 593 | 771 | 485 |

| Particulars | 2025-26 | | 2024-25 | |
|--|-------------|--------------|------------|--------------|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Expense recognised in the Statement of Profit and Loss | | | | |
| Current Service cost | 219 | 93 | 194 | 71 |
| Past Service Cost | 492 | 105 | - | - |
| Interest cost | 45 | 32 | 40 | 31 |
| Expected return on Plan Asset | 0 | (1) | - | 65 |
| Net Expense recognised in P&L | 756 | 229 | 234 | 167 |
| Expense recognised in the Statement of Other Comprehensive Income | | | | |
| Due to change in financial assumption | (143) | - | 102 | - |
| Due to change in demographic assumption | (12) | - | - | - |
| Due to experience adjustment | 3 | - | 43 | - |
| Return on plan assets excluding amounts included in interest income | 94 | - | (27) | - |
| Net Expense recognised in OCI | (57) | - | 117 | - |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Sensitivity Analysis

The Sensitivity Analysis is performed by varying a single parameters, while keeping all the other parameters unchanged.

| Particulars | (₹ in Lakhs) | | | |
|--|--------------|----------|----------|----------|
| | 2025-26 | | 2024-25 | |
| | Increase | Decrease | Increase | Decrease |
| Gratuity | | | | |
| Discount rate 1%/-1% (Previous year: 1%/-1%) | (251) | 293 | (215) | 253 |
| Salary growth rate 1%/-1% (Previous year: 1%/-1%) | 293 | (255) | 252 | (217) |
| Withdrawal/Attrition Rate 10%/-10% (Previous year: 10%/-10%) | 7 | (5) | 4 | (2) |
| Leave salary | | | | |
| Discount rate 0.5%/-0.5% (Previous year: 0.5%/-0.5%) | (31) | 34 | (27) | 29 |
| Salary growth rate 0.5%/-0.5% (Previous year: 0.5%/-0.5%) | 34 | (32) | 29 | (27) |
| Withdrawal/Attrition Rate 10%/-10% (Previous year: 10%/-10%) | 2 | (2) | 1 | (1) |

The Maturity Profile of Defined Benefit Obligation

| Particulars | (₹ in Lakhs) | | | |
|--|--------------|--------------|-------------|--------------|
| | 2025-26 | | 2024-25 | |
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| The Weighted Average Duration (Years) as at valuation date | 9.89 Years | 11.92 Years | 10.33 Years | 12.23 Years |

| Expected Future Cash Flows (Undiscounted) | (₹ in Lakhs) | | | |
|---|--------------|--------------|----------|--------------|
| | 2025-26 | | 2024-25 | |
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Year 1 Cash flow | 290 | 55 | 244 | 42 |
| Year 2 Cash flow | 142 | 24 | 114 | 21 |
| Year 3 Cash flow | 202 | 31 | 113 | 20 |
| Year 4 Cash flow | 176 | 30 | 425 | 26 |
| Year 5 Cash flow | 244 | 42 | 330 | 24 |
| Year 6 to Year 10 Cash flow | 1,319 | 215 | 1,042 | 178 |

34 RELATED PARTY DISCLOSURES

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified by the Company is as follows:

A. Subsidiary/ Joint Venture :-

| Name of Entity | Type of Relationship |
|--|----------------------|
| Harsha Precision Bearing Components (China) Co., Limited | Subsidiary |
| Harsha Engineers Europe SRL | Subsidiary |
| Harsha Engineers Advantek Limited | Subsidiary |
| Cleanmax Harsha Solar LLP | Joint Venture |

B. Director or Key Management Personnel ("KMP") :-

| | |
|-----------------|-------------------------|
| Rajendra Shah | Harish Rangwala |
| Vishal Rangwala | Pilak Shah |
| Hetal Naik | Ambar Patel |
| Kunal Shah | Ramakrishnan Kasinathan |
| Bhushan Punani | Priyanka Agrawal Chopra |
| Maulik Jasani | Kiran Mohanty |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

C. Relative of Director or KMP with whom transactions has been made during the reporting period :-

| | |
|---------------|----------------------|
| Nirmala Shah | Charusheela Rangwala |
| Vaishali Shah | Tanvi Rangwala |
| Manish Naik | Maulik S Jasani HUF |
| Suresh Jasani | Rinkal Jasani |
| Saurin Jasani | |

D. Enterprise on which Director or KMP or it's relatives have significant influence and control with whom transactions has been made during the year :-

| | |
|------------------------------|--|
| Vishal Rangwala Family Trust | Pilak Shah Family Trust |
| Munjal Rangwala Family Trust | Mili Mehta Family Trust |
| Hetal Ukani Family Trust | Aastha Charitable Trust for Welfare of the Mentally Challenged |
| AIA Engineering Limited * | Harsha Engineers International Limited Group Gratuity Trust |
| Crest Creative Unit | Sant Vinoba Gram Swarajya Ashram |

E. Name of Related Parties other than mentioned in above point A, B,C and D with whom transactions has been made during the year :-

| | |
|---------------------------|---------------------------|
| Jyotsnaben Shah | Rameshbhai Shah |
| Hemant Kumar Sharma | Vidhya Sharma |
| Mircea Bucur | Ecological Service Inc. ^ |
| Goldi Harsha Ventures LLP | |

F. Transactions during the year with related parties :-

| Sr. No. | Nature of transaction / relationship / major parties Name of Entity | Type of Relationship | (₹ in Lakhs) | | |
|---------|--|---|--|----------------|--------------|
| | | | For the year ended | | |
| | | | March 31, 2026 | March 31, 2025 | |
| 1 | Investment in Equity / Preference Share / Partner's Capital /Current A/c in Joint Venture's | | | | |
| | | Harsha Engineers Europe SRL | Subsidiary | 1,294 | - |
| | | Harsha Engineers Advantek Limited | Subsidiary | 2,000 | 6,000 |
| | | Cleanmax Harsha Solar LLP ** | Joint Venture | 12 | (36) |
| | | Total | | 3,305 | 5,964 |
| 2 | Sales of Goods & License / Reimbursement | | | | |
| | | Harsha Precision Bearing Components (China)Co., Limited | Subsidiary | 429 | 513 |
| | | Harsha Engineers Europe SRL | Subsidiary | 192 | 36 |
| | | Harsha Engineers Advantek Limited | Subsidiary | 585 | 132 |
| | | AIA Engineering Limited* | Directors have significant influence & control | 2,826 | 1,511 |
| | | Goldi Harsha Ventures LLP | Other Related Parties as mentioned in above E | 137 | 33 |
| | | Total | | 4,173 | 2,225 |
| 3 | Sales of Assets | | | | |
| | | Harsha Engineers Advantek Limited | Subsidiary | 296 | - |
| | | Total | | 296 | - |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| Sr. No. | Nature of transaction / relationship / major parties Name of Entity | Type of Relationship | For the year ended | |
|-----------|--|--|--------------------|----------------|
| | | | March 31, 2026 | March 31, 2025 |
| 4 | Purchase of Goods / Job work / Service/ Reimbursement | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 107 | - |
| | Manish Naik | Relative of Director | 15 | 15 |
| | Maulik S Jasani HUF | Relative of KMP | - | 2 |
| | Crest Creative Unit | Directors have significant influence & control | 16 | 7 |
| | AIA Engineering Limited * | Directors have significant influence & control | 1 | - |
| | Aastha Charitable Trust for Welfare of the Mentally Challenged | Directors have significant influence & control | 5 | 4 |
| | Ecological Service Inc. ^ | Other Related Parties as mentioned in above E | 13 | 65 |
| | Vidhya Sharma | Other Related Parties as mentioned in above E | 5 | 5 |
| | Total | | 161 | 98 |
| 5 | Managerial Remuneration and Salary # | | | |
| | Director's / KMP's / Other Related Parties | | 1,102 | 954 |
| | Total | | 1,102 | 954 |
| 6 | CSR Contribution | | | |
| | Aastha Charitable Trust for Welfare of the Mentally Challenged | Directors have significant influence & control | 285 | 120 |
| | Sant Vinoba Gram Swarajya Ashram | Directors have significant influence & control | 10 | 15 |
| | Total | | 295 | 135 |
| 7 | Contribution to Group Gratuity Trust | | | |
| | Harsha Engineers International Limited Group Gratuity Trust | Directors have significant influence & control | 500 | - |
| | Total | | 500 | - |
| 8 | Interest Income | | | |
| | Harsha Precision Bearing Components (China)Co.,Limited | Subsidiary | 84 | 106 |
| | Harsha Engineers Advantek Limited | Subsidiary | 4 | 8 |
| | Kiran Mohanty | KMP | 0 | 0 |
| | Total | | 88 | 114 |
| 9 | Corporate Guarantee Charges Income | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 64 | 28 |
| | Total | | 64 | 28 |
| 10 | Dividend Paid | | | |
| | Director's / KMP's / Other Related Parties | | 681 | 679 |
| | Total | | 681 | 679 |
| 11 | Sitting Fees | | | |
| | Director's Sitting Fees | | 6 | 4 |
| | Total | | 6 | 4 |
| 12 | Loans Given | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 520 | 900 |
| | Total | | 520 | 900 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

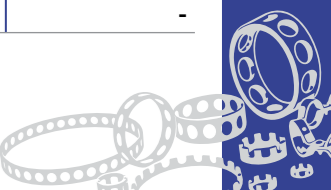
(₹ in Lakhs)

| Sr. No. | Nature of transaction / relationship / major parties Name of Entity | Type of Relationship | For the year ended | |
|-----------|--|----------------------|--------------------|----------------|
| | | | March 31, 2026 | March 31, 2025 |
| 13 | Loans Received Back | | | |
| | Harsha Engineers Advantek Limited | Subsidiary | 520 | 900 |
| | Kiran Mohanty | KMP | 0 | 0 |
| | Total | | 520 | 900 |
| 14 | Impairment Loss on Investments | | | |
| | Harsha Engineers Europe SRL ^^ | Subsidiary | - | 9,501 |
| | Total | | - | 9,501 |
| 15 | Advances To Suppliers | | | |
| | Harsha Engineers Europe SRL | Subsidiary | 908 | - |
| | Total | | 908 | - |

G. Outstanding balance of related party :-

(₹ in Lakhs)

| Sr. No. | Nature of transaction / relationship / major parties Name of Entity | Type of Relationship | As at | |
|----------|--|--|----------------|----------------|
| | | | March 31, 2026 | March 31, 2025 |
| 1 | Trade & Other Receivable | | | |
| | Harsha Precision Bearing Components (China) Co.,Limited | Subsidiary | 491 | 867 |
| | Harsha Engineers Europe SRL | Subsidiary | 70 | 36 |
| | Harsha Engineers Advantek Limited | Subsidiary | 581 | 28 |
| | AIA Engineering Limited * | Directors have significant influence & control | 101 | 201 |
| | Goldi Harsha Ventures LLP | Other Related Parties as mentioned in above E | 94 | 30 |
| | Total | | 1,338 | 1,160 |
| 2 | Trade & Other Payables | | | |
| | Harsha Precision Bearing Components (China) Co.,Limited | Subsidiary | 7 | 7 |
| | Harsha Engineers Advantek Limited | Subsidiary | 12 | |
| | Ecological Service Inc. ^ | Other Related Parties as mentioned in above E | - | 13 |
| | Vidhya Sharma | Other Related Parties as mentioned in above E | 0 | 0 |
| | Total | | 20 | 21 |
| 3 | Loan & Advance | | | |
| | Harsha Precision Bearing Components (China) Co.,Limited | Subsidiary | 2,295 | 2,068 |
| | Kiran Mohanty | KMP | - | 0 |
| | Total | | 2,295 | 2,069 |
| 4 | Interest Receivable on loan | | | |
| | Harsha Precision Bearing Components (China)Co., Limited | Subsidiary | 96 | 218 |
| | Total | | 96 | 218 |
| 5 | Advances To Suppliers | | | |
| | Harsha Engineers Europe SRL | Subsidiary | 908 | - |
| | Total | | 908 | - |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| Sr. No. | Nature of transaction / relationship / major parties Name of Entity | Type of Relationship | As at | |
|---------|--|----------------------|----------------|----------------|
| | | | March 31, 2026 | March 31, 2025 |
| 6 | Managerial Remuneration and Salary Payable # | | | |
| | Director's / KMP's / Other Related Parties | | 530 | 432 |
| | Total | | 530 | 432 |

* Mr. Rajendra Shah is ceased to be Chairman and Director in the AIA Engineering Limited effective from April 20, 2026.

** Includes Profit / (Loss) Share & Partner's Capital Infusion/Drawings.

^ The Representative Agreement with Ecological Services has been terminated, effective from June 30, 2025.

^^ Value pertains to Impairment in carrying value of Investment based on Fair Valuation Report of wholly owned subsidiary, Harsha Engineers Europe SRL.

Remuneration of Managerial Persons is inclusive of Managerial Remuneration payable for financial year ended March 31, 2026 as approved by the Board at their meeting held on May 07, 2026.

H. The transactions with related parties entered during the year were in ordinary course of the business and are on arm's length basis & the transactions with Subsidiaries are eliminated in the consolidated financials.

35. OTHER NOTES

35.1. Contingent Liabilities, Contingent Assets and Capital Commitments

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts (net of advance, if any). Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

(₹ in Lakhs)

| Particulars | As at | |
|---|----------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| (a) CONTINGENT LIABILITIES NOT PROVIDED FOR : | | |
| (i) Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding) | 6,955 | 7,316 |
| (ii) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged. | 609 | 82 |
| (iii) Claims against the Company not acknowledged as debts: | | |
| - Income Tax Matters | 3,385 | 6,231 |
| - Excise, Service Tax, VAT and GST Matters | 562 | 501 |
| (iv) Other Matters including claims related to Customer, Vendor, ESIC, Ex-Employee and others # | 1,552 | 1,564 |
| (b) CAPITAL COMMITMENTS : | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 1,329 | 5,707 |

#It includes ₹ 1,500 lakhs of the City Civil Court, Bengaluru case filed by Orchestrate Systems Pvt Ltd. (OSPL) against the Company. This matter was filed by OSPL after the winding up petition was filed by the Company against OSPL at Karnataka High Court. Later the Company had withdrawn the winding up petition at Karnataka High court against OSPL, with permission of court to pursue the matter under MSMED Act. Thereafter, the Company had filed MSME case against OSPL for recovery of ₹ 686 lakhs and on conciliation fail at MSMEFC the matter was refer to Arbitration. After completion of arbitration, arbitrator has passed necessary order in favour of the Company for recovery of ₹ 686 lakhs plus interest as per the said order dated May 04, 2019. The company has filed execution petition at commercial court Raipur for above arbitration order as assets of OSPL are located in Chhattisgarh. The same matter is pending with commercial court, Raipur. OSPL has challenged this arbitration at Gujarat High court and the same matter is also pending with Gujarat High court. Against, civil court case at Bengaluru by OSPL, Counter Claim Revival Application has been submitted by the Company, Hearing on revival application is pending.

Note : All of the issue of litigation pertaining to Income tax are based on interpretation of the income tax law & rules,

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Management has been opined by its counsel that many of the issues raised by revenues will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. As such no material impact on the financial of the Company is envisaged. Out of above net contingent liabilities ₹ 252 lakhs refund & interest received from department before approval of financials by Board.

35.2. Key Performance Indicators

In accordance with SEBI Final Observations letter dated April 30, 2022 (the "SEBI Final Observations") with respect to the IPO, KPI's of the Company for the financial year ended March 31, 2026 are listed below.

(₹ In lakhs)

| Particulars | For the year ended | |
|---------------------------------------|--------------------|----------------|
| | March 31, 2026 | March 31, 2025 |
| Revenue from Operations | 162,679 | 140,765 |
| EBITDA ¹ | 27,817 | 18,499 |
| EBITDA margins ² | 17.10% | 13.14% |
| PAT | 15,520 | 8,931 |
| PAT margin ³ | 9.54% | 6.34% |
| Return on Average Equity ⁴ | 11.68% | 7.35% |

1 EBITDA = PBT + Depreciation and Amortization Expense + Finance Costs

2 EBITDA margin = EBITDA / Revenue from Operations

3 PAT margin = PAT / Revenue from Operations

4 Return on Average Equity = PAT / ((Beginning Equity + Ending Equity)/2)

35.3. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker [CODM] of the Group.

Ind AS 108 "Operating Segment" establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas. Accordingly, information has been presented both along business segments and geographic segments.

A : BUSINESS SEGMENTS INFORMATION

The Chief Operating Decision Maker [CODM] reviews the Group as (i) "Engineering & Others" and (ii) "Solar-EPC and O&M" segment .

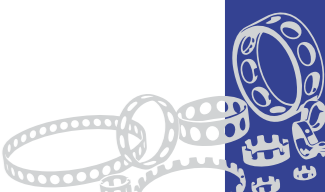
The CODM reviews revenue, results, total assets and total liabilities as the performance indicator of an operating segment.

The "Engineering & Others" segment includes all activities related with Bearing Cages & Stamp components including but not limited to sales, services, design, tooling, development, procurement and manufacturing.

The "Solar-EPC and O&M" segment includes all activities related with Solar Power Projects including but not limited to engineering, design, development, procurement, construction, erection, installation, commissioning, operation & maintenance.

The above business segments have been identified considering, (1) the different risk and returns and (2) the Customers.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

additional information for segment reporting.

| Particulars | For the year ended | |
|--|--------------------|----------------|
| | (₹ In lakhs) | |
| | March 31, 2026 | March 31, 2025 |
| 1. Segment Revenues : | | |
| a. Engineering & Others | 144,356 | 126,885 |
| b. Solar-EPC and O&M | 18,323 | 13,880 |
| Total Revenue from Operations | 162,679 | 140,765 |
| 2. Segment Operating Results (EBITDA) # : | | |
| a. Engineering & Others | 26,385 | 19,914 |
| b. Solar-EPC and O&M | 1,432 | (1,415) |
| Total Operating Results (EBITDA) | 27,817 | 18,499 |
| 3. Segment Results (PBT) : | | |
| a. Engineering & Others | 20,118 | 15,028 |
| b. Solar-EPC and O&M | 1,407 | (1,460) |
| Total Profit Before Tax (PBT) | 21,525 | 13,568 |
| 4. Segment Assets : | | |
| a. Engineering & Others | 194,619 | 160,853 |
| b. Solar-EPC and O&M | 12,069 | 8,253 |
| Total Assets | 206,688 | 169,106 |
| 5. Segment Liabilities : | | |
| a. Engineering & Others | 54,161 | 34,139 |
| b. Solar-EPC and O&M | 12,358 | 9,553 |
| Total Liabilities | 66,519 | 43,692 |

#Operating Results (EBITDA) : Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

SECONDARY SEGMENT INFORMATION
B : Geographical Segment:

| Particulars | For the year ended | |
|----------------------------------|--------------------|----------------|
| | (₹ In lakhs) | |
| | March 31, 2026 | March 31, 2025 |
| 1. Revenues: * | | |
| a. India | 78,645 | 68,666 |
| b. Outside India | 84,034 | 72,099 |
| Total | 162,679 | 140,765 |
| 2. Non-current assets: ** | | |
| a. India | 56,506 | 46,732 |
| b. Outside India | 6,986 | 6,394 |
| Total | 63,492 | 53,126 |

C : Information about major customers:

| Particulars | For the year ended | |
|--|--------------------|----------------|
| | (₹ In lakhs) | |
| | March 31, 2026 | March 31, 2025 |
| Revenues from Operation derived from single external customer which amount to 10% or more of the Group's revenue | 20,530 | 15,534 |

* The revenue information above is based on the locations of the customers, however Sales to SEZ Unit has been Considered as Outside India.

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

** Non-current assets for this purpose consist of property, plant and equipment, intangible assets and Capital Work-In-Progress.

35.4. Group Information:

Consolidated Financial Statements for the year comprise the Financial Statements of Harsha Engineers International Limited and its subsidiaries as well as its interest in Joint Ventures/Associates, which are as under:

| Name | Principal activities | Country of incorporation | Status of Financial Statement | % equity Interest | |
|--|---|--------------------------|-------------------------------|--------------------|----------------|
| | | | | For the year ended | |
| | | | | March 31, 2026 | March 31, 2025 |
| Indian subsidiaries: | | | | | |
| Harsha Engineers Advantek Limited | Manufacturing of Bearing Cage & Other stamping components | India | Audited | 100% | 100% |
| Foreign subsidiaries: | | | | | |
| Harsha Precision Bearing Components (China) Co., Limited | Manufacturing of Bearing Cage | China | Unaudited | 100% | 100% |
| Harsha Engineers Europe SRL | Manufacturing of Bearing Cage | Romania | Unaudited | 100% | 100% |
| Indian Joint Venture : | | | | | |
| Cleanmax Harsha Solar LLP | Solar EPC | India | Audited | 50% | 50% |

Statutory Group Information:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

| Name | Net Assets i.e. total assets minus total liabilities | | Share in Profit / [Loss] | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|--|--|-----------------|--------------------------------------|---------------|---|--------------|---|---------------|
| | As % of Consolidated Net Assets | ₹ In lakhs | As % of Consolidated Profit / [Loss] | ₹ In lakhs | As % of Consolidated Other Comprehensive Income | ₹ In lakhs | As % of Consolidated Total Comprehensive Income | ₹ In lakhs |
| | | | | | | | | |
| As at March 31, 2026 | | | | | | | | |
| Holding Company: | | | | | | | | |
| Harsha Engineers International Limited | 102% | 1,42,952 | 114% | 17,680 | 102% | (760) | 115% | 16,921 |
| Indian Subsidiaries: | | | | | | | | |
| Harsha Engineers Advantek Limited | 10% | 13,929 | (7%) | (1,158) | (2%) | 15 | (8%) | (1,144) |
| Foreign Subsidiaries: | | | | | | | | |
| Harsha Precision Bearing Components (China) Co., Limited | 6% | 8,926 | 3% | 493 | 0% | - | 3% | 493 |
| Harsha Engineers Europe SRL | (1%) | (2,008) | (9%) | (1,421) | 0% | - | (10%) | (1,421) |
| Add / (Less): | | | | | | | | |
| Consolidation Adjustment | (17%) | (23,630) | 0% | (74) | 0% | - | (1%) | (74) |
| Total | 100% | 1,40,169 | 100% | 15,520 | 100% | (745) | 100% | 14,775 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

| Name | Net Assets i.e. total assets minus total liabilities | | Share in Profit / [Loss] | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|--|--|----------------|--------------------------------------|--------------|---|--------------|---|--------------|
| | As % of Consolidated Net Assets | ₹ In lakhs | As % of Consolidated Profit / [Loss] | ₹ In lakhs | As % of Consolidated Other Comprehensive Income | ₹ In lakhs | As % of Consolidated Total Comprehensive Income | ₹ In lakhs |
| As at March 31, 2025 | | | | | | | | |
| Holding Company: | | | | | | | | |
| Harsha Engineers International Limited | 101% | 126,942 | 40% | 3,535 | 100% | (229) | 38% | 3,307 |
| Indian Subsidiaries: | | | | | | | | |
| Harsha Engineers Advantek Limited | 10% | 13,073 | 1% | 80 | 0% | 0 | 1% | 79 |
| Foreign Subsidiaries: | | | | | | | | |
| Harsha Precision Bearing Components (China) Co., Limited | 6% | 7,290 | 3% | 292 | 0% | - | 3% | 292 |
| Harsha Engineers Europe SRL | (1%) | (1,613) | (19%) | (1,701) | 0% | - | (20%) | (1,701) |
| Add / (Less): | | | | | | | | |
| Consolidation Adjustment | (16%) | (20,278) | 75% | 6,725 | 0% | - | 77% | 6,725 |
| Total | 100% | 125,414 | 100% | 8,931 | 100% | (229) | 100% | 8,702 |

35.5. Additional Regulatory Information :

- The Company does not have any investment property hence, comment related to revaluation is not made.
- The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are: (a) repayable on demand; or (b) without specifying any terms or period of repayment.
- No proceedings have been initiated during the year or are pending against the Company as at reporting date for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- The Company has not been declared as wilful defaulter (by virtue of Section 477 & 488 of the Companies Act, 2013) by any bank or financial institution or government or any government authority.
- The Company did not have any material transaction with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the current and previous financial year.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017
- (A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

- The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall :
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

9) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

10) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

35.6. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 07, 2026, recommended the final dividend of Rs. 1.50 per equity share of ₹ 10/- each for the year 2025-26, which will result in a total outflow of ₹ 1,365.66 lakhs. The recommended dividend is subject to the approval of the shareholders at the Annual General Meeting and hence not recognised as a liability as at March 31, 2026.

35.7. Maintenance of Books of Accounts with Audit Trail

The Parent and Indian Subsidiaries have used accounting software for maintaining its books of account, which has a feature of recording audit trail [edit log] facility and the same has been operational throughout the year for all relevant transactions recorded in the software except that no audit trail has been enabled at the database level for accounting software to log any direct data changes.

Audit trail has been preserved by the Parent and Indian Subsidiaries as per the statutory requirements for record retention.

35.8 Previous year's figures have been regrouped / reclassified to make them comparable with those of the current reporting year, wherever necessary.

36 A. Financial instruments by category and their fair value

| As at March 31, 2026 | Carrying amount | | | | Fair value | | | |
|-------------------------------|-----------------|----------|----------------|---------------|--|---|---|---------------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| Financial assets | | | | | | | | |
| Investments # | | | | | | | | |
| Quoted | 30,413 | - | 16,325 | 46,738 | 30,413 | - | - | 30,413 |
| Loans | | | | | | | | |
| Non-Current | - | - | 16 | 16 | - | - | - | - |
| Current | - | - | 515 | 515 | - | - | - | - |
| Trade Receivables | - | - | 37,796 | 37,796 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 3,309 | 3,309 | - | - | - | - |
| Other Bank Balances | - | - | 1,189 | 1,189 | - | - | - | - |
| Other financial assets | | | | | | | | |
| Non-Current | - | - | 68 | 68 | - | - | - | - |
| Current | - | - | 871 | 871 | - | - | - | - |
| Total financial assets | 30,413 | - | 60,089 | 90,502 | 30,413 | - | - | 30,413 |
| Financial liabilities | | | | | | | | |
| Borrowings | | | | | | | | |
| Non-current | - | - | 20,114 | 20,114 | - | - | - | - |
| Current | - | - | 16,969 | 16,969 | - | - | - | - |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

(₹ in Lakhs)

| As at March 31, 2026 | Carrying amount | | | | Fair value | | | |
|------------------------------------|-----------------|--------------|----------------|---------------|--|---|---|--------------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| Lease liabilities | | | | | | | | |
| Non-current | - | - | 69 | 69 | - | - | - | - |
| Current | - | - | 64 | 64 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| Non-current | - | - | 356 | 356 | - | - | - | - |
| Current | - | 1,133 | 4,184 | 5,317 | 1,133 | - | - | 1,133 |
| Trade Payables | - | - | 19,266 | 19,266 | - | - | - | - |
| Total financial liabilities | - | 1,133 | 61,022 | 62,155 | 1,133 | - | - | 1,133 |

(₹ in Lakhs)

| As at March 31, 2025 | Carrying amount | | | | Fair value | | | |
|------------------------------------|-----------------|-----------|----------------|---------------|--|---|---|---------------|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| Financial assets | | | | | | | | |
| Investments # | | | | | | | | |
| Quoted | 23,944 | - | 6,008 | 29,952 | 23,944 | - | - | 23,944 |
| Loans | | | | | | | | |
| Non-Current | - | - | 12 | 12 | - | - | - | - |
| Current | - | - | 1,512 | 1,512 | - | - | - | - |
| Trade Receivables | - | - | 30,259 | 30,259 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 1,546 | 1,546 | - | - | - | - |
| Other Bank Balances | - | - | 6,072 | 6,072 | - | - | - | - |
| Other financial assets | | | | | | | | |
| Non-Current | - | - | 203 | 203 | - | - | - | - |
| Current | - | - | 409 | 409 | - | - | - | - |
| Total financial assets | 23,944 | - | 46,021 | 69,965 | 23,944 | - | - | 23,944 |
| Financial liabilities | | | | | | | | |
| Borrowings | | | | | | | | |
| Non-current | - | - | 9,482 | 9,482 | - | - | - | - |
| Current | - | - | 10,369 | 10,369 | - | - | - | - |
| Lease liabilities | | | | | | | | |
| Non-current | - | - | 133 | 133 | - | - | - | - |
| Current | - | - | 62 | 62 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| Non-current | - | - | 408 | 408 | - | - | - | - |
| Current | - | 75 | 3,238 | 3,313 | 75 | - | - | 75 |
| Trade Payables | - | - | 15,652 | 15,652 | - | - | - | - |
| Total financial liabilities | - | 75 | 39,344 | 39,419 | 75 | - | - | 75 |

#Investments in Subsidiaries, Joint venture & Associates have been accounted at historical cost (Net of Impairment). Since these are out of scope of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table.

Fair value of instruments measured at amortised cost:

The carrying amounts of Financial assets and liabilities are considered to be the approximately equal to the fair values and not materially different from the carrying amount. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:

Input Level 1 (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Input Level 2 (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

Input Level 3 (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

B. Financial risk management

The Company's principal financial liabilities comprises of loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company operations and to provide guarantees to support its operations. The Company's principal financial assets include trade & other receivables, cash & cash equivalents and investments that are derived directly from its operations. The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the Company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

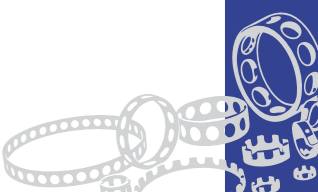
The Company's exposure to credit risk is the exposure that Company has on account of goods & services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Company's customer base are Industrial and Commercial.

The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

Age of Receivables:

| Particulars | (₹ in Lakhs) | |
|------------------------------------|----------------------|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Unbilled Due | 39 | 61 |
| Not Due | 31,358 | 24,421 |
| Less than 6 Months | 3,843 | 3,274 |
| 6-12 Months | 855 | 533 |
| 1-2 Years | 313 | 437 |
| 2-3 Years | 2 | 21 |
| More than 3 Years | 1,895 | 2,080 |
| Gross carrying amount | 38,305 | 30,827 |
| Less: Allowances for credit losses | 509 | 568 |
| Net carrying amount | 37,796 | 30,259 |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

The above receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables.

Other financial assets

Other financial assets comprise of cash and cash equivalents, Bank fixed deposits, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures as well as derivative instruments.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Company reviews their credit-worthiness at regular intervals.
- Investments are made in credit worthy Asset Management Companies or Instruments.
- Derivative instrument comprises cross currency interest rate swaps, forward contracts, options etc. where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross / undiscounted values and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

| Particulars | Contractual cash flows based on maturity | | | | | | | |
|---|--|---------------|---------------------|---------------------|----------------------|---------------|---------------------|---------------------|
| | As at March 31, 2026 | | | | As at March 31, 2025 | | | |
| | Carrying amount | Total | Less than 12 months | More than 12 months | Carrying amount | Total | Less than 12 months | More than 12 months |
| Non-derivative financial liabilities | | | | | | | | |
| Non current borrowings | 20,114 | 20,114 | - | 20,114 | 9,482 | 9,482 | - | 9,482 |
| Current borrowings | 16,969 | 16,969 | 16,969 | - | 10,369 | 10,369 | 10,369 | - |
| Non current lease liabilities | 69 | 69 | - | 69 | 133 | 133 | - | 133 |
| Current lease liabilities | 64 | 64 | 64 | - | 62 | 62 | 62 | - |
| Non current financial liabilities | 356 | 356 | - | 356 | 408 | 408 | - | 408 |
| Current financial liabilities | 5,317 | 5,317 | 5,317 | - | 3,313 | 3,313 | 3,313 | - |
| Trade and other payables | 19,266 | 19,266 | 19,266 | - | 15,652 | 15,652 | 15,652 | - |
| Total | 62,155 | 62,155 | 41,616 | 20,539 | 39,419 | 39,419 | 29,396 | 10,023 |

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

Currency risk

The functional currency of the Company is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising out of the EURO, US Dollar, CNY, JPY etc. Accordingly, the foreign currency exposure has been hedged time to time after evaluating the risk associated with.

This aside, the Company does not have any derivative instruments used for trading or speculative purposes.

Interest rate risk

Interest rate risk is the risk that the fair value of future cashflows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by time to time evaluating and utilising the favourable financial instrument. There are certain fixed interest rate barring investment instruments, which are excluded to derive interest rate risk. As at the year end, the Company is exposed to changes in market interest rates through investment and bank borrowings at variable interest rates, to derive sensitivity it has been net out.

Sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax.

(₹ In lakhs)

| Particulars | Movement - effect on Profit Before Tax | |
|------------------------------------|--|----------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| 50 bp increase-decrease in profits | 185 | 99 |
| 50 bp decrease-increase in profits | (185) | (99) |

Price risk:

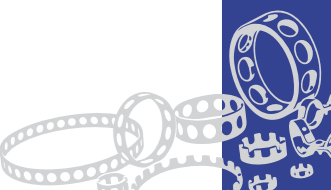
The Company's exposure to price risk arises from investments in Mutual Funds, Bonds, by the Company and classified in the balance sheet as fair value through profit or loss and as fair value through OCI respectively.

Price risk Sensitivity :

The impact of increases/decreases of the index on the Company's profit before tax and equity for the period are as under.

(₹ In lakhs)

| Particulars | Movement (%) | | Effect on PBT | | Effect on equity net of tax | |
|------------------------------|----------------|----------------|----------------|----------------|-----------------------------|----------------|
| | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 | March 31, 2026 | March 31, 2025 |
| Mutual Funds [Quoted] | | | | | | |
| Increased by | 2.00 | 2.00 | 608.26 | 478.88 | 455.17 | 358.36 |
| Decreased by | 2.00 | 2.00 | (608.26) | (478.88) | (455.17) | (358.36) |



Notes to the Consolidated Financial Statements for the year ended March 31, 2026 (Contd.)

D. Capital management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

The Company's debt to equity ratio is as follows:

| Particulars | (₹ In lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2026 | As at March 31, 2025 |
| Debt* | 37,216 | 20,046 |
| Total equity | 140,169 | 125,414 |
| Debt to total equity ratio (in times) | 0.27 | 0.16 |

#Debt includes Current and Non-current Borrowings & Lease liabilities.(including current maturities of long term debt)

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

Notes to Financial Statements 1 to 36

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN: 107361W

Chintan Shah
Managing Partner
M. No.: 110142

Date: May 07, 2026
Place: Ahmedabad

For and on behalf of the Board of Directors
Harsha Engineers International Limited
(CIN: L29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Maulik Jasani
VP Finance & Group CFO

Date: May 07, 2026
Place: Ahmedabad

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907



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