

ENGINEERED WITH.
PRECISION.
CRAFTED FOR.
PERFECTION.



ACROSS THE PAGES

CORPORATE OVERVIEW

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INVESTOR INFORMATION

Market Cap	₹ 365,178 lakhs (as of March 31, 2024)
CIN	L29307GJ2010PLC063233
BSE Code	543600
NSE Symbol	HARSHA
Bloomberg Code	HARSHA:IN
Dividend Declared	₹ 1 per Share
AGM Date	September 16, 2024
AGM Mode	Through Video Conferencing /Other Audio-Visual Means

For more investor-related information, please visit:
<https://www.harshaengineers.com/InvestorRelations/>



Or simply scan to view the online version of the report.

Disclaimer

This document contains statements about expected future events and financials of Harsha Engineers International Limited ('HEIL' or 'Harsha Engineers' or 'We' or 'the Company'), 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.



REPORTING APPROACH

As a principal document, this report emphasises on providing an understanding of strategies, business models, and major impact across economic, social, and environmental areas. Aligned with the Company's business strategy, it describes the material issues that influence its ability to create sustainable value. The Report forms an integral part of the Company's strategy and business practices. It also highlights the key aspects of social and environmental sustainability.

SCOPE AND BOUNDARY

This report uses a holistic approach and furnishes information for the year ended March 31, 2024. It adequately captures information on all business segments that the Company undertakes for creating value in the short, medium, and long term.

FRAMEWORKS

While compiling this report, the Company followed the principles of Integrated Report (IR) as laid out by the International Integrated Reporting Council (IIRC), which aim to address the needs of our various stakeholders. It fully complies with the NSE, BSE and SEBI guidelines. The statutory reports, including the Board's Report, the Management Discussion and Analysis (MD&A) section, the Corporate Governance Report, and the Business Responsibility & Sustainability Report, are in line with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the prescribed Secretarial Standards.

LEADERSHIP ACCOUNTABILITY

The Company's senior management, under the supervision of the Whole-Time Directors, has reviewed the Report's content. The Board members of the Company have provided the necessary governance oversight.

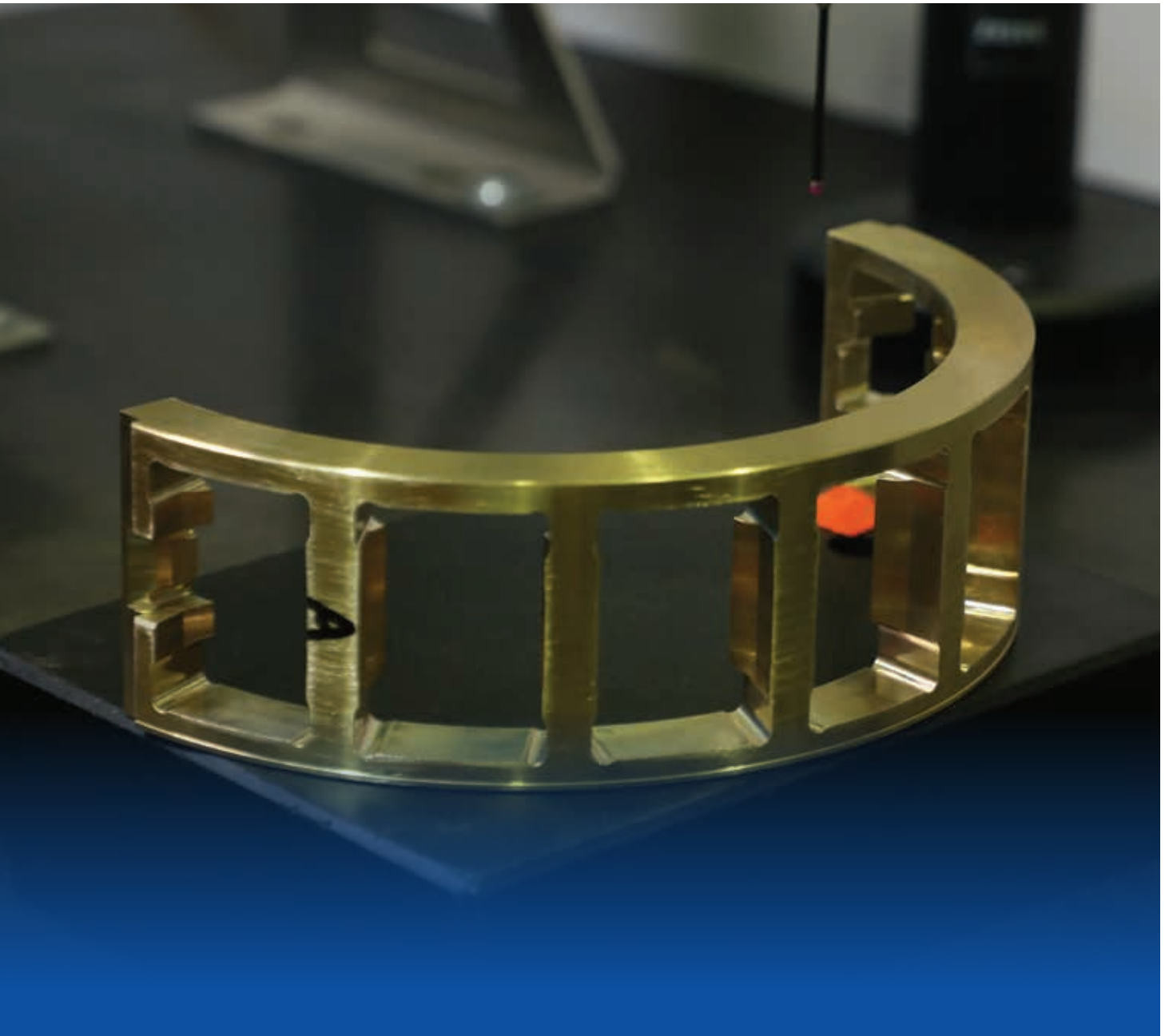




ENGINEERED WITH.
PRECISION.
CRAFTED FOR.
PERFECTION.

At Harsha Engineers International Limited, precision in engineering is more than a standard—it is our fundamental. 'Engineered with Precision Crafted For Perfection' perfectly encapsulates our commitment to delivering unparalleled performance and reliability. As India's market leader in bearing cages, commanding approximately 50% of the market share, HEIL stands at the forefront of the industry, setting benchmarks in quality and innovation.





Our mission is to precisely engineer products that not only meet but exceed expectations, ensuring a sustainable tomorrow through meticulous attention to detail. Each stage of our engineering process is driven by a relentless pursuit of excellence, combining advanced technologies with superior craftsmanship. This dedication enables us to offer solutions that deliver exceptional performance and enduring reliability.

HEIL's commitment to high-quality engineering is reflected in our global reach. We serve clients worldwide, providing products that are designed and crafted to perfection. Our expertise in creating

cutting-edge solutions ensures that every product we deliver is engineered with the highest standards of precision, meeting the diverse needs of our global clientele.

We do not just design and manufacture; we build trust and reliability into every product. Our approach ensures that every detail is refined to perfection, embodying our promise of excellence. With us, customers get to experience the difference that precision and craftsmanship can make, with every product engineered to achieve remarkable results and high standards and surpass expectations, paving the way for a sustainable future.



FROM VISION TO PRECISION AND PERFECTION

Established in 1986, Harsha Engineers International Limited has risen to become one of the largest manufacturers of precision bearing cages in India's organised sector, boasting a global market share of 5-6% in the brass, steel, and polyamide segment. Driven by a strong focus on innovation and development we continuously innovate to meet diverse customer requirements. Our in-house expertise in advanced tooling design and development allows us to manufacture complex and intricate products.

HEIL's production facilities are strategically located in India (Changodar and Moraiya, near Ahmedabad), China (Changshu), and Romania (Ghimbav Brasov). Our product portfolio includes brass, steel, and polyamide cages, precision components, complex stamped components, welded assemblies, brass castings, and bronze bushings.

We are committed to innovation and development and have a team of skilled engineers who design and develop advanced tooling in-house. This allows us to manufacture complex products and meet the diverse needs of our customers. We are also dedicated to cutting-edge technologies, customised solutions, and strict adherence to manufacturing and environmental standards. These factors have helped us in cementing our position as a leader in the precision engineering industry.

We proudly supply products to each of the top six global bearing manufacturers, reflecting our strong industry presence and trust. Our extensive manufacturing capabilities enable us to produce bearing cages with diameters ranging from 20mm to an impressive 2,000mm. We are also expanding our expertise into the realm of complex and specialised precision stamped components, showcasing our commitment to innovation and meeting diverse customer needs.

VISION





HEIL aspires to be a global leader and continue to be the preferred supplier of bearing cages and precision components

KEY HIGHLIGHTS OF 2023-24

6,494 lakhs pcs

Bearing Cages Produced

344

Stock Keeping Units (SKUs) Launched

1,731

Employees

Expertise in tooling, design development, and automation

Full-service capabilities under one roof



Tooling Design



Tooling Manufacturing



Development, Testing, Manufacturing and Automation



Product Design Support

Tooling Design



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

Tooling Manufacturing



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

Development, Testing, Manufacturing and Automation



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

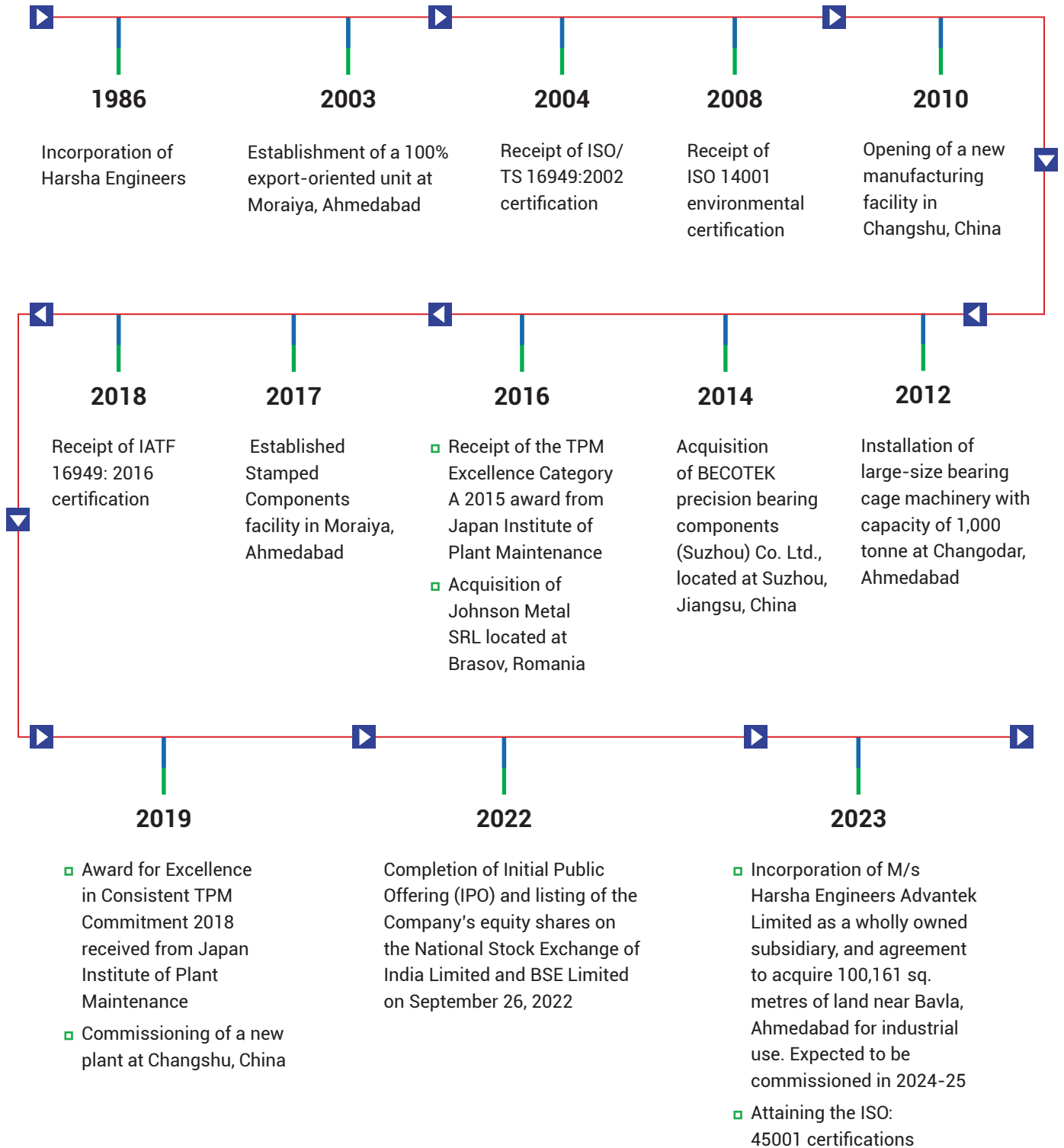
Product Design Support



- Expertise in product development through the **Product Development Cell and Innovation Center**

MILESTONES

PRECISION IN EVERY MILESTONE



KEY HIGHLIGHTS OF THE YEAR

CRAFTING THE FUTURE OF ENGINEERING

Bushings and stampings showed encouraging performance

Signs of global revival in the wind market

New product development pipeline remains strong

Active engagement with various customers in Europe, the Americas, and Asian regions on outsourcing opportunities

Progression on land acquisition process for the proposed Greenfield project at Harsha Engineers Advantek Limited

Demand remains strong, supported by new product development and inquiries

Solar business of the Company showed sustainable positive performance with a long-term vision, focussed cost control and the favourable Solar policy in India



ENSURING EXCEPTIONAL STANDARDS AND QUALITY

Our exceptional quality in innovation is underscored by a diverse product portfolio developed through precision engineering. Committed to excellence, our solutions meet global standards, reflecting the synergy of technology and expertise. Our cutting-edge products are crafted with meticulous attention to detail, ensuring superior performance and reliability in various applications.



Steel Cages

HEIL's expertise in stamping shines through in our custom-engineered cages, crafted from a variety of steel options. These lightweight powerhouses deliver exceptional strength, minimising friction and wear for optimal performance and extended service life.

Brass Cages, Bronze Bushings, Sand Castings

Driven by their superior rigidity and ability to withstand searing temperatures, brass cages have become the go-to solution. Anticipating this market trend, the Company has proactively diversified its portfolio by introducing bronze bushings, ensuring its continued relevance in the dynamic landscape of Industrial and Wind Application.



Polyamide Cages

HEIL's innovative glass fibre-reinforced injection-moulded polyamide parts are rewriting the rules of strength and performance. These lightweight champions are not just lighter, they are smarter, too. Their exceptional corrosion resistance withstands the harshest environments, while their superior damping properties smother noise and vibration.



Stamped Components

HEIL's expertise in metal stamping has enabled us to carve a powerful path in the automotive, industrial, plumbing & construction, railways, and consumer goods industries. Over the past few years, these markets have become key areas for our growth, fuelled by its comprehensive solutions for complex designs and geometries.

HEIL's capabilities extend far beyond simple stamping. The Company boasts the precision and agility to manufacture high-quality component parts, ensuring every detail meets including the most demanding specifications. HEIL takes it a step further by offering semi-assembled modular units: pre-configured components seamlessly integrated into larger systems.

PRODUCT APPLICATIONS INCLUDE:



Industrial machines



Steel mills



Utilities



Oil rigs



Pumps



Thermal turbines



General industries



Railway



Compressors



Windmills



Blowout preventers



HVAC



Engine applications



Agricultural machines



Extruders



Chassis parts



Crushers



Automotive parts



Gearboxes



Engine drive



White goods



Chemical machinery



Offshore drilling



Clutch components



Solar EPC

Harnessing the power of the sun since 2010, HEIL's solar division (known as Harsha Abakus Solar Private Limited) has established itself as a global leader in providing comprehensive turnkey solutions for all solar photovoltaic (PV) needs. With over 13 years of operational experience and a 500+ MW installation base across India, we have earned the trust of clients across the industrial, commercial, and utility sectors, empowering them to embrace sustainable energy solutions.

HEIL Solar tackles projects of all scales and complexities. We take pride in our commitment to quality and performance, ensuring every project meets the highest standards and delivers optimal energy generation.

CHAIRMAN'S COMMUNIQUE



Every component we manufacture and every system we design, is a testament to our focus on quality and excellence. We believe that perfection is not just a goal but a continuous pursuit, and we have taken significant strides in enhancing our capabilities and expanding our horizons



Dear Stakeholders,

This year, as India marked a monumental achievement in space exploration, we too have celebrated significant milestones in our journey at Harsha Engineers. Our commitment to being 'Engineered with Precision Crafted for Perfection' has been the cornerstone of our progress. Just as India's space mission was meticulously planned and executed with an eye for detail, our approach has been to apply the same level of precision and dedication to our engineering solutions.

Every component we manufacture and every system we design, is a testament to our focus on quality and excellence. We believe that perfection is not just a goal but a continuous pursuit, and we have taken significant strides in enhancing our capabilities and expanding our horizons. Our team's relentless dedication has enabled us to innovate and refine our processes, ensuring that we deliver nothing short of perfection to our clients and partners. As we celebrate our achievements, we remain committed to pushing the boundaries of what is possible, setting new benchmarks in the industry, and crafting a future defined by excellence.

The Big Picture

The global business environment has been particularly challenging this fiscal year due to high inflation and geopolitical tensions stemming from the ongoing Ukraine war and the recent Middle East conflict. The Indian displayed a resilient performance in 2023-24 amidst global uncertainties and domestic challenges. Economic activity rebounded very well following the pandemic-induced slowdown, supported by robust domestic demand, structural reforms, and accommodative monetary policy. Key sectors such as manufacturing, services, and agriculture showed resilience, contributing to a broad-based recovery.

India's long-term growth prospects have been significantly bolstered by government initiatives in infrastructure development, digital transformation, and healthcare. Initiatives like Aatmanirbhar Bharat and Make in India, and various production-linked incentive (PLI) schemes are positioning the country as a global manufacturing hub. These initiatives are particularly impactful for India's bearing cages market, which serves diverse sectors such as automotive, railways, windmills, heavy machinery, and aerospace.

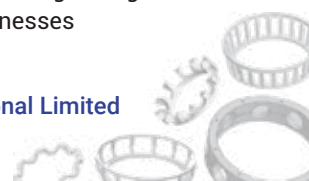
The construction of multiple expressways and highways has driven the demand for commercial vehicles and heavy machinery, further boosting the market for bearing cages. However, inflationary pressures, especially in food and fuel prices, present challenges for managing inflation. Looking ahead, continued reforms, investment in human capital, and productivity enhancement will be vital for achieving sustainable and inclusive growth. The recent elections affirm the mandate for the continuity of long-term reforms.

“The construction of multiple expressways and highways has driven the demand for commercial vehicles and heavy machinery, further boosting the market for bearing cages.”

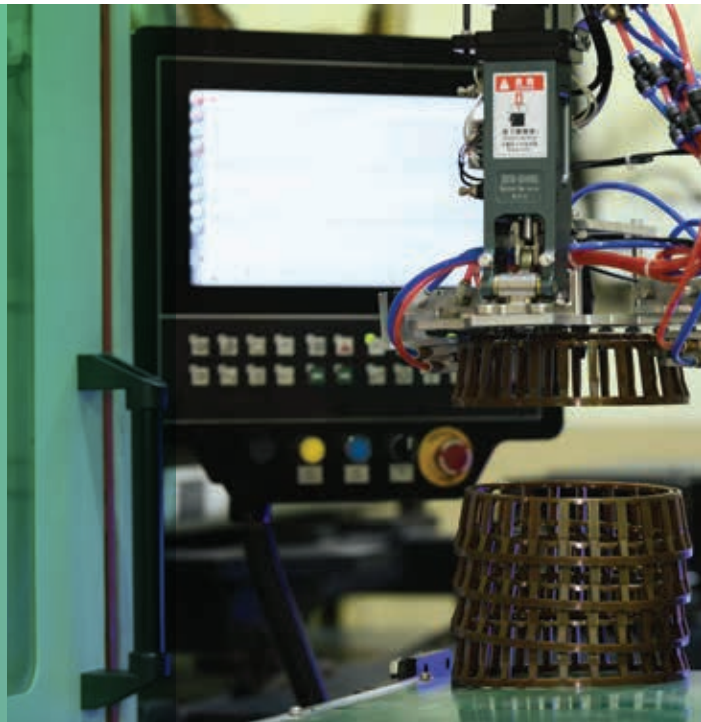


The railway sector's remarkable transformation from reliance on imported coaches to a robust domestic production landscape underscores the success of the 'Make in India' campaign. This initiative has been instrumental in attracting foreign direct investments (FDIs) and fostering a vibrant industrial ecosystem, paving the way for a new era of innovation and excellence.

Global leaders in the railway industry have recognised the potential of the 'Make in India' vision and strategically aligned their operations to capitalise on India's growing market opportunities. By establishing businesses



“Our dedication to innovation and excellence has enabled us to diversify into complex and specialised precision stamped components, expanding our capabilities and product offerings. We are equipped to manufacture bearing cages with diameters ranging from 20mm to 2,000mm, showcasing our versatility and technical prowess.”



and forming joint ventures within the country, these multinational companies not only support domestic manufacturing but also contribute significantly to the country's economic growth. This collaborative approach facilitates knowledge transfer, technology sharing, and skill development, creating a dynamic environment that benefits both local and international stakeholders. The synergy between foreign companies and domestic entities exemplifies the transformative power of partnerships, reinforcing India's position as a hub for advanced railway technology and production.

On a similar trend, the Indian automobile industry has continued to grow steadily, showing remarkable resilience despite economic fluctuations and regulatory challenges. In 2023-24, the industry saw significant progress, with passenger vehicle (PV) production reaching 4.9 million units, spurred by strong domestic demand. The two-wheeler sector also made a strong comeback, with production increasing by 10% to 21.4 million units. While the commercial vehicle (CV) segment experienced modest growth, it remains a key area for strategic expansion, particularly in international markets.

Now, let me bring to your attention some promising developments in the bearing market. The global ball bearing market reached a size of USD 43.7 billion in 2023. According to projections, this market is expected to grow to USD 62.0 billion by 2032, at a CAGR of 3.8% during the period from 2024 to 2032. This growth is being driven by several key factors, including the increasing demand for machinery and equipment, the rising adoption of automation and robotics across industries for process optimisation and enhanced productivity,

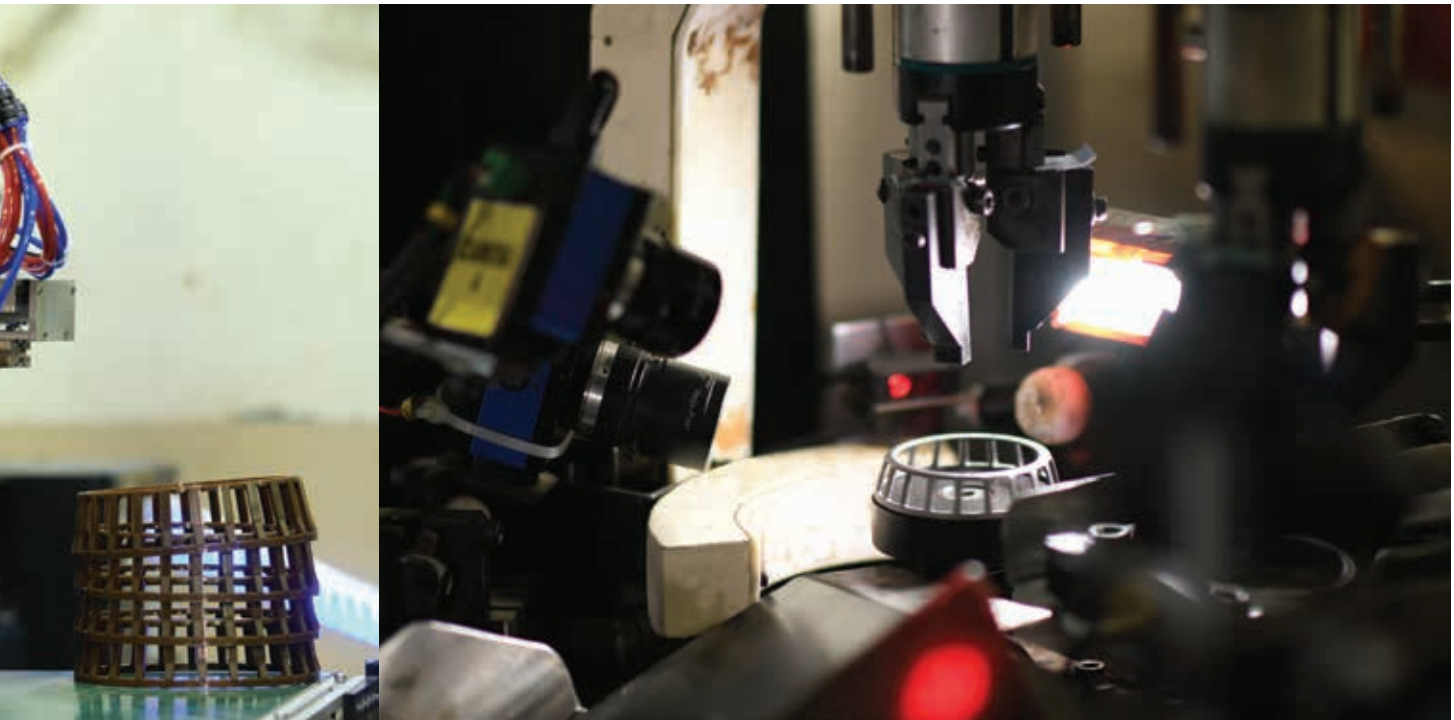
and ongoing technological advancements aimed at improving the durability and efficiency of ball bearings. These trends present significant opportunities for growth and innovation in the industry. We are well-positioned to capitalise on these developments, given our expertise in precision bearing cages and expanding product portfolio.

Engineered with Precision

At HEIL, we pride ourselves on being India's largest manufacturer of precision bearing cages. With four strategically located manufacturing facilities and an extensive network of warehouses worldwide, we are committed to delivering our high-quality products to over 25 countries across five continents.

Our dedication to innovation and excellence has enabled us to diversify into complex and specialised precision stamped components, expanding our capabilities and product offerings. We are equipped to manufacture bearing cages with diameters ranging from 20mm to 2,000mm, showcasing our versatility and technical prowess. Since our inception, we have manufactured over 7,500 products, a demonstration to our experience and reliability in the industry.

With a 6.5% market share in the global organised bearing brass, steel, and polyamide cages market, we are a trusted partner to the top six global bearing manufacturers. Our commitment to excellence is reflected in our ability to offer full-service capabilities under one roof. We streamline every aspect of the production process, from initial product design support and tooling design to tooling manufacturing, development, testing, and precise measurement. This integrated approach ensures that



we efficiently meet the diverse needs of our clients while maintaining the highest standards of quality and reliability in the global market.

As we move forward, our focus is on enhancing our capacity to meet the increasing demands of our customers and delivering exceptional precision engineering solutions. We provide top-tier products and services, aiming to sustain our leadership position in the industry. The adoption of the China+1 strategy by global industry leaders has been highly beneficial for the Company, and we expect this trend to continue. We look forward to actively supporting the growth of distinguished businesses seeking to expand their presence in India, contributing to their success and our mutual advancement.

Commitment to Sustainability

Our strategy to integrate sustainability into our growth trajectory reflects our core values and long-term vision. We are committed to sustainability across all facets of our operations, fostering a culture of accountability and excellence. Our dedication to environmental stewardship is evident in our progressive efforts towards renewable energy, water conservation, and waste management. We are also continuously developing and introducing more efficient and eco-friendly products across all our divisions.

Our leadership is deeply engaged in sustainability initiatives, championing a culture of inclusivity and active participation. This commitment extends to our employees, who are encouraged to contribute to our sustainability goals through various initiatives. Our employee

engagement programmes promote environmental awareness, support for green practices, and participation in sustainability-driven projects.

Our CSR programmes are a key component of this engagement, enabling us to contribute meaningfully to areas aligned with our values. Through these programmes, we aim to make a positive impact on the communities we serve, reflecting our commitment to a sustainable and inclusive future.

Concluding Note

Looking forward, we are enthusiastic about the opportunities on the horizon. We will keep investing in innovation and leveraging emerging technologies to enhance efficiency, improve customer experiences, and explore new growth avenues. As we focus on our strategic priorities, the future promises even greater achievements. Our commitment to innovation and development digitalisation, and strategic partnerships will drive innovation and solidify our position as a leading motion technology company.

As a representative of the Board of Directors, I would like to express my heartfelt gratitude to our shareholders for their trust in HEIL. I also take this opportunity to extend my appreciation to the hardworking management team, dedicated employees, supportive bankers, and all the stakeholders for their valuable contribution towards the Company's growth.

Best regards,

Rajendra Shah
Chairman & Whole-Time Director



LETTER FROM THE MD

Dear Stakeholders,

As we reflect on the past year, I am both proud and excited to share the significant strides we have made in a landscape that has demanded resilience and innovation. Your trust and support have been integral to our achievements, and it is with enthusiasm that I present our progress and the promising opportunities that lie ahead.

Our journey has been marked by noteworthy milestones and advancements, driven by our commitment to excellence and forward-thinking strategies. Our dedicated team of engineers and designers continually explores new materials, techniques, and technologies to ensure that our products are at the cutting edge of the industry. By staying ahead of trends and investing heavily in innovation and development we guarantee that our offerings—ranging from precision bearing cages to specialised stamped components—are not only reliable but also incorporate the latest advancements in design. This dedication has solidified our position as a leader in the industry, allowing us to meet diverse customer needs and maintain a strong global market presence.

In addition to our focus on product innovation, we are deeply committed to sustainability. Our 'Power Shift' energy management strategy exemplifies this commitment by prioritising energy efficiency across all our operations. By leveraging innovative practices and technologies, we aim to minimise our environmental impact while fostering a more resilient future. We actively engage in partnerships with key stakeholders and industry associations to advance sustainability goals and advocate for best practices in energy efficiency. Our collaborations with customers also emphasise on the importance of energy-efficient practices, promoting a broader culture of sustainability.

Social responsibility is another cornerstone of our approach. We are dedicated to upholding international labour standards and proactively work to prevent and eliminate exploitative practices. Through rigorous



Our 'Power Shift' energy management strategy exemplifies this commitment by prioritising energy efficiency across all our operations. By leveraging innovative practices and technologies, we aim to minimise our environmental impact while fostering a more resilient future.

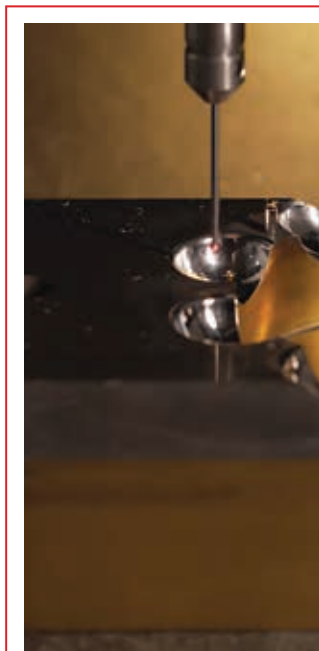


supplier screening, robust training programmes, and transparent communication, we strive to ensure a just and equitable work environment throughout our supply chain. Our efforts reflect our commitment to protecting human rights and fostering social responsibility, contributing to a fairer and more ethical global community.

Our foundation is built upon a commitment to customer orientation, satisfaction, and loyalty. These core values guide our actions and decisions, ensuring that we deliver excellence in every aspect of our operations. As we look forward to a promising decade for HEIL, I extend my deepest gratitude to our shareholders, associates, and customers. Your support has been vital to our success, and together, I am confident we will continue to drive progress and embrace the future with optimism.

Best regards,

Harish Rangwala,
Managing Director





FROM THE CEO'S DESK

Dear Stakeholders,

I hope this message finds you in good health and high spirits. I am pleased to share with you our Integrated Annual Report for 2023-24, which highlights our significant achievements and developments of the year.

In CY 2023, we observed a notable divergence in growth trends between advanced and emerging markets. Advanced economies grappled with slower growth due to inflationary pressures, tighter monetary policies, and reduced demand. In contrast, emerging and developing markets continued to experience robust expansion, supported by increased consumption and favourable government policies. India stood out as the fastest-growing economy, propelled by a stable business environment and a strong investment climate, even amidst global challenges.

India's growth has been fuelled by robust sectors such as IT, telecommunications, automotive, and pharmaceuticals. The country has established itself as the world's fifth-largest economy. With astute financial management, inflation was moderated to 4.83% in April 2024, staying comfortably within the RBI's tolerance band of 2% to 6%. The economy was further boosted by strong fiscal indicators, including a 22.19% increase in direct tax revenues and an 11.5% rise in GST collections. As India continues its transformative journey, characterised by growing domestic consumption, strategic investments, and increased global integration, it remains well-positioned for sustained growth.

Delivering Strong Performance

As we reflect on the past fiscal year, we are delighted to share that HEIL has delivered a steady performance across several key business segments. Our commitment to innovation and excellence has been further demonstrated through the successful launch of 344 new products, expanding our portfolio and



Our strategic vision for the future revolves around reinforcing our market leadership and expanding our customer base. As the largest manufacturer of precision bearing cages in India, we are committed to leveraging our extensive expertise to set new industry benchmarks in quality and innovation.



solidifying our position as a leader in precision engineering. This year, we have not only deepened our relationships with existing customers, gaining increased wallet share, but have also expanded our reach by acquiring new clients. The strong traction observed in our bushing segment is particularly promising, providing us with the confidence to set an ambitious target for the upcoming year. Our significant order inflow in the bushing segment, particularly towards the end of the last financial year, has not only enhanced our visibility but also aligned us well with the 'China+1' strategy adopted by our major clients. This strategic alignment has strengthened our position in the Indian market and placed us advantageously to meet the growing demands of our global customers. While our performance with Japan-based customers did not meet expectations in 2023-24, we remain optimistic about future growth. Our active involvement in major outsourcing projects across Europe, Japan, and USA is expected to drive significant progress and contribute to our growth trajectory in the coming years.

Despite the LSV segment underperforming due to subdued global demand in the wind and industrial sectors, we anticipate a rebound in 2024-25. We are taking proactive steps to navigate this challenge and are optimistic about the potential recovery. The stamping segment has emerged as a bright spot, showcasing remarkable growth with sales. We are projecting at least a 50% increase in this segment for 2024-25, driven by heightened demand in the railway and automotive sectors.



Our Greenfield project in India is advancing as planned. The first phase, which focusses on expanding our capacity for bushings and large-size bearing cages, is on track and expected to commence by 2024-25. This expansion will further strengthen our market position and capability.

We are encouraged by China's return to profitability in 2023-24 and remain cautiously optimistic about continued positive trends into 2024-25. In contrast, Romania continues to face challenges with limited revival in the wind and industrial sectors. However, we are refining our strategy to increase the share of cages in Romania from 15% in 2023-24 to over 30% in 2024-25, with a goal of achieving break-even performance.

Our solar segment has demonstrated steady growth, driven by renewed interest in renewable energy. Although we do not plan to allocate substantial additional capital to this segment, we expect it to continue contributing positively to our bottom line.

From a financial perspective, I am delighted to share that for the year 2023-24, HEIL achieved steady consolidated financial results. Our revenue from operations reached ₹ 139,230 lakhs in 2023-24, reflecting a growth of 2.07% compared to ₹136,402 lakhs in 2022-23. Additionally, our Profit before Tax (PBT) decreased to ₹ 15,075 lakhs in 2023-24, showing a degrowth of 9.80% from ₹ 16,712 lakhs in the previous year. Furthermore, our Profit after Tax (PAT) experienced a degrowth of 9.61%, reaching ₹ 11,143 lakhs in 2023-24 compared to ₹ 12,328 lakhs in the preceding year. While these results reflect some challenges, they also provide us with valuable insights to drive future improvements and strategies. I am confident that with our continued focus and collective efforts, we will enhance our performance in the upcoming year.

Sustainability at Our Core

At HEIL, we view sustainability as a core strategic priority, essential for driving our growth and success. Our commitment goes beyond moral responsibility to integrate economic performance with sustainable practices to deliver mutually beneficial outcomes. By aligning our growth objectives with environmental and social stewardship, we ensure that our advancements support both our business goals and our commitment to a sustainable future.

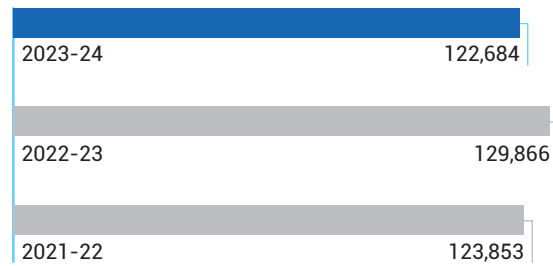
We have substantially increased our capacity for generating renewable energy through solar and wind power, significantly decreasing our dependence on traditional energy sources. As a company deeply committed to sustainability, we prioritise the well-being and safety of our employees, actively implementing a range of initiatives to support and protect them.

Strategic Priorities

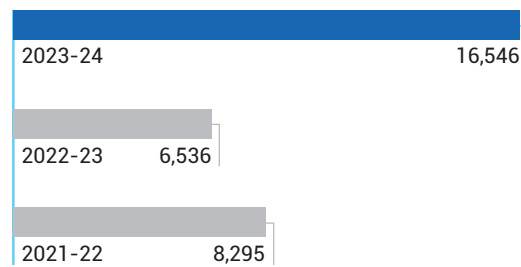
Our strategic vision for the future revolves around reinforcing our market leadership and expanding our

Segment-Wise Revenue (in ₹ lakhs)

Engineering and Others (in ₹ lakhs)



Solar EPC and O&M (in ₹ lakhs)



customer base. As the largest manufacturer of precision bearing cages in India, we are committed to leveraging our extensive expertise to set new industry benchmarks in quality and innovation. We recognise the tremendous growth potential in the electric vehicle (EV) sector and will focus on developing advanced products specifically designed to capture this burgeoning market opportunity.

Our dedication to maintaining technological leadership will be unwavering, with continued investments in development and automation, ensuring we stay at the cutting edge of industry advancements. To drive growth, we will pursue strategic partnerships with our customers and explore opportunistic inorganic acquisitions that enhance our capabilities and market presence.

Additionally, we are expanding our portfolio into the bronze bushings and specialised components segments, capitalising on emerging opportunities and diversifying our offerings. A key aspect of our strategy will be to enhance operational efficiencies, thereby improving returns and optimising overall performance. By aligning these strategic priorities, we will continue to innovate and lead, fortifying our position in the global bearing industry.

Note of Thanks

I would like to express my gratitude to the Board, the leadership team, employees, shareholders, and customers who have enabled us to navigate challenging circumstances. I appreciate their dedicated efforts, and I am truly delighted by the enduring trust of our business associates. I am excited to collaborate with them and warmly welcome new associates to join us in forging a future of continued success.

With warm regards,

Vishal Rangwala
CEO & Whole-Time Director



COO'S MESSAGE

Dear Stakeholders,

I am pleased to share our vision and progress with you. At HEIL, our aim is to not only construct infrastructure but also build stronger communities. We understand that our work not only connects people and facilitates trade but also unlocks economic opportunities. This awareness drives our commitment to delivering high-quality engineering solutions that benefit both our clients and the communities we serve.

Our operational excellence is boosted by the Total Productive Maintenance, which enhances efficiency, quality, and on-time delivery. This commitment is reflective of our broader strategy of balancing employee welfare and safety with profitability. Our strategies are deeply rooted in our core values and vision.

In response to the evolving market demands, we are intensifying our focus on developing advanced products for the burgeoning EV sector. By embracing innovation and automation, we aim to maintain our technological leadership and ensure we stay ahead of industry trends.

A safe and healthy work environment is the cornerstone of our operations. We foster a culture of safety through several key initiatives. Our 'Safety Officer for One Day' programme encourages employees to proactively identify and report unsafe conditions. Comprehensive safety training equips our team with essential knowledge and skills for their roles, ensuring safe work practices and proper equipment use.

We are committed to proactive risk management through regular safety inspections, audits, and integrating employee feedback. This ongoing dialogue helps us address potential hazards before they escalate. Our continuous safety awareness campaigns and dedicated Safety Week celebrations reinforce our commitment



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to a secure work environment, recognising safety achievements and promoting best practices.

By nurturing a collaborative safety culture, we empower our employees, enhance our safety practices, and contribute to a sustainable and healthy workplace. With optimism and a forward-looking approach, we are poised to thrive and succeed, driving positive change in every aspect of our business. Together, we are writing another illustrious chapter in HEIL's journey of sustainable growth.

Best regards,

Pilak Shah,
COO & Whole-Time Director





PERFECTION IN EVERY LOCATION

With decades of expertise and a commitment to excellence, we deliver quality bearing cages that drive progress across industries and countries. Our relentless pursuit of quality and customer satisfaction has made us a trusted partner worldwide.



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection with its accuracy or completeness.



- | | |
|------------------|------------------|
| ◆ Argentina | ◆ Portugal |
| ◆ Austria | ◆ Romania |
| ◆ Brazil | ◆ Russian Fed. |
| ◆ Bulgaria | ◆ Slovakia |
| ◆ China | ◆ South Africa |
| ◆ Czech Republic | ◆ South Korea |
| ◆ France | ◆ Spain |
| ◆ Germany | ◆ Sweden |
| ◆ Hungary | ◆ Switzerland |
| ◆ India | ◆ Thailand |
| ◆ Italy | ◆ Turkey |
| ◆ Japan | ◆ Ukraine |
| ◆ Malaysia | ◆ United Kingdom |
| ◆ Mexico | ◆ USA |
| ◆ Philippines | ◆ Vietnam |
| ◆ Poland | |



ENSURING PRECISE AND SHARPER FOCUS FOR GREATER IMPACT

Our strategic approach is deeply rooted in our commitment to innovation, efficiency, and growth. As one of the leading players in the engineering sector, we recognise that adapting to the ever-evolving market landscape is crucial for sustained success. Our strategies are meticulously crafted to align with our vision of becoming a global leader in engineering solutions while maintaining a strong focus on operational excellence and customer satisfaction.

ENHANCE MARKET LEADERSHIP IN BEARING CAGES AND CUSTOMER BASE EXPANSION

We are committed to solidifying our market leadership in bearing cages by leveraging our industry expertise and technological capabilities. Our strategy includes expanding our customer base through targeted outreach and personalised solutions that address specific needs across various sectors. By continuously improving our product offerings and maintaining a high standard of quality, we aim to build stronger relationships with existing clients while attracting new ones. This will ultimately strengthen our position as a leader in the bearing cages market.

GROWING BRONZE BUSHINGS AND SPECIALISED COMPONENT SEGMENT

We recognise the growth potential in the bronze bushings and specialised components segment and are dedicated to capitalising on this opportunity. Our approach involves investing in advanced manufacturing technologies and enhancing our product development capabilities to meet evolving market demands. By focussing on innovation and customisation, we will better serve our customers and capture a larger share of the market. Our goal is to become a key player in this segment, offering high-quality, specialised solutions that address the unique needs of our clients.



INCREASED FOCUS ON DEVELOPING PRODUCTS SUITED TO CAPTURE MARKET OPPORTUNITY IN THE GROWING EV SEGMENT

As the EV market rapidly evolves, we are intensifying our focus on developing products tailored to this sector's specific requirements. Our strategy includes investing in innovation and development to create innovative solutions that meet the demands of the growing EV market. By aligning our product offerings with industry trends and technological advancements, we aim to position ourselves as a leading supplier of components for EVs, capitalising on new opportunities and driving growth in this dynamic segment.

RETAIN AND STRENGTHEN TECHNOLOGICAL LEADERSHIP THROUGH CONTINUED FOCUS ON DEVELOPMENT AND AUTOMATION

To maintain and enhance our technological leadership, we are committed to ongoing development and automation initiatives. By continuously advancing our technology and integrating cutting-edge automation solutions into our manufacturing processes, we ensure superior product quality and operational efficiency. Our focus on technological innovation not only helps us stay ahead of industry trends but also enables us to offer state-of-the-art products and services that meet the highest standards of excellence, reinforcing our position as a leader in the industry.

FOCUS ON GROWTH BY PARTNERSHIPS WITH CUSTOMERS AND OPPORTUNISTIC INORGANIC ACQUISITIONS

We are dedicated to driving growth through strategic partnerships with customers and opportunistic inorganic acquisitions. By forging strong relationships and collaborating closely with our clients, we can better understand their needs and tailor our solutions accordingly. Additionally, we will seek out acquisition opportunities that complement our core business and expand our capabilities, allowing us to enter new markets and enhance our competitive position. This dual approach will support our long-term growth objectives and strengthen our market presence.

FOCUS ON INCREASING OPERATIONAL EFFICIENCIES TO IMPROVE RETURNS

Our strategy emphasises on increasing operational efficiencies to enhance overall returns. We are implementing process improvements and investing in advanced technologies to streamline our operations and reduce costs. By optimising our production processes and enhancing resource management, we aim to boost productivity and profitability. This focus on operational excellence will not only improve our financial performance but also enable us to deliver better value to our customers and stakeholders, driving sustainable growth and success for HEIL.



CRAFTING PERFECTION WITH OUR STRATEGIC BUSINESS FRAMEWORK

Input

Financial Capital

HEIL's Financial Capital showcases utilisation of capital invested and generated through business activities. Financial Capital represents the value of all the capitals used for operating a business.

₹ **117,528** lakhs

Net Worth¹

₹ **156,660** lakhs

Total Assets

Manufactured Capital

HEIL's Manufacturing Capital refers to the infrastructure owned – manufacturing plants, representative offices, and warehouses. These form the pillars of the Company. The aim here is to minimise the use of natural resources and maximise human innovation and skills while optimising operational efficiency.

5

Number of Manufacturing Plants

22

Number of Warehouses

Intellectual Capital

HEIL's Intellectual Capital showcases the power of intangible assets that promote business growth. It includes IP rights, Content, Patents, and Trademarks which help in building synergies.

4

Trademarks Owned

Financial Capital

Financial Capital
(Consolidated Financials)

₹ **139,230** lakhs

Revenue

₹ **36,109** lakhs

Total Investment²

8.00%

PAT Margin

9.92%

ROE³

Manufactured Capital

6,494 lakhs pcs

Bearing Cages Produced in 2023-24

Intellectual Capital

344

New SKUs Launched in 2023-24

SDGs



1 Net Worth = Share Capital + Reserves and Surplus (excluding Revaluation Reserves)
 2 Total Investment includes all investments excluding investment to subsidiaries and cash and cash equivalents
 3 ROE = PAT / ((Beginning Equity + Ending Equity)/2)

Human Capital

HEIL's Human Capital waters the roots and seeds of integrity. We aim to cater to learning and development and invest in programmes that help build skills and knowledge. This would help to promote productivity and efficiency across divisions.

7

Training Modules Completed

₹ **25** lakhs

Invested in Learning and Development and Safety

41,722

Total Training Hours

Social and Relationship Capital

HEIL's Social and Relationship Capital helps the Company promote stewardship of natural resources alongside with development of communities and institutions. The Company's initiatives towards the environment are aimed at strengthening its long-term relationship with the society.

₹ **6.72** crores

Total Cumulative Contribution towards CSR

Natural Capital

HEIL's Natural Capital is a core component of our operations and is dedicated to proactively reducing the Company's carbon footprint. We actively minimise our consumption of natural resources while simultaneously contributing to the betterment of the society.

1,07,900 GJ

Total Electricity Consumption

2,18,680 GJ

Total Energy Consumption

Output

Human Capital

Diverse and Inclusive Work Culture with Events and Clubs for Employees

12.04%

Attrition Rate

33

Average Age of Employees

Social and Relationship Capital

1,452

People Benefitted from CSR Projects

79%

Beneficiaries from Vulnerable and Marginalised Groups

Natural Capital

Adapted Methods that Help Reduce Waste and Reuse and Recycle Resources

7.57 MW

Installed Solar Rooftop and Ground Mounted and Windmill

28,000 KL

Water Consumption in 2023-24



MAPPING MATERIAL CONCERNS WITH PRECISION

In an era where sustainability and corporate responsibility are at the forefront of business strategy, HEIL is committed to aligning our operations with the highest standards of ESG principles. Our materiality assessment is a crucial component of this commitment, serving as a compass to guide our strategic decision-making and ensure that our practices meet the evolving expectations of our stakeholders.

Methodology: Process of Conducting Materiality Assessment

IDENTIFY UNIVERSE OF MATERIAL ISSUES

Determined universe of potential material issues by incorporating indicators based on peer analysis, and sectoral ESG standards/priorities

IDENTIFY RELEVANT ISSUES

Identified key business objectives and risks considering the organisation's vision, mission, business model, strategies, and inputs from senior management.

MAPPING RISKS AND OBJECTIVES WITH MATERIAL ISSUES

Assessed the ability of each issue to contribute to the achievement of strategic business objectives and mitigation of key risks for the Company.

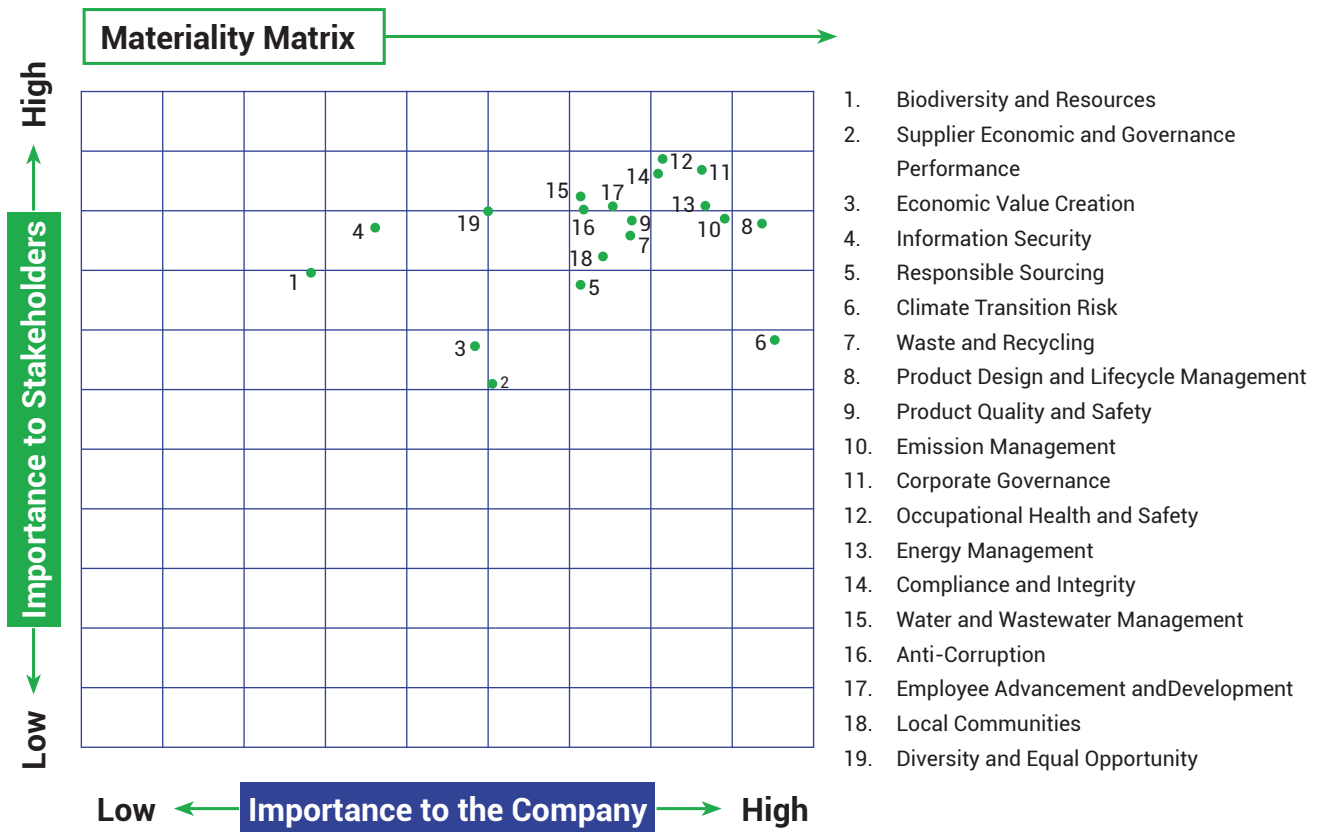
STAKEHOLDER CONSULTATION AND EXTERNAL REQUIREMENT ASSESSMENT

Assessed the importance of each issue through a survey form to seek inputs from relevant stakeholders, as well as in respect to key external reporting requirements.

ANALYSIS OF RESULTS

Created a materiality matrix based on results from the above steps and determined a list of key material issues. The results were reviewed by senior management.





Key Material Issues: Charting the Path of Purposeful Impact

The following ESG issues have been identified as material issues of high importance through the materiality assessment for HEIL. These issues are material to the growth of the Company as well as its stakeholder expectations.

ENVIRONMENT

- Climate Transition Risk
- Energy Management
- Emission Management
- Waste and Recycling
- Water and Wastewater Management
- Biodiversity and Resources
- Product Design and Lifecycle Management
- Product Quality and Safety

SOCIAL

- Occupational Health and safety
- Local Communities
- Employee Advancement and Development
- Diversity and Equal Opportunity

GOVERNANCE

- Corporate Governance
- Compliance and Integrity
- Information Security
- Economic Value Creation
- Responsible Sourcing
- Anti-corruption
- Supplier Economic & Governance Performance

ENSURING FINANCIAL FORTITUDE AND STRATEGY



Financial Capital



Manufacturing Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



At HEIL, we are dedicated to maximising returns for our financial stakeholders, striving to align our business operations to optimise the surplus generated. The primary goal is to ensure that the Company's processes are geared towards delivering optimal returns, effectively utilising resources, and enhancing operational efficiency.

₹ **139,230** lakhs

Revenue from Operations for 2023-24

₹ **20,084** lakhs

EBITDA for 2023-24

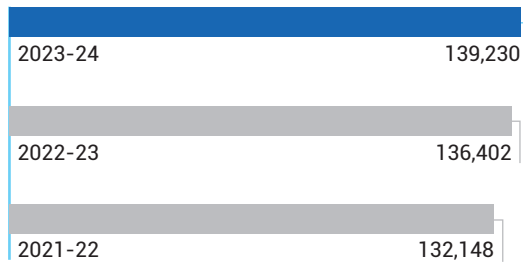
₹ **11,143** lakhs

PAT for 2023-24

₹ **365,178** lakhs

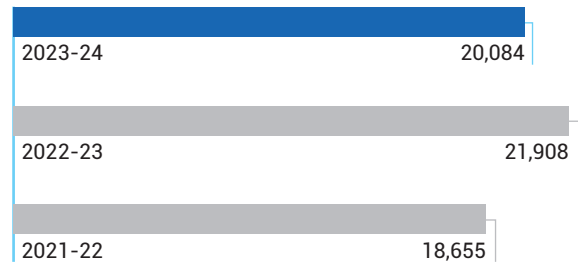
Market Capitalisation as of March 31, 2024

Revenue from Operations (in ₹ lakhs)



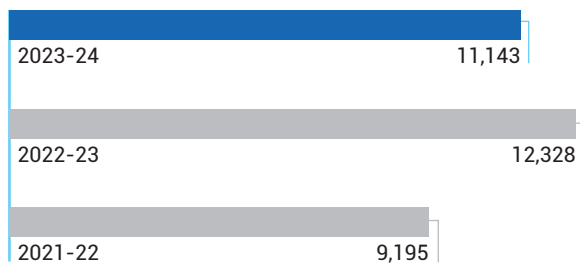
HEIL's revenue from operations has been on an upward trajectory, increasing from ₹132,148 lakhs in 2021-22 to ₹136,402 lakhs in 2022-23 and further to ₹139,230 lakhs in 2023-24.

EBITDA⁴ (in ₹ lakhs)



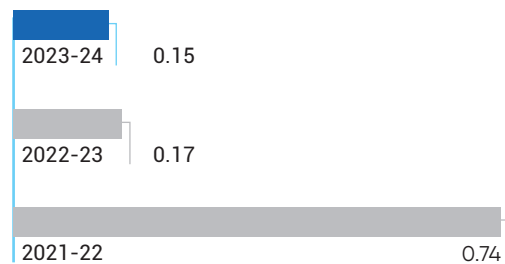
HEIL's EBITDA has been on an upward trajectory, increasing from ₹12,496 lakhs in 2021-22 to ₹18,655 lakhs in 2022-23 and further to ₹20,084 lakhs in 2023-24.

PAT (in ₹ lakhs)



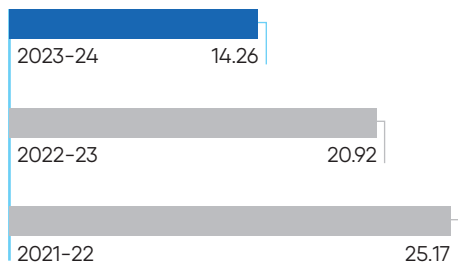
HEIL's PAT increased from ₹ 9,195 lakhs in 2021-22 to ₹ 12,328 lakhs in 2022-23 and then decreased to ₹ 11,143 lakhs in 2023-24.

Debt/Equity⁵



HEIL's Debt/Equity has been reducing since the year 2021-22 from 0.74x to 0.17x in 2022-23 to 0.15 in 2023-24.

Return on Capital Employed (ROCE)⁶ (%)



4: EBITDA= PBT + Interest + Depreciation

5: Debt-Equity Ratio = Total Debt (current and non-current borrowings & lease liabilities) divided by Total Equity

6: ROCE=Profit before interest and tax/Average Capital Employed; Average Capital Employed=Total Equity+ Long-Term Borrowing includes Lease Liability) where Average is taken as (Beginning +Ending)/2

Capital Trade-Offs

Financial Capital Interlinked with Other Capitals

Manufactured Capital

The Company's financial capital plays a crucial role in expanding our presence both internationally and domestically. This expansion enables us to reach a larger population of individuals and communities.

Intellectual Capital

Our intangible assets, such as innovations, technology-based infrastructure, and digitisation remain robust due to consistent funding for these initiatives.

Natural Capital

By investing in conscious and responsible management of day-to-day operations, we aim to minimise our environmental impact. This commitment not only contributes to sustainability but also promotes long-term cost efficiency for its business.

Human Capital

Through the allocation of financial capital, the Company ensures fair and non-discriminatory compensation for employees, thereby fostering retention and enhancing productivity.

Social and Relationship Capital

We recognise the importance of nurturing strong relationships with customers, communities, investors, suppliers, and other stakeholders within the ecosystem. This requires investments of both time and financial resources aimed at regular and meaningful interactions.

MANUFACTURED CAPITAL

MAKING CRAFTSMANSHIP MEET TECHNOLOGY



Financial Capital



Manufacturing Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



At HEIL, we dedicate ourselves to providing outstanding engineering solutions with a focus on crafting bearing cages, stamped components, and complete turnkey solar PV solutions. Our expertise lies in delivering exceptional products and comprehensive solar energy solutions through our engineering prowess.

Fuelled by an unrelenting quest for perfection, we continuously enhance our manufacturing capacities, aiming to lead the industry. We integrate operations and uphold dedication to enhancing productivity, allowing HEIL to maintain a competitive edge through cost-efficient solutions.

HEIL stands as a leading provider of precision engineering solutions, celebrated worldwide for our exceptional manufacturing capabilities. Our specialisation in crafting bearing cages and intricate stamped components serves a multitude of industries, including automotive, railways, aviation, construction, mining, agriculture, electrical and electronics, and renewables. Prioritising design, development, and innovation, HEIL consistently pioneers new products while refining manufacturing processes to ensure continual advancement.



Our tool room is outfitted with advanced machinery, including Hard Milling and Turning Machines, CNC Wire-cut and EDM Machines with rotary electrodes, Axis Machining Centres, and an array of high-precision measuring instruments such as CMMs. This ensures the delivery of precision-quality products.

Expanding far beyond cage manufacturing, we now offer comprehensive metal stamping solutions across diverse industries including automotive, bearing and sealing, and electrical and appliance sectors. Our recent diversification into sand casting, value-added stamping components,

and bronze bushings has strategically positioned us for significant growth in emerging fields like wind energy, mining, and shipping. Moreover, with the increasing trend towards vehicle electrification, we foresee a substantial uptick in our market share within the precision engineering sector.

HEIL's robust network of manufacturing facilities, warehouses, and representative offices across the globe solidifies our strong international presence. This expansion reaffirms our commitment to consistently deliver top-tier quality solutions to our valued customers.

5

Manufacturing Facilities

22

Warehouses

HEIL Changodar Plant



HEIL Moraiya Plant



Harsha Precision Bearing Components (China) CO. Limited



Harsha Engineers Europe SRL

Supply Chain Management

Environmental consciousness is at the core of our supply chain strategy. We are committed to fostering a safe and sustainable ecosystem with our partners, as outlined in our general purchasing agreement, which mandates sustainability requirements for all suppliers. We are proud to report that 46% of our value chain partners are compliant with ISO 14001, a globally recognised standard for environmental management systems. This collaboration ensures responsible practices throughout the entire lifecycle of our products, from raw materials to finished goods.

Capital Trade-Offs

Manufactured Capital Interlinked with Other Capitals

Financial Capital

Financial capital assets enables the Company to establish and maintain profitable operations throughout the country.

Intellectual Capital

The presence of pan-India manufacturing facilities plays a crucial role in preserving our brand reputation and technology infrastructure, initiating innovations, and digitising operations.

Natural Capital

We actively work towards maximising the efficient utilisation of natural resources and minimising waste at our facilities, to reduce our environmental impact.

Human Capital

As our manufacturing capital generates revenue, it is appropriately allocated to compensate for our valuable human resources.

Social and Relationship Capital

The existence of warehouses has facilitated the development of strong relationships with local stakeholders and underprivileged communities.



PIONEERING SUSTAINABLE PRACTICES WITH PERFECTION



Financial Capital



Manufacturing Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



At HEIL, innovation serves as the cornerstone of all our endeavours, propelling our commitment to delivering nothing short of exceptional solutions. Innovation is not just a part of our operations; it is the driving force behind our quest for excellence in everything we do.

HEIL thrives on technology, emphasising on quality, design, and tool development at our core. Housing an in-house toolroom and boasting a team of over 197 highly skilled engineers, the Company specialises in tailored precision engineering solutions. With cutting-edge software, machinery, and a robust infrastructure, HEIL manufactures top-tier products using streamlined manufacturing processes.

We utilise advanced tool design software such as Pro Engineer for 3D modelling and detailing, Numerically Controlled Tool Path, AutoCAD Stations, Sheet Metal Formability Simulation, and Hyperworks. These tools enable us to eliminate any deviations in the design process, ensuring precision and accuracy.

At HEIL, we are strategically poised to meet the surging demand for precise, lightweight bearings fuelled by the automotive industry’s shift toward EVs. We leverage our in-house tooling, design capabilities, and advanced machinery. This synergy enables the production of premium stamping components and steel cages specifically tailored for the EV segment.

Recognising the burgeoning significance of the EV sector, HEIL has made substantial investments in our toolroom and design capacity. This forward-looking approach enables us to accelerate cage mould development, concentrating on the production of polyamide cages extensively used in EVs. By harnessing our capabilities and staying abreast of technological advancements, we aim to not only meet but also exceed the evolving needs of the EV industry, seizing the opportunities presented by this rapidly expanding market.

7,800+

SKUs Developed Till Date

344

SKUs Developed in 2023-24

197

Qualified Engineers



Capital Trade-Offs

Intellectual Capital Interlinked with Other Capitals

Financial Capital

By striving to develop innovative products for our clients, we enhance our ability to connect with a broader range of target audiences. This, in turn, boosts both our profitability and the well-being of communities.

Manufactured Capital

The advancement of novel financial products and solutions influences the Company's reach. We aim to create a more customer-centric experience through these changes.

Natural Capital

We firmly believe that integrating sustainability into our solutions and operations as a fundamental practice will yield long-term environmental benefits. Furthermore, it will serve as a demonstration to the stakeholders HEIL engages with.

Human Capital

Since innovation is an ongoing process, it also affects the regular job responsibilities of our employees. This necessitates training to ensure our adaptability to the required changes.

Social and Relationship Capital

As we progress towards offering a more inclusive and responsible range of solutions, we anticipate that our key stakeholders will recognise our efforts. This recognition will foster their trust in the Company for an extended period.



NATURAL CAPITAL

PIONEERING SUSTAINABLE PRACTICES WITH PERFECTION



Financial Capital



Manufacturing Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



HEIL is aware of the environmental consequences stemming from our manufacturing endeavours. In a bid to cultivate sustainable practices and pave the way for enduring growth, we have proactively instituted a range of measures aimed at curbing our adverse environmental footprint.

We have strategically invested in various technologies to enhance our environmental operations and minimise our ecological footprint. Recognising the critical role of technological advancements in achieving sustainable development goals and reducing environmental impact, we have implemented an ISO 14001-certified environmental management system. This certification underlines our commitment to a structured framework for effective environmental management, providing market credibility, cost savings through improved efficiencies, and a competitive edge in demonstrating our dedication to environmental sustainability while manufacturing high-quality products.

We meticulously monitor and manage multiple environmental aspects, including waste management, energy consumption, water and wastewater management, emissions control, and pollution prevention. By integrating sustainable practices throughout our operations, we promote environmental stewardship and continually strive to reduce our ecological footprint.

ISO 14001 Certified

Environmental Management System

584.11^{MT}

Approximately Waste Recycled

Zero Instances

of Non-Compliance with Environmental Laws in 2023-24

Energy Management

Energy efficiency is a key area of focus for HEIL. We have implemented various energy-saving technologies and equipment to optimise energy consumption across its facilities. This includes installing energy efficient lighting systems, utilising advanced machinery with low energy consumption, and deploying automated systems to monitor and regulate energy usage. Some of the energy-saving initiatives undertaken are



Our solar energy installations, with a combined capacity of 2.6 MW spread across rooftop and ground-mounted systems throughout India, generated 4.4 million units of clean energy in 2023-24. This achievement represents a significant reduction in our reliance on fossil fuels.

We harness wind energy through our facilities in Kalyanpur and Pipaliya, Gujarat. Our operational 1.25-MW windmill at Kalyanpur plays a crucial role in generating consistent, clean energy.

In Pipaliya, we have launched an innovative hybrid project that integrates a wind turbine generator (WTG) with a capacity of 2.7 MW, along with a solar power plant rated at 0.675 MW AC and 1.0125 MW DC solar power plant. This advanced approach ensures a more stable and reliable renewable energy supply for the region, highlighting our dedication to pioneering advanced energy solutions.

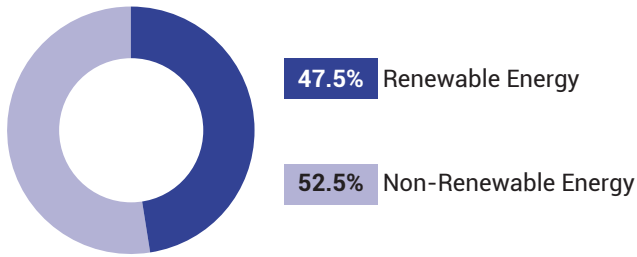
We have adopted advanced energy efficient technologies across our machinery and facilities. This includes upgrading to LED lighting systems, replacing outdated equipment with high-efficiency models, and evaluating the potential for integrating renewable energy sources.

We have integrated cutting-edge technology, such as Variable Frequency Drives, into our air compressors to optimise their operation. This allows them to adjust speeds based on actual demand, enhancing efficiency, and reducing energy consumption.

We have implemented automated shutdown systems for idle machinery and optimised our filtration plant operations to significantly reduce unnecessary energy consumption.

We are constantly seeking new ways to enhance efficiency, with projects like developing an Eco Ambulance and implementing IoT technologies for smarter energy management.

Energy Management Overview 2023-24



Emissions Overview

6,750

Total Scope 1 Emissions (tCO₂e) 2022-23

20,282

Total Scope 1 Emissions (tCO₂e) 2022-23

Emissions Management

At HEIL, we are keenly aware of the environmental impact of our operations, especially concerning air quality. We recognise that the combustion of fossil fuels during our bearing manufacturing process can lead to the emission of nitrogen oxides (NO_x) and sulphur oxides (SO_x). These pollutants can contribute to serious environmental and health issues, such as acid rain, smog, and respiratory problems. We are committed to mitigating these effects through rigorous environmental management practices and continuous improvement in our processes.

6,618

Total Scope 1 Emissions (tCO₂e) 2023-24

20,273

Total Scope 1 Emissions (tCO₂e) 2023-24

Biodiversity

Our commitment to sustainability and biodiversity is integral to our operational philosophy. For 2023-24, we have launched tree plantation initiatives at strategic locations within and around our operational sites. These efforts aim to enhance green cover, support local biodiversity, and contribute to ecological balance.

By sequestering CO₂, improving air quality, and creating habitats for various species, our plantations play a crucial role in mitigating climate change and enhancing environmental health. Additionally, these green spaces will enrich the aesthetic appeal of our facilities, offering recreational areas for employees and visitors while fostering a sense of well-being. Our engagement with local communities in these initiatives cultivates a shared sense of responsibility and promotes environmental stewardship, raising awareness and encouraging collective conservation efforts.

Water Management

We recognise water as a vital resource essential for both our operations and the environment. We are dedicated to responsible water management and reducing our water footprint. To reduce our water consumption, we have strategically put in place the various measures:

- ▣ **Process Optimisation:** We continuously assess and enhance our production processes to minimise water use.
- ▣ **Water-Efficient Technologies:** We invest in water-efficient technologies, including low-flow fixtures and equipment upgrades, to optimise consumption.
- ▣ **Water Recycling and Reuse:** We actively pursue opportunities to recycle and reuse water, thereby decreasing our reliance on fresh water resources.
- ▣ **Employee Engagement:** We promote water conservation through comprehensive training programmes, fostering a culture of responsible stewardship.



To maximise resource utilisation, we leverage treated water from our sewage treatment plants (STPs) for diverse applications such as cleaning rooftop solar panels, flushing toilets, maintaining green spaces, and enhancing cooling tower efficiency, all in compliance with the Gujarat Pollution Control Board (GPCB) regulations. Additionally, we have established dedicated areas for groundwater replenishment, reinforcing our commitment to environmental sustainability.

We view water as a shared resource crucial for environmental health and community well-being. Our proactive engagement with stakeholders, local communities, and regulatory bodies ensures responsible water stewardship. Through robust management practices and transparent communication, we aim to mitigate risks and boost water resilience in our operational areas. Our dedication to water stewardship reflects our broader commitment to sustainable resource management and long-term environmental and social benefits.

Rainwater Harvesting

We have established a robust rainwater harvesting system to enhance water management and sustainability. This system includes the installation of four dedicated rainwater harvesting recharging wells. To optimise the rainwater harvesting process, we have installed two bore-wells with impressive flow rates:

- ▣ One bore-well with a flow rate of 9,000 litres per hour (9 KL/h).
- ▣ Another bore-well with a flow rate of 6,000 litres per hour (6 KL/h).

During the monsoon season, our recharging wells have proven to be highly effective:

- ▣ At the Changodar location, approximately 3 million litres of rainwater were successfully recharged, representing 33.02% of the total water consumption for this site.

Capital Trade-Offs

Natural Capital Interlinked with Other Capitals

Financial Capital

By implementing energy-saving initiatives and adopting practices like water recycling, the Company can also achieve cost rationalisation while demonstrating its commitment to sustainability and enhancing its ESG ranking.

Manufacturing Capital

The availability of natural resources plays a vital role in establishing the necessary physical infrastructure for expanding the Company's business' footprint, underscoring their significance to its operations.

Intellectual Capital

Embracing sustainability in its offerings will gradually reshape our approach to innovation, enabling us to incorporate sustainable practices into our thought processes and drive positive change.

- ▣ At the Moraiya location, around 2.4 million litres of rainwater were recharged, accounting for 14.38% of the total water consumption for this site.

These initiatives significantly reduce our reliance on external water sources and play a vital role in sustaining the local water table. By capturing and recharging rainwater, HEIL adopts a sustainable and eco-friendly approach to water management, making a substantial contribution to environmental conservation efforts.

Waste Management

We are dedicated to minimising waste generation and advancing a circular economy across our operations. Our commitment is evident in our 85% waste recycling rate, demonstrating a proactive approach to resource conservation. In 2023-24, we successfully recycled all 11.88 metric tonnes of plastic waste, reinforcing our commitment to a circular economy for plastic materials. Additionally, our e-waste recycling efforts have been notably successful, with 0.645 metric tonnes of e-waste responsibly recycled. These achievements reflect our ongoing dedication to sustainable waste management practices.



Human Capital

Integrating environmental conservation as an organisational culture will not only impact our work culture but also influence the Company's learning and development initiatives, fostering a collective commitment to sustainability.

Social and Relationship Capital

The responsible use of resources ensures our contribution towards making common resources available and accessible to everyone in society, aligning with HEIL's goal to promote equitable resource utilisation.

HUMAN CAPITAL

CRAFTING TALENT WITH PRECISION



Financial Capital



Manufacturing Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



At HEIL, we immensely value our team of 1,731 employees, recognising them as the cornerstone of success. These committed individuals are the driving force behind our endeavours. We remain firmly committed to nurturing an environment that cultivates their growth and champions their success.

We are focussed on the continual advancement of our employees, prioritising the enhancement of their competencies, skills, and knowledge. Our human resource policies are designed to attract top-tier talent and facilitate their ongoing development. To bolster both technical expertise and behavioural competencies, we employ diverse approaches.

On-the-job training stands as a cornerstone, enabling employees to learn and acquire new skills while actively engaging in their roles. Classroom-based training further enriches their knowledge and hones specific skills pertinent to their respective responsibilities. Additionally, we actively support

employee participation in external training programmes to further broaden their skill sets and expertise.

HEIL actively promotes job rotation and internal transfers to cultivate cross-functional skills among employees, offering exposure to diverse roles and departments. Through our emphasis on comprehensive training and skill-building initiatives, we aspire to nurture an adept workforce capable

of meeting evolving demands. This dedicated focus on continuous learning not only empowers individual employees but also contributes to the overall success and competitiveness of HEIL. It serves as a catalyst for innovation and adaptability, propelling both personal growth and our overarching achievements.

1,731

Permanent Employees as of March 31, 2024

1,472

Contractual Employees

40,794

Total Training Hours

5,509

Employees Given Health and Safety Training

2,086

Total Training Programmes

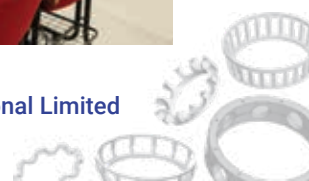
We are committed to the highest standards of ethical labour practices and human rights. We firmly believe that every worker deserves dignity and respect, and we are dedicated to ensuring fair and safe working conditions across our operations and supply chain. Our zero-tolerance policy for child and forced labour underlines our dedication to these principles.

Our comprehensive approach involves strict adherence to international labour standards, proactive measures to prevent and eliminate exploitative practices, and ongoing collaboration with stakeholders to foster a just and equitable work environment. Through rigorous supplier screening, robust training programmes, and open communication channels, we diligently work to protect human rights and promote social responsibility throughout our entire supply chain.



Training Initiatives

We understand the vital importance of both safety and human rights. We are committed to ensuring that our security personnel are not only trained in effective security practices but also well-versed in human rights principles and their practical application. This commitment fosters a culture of trust and respect within our community.



1

Human Rights Fundamentals

Our security personnel receive comprehensive training on core human rights principles, including the Universal Declaration of Human Rights and relevant international conventions. This training covers essential topics such as non-discrimination, freedom of expression, and the right to peaceful assembly.

2

De-Escalation Techniques

We equip our security personnel with de-escalation techniques to minimise the use of force and resolve situations peacefully. This includes verbal communication strategies, active listening, and conflict resolution skills.

3

Use-of-Force Continuum

Security personnel are trained to understand and apply the use-of-force continuum, which guides them in using the minimum amount of force necessary in any given situation.

4

Cultural Sensitivity

Our training programmes include modules on cultural sensitivity to ensure that security personnel interact with diverse populations respectfully and appropriately.

We invest in long-term employee growth through our 'Multiskilling' programme, which enhances adaptability by equipping team members with proficiency in multiple areas. For example, machine operators are trained on various machines, and employees are prepared for leadership roles. Our dedicated programmes focus on developing internal leadership, providing aspiring leaders with the knowledge, tools, and strategic thinking skills necessary to drive HEIL's continued success.

We offer a comprehensive learning ecosystem that includes diverse training programmes, online resources,

and development initiatives to support continuous growth. Performance reviews feature skill assessments to gauge the effectiveness of our programmes and identify skill gaps. This data guides future development plans, aligning them with our sustainability goals. We regularly conduct skills gap analyses to determine areas needing additional training. Employee surveys are integral to this process, providing feedback on programme effectiveness and enabling ongoing improvements to our training initiatives.

Skill Upgradation Training 2023-24

74%

Employees

92%

Workers

Employees Receiving Performance and Career Development Reviews 2023-24

82%

Employees

98%

Workers

Diversity and Inclusion

We thrive on a diverse and inclusive workforce, recognising that valuing each employee's unique skills and perspectives unlocks our collective potential for success. This commitment is reflected in our comprehensive policies and initiatives designed to foster a thriving and inclusive workplace.

We actively focus on areas such as gender representation, salary equity, and creating an inclusive workplace culture. Our concrete actions include implementing policies that promote diversity, ensuring fair compensation practices, and developing initiatives that support an environment where everyone feels valued and included. By prioritising these efforts, we aim to cultivate a workplace where all employees can succeed and contribute their best.

Workforce 2023-24



The number of male and female employees and workers includes both permanent and contractual workforce.

33 Years

Average Age of Employees in 2023-24

A diverse and talented workforce offers a strategic advantage. We ensure our workplaces comply with the Rights of Persons with Disabilities Act, 2016, broadening our talent pool and fostering diverse perspectives. Our Code of Conduct emphasises on equal opportunity and non-discrimination, creating a fair hiring and promotion process. This commitment to accessibility and inclusion not only builds a respectful and collaborative culture but also drives innovation and problem-solving. With zero reported cases of discrimination in 2023-24, our focus on fostering a sense of belonging enhances employee engagement and drives success for both our employees and the Company.

Differently Abled Employees and Workers (2023-24)



Employee Engagement and Well-Being

Our vibrant workplace celebrates the unique talents and backgrounds of our team, fostering a culture of inclusion and connection. Our annual Ethnic Day highlights this diversity with cultural presentations and attire, while our Long Service Awards recognise dedication and create a sense of belonging.

Employee well-being is a cornerstone of our inclusive environment. The Colleague Wellness Programme offers stress management and health resources, complemented by tailored Women's Wellness Programmes. We prioritise work-life balance through flexible arrangements and generous paid time off.

Building strong connections is key to our team's success. We celebrate national holidays and cultural events like Garba nights, while regular team-building activities and social events, such as Box Cricket, Yoga Day, and department picnics, strengthen relationships and boost morale. Our Reward and Recognition Programmes acknowledge achievements and create a motivating environment.

Special initiatives include a blood donation camp, morning meditation sessions, and a success party for our solar projects division, Harsha Abakus. Additionally, our SheShine Wellness Workshop supports employees' families, reinforcing our commitment to holistic well-being. By celebrating differences and fostering connections, we empower everyone to thrive, driving innovation and success.

Employee Health and Safety

Our Occupational Health and Safety Management System (OHSMS) prioritises employee well-being across all facilities with a focus on comprehensive safety protocols, regular inspections, and continuous improvement. Key elements include a dedicated Environment, Health, and Safety (EHS) Committee, robust training programmes, incident reporting, and emergency preparedness plans. We aim for zero accidents and pollution prevention, ensuring our OHSMS aligns with legal requirements while striving for the highest standards of safety and environmental protection.

Training is a cornerstone of our commitment to OHS. We believe that a well-trained workforce is essential for accident prevention and maintaining a safe work environment. In 2023-24, 70% of our workforce participated in health and safety training, underscoring our dedication to continuous learning and fostering a culture of safety.

We prioritise preventing work-related injuries and illnesses with a comprehensive approach that includes proactive safety protocols, regular inspections, and targeted training programs. These measures empower employees to identify and mitigate risks, reducing accidents. All incidents are meticulously tracked, investigated, and addressed with corrective actions to prevent recurrence, as demonstrated by our declining Lost Time Injury Frequency Rate (LTIFR).

Beyond physical health, we invest in overall employee well-being. Our approach includes on-site medical support, partnerships with local hospitals, and access to healthcare schemes for comprehensive care. We also focus on mental well-being through stress management programmes and meditation sessions, fostering a culture of holistic well-being.



1

Empowering a Safety-Conscious Workforce

We encourage employees to identify and report potential hazards, creating a collaborative environment where everyone contributes to incident prevention.

2

Interactive Sessions

These sessions cover crucial topics, including hazard identification, safe work practices, proper PPE use, ergonomics, fire safety, and stress management.

3

Toolbox Talks

Led by supervisors, these focussed discussions address specific workplace hazards and safe practices relevant to daily tasks.

4

Refresher Courses

Regular updates ensure continuous knowledge retention and skill development on essential OHS topics.

0

Work-Related Ill Health Recorded

0

Work-Related Injury Recorded

70%

Workforce Trained in Health and Safety in 2023-24

Capital Trade-Offs

Human Capital Interlinked with Other Capitals

Financial Capital

Our people help us drive growth and efficiency across products and departments. This, in turn, aids our overall financial performance.

Manufacturing Capital

Manufactured capital, in the form of human resources, has facilitated the development of skills and expertise among the Company's employees. This has enabled us to establish a local presence and effectively serve underserved populations.

Intellectual Capital

Our workforce has made a significant contribution to implementing, maintaining, and enhancing intangible assets such as our brand image, technology infrastructure, payment systems, and customer service platforms.

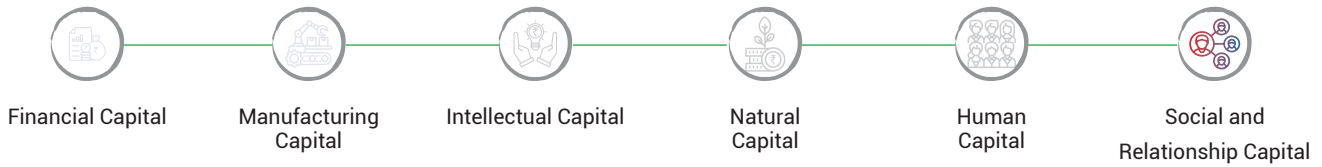
Natural Capital

Raising awareness among the Company's employees about incorporating eco-friendly practices into their daily routines helps us reduce its operational impact on the environment.

Social and Relationship Capital

Enhancing the capabilities of the Company's personnel helps us maintain positive relationships with customers, communities, investors, and other stakeholders within the ecosystem.

ENGINEERING CONNECTIONS WITH PERFECTION



By actively engaging in diverse initiatives, we prioritise the well-being and advancement of the community. By placing the interests of our stakeholders at the forefront, HEIL aims to generate a positive influence on the community, thereby contributing to holistic development. This dedication underscores our commitment to cultivating a harmonious relationship and making a lasting, sustainable impact on society.

Communities

Foundation of Social Responsibility

Our commitment extends beyond construction projects to a comprehensive CSR Policy. This policy reflects our dedication to creating positive social change through inclusive corporate development. We take responsibility for fostering a just and humane society, integrating social impact into our core operations, and striving to contribute to the greater good.

Our Guiding Principles

- ▣ **Sustainable Practices:** We prioritise environmentally responsible construction methods to minimise our impact on the planet, including initiatives like tree plantation to support a sustainable future.
- ▣ **Local Focus:** We actively utilise local resources and labour for our construction projects, boosting the local economy, empowering communities, and creating jobs.
- ▣ **Community Engagement:** We maintain open communication throughout the project lifecycle to ensure our structures meet the specific needs of the community and minimise disruption during construction.

Supporting Vulnerable Communities

We are dedicated to supporting vulnerable communities through meaningful partnerships. We collaborate with the Aastha Charitable Trust to support Anand Dham, a residential complex offering comprehensive care for individuals with mental health challenges, aging-related needs, and those requiring support due to the loss of parents. Additionally, our CSR efforts benefit the Dr Jeet Mehta Balshala Trust, where we contribute to renovating physiotherapy centres and providing essential equipment. This support enhances rehabilitation and education for students with mental challenges, demonstrating

our commitment to social inclusion and community empowerment.

We believe strong communities are the foundation for a thriving future. At HEIL, we connect people through our bridges, facilitating trade and fostering connections within communities. Our commitment extends to local focus, social investments, and initiatives like healthcare donations and educational support, creating lasting positive impacts. By adopting environmentally responsible practices and supporting long-term community well-being, we are dedicated to paving the way for a brighter future together.

Customers

We are deeply committed to fostering a culture of safety across all aspects of our operations, from product design and development to manufacturing and after-sales support. To ensure the well-being of those who rely on our products and services, we conduct comprehensive assessments to identify and mitigate potential health and safety hazards. This includes assessing risks during normal use, reasonably foreseeable misuse, and the entire product life cycle, including disposal.

We prioritise clear and accessible information for our customers, ensuring that products are clearly labelled with relevant safety information and supported by comprehensive technical documentation. Our customer support team is readily available to address questions and concerns regarding product safety.

While we strive for zero incidents, we acknowledge that there might be unforeseen issues. We maintain a robust system for recording and investigating incidents to identify areas for improvement. Lessons learned are incorporated into our design, manufacturing, and communication processes to prevent future occurrences.

In marketing communications, we adhere to a zero-tolerance policy for non-compliance, ensuring truthful and accurate representation of our products, without downplaying any potential risks. Customer feedback is actively sought through surveys, focus groups, and a dedicated customer service hotline, helping us identify potential safety concerns and improve product design and functionality.

By emphasising on clear communication, proactive risk assessment, and continuous improvement based on customer feedback, we aim to build trust and ensure the safety of everyone who interacts with HEIL products. Our commitment to a culture of safety, alongside our customers, is key to creating a safer future.

Capital Trade-Offs

Social and Relationship Capital Interlinked with Other Capitals

Financial Capital

Cultivating enduring and reliable connections with stakeholders enables the Company to enhance our financial standing

Manufacturing Capital

Ongoing engagement with all stakeholders empowers us to bolster our blended physical and digital presence

Intellectual Capital

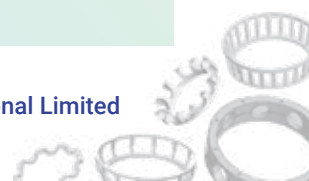
Development and advancement of our intellectual capital, with the dynamic and evolving needs of stakeholder groups serving as vital inputs

Human Capital

Inspiring employees to excel and fostering higher rates of employee retention, by creating sustainable, long-term value for all stakeholders

Natural Capital




Increasing preference for companies with minimal carbon footprint with increase in stakeholder awareness of climate change



PRECISION IN GOVERNANCE

Governance stands as a cornerstone within the Company, anchoring and shaping the essence of our operations. At HEIL, we remain resolute in our dedication to upholding the highest standards of corporate governance, emphasising on transparency, accountability, and ethical behaviour across every facet of our operations. Our Board of Directors, composed of seasoned professionals, offers strategic guidance, and maintains vigilant oversight, steering the Company toward its objectives with prudence and expertise.



Policies	UN SDG Alignment
Policy on Child Labour and Prevention of Forced Labour at the Workplace	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div>
Policy on Contract Labour Management	
Anti-Bribery Policy	
Whistle Blower Policy	
Code of Conduct	

Management Approach

HEIL emphasises on ESG-related governance practices as a core aspect of our operations. We have established strong governance frameworks and policies that encompass environmental sustainability, social responsibility, and ethical business practices.

Risk Management

Our foundation rests on a robust risk management policy meticulously crafted to ensure not only sustainable but also steady business growth. This policy champions a proactive stance in identifying, assessing, and resolving potential risks inherent in our operations. Through a structured and disciplined framework, we navigate risks methodically, guiding our decisions and actions while evaluating and mitigating potential threats.

Implementing this policy is a commitment aimed at enhancing transparency, fortifying governance, and

Responsible Business Practices

At HEIL, we strongly believe in ethical business practices and have a governance structure in place to ensure that fair and transparent practices are carried out through all levels of operations. Our commitment to responsible practices is reflected by the fact that there have been zero cases of corruption and zero cases of conflict of interest in 2023-24. The Company upholds the highest standards of professionalism, honesty, integrity, and ethical behaviour, as outlined in our Code of Conduct for

ISO 9001:2015 Certified

IATF 16949:2016 Certified

safeguarding the enduring interests of our stakeholders. It offers a comprehensive approach, providing measures for both risk mitigation and continuous monitoring. A dedicated risk management committee oversees business risks, addressing any material risks identified while also ensuring oversight of ESG-related risks.

Moreover, the Company boasts a thorough contingency plan, meticulously crafted to address identified risks. This plan encompasses diverse scenarios, spanning from fire hazards to seismic events, ensuring preparedness and resilience across the spectrum of potential challenges.

Board and the senior Management Personnel. Directors and senior management are expected to comply with this policy to ensure the Company's success and reputation.

Performance evaluations are conducted for Directors and committees, including Independent Directors, in accordance with applicable provisions. The Company also has a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, which ensures that all employees, directors, and insiders handle such information on a need-to-know basis.



We have also established the following policies that protect the interests of the workforce and all our employees:

Code of Conduct

HEIL has established a comprehensive code of conduct that ensures all employees follow the Company's values and ensure business is conducted in a truthful and transparent manner. The code also covers the importance of environment-friendly processes and protective measures that are required to be taken in the Company's facilities.

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

The Company maintains a steadfast policy against child labour and forced labour, prioritising the protection of human rights, and ensuring ethical practices throughout our operations. With a strong commitment to upholding international labour standards, the Company strictly prohibits the use of child labour or any form of forced labour in any of our activities or supply chains.

Policy on Contract Labour Management

HEIL has implemented a comprehensive contract labour management policy to ensure fair and ethical treatment of contract workers within our operations. This policy emphasises on the Company's commitment to providing a safe working environment, fair wages, and appropriate benefits for contract workers. It also outlines the Company's responsibility to ensure compliance with labour laws and regulations, including provisions for health and safety standards.

Anti-Bribery Policy

The Company is fully dedicated to maintaining a corruption-free business environment, and as part of our comprehensive approach, we have implemented a robust Anti-Bribery Policy. This policy strictly prohibits any form of bribery, including offering, promising, giving, or soliciting bribes in any situation or context. We firmly believe that bribery undermines fair competition, erodes trust, and hampers sustainable growth. We provide regular training to our employees, conduct due diligence on business partners, maintain clear guidelines for gifts and hospitality, and have established a confidential reporting mechanism to encourage reporting of any suspected or actual instances of bribery.

Whistle Blower Policy

At HEIL, we recognise the critical role of whistleblowers in exposing misconduct and maintaining a culture of transparency and accountability. We have established a comprehensive Whistle-blower Policy to protect and encourage individuals who come forward to report suspected or actual instances of wrongdoing within the Company. Our policy ensures that whistle-blowers are provided with a secure and confidential reporting mechanism, allowing them to disclose information without fear of retaliation. Reports are promptly investigated, and appropriate actions are taken to address the concerns raised.



Regulatory Certifications

Quality Management System

We are ISO 9001:2015 certified which signifies that the Company has implemented a robust Quality Management System (QMS) and is committed to delivering products and services of the highest quality. By complying with the requirements of ISO 9001:2015, we ensure effective quality control processes, customer satisfaction, and the ability to consistently meet and exceed customer expectations. The certification also demonstrates the Company's commitment to operational efficiency, risk management, and a focus on continual enhancement of our processes.



Environmental Management System

We are proudly ISO 14001:2018 certified, underscoring our commitment to environmental management. This certification reflects our dedication to minimising our environmental impact through systematic, effective practices. By adhering to these rigorous standards, we ensure sustainable operations and contribute positively to environmental stewardship, aligning with global best practices.



Automotive Quality Management System

We are IATF 16949:2016 certified, a globally recognised Quality Management System (QMS). This certification is a testament to our commitment for delivering quality products that adhere to the stringent requirements for automotive quality management. The IATF 16949:2016 certification promotes continual improvement, operational efficiency, reduction of variation, and waste elimination in supply chain through the implementation of standardised processes and the emphasising on defect prevention. This certification validates our adherence to internationally recognised standards and enhances our credibility within the automotive industry.



Occupational Health & Safety Management System

We also hold ISO 45001:2018 certification for OHSM. This international standard underlines our commitment to providing a safe and healthy work environment. By adhering to stringent safety protocols, we prioritise the well-being of our employees and stakeholders, ensuring a proactive approach to hazard management and continuous improvement in workplace safety standards.



BOARD OF DIRECTORS



Mr. Rajendra Shah

Chairman & Whole-Time Director

Mr. Rajendra Shah, is a mechanical engineer hailing from Lukhdhirji Engineering College in Morbi, with a remarkable track record. In recognition of his exceptional entrepreneurial skills, he was honoured with the AMA Atlas Dycechem 'Outstanding Entrepreneur of the Year Award 2001' by the Ahmedabad Management Association. Currently, he oversees the overall management of HEIL, with a specific focus on financial matters. Additionally, he serves as the President of the Blind People's Association in Ahmedabad, demonstrating his commitment to philanthropy. Furthermore, he held the esteemed position of Chairman of CII Gujarat during the period of 2019-20. With a wealth of experience spanning 38 years in the precision engineering industry, specialising in bearing cages and stamped components, he is a seasoned professional in his field.



Mr. Harish Rangwala

Managing Director

Mr. Harish Rangwala is a mechanical engineer who graduated from Lukhdhirji Engineering College in Morbi, with an impressive career history. After his tenure at Tata Chemicals, he joined HEIL, where he currently holds a key leadership role. In his current position, he is responsible for the comprehensive management of HEIL, overseeing both the core operations and the renewable energy division. With a wealth of experience exceeding 38 years in the precision engineering sector, specialising in bearing cages and stamped components, he brings extensive expertise to his field.



Mr. Vishal Rangwala

CEO & Whole-Time Director

Mr. Vishal Rangwala, is a mechanical engineer who graduated from the University of Pune, and possesses a strong educational background. In addition to his engineering degree, he also holds a Master of Science degree in Engineering Management from the University of Southern California. In 2005, he embarked on his professional journey as a senior staff analyst at United Service, a division of United Airlines. Subsequently, in September 2007, he joined the Harsha Group as a marketing manager, playing a pivotal role in the Company's marketing efforts. Currently, he holds the responsibility for guiding the overall strategic direction of the Harsha Group and for leading both the marketing and corporate functions. With over 15 years of experience in the precision engineering industry, specialising in bearing cages and stamped components, he brings a wealth of expertise to his role.



Mr. Pilak Shah

COO & Whole-Time Director

Mr. Pilak Shah is a mechanical engineer who completed his studies at Nirma Institute of Technology, and has an impressive academic background. In addition to his engineering degree, he also holds a Master's degree in Integrated Manufacturing Systems Engineering from North Carolina State University. In 2006, he joined the Company as a manager overseeing resource management. Soon after, on February 5, 2016, he was appointed as a Director on the Board of the Company, showcasing his valuable contributions. With a strong focus on the overall strategic direction of the Harsha Group, he plays a vital role in shaping its trajectory. With over 14 years of experience in the precision engineering industry, specialising in bearing cages and stamped components, he brings a wealth of expertise to his position.



Ms. Hetal Naik

Whole-Time Director

Ms. Hetal Naik is a mechanical engineer who graduated from L.D. Engineering College, and has a strong educational background. She further pursued a Master of Technology degree in Mechanical Engineering with a specialisation in design engineering. Since 2015, she has been an integral part of the Company, bringing her extensive knowledge and technical skills to the table. Her expertise encompasses Designing Software, Design Failure Mode and Effect Analysis (DFMEA), Automotive Engineering, Lean Manufacturing, Geometric Dimensioning and Tolerancing (GD&T), Sheet Metal, and Total Productive Maintenance (TPM), among others. In her role, she assumes responsibility for ensuring the health and safety of all employees and individuals affected by the Company's operations. Additionally, she plays a crucial role in managing the TPM function within the Company.



Prof. (Dr.) Neharika Vora

Independent Director

Prof. (Dr.) Neharika Vohra, an esteemed academic, has a diverse educational background. She holds a Bachelor's degree in Psychology from Shushilavati Khosla D.A.V. College for Women in Rourkela. She further pursued Master of Arts and Doctor of Philosophy degrees from the University of Manitoba. She served as Vice Chancellor of the Delhi Skills and Entrepreneurship University. For the past two decades, she has held the position of professor at IIM Ahmedabad, where she has made significant contributions to the field. In addition to her tenure at IIM Ahmedabad, she taught at Xavier Institute of Management, Bhubaneswar for four years and had brief teaching stints at the University of Manitoba. Further, she has also been appointed as member of the Governing Board of Education Support Organisation (Gyanshala), Ahmedabad. With over 24 years of experience in teaching and research, her expertise lies in the field of organisational behaviour.





Mr. Ambar Patel

Independent Director

Mr. Ambar Patel has a Bachelor's degree in Mechanical Engineering from Gujarat University. Since October 29, 1993, he has held the esteemed position of Managing Director at Shilp Gravures Limited. Furthermore, he serves as a Director on the Board of the Kalupur Commercial Co-Operative Bank Limited and holds the role of Chairman for the MSME Committee within the bank. Currently, he is an Executive Committee Member of the Gujarat Chamber of Commerce & Industry and also serves as the Chairman of the Labour & Industrial Safety Committee. Additionally, he holds the position of President within the Santej Industrial Area Association. Mr. Ambar Patel's dedication to public service extends beyond his professional commitments as he actively contributes as an Advisory Committee Member for Health & Care Foundation and Aastha Charitable Trust.



Dr. Bhushan Punani

Independent Director

Dr. Bhushan Punani holds a Bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University in Kurukshetra. He further pursued an LLB degree from Gujarat University, a Post-Graduate Degree in Management from the Indian Institute of Management, Ahmedabad, and a Doctor of Philosophy (commerce) degree from Gujarat University. Additionally, he completed a special course on vocational rehabilitation from the University of Hafia, School of Social Work. Dr. Bhushan Punani holds notable positions in various organisations, including serving as the General Secretary of the Blind People's Association in Ahmedabad and as the Vice President of ICEVI. In recognition of his accomplishments, he was honoured with the Distinguished Alumnus Award from the Indian Institute of Management, Ahmedabad in 2011. He has also contributed to several national committees, including the Central Advisory Board on Disability, the National Advisory Committee on Accessible Election, and the Committee on Drafting of National Law on Disability.



Mr. Ramakrishnan Kasinathan

Independent Director

Mr. Ramakrishnan Kasinathan has an extensive educational background and professional experience. He earned a Bachelor's degree in Civil Engineering from the University of Madras and holds a Diploma in Basic Finance from the Institute of Chartered Financial Analysts of India. Furthermore, he attained a Master's Degree in Business Administration from Anna University and a Master's Degree in management from the Asian Institute of Management in the Philippines. Throughout his career, he has held positions at ACT India, Johnson & Johnson Limited, Best & Crompton Engineering Limited, SKF India Limited, and Hindustan Zinc Limited, gaining valuable expertise in various industries. Currently, he is affiliated with Nexdigm Private Limited, where he serves as a consultant, bringing his wealth of knowledge and experience to the organisation.



Mr. Kunal Shah
Independent Director

Mr. Kunal Shah holds a Bachelor's degree in Chemical Engineering from Nirma Institute of Technology, Gujarat. Additionally, he obtained a Master of Science degree in Information Systems from Stevens Institute of Technology, USA. Since December 2002, he has been associated with AIA Engineering Limited, where he has held significant roles. From 2014 to 2017, he served as their CFO, and currently, he holds the position of Executive Director, Corporate Affairs. Mr. Kunal Shah has also ventured into entrepreneurship, establishing his own consulting firm called 'Theoden Ventures LLP' and co-founding Aurus. With extensive experience in general management and finance, he brings valuable expertise to his endeavours.



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

Shri Ambar Patel
Independent Director

Dr. Bhushan Punani
Independent Director

Prof. (Dr.) Neharika Vohra
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 R. Shah & Associates,
Chartered Accountants, Ahmedabad

BANKERS

CITI Bank N.A.

HDFC Bank Limited

RBL Bank Limited

Yes Bank Limited

State Bank of India

HSBC Bank Limited

ICICI Bank Limited

Export-Import Bank of India

Axis Bank Limited

REGISTERED / CORPORATE OFFICE / WORKS 1

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

WORKS 2

Moraiya Farm, Sarkhej-Bavla Road, P.O. Changodar,

Ahmedabad - 382213, Gujarat, India.

MANAGEMENT DISCUSSION AND ANALYSIS



THE GLOBAL ECONOMY

The global economy has demonstrated noteworthy resilience, characterised by steady growth and a rapid slowdown in inflation. This journey has been marked by significant challenges such as post-pandemic supply-chain disruptions, an energy and food crisis triggered by the Russia-Ukraine conflict, and a surge in inflation. Notably, the rise in inflation was followed by synchronised monetary policy tightening.

Global growth, which reached 3.2% in 2023, is forecasted to remain steady through 2024 and 2025. However, this falls short of the historical average of 3.8%, owing to restrained monetary policies, diminished fiscal aid, and sluggish productivity growth. On the other hand, global headline inflation is expected to

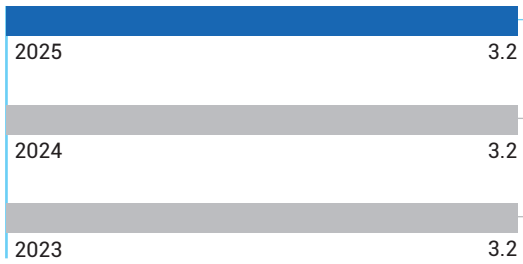
moderate, decreasing from an annual average of 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025. This decline can be attributed to a more front-loaded decrease in advanced economies. Inflation is expected to return to near pre-pandemic levels sooner than in emerging markets and developing economies.

Advanced economies are poised for a slight uptick, primarily driven by the economic recovery in the Euro Zone. The growth rates in such economies are projected to climb from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. In contrast, emerging markets and developing economies are expected to sustain stable growth at 4.2% during 2024 and 2025. However, regional disparities still exist, with the growth moderation in Asia counterbalanced by growth in the Middle East, Central Asia, and Sub-Saharan Africa.

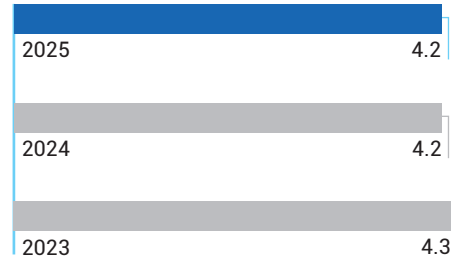


Global Economic Growth

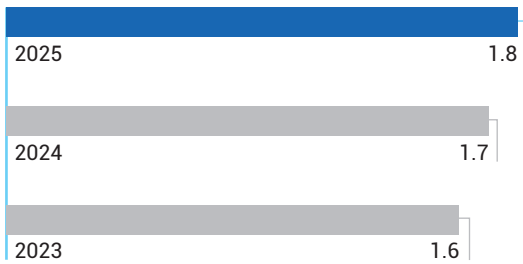
World (in %)



Emerging Markets and Developing Economies (in %)



Advanced Economies (in %)



(Source: World Economic Outlook – April 2024, World Economic Outlook – January 2024)

Outlook

The global economic environment is currently balanced, though there are some lingering uncertainties. Instances of geopolitical tension, such as those in Ukraine, Gaza, Iran and Israel, could disrupt energy exports in the Middle East, potentially leading to increased crude oil prices. These, in turn, could increase the likelihood of higher interest rates and lower asset values. Furthermore, divergent rates of price decreases in major economies could cause currency fluctuations, thereby impacting financial sectors. The combination of high interest rates, household debt levels, and adjustments to fixed-rate mortgages could strain financial stability.

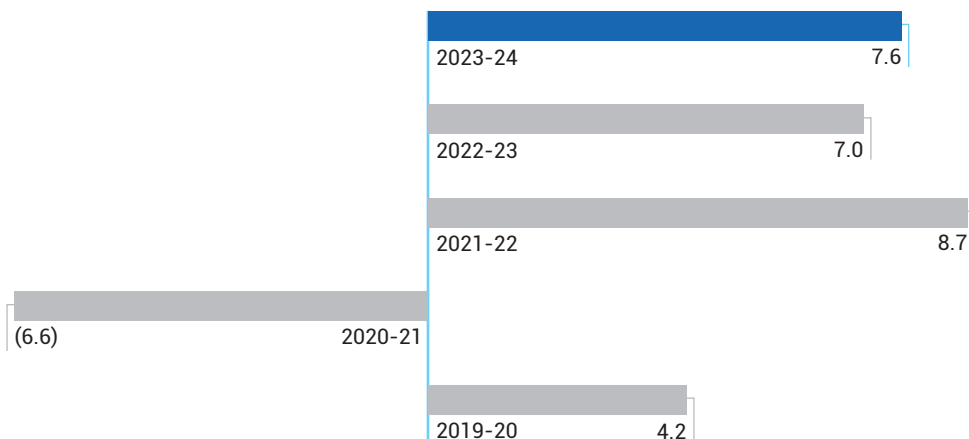
INDIAN ECONOMY

India's economy has been remarkably resilient to global economic challenges, exhibiting sustained growth over the past three years. This growth has been supported by strict policy measures, regulations, and the gradual recovery of the private sector. Currently, the country is positioned for further progress, driven by significant investments in emerging sectors, ongoing government expenditure, and efficiency improvements due to advancements in digitalisation and infrastructure.

In 2023-24, India's GDP grew at 8.2%, signifying a strong trajectory of economic advancement. However,

looking ahead at the next fiscal year, there is a note of caution, with GDP growth expected to grow between 6.5%-7%. This anticipated slowdown is due to a tightening of the monetary and fiscal policies, which was essential to bring inflation down. Despite such challenges, India's economic vitality is backed by various factors, including strengthening consumer buying power due to lower inflation, a thriving start-up culture, anticipated strong agricultural outputs, and a resurgence in private capital spending. Additionally, efforts by the Government to boost rural incomes and increase infrastructure spending reinforce the country's position as the world's fastest-growing major economy.

Indian Economy GDP Growth Rate (in %)



Outlook

Going forward, the Indian economy is poised to reach greater heights in the coming years. Projections suggest that it will touch the USD 7 trillion mark by 2031, solidifying its standing to emerge as the world's third-largest economy. This growth is likely to be driven by capital and productivity enhancements, which, in turn, would be facilitated by a comprehensive integration of digital and physical infrastructure. Furthermore, the manufacturing sector is expected to undergo a resurgence. This boost is forecasted to result from global opportunities, supportive domestic policies, and a focus on transitioning to green energy.

The future holds the possibility of a strong growth in capital expenditure, propelled by industrial strength and effective infrastructure development. This positive trajectory is likely to be supported several factors such as the robust financial health of Indian companies, consistent revenue growth, and a favourable outlook for commodity prices. Additionally, the Government's Production Linked Incentive (PLI) scheme aims to enhance India's manufacturing capabilities on the global stage, facilitated by a strong banking sector and innovative financing options.

(Source: Press Information Bureau – Indian Economy Estimates)

INDUSTRY OVERVIEW

Global Bearings Market

Bearings find extensive application across a wide spectrum of equipment and machinery, spanning automotive components, agricultural machinery, household appliances and defence and aerospace systems. In 2023, the global bearing market was valued at USD 120.98 billion, and is projected to register a compound annual growth rate (CAGR) of 9.5% from 2024 to 2030.

In 2023, the automotive segment dominated the bearing market, accounting for a market share of 49.0%. This major contribution can be owed to the vast production in global the automotive industry. Additionally, the heightening demand for vehicles with technologically advanced solutions is driving vehicle manufacturing, which in turn necessitates the supply of instrumented products. Geographically, the Asia-Pacific region dominated the bearing market in 2023, accounting for a revenue share of 40%. The region is also expected to witness the fastest revenue growth, with a projected reach of more than USD 98.20 billion by 2030. China is another major market for bearings, and the sales in the country is expected to increase significantly in the coming years. This trend is likely to be propelled by the rapid expansion of machinery and motor vehicle production. Alongside, there is strong estimated aftermarket for industrial equipment and motor vehicle repair.

(Source: <https://www.grandviewresearch.com/industry-analysis/bearings-market>)



Indian Bearings Market

The Indian bearings market, valued at USD 2,179.9 million in 2023, is expected to witness substantial growth, reaching USD 6,714.8 million by 2032. This growth, estimated to expand at a CAGR of 13.5% between 2024 and 2032, reflects a strong and steady upward trend. In 2023, Western India, especially Maharashtra and Gujarat played a significant role in the bearings market, constituting 54.5% of the total market revenue. This dominance of the region can be credited to its position as a major automotive manufacturing hub. Moreover, since more than 60% of bearing revenue is generated from the automotive sector in India, this concentration creates a lucrative business for bearing manufacturers.

The growth of the bearing industry has been primarily propelled by global economic progress, driving the increased demand for bearings across various sectors. Additionally, the rise in demand for customised bearings has spurred growth in the industry, with other sectors seeking tailored solutions to meet specific requirements. The growth has also been facilitated by the increased need for high-performance bearings. This has been due to a shift towards producing bearings with greater durability and efficiency. Furthermore, technological upgrades have also enabled the production of more advanced bearings, contributing to bolstered growth in the industry. The expanding renewable energy market, particularly the wind sector, has also been a key growth driver, as it is witnessing the demand for increasingly sophisticated bearings to support wind turbines. As these factors continue to stimulate growth in the bearing industry, manufacturers are expected to invest more in localising

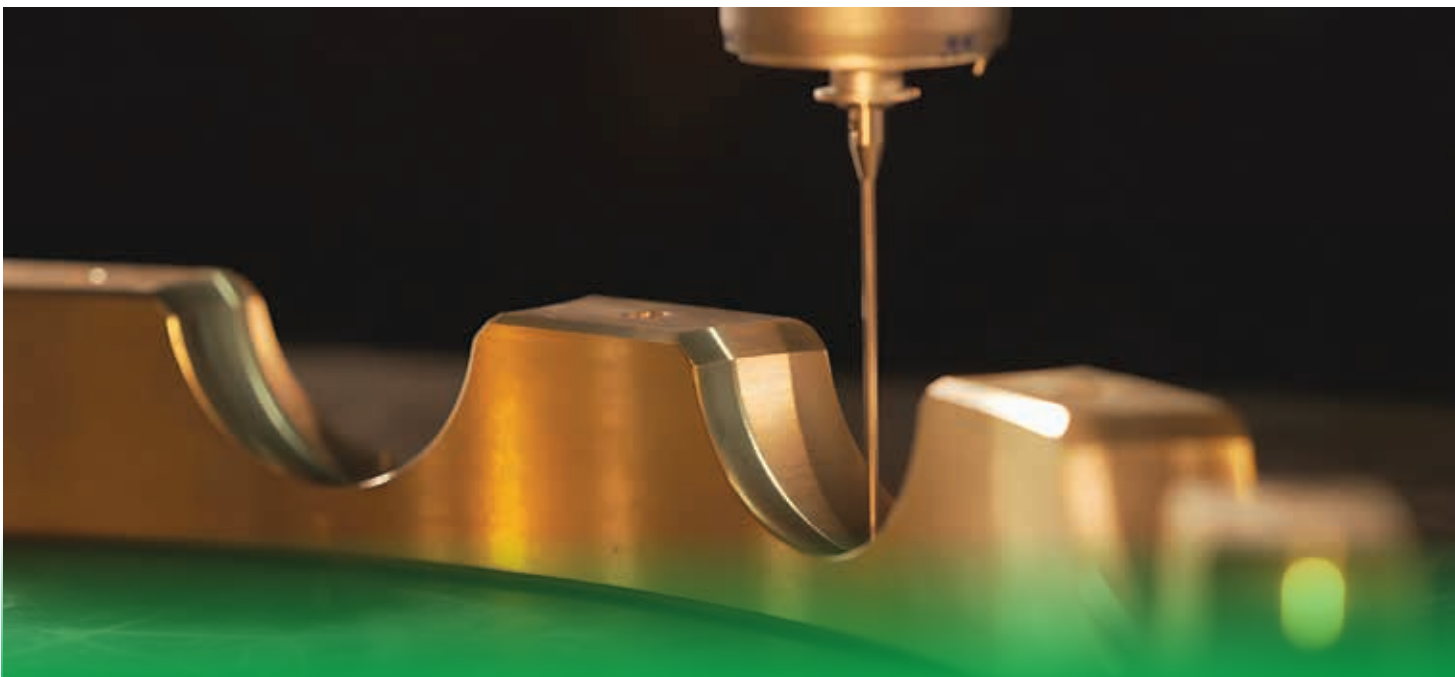
their products. This, in turn, will contribute to reducing imports and promoting domestic production. Overall, the bearing industry is expected to continue growing despite potential challenges to near-term growth, driven by a range of factors likely to persist in the long term.

(Source: <https://www.astuteanalytica.com/industry-report/india-bearings-market#:~:text=India%20bearings%20market%20size%20was,the%20forecast%20period%202024%2D2032.>)

Global Stamping Market

Stamping is a metal manufacturing process that transforms flat metal sheets into specific shapes and sizes. It encompasses various techniques such as blanking, coining, and bending. Stamping machines are the machines used for the process, which also utilise computer tools to create designs. Notably, there are four primary types of stamping, viz. progressive die stamping, four-slide stamping, transfer die stamping, and deep draw stamping. The procedure to be used for any particular product is selected based on the product requirements.

In 2023, the size of the global metal stamping market was estimated at USD 236.83 billion, and is projected to expand at a CAGR of 4.2% from 2024 to 2030. Increasing investments in the construction industry, especially in Asia-Pacific, are propelling the demand for stamped metal parts. Moreover, the burgeoning demand for customised products in various industries is expected to benefit the stamping market. Stamping is also an easier procedure to apply, which makes for another key growth driver for this manufacturing process. Furthermore, the automation of the stamping procedure is anticipated to drive efficiency and reduce production costs. Overall, these growth drivers



are projected to contribute significantly to the increased growth of the stamping market in the coming years.

(Source: <https://www.grandviewresearch.com/industry-analysis/metal-stamping-market>)

Indian Stamping Market

The India automotive stamping market was valued at USD 4,655.9 million in 2023, and is expected to record a CAGR of 4.4% from 2023 to 2030. This expansion has been primarily fuelled by the robust growth of India's automotive industry, characterised by a significant increase in car production and sales. India is positioned to emerge as a leader in the stamping market of the Asia-Pacific region. Several factors are likely to contribute to this growth, including the escalating demand for stamped components across diverse industries, the adoption of innovative technologies, government initiatives aimed at fostering domestic manufacturing, and the presence of a skilled workforce coupled with competitive labour costs.

(Source: <https://www.coherentmarketinsights.com/market-insight/india-automotive-stamping-market-3161#:~:text=The%20India%20Automotive%20Stamping%20Market,flat%20metal%20into%20desired%20shapes.>)

Global Solar Industry

The global solar power market is projected to grow from USD 253.69 billion in 2023 to USD 436.36 billion by 2032, exhibiting a CAGR of 6% in the forecast period. Power generation in recent years has been directly impacted by the rising population in developing countries. With the increase in carbon reduction efforts, power generation through renewable sources is being considered the most feasible substitution for conventional power sources such as oil and coal products. Notably, this shift towards renewable energy is increasing at a healthy rate. As the costs associated with solar energy systems continue to decline, they are becoming increasingly competitive within the energy generation industry. Heightening investments in solar energy technologies are expected to further drive down component prices. As such, solar energy systems are set to become more cost-effective than traditional coal or gas power plants.

The imperative to explore alternative sources of power generation and reduce reliance on fossil fuels is also poised to escalate the demand for solar energy systems. This underlines the pivotal role of solar energy in the transition towards sustainable energy solutions.

(Source: <https://www.fortunebusinessinsights.com/industry-reports/solar-power-market-100764>)

Indian Solar Industry

India has made remarkable strides in the field of solar energy, currently ranking fourth globally in solar power capacity. Over the past five years, the country has undergone a monumental transformation, witnessing a substantial increase in the solar installed capacity from 21,651 MW to 70,096 MW as of 2023. With ambitious targets and policies like the Production Linked Incentive (PLI), India is working towards achieving 500 GW of renewable energy capacity by 2030.

Central to the country's commitment to promoting the use of solar energy is the Solar Park Scheme. This scheme is aimed at establishing 50 solar parks each with a capacity of 500 MW and above, cumulatively totalling around 38 GW by 2025-26. Solar parks are pivotal hubs for solar energy generation, capable of attracting investments and fostering a favourable environment for solar power infrastructure development.

Importantly, India has set forth ambitious targets to spearhead the renewable energy revolution. These include achieving 500 GW of renewable energy capacity by 2030, which would meet 50% of its energy needs from renewable sources by the same year. Also, the country targets to reduce the projected carbon emissions by 1 billion tonnes by 2030. India even aims to decrease the carbon intensity of its economy by less than 45%, in its aspiration to become a net-zero carbon country by 2070.

(Source: <https://www.investindia.gov.in/team-india-blogs/indias-solar-power-revolution-leading-way-renewable-energy#:~:text=India%20currently%20stands%204th%20globally,to%2070%2C096%20MW%20in%202023.>)



COMPANY OVERVIEW

Founded in 1986, the Harsha Group aims to provide efficient engineering solutions and maximise the impact of engineering on society. Today, Harsha Engineers International Limited (also referred to as 'HEIL' or 'Harsha Engineers' or 'the Company') leads the Indian precision bearing cage manufacturing sector, boasting a market share of 50-60% in the organised segment. On a global scale, the Company holds around 6.5% market share in organised bearing cages for brass, steel, and polyamide.

The Company's diverse range of bearing cages spans from 20mm to 2,000mm in diameter. Its product line

includes brass, bronze, bushing and polyamide cages, along with steel cages and stamped components. Additionally, the Company offers comprehensive turnkey solutions for solar photovoltaic needs in the solar engineering, procurement, and construction sector.

With the evolution of engineering and the growing demand for bearings, the Company is continuing to serve its clients with utmost precision in its products. Utilising its in-house product development and innovation centre, the Company has developed 344 new products in 2023-24.

Strengths



Global Precision Engineering Solutions Provider

Harsha Engineers offers a varied product lineup, crafting bearing cages in different sizes and materials. It excels in manufacturing precision components, welded assemblies, brass castings, and bushings. With robust manufacturing processes and adeptness in new product development, the Company's market presence extends to over 30 countries across five continents in 2023-24. This ensures the creation of diversified revenue streams geographically and among customers.



Collaborations with International Bearing Producers

Harsha Engineers has forged strong alliances with leading global bearing manufacturers across automotive, railways, aviation, construction, and other industries. Their expertise, advanced manufacturing facilities, and dedication to quality ensure repeat orders and long-term contracts. By prioritising customer satisfaction and transparent transactions, the Company accommodates diverse needs, innovates new products, and is able to venture into new markets, highlighting its operational excellence and attracting prospective clients.



Expertise in Tooling Manufacturing, Design Development, and Automation

Drawing upon decades of precision engineering expertise and strategically positioned production facilities, Harsha Engineers seamlessly meets the unique and rigorous demands of its global clientele. It harnesses cutting-edge manufacturing technology to deliver comprehensive services across the entire product lifecycle, encompassing design, development, and manufacturing. While specialising in bearing cages, the Company also offers a diverse range of precision components such as welded assemblies, brass castings, and bushings. Its expansive market presence spans across multiple continents, ensuring diversified revenue streams both geographically and among customers.

Opportunities

1

CHINA+1

In today's global business landscape, the demand for alternatives to products manufactured in China is on the rise. This shift creates a substantial opportunity for India. With its operational advantages and seasoned management team, HEIL is well-placed to capitalise on this trend. The Company's strategic positioning and deep expertise enables it to effectively address the evolving needs of businesses seeking reliable and high-quality engineering solutions.

2

IMPROVED WIND MARKET IN EUROPE

The surge in wind power investments across Europe is driving substantial growth for HEIL, a leading supplier of high-quality bearing cages and bronze bushes for wind turbines. HEIL's competitive edge is further strengthened by our production facility in Romania. With innovative designs and well-planned manufacturing capabilities, we are well positioned to meet the increasing demands of wind power original equipment manufacturers (OEMs) as the market continues to expand.

3

GROWING DEMAND FROM JAPANESE AUTOMAKERS

The demand for HEIL's products from major Japanese automakers has steadily increased in recent years, fuelled by our rising production, emphasis on quality and innovation, and expansion into emerging markets. Our expertise and ability to provide customised components position the Company well to meet the automakers' discerning requirements and become a strategic partner in their growth.

4

BRONZE BUSHING

We specialise in producing bronze bushes primarily used within the gearboxes of wind turbines, especially in planetary axles. Our focus is on advancing our expertise across various bronze alloys, with a specific emphasis on aluminium and tin bronze. These bushes are central components, and their precise machining is crucial for ensuring optimal wind turbine performance. We have achieved proficiency in addressing the complete spectrum of bushes, covering a wide range of outer diameters (OD) and heights. Our capabilities extend from 200mm to 600mm in OD and 200mm to 800mm in height.



5

MOVING MANUFACTURING TO BEST COST LOCATIONS

At HEIL, we are poised to capitalise on the relocation trend of the bearing and bearing cage businesses from Europe to India. Our favourable cost structure, combined with our strong relationships with top global manufacturers, position us perfectly to seize this opportunity.

6

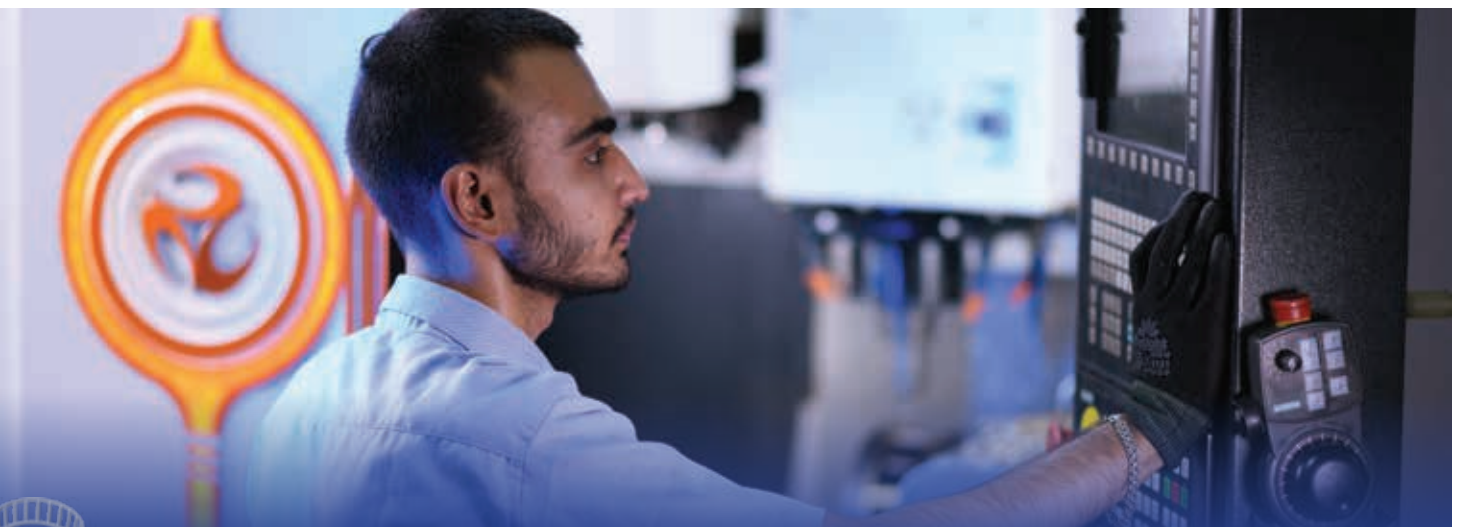
INCREASING POPULARITY OF EVS

We are strategically positioned to leverage the growing EV segment due to our expertise in developing customised bearing cages. Our in-house tool and design facilities, advanced machinery, specialised cleaning equipment, and software enable us to manufacture precision stamping components and tailored steel cages specifically for the EV industry. This competitive advantage positions us well to capture opportunities in the expanding EV market.

7

RISING EMPHASIS ON SUSTAINABILITY

The urgent climate change crisis requires industries to adopt innovative and resource-efficient business models that minimise dependence on physical resources. At HEIL, we play a pivotal role in assisting our customers in transitioning towards a circular economy by offering a range of products and solutions. Additionally, we are actively working to decrease CO₂ emissions originating from our factories and supply chain, underscoring our commitment to environmental sustainability.



OPERATIONAL OVERVIEW

Harsha Engineers holds the distinction of being the largest manufacturer of precision bearing cages in the organised sector, ranking among the top manufacturers globally leveraging its in-house expertise, it excels in designing and developing advanced tooling, facilitating the production of precision bearing cages, bushings and intricate stamped components. At present, the Company has successfully diversified its product portfolio and enhanced the manufacturing processes for its different bearing cages, bushings and stamped components. These outcomes can be primarily attributed to its robust design, development, and technological capabilities. The following are the highlights for the key products of Harsha Engineers:

1

The Company holds a substantial market share in the bearing cage market, having produced over 6,494 lakh bearing cages, including other products.

2

Harsha Engineers specialises in manufacturing bronze bushes that are primarily used in wind turbine gearboxes, particularly in planetary axles. The Company focusses on further advancing its expertise in various bronze alloys, particularly Aluminum and Tin Bronze. It excels in producing a wide range of bushes, with capabilities spanning from 200 mm to 600 mm in outer diameter and 200 mm to 800 mm in height.

3

For the stamping and specialised component segment, Harsha Engineers has established a dedicated unit equipped with machinery and tools for complex stamping. The Company is also developing components for the compressor industry, including bearing seals and stamping.

4

With over a decade of experience in the EPC business, Harsha Engineers offers in-house design, engineering, procurement, project management, installation and commissioning of solar power projects along with O&M services. The Company has installed and commissioned more than 500 MW ground mounted and rooftop solar power projects across India till March 31, 2024.

5

The Company has made substantial strides in green power generation through its diverse renewable energy initiatives. The 1.6 MW solar rooftop installation at the Company's India plants produced a total of 1.64 million units of energy during 2023-24.

6

The 1 MW solar ground-mounted installation in Tarapur generated a total of 1.06 million units of energy during the same period.

7

The existing 1.25 MW windmill at Kalyanpur continues to operate, producing a total of 1.2 million units of green power in 2023-24.

8

The hybrid power project at Pipaliya, wind turbine generator (WTG) with a capacity of 2.7 MW, along with a solar power plant rated at 0.675 MW AC and 1.0125 MW DC solar power plant, generated 7.86 million units and 2.51 million units of energy respectively during 2023-24.



FINANCIAL OVERVIEW

(in ₹ lakhs)

Particulars	Standalone			Consolidated		
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from Operations	1,08,094	1,02,472	95,645	1,39,230	1,36,402	1,32,148
Profit before Depreciation and Tax	19,450	19,561	16,261	19,007	20,324	16,199
Less: Depreciation	2,685	2,331	1,962	3,932	3,612	3,536
Profit for the Year before Taxation	16,765	17,230	14,299	15,075	16,712	12,663
Provision for Taxation	-	-	-	-	-	-
Less: Current Year Tax	3,771	3,863	3,325	3,797	3,846	3,325
Less: Deferred Tax	303	528	366	135	538	143
Profit after Taxation	12,691	12,839	10,608	11,143	12,328	9,195
Add: Other Comprehensive Income for the Year	400	(748)	144	400	(748)	144
Total Comprehensive Income for the Year	13,091	12,091	10,752	11,543	11,580	9,339

Revenue from Operations

Harsha Engineers witnessed a growth of 5.49% in standalone revenue from operations for the year 2023-24, with an increase from ₹ 1,02,472 lakhs in 2022-23 to ₹ 1,08,094 lakhs in 2023-24.

Similarly, in terms of the consolidated revenue from operations, there was a growth of 2.07% in 2023-24, as it rose from ₹ 1,36,402 lakhs in 2022-23 to ₹ 1,39,230 lakhs in 2023-24.

₹ **1,39,230** lakhs

Consolidated Revenue from Operations in 2023-24

Profit after Tax

In the year 2023-24, Harsha Engineers decreased a minor degrowth of (1.15)% in standalone profit after tax, of ₹ 12,691 lakhs from ₹ 12,839 lakhs. Furthermore, the Company's consolidated Profit after Tax (PAT) decreased to ₹ 11,143 lakhs in 2023-24 from ₹ 12,328 lakhs in 2022-23, showcasing a decrease of (9.61)%.

₹ **11,143** lakhs

Consolidated Profit after Tax in 2023-24

Total Comprehensive Income

Harsha Engineers' standalone total comprehensive income experienced a rise of 8.27%, increasing from ₹ 12,091 lakhs in 2022-23 to ₹ 13,091 lakhs in 2023-24. Similarly, its consolidated total comprehensive income decreased by (0.32)%, ₹ 11,543 lakhs in 2023-24 from ₹ 11,580 lakhs in 2022-23.

Financial Ratios (Consolidated)

Key Financial Ratios	2023-24	2022-23	2021-22
Current Ratio (Times)	2.91	2.90	1.64
Debt-to-Equity Ratio (Times)	0.15	0.17	0.74
Debt Service Coverage Ratio (Times)	7.69	6.94	2.00
Return on Equity Ratio (%)	9.92%	15.47%	19.13%
Inventory Turnover Ratio (Times)	3.78	3.59	4.07
Return on Capital Employed (%)	14.26%	20.92%	25.17%
Net Profit Ratio (%)	8.00%	9.04%	6.96%

RISK MANAGEMENT

Harsha Engineers has implemented a robust risk management framework to identify and evaluate its business risks and opportunities systematically. To enhance its resilience, Harsha Engineers has updated its Risk Management Framework in line with the recommendations of the Risk Management Committee, as approved by the Board of Directors during their meetings on May 1, 2024, and May 16, 2024, respectively. This framework aims to enhance transparency, minimise adverse impacts on the Company's business objectives, and strengthen its

competitive advantage. It includes comprehensive documentation and reporting processes, ensuring a structured approach to risk management. Within this framework, diverse risk models are employed to identify risk trends, assess exposure levels, and analyse potential impacts across the Company and its various business segments. This comprehensive approach enables it to proactively manage risks, capitalise on opportunities, and safeguard its operations, while maximising value creation.



Risk	Impact on Company	Mitigation Strategy
Geopolitical Risk	Escalating geopolitical tensions in Europe have reverberated across global businesses, with a pronounced effect on the European market. Consequently, Harsha Engineers faces a looming threat to its profitability due to the adverse repercussions on businesses within this region.	Leveraging its extensive geographical footprint and varied customer base, the Company enjoys a diversified revenue stream. Moreover, it tailors its expansion strategies to meet the evolving demands of clients across India, Europe, the Americas, and China. These initiatives involve extending operations to boost market penetration and capitalise on growth opportunities.
Risk due to Fluctuations in Raw Material Prices	Harsha Engineers' profitability may be directly influenced by the fluctuating prices of the raw materials it procures, owing to their volatile nature.	To mitigate the volatility of raw material prices, the Company implements several measures. It sources raw materials from suppliers in the open market that adhere to customer-set standards. The Company adopts a flexible approach in its supplier relationships, avoiding long-term commitments or firm contracts. Additionally, it employs a pass-through mechanism for raw materials with most customers.



Risk	Impact on Company	Mitigation Strategy
A Shrinking Need for Traditional Internal Combustion Engines	With the rising preference for electric vehicles as the primary mode of transportation, the automotive sector is experiencing a notable shift. Consequently, there is likely to be a decline in demand for internal combustion engines (ICEs), a trend projected to persist and intensify in the foreseeable future.	As Harsha Engineers does not produce needle bearing cages, which are integral engine components, the surge in electric vehicle adoption is unlikely to directly affect its operations negatively. However, the escalating demand for electric vehicles is driving a need for precision engineering solutions, offering the Company an opportunity to broaden its market presence. Furthermore, the Company's stamping segment is poised to capitalise on the growth of the electric vehicle market, presenting significant benefits.
Risk due to Foreign Currency Fluctuations	Harsha Engineers may be exposed to currency fluctuations due to its operations across various countries through export and import activities, which may affect its product pricing and profitability.	The Company engages in forward contracts and in long-term premium paid options contracts to partially mitigate its foreign currency risks.
Human Resource Risk	Harsha Engineers' ability to deliver value hinges on its capacity to attract, retain, and nurture a skilled workforce. The absence of a requisite talent pool can significantly impede the Company's overall performance.	The Company utilises ample human resources to support its existing operations and anticipated expansion, especially at the managerial level. It is dedicated to enhancing operational efficiency by decreasing employee costs as a percentage of revenue from operations.
Compliance Risk - Increasing Regulatory Requirements	Harsha Engineers may have to face penalties as stipulated by relevant provisions and regulations owing to the failure to fulfil obligations.	The Company ensures strict adherence to regulatory mandates and adopts a proactive approach to compliance management. To that end, it conducts ongoing monitoring and assessment of regulatory changes, coupled with regular compliance monitoring and reporting procedures.
Competition Risk	The Company faces ongoing competitive risks, as increased competition may impact factors such as profit margins and market share	Through its continuous efforts to enhance the Company's brand reputation, it focusses on design, quality, cost-effectiveness, timely delivery, market share expansion, and superior customer service to be at an age over its competitors.

HUMAN RESOURCES

Harsha Engineers acknowledges the vital role that is played by its employees in shaping its culture and making its business successful. By aligning policies, initiatives, and training programmes with its vision and mission, the Company fosters a harmonious work environment. Valuing its employees, it offers competitive compensation, attractive benefits, and favourable conditions to motivate its workforce. The Company invests in engagement, communication, and involves employees in decision-making to enhance value and reduce attrition. Through effective practices, leadership support, and employee management, it develops and optimises its human capital, thereby benefiting both its employees and the organisation. The Company's commitment to employee engagement has led to achieving its goals for 2023-24. As of March 31, 2024, the Company had 1,731 employees on its payroll.



CSR INITIATIVES

At Harsha Engineers, CSR is more than a commitment—it is a core aspect of the Company's operations. As a responsible corporate citizen, the Company is dedicated to supporting society at large. Aligning with its vision, Harsha Engineers strives to add value to its stakeholders by transcending business objectives and enhancing community well-being. The Company's contributions to social sector development encompass several pioneering initiatives, implemented through active engagement with stakeholders both within the Company and in the broader community. The Company's CSR efforts are mainly dedicated towards people with intellectual and development disabilities, education, health, environment and disaster response.

SUSTAINABILITY

The Company is strongly dedicated to maintaining sustainability, integrating principles of environmental, social, and governance into its business operations. During 2023-24, it implemented several initiatives to progress its offers towards upholding sustainability and responsible behaviour across the organisation. These initiatives encompassed taking measures to conserve water, planting trees, maintaining a clean and safe work environment, reducing carbon emissions through shared transportation, practicing responsible sourcing, promoting safety and health, and emphasising compliance with sustainable product materials. These actions emphasise the Company's commitment to impacting the environment, society, and stakeholders positively, while ensuring its long-term success through ethical business practices.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

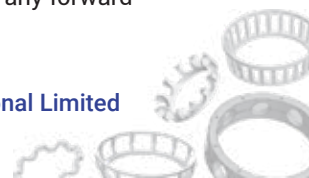
Harsha Engineers has aligned its internal control systems with the nature, size, and complexity of its operations. Recognising its evolving needs, the Company has bolstered the focus of the internal audit department and expanded its scope to encompass various areas, including corporate governance policy establishment, internal control framework implementation, internal audits, management audits, IT audits, policy drafting and implementation, environmental law compliance, and statutory compliance review and reporting.

A robust internal control system is maintained to safeguard assets against unauthorised use or

disposition and ensure the authorisation, recording, and swift reporting of transactions. The Company conducts regular reviews to assess the adequacy of internal control systems, aimed at promoting transparency and adequacy in financial and other records, as well as reliable resources for preparing financial reports and handling data. The adequacy and effectiveness of the internal control environment are periodically reviewed by the Harsha Engineers' Audit Committee. The Committee oversees the implementation of audit recommendations, particularly those pertaining to enhancing the Company's risk management policies and systems.

CAUTIONARY STATEMENT

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified/non-identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, a global pandemic like Covid-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only, as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.



BOARD'S REPORT

To,

The Members,

The Board of Directors are pleased to present Integrated Annual Report together with the Audited Annual Accounts of the Harsha Engineers International Limited ("The Company") for the financial year ended March 31, 2024.

1. FINANCIAL RESULTS

The Audited Standalone and Consolidated Financial Statements of the Company as on March 31, 2024 are prepared in accordance with the relevant applicable IND AS and provisions of the Companies Act, 2013 ("the Act").

The Standalone and Consolidated performance during the financial year ended March 31, 2024 has been as under:

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from Operations	108,094	102,472	139,230	136,402
Profit Before Depreciation and Tax	19,450	19,561	19,007	20,324
Less: Depreciation & Amortisation Expenses	2,685	2,331	3,932	3,612
Profit Before Tax	16,765	17,230	15,075	16,712
Provision for Taxation:				
Less: Current Tax	3,771	3,863	3,797	3,846
Less: Deferred Tax	303	528	135	538
Profit After Tax	12,691	12,839	11,143	12,328
Add: Other Comprehensive Income	400	(748)	400	(748)
Total Comprehensive Income	13,091	12,091	11,543	11,580

2. PERFORMANCE AND OPERATION REVIEW

CONSOLIDATED

The Company has achieved revenue from operations of ₹ 139,230 lakhs for the financial year ended March 31, 2024, an increase of 2.07% as compared to ₹ 136,402 lakhs in the previous financial year.

Profit after tax (PAT) for the financial year ended March 31, 2024 is ₹ 11,143 lakhs, a decrease of 9.61% as against ₹ 12,328 lakhs in the previous financial year.

Basic earnings per share (EPS) for the financial year ended March 31, 2024 is ₹ 12.24 as against ₹ 14.59 in the previous financial year.

Diluted earnings per share (EPS) for the financial year ended March 31, 2024 is ₹ 12.24 as against ₹ 14.59 in the previous financial year.

STANDALONE

The Company has achieved revenue from operations of ₹ 108,094 lakhs for the financial year ended March 31, 2024, increase of 5.49% as compared to ₹ 102,472 lakhs in the previous financial year.

Profit after tax (PAT) for the financial year ended March 31, 2024 is ₹ 12,691 lakhs, decrease of 1.15% as against ₹ 12,839 lakhs in the previous financial year.

Basic earnings per share (EPS) for the financial year ended March 31, 2024 is ₹ 13.94 as against ₹ 15.19 in the previous financial year.

Diluted earnings per share (EPS) for the financial year ended March 31, 2024 was ₹ 13.94 as against ₹ 15.19 in the previous financial year.

3. SIGNIFICANT ACTIVITIES IN 2023-24

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

- The Company has updated its registered office address. The new address is now Sarkhej-Bavla Road, Changodar, Sanand, Ahmedabad, Gujarat-382213, India.
- M/s. Harsha Engineers Advantek Limited, a wholly owned subsidiary of the Company ("Harsha Advantek") has acquired/agreed to acquire a non-agricultural land spanning approximately 100,161 sq. mtrs. near Bavla, Ahmedabad, Gujarat, India.

BOARD'S REPORT (Contd.)

- This land is intended for industrial use. Additionally, Harsha Advantek has commenced commercial production at its lease site in 4th quarter of 2023-24.
- The Company has entered into a Share Subscription Agreement with M/s. Harsha Engineers Advantek Limited, a wholly owned subsidiary of the Company ("WOS"), on May 25, 2023. According to the agreement, the company has committed to investing up to a total amount of ₹ 350 crores in the WOS. This investment will be made through the subscription of Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCRPS") of WOS in one or more installments. The funds invested will be utilized by WOS to enhance its long-term capital base and support its working capital requirements. This investment aims to strengthen WOS's financial stability and provide the necessary funds for operational expenses. The Company has invested ₹ 70 crores in WOS as of March 31, 2024 through issuance of OCRPS.
 - The Company has entered into agreement with Goldi Solar Private Limited to jointly bid for the tender ACE (Ele/Mech)/Light & EEC/09/2023-2024 issued by SMC (Surat Municipal Corporation for EPC of 10 MW (AC) Ground Mounted Grid Connected Solar Photovoltaic Power Plant with Land on lease at any location of Gujarat with comprehensive maintenance up to 10 years including free Maintenance during first year.
 - The Company has transferred its equity investment of 3,297,050 shares, equivalent to a 25.9999% stake, in Sunstream Green Energy One Private Limited, an associate of the Company. The transfer was made to Sunstream Green Energy Private Limited ("Transferee") as per the Agreement for Sale of Shares dated February 16, 2024, at a price of ₹ 10 per share. As of March 31, 2024, the Company owns 10 equity shares in Sunstream Green Energy One Private Limited. Under the provisions of Companies Act 2013, the Company no longer holds the status of being an associate with said company.
 - The Company has entered into an Agreement ("the Agreement") with Umbra Group S.p.A ("Umbra Group") on April 12, 2024. In accordance with the Agreement, the Company has been appointed as the exclusive authorized agency of Umbra Group for repair, marketing, promotion, and sale of industrial ball screws, linear actuators, electro-spindles, milling heads or other manufactured components ("Products") within the territory of India and the Company wishes to market, promote, repair and sell the Products.
 - M/s. HASPL Americas Corporation, a wholly owned subsidiary of the Company, has been officially terminated in accordance with the applicable laws. This has been confirmed by the certificate issued by the State Corporation Commission of Virginia on February 29, 2024.
 - National Company Law Tribunal, Ahmedabad Bench (NCLT), in its order dated January 29, 2024, has dismissed Company Petition 156 of 2021 filed by Ganges International Private Limited (Operational Creditor) for the amount of ₹ 30,855,708 (inclusive of interest).
 - The Company has been honored with an award in the category of "Most Improved Supplier" by Timken.
 - The Company has been honored with the "Partner Performance Award" by JTEKT India for their exceptional efforts in "Best in Delivery".
 - The Company has been recognized by ZF India with the "Outstanding Support to Materials Management India Strategy" award on January 8, 2024.
 - The Company has been awarded the prestigious "Three Star Export House Status" by DGFT for a remarkable duration of 5 years.
 - The Company was honored with the prestigious "Intelligent & Agile" category award by SKF India on March 18, 2024, during their Supplier Day.
 - The Company was honored with the prestigious Best Supplier Award across all categories by NEI India during their Supplier Meet on March 22, 2024.
 - The Company has successfully attained the ISO : 45001 certification on September 24, 2023.
 - The Company has successfully obtained the TISAX label as issued by ENX portal in January 2024, after undergoing an assessment by Bureau Veritas (India) Pvt. Ltd., Auditor of TISAX.
 - Mr. Altaf D. Ghachi, a skilled CNC Operator in the Stamping Division of the Company has been recognized with the esteemed RAJYA SHRAM SHRI AWARD for 2022-23 by the Department of Labour, Skill Development, and Employment, Government of Gujarat, Gandhinagar, on March 11, 2024 in recognition of his outstanding contributions to the field.
 - The Company has been recognized for its commitment to sustainability by Schaeffler, earning an award in the 'Sustainability' category.#
- #The award was presented in April 2024.

BOARD'S REPORT (Contd.)

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

As on March 31, 2024, 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 Utilised
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	46.93
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	7.12	6.66
4	General corporate purposes	74.33	74.33
	Total	429.40	397.92

Note: The Company has not fully utilized the net proceeds from its Initial Public Offering (IPO) for the purposes stated in the Prospectus dated September 19, 2022, during 2023-24. Consequently, the Board of Directors and the Audit Committee, in their meeting held on February 8, 2024, have approved an extension of the deployment period for the IPO proceeds towards the objectives outlined in the Prospectus dated September 19, 2022, up to March 31, 2026.

5. SHARE CAPITAL

The Authorised Share Capital of your Company as on March 31, 2024 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 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 per equity share of ₹ 10 each fully paid up for the financial year ended on March 31, 2024. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting. The final dividend on equity shares, if approved by the shareholders, would involve a cash outflow of ₹ 910.44 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, 2024 the Company has 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, 2024.

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

There have been no other 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.)
11. DETAILS OF SUBSIDIARY/HOLDING, ASSOCIATE AND JOINT VENTURE CEASED AND ACQUIRED DURING THE FINANCIAL YEAR

As on March 31, 2024, the Company has three subsidiaries and a Joint Venture, the details of which are given below:

Sl. No.	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate/ Joint Venture	% of Share Holding/ Capital Contribution
1	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%
2	Harsha Precision Bearing Components (China) Co. Limited No. 10 Fuhua Road, Bixi Avenue, Changshu City, Jiangsu, Province, China.	Foreign Subsidiary	Wholly Owned Subsidiary	100%
3	Harsha Engineers Europe SRL Ghimbav, "ICCO Ghimbav – Braşov Industrial Park", County Road 103C, km 2 + 115, Building H4, County Brasov.	Foreign Subsidiary	Wholly Owned Subsidiary	100%
4	Harsha Engineers Advantek Limited Sarkhej-Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India.	U28140GJ2023PLC139182	Wholly Owned Subsidiary	100%

Note:

M/s HASPL Americas Corporation, a wholly owned subsidiary of the Company, has been officially terminated in accordance with the applicable laws. This has been confirmed by the certificate issued by the State Corporation Commission of Virginia on February 29, 2024.

The Company has transferred its equity investment of 3,297,050 shares, equivalent to a 25.9999% stake, in Sunstream Green Energy One Private Limited, an associate of the Company. The transfer was made to Sunstream Green Energy Private Limited ("Transferee") as per the Agreement for Sale of Shares dated February 16, 2024, at a price of ₹ 10 per share. As of March 31, 2024, the Company owns 10 equity shares in Sunstream Green Energy One Private Limited. Under the provisions of Companies Act, 2013, the Company no longer holds the status of being an associate with said company.

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 and Independent Directors including one women Director and 5 are Executive and Non-Independent Directors including one women Director. The composition is in compliance with the Act and SEBI Listing Regulations.

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. Harish

BOARD'S REPORT (Contd.)

Rangwala (DIN:00278062) Managing Director and Mr. Vishal Rangwala (DIN:02452416) CEO & Whole-time Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting, being eligible for re-appointment and both have offered themselves for the same.

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.

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 ("KMP")

Pursuant to the provisions of Section 2(51) and 203 of the Companies Act, 2013 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, 2024.

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

Sl. No.	Name of KMP	Designation
6	Mr. Maulik Jasani	VP Finance & Group CFO
7	Mr. Kiran Mohanty	Company Secretary & Chief Compliance Officer

During the year under review, there was no change to the KMP of the Company.

The term of Mr. Rajendra Shah, Mr. Harish Rangwala, Mr. Vishal Rangwala, Mr. Pilak Shah and Ms. Hetal Naik as a KMP will be expired on December 24, 2024. Hence proposal of their re-appointment for the period of five years with effect from December 25, 2024 has been attached in the Notice which forms part of this Annual Report.

16. NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 4 (four) times during the financial year 2023-24. All the Board Meetings were held as per 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 2023-24 are given in the Corporate Governance Report which forms part of this Annual Report.

17. INDEPENDENT DIRECTOR

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 DIRECTOR

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

BOARD'S REPORT (Contd.)

updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. The details of such familiarisation programs 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 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 provide 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 & 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 COMPANIES ACT, 2013

No disclosure is required under Section 67(3)(c) of the Act read with Rule 16(4) of 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 Companies Act, 2013.

23. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year 2023-24 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, Key Managerial Personnel, etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form No. 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 Related Party Transactions Policy 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 Companies Act, 2013, the Annual Return as on March 31, 2024 in the prescribed Form no. MGT-7 is

BOARD'S REPORT (Contd.)

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, 2024, 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; and
- e) 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 notes on Financial statements 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.

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, 2024.

Secretarial Auditor

M/s. Chirag Shah & Associates, Company Secretaries were appointed as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year ending March 31, 2024.

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 is enclosed as a part of this Board's Report as an **ANNEXURE-B**.

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.

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 2023-24. 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.

28. INSURANCE

The Company has taken adequate insurance cover of all its movable & immovable assets (except Land) to cover various type 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, 2024, 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	483.87 (Enhanced from 447.87)

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 2023-24, no complaints in respect of the same has been received by the Company.

36. VIGIL MECHANISM / WHISTLE BLOWER

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 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, procedures and guidelines. The approved schedule of powers are 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.

BOARD'S REPORT (Contd.)

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. 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.

39. 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 16, 2024

ANNEXURE-A

FORM NO. AOC-1 STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES COMPANIES/ ASSOCIATES COMPANIES/ JOINT VENTURES
(Pursuant to First Proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013, Read with Rule 5 of the Companies (Accounts) Rules, 2014)

Name of Subsidiary Company/ Associate Company/ Joint Venture	Reporting period for the concerned Subsidiary Company/ Associate Company/ Joint Venture if different from that of the Company's Reporting Period	Reporting currency and exchange rate as on the last date of relevant financial year in case of foreign Subsidiary Company/Associate 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										
Cleanmax Harsha Solar LLP	N.A.	INR	N.A.	1,220	-	1,228	69	-	316	57	-	57	50%
Harsha Precision Bearing Components (China) Co. Limited	N.A.	RMB	11.5469 (for B/S), 11.5516 (for P&L)	14,847	(7,986)	13,732	6,870	-	9,246	(402)	(170)	(231)	100%
Harsha Engineers Europe SRL	N.A.	RON	18.0650 (for B/S), 18.0798 (for P&L)	5,121	(5,010)	7,705	7,595	-	22,458	(1,329)	-	(1,329)	100%
Harsha Engineers Advantek Limited	N.A.	INR	N.A.	7,010	(16)	7,412	418	-	143	3	19	(16)	100%

ANNEXURE-A (Contd.)
Notes:

1. Proposed dividend from any of the subsidiaries is Nil.
2. M/s. HASPL Americas Corporation, a wholly owned subsidiary of the Company, has been officially terminated in accordance with the applicable laws. This has been confirmed by the certificate issued by the State Corporation Commission of Virginia on February 29, 2024.
3. The Company has transferred its equity investment of 3,297,050 shares, equivalent to a 25.9999% stake, in Sunstream Green Energy One Private Limited, an associate of the Company. The transfer was made to Sunstream Green Energy Private Limited ("Transferee") as per the Agreement for Sale of Shares dated February 16, 2024, at a price of ₹ 10 per share. As of March 31, 2024, the Company owns 10 equity shares in Sunstream Green Energy One Private Limited. Under the provisions of Companies Act, 2013, the Company no longer holds the status of being an associate with said company.
4. M/s. Harsha Engineers Advantek Limited, a wholly owned subsidiary of the Company ("Harsha Advantek") has acquired/agreed to acquire a non-agricultural land spanning approximately 100,161 sq. mtrs. near Bavla, Ahmedabad, Gujarat, India. This land is intended for industrial use. Additionally, Harsha Advantek has commenced commercial production at its lease site in 4th quarter of financial year 2023-24.

By Order of the Board of Directors

Chairman & Whole-time Director DIN:00061922 May 16, 2024	Rajendra Shah	Harish Rangwala Managing Director DIN:00278062 May 16, 2024	Maulik Jasani VP Finance & Group CFO May 16, 2024	Kiran Mohanty Company Secretary & Chief Compliance Officer M. No.:F9907 May 16, 2024
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ANNEXURE-B

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2024

[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, 2024**, 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, 2024 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;

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): -

ANNEXURE-B (Contd.)

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.

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.

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.

Chirag Shah
Partner

Chirag Shah and Associates

FCS No. 5545

C P No.: 3498

Place: Ahmedabad

Date: May 16, 2024

UDIN: F005545F000382834

Peer Review Cert. No. 704/2020

'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.

Chirag Shah
Partner

Chirag Shah and Associates

FCS No. 5545

C P No.: 3498

Place: Ahmedabad

Date: May 16, 2024

UDIN: F005545F000382834

Peer Review Cert. No. 704/2020

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 Companies Act, 2013 read with 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 is undertaking such production process that results into very minor pollutant emissions. Various energy efficient practices have been implemented that have reduced the pollutant emissions and strengthened the Company's commitment towards becoming an environment friendly organisation.

2. Steps taken by company for utilising alternate source of energy

The Company has already developed its own solar power projects with 1 MW capacity and wind mill project with 1.25 MW capacity to utilise the energy generated through it as an alternate source of energy resource. The Company has also installed and commissioned 720 KW and 854.8 KW Capacity Rooftop Solar Plant at Changodar and Moraiya Plant respectively. The Company's renewable energy contribution to its overall energy mix has increased from 15.5% in the previous year to 44.9% in 2023-24, representing a growth of 29.4%.

3. Capital investment on energy conservation equipment's

The Company has set up Hybrid power project with a configuration of Wind Turbine Generator of 2.7 MW (1WTG of 2.7 MW) along with 0.675 MW AC/1.0125 MW DC solar power plant ("Hybrid Power Plant"). The Windmill is installed at Revenue Survey No. 103 at Village:Pipaliya, Talluka: Kalawad, District:Jamnagar and Solar Plant is installed at Revenue Survey No. 237 Paiki at Village:Bediya, Talluka:Kalawad, District:Jamnagar installed and commissioned 720 KW and 854.8

KW Capacity Rooftop Solar Plant at Changodar and Moraiya Plant respectively. Hybrid Power Plant is commissioned on April 5, 2023.

B. Form for disclosure of particulars with respect to absorption

I. Technology absorption, adaptation and innovation

1. 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 commercialisation.

2. 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 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 ₹ 42,482.48 lakhs and ₹ 3,120.97 lakhs respectively.

By Order of the Board of Directors

Rajendra Shah
Chairman & Whole-time Director
DIN:00061922
May 16, 2024



ANNEXURE-D

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

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 organisation.

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 realise 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 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 is a key function that overlays itself across all key operations of the Company. The Company's CSR efforts is primarily dedicated in following areas:

Person with intellectual and development disabilities	With the vision to create an environment which can provide meaningful opportunities to persons with intellectual and development disabilities, so that they can live an active and independent life, develop occupational skills, get the warmth of a family, and get assimilated in society.
Education	Access to quality education and skill enhancement
Health	Affordable solution for healthcare
Environment	Environment sustainability, ecological balance, conservation of natural resources
Disaster Response	Managing and responding to disaster

These initiatives are driven by an onus of responsibility and executed with passion, with a progressive intent to satisfy the social objectives of the Company. An independent NGO-Aastha Charitable Trust for Welfare of the Mentally Challenged has successfully developed "ANAND DHAM"- a self-contained residential complex for mentally challenged persons with aging or posthumous parents, who are concerned about their welfare and care in when they are no longer there. ANAND DHAM has been developed to provide a clean, green and sanitised Environment, full of activities, training for occupational skills, medical care, a warm family atmosphere, making it easy for one to think their loved one is in safe hands for life.

So far Harsha Group has contributed around ₹ 6.72 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 2023-24 are given as under:



ANNEXURE-D (Contd.)

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 25, 2023	1	1
2	Mr. Harish Rangwala	Executive Director	Member		1	1
3	Dr. Bhushan Punani	Non-Executive Independent Director	Member		1	1

IV. Web links where composition of 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>

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: ₹ 250.04 lakhs

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))	₹ 242.53 lakhs
b.	Surplus arising out of the CSR projects or programs or activities of the previous financial year	Nil
c.	Amount required to be set-off for the financial year, if any	₹ 242.53 lakhs
d.	Total CSR obligation for the financial year (a+b-c)	Nil

VIII. A. CSR amount spent or unspent for the 2023-24:-

Total amount spent for the 2023-24	₹ 5 lakhs
Amount unspent, if any;	On account of amount available for set-off for the 2023-24 is ₹ 250.04 lakhs, the Company was not required to spend on CSR activities for the 2023-24 in accordance with provisions of Section 135(5) of the Act.
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)	

B. Details of CSR amount spent against ongoing projects for the financial year:- Nil

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Essential physiotherapy center renovation and equipment for mentally challenged students	i	Yes	Gujarat	Ahmedabad	5.00	No	Dr. Jeet Mehta Balshala Trust	CSR00010884

ANNEXURE-D (Contd.)

- IX. Amount spent in Administrative Overheads:** Nil
- X. Amount spent on Impact Assessment, if applicable:** Not Applicable
- XI. Total amount spent for the financial year:** ₹ 5 lakhs
- XII. Excess amount for set off, if any:** ₹ 12.51 lakhs
- XIII. Details of Unspent CSR amount for the preceding three financial years:** Nil
- XIV. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable

By Order of the Board of Directors

Rajendra Shah
Chairman - CSR Committee
DIN:00061922
May 16, 2024

Harish Rangwala
Managing Director
DIN:00278062
May 16, 2024

ANNEXURE-E

PARTICULARS OF REMUNERATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 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 2023-24:

Name of Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Rajendra Shah	Chairman & Whole-time Director	19:1
Mr. Harish Rangwala	Managing Director	29:1
Mr. Vishal Rangwala	CEO & Whole-time Director	56:1
Mr. Pilak Shah	COO & Whole-time Director	55:1
Ms. Hetal Naik	Whole-time Director	24:1
Mr. Ambar Patel	Independent Director	0.3:1
Prof. Dr. Neharika Vohra	Independent Director	0.3:1
Mr. Kunal Shah	Independent Director	0.3:1
Dr. Bhushan Punani	Independent Director	0.3:1
Mr. Ramakrishnan Kasinathan	Independent Director	0.3:1

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2023-24:

Name	Designation	% increase in remuneration in the 2023-24
Mr. Rajendra Shah	Chairman & Whole-time Director	(17.09%)
Mr. Harish Rangwala	Managing Director	22.60%
Mr. Vishal Rangwala	CEO & Whole-time Director	(11.76%)
Mr. Pilak Shah	COO & Whole-time Director	3.03%
Ms. Hetal Naik	Whole-time Director	6.85%
Mr. Maulik Jasani	VP and Finance & Group CFO	14.50%
Mr. Kiran Mohanty	Company Secretary & Chief Compliance Officer	20.85%

Note:

- Remuneration of Managerial Personnel is inclusive of Managerial Commission payable for the financial year ended March 31, 2024 as approved by the Board at their meeting held on May 16, 2024.
- 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.

ANNEXURE-E (Contd.)

3. The percentage increase in the median remuneration of employees in the financial year 2023-24: 13.26%
4. The number of permanent employees on the rolls of the Company as on March 31, 2024: 1731 employees
5. 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:

The median increase in remuneration to employees other than Managerial Personnel: 5.98%

The average increase in the managerial remuneration: Nil

6. 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 16, 2024

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 practices 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 maximizing 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 Practices 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 Program 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

It's 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 practice 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 fulfills 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 ("Act") and Regulation 17 of the SEBI Listing Regulations. As on March 31, 2024 the Board of Directors comprises of 10



CORPORATE GOVERNANCE REPORT (Contd.)

(Ten) Directors out of which 5 (Five) Executive Non-Independent Directors including Chairman and 5 (Five) Non-Executive Independent Directors.

The Composition of the Board of Directors as on March 31, 2024 are as under:

Sl. No.	Name of Director	Category	Number of Board Meeting attended during the FY 2024	Whether Attended last AGM held on September 28, 2023	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	1	3
2	Mr. Harish Rangwala	Executive Non-Independent Director	3	Yes	-	1	-	-
3	Mr. Vishal Rangwala	Executive Non-Independent Director	4	Yes	1	1	-	-
4	Mr. Pilak Shah	Executive Non-Independent Director	3	Yes	-	1	-	-
5	Ms. Hetal Naik	Executive Non-Independent Director	3	Yes	-	-	-	-
6	Mr. Ambar Patel	Non-Executive Independent Director	4	Yes	-	3	-	-
7	Dr. Bhushan Punani	Non-Executive Independent Director	4	Yes	-	1	-	-
8	Mr. Ramakrishnan Kasinathan	Non-Executive Independent Director	4	Yes	-	-	-	-
9	Mr. Kunal Shah	Non-Executive Independent Director	4	Yes	-	-	-	-
10	Prof. (Dr.) Neharika Vohra	Non-Executive Independent Director	4	Yes	-	2	-	1

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.

Mr. Rajendra Shah has been appointed in the following with effect from April 1, 2024:

1. Member of Stakeholders' Relationship Committee in Transformers And Rectifiers (India) Limited
2. Chairman of Audit Committee and the Stakeholders' Relationship Committee in Dishman Carbogen Amcis Limited

CORPORATE GOVERNANCE REPORT (Contd.)

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	Independent Director
		Transformers And Rectifiers (India) Limited	Independent Director
		Dishman Carbogen Amcis Limited	Independent Director
2	Mr. Ambar Patel	Shilp Gravures Limited	Managing Director
		Zodiac Energy Limited	Independent Director
3	Prof. (Dr.) Neharika Vohra	PNB Gilts Limited	Independent Director

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 holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He was awarded the AMA Atlas Dycechem "Outstanding Entrepreneur of the Year Award 2001" by the Ahmedabad Management Association. Currently, he is looking after overall management of our Company, particularly all financial matters. He is associated with Blind People's Association, Ahmedabad as President. He was Chairman of CII Gujarat for 2019-20. He has over 38 years of experience in the precision engineering business for bearing cages and stamped components.

Mr. Harish Rangwala - Managing Director

Mr. Harish Rangwala holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He served at Tata Chemicals and thereafter joined our Company. Currently, he is looking after overall management of our Company along with renewable energy division. He has over 38 years of experience in the precision engineering business for bearing cages and stamped components.

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

Mr. Vishal Rangwala holds a bachelor's degree in Mechanical Engineering from University of Pune. He further holds a master of Science degree in Engineering Management from University of Southern California. In 2005, he was appointed as a senior staff analyst

at United Service - a division of United Airlines. Thereafter he joined our Company in September 2007, as a manager for marketing. He is responsible for the overall strategic directions for the Harsha group and is currently leading marketing and corporate functions. He has over 14 years of experience in the precision engineering business for bearing cages and stamped components.

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

Mr. Pilak Shah holds a bachelor's degree in Mechanical Engineering from Nirma Institute of Technology. He further holds a master's degree in Integrated Manufacturing Systems Engineering from North Carolina State University. Thereafter he joined our Company in 2006, as a manager for resource management and was thereafter, appointed as director on the Board of our Company on February 5, 2016. He is responsible for the overall strategic directions of the Harsha Group. He has over 14 years of experience in the precision engineering business for bearing cages and stamped components.

Ms. Hetal Naik - Whole-time Director

Ms. Hetal Naik holds the bachelor's degree in Mechanical Engineering from L.D. Engineering College and has completed master of Technology in Mechanical Engineering with specialisation in Design Engineering. She has been associated with our Company since 2015. She has extensive knowledge and technical skills in Designing Software's, Design Failure Mode and Effect Analysis (DFMEA), Automotive Engineering, Lean Manufacturing, Geometric Dimensioning and Tolerancing (GD&T), Sheet Metal, Total Productive Maintenance (TPM) etc. She is responsible for Health and Safety of all employees and other stakeholders who may be affected by our Company's operations. She also plays a vital role in managing TPM function of our Company.



CORPORATE GOVERNANCE REPORT (Contd.)

Prof. (Dr.) Neharika Vohra - Independent Director

Prof. (Dr.) Neharika Vohra holds a bachelor's degree in Psychology from Shushilavati Khosla D.A.V. College for Women, Rourkela, Master of Arts degree and a Doctorate in Philosophy from the University of Manitoba. She has been a Professor at IIM Ahmedabad since the last two decades. She has also taught at Xavier Institute of Management, Bhubaneswar for four years and for short periods at the University of Manitoba. She was also associated with Delhi Skills and Entrepreneurship University as Vice Chancellor. She has over 24 years of experience in teaching and research in the field of organisational behavior.

Mr. Ambar Patel - Independent Director

Mr. Ambar Patel holds a bachelor's degree in Mechanical Engineering from Gujarat University. He is managing director of Shilp Gravures Limited since October 29, 1993. He is the Director on Board of The Kalapur Commercial Co-Operative Bank Ltd. and Chairman of MSME Committee of the said bank. At present he is an Executive Committee Member as well as Chairman of Labour & Industrial Safety Committee at Gujarat Chamber of Commerce & Industry. He is the President of Santej Industrial Area Association. He is the Advisory Committee Member for Health & Care Foundation and Aastha Charitable Trust.

Dr. Bhushan Punani - Independent Director

Dr. Bhushan Punani holds bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University, Kurukshetra, Bachelor of Laws from Gujarat University, Post-Graduate degree in Management from the Indian Institute of Management, Ahmedabad and a Doctor of Philosophy (Commerce) degree from Gujarat University. He has also completed a special

course on vocational rehabilitation from the University of Hafsa, School of Social Work. He is associated with Blind People's Association, Ahmedabad as the General Secretary and with ICEVI as the Vice President. He was awarded the Distinguished Alumnus Award from the Indian Institute of Management, Ahmedabad in 2011. He has been a member of the Central Advisory Board on Disability, National Advisory Committee on Accessible Election and Committee on Drafting of National Law on Disability.

Mr. Ramakrishnan Kasinathan - Independent Director

Mr. Ramakrishnan Kasinathan holds bachelor's degree in civil engineering from the University of Madras, Diploma in Basic Finance from the Institute of Chartered Financial Analysts of India, a Master's degree in Business Administration from Anna University and a master's degree in Management from the Asian Institute of Management, Philippines. Previously, he has worked at ACT India, Johnson & Johnson Limited, Best & Crompton Engineering Limited, SKF India Limited and Hindustan Zinc Limited. He is currently associated with Nexdigm Private Limited as a consultant.

Mr. Kunal Shah - Independent Director

Mr. Kunal Shah holds bachelor's degree in Engineering (Chemical) from Nirma Institute of Technology, Gujarat and holds a degree of Master of Science in Information Systems from Stevens Institute of Technology, USA. He is associated with AIA Engineering Limited since December 2002. He was their CFO from 2014 to 2017 and is currently their Executive Director, Corporate Affairs. He has established his own consulting Firm "Theoden Ventures LLP" and is the co-founder of Aurus. He has an overall general management and financial experience.

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:

Based on job profile	<ol style="list-style-type: none"> 1. Knowledge of job profile 2. Skills required to perform or to execute the job profile
Responsibilities and obligations	<ol style="list-style-type: none"> 1. Attendance and participation in the meetings 2. Expert opinions in respect of the serious issues
Strategies	<ol style="list-style-type: none"> 1. Strategies formulated and successfully implemented 2. Various Directions provided in the best interest of the Company on key issues
Performance management	<ol style="list-style-type: none"> 1. Performance of the Company on the stock exchanges 2. Financial Performance 3. Achievement of domestic or international award

CORPORATE GOVERNANCE REPORT (Contd.)

Risk management	<ol style="list-style-type: none"> 1. Avoidance of high financial risk while executing the functions and duties 2. Avoidance of any other high risk
Mergers and Acquisitions	<ol style="list-style-type: none"> 1. Number of Mergers and Acquisitions ("M&A") taken place 2. Success rate in executing M&A
Talent management	<ol style="list-style-type: none"> 1. Achievement in respect of successful negotiations 2. Level of talent retained at low, mid and top level
Core Governance and Compliance Management	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Targets achieved in domestic and international sales and marketing 2. Targets achieved in manufacturing activity
Expansion and diversification	<ol style="list-style-type: none"> 1. Successfully executed business expansions and diversification
Succession planning	<ol style="list-style-type: none"> 1. Provision for additional or alternate Directors
Conflict of interest management	<ol style="list-style-type: none"> 1. Strategy to resolve the conflict of interest in other Directors and employees
Financial and operational control mechanism	<ol style="list-style-type: none"> 1. Control on financial dealings 2. Control on internal operational activities
Maintenance of corporate culture and moral values	<ol style="list-style-type: none"> 1. Initiatives to maintain corporate culture and moral values of the Company
Maintenance high level of integrity and ethics	<ol style="list-style-type: none"> 1. Initiative to maintain high level of integrity and ethics
Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel	<ol style="list-style-type: none"> 1. Functioning of duties and responsibilities as per the Code of Conduct for Board of Directors and Senior Management Personnel 2. Abidance and behavior in accordance with Code of Conduct for Board of Directors and Senior Management Personnel
In-general knowledge and skills	<ol style="list-style-type: none"> 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 dependent 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 of 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.



CORPORATE GOVERNANCE REPORT (Contd.)

H. Attendance of each Director at the Board meeting and the Last Annual General Meeting:

During the Financial year 2023-24, Four (4) Board Meetings were held on May 25, 2023, August 1, 2023, November 7, 2023 and February 8, 2024. 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 28, 2023
		Held	Present	
1	Mr. Rajendra Shah	4	4	Yes
2	Mr. Harish Rangwala	4	3	Yes
3	Mr. Vishal Rangwala	4	4	Yes
4	Mr. Pilak Shah	4	3	Yes
5	Ms. Hetal Naik	4	3	Yes
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	Prof. (Dr.) Neharika Vohra	4	4	Yes

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 Directors" 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.

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 year, one meeting of independent directors was held on May 25, 2023 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

CORPORATE GOVERNANCE REPORT (Contd.)

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 practices. 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 2023-24 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 Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Policy on procedures to be followed while conducting an inquiry 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 principal 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;
- Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;



CORPORATE GOVERNANCE REPORT (Contd.)

- 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 practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment 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;
- 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;

CORPORATE GOVERNANCE REPORT (Contd.)

- 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.
- 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.

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;

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 25, 2023, August 1, 2023, November 7, 2023 and February 8, 2024. 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.)

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 then 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 such duties and functions generally indicated under the SEBI Listing Regulations, the Act and Rules made thereunder.

CORPORATE GOVERNANCE REPORT (Contd.)

Composition of Nomination and Remuneration Committee, Number of Meetings held and Participation at the Meetings during the financial year:

During the financial year, 2 (Two) Nomination and Remuneration Committee meetings were held on May 25, 2023 and February 8, 2024. 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	2	2
2	Prof. (Dr.) Neharika Vohra	Non-Executive Independent Director	Member	2	2
3	Mr. Kunal Shah	Non-Executive Independent Director	Member	2	2

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 provide 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 disclose the criteria laid 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 the Shareholders 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 ₹ 20,000 per meeting to its Non-Executive Independent Directors for attending meeting of the Board. The Company also reimburse 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 Directors for the 2023-24 are as under:

Sl. No.	Name of Director	Sitting Fees (Amount in ₹)
1	Mr. Ambar Patel	80,000
2	Dr. Bhushan Punani	80,000
3	Mr. Ramakrishnan Kasinathan	80,000
4	Mr. Kunal Shah	80,000
5	Prof. (Dr.) Neharika Vohra	80,000

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 2023-24 are as under:

Sl. No.	Name of Director	Salary (Amount in ₹)	Commission (Amount in ₹)	Total (Amount in ₹)
1	Mr. Rajendra Shah	3,850,008	2,000,000	5,850,008
2	Mr. Harish Rangwala	3,850,008	5,000,000	8,850,008
3	Mr. Vishal Rangwala	7,000,008	10,000,000	17,000,008
4	Mr. Pilak Shah	7,000,008	9,500,000	16,500,008
5	Ms. Hetal Naik	3,800,004	3,500,000	7,300,004

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 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 25, 2023, August 1, 2023, November 7, 2023 and February 8, 2024. 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 1, 2023 to March 31, 2024:

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

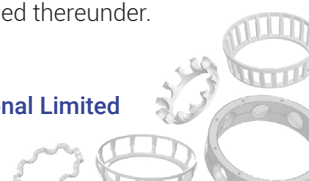
The Board of Directors of the Company has constituted the Corporate Social Responsibility Committee in compliance with the provisions of Section 135 and rules made thereunder read with Schedule VII of the Act.

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 Committee, Number of Meetings held and Participation at the Meetings during the financial year.

During the financial year, 1 (One) Corporate Social Responsibility Committee meeting was held on May 25, 2023. 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	1	1
2	Mr. Harish Rangwala	Executive Non-Independent Director	Member	1	1
3	Dr. Bhushan Punani	Non-Executive Independent Director	Member	1	1

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 on January 10, 2022.

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 listed entity, 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.

CORPORATE GOVERNANCE REPORT (Contd.)

Composition of 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 25, 2023 and November 7, 2023. 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

Note: Ms. Hetal Naik has been appointed as the Member of the Risk Management Committee with from May 16, 2024.

F. MANAGEMENT COMMITTEE

The Board of Directors of the Company has constituted the Management Committee of the Board of Directors. 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, 9 (Nine) 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	9	9
2	Mr. Harish Rangwala	Executive Non-Independent Director	Member	9	9
3	Mr. Vishal Rangwala	Executive Non-Independent Director	Member	9	7
4	Mr. Pilak Shah	Executive Non-Independent Director	Member	9	9
5	Ms. Hetal Naik	Executive Non-Independent Director	Member	9	7



CORPORATE GOVERNANCE REPORT (Contd.)

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
2022-23	Thursday, September 28, 2023 at 11:00 a.m.	Through Video Conferencing /Other Audio Visual Means ("VC"/ "OAVM")	-
2021-22	Monday, July 18, 2022 at 10.00 a.m.	Registered Office of the Company	<ol style="list-style-type: none"> 1. Approval for payment of Commission to the Directors of the Company for the financial year ending on March 31, 2022 2. Approval pursuant to Section 185 of the Companies Act, 2013
2020-21	Monday, December 27, 2021 at 10.00 a.m.	Registered Office of the Company	<ol style="list-style-type: none"> 1. Payment of Commission to the Directors of the Company 2. Appointment of Ms. Hetal Ukani (DIN:01990172) as a Whole-time Director of the Company for the period of three years with effect from December 25, 2021 3. Appointment of Mr. Rajendra Shah (DIN: 00061922) as a Chairman and Whole-time Director of the Company for the period of three years with effect from December 25, 2021 4. Appointment of Mr. Harish Rangwala (DIN:00278062) as a Managing Director of the Company for the period of three years with effect from December 25, 2021 5. Appointment of Mr. Vishal Rangwala (DIN:02452416) as a CEO & Whole-time Director of the Company for the period of three years with effect from December 25, 2021 6. Appointment of Mr. Pilak Shah (DIN: 00407960) as a COO and Whole-time Director of the Company for the period of three years with effect from December 25, 2021 7. Approval pursuant to Section 185 of the Companies Act, 2013 8. Approval under Section 62(3) of the Companies Act, 2013 9. To make investment, give loans, guarantees and security under Section 186 of the Companies Act, 2013 10. Increase the borrowing limit under Section 180(1)(C) of the Companies Act, 2013 11. Approval pursuant to Section 180(1)(a) of the Companies Act, 2013

CORPORATE GOVERNANCE REPORT (Contd.)

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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 Special Resolution was passed in the last financial year through postal ballot and at present no Special 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	September 16, 2024
Time	11.00 a.m.
Venue	Through Video Conferencing / Other Audio Visual Means ("VC/OAVM")

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.



CORPORATE GOVERNANCE REPORT (Contd.)

F. Financial Calendar:

The financial year of the Company is for a period of 12 months from April 01 to March 31.

Quarterly results and Limited Review for the quarter ending June 30, 2023	Within 45 days of the end of the quarter
Quarterly/Half-yearly results and Limited Review for the quarter ending September 30, 2023	
Quarterly/Nine-months results and Limited Review for the quarter ending December 31, 2023	
Quarterly/Yearly results and audit report for the year ending March 31, 2024	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	Scrp Code	Address
BSE Limited	543600	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
National Stock Exchange of India Limited	HARSHA	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051

The Company has paid Annual Listing Fees for the financial years 2023-24 and 2024-25 to both stock Exchanges.

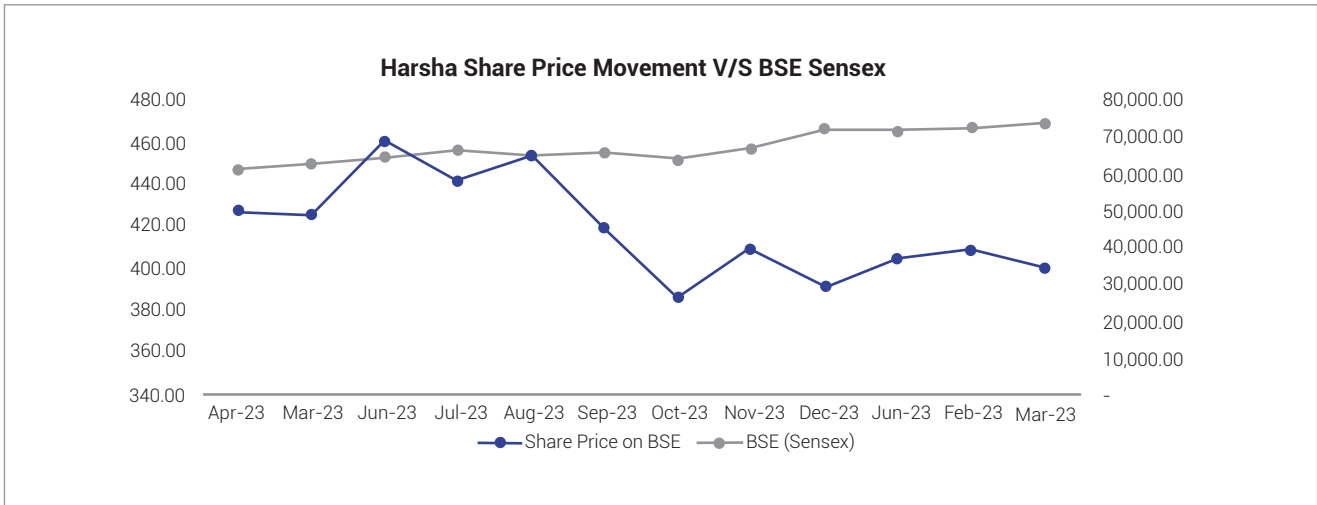
J. Market Price data:

The Market and volume of the Company's share traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2023-24 were as under:

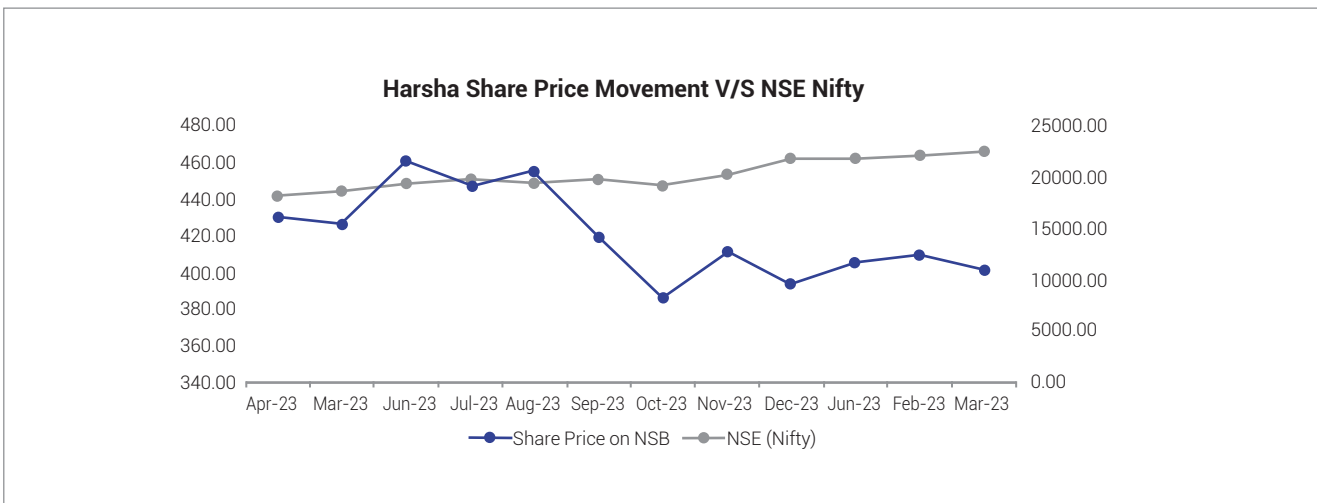
FY24's	BSE					NSE				
	Share Price on BSE		Volumes	BSE (Sensex)		Share Price on NSE		Volumes	NSE (Nifty)	
	High	Low		High	Low	High	Low		High	Low
Month	(₹)	(₹)	No. of Shares			(₹)	(₹)	No. of Shares		
Apr,23	434.55	334.05	4,22,352	61,209.46	58,793.08	435.00	335.95	5,330,729	17,885.3	17,398.1
May,23	477.50	407.05	5,46,608	63,036.12	61,002.17	478.40	408.70	5,050,217	18,581.3	18,069.0
Jun,23	494.35	415.00	2,362,705	64,768.58	62,359.14	494.00	414.75	5,615,860	19,024.6	18,487.8
Jul,23	472.90	433.00	112,864	67,619.17	64,836.16	484.55	434.00	2,642,149	19,758.4	19,322.6
Aug,23	472.55	395.45	298,444	66,658.12	64,723.63	472.90	395.30	3,428,048	19,704.6	19,253.8
Sep,23	470.00	412.35	199,095	67,927.23	64,818.37	470.30	411.00	2,335,999	20,129.7	19,435.3
Oct,23	424.30	370.10	109,367	66,592.16	63,092.98	424.95	370.00	1,417,545	19,775.7	18,857.3
Nov,23	436.35	379.45	152,947	67,069.89	63,550.46	438.00	380.00	3,090,258	20,158.7	18,973.7
Dec,23	427.90	381.00	170,695	72,484.34	67,149.07	428.00	382.50	1,721,166	21,801.5	20,183.7
Jan,24	449.95	387.15	139,042	73,427.59	70,001.60	419.50	387.80	2,305,334	22,124.2	21,137.2
Feb,24	434.15	381.50	185,526	73,413.93	70,809.84	434.50	380.00	2,831,222	22,297.5	21,530.2
Mar,24	419.95	360.00	180,608	74,245.17	71,674.42	417.00	360.10	2,067,592	22,526.6	21,710.2

CORPORATE GOVERNANCE REPORT (Contd.)

K. Performance of the Company's equity shares (closing share price) in comparison to BSE (Sensex)



L. Performance of the Company's equity shares (closing share price) in comparison to NSE (Nifty)



M. Registrar and Transfer Agent:

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@linkintime.co.in
 Website: www.linkintime.co.in

N. 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 w.e.f. 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



CORPORATE GOVERNANCE REPORT (Contd.)

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.

Share Transfer Details for the period from April 1, 2023 to March 31, 2024:

During the Financial year 2023-24, the Company has not received any request for transfer of shares except following promoter interse transfer of equity shares had been taken place with necessary disclosure with the stock exchanges in accordance with the Regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:

Sl. No.	Date of Transfer	Transferor	Transferee	No. of Shares	F.V. of Shares	Consideration
1	November 22, 2023	Rajendra Shantilal Shah	Hetal Naik	1,471,435	10	Gift
2	November 22, 2023	Nirmala Rajendra Shah	Mili Mehta Family Trust – (Trustee: Rajendra Shah)	1,471,756	10	Gift

O. Investors' Grievances:

The Registrar and Transfer Agent under the supervision of the Secretarial Department of the Company look after investors' grievances. 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.

P. Category wise shareholding as on March 31, 2024:

Category	Number of Shares	% of Shareholding
Clearing Members	125	0.00
Other Bodies Corporate	5,978,141	6.57
Hindu Undivided Family	378,729	0.42
Mutual Funds	6,327,652	6.95
Non Resident Indians	134,717	0.15
Non Resident (Non Repatriable)	298,291	0.33
Office Bearers	24,020	0.03
Public	8,020,347	8.81
Trusts	1,012	0.00
Promoters / Directors	38,093,864	41.84
Relatives Of Promoters	26,435,158	29.04
Independent Director	500	0.00
Promoter - Trust	3,397,611	3.73
Insurance Companies	29,652	0.03
Body Corporate - Ltd Liability Partnership	47,126	0.05
FPI (Corporate) - I	1,468,314	1.61
Alternate Invst Funds - III	407,800	0.45
Key Managerial Personnel	1,046	0.00
Total	91,044,105	100.00

CORPORATE GOVERNANCE REPORT (Contd.)

Q. Distribution of shareholding as on March 31, 2024:

Shares Range			Number of Shareholder	% of total Shareholders	No. of Shares	% of Issued Capital
1	to	500	89,214	97.14	5,479,364	6.02
501	to	1000	1786	1.94	1,260,053	1.38
1001	to	2000	480	0.52	696,173	0.76
2001	to	3000	144	0.16	362,194	0.40
3001	to	4000	55	0.06	196,999	0.22
4001	to	5000	41	0.04	189,849	0.21
5001	to	10000	57	0.06	426,848	0.47
10001	to	*****	63	0.07	82,432,625	90.54
			91,840	100.00	91,044,105	100.00

R. Dematerialisation of Shares and Liquidity:

Demat ISIN: Equity Shares fully paid: INEQJUS01029

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, 2024, 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 3, 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

There has been no revision in credit ratings of the Company during the financial year ended March 31, 2024, 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+	CAREAA-; Stable / CARE A1+	Reaffirmed by CARE Rating Limited	483.87 (Enhanced from 447.87)

form. Folios wherein any one of the above cited details / documents are not available with the Company on or after October 1, 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 2023-24, the Company has not issued Global Depository Receipts (GDR) or American Depository Receipts (ADR) or Warrants or any Convertible Instruments.

S. 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, 2024.



CORPORATE GOVERNANCE REPORT (Contd.)

T. 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.

U. Plant locations:

Registered/ 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.

V. Address for correspondence:

Shareholders 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

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@linkintime.co.in
Website: www.linkintime.co.in

W. 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 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 Investor Education and Protection Fund (IEPF) under the provisions of Section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 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 2023-24 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

CORPORATE GOVERNANCE REPORT (Contd.)

SEBI (LODR) Regulations, 2015. No penalty or strictures were imposed on the Company by any of these authorities.

C. **Vigil Mechanism/Whistleblower Policy:**

Pursuant to the provisions of Act and rules made thereunder and SEBI Listing Regulations, 2015 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.

Complaint can be addressed to the Chairperson of the Audit Committee of the Company for further investigation. Complaints can be made at the designated email address -kunal@theodventures.com.

D. During the year ended March 31, 2024, the Company have one (1) material unlisted subsidiary Company namely Harsha Engineers Europe SRL as defined in Regulation 16 of the Listing Regulations. 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>.

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 Practice:**

A certificate obtain from M/s Chirag Shah & Associates, Company Secretary in Practice

that none of the Directors on the Board of the Company for the financial year ended on March 31, 2024 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.

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 2023-24.

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. M/s. Pankaj R. Shah & Associates, Chartered Accountants (FRN:107361W) has been appointed as Statutory Auditors of the Company. During the Financial Year 2023-24, the total fees for all services paid by the Company, on consolidated basis, to Statutory Auditors was ₹ 17 lakhs.

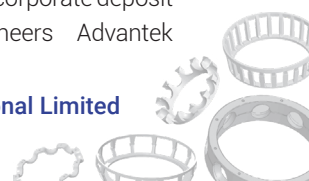
L. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Number of complaints filed during the financial year 2023-24: Nil

Number of complaints disposed off during the financial year 2023-24: Nil

Number of complaints pending as on end of the financial year 2023-24: Nil

M. Loans and Advances: 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



CORPORATE GOVERNANCE REPORT (Contd.)

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 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
- V. Particulars of Senior Management Personnel**

The particulars of senior management as of March 31, 2024, are as follows:

Sl. No.	Name of Director	Designation
1	Mr. Shaji Jacob	Senior Vice President (Steel SBU)
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	Senior General Manager (Engineering)
6	Mr. Jinan Shah*	Senior General Manager (Purchase)
7	Mr. Madhusudana Krishnaswamy	General Manager (Stamping SBU)
8	Mr. Rajesh Nirmal	General Manager (Logistics & Commercial)
9	Mr. Darpesh Parmar	General Manager (Human Resource)
10	Mr. Jayeshkumar Tank	General Manager (Information Technology)
11	Mr. Hemant Shah	Deputy General Manager (Admin)
12	Mr. Kiran Mohanty	Company Secretary & Chief Compliance Officer
13	Mr. Falgun Shah	Senior General Manager (Finance & Accounts) - Solar EPC Division
14	Mr. Hitesh Gadhvi	General Manager (Business Development) - Solar EPC Division

* Mr. Jinan Shah, designated as the Senior Management of the Company with effect from February 8, 2024.

The above Report was placed before the Board at its meeting held on May 16, 2024 and the same was approved.

For and on behalf of the Board of Directors

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Place: Ahmedabad
Date: May 16, 2024

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, 2024 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 16, 2024**

**Vishal Rangwala
Chief Executive Officer**

**Maulik Jasani
Chief Financial Officer**



**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, 2024.

For Harsha Engineers International Limited

**Place: Ahmedabad
Date: May 16, 2024**

**Vishal Rangwala
CEO and Whole Time Director**

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 1, 2023 to March 31, 2024** 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 16, 2024

CS Chirag Shah
Partner
Chirag Shah and Associates
FCS No.: 5545
C. P. No. 3498
UDIN: F005545F000382900
Peer Review Cert. No. 704/2020

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, 2024 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	06/05/2011
2.	Mr. Harish Ranjit Rangwala	00278062	11/12/2010
3.	Mr. Vishal Harish Rangwala	02452416	12/08/2021
4.	Mr. Pilak Rajendra Shah	00407960	05/02/2016
5.	Ms. Hetal Manish Naik	01990172	12/08/2021
6.	Mr. Ambar Jayantilal Patel	00050042	10/01/2022
7.	Mr. Bhushan Chelaram Punani	00119874	10/01/2022
8.	Mr. Kunal Dilipbhai Shah	02087152	10/01/2022
9.	Ms. Neharika Vohra	06808439	10/01/2022
10.	Mr. Ramakrishnan Kasinathan	09461806	10/01/2022

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: F005545F000382988

Peer Review Cert. No. 704/2020

Date: May 16, 2024

Place: Ahmedabad

INDEPENDENT ASSURANCE ON VERIFICATION OF SUSTAINABILITY INFORMATION

Growlity/AR/2324-46

Reporting Period - April 01, 2023 to March 31, 2024

The Management and Board of Directors

Harsha Engineers International Limited

Sarkhej-Bavla Road,

PO Changodar, Ahmedabad – 382213

Independent Assurance Report

Growlity, Inc. (hereinafter referred to as “The Service Provider” or “Growlity”) have been engaged by Harsha Engineers International Limited (hereinafter referred to as “The Company”) to conduct a limited assurance engagement on the sustainability information presented in the Company’s Annual Sustainability Report (hereinafter referred to as “ASR”) and Business Responsibility and Sustainability Reporting (hereinafter referred to as “BRSR”) for the specified reporting period. This critical task involved a thorough examination to verify the accuracy and reliability of the sustainability data disclosed in the report. The sustainability information provided within the report adheres to the comprehensive guidelines set forth by the Global Reporting Initiative’s (hereinafter referred to as “GRI”) Universal Standards 2021, ensuring that the reported data aligns with globally recognized sustainability reporting frameworks. This engagement by Growlity underscores the Company’s commitment to transparency and accountability in its sustainability practices, highlighting its dedication to adhering to international principles for reporting on its Environmental, Social, and Governance (hereinafter referred as “ESG”) initiatives.

Assurance Standard

The verification engagement has been planned and performed in accordance with the verification methodology developed by Growlity, which is based upon the **“AA1000 Assurance Standard (AA1000AS v3)”**.

Scope of Assurance and Methodology

The verification was conducted to provide limited assurance conclusion on select non-financial sustainability disclosures whether the sustainability information the mentioned reporting period and to verify its alignment with reference to GRI Universal Standards 2021. Growlity conducted, on a sample basis, review and verification of data collection / calculation methodology and general review of the logic on inclusion / omission of necessary relevant information / data and this was limited to:

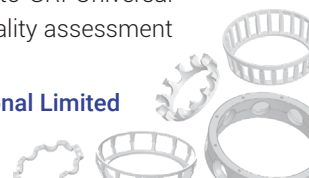
- Onsite and remote verification of data, on a selective test basis, for the following units / locations, through consultations with the site team and ESG committee members of the company:
 1. Changodar (Gujarat, India)
 2. Moraiya (Gujarat, India)
- Execution of audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of company’s plans, policies and practices, pertaining to their Environmental, Social & Governance Strategy, so as to be able to make comments on the fairness of sustainability reporting or disclosures.
- Review of company’s approach towards materiality assessment disclosed in the report to identify relevant issues.
- Review of company’s disclosures related to Business Responsibility & Sustainability Reporting (BRSR) Disclosures to SEBI, India for FY 2023-24.

Company’s Accountability

The ESG Committee representative at the company is responsible for preparing the ASR that is free from material misstatement in reference with the GRI and for the information contained therein. This entails specifically choosing and applying suitable methodologies for sustainability reporting, gathering and organizing data, and making well-founded assumptions or estimates as needed. Additionally, these representatives must ensure the implementation of adequate internal controls to facilitate the development of a sustainability report devoid of any significant errors, whether deliberate or accidental. The ESG Committee representatives at the company are also responsible for preparing the designed report using graphics and relevant and responsible content.

Our Observations

The Company has demonstrated its commitment to sustainable development by reporting its performance on various material topics for FY 2023-24. The Company has prepared report having sustainability information with reference to GRI Universal Standards 2021. The ASR includes a description of the Company’s stakeholder engagement process, materiality assessment



INDEPENDENT ASSURANCE ON VERIFICATION OF SUSTAINABILITY INFORMATION (Contd.)

and relevant performance disclosures on the identified material topics. There is further scope to strengthen data/information management system to ensure uniform and accurate reporting or disclosures. Areas of further improvement wherever identified have been brought before the attention of the management & ESG Committee representatives of the company. These observations do not affect our conclusion presented in this statement.

Guidelines for Utilization of This Statement

The Company is obligated to replicate the Growlity's Independent Assurance statement along with any attachments in their entirety, ensuring no alterations, deletions, or supplements are made.

This statement is specifically designed to convey the outcomes of the commissioned evaluation to the Company, defining the boundaries of the engagement. It is important to note that Growlity has not taken into account the potential interests of any third parties regarding the chosen sustainability information, this assurance report, or the conclusions drawn by Growlity. Consequently, nothing within the scope of this engagement or statement grants any third-party entities any form of rights or entitlements.

Limitations

The assurance engagement outlined herein does not encompass the following areas:

1. Our assurance does not cover any data or information pertaining to the financial performance of the Company.
2. Our role is strictly limited to providing assurance services as detailed in this letter. We will not undertake any management functions or make decisions on behalf of the Company. It is the responsibility of the Company's management to make all decisions, including those related to the acceptance and implementation of our services.
3. Any data or information that falls outside the specified reporting period is not covered by our assurance scope.
4. Our assurance is limited to the operations and locations explicitly mentioned within the defined Assurance Boundary. Any data or information pertaining to operations outside of this boundary is excluded, unless specifically stated otherwise in this report.
5. The Company's statements expressing opinions, beliefs, aspirations, expectations, or future intentions, as well as assertions related to Intellectual Property rights and competitive matters, are beyond the scope of our assurance.
6. We do not cover the Company's strategy and any related disclosures expressed in the report.
7. Our assurance does not extend to the mapping of the report with any reporting frameworks other than those specified above.

Our Assurance Team and independence:

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant global businesses. As an assurance provider, Growlity is required to comply with the independence requirements set out in **"AA1000 Assurance Standard (AA1000AS v3)"**. Growlity's independence policies and procedures ensure compliance with this standard.

Conclusion

On the basis of our procedure for this limited assurance, nothing has come to our attention that causes us not to believe that the company has reported on material sustainability issues relevant to its business.

Dr. Nitin Dumasia
President & CEO
Date: June 29th, 2024
Place: USA



AA1000
Licensed Assurance Provider
000-607

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	L29307GJ2010PLC063233 (U29307GJ2010PLC063233)
2	Name of the Listed Entity	HARSHA ENGINEERS INTERNATIONAL LIMITED
3	Year of incorporation	2010
4	Registered office address	Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India.
5	Corporate address	Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand-382213, Gujarat, India.
6	E-mail	sec@harshaengineers.com
7	Telephone	91-2717-618200
8	Website	https://www.harshaengineers.com
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited and the National Stock Exchange of India Limited
11	Paid-up Capital	₹ 910,441,050
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	
	Name of the Person	Kiran Mohanty
	Telephone	91-2717-618200
	Email address	sec@harshaengineers.com
13	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

There are certain restatements and re-computation of certain attributes in this report. The effects have been included under the following sections and principles of the BRSR report - Section C Principle 6 (Essential Indicator: question 1, 3 and 5) and (Leadership Indicator: question 1). These restatements would enable completeness and comparability of information for the current year and previous year.

II. Product/Services

14	Details of business activities (accounting for 90% of the turnover):	Sl. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
		1	Manufacturing	Metal and metal products	84.69%
		2	Electricity, gas, steam and air condition supply	Electric power generation, transmission and distribution	15.31%

15	Products/Services sold by the entity (accounting for 90% of the entity's Turnover):	Sl. No.	Product/Service	NIC Code	% of Total Turnover contributed
		1	Bearing cages, Brass Casting and Automotive Components	28140	84.69%
		2	EPC and O & M of Solar Power Plant	42201	15.31%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

III. Operations

16	Number of locations where plants and/or operations/offices of the entity are situated	Location	Number of plants [^]	No. of Offices*	Total
		National	2	1	3
		International	-	-	-
17	Market served by the entity	Locations	Numbers		
	a. No. of Locations	National (No. of States)	10		
		International (No. of Countries)	30		
	b. What is the contribution of exports as a percentage of the total turnover of the entity?	41.95%			
c. A brief on types of customers	The Company supplies products to several businesses both domestic and international. The entity primarily caters to international bearing manufacturers.				

[^]The Company has Solar plants and Windmills which has not been considered as plants

*The Company has more than 15 warehouses which has not been considered

IV. Employees

18. Details as at the end of Financial Year						
Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
a. Employees and workers (including differently abled)						
Employees						
1	Permanent Employees (D)	607	588	96.86%	19	3.1%
2	Other than Permanent Employees (E)	0	0	0	0	0
3	Total Employees (D+E)	607	588	96.86%	19	3.1%
Workers						
4	Permanent (F)	1124	1106	98.40%	18	1.60%
5	Other than Permanent (G)	1472	1423	96.67%	49	3.33%
6	Total Workers (F+G)	2596	2529	97.42%	67	2.58%
b. Differently abled employees and workers						
Employees						
1	Permanent Employees (D)	3	3	100%	0	0
2	Other than Permanent Employees (E)	0	0	0	0	0
3	Total Employees (D+E)	3	3	100%	0	0
Workers						
4	Permanent (F)	14	14	100%	0	0
5	Other than Permanent (G)	3	3	100%	0	0
6	Total Differently Abled Employees (F+G)	17	17	100%	0	0

19. Participation/Inclusion/Representation of women

Sl. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	10	2	20%
2	Key Management Personnel	7	1	14%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	2023-24 (Turnover rate in current FY)			2022-23 (Turnover rate in previous FY)			2021-22 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13%	12%	13%	11%	27%	11%	16%	34%	16%
Permanent Workers	9%	0%	9%	9%	30%	9%	14%	32%	14%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21	Names of holding / subsidiary / associate companies / joint ventures	Sl. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether it is a 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%	No
		2.	Harsha Engineers Europe SRL	Subsidiary	100%	No
		3.	Harsha Engineers Advantek Limited	Subsidiary	100%	No
		4.	Cleanmax Harsha Solar LLP	Joint Venture	50%	No

Note:

M/s HASPL Americas Corporation, a wholly owned subsidiary of the Company, has been officially terminated in accordance with the applicable laws. This has been confirmed by the certificate issued by the State Corporation Commission of Virginia on February 29, 2024.

The Company has transferred its equity investment of 3,297,050 shares, equivalent to a 25.9999% stake, in Sunstream Green Energy One Private Limited, an associate of the Company. The transfer was made to Sunstream Green Energy Private Limited (“Transferee”) as per the Agreement for Sale of Shares dated February 16, 2024, at a price of ₹ 10 per share. As of March 31, 2024, the Company owns 10 equity shares in Sunstream Green Energy One Private Limited. Under the provisions of Companies Act 2013, the Company no longer holds the status of being an associate with said company.

VI. CSR Details

22	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013	Yes
	(ii) Turnover (in lakhs)	108,094
	(iii) Net worth (in lakhs)	124,662



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

VII. Transparency and Disclosures Compliances

23 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	2023-24 Current Financial Year			2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
		Communities	Yes	Nil	Nil	Nil	Nil
Investors (other than shareholders) *	Yes, https://www.harshaengineers.com/InvestorRelations/company-policies.php	Nil	Nil	Nil	1,574	Nil	
Shareholders*	Yes https://www.harshaengineers.com/InvestorRelations/company-policies.php	Nil	Nil	Nil	Nil	Nil	
Employees and workers	Yes, HR representative available for every dept. HR SPOCs for every function.	Nil	Nil	Nil	Nil	Nil	
Customers	Yes	0.13 (PPM** sales)	Nil	Nil	0.29 (PPM** sales)	Nil	
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	
Other (please specify)	NA	Nil	Nil	Nil	Nil	Nil	

*The Company got listed on September 26, 2022. Most of the complaints mentioned as part of investor complaints are related to IPO (non-receipt of funds). Further, investor complaints also include shareholder complaints.

** PPM: Part per million

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

24 Overview of the entity's material responsible business conduct issues 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	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)
Employee Advancement & Development	Risk & Opportunity	The Company's operations are mainly driven by its employees. It is crucial to ensure employees' wellbeing to further enable the Company's growth. The Company aims to provide ample opportunities to retain talent and ensure their growth.	To mitigate the risk of losing top talent, it is important to continuously analyse the best HR practices in the industry and make necessary enhancements. This can be achieved by implementing performance incentives on a timely basis and evaluating performance at every stage of the work process.	Negative
Compliance and Integrity	Risk	At the heart of the Company's reputation and stakeholder confidence is its ability to ensure regulatory compliance. Regulations to report on ESG performance including climate related risks, targets and progress pose compliance risks to the organisation. Further, carbon tax may also materialise in medium term. It is crucial for the Company to maintain transparent and ethical business practices and manage and disclose its ESG performance, which in turn contribute to the Company's continued success.	The Company can conduct regular reviews and monitor changes in the regulatory framework and accordingly ensure compliance. This will allow the Company to mitigate any compliance related risks.	Negative
Occupational Health and Safety	Risk	Due to factors such as machinery breakdown and human negligence, the labour-intensive nature of the industry puts workers at risk of accidents, as well as health and injury hazards.	The risk associated with the industry can be mitigated by developing and implementing critical safety standards across all project locations and identifying the training needs of employees at every level.	Negative



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Material Issue Identified	Indicate whether risk or opportunity	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 Design and Lifecycle Management	Opportunity	Effective product design allows the Company to create innovative and customer-centric solutions. By understanding market needs and trends, the Company can develop products that resonate with consumers, leading to increased demand and market relevance. Further, analyzing environmental impact of products throughout its life will help the organisation in taking steps to mitigate the negative impact which in turn will help in boosting customer demand as customers have also started considering life cycle impact of products.	-	Positive
Energy and Emissions Management	Risk & Opportunity	Implementing effective energy management strategies can lead to more efficient operations. By optimising energy usage, adopting energy-efficient technologies, and investing in renewable energy sources have cost saving potential. However, non-compliance with emissions standards, pollution limits, or energy efficiency requirements can result in fines, penalties, and damaged relationships with regulatory authorities.	To mitigate risks of emissions management, the Company is proactively investing in energy-efficient technologies and renewable energy sources.	Positive
Water & Wastewater Management	Risk	Water scarcity is a growing global concern. As competition for water resources increases, the Company may struggle to secure a reliable and affordable water supply. Moreover, improper handling or discharge of wastewater can result in legal penalties, fines, and reputational damage.	The Company should adopt sustainable water management practices, invest in water-efficient technologies, monitor and control wastewater discharges. By managing water resources responsibly, the Company can reduce risks, enhance their reputation, and contribute to a more sustainable future.	Negative
Corporate Governance	Opportunity	Effective corporate governance ensures that ethical standards and values are upheld throughout the organisation. Strong and effective corporate governance can increase stakeholder confidence in the organisation which helps in creating value.	-	Positive

Note: Details about the materiality procedure and all the material topics can be found in ESG section of HEIL's 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 Policy, P1, P7 (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 2. Whistle Blower Policy, P1 (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 3. Risk Management Policy (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 4. CSR Policy, P8 (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 5. Code for Fair Disclosures, P4 (https://www.harshaengineers.com/InvestorRelations/company-policies.php) 6. Sexual Harassment Policy, P5 (available on intranet) 7. Forced Labour Policy, P5 (available on intranet) 8. Contract Labour Management Policy, P3 (available on intranet) 9. Anti-Bribery Policy (available on intranet) 10. General purchase agreement and sustainability requirement for supplier, P2, P6 (available on intranet) 11. Policy for use of emails/internet/social media, P9 (available on intranet) 12. Supplier Business Integrity Policy, P1, P5, P6 (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, wherever applicable								
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.	ISO 9001, IATF16949, ISO 14001, ISO 45001 and NVG principles								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Harsha Engineers International Limited committed to working towards carbon neutral and wants to reach 100% by 2030 and net zero by 2050. Zero accidents, zero fire incident								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	HEIL has achieved carbon neutral by 45% are our Key goals needs to be achieve during Net Zero Emission journey Zero accidents, renewable energy achieved 47.52% against 45%, zero fire incidents								



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Governance, Leadership and Oversight

7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

The effects of climate change have highlighted the urgency of implementing resilient practices, and sustainability is now crucial for organisations to tackle the challenges ahead. Our primary objective is to provide our customers with top-quality products in an environmentally sustainable manner. Our journey of growth is marked by our commitment to ethical and fair practices, a culture of diversity and inclusivity, operations that contribute to social progress, and environmental conservation through measures such as reducing energy consumption, preserving water, and recycling electronic waste. Our Company fully acknowledges the importance of incorporating environmental, social, and governance practices into our operations. We are dedicated to upholding high standards of quality across all these areas, and we have numerous policies in place to oversee our activities. We will continue to introduce new policies and adapt to changing regulations and trends to ensure we meet our objectives and overcome any obstacles. In the future, we intend to establish a clearly defined ESG strategy and set targets accordingly.

8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Board of Directors

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.

The Company has constituted Environmental, Social and Governance Management Committee (ESG Committee) to support the Company on-going commitment to environmental stewardship, stakeholder's health and safety, community development, corporate social responsibility, ethical and corporate governance, and other public policy matters (collectively "ESG Material issues") relevant to the Company

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)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes									As and when needed								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes									As and when needed								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
										Yes*								
										Primarily by legal advisor to the IPO. Safety audit was performed as per IS14489								

* As part of due-diligence process following SEBI guidelines, the Company has carried out independent assessment of all statutory policies as part of IPO through the IPO legal advisor.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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 categorised 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: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.



ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmers on any of the principles during the financial year.

Segment	Total number of training and awareness programmers held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmers
Board of Directors	5	Refresher training Sexual Harassment, Business Code of Conduct, Whistle blower policy,	100%
Key Management Personnel	5	Refresher training Sexual Harassment, Business Code of Conduct, Whistle blower policy, Antibribery	100%
Employees other than BODs and KMPs	41	Sexual Harassment, Business Code of Conduct, Whistle blower policy, Antibribery, Health and safety, Environment Management System, Human Rights and working condition, Tisax, and other training programmes	Percentage varies with type of training
Workers	79	Technical Training for Skill Development	Percentage varies with type of training

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:

a. Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle 1	Good and Service tax	2896	Paid against GST Notice under section 73 against Cancel dealer GST Credit for the year 2017-18.	No
			1660	Paid against GST Notice under section 73 against Cancel dealer GST Credit for the year 2018-19.	No
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

b. Non-Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	NA
Punishment	Nil	Nil	Nil	NA

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
NA	NA
NA	NA

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 entity has an Anti-Bribery Policy. Harsha Engineers has built its reputation on the basis of its values and principles. The Company treats customers, employees, suppliers and other stakeholders with honesty, integrity, fairness, and trust. Governing principles of this policy provides a framework to deal with cases of corruption. Moreover, the Company has zero tolerance for corruption. The policy is available on the intranet.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

Topic	2023-24 (Current Financial Year)		2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of KMPs	Nil	Nil	Nil	Nil

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.

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year.

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Understanding of BRSR and its requirements from Vendors	60%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.

Company has a policy of "Code of Conduct for Directors & Senior Management Personnel". This policy 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. This policy 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.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE



ESSENTIAL INDICATORS

1. Percentage 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.

Type	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)	Details of improvement in social and environmental aspects
Research & Development (R&D)	NA	NA	NA
Capital Expenditure (CAPEX)	0.68%	49.46%	The CAPEX was utilised on projects such as IOT implementation, adoption of renewable energy (solar and windmill projects), STP plant, Recharging Well, Filtration Module-Existing Tube well, Desilting Machine on Three Wheeler, Road Sweeping Machine, Auto Scrubber Cum Drier Floor Cleaning Machine, Scrubber Single Disc Floor Cleaning Machine, Life Line for Roof Top.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, the Company currently has a supplier code of conduct in place which was established in November 2022. The policy entails sustainable practices the suppliers are expected to adhere by. The objective of the policy is to ensure that suppliers are aware and in compliance with requirements in relation to hazardous chemical content of purchased materials and to restrict the use of raw materials from prohibited countries (smelters). The policy mainly applies to materials ranging from raw materials to sub systems (materials that would require further work by the Company). The Company's supplier policy also strives to ensure that materials are sourced from Registration, Evaluation, Authorisation and Restriction of Chemicals-Regulation (REACH) and Restriction of Hazardous Substances Directive (ROH) certified suppliers.

b. If yes, what percentage of inputs were sourced sustainably?

The Company strives to track and report the percentage in near future.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.

Product	Process to safely reclaim the product
a. Plastics (including packaging)	Disposed to registered recyclers as per EPR norms
b. E-Waste	Disposed to registered recyclers as per E-waste norms
c. Hazardous Waste	Disposed to the cement plant for co-processing. ETP sludge & other hazardous waste is sent to registered recyclers as per hazardous waste norms.
d. Other Waste	Disposed to registered recyclers

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. CPCB registration done, Plan is submitted but portal is not working.

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 in the following format?

No, the entity hasn't conducted life cycle assessments for its products as on date.

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.

Not applicable as the entity hasn't conducted life cycle assessments for its products as on date.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

The Company strives to track the percentage and report in near future.

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:

	2023-24 (Current Financial Year)			2022-23 (Previous Financial Year)		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	0	11.8	0	0	0	70
E-waste	0	0	0.645	0	0	0
Hazardous waste	0	0	197.50	0	0	0
Other waste	0	0	546.91	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

The Company strives to track the percentage and report in near future.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 3 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	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Employees											
Male	588	58	10%	588	100%	0	0%	588	100%	0	0%
Female	19	0	0%	19	100%	19	100%	0	0	0	0%
Total	607	58	10%	607	100%	19	3%	588	97%	0	0%
Other than Permanent Employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Permanent Workers											
Male	1106	0	0%	1106	100%	0	0%	1106	100%	0	0%
Female	18	0	0%	18	100%	18	100%	0	0%	0	0%
Total	1124	0	0%	1124	100%	18	2%	1106	98%	0	0%
Other than Permanent Workers											
Male	1423	0	0%	1423	100%	0	0%	0	0%	0	0%
Female	49	0	0%	49	100%	49	100%	0	0%	0	0%
Total	1472	0	0%	1472	100%	49	3%	0	0%	0	0%

2. Details of retirement benefits, for Current FY and Previous Financial Year:

Sl. No.	Benefits	2023-24 (Current Financial year)			2022-23 (Previous Financial year)		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	100%	Yes	100%	100%	Yes
2	Gratuity	100%	100%	Yes	100%	100%	Yes
3	ESI	34.45	65.55%	Yes	37.75%	54%	Yes
4	Others-NPS	-	-	-	-	-	-



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. **Accessibility of workplaces: Are the premises / offices of the entity 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 entity in this regard.**

Yes, workplace is accessible to differently abled employees.

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.**

The Company's Code of Conduct envelopes the Equal Opportunity Policy, the entity does not have a separate policy. The code of conduct encourages employees to treat everyone fairly, equally and without discrimination.

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%	NA	100%	NA
Female	NA	NA	NA	NA
Total	100%	NA	100%	NA

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.**

Category	Yes/No	Details of the mechanism in brief
Permanent Workers	Yes	There is an HR single point of contact for every department and all functions that are responsible for addressing any grievances of employees and workers.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	Additionally, employees can report their genuine concerns and grievances to the Chairperson of the Audit Committee through vigil mechanism.
Other than Permanent Employees	Yes	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	2023-24 (Current Financial year)			2022-23 (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)
Permanent Employees						
Male	0	0	0	0	NA	NA
Female	0	0	0	0	NA	NA
Others	0	0	0	0	NA	NA
Total	0	0	0	0	NA	NA
Permanent Workers						
Male	0	0	0	0	NA	NA
Female	0	0	0	0	NA	NA
Others	0	0	0	0	NA	NA
Total	0	0	0	0	NA	NA

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

8. Details of training given to employees and workers:

Category	2023-24 (Current Financial year)					2022-23 (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	588	137	23.30%	438	74%	586	66	11%	435	74%
Female	19	2	0%	14	74%	16	3	19%	10	63%
Total	607	139	23.30%	452	74%	602	69	11%	445	74%
Workers										
Male	1106	775	70%	1017	92%	1179	203	20%	848	72%
Female	18	10	56%	18	100%	18	0	0	18	100%
Total	1124	785	70%	1035	92%	1197	203	20%	866	72%

9. Details of performance and career development reviews of employees and worker:

Category	2023-24 (Current Financial year)			2022-23 (Previous Financial year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	588	485	82%	586	556	95%
Female	19	13	68%	16	16	100%
Total	607	498	82%	602	572	95%
Permanent Workers						
Male	1106	1083	98%	1179	1077	92%
Female	18	18	100%	18	18	100%
Total	1124	1101	98%	1197	1095	92%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	Yes.
a. What is the coverage of such system?	<p>HEIL places great emphasis on maintaining and improving its employees' health and safety. Workplace safety of employees forms the foundation of the Company's strategy to attain sustainability.</p> <p>HEIL is committed to create and maintain a safe and healthy workplace in the organisation and its achieved by developing and implementing the occupational health, safety, and environmental management system conforming to Standards and driving excellence in operations and support functions. It covers both our plants.</p>
b. What are the processes used to identify work- related hazards and assess risks on a routine and non-routine basis by the entity?	EHS team identifies and assesses hazard prone activities with the help of workers in the plants and educates them regarding health and safety. The group carries out assessments and derives a risk value based on the HIRA register. Countermeasures are developed for the risk values derived from the assessment based on likelihood and severity of risk. Other safety processes include Safety Patrolling, Near Miss reporting, Safe workstation mapping and HIRA register are in place.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/No)	Yes, regular safety checks are conducted during which workers report unsafe working conditions and potential hazards to their supervisors and action are taken accordingly.
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, HEIL believes in creating an environment for employees in which their financial needs are met beyond their salary. Such as there are ambulances available at plant sites for emergencies and the entity has connections with local hospitals which are usually located 10-15 mins away from the vicinity. ESIC is applicable to certain employees who are eligible for free treatment in government hospitals. In the HEIL, internal occupational health centre is available having nurse available for 24 hours and centre is fully equipped with medical facilities.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	2023-24 Current Financial Year	2022-23 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0.38
Total recordable work-related injuries	Employees	0	0
	Workers	0	1
No. of fatalities	Employees	0 - NIL	0
	Workers	0 - NIL	1
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company is committed to provide a safe and healthy workplace by minimising injuries, exposure to health risks, accidents and complies with all applicable laws and regulations with respect to safety at workplace. HEIL's goal is to achieve Zero accidents, zero fire incidents and to become an industry leader in Safety & Health so to achieve this safety policies are provided for clear direction, established robust management & reporting systems and training and communication mechanisms, along with well-defined performance measures and indicators, to track the Safety & Health performance.

The entity takes the following key measures to ensure a safety and health workplace:

- Danger Prediction Activity- a team of 5-6 members conduct risk assessments and educate workers in plants. They derive a risk value based on the HIRA register and create countermeasure solutions to the problems.
- Safety Kaizen
- Safety Patrolling
- Near missing reports
- Safe workstation mapping

13. Number of Complaints on the following made by employees and workers:

Topic	2023-24 (Current Financial Year)			2022-23 (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	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Health & Safety	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

14. Assessments for the year.

Topic	% 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 practices and working conditions.

The entity hasn't identified any significant risks or concerns arising from these assessments. However, corrective measures are taken throughout the year in plants as and when any unsafe conditions are identified.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Yes, the Company extends Group Personal Accident to staff category and Term Plan to all on roll employees

- a. Employees (Yes/No): Yes
- b. Workers (Yes/No): Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The entity has a mechanism in place to ensure the labour contractors associated with the entity pay all legal dues on time. The entity regularly monitors PF, ESIC, PT and GST details of the contractor.

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:

Category	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	
	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	1	0	0

4. Does the entity provide transition assistance programmers to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).

No, the entity currently doesn't provide transition assistance programmers to facilitate continued employability.

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	46%
Working Conditions	46%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant risks or concerns were identified through the assessment.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS



ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity:

Stakeholders play an integral role in the entity’s journey, and we are privileged to share a strong relationship with investors based on a deep understanding of their expectations and our commitment to consistently fulfil them. Our process of stakeholder engagement involves identifying key internal and external stakeholders followed by analyzing the impact of each stakeholder groups on our business and vice versa. We have identified investors that contribute capital, customers, employees who enable us to create value, suppliers who help us deliver business value, community and government regulators as important stakeholders.

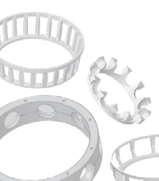
2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalised 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	Emails, Internal Meetings, Engagement Activities, Internal Portal, Townhall Meeting, One-to-one interaction	Need basis	Employee wellbeing, career development, business plans
Shareholders	No	Email, Teleconference, Investor Presentation, Plant Visits, Website, AGM	Quarterly, Annually and on need basis	Financial performance, Prospective Investment, Investor relationship, Dividend, Profitability and financial stability
Investors	No	Email, Teleconference, Investor Presentation, Plant Visits, Website, Roadshows	Quarterly and on need basis	Financial performance, Prospective Investment, investor relationship, Dividend, Profitability and financial stability
Suppliers	No	Email, Meetings	Need basis	Commercial, Quality, On-time delivery
Customers	No	Email, Exhibitions, Meetings, Plant visits	Need basis	Business enhancement, customer satisfaction
Suppliers/ Contractors	No	Email	Need basis	Quality
Community	Yes	One-to-one interactions	Need basis	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.

Harsha has a presence across multiple geographies, products. Consultation with stakeholders on economic, environmental, and social topics are delegated to the department within an organisation who are also responsible for engaging with stakeholders on continuous basis. Feedback received from stakeholders are communicated to senior management and the Board as and when deemed needed through Review meetings, Board meetings.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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.

Yes, stakeholder groups including employees, customers, investors and local communities are consulted through relevant mechanism. The Company uses the inputs or feedback received through stakeholder consultations to develop/update the relevant policies as and when deemed needed. Further, the continuous feedback from these stakeholder groups also helps the Company in identifying key risks and opportunities and plan actions to mitigate the risks.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Company has demonstrated a commitment to supporting vulnerable groups by engaging in various initiatives. The Company have 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 Dr. Jeet Mehta Balshala Trust, which is dedicated to renovating essential physiotherapy centres and providing equipment for students with mental challenges.

So far the Company has contributed approximately ₹ 6.72 crores towards the welfare of vulnerable groups, ensuring that their outreach programs address the unique needs of these individuals.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS



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	2023-24 Current Financial Year			2022-23 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	588	137	23%	602	121	20%
Other than permanent	19	0	0%	0	0	0%
Total Employees	607	137	23%	602	121	20%
Workers						
Permanent	1124	84	7%	1197	18	2%
Other than permanent	1472	70	5%	1434	147	10%
Total Workers	2596	154	5.93%	2631	165	6.27%

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

2. Details of minimum wages paid to employees and workers, in the following format:

Category	2023-24 Current Financial Year					2022-23 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent employees										
Male	588	0	0%	588	100%	586	0	0%	586	100%
Female	19	0	0%	19	100%	16	0	0%	16	100%
Other than Permanent										
Male	0	0	NA	0	NA	0	0	NA	0	NA
Female	0	0	NA	0	NA	0	0	NA	0	NA
Workers										
Permanent										
Male	1106	65	6%	1041	94%	1179	600	51%	579	49%
Female	18	5	28%	13	72%	18	5	28%	13	72%
Other than Permanent Workers										
Male	1448	663	46%	785	54%	1397	588	42%	883	63%
Female	49	36	73%	13	27%	37	15	41%	22	59%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	2,965,004	2	3,690,002
Key Managerial Personnel	6	7,873,512	1	7,300,004
Employees other than BoD and KMP	581	551,424	14	500,004
Workers	1179	292,656	18	229,320

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, we have HR - (SPOC) for each division who is responsible for addressing any grievances in regard to human rights issues caused by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HR SPOC is responsible for addressing the Human Rights issues for each division of the Company.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

6. Number of Complaints on the following made by employees and workers:

	2023-24 Current Financial Year			2022-23 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
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. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

HR SPOC is responsible for the Implementation of the policies and practices pertaining to Sexual Harassment, Discrimination at work place also responsible for addressing the issues related to this.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	100%
Others – please specify	-

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No corrective actions were taken as there were no significant risks/concerns arising from the assessment.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company tracks human rights grievances/complaints regularly and initiates necessary actions as and when needed. No business process was modified/introduced as a result of addressing human rights complaints during the reporting period.

2. Details of the scope and coverage of any Human rights due diligence conducted.

While the Company hasn't conducted a Human Rights due diligence, the entity has adopted multiple policies that ensure correct practices are undertaken by the entity. All policies are reviewed each year and appropriate committees have been designated for handling any such cases.

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.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

4. Details on assessment of value chain partners:

The entity aims to include assessments of their value chain partners mainly suppliers the following year.

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

PRINCIPLE 6: BUSINESSES 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:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Total electricity consumption (A) (GJ)	107,900	106,523
Total fuel consumption (B) (GJ)	110,780	107,000
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumption (A+B+C) (GJ)	218,680	213,523
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (GJ per crores)	202.30	208.37
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

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 (Changodar & Moraiya Plant). 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	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Ground water	26,228	25,199
(iii) Third party water	1870	0
(iv) Sea water / desalinated water	0	0
(v) Others (Rainwater storage)	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	28,098	25,199
Total volume of water consumption (in kilolitres)	28,000	25,000
Water intensity per rupee of turnover (Water consumed / turnover) (kl per crores ₹ of revenue)	25.90	24.39
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

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. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, Reuse of treated water is being reused for toilet flushing, solar panel cleaning, cooling tower makeover, gardening & plantation.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
NOx	µg/m3	2.5	1.8
SOx	µg/m3	33	25
Particulate matter (PM)	µg/m3	PM ₁₀ - 65 PM _{2.5} - 42	PM ₁₀ - 59 PM _{2.5} - 38
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	-		
Others – please specify	-		

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.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	2023-24 (Current Financial Year)	2022-23 (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)	tCO2e	6,617.71	6,749.6
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)	tCO2e	20,272.84	20,282.35



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	Unit	2023-24	2022-23
		(Current Financial Year)	(Previous Financial Year)
Total Scope 1 and Scope 2 emissions per crore rupee of turnover	tCO2e/INR crore	24.87	26.37
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity	tCO2e/tonne of production	1.81	2.05

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. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail

Yes, 'CAPEX investment in energy efficient equipment or project for energy consumption reduction

1. New IE-04 efficient 132 KW air compressor installed in Moraiya Plant

8. Provide details related to waste management by the entity, in the following format:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	11.88	16.16
E-waste (B)	0.645	0.835
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	24.68	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	197.5	115.98
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	546.91	
Wastepaper or Paperboard	19.56	20.4
Used Waste Oil		25.74
Office waste	35.8	0
Unsorted waste and scrap	356.51	431.6
Wooden Waste	129.93	142.5
Glass Waste	0.33	0
Polyamide Scrap	4.76	0
Empty disc. Cont		52.92
Total (A + B + C + D + E + F + G + H)	781.60	806.12

	Waste Recycled in 2023-24	Other Recovery in 2023-24	Other Disposal in 2023-24 MT	Waste Recycled in 2021-22	Other Recovery in 2021-22	Other Disposal in 2021-22 MT
Plastic waste (A)	11.88	0	0	16.16	0	0
E-waste (B)	0.645	0	0	0.835	0	0
Bio-medical waste (C)	0	0	0	0	0	0

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

	Waste Recycled in 2023-24	Other Recovery in 2023-24	Other Disposal in 2023-24 MT	Waste Recycled in 2021-22	Other Recovery in 2021-22	Other Disposal in 2021-22 MT
Construction and demolition waste (D)	24.68	0	0	0	0	0
Battery waste (E)	0	0	0	0	0	0
Radioactive waste (F)	0	0	0	0	0	0
Other Hazardous waste. Please specify if any (G)	0	197.5	0	0	115.98	0
Other Non-hazardous waste generated (H). Please specify, if any.	546.91	0	0	673.16	0	0
Total Waste Recovered (A + B + C + D + E + F + G + H)	584.11	197.5	0	690.16	115.98	0

For each category of waste generated, total waste disposed by nature of disposal method (MT)

S. No.	Parameter	Waste Incinerated in 2023-24	Waste in Landfill in 2023-24	Other Disposal in 2023-24 MT	Total Disposed in 2023-24	Waste Incinerated in 2022-23	Waste in Landfill in 2022-23	Other Disposal in 2022-23	Total Disposal in 2022-23
1	Plastic waste (A)	0	0	11.88	11.88	0	0	0	0
2	E-waste (B)	0	0	0.645	0.645	0	0	0.835	0.835
3	Bio-medical waste (C)	0	0	0	0	0	0	0	0
4	Construction and demolition waste (D)	0	0	24.68	24.68	0	0	0	0
5	Battery waste (E)	0	0	0	0	0	0	0	0
6	Radioactive waste (F)	0	0	0	0	0	0	0	0
7	Other Hazardous waste. Please specify if any (G)	0	0	197.5	197.5	0	0	115.98	115.98
8	Other Non-hazardous waste generated (H). Please specify, if any.	0	35.8	511.11	546.907	0	0	673.16	673.16
9	Total Waste Disposed (A + B + C + D + E + F + G + H)	0	35.8	745.81	781.612	0	0	789.975	789.975

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.

9. Briefly describe the waste management practices 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 practices adopted to manage such wastes.

As per ISO 14001: 2015, Waste Disposal SOP document no. HEO81000010. Optimisation of Hazardous waste generation during manufacturing process and being dispose through register recycler or co-processor.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

10. 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:

The entity does not have operations/plants in/around ecologically sensitive areas.

Sl. 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	NA	NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

EIA was not required to be carried out in the current financial year, based on applicable laws.

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	NA	NA	NA	NA	NA

12. 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:

Yes.

Sl. 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
			NA	

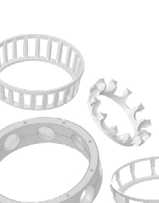
LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
From renewable sources (GJ)		
Total electricity consumption (A)	5,827.28	6,953.89
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	5,827.28	6,953.89
From non-renewable sources (GJ)		
Total electricity consumption (D)	102,073.03	99,569.24
Total fuel consumption (E)	110,780.55	107,000.90
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	212,853.58	206,570.14

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.)

2. Provide the following details related to water discharged:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NA	0
- No treatment	NA	0
- With treatment – please specify level of Treatment	NA	0
(ii) To Ground water	YES	0
- No treatment	NA	0
- With treatment – please specify level of Treatment	Primary, Secondary and Tertiary Treatment	0
(iii) To Sea water	NA	0
- No treatment	NA	0
- With treatment – please specify level of Treatment	NA	0
(iv) Sent to third-parties	NA	0
- No treatment	NA	0
- With treatment – please specify level of Treatment	NA	0
(v) Others	NA	0
- No treatment	NA	0
- With treatment – please specify level of Treatment	NA	0
Total water discharged (in kilolitres)	NA	0

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. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable as the Company's plant are not in water stressed areas.

For each facility / plant located in areas of water stress, provide the following information:

- a. Name of the area - NA
- b. Nature of operations - NA
- c. Water withdrawal, consumption and discharge in the following format:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Ground water	NA	NA
(iii) Third party water	NA	NA
(iv) Sea water / 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 intensity (optional) – the relevant metric may be selected by the entity	NA	NA



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous Financial Year)
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 Ground water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Sea water	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: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

NA

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

The organisation is in the process of calculating scope 3 emissions

Parameter	Unit	2023-24 (Current Financial Year)	2022-23 (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)	tCO ₂ e	6,844,007.22	-
Total Scope 3 emissions per rupee of turnover	tCO ₂ e /Turnover (in crore ₹)	6,331.53	
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

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.

5. 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.

Not applicable, as the Company does not operate around ecologically sensitive areas.



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

6. 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:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Corporate Office-Auto "ON & OFF" Centralise AC (VRV) System and Lights of corporate office	Digital timer installed to reduce energy consumption by time setting	Saving:7,818 kwh/ month
2	Cooling Tower (180TR Chiller)- VFD installation in cooling tower motor to reduce energy consumption	Installed PID VFD with Thermocouple to reduce energy consumption	Saving:5,429 kwh/ month
3	SRB-Pulse blow valve installation in presses to reduce air compressor consumption	Installed Pulse blow valve to reduce the Air Consumption during operation	Saving:13,104 kwh/month
4	ETP-VFD installation to reduce energy consumption	Installed VFD in all ETP plant motor	Saving:1,710 kwh/ month
5	DGBB- Belt conveyor motor was running continuous in idle condition	On/Off Interlock done through programming	Saving:728 kwh/ month
6	Taper Auto-Shop Floor Conveyor continue "ON" (Loader & Zebra)	Loader conveyor of Vibrator is "ON" continuously if not required in actual condition (19 nos.), so interlock with programme	Saving:186.73 kwh/month
7	UTILITY (Mor.)-Water level sensor type drain valve to be install	Install water level senser type drain valve to reduce loss of compressed air during auto drain process	Saving:5,406 kwh/ month
8	Taper Auto-Push bar conveyor working in contactor base	Install VFD for push bar conveyor hydraulic pump & motor	Saving:624 kwh/ month
9	Taper Auto-Extol Pump	Modify pressure in programme 2.5 bar from 3 bar	Saving:702 kwh/ month

Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company has contingency plan in place. The plan has the risks identified, severity of it and contingency plan in case it occurs. The plan is communicated to all function heads and employees.

7. 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?

The Company through its existing assessment has not come across any significant adverse impact of its value chain on the environment.

8. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact

46% of value chain partners (by value of business done with value chain partners) comply with ISO 1400 management system requirements to address environmental impacts.



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.
- 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.

Sr. 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

Sr. No	Public policy advocated	Method resort for such advocacy	Whether the information is available in public domain? (Yes/No)	Frequency of review by board (Annually/ Half yearly/ Quarterly/ Other-please specify)	Web Link, if available
No such public policy advocated by the Company					

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	Relevant Web Link
Not applicable as the Company's CSR projects does not fall under SIA obligation based on applicable laws					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

None of the entity's projects undertaken required rehabilitation and resettlement.

Sr. No	Name of project for which R&R is ongoing	State	District	No of Project Affected Families	% of PAF covered by RAR	Amount Paid to PAFs in the FY (in ₹)
Nil						

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

3. Describe the mechanisms to receive and redress grievances of the community

Grievance Redressal Mechanism (GRM) is an important aspect of assuring the Company's strong relation with the community as it provides a social license to operate and execute community initiative projects. As part of the Company's grievance redressal mechanism, the organisation has deployed local employees who regularly visit the community and interact with people to gauge and address community concerns. Based on these interactions, the Company has not encountered any specific grievances from the community so far.

The Company records all external complaints related to health, safety & environment on the Company's intranet and takes suitable and sufficient actions to address all such complaints. The Company ensures timely closure with follow ups to avoid reoccurrence of such complaints.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

	2023-24 Current Financial Year	2022-23 Previous Financial Year
Directly sourced from MSMEs/ Small producers	7.19%	7.56%
Sourced directly from within the district and neighbouring districts	79%	68%

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
Not applicable as the Company's CSR projects does not fall under SIA obligation based on applicable laws	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No	State	Aspirational District	Amount spent
NA			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No) -

No, the entity 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 marginalised /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

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 of benefits shared
Nil				



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

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 case	Corrective action taken
Except Trademark, the Company has no other intellectual property and hence not applicable		

6. Details of beneficiaries of CSR Projects.

Sr.no	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1	Essential physiotherapy centre renovation and equipment for mentally challenged students	1,452	100%

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN RESPONSIBLE MANNER



ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Our product is part and parcel of a bearing assembly which cannot be seen separately. Also end Consumer exposure is limited to bearing manufacturers and not to Harsha.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

NA as the entity's customers design and approve the end product.

	As a percentage to total turnover
Environment and Social parameters relevant to product	0
Safe and responsible usage	0
Recycling and/or safe disposal	0

3. Number of consumer complaints

	2023-24 Current Financial Year		2022-23 Previous Financial Year	
	Received during the year	Pending resolution at the end of year	Received during the year	Pending resolution at the 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 Practices	0	0	0	0
Unfair Trade Practices	0	0	0	0
Others	0	0	0	0

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	0	0
Forced recalls	0	0

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (Contd.)

- 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 entity has a policy on cyber security and risks related to data privacy. The policy is available on the intranet.

- 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.

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. Website link: www.harshaengineers.com

- 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

We are not product design owner

- 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

NA

- 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)**

Since Harsha is manufacturing parts as per the drawing/design provided by the its customer any additional marking on product is not allowed, so it is not applicable to Harsha.

We do conduct survey with our customers who are bearing manufacturers, but no direct exposure of end consumers.

- 5. Provide the following information relating to data breaches:** There were no such instances.

a. Number of instances of data breaches along-with impact: 0

b. Percentage of data breaches involving personally identifiable information of customers: 0



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, 2024, 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, 2024, 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.

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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.

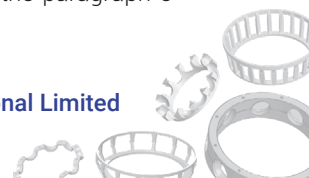
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

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.



INDEPENDENT AUDITOR'S REPORT (Contd.)

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(l)(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 31st March, 2024 taken on record by the Board of Directors, none of directors is disqualified the as on 31st March, 2024 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 no pending litigations which can significantly impact its financial position.
- 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 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 new 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 32.10 to the standalone financial statements and based on our examination which included test checks, the Company has used multiple accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except for instances mentioned below –
- a) The audit trail feature was not enabled for certain changes made at the database

level using privileged access rights to the SAP application and the underlying HANA database, used for maintenance of accounting records by the Company. Accounting software administration guide states that enabling the same all the time consumes storage space on the disk and can impact database performance significantly. Audit trail (edit log) is enabled at the application level.

- b) One segment of the company has used an accounting software Tally for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature was not enabled.

Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software. 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.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 24110142BKHCM08740
Place: Ahmedabad
Date: May 16, 2024

“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, 2024:

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 Company has a regular programme for physical verification of some of fixed asset in a phased periodic manner, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were 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) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year on the basis of security of current assets; the quarterly statements filed by the company with such banks are in agreement with the books of account of the Company.

3. (a) During the year, company has made investments and also provided loans to companies, firms, Limited Liability Partnerships, and other parties , details are as follows:

Aggregate amount during the year	Guarantee
- Others	8597.89 lakhs
Balance outstanding as at the balance sheet date	
- Others	8597.89 lakhs

- (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 guarantee have been granted 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.

“ANNEXURE - A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (Contd.)

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.
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 31 March, 2024 for a period of more than six months from the date they became payable.

- (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 31 March, 2024, which have not been deposited with the appropriate authorities on account of dispute, other than those mentioned as mentioned as under:

Name of the Statute	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	245,892	-245,892	Appeal
Income Tax Act, 1961	Income Tax	F.Y. 2017-18	26,088,617	2,699,670	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	Short Paid of Excise duty at the time of De Bonding of EOU	F.Y.2007-08 to F.Y.2008-09	3,294,409	3,294,409	Adjudication Pending with CESTAT
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 Comm. Appeal

“ANNEXURE - A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (Contd.)

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 term loans taken by the Company have been applied for the purpose for which they are obtained.
- (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 offer or further public offer (including debt instruments)
- (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 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

“ANNEXURE - A” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (Contd.)

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.

- 20. (a)** There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) As there is no unspent amount towards Corporate Social Responsibility (CSR) at the end of previous financial year, the provision of section 135(6) of the Companies Act, 2013 is not applicable.

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 24110142BKHCMO8740
Place: Ahmedabad
Date: May 16, 2024

“ANNEXURE - B”

TO THE INDEPENDENT AUDITOR’S 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, 2024 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.

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.

“ANNEXURE - B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (Contd.)

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, 2024, 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: 24110142BKHCM08740
Place: Ahmedabad
Date: May 16, 2024



STANDALONE BALANCE SHEET

AS AT MARCH 31, 2024

(₹ In lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	25,027	23,833
(b) Capital Work-In-Progress	2	696	1,096
(c) Other Intangible Assets	2	31	53
(d) Financial Assets			
Investments	3	31,852	23,801
Loans & Advances	4	2,026	1,996
Other Financial Assets	5	334	329
(e) Other Tax Assets [Net]	6	135	155
(f) Other Non-Current Assets	7	850	888
Total Non-Current Assets		60,951	52,151
Current Assets			
(a) Inventories	8	28,921	29,101
(b) Financial Assets			
Investments	3	19,606	16,104
Trade Receivables	9	26,870	21,868
Cash and Cash Equivalents	10	1,014	5,163
Bank Balance Other than Cash and Cash Equivalents	10	8,670	6,909
Loans & Advances	4	3,972	1,123
Other Financial Assets	5	206	79
(c) Other Current Assets	7	2,660	2,977
Total Current Assets		91,919	83,324
TOTAL ASSETS		152,870	135,475
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	9,104	9,104
(b) Other Equity	12	115,442	103,264
Total Equity		124,546	112,368
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	128	-
Lease liabilities	14	165	112
Other Financial Liabilities	18	363	267
Provisions	15	854	835
Deferred Tax Liabilities (Net)	16	1,400	1,135
Other Non-Current Liabilities	19	0	1
Total Non-Current Liabilities		2,910	2,350
Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	9,847	8,806
Lease liabilities	14	93	99
Trade Payables	17		
- Dues to Micro & Small Enterprises		405	629
- Dues to other than Micro & Small Enterprises		10,206	6,716
Other Financial Liabilities	18	3,293	3,029
(b) Other Current Liabilities	19	1,184	1,140
(c) Provisions	15	250	223
(d) Current Tax Liabilities [Net]	20	136	115
Total Current Liabilities		25,414	20,757
Total Liabilities		28,324	23,107
TOTAL EQUITY AND LIABILITIES		152,870	135,475
Material Accounting Policies	1		
Notes to Financial Statements	1 to 34		

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 16, 2024
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 16, 2024
Place: Ahmedabad

Harish Rangwala
Managing Director
DIN: 00278062

Kiran Mohanty
Company Secretary & Chief Compliance Officer
M. No.: F9907

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2024

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from Operations	21	108,094	102,472
Other Income	22	3,048	3,163
Total Income (A)		111,142	105,635
EXPENSES			
Cost of Materials Consumed	23	60,092	53,102
Change In Inventories of Finished Goods & Work-In-Progress	24	(1,285)	916
Employee Benefits Expenses	25	11,814	10,904
Finance Costs	26	633	1,191
Depreciation and Amortisation Expenses	2	2,685	2,331
Other Expenses	27	20,438	19,961
Total Expenses (B)		94,377	88,405
Profit/ (Loss) Before Tax (C)=(A-B)		16,765	17,230
Tax Expense			
Current Tax	29	3,771	3,863
Deferred Tax	29	303	528
Total Tax Expense (D)		4,074	4,391
Profit/ (Loss) After Tax for the year (E)=(D-C)		12,691	12,839
Other Comprehensive Income			
i) Items that will be reclassified to profit or loss			
Gains / (Loss) of Cashflow Hedge		604	(988)
Income tax relating to these items	29	(152)	249
ii) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	30	(69)	(12)
Income tax relating to these items	29	17	3
Other Comprehensive Income for the year, net of tax (F)		400	(748)
Total Comprehensive Income for the year (E+F)		13,091	12,091
Earning Per Equity Share (EPS) for the year			
Basic (₹)	28	13.94	15.19
Diluted (₹)		13.94	15.19
Material Accounting Policies	1		
Notes to Financial Statements	1 to 34		

As per our report of even date attached
For Pankaj R. Shah & Associates
 Chartered Accountants
 FRN: 107361W

For and on behalf of the Board of Directors
Harsha Engineers International Limited
 (CIN: L29307GJ2010PLC063233)

Chintan Shah
 Managing Partner
 M. No.: 110142

Rajendra Shah
 Chairman & Whole-time Director
 DIN: 00061922

Harish Rangwala
 Managing Director
 DIN: 00278062

Maulik Jasani
 VP Finance & Group CFO

Kiran Mohanty
 Company Secretary & Chief Compliance Officer
 M. No.: F9907

Date: May 16, 2024
 Place: Ahmedabad

Date: May 16, 2024
 Place: Ahmedabad

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ In lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per statement of Profit & Loss	16,765	17,230
Adjustments for:		
Depreciation and Amortisation Expenses	2,685	2,331
Interest Income	(1,569)	(829)
Finance Cost	633	1,191
Loss/(Profit) on Sale of Investment	(1,030)	(435)
Bad debts/Provision for doubtful trade receivables	3	(284)
Share of Profit/Loss from Joint venture / Associates	(29)	(24)
Loss / (Profit) on Sale of Assets	(1)	46
Operating Profit before Working Capital Changes	17,457	19,226
Adjustments for Changes in Working Capital		
Inventories	180	159
Trade Receivables	(5,005)	(208)
Other Current Assets	(559)	3,453
Other Non-Current Assets	15	682
Trade Payables	3,266	(6,689)
Other Financial Liabilities	360	1,238
Other Current Liabilities	44	(767)
Provisions	293	(1,470)
Cash Generated from Operations	16,051	15,624
Income Taxes Paid	(3,635)	(3,748)
Net Cash Flow from Operating Activities (A)	12,416	11,876
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment, Capital Work-In-Progress and Other Intangibles	(3,465)	(6,819)
Proceeds from Sale of Property, Plant and Equipment	9	46
Sale /(Purchase) of Investments (Net)	(12,623)	(18,844)
Loans and Advances (Net)	8	(536)
Investment in fixed deposits with bank (Net)	(1,761)	(5,319)
Interest Income	1,569	829
Share of Profit/Loss from Joint venture / Associates	29	24
Net Cash Flow from Investing Activities (B)	(16,234)	(30,619)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from IPO of Equity Share Face Value	-	1,379
Proceed from IPO of Security Premium (Net of IPO Expenses)	(2)	42,046
Dividend Paid	(911)	-
Availment of Non-Current Borrowings	128	-
Repayment of Non-Current Borrowings	-	(12,580)
Finance Cost	(633)	(1,191)
Proceeds / (Repayment) of Current Borrowings (Net)	1,088	(7,363)
Changes in Non-Current Liability	(1)	-
Net Cash Flow from Financing Activities (C)	(331)	22,291

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(4,149)	3,548
Cash and Cash Equivalents at the Beginning		
Cash on Hand	6	6
Balances with Banks	5,157	1,603
	5,163	1,609
Cash and Cash Equivalents added pursuant to the Scheme of Amalgamation - 2 [Refer Note 32.5]		
Balances with Banks	-	6
	-	6
Cash and Cash Equivalents at the End		
Cash on Hand	9	6
Balances with Banks	1,005	5,157
	1,014	5,163
Notes to Financial Statements 1 to 34		

As per our report of even date attached

For Pankaj R. Shah & Associates

Chartered Accountants
FRN: 107361W

For and on behalf of the Board of Directors

Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Chintan Shah

Managing Partner
M. No.: 110142

Rajendra Shah

Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala

Managing Director
DIN: 00278062

Maulik Jasani

VP Finance & Group CFO

Kiran Mohanty

Company Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 16, 2024

Place: Ahmedabad

Date: May 16, 2024

Place: Ahmedabad

STANDALONE STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED MARCH 31, 2024

A. Equity Share Capital

Particulars	No. of Shares	Amount (₹ In lakhs)
Issued, Subscribed and Paid up Share Capital		
Equity Shares of ₹ 10/- each fully paid up		
As at April 01, 2022	77,248,410	7,725
Add : Equity shares issued during the year #	13,795,695	1,380
As at March 31, 2023	91,044,105	9,104
Add : Equity shares issued during the year	-	-
As at March 31, 2024	91,044,105	9,104

B. Other Equity

(₹ In lakhs)

Particulars	Reserves & Surplus				Other Comprehensive Income	Total Other Equity
	Capital Reserves/ Merger Reserve	Security Premium	General Reserve	Retained Earnings		
Balance as at April 01, 2022	(604)	75	2,307	47,100	202	49,080
Profit for the year	-	-	-	12,839	-	12,839
Other comprehensive income for the year	-	-	-	-	(748)	(748)
Total comprehensive income for the year	-	-	-	12,839	(748)	12,091
Add: Proceed from IPO #	-	44,120	-	-	-	44,120
Less : IPO Expenses \$	-	(2,074)	-	-	-	(2,074)
Cancellation of Net Equity vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-32.7)	488			(441)	-	47
Balance as at March 31, 2023	(116)	42,121	2,307	59,498	(546)	103,264
Profit for the year	-	-	-	12,691	-	12,691
Other comprehensive income for the year	-	-	-	-	400	400
Total comprehensive income for the year	-	-	-	12,691	400	13,091
Less : IPO Expenses \$		(2)				(2)
Less : Dividend Distribution \$\$				(911)		(911)
Balance as at March 31, 2024	(116)	42,119	2,307	71,278	(146)	115,442

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 22,886,595 equity shares of face value of ₹ 10 each at an issue price of ₹ 330/- aggregating up to ₹ 75,500 lakhs (including Employee Discount of ₹ 31/- per Equity Share for Employee Reservation Portion of 83,610 Equity Shares) comprising through fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 9,090,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

STANDALONE STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

[\$] The IPO Expenses was related to fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs. Proportionate IPO expenses as applicable to Offer for Sales(OFS) were paid / reimbursed by respective Selling Share Holders.

[\$\$] The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2022-23 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 910.44 lakhs.

Notes to Financial Statements 1 to 34

As per our report of even date attached For and on behalf of the Board of Directors

For Pankaj R. Shah & Associates

Chartered Accountants

FRN: 107361W

Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Chintan Shah

Managing Partner

M. No.: 110142

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Harish Rangwala

Managing Director

DIN: 00278062

Maulik Jasani

VP Finance & Group CFO

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907

Date: May 16, 2024

Place: Ahmedabad

Date: May 16, 2024

Place: Ahmedabad

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

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"). 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 in 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.

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.

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.

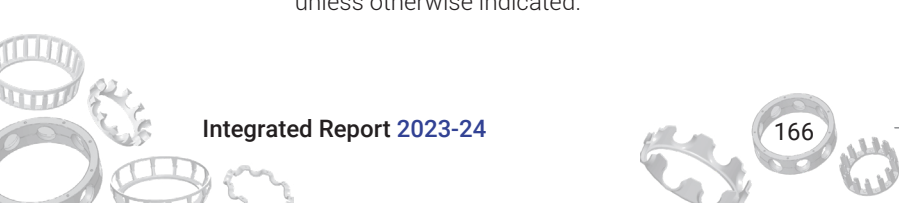
Estimates

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 recognised in the financial statements is included in the respective note.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
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 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 :

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 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 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 de-recognition is recognised 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 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 Company derecognises a financial liability when its contractual obligations



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

are discharged or cancelled or expire. The Company 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.

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

Investment in subsidiaries, Joint venture & Associates is carried at cost in the separate financial statements unless there is permanent diminution in value as at the date of the Balance sheet.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or 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).

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.

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.

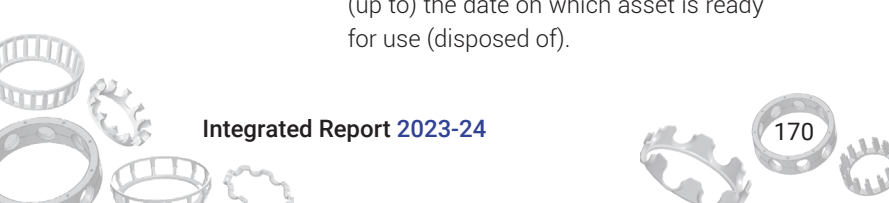
Goodwill is not amortised and is tested for impairment annually. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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.

C.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 recognises loss allowances for financial assets measured at amortised cost using expected credit loss model. At each reporting date, the Company assesses whether financial assets carried at amortised 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



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 the significant risks and rewards of ownership have been transferred to the buyer, 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 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.10. Recognition of Dividend Income, Interest Income

Dividend on financial instruments is recognised as and when received. Interest is recognised 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
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 recognised 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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

The Ministry of Corporate Affairs [MCA] notifies new standard or amendments to the existing standards. For the year ended March 31, 2024, there are no new standards or amendments to the existing standards which are notified but not yet effective.

Property, Plant & Equipment

For the year ended March 31, 2024

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at April 01, 2023	Addition during the period	Disposal/ Adjustment	As at March 31, 2024	As at April 01, 2023	For the period	Disposal/ Adjustment	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023	
	(₹ In lakhs)										
Property, Plant & Equipment											
Freehold Land	628	-	-	628	-	-	-	-	628	628	
Buildings	7,070	674	-	7,744	2,697	234	-	2,931	4,813	4,373	
Plant And Machineries	31,063	2,572	39	33,596	17,836	1,848	33	19,651	13,945	13,227	
Furniture And Fittings	1,156	40	-	1,196	756	67	-	823	373	400	
Vehicles	223	159	3	379	123	33	3	153	226	100	
Office Equipments	260	43	-	303	198	20	-	218	85	62	
Electric Installation	2,214	165	-	2,379	1,501	132	-	1,633	746	713	
Computer & Peripherals	541	9	-	550	490	13	-	503	47	51	
Solar Generation Plant	2,656	52	-	2,708	773	101	-	874	1,834	1,883	
Wind Mill	2,667	-	-	2,667	473	111	-	584	2,083	2,194	
Right of Use Assets-Lease \$	403	146	164	385	201	99	162	138	247	202	
TOTAL (A)	48,881	3,860	206	52,535	25,048	2,658	198	27,508	25,027	23,833	
Other Intangible Assets											
Computer software	604	5	-	609	551	27	-	578	31	53	
TOTAL (B)	604	5	-	609	551	27	-	578	31	53	
TOTAL (A+B)	49,485	3,865	206	53,144	25,599	2,685	198	28,086	25,058	23,886	

Note : The company has not revalued any tangible & intangible asset.

\$ Lease Asset & Liability refer note 32.4

Capital Work-in-progress aging schedule as at March 31, 2024

	Amount in CWIP for a period of				Total
	CWIP [^]				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	556	140	-	-	696
Projects temporarily suspended	-	-	-	-	-

[^] No capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

For the year ended March 31, 2023

(₹ In lakhs)

Particulars	Gross Block			Depreciation and Amortisation				Net Block	
	As at April 01, 2022	Addition during the year	Disposal/ Adjustment	As at March 31, 2023	As at April 01, 2022	For the year	Disposal/ Adjustment	As at March 31, 2023	As at March 31, 2022
Property, Plant & Equipment									
Freehold Land	584	44	-	628	-	-	-	628	584
Buildings	7,059	11	-	7,070	2,473	224	-	4,373	4,586
Plant And Machineries	28,669	2,978	584	31,063	16,734	1,617	515	13,227	11,935
Furniture And Fittings	1,206	20	70	1,156	744	75	63	400	462
Vehicles	236	7	20	223	116	25	18	100	120
Office Equipments	235	25	-	260	182	16	-	198	53
Electric Installation	2,188	26	-	2,214	1,354	147	-	713	834
Computer & Peripherals	525	16	-	541	475	15	-	490	50
Solar Generation Plant	2,123	533	-	2,656	694	79	-	773	1,429
Wind Mill	573	2,094	-	2,667	452	21	-	473	121
Right of Use Assets-Lease \$	387	120	104	403	197	90	86	201	190
TOTAL (A)	43,785	5,874	778	48,881	23,421	2,309	682	25,048	20,364
Other Intangible Assets									
Computer software	589	15	-	604	528	23	-	551	61
TOTAL (B)	589	15	-	604	528	23	-	551	61
TOTAL (A+B)	44,374	5,889	778	49,485	23,949	2,332	682	25,599	20,425

Note : The company has not revalued any tangible & intangible asset.

\$ Lease Asset & Liability refer note 32.4

Capital Work-in-progress aging schedule as at March 31, 2023:

CWIP ^	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	1,075	21	-	1,096
Projects temporarily suspended	-	-	-	-

^ No capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

3 Investments

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
A) Investments in Equity Shares of Subsidiary (Measured at Cost)		
Unquoted equity instruments Fully Paid Up		
Harsha Engineers Advantek Limited	10	10
100,000 Equity shares of ₹ 10 each (Extent of Holding-100%, it was incorporated as a wholly owned subsidiary on March 14, 2023)		
Principal Place of Business : Ahmedabad, India		
Harsha Precision Bearings Components (China) Co. Ltd.	6,760	6,760
(Extent of Holding-100%,)		
Principal Place of Business : Changshu, China		
Harsha Engineers Europe SRL	14,281	13,651
29,86,465 Equity shares of RON 10 each (Previous year 26,38,397 Equity shares of RON 10 each) (Extent of Holding-100%)^ Refer Note-32.5		
Principal Place of Business : Brasov, Romania		
HASPL Americas Corporation	-	67
Nil Equity shares (previous year 59,980 Equity shares of USD 1.50 each, Extent of Holding-100%). M/s HASPL Americas Corporation has been terminated in accordance with applicable laws as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. Refer Note-32.6.		
Principal Place of Business : Mclean,VA, USA		
B) Investment in Equity Instruments via Optionally Convertible Non Cumulative Redeemable Preference Shares of wholly owned Subsidiary (Measured at Cost)[Unquoted]		
Harsha Engineers Advantek Limited	7,000	-
7,00,00,000 Preference Shares of ₹ 10 each (Previous year Nil)		
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 : India		
D) Investments - Others		
Measured at Cost		
Goldi Harsha Ventures LLP - Capital A/c.	0	0
(Capital contribution of ₹ 10,000 (Profit Sharing of 0%))		
Sunstream Green Energy One Private Limited	0	0
10 Equity shares of ₹ 10 each, Extent of Holding-0% (Previous year 2600 Equity Shares of ₹ 10 each, Extent of Holding-26%) Sale of Investment in Associates on January 25, 2024 Refer Note-32.7		
Measured at Amortised cost		
Investments in Bonds (Quoted)	985	497
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	1,300	1,300
Investments in Debentures (Quoted)	1,513	1,513
Total Non-Current Investments	31,852	23,801

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Measured at Cost		
Cleanmax Harsha Solar LLP Current A/c	605	612
Measured at Amortised cost		
Investments in Bonds (Quoted)	1,933	1,551
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	15,880	13,761
Investments in Debentures (Quoted)	1,188	180
Total Current Investments	19,606	16,104

^In the previous year, the Company had acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Rajendra Shantilal Shah and Harish Ranjit Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, Harsha Engineers Europe SRL had become wholly owned subsidiary of the Company.

4 Loans & Advances

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
(Unsecured, Considered Good)		
Loans to Employees	8	7
Loan to Subsidiaries ^	2,018	1,989
Total Non-Current Loans & Advances	2,026	1,996
Current		
(Unsecured, Considered Good)		
Loan To Employees	26	25
Intercompany deposits	2,600	500
Other Trade Receivable -Un billed Revenue	61	231
Interest & Other Income Receivable	1,285	367
Total Current Loans & Advances	3,972	1,123
^ Details of loans pursuant to Section 186(4) of Companies Act, 2013 :		
Harsha Precision Bearings Components (China) Co. Ltd. (Subsidiary)	2,018	1,989
a. The above loan has been given for the business purposes.		
b. The above loan is repayable within a period of 3 years.		

5 Other Financial Assets

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Security Deposits (Unsecured, Considered Good)	334	329
Total Other Non-Current Financial Assets	334	329
Current		
Export Benefits Receivables	198	74
Security Deposits (Unsecured, Considered Good)	8	5
Total Other Current Financial Assets	206	79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

6 Other Tax Assets [Net]

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Advance Payment of Tax (Net of Provisions)	135	155
Total Other Tax Assets [Net]	135	155

7 Other Assets

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Capital Advances (Unsecured, Considered Good)	739	767
Prepaid Expenses	111	121
Total Other Non-Current Assets	850	888
Current		
(Unsecured, Considered Good)		
Balances With Statutory Authorities	1,152	1,386
Prepaid Expenses	300	266
Advances To Suppliers	1,208	1,325
Total Other Current Assets	2,660	2,977

8 Inventories

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material	6,272	7,312
Semi Finished	1,031	1,245
Finished	10,575	9,409
Stores, Spares & Other	1,335	1,568
Toolings	9,214	8,881
Project bought-out Components-Solar	494	686
Total Inventories	28,921	29,101

- Inventories valued at lower of cost or net realisable value.
- Inventories are hypothecated to secure working capital facilities from banks (Refer Note 13).

9 Trade Receivables

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured and Considered Good		
Trade Receivables	26,878	22,111
Less: Allowances for credit losses	8	243
Total Trade Receivables	26,870	21,868

Trade receivables are hypothecated to secure working capital facilities from banks (Refer Note 13).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Ageing of Trade Receivables

(₹ in lakhs)

Particulars	Not Due (Including Unbilled)	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, 2024							
Undisputed -Considered Good	16,717	4,122	1,244	849	43	12	22,987
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	-	-	-	-	-	3,883	3,883
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	-	8	8
Total	16,717	4,122	1,244	849	43	3,903	26,878
As at March 31 2023							
Undisputed -Considered Good	14,181	2,376	1,317	77	6	159	18,116
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	0	-	3	-	21	3,728	3,753
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	-	243	243
Total	14,182	2,376	1,320	77	27	4,130	22,111

10 Cash and Bank Balances

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and Cash Equivalents		
Cash on Hand	9	6
Balances with Banks (Including Fixed Deposits with original maturity of 0 - 3 months)	1,005	5,157
Total Cash and Cash Equivalents	1,014	5,163
Bank Balance Other than Cash and Cash Equivalents		
In Fixed Deposit #	8,670	6,909
Earmarked balances with bank (unpaid dividend) (The Company can utilise these balances towards payment of unpaid dividend only)	0	-
Total Bank Balance Other than Cash and Cash Equivalents	8,670	6,909
Total Cash and Bank Balances	9,684	12,072

Note :

1. Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility.	485	524
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11 Equity Share Capital

(₹ in lakhs)

Particular	As at March 31, 2024	As at March 31, 2023
Authorised Share Capital		
10,00,00,000 (Previous Year: 10,00,00,000) Equity Shares of Face Value ₹10/-each	10,000	10,000
Total	10,000	10,000

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Issued, Subscribed and Fully Paid up Share Capital		
9,10,44,105 (Previous Year: 9,10,44,105) 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 April 01, 2022		
At the beginning of the year	77,248,410	7,725
Add : Shares issued during the year #	13,795,695	1,380
As at March 31, 2023	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, 2024	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.

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 22,886,595 equity shares of face value of ₹ 10 each at an issue price of ₹ 330/- aggregating up to ₹ 75,500 lakhs comprising through fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 9,090,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Ltd. and BSE Limited on September 26, 2022.

Details of shareholder(s) holding more than 5% Equity Shares

Particulars	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
Name of Shareholder		
Mr. Rajendra Shah	11,919,390	13,390,825
Mr. Harish Rangwala	11,206,364	11,206,364
Ms. Charusheela Rangwala	10,446,762	10,446,762

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Particulars	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
Ms. Nirmala Shah	6,128,049	7,599,805
Mr. Vishal Rangwala	7,769,829	7,769,829
Mr. Pilak Shah	7,198,281	7,198,281
Plutus Wealth Management LLP	5,550,000	550,996
Nippon Life India Trustee Ltd	5,039,704	5,234,704
% Holding in Equity Shares		
Mr. Rajendra Shah	13.09%	14.71%
Mr. Harish Rangwala	12.31%	12.31%
Ms. Charusheela Rangwala	11.47%	11.47%
Ms. Nirmala Shah	6.73%	8.35%
Mr. Vishal Rangwala	8.53%	8.53%
Mr. Pilak Shah	7.91%	7.91%
Plutus Wealth Management LLP	6.10%	0.61%
Nippon Life India Trustee Ltd	5.54%	5.75%

Shareholding of Promoters

Particulars	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
Mr. Rajendra Shah	11,919,390	13,390,825
% Holding in Total Equity Shares	13.09%	14.71%
% change during the year/period	-1.62%	
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	7,198,281	7,198,281
% Holding in Total Equity Shares	7.91%	7.91%
% change during the year/period	0.00%	

12 Other Equity

Particulars	(₹ in lakhs)	
	As at March 31, 2024	As at March 31, 2023
A : Capital Reserves/Merger Reserve	(116)	(116)
B : Security Premium	42,119	42,121
C : General Reserve	2,307	2,307
D : Retained Earnings	71,278	59,498
E : Other Comprehensive Income	(146)	(546)
Total Other Equity	115,442	103,264



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
A : Capital Reserves/Merger Reserve		
Opening Balance	(116)	(604)
Less : Cancellation of Net Equity vs Investment(Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-32.5)	-	488
Total Capital Reserves/Merger Reserve	(116)	(116)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
B : Security Premium		
Opening Balance	42,121	75
Add : Proceed from IPO #	-	44,120
Less : IPO Expenses \$	(2)	(2,074)
Total Security Premium	42,119	42,121

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 22,886,595 equity shares of face value of ₹ 10 each at an issue price of ₹ 330/- aggregating up to ₹ 75,500 lakhs (including Employee Discount of ₹ 31/- per Equity Share for Employee Reservation Portion of 83,610 Equity Shares) comprising through fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 9,090,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Ltd. and BSE Limited on September 26, 2022.

[\$] The IPO Expenses was related to fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs. Proportionate IPO expenses as applicable to Offer for Sales(OFS) were paid / reimbursed by respective Selling Share Holders.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
C : General Reserve		
Opening Balance	2,307	2,307
Total General Reserve	2,307	2,307

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
D : Retained Earnings		
Opening Balance	59,498	47,100
Add : Added pursuant to the Scheme of Amalgamation - 2 (Refer Note-32.5)	-	(441)
Add: Profit during the year	12,691	12,839
Less : Dividend Distribution \$\$	(911)	-
Total Retained Earnings	71,278	59,498

[\$\$] The Board of Directors, had recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2022-23 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 910.44 lakhs.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
E : Other Comprehensive Income (OCI)		
(a) Cashflow Hedge Reserve :		
Opening Balance	(366)	373
Increase/(Decrease) During the Year	604	(988)
Income Tax relating to above item	(152)	249
Total Cashflow Hedge Reserve	86	(366)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(b) Remeasurement of defined benefit plan :		
Opening Balance	(180)	(171)
Increase/(Decrease) During the Year	(69)	(12)
Income Tax relating to above item	17	3
Total Remeasurement of defined benefit plan	(232)	(180)
Total Other Comprehensive Income (OCI)	(146)	(546)

13. Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current Borrowings		
Secured		
From Mercedes Benz Financial Services India Pvt Ltd	128	-
Total Non-Current Borrowings	128	-

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

Terms of Repayments:

Non- Current Borrowing

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
1-2 Years	17	-
2-3 Years	19	-
3-4 Years	21	-
Beyond 4 Years	71	-
Total	128	-

Note: Non- Current Borrowing Repayments schedule does not includes current maturity of term loan

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Borrowings		
Secured		
State Bank of India	2,002	1,000
Citi Bank	3,100	2,000
YES Bank Ltd	600	285
RBL Bank Ltd	4,000	3,519
Current maturities of long term debt	15	-
Unsecured		
Loan From Bank	130	2,002
Total Current Borrowings	9,847	8,806

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Security for Current Borrowings

(1) State Bank of India :

Engineering Segment for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citibank N.A., Yes Bank Ltd., RBL Bank Ltd. and HDFC Bank Ltd.

(2) Citi Bank :

Engineering Segment for Harsha India - 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, Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited, and secured by demand promissory note and letter of continuity for the facility amount 2) SBLC extended to Citibank, China secured by demand promissory note and letter of continuity for the facility amount 3) SBLC extended to 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 :

Engineering Segment for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., RBL Bank Limited and HDFC Bank Limited and **for 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 for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., Yes Bank Limited and HDFC Bank Limited and **for 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.

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, 2024	As at March 31, 2023
Non-Current		
Lease Liability	165	112
Total Non-Current Lease Liability	165	112
Current		
Lease Liability	93	99
Total Current Lease Liability	93	99

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

15. Provisions

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Provision For Employees Benefits, Refer Note : 30	854	835
Total Non-Current Provisions	854	835
Current		
Provision For Employees Benefits, Refer Note : 30	250	223
Total Current Provisions	250	223

16. Deferred Tax Liability / (Asset)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liability, Refer Note : 29	1,860	1,693
Less : Deferred Tax Asset, Refer Note : 29	460	558
Net Deferred Tax Liability / (Asset)	1,400	1,135

17. Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Dues to Micro and Small Enterprises [#]	405	629
Dues to other than Micro and Small Enterprises	10,206	6,716
Total Trade Payables	10,611	7,345

[#] 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	405	629
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	-	-
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, 2024 (Contd.)

Ageing of Trade Paybles

(₹ in lakhs)

Particulars	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, 2024						
(i) MSME - Undisputed	405	-	-	-	-	406
(ii) Other - Undisputed	8,984	1,199	18	3	2	10,206
(iii) MSME - Disputed	-	-	-	-	-	-
(iv) Other - Disputed	-	-	-	-	-	-
Total	9,389	1,199	18	3	2	10,611
As at March 31, 2023						
(i) MSME - Undisputed	629	-	-	-	-	629
(ii) Other - Undisputed	5,466	1,025	21	0	11	6,523
(iii) MSME - Disputed	-	-	-	-	-	-
(iv) Other - Disputed	-	-	-	-	-	193
Total	6,095	1,095	21	0	203	7,345

18. Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Security Deposits From Vendors	363	267
Total Other Non-Current Financial Liabilities	363	267
Current		
Interest accrued but not due on borrowings	6	1
Payables for Capital Goods	115	126
Accrued Expenses	3,285	2,412
Unpaid dividends	0	-
Derivative Liability / (Asset)	(113)	490
Total Other Current Financial Liabilities	3,293	3,029

19. Other Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Advance from Staffs	0	1
Total Non-Current Other Liabilities	0	1
Current		
Payable to Statutory Authorities	992	964
Advance from Customers	144	142
Advance from Staffs	17	5
Asset Retirement Obligation - ARO	31	29
Total Current Other Liabilities	1,184	1,140

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

20. Current Tax Liabilities [Net]

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Provision for Taxation [Net of Advance Tax]	136	115
Total Current Tax Liabilities [Net]	136	115

21. Revenue from Operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sales of Products & Services		
(a) Sale of Products	102,702	99,555
(b) Sale of Services	4,402	2,066
(c) Unbilled Revenue	(169)	(405)
Total	106,935	101,216
Other Operating Revenues		
Exports Benefits	1,031	1,079
Solar Power Generation	128	177
Total	1,159	1,256
Total Revenue from Operations	108,094	102,472

22. Other Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income	1,569	829
Share of Profit/(Loss) from Cleanmax Harsha Solar LLP	29	24
Gain / (Loss) on Exchange Rate Fluctuation #	322	1,867
Miscellaneous Income	98	8
Other Income-Non -Operating		
Gain / (Loss) on Investment in Subsidiary Co. Refer Note-32.6	(67)	-
Gain / (Loss) on Sale of Investment (Mutual funds) (measured at FVTPL)	265	103
Gain/ (Loss) on Fair value of Investments (measured at FVTPL)	832	332
Total Other Income	3,048	3,163
# Includes unrealised Gain / (Loss) on Exchange Rate Fluctuation	(84)	218

23. Cost of Materials Consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cost of Material Consumed	60,092	53,102
Total Cost of Materials Consumed	60,092	53,102

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

24. Change In Inventories of Finished Goods & Work-In-Progress

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finished Goods Opening Stock	9,409	11,848
Less : Finished Goods Closing Stock	(10,575)	(9,409)
Total	(1,166)	2,439
Semi Finished Goods Opening Stock	1,245	1,109
Less : Semi Finished Goods Closing Stock	(1,031)	(1,245)
Total	214	(136)
Toolings Opening Stock	8,881	7,494
Less : Toolings Closing Stock	(9,214)	(8,881)
Total	(333)	(1,387)
Total Change In Inventories of Finished Goods & Work-In-Progress	(1,285)	916

25. Employee Benefit Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages & Bonus etc.	10,071	9,316
Contribution To PF, ESI etc. ##	906	865
Staff Welfare	837	723
Total Employee Benefit Expenses	11,814	10,904

Includes expenses related to Post Employment Defined Benefit Plans Refer Note : 30

26. Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Expense		
On Term Loans	5	375
On Working Capital Loans	517	455
On Deposits	-	224
On Others (Includes Interest on Lease Liability refer note 32.4)	27	37
Total	549	1,091
Other Borrowing Costs		
Bank Charges & Processing Fees	82	98
Unwinding of discount on provision of Asset Retirement Obligation	2	2
Total	84	100
Total Finance Costs	633	1,191

27. Other Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Stores & Spares Consumed	3,595	3,651
Packing Materials Consumed	2,400	2,954
Power & Fuel Consumption (Net)	1,897	2,296
Machinery Repairs & Maintenance	376	244
Civil and Fabrication Charges	500	114
Installation & Commissioning charges	979	228
Contractor-Labour Charges	4,022	3,035

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other Operative Expenses	330	419
Advertisement & Sales Promotion	184	150
Celebration Expenses	35	65
Computer Expenses	278	219
Corporate Social Responsibility(CSR) (Refer Note -32.5)	5	21
Donations	0	1
Freight, Forwarding & Clearing Exp	3,714	4,907
Insurance Premium	157	179
Legal & Professional Expenses ###	408	332
Rent & Fleet Management Expenses	100	61
Loss / (Profit) on Sale/disposal of Fixed Assets	(1)	46
Repairs & Maintenance	256	288
Rates & Taxes	28	19
Security & Housekeeping Expenses	460	364
Stationery, Printing & Communication Expenses	112	114
Staff Training, Membership & Subscription	100	73
Net Sundry Balance write off /Bad debts	238	66
Allowances for credit losses	(235)	(350)
Traveling & Conveyance Expenses	254	204
Miscellaneous expenses	246	261
Total Other Expenses (A+B+C+D)	20,438	19,961

Legal and Professional Expenses include:

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Payment to Statutory Auditor as (Excluding taxes):		
a) Statutory Audit Fees	15	15
b) Other Services	2	14
c) Reimbursement of Expenses	0	1
Total	17	30

28. Earning Per Share (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax attributable to Equity Holders (₹ in lakhs)	12,691	12,839
Weighted average number of Equity Shares for Basic EPS	91,044,105	84,505,324
Weighted average number of Diluted Shares for Diluted EPS	91,044,105	84,505,324
Nominal value of equity share (₹)	10	10
Earnings Per Share (₹)		
Basic	13.94	15.19
Diluted	13.94	15.19

29. Income tax & Deferred Tax Asset/ (Liabilities) [Net]

A: Income Tax Expenses

1) Income taxes recognised in the Statement of Profit and Loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Profit & Loss Section:		
Current Tax	3,771	3,863
Deferred Tax	303	528
Tax Expense Reported in Profit & Loss a/c.	4,074	4,391
2. OCI section:		
Current Tax of OCI	152	-
Deferred Tax of OCI	(17)	(252)
Tax Charged to OCI	135	(252)
Total Income Tax Expense	4,209	4,139

2) The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit/(Loss) Before Tax	16,767	17,230
Income Tax Expenses @ 25.168%	4,220	4,336
Add/(Less) tax effect on account of:		
Non Deductible Expenses/(Income)		
Depreciation as per Profit and Loss Account	676	587
Other Disallowances	(255)	7
Disallowance U/s 43B		
Any sum payable by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees-Labour Cess, Gratuity & Leave Encashment	(19)	(67)
Deductions		
Depreciation as per Income Tax Act	(888)	(778)
Deduction allowable - Others	37	(222)
Recognition of deferred tax	303	528
Income tax Expenses recognised in Statement of Profit & Loss	4,074	4,391

B: Movement in Deferred Tax Balances

(₹ in lakhs)

Particulars	Net Balance April 1, 2023	For the year ended March 31, 2024		As at March 31, 2024		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Asset/ (Liabilities)						
Fixed Assets	(1,317)	(240)	-	(1,557)	-	(1,557)
Lease Liability	53	2	-	55	55	-
Bonus and Ex-gratia Payable	2	-	-	2	2	-
Gratuity	140	(57)	-	83	83	-
Leave Encashment	65	50	-	115	115	-
ERF-Curr. Revaluation	(151)	151	-	-	-	-
ARO Provision	8	1	-	9	9	-
ARO Assets	0	0	-	-	-	-
Derivative Assets/ liabilities	(126)	126	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	Net Balance April 1, 2023	For the year ended March 31, 2024		As at March 31, 2024		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Provision of doubtful Debts	61	(59)	-	2	2	-
O&M Income Receivable	(15)	5	-	(10)	-	(10)
Amortised Merger Expenses	28	(8)	-	20	20	-
Brought Forward LTCL	-	21	-	21	21	-
Provision Payable	7	58	-	65	65	-
Provision Income/Loss of MFs	(84)	(209)	-	(293)	-	(293)
Cash Flow Hedge (OCI)	123	(144)	-	-	-	-
Remeasurement of Gratuity (OCI)	71	-	17	88	88	-
Deferred Tax Assets/ (Liabilities)	(1,135)	(303)	17	(1,400)	460	(1,860)

Movement in Deferred Tax Balances

(₹ in lakhs)

Particulars	Net Balance April 1, 2022	For the year ended March 31, 2023		As at March 31, 2023		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Asset/ (Liabilities)						
Fixed Assets	(1,069)	(248)	-	(1,317)	-	(1,317)
Lease Liability	52	1	-	53	53	-
Bonus and Ex-gratia Payable	2	-	-	2	2	-
Gratuity	201	(61)	-	140	140	-
Leave Encashment	61	4	-	65	65	-
ERF-Curr. Revaluation	(96)	(55)	-	(151)	-	(151)
ARO Provision	7	1	-	8	8	-
ARO Assets	-	-	-	0	0	0
Derivative Assets / liabilities	(85)	(41)	-	(126)	-	(126)
Provision of doubtful Debts	149	(88)	-	61	61	-
O&M Income Receivable	(18)	3	-	(15)	-	(15)
Amortised Merger Expenses	(9)	37	-	28	28	-
Professional Tax Payable	4	(4)	-	-	-	-
Provision Payable	-	7	-	7	7	-
Provision Income/Loss of MFs	-	(84)	-	(84)	-	(84)
Remeasurement of Gratuity (OCI)	68	-	3	71	71	-
Cash Flow Hedge (OCI)	(126)	-	249	123	123	-
Deferred Tax Assets/ (Liabilities)	(859)	(528)	252	(1,135)	558	(1,693)

30. DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVSIONS AS PER INDIAN ACCOUNTING STANDARD - 19

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Withdrawal rate	5% P.A. at Younger age reducing to 1% P.A. at older age		5% P.A. at Younger age reducing to 1% P.A. at older age	
Retirement Age	58 Years		58 Years	
Discount Rate	7.20% P.A.		7.45% P.A.	
Salary escalation	6% P.A.		6% 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 morality 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 following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on "Employee Benefit".

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in benefit obligation				
Opening defined benefit obligation	1,882	404	1,704	378
Interest Cost	132	29	116	26
Transfer in /(out) Obligation	(4)	(1)	-	-
Current Service Cost	172	64	156	59
Benefit Paid	(158)	(108)	(80)	(89)
Due to change in financial Assumptions	50	12	(56)	(14)
Due to Experience adjustments	40	57	44	44
Liability at the end of the period	2,114	458	1,882	404
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning	1,082	146	632	137
Expected Return on Plan Assets	20	(4)	(24)	(1)
Contributions	300	(153)	510	-
Interest Income	79	11	45	10
Benefit paid	(13)	0	(80)	0
Fair Value of Plan Assets at the end of the period	1,469	-	1,082	146

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Amount recognised in Balance Sheet				
Liability at the end of the period	2,114	458	1,882	404
Fair Value of Plan Asset at the end of the period	1,469	-	1,082	146
Net Amount recognised in Balance Sheet	645	458	800	258

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Expense recognised in the Statement of Profit and Loss				
Current Service cost	172	64	156	59
Interest cost	53	18	71	16
Expected return on Plan Asset	0	74	0	31
Net Expense recognised in P&L	225	156	227	106
Expense recognised in the Statement of Other Comprehensive Income				
Due to experience adjustment	90	-	(13)	-
Return on plan assets excluding amounts included in interest income	(20)	-	24	-
Net Expense recognised in OCI	69	-	12	-

Sensitivity Analysis

The Sensitivity Analysis is performed by varying a single parameters, while keeping all the other parameters unchanged.

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Increase	Decrease	Increase	Decrease
Gratuity				
Discount rate 1%/-1% (FY 2022-23: 1%/-1%)	(190)	222	(170)	199
Salary growth rate 1%/-1% (FY 2022-23: 1%/-1%)	222	(193)	200	(173)
Withdrawal/Attrition Rate 10%/-10% (FY 2022-23: 10%/-10%)	5	(4)	5	-
Leave salary				
Discount rate 0.5%/-0.5% (FY2022-23: 0.5%/-0.5%)	(24)	27	(22)	24
Salary growth rate 0.5%/-0.5% (FY2022-23: 0.5%/-0.5%)	27	(25)	24	(22)
Withdrawal/Attrition Rate 10%/-10% (FY2022-23: 10%/-10%)	1	(1)	2	(2)

31. Related party disclosures

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows:

A. Subsidiary/ Joint Venture/ Associate :-

Name of Entity	Type of Relationship
Harsha Precision Bearing Components (China) Co., Ltd.	Subsidiary
Harsha Engineers Europe SRL	Subsidiary
Harsha Engineers Advantek Limited	Subsidiary
Cleanmax Harsha Solar LLP	Joint Venture

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Note :

- HASPL Americas Corporation, wholly owned subsidiary of the Company was terminated in accordance with applicable laws and as per certificate issued by the State Corporation Commission, Virginia on February 29, 2024.
- The Company has transferred its equity investment of 32,97,050 shares representing 25.9999% of Sunstream Green Energy One Private Limited ("SGEOPL") to the Sunstream Green Energy Private Limited on February 16, 2024. On account of this transfer the Company's stake has been reduced to 10 equity shares in SGEOP. Hence, the SGEOP is no more Associate of the Company.

B. Director or Key Management Personnel :-

Name of Director or KMP	Type of Relationship
Rajendra Shah	Chairman & Whole-time Director of the Company
Harish Rangwala	Managing Director of the Company
Vishal Rangwala	Chief Executive Officer & Whole-time Director of the Company
Pilak Shah	Chief Operating Officer & Whole-time Director of the Company
Hetal Naik	Whole-time Director of the Company
Ambar Patel	Independent Director of the Company
Kunal Shah	Independent Director of the Company
Neharika Vohra	Independent Director of the Company
Ramakrishnan Kasinathan	Independent Director of the Company
Bhushan Punani	Independent Director of the Company
Maulik Jasani	Vice President Finance & Group Chief Financial Officer of the Company
Kiran Mohanty	Company Secretary & Chief Compliance Officer of the Company

C. Relative of Director or Key Management Personnel with whom transactions has been made during the reporting period:-

Name of Relative of KMP	Type of Relationship
Manish Naik	Relative of Hetal Naik & Rajendra Shah
Nirmala Shah	Relative of Rajendra Shah, Pilak Shah & Hetal Naik
Vaishali Shah	Relative of Pilak Shah & Rajendra Shah
Charusheela Rangwala	Relative of Harish Rangwala & Vishal Rangwala
Tanvi Rangwala	Relative of Vishal Rangwala & Harish Rangwala
Suresh Jasani	Relative of Maulik Jasani
Maulik S Jasani HUF	Relative of Maulik Jasani
Saurin Jasani	Relative of Maulik Jasani

D. Enterprise on which Directors and KMPs have significant influence and control:-

Vishal Rangwala Family Trust	Crest Creative Unit
Pilak Shah Family Trust	Aastha Charitable Trust for Welfare of the Mentally Challenged
Munjil Rangwala Family Trust	Harsha Engineers International Limited Group Gratuity Trust (previously known as Harsha Abakus Solar Private Limited Employee Group Gratuity Assurance Scheme)
Mili Mehta Family Trust	
Hetal Ukani Family Trust	

E. Name of Related Parties other than names appeared in above point A, B,C and D :-

Name of Party	Relationship Category
Jyotsnaben Shah	Promoter Group
Rameshbhai Shah	Promoter Group
Hemant Kumar Sharma	Director of Subsidiary
Vidhya Sharma	Relative of Director of Subsidiary
Mircea Bucur	Director of Subsidiary
Ecological Service Inc.	Relative Significant Influence
Goldi Harsha Ventures LLP	Common Partners/Directors

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

F. Transactions during the year with related parties :-

1. Subsidiaries/ Joint Ventures/ Associates Transactions :-

(₹ In lakhs)

Particulars	Investment in Equity / Preference Share / Partner's Capital / Current A/c/ Profit Share from Associates / Joint Ventures		Sales of Goods/ Assets/Lease Rent/ Reimbursement		Purchase of Goods / Job work / Service/ Assets / Reimbursement	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Harsha Precision Bearing Components (China)Co.,Ltd.	-	-	687	2,274	23	-
Harsha Engineers Europe SRL	630	-	34	38	10	2
Harsha Engineers Advantek Limited	7,000	10	159	-	-	-
Cleanmax Harsha Solar LLP#	(6)	(31)	-	0	-	-
HASPL Americas Corporation ##	67	-	-	-	-	-
Sunstream Green Energy One Private Limited \$	(1)	0	-	-	-	-
Equity Investment in Harsha Engineers Europe SRI \$\$	-	-	-	-	-	-
- Payment to Rajendra Shah	-	0	-	-	-	-
- Payment to Harish Rangwala	-	0	-	-	-	-
Total	7,689	(21)	880	2,313	33	2

(₹ In lakhs)

Particulars	Interest Income		Loans Given		Loans Received Back (Including Conversion)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Harsha Precision Bearing Components (China)Co.,Ltd.	111	91	-	-	-	-
Harsha Engineers Advantek Limited	5	-	375	-	375	-
Total	116	91	375	-	375	-

Includes Profit Share & Partner'Capital Infusion/Drawings.

Loss on Investment resulting from Subsidiary Company termination.

\$ Includes Loss on Sale of Investment in Associates & Net of Purchase / Sales of Investment in Equity in Associates.

\$\$ The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing shares from Rajendra Shantilal Shah and Harish Ranjit Rangwala who were holding 1 equity share of RON 10 each respectively. On account of this acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

2. Director or Key Management Personnel Transactions:-

(₹ In lakhs)

Particulars	Remuneration		Loan Accepted		Loans Repaid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Rajendra Shah	59	69	-	-	-	486
Harish Rangwala	89	69	-	273	-	1,294
Vishal Rangwala	170	190	-	-	-	-
Pilak Shah	165	160	-	-	-	245
Hetal Naik	73	68	-	-	-	150
Maulik Jasani	72	64	-	-	-	-
Kiran Mohanty	23	21	-	-	-	-
Total	650	640	-	273	-	2,175

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Remuneration of Managerial Persons is inclusive of Managerial Commission payable for financial year ended March 31, 2024 as approved by the Board at their held on May 16, 2024.

(₹ In lakhs)

Particulars	Interest Expense		Sitting Fees		Dividend Paid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Rajendra Shah	-	23	-	-	134	-
Harish Rangwala	-	53	-	-	112	-
Vishal Rangwala	-	-	-	-	78	-
Pilak Shah	-	12	-	-	72	-
Hetal Naik	-	15	-	-	19	-
Ambar Patel	-	-	1	1	-	-
Kunal Shah	-	-	1	1	-	-
Neharika Vohra	-	-	1	1	-	-
Bhushan Punani	-	-	1	1	-	-
Ramakrishnan Kasinathan	-	-	1	1	0	-
Maulik Jasani	-	-	-	-	0	-
Kiran Mohanty	-	-	-	-	0	-
Total	-	103	4	7	415	-

(₹ In lakhs)

Particulars	Purchase of Service		Loans Received Back		Interest Income	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Ramakrishnan Kasinathan	-	4	-	-	-	-
Kiran Mohanty	-	-	0	0	0	0
Total	-	4	0	0	0	0

3. Relative of Key Management Personnel Transactions :-

(₹ In lakhs)

Particulars	Dividend Paid		Deposits Repaid		Interest Expense	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Charusheela Rangwala	104	-	-	1,078	-	52
Tanvi Rangwala	45	-	-	-	-	-
Nirmala Shah	76	-	-	620	-	30
Vaishali Shah	19	-	-	100	-	10
Jyotsnaben Shah	-	-	-	12	-	1
Suresh Jasani	0	-	-	-	-	-
Saurin Jasani	0	-	-	-	-	-
Total	245	-	-	1,810	-	92

(₹ In lakhs)

Particulars	Purchase of Service		Deposits Accepted	
	2023-24	2022-23	2023-24	2022-23
Charusheela Rangwala	-	-	-	60
Manish Naik	15	15	-	-
Maulik S Jasani HUF	3	3	-	-
Total	18	18	-	60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

4. Enterprise on which Directors and KMPs have significant influence and control Transactions :-

(₹ In lakhs)

Particulars	Purchase of Goods / Job work / Assets / Reimbursement / Contribution / CSR		Sales of Goods/ Assets/Lease Rent/ Reimbursement		Dividend Paid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Crest Creative Unit	4	6	-	-	-	-
Aastha Charitable Trust for Welfare of the Mentally Challenged	19	1	1	28	-	-
Harsha Engineers International Ltd. Group Gratuity Trust	300	510	-	-	-	-
Mili Mehta Family Trust - (Trustee - Rajendra Shah)	-	-	-	-	19	-
Vishal Rangwala Family Trust - (Trustee - Charusheela Rangwala)	-	-	-	-	0	-
Munjhal Rangwala Family Trust-(Trustee - Harish Rangwala)	-	-	-	-	0	-
Pilak Shah Family Trust-(Trustee - Pilak Shah)	-	-	-	-	0	-
Hetal Ukani Family Trust - (Trustee - Hetal Ukani)	-	-	-	-	0	-
Total	323	516	1	28	19	-

5. Transactions with Other Related Parties whose names appeared in above point E :-

(₹ In lakhs)

Particulars	Remuneration		Purchase of Goods & Service / Job work		Investment In Capital A/c	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Hemant Sharma	88	75	-	-	-	-
Mircea Bucur	84	81	-	-	-	-
Ecological Service Inc.	-	-	51	48	-	-
Goldi Harsha Ventures LLP	-	-	-	-	-	0
Vidhya Sharma	-	-	5	5	-	-
Total	172	156	56	54	-	0

(₹ In lakhs)

Particulars	Dividend Paid	
	2023-24	2022-23
Rameshbhai Shah	0	-
Jyotsana Shah	0	-
Total	0	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

G. Outstanding balance :-

1. Subsidiaries/ Associates / Joint Ventures Outstanding^:-

(₹ In lakhs)

Particulars	Loan & Advance		Interest Receivable on loan		Other Receivable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Harsha Precision Bearing Components (China) Co.,Ltd.	2,018	1,989	111	91	1,806	2,112
Harsha Engineers Europe SRL	-	-	-	-	-	52
Harsha Engineers Advantek Limited	-	-	-	-	159	-
Total	2,018	1,989	111	91	1,965	2,164

(₹ In lakhs)

Particulars	Other Payables	
	As at March 31, 2024	As at March 31, 2023
Harsha Precision Bearing Components (China)Co.,Ltd.	7	-
Total	7	-

2. Director or Key Management Personnel Outstanding :-

(₹ In lakhs)

Particulars	Remmuneration Payable		Loan Receivable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Rajendra Shah	22	31	-	-
Harish Rangwala	52	31	-	-
Vishal Rangwala	103	123	-	-
Pilak Shah	98	93	-	-
Hetal Naik	37	32	-	-
Maulik Jasani	2	3	-	-
Kiran Mohanty	1	1	0	0
Total	315	314	0	0

Remuneration of Managerial Persons is inclusive of Managerial Remuneration payable for financial year ended March 31, 2024 as approved by the Board at their held on May 16, 2024.

3. Relatives of Key Management Personnel Outstanding :-

(₹ In lakhs)

Particulars	Other Payable	
	As at March 31, 2024	As at March 31, 2023
Maulik S Jasani HUF	0	0

4. Enterprise on which Directors and KMPs have significant influence and control Outstanding :-

(₹ In lakhs)

Particulars	Other Receivables	
	As at March 31, 2024	As at March 31, 2023
Aastha Charitable Trust for Welfare of the Mentally Challenged	-	0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

5. Outstanding with Other Related Parties whose names appeared in above point E :-

(₹ In lakhs)

Particulars	Remuneration Payable		Other Payable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Hemant Sharma	5	5	-	-
Mircea Bucur	8	7	-	-
Vidhya Sharma	-	-	0	0
Total	13	12	0	0

32. Other Notes

32.1. 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, 2024	As at March 31, 2023
(a) CONTINGENT LIABILITIES NOT PROVIDED FOR :		
(i) Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	10,919	12,059
(ii) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged.	14	13
(iii) Claims against the company not acknowledged as debts:		
- Income Tax Matters	3,312	3,293
- Excise, Service Tax and GST Matters	99	99
(iv) Other Matters including claims related to Customer, Vendor, ESIC, Electricity, Ex-Employee and others #	1,560	1,676
(b) CAPITAL COMMITMENTS :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,512	2,530

It includes ₹ 1500 lakhs of the City Civil Court, Bengaluru case filed by Orchestrated 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 MSME 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 : 1. 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.

Note : 2. Most of the issue of litigation pertaining to GST / Central Excise/ Service tax are based on interpretation of the 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

32.2 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, on account of available of excess set-off, the Company was not required to spend on CSR Activities under the Companies Act 2013 for the financial year 2023-24 in accordance with provisions of section 135(5) of Companies Act 2013. Refer below notes.

Details of CSR amount spent by the Company & Set off available.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
1. Gross amount required to be spent by the company (including transferor company) during the year	243	103
Essential physiotherapy center renovation and equipment for mentally challenged students	5	-
Medical Equipment Donation	-	21
Total amount spent during the year	5	21
2. Amount unspent/ (excess spent), if any	238	82
3. Provision movement during the year:	-	-
Opening provision	(250)	(332)
CSR Required to be spent during the year	243	103
CSR Spent during the year *	(5)	(21)
Closing provision (Excess amount for set off,)	(13)	(250)
Details of Related party transactions	-	-

* Represents actual outflow during the year by the company.

32.3. 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.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional information for segment reporting.

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
1. Segment Revenues :		
a. Engineering & Others	91,548	95,936
b. Solar-EPC and O&M	16,546	6,536
Total Revenue from Operations	108,094	102,472
2. Segment Operating Results (EBITDA)*:		
a. Engineering & Others	19,906	20,655
b. Solar-EPC and O&M	177	97
Total Operating Results (EBITDA)	20,083	20,752
3. Segment Results (PBT) :		
a. Engineering & Others	16,665	17,218
b. Solar-EPC and O&M	100	12
Total Profit Before Tax (PBT)	16,765	17,230
4. Segment Assets :		
a. Engineering & Others	142,853	126,519
b. Solar-EPC and O&M	10,017	8,956
Total Assets	152,870	135,475
5. Segment Liabilities :		
a. Engineering & Others	18,057	13,823
b. Solar-EPC and O&M	10,267	9,284
Total Liabilities	28,324	23,107

Operating Results (EBITDA) : Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

SECONDARY SEGMENT INFORMATION

B: Geographical Segment:

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
1. Revenues:*		
a. India	62,747	52,890
b. Outside India	45,347	49,582
2. Non-current assets: **		
a. India	25,754	24,982
b. Outside India	-	-

[*] The revenue information above is based on the locations of the customers, however Sales to SEZ Unit has been Considered as Outside India.

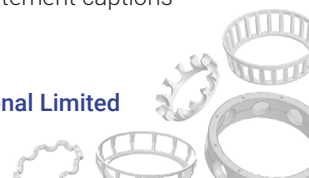
[**] Non-current assets for this purpose consist of property, plant and equipment and intangible assets and Capital Work-In-Progress.

Information about major customers:

There are no transactions with a single customer which amounts to 10% or more of the Company's revenue.

32.4. 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".



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

1. Right Of Use (ROU) Assets

(₹ in lakhs)

Particulars	As at	
	March 31, 2024	March 31, 2023
At the beginning of the year	202	190
Additions during the year	146	120
Disposal during the year	164	104
Depreciation charge for the year	99	90
Accumulated Depreciation of Disposal	162	86
At the end of the year [Net]	247	202

- 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.

2. Movement in Lease Liabilities:

(₹ in lakhs)

Particulars	As at	
	March 31, 2024	March 31, 2023
Lease liability at the beginning of the year	211	206
Additions during the year	146	120
Redemption during the year	99	115
Lease liability at end of the year	258	211
of which:		
Non current portion	165	112
Current portion	93	99

(₹ in lakhs)

Particulars	As at	
	March 31, 2024	March 31, 2023
Lease Rental p.a. (without Tax)	117	118
Interest on Lease Liability	23	22

32.5. Merger:

Scheme of Amalgamation - 2

In the previous year, the Company had filed a Scheme of Amalgamation between Harsha Engineers B.V. and Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited, "HASPL", the Company) and their respective shareholders and creditors under section 234 read with sections 230 to 232 along with other applicable provisions of the Companies Act, 2013 other applicable rules and regulations made thereunder (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof for the time being in force), subject to necessary statutory approvals ("the Scheme of Amalgamation - 2").

The Company had holding 100% of the equity shares of the Harsha Engineers BV. Accordingly, pursuant to amalgamation of Harsha Engineers B.V. with the Company on the Appointed Date, equity shares held by the Company in Harsha Engineers BV had been cancelled and extinguished and hence, no shares of the Company had been issued and allotted. On the Scheme of Amalgamation - 2 being effective, the assets and liabilities pertaining to the Harsha Engineers B.V. had been accounted for at their respective carrying values as appearing in their respective books as on the Appointed Date i.e. November 14, 2022.

Harsha Engineers B.V. -Netherland had merged with the Company effective from November 14, 2022 as per the Scheme of Amalgamation-2. The necessary accounting treatment had been given, as approved in NCLT order and provided in the Scheme of Amalgamation-2.

The surplus/deficit of the Net Equity of Harsha Engineers B.V. over the value of investments in the shares of this company appearing in the books of the Company and had cancelled pursuant to the Scheme had been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to ₹ 488 lakhs had credited to the Capital Reserve.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The book values of assets and liabilities acquired of Harsha Engineers B.V. on merger, as at the Appointed Date i.e. November 14, 2022 has been provided below:

Particulars	(₹ In lakhs)	
	As at November 14, 2022	
Total Assets (A)	13,657	
Total Liabilities (B)	-	
Net assets taken over (C=A+B)	13,657	
Reserves of Amalgamating Companies vested in the Company (D) (Debit Balance-Loss)	443	
Net Equity taken over (E=C+D)	14,100	
Cancellation of Investments in equity of HEBV, held by the HEIL (F)	(13,612)	
Difference on Amalgamation (Credited to the Capital Reserves) (G=E+F)	488	

32.6. Termination of the HASPL Americas Corporation:

M/s HASPL Americas Corporation, Wholly Owned Subsidiary of the Company has been terminated in accordance with applicable laws, as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. The necessary accounting treatment has been given accordingly in these financials.

32.7. Sale of Investment of the Sunstream Green Energy One Pvt. Ltd.:

The Company has transferred equity investment of 32,97,050 shares representing 25.9999% of Sunstream Green Energy One Private Limited ("SGEOPL"), Associates of the Company to the Sunstream Green Energy Pvt Ltd at ₹ 10/- per share in accordance with Agreement for Sale of Shares dated January 25, 2024 (Share Purchase Agreement) . On account of this transfer the Company's stake has been reduced to 10 equity shares in SGEOP. Hence, the SGEOP is no more Associate of the Company. The necessary accounting treatment has been given accordingly in these financials.

32.8. Additional Regulatory Information :

- 1) The Company does not have any investment property hence, comment related to revaluation is not made.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) The Company had transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. and having outstanding balance at the year end as per below details.

Name of the struck off company	Nature of transactions with struck off company	Relationship with the struck off company, if any	(₹ in lakhs)	
			As at March 31, 2024	As at March 31, 2023
HASPL Americas Corporation #	Equity Investment	Wholly Owned Subsidiary	-	-
United Cotfab LLP	Receivable	Not Applicable	-	-
Metro Packaging Pvt Limited	Payables	Not Applicable	-	-

M/s HASPL Americas Corporation has been terminated in accordance with applicable laws as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. Refer Note-32.6



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 6) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 7) 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
- 8) (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:
 - (i) 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
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.(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 :
 - (i) 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
 - (ii) 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).

32.9. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 16, 2024, recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2023-24, which will result in a total outflow of ₹ 910.44 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, 2024.

32.10. Maintenance of Books of Accounts with Audit Trail

The Ministry of Corporate Affairs (MCA) has prescribed a new 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.

The Company have used multiple accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except for instances mentioned below –

- a) 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. 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.

- b) One segment of the Company has used an accounting software Tally for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature was not enabled.

32.11. Previous year's figures have been regrouped / reclassified to make them comparable with those of the current reporting year, wherever necessary.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
33. Financial Ratio

Particulars	Numerator	Denominator	FY 23-24	FY 22-23	% Change
1) Current Ratio (Times)	Current Assets	Current Liabilities	3.62	4.01	(9.90%)
2) Debt-Equity Ratio (Times)	Total debt (current and non-current borrowings & lease liabilities)	Total equity	0.08	0.08	2.39%
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)	17.49	10.23	70.96%
4) Return on Equity Ratio (%)	Net profit attributable to Equity Share holders(PAT-Profit After Tax)	Average Equity	10.71%	15.18%	(29.42%)
5) Inventory turnover ratio (Times)	Net Sales	Average Inventories	3.69	3.47	6.27%
6) Trade Receivables turnover ratio (Times)	Net Sales	Average Accounts Receivable	4.39	4.68	(6.26%)
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	8.97	6.81	31.59%
8) Net capital turnover ratio (Times)	Net Sales	Average Working Capital	2.41	2.53	(4.70%)
9) Net profit ratio (%)	Net profit (PAT-Profit After Tax)	Revenue from Operations	11.74%	12.53%	(6.29%)
10) Return on Capital employed (%)	Profit before interest and tax	Average Capital Employed (Total Equity, Long Term Borrowings & Lease Liability)	14.66%	20.24%	(27.57%)
11) Return on investment (%)	Income from Investment	Average Fund Invested	7.64%	6.91%	10.68%

Reason for change more than 25% :

- 3) Debt Service Coverage Ratio (Times) :** Improve due to decrease in Interest Cost
- 4) Return on Equity Ratio (%) :** Due to Fund Raising from IPO in Comparative year
- 7) Trade payables turnover ratio (Times) :** Due to decrease in average trade payables.
- 10) Return on Capital Employed (%) :** Due to Fund Raising from IPO in Comparative year

34.

A. Financial instruments by category and their fair value

(₹ in lakhs)

As at March 31, 2024	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments #								
Quoted	19,881	-	2,918	22,799	19,881	-	-	19,881
Loans								
Non-Current	-	-	2,026	2,026	-	-	-	-
Current	-	-	3,972	3,972	-	-	-	-
Trade Receivables	-	-	26,870	26,870	-	-	-	-
Cash and Cash Equivalents	-	-	1,014	1,014	-	-	-	-
Other Bank Balances	-	-	8,670	8,670	-	-	-	-
Other financial assets								
Non-Current	-	-	334	334	-	-	-	-
Current	-	-	206	206	-	-	-	-
Total financial assets	19,881	-	46,010	65,891	19,881	-	-	19,881
Financial liabilities								
Borrowings								
Non-current	-	-	128	128	-	-	-	-
Current	-	-	9,847	9,847	-	-	-	-
Lease liabilities								
Non-current	-	-	165	165	-	-	-	-
Current	-	-	93	93	-	-	-	-
Other financial liabilities								
Non-current	-	-	363	363				
Current	-	(113)	3,406	3,293	(113)	-	-	(113)
Trade Payables	-	-	10,611	10,611	-	-	-	-
Total financial liabilities	-	(113)	24,976	24,863	(113)	-	-	(113)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

As at March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments #								
Quoted	16,754	-	2,048	18,802	16,754	-	-	16,754
Loans								
Non-Current			1,996	1,996				
Current	-	-	1,123	1,123	-	-	-	-
Trade Receivables	-	-	21,868	21,868	-	-	-	-
Cash and Cash Equivalents	-	-	5,163	5,163	-	-	-	-
Other Bank Balances	-	-	6,909	6,909	-	-	-	-
Other financial assets								
Non-Current	-	-	329	329	-	-	-	-
Current	-	-	79	79	-	-	-	-
Total financial assets	16,754	-	39,515	56,269	16,754	-	-	16,754
Financial liabilities								
Borrowings								
Non-current	-	-	-	-	-	-	-	-
Current	-	-	8,806	8,806	-	-	-	-
Lease liabilities								
Non-current	-	-	112	112	-	-	-	-
Current	-	-	99	99	-	-	-	-
Other financial liabilities								
Non-current			267	267				
Current	-	490	2,539	3,029	490	-	-	490
Trade Payables	-	-	7,345	7,345	-	-	-	-
Total financial liabilities	-	490	19,435	19,925	490	-	-	490

Investments in Subsidiaries, Joint venture & Associates have been accounted at historical cost. Since these are scope of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. 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. Measurement of Fair Values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Cross Currency Interest Rate Swaps	This instrument is valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve.
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Transfers between Level 1, Level 2 and Level 3

There have been no transfers between Level 1, Level 2 and Level 3 during the reporting years.

C. 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:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

(i) Credit risk

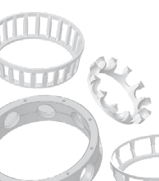
Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security 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.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Age of Receivables:

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Not Due (Including Unbilled)	16,717	14,182
Less than 6 Months	4,122	2,376
6-12 Months	1,244	1,320
1-2 Years	849	77
2-3 Years	43	27
More than 3 Years	3,903	4,130
Total	26,878	22,111

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)

March 31, 2024	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	128	128	-	128
Current borrowings	9,847	9,847	9,847	-
Non current lease liabilities	165	165	-	165
Current lease liabilities	93	93	93	-
Non current financial liabilities	363	363	-	363
Current financial liabilities	3,293	3,293	3,293	-
Trade and other payables	10,611	10,611	10,611	-
Total	24,500	24,500	23,844	656

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

March 31, 2023	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	-	-	-	-
Current borrowings	8,806	8,806	8,806	-
Non current lease liabilities	112	112	-	112
Current lease liabilities	99	99	99	-
Non current financial liabilities	267	267	-	267
Current financial liabilities	3,029	3,029	3,029	-
Trade and other payables	7,345	7,345	7,345	-
Total	19,658	19,658	19,279	379

(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 March 31, 2024, the company is exposed to changes in market interest rates through investment and bank borrowings at variable interest rates.

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, 2024	March 31, 2023
50 bp increase-decrease in profits	(39.78)	(34.90)
50 bp decrease-increase in profits	39.78	34.90

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, USDollar, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Foreign Currency exposure at the year end not hedged by derivative instruments :

Particulars	As at	
	March 31, 2024	March 31, 2023
Outstanding Foreign Receivables(Including Loans, if any)		
- Receivable in USD	7,550,120	4,439,234
- Receivable in EUR	1,290,943	1,738,942
- Receivable in CNY	16,132,750	20,012,287
- Receivable in JPY	20,453,589	17,133,330
- Receivable in THB	3,576,937	3,452,288
- Receivable in SGD	27,000	-
Equivalent ₹ In lakhs (FEDAI rate considered)	9,521	7,783
Outstanding Foreign Payables (Including Loans, if any)		
- Payable in USD	113,252	184,817
- Payable in EUR	35,977	100,531
- Payable in SEK	-	31,415
- Payable in CNY	756,766	409,537
- Payable in JPY	-	450,000
- Payable in RUB	6,546,582	81,628
Equivalent ₹ In lakhs (FEDAI rate considered)	272	297

Foreign Currency Risk Sensitivity

Particulars	Movement (%)		Effect on PBT (₹ in lakhs)		Effect on cost of assets	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
USD Sensitivity						
INR/USD- Increased by	1.00	1.00	62.03	34.96	-	-
INR/USD- Decreased by	1.00	1.00	(62.03)	(34.96)	-	-
EUR Sensitivity						
INR/EUR- Increased by	1.00	1.00	11.28	14.65	-	-
INR/EUR- Decreased by	1.00	1.00	(11.28)	(14.65)	-	-
CNY Sensitivity						
INR/CNY- Increased by	1.00	1.00	17.66	23.42	-	-
INR/CNY- Decreased by	1.00	1.00	(17.66)	(23.42)	-	-
JPY Sensitivity						
INR/JPY- Increased by	1.00	1.00	1.13	1.03	-	-
INR/JPY- Decreased by	1.00	1.00	(1.13)	(1.03)	-	-
THB Sensitivity						
INR/THB- Increased by	1.00	1.00	0.82	0.83	-	-
INR/THB- Decreased by	1.00	1.00	(0.82)	(0.83)	-	-
SGD Sensitivity						
INR/SGD- Increased by	1.00	1.00	0.17	-	-	-
INR/SGD- Decreased by	1.00	1.00	(0.17)	-	-	-
RUB Sensitivity						
INR/RUB- Increased by	1.00	1.00	(0.59)	(0.01)	-	-
INR/RUB- Decreased by	1.00	1.00	0.59	0.01	-	-
SEK Sensitivity						
INR/SEK- Increased by	1.00	1.00	-	(0.02)	-	-
INR/SEK- Decreased by	1.00	1.00	-	0.02	-	-



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (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	As at	
	March 31, 2024	March 31, 2023
Debt *	10,233	9,017
Total equity	124,546	112,368
Debt to total equity ratio	0.08:1 times	0.08:1 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 34

As per our report of even date attached For and on behalf of the Board of Directors

For Pankaj R. Shah & Associates

Chartered Accountants
FRN: 107361W

Harsha Engineers International Limited

(CIN: L29307GJ2010PLC063233)

Chintan Shah

Managing Partner
M. No.: 110142

Rajendra Shah

Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala

Managing Director
DIN: 00278062

Maulik Jasani

VP Finance & Group CFO

Kiran Mohanty

Company Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 16, 2024
Place: Ahmedabad

Date: May 16, 2024
Place: Ahmedabad

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, associates and Joint venture ("the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, 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, associates 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, 2024, 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 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 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.)

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 ₹ 28,849.53 lakhs as at March 31, 2024 and total revenues of ₹ 31,872.77 lakhs for the year ended March 31, 2024, total net loss after tax of ₹ 1,577.01 lakhs for the year ended March 31, 2024 and total comprehensive income of ₹ (1,576.84) lakhs for the year ended March 31, 2024 and net cash inflows of ₹ 593.58 lakhs for the year ended March 31, 2024, 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, an associate 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 and 1 associate (Till 25-01-2024). 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 associates 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.
- (c) We audited the financial statements of 1 subsidiaries (Harsha BV was merged with Parent as on 14-11-2022) included in the consolidated financial results, whose financial statements reflect total assets as NIL as at March 31, 2024 and total revenues of ₹ NIL for the year ended March 31, 2024, total net loss after tax of ₹ 1462 lakh for the year ended March 31, 2024 and total comprehensive income of ₹ (1462) lakh for the year ended March 31, 2024 and net cash outflows of ₹ 1462 lakhs for the year ended March 31, 2024, as considered in the Statement (the figures reported above are before eliminations on consolidation). These financial statements have been audited by us. It has come to our attention that the Company's operations in the state of Virginia, USA, have been terminated by the State Corporation Commission due to non-compliance with the filing of annual report as required by local regulations. The certificate of termination is dated February 29, 2024.

Certain of these subsidiaries/associates/ joint ventures and joint operations 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/associates/ joint ventures and joint operations 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/associates/ joint ventures and joint operations 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. This report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2020, issued by the Central Government of India, in terms of subsection 11 of section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the Consolidated Financial Statements.
2. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us, of company included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such company.

INDEPENDENT AUDITOR'S REPORT (Contd.)

3. 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 Note 33.1 to the consolidated financial statements
- ii. The Holding Company, its subsidiary companies, associate companies and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2024
- 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 new 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 33.10 to the consolidated financial statements and based on our examination which included test checks, the Company has used multiple accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except for instances mentioned below –
- a) The audit trail feature was not enabled for certain changes made at the database

level using privileged access rights to the SAP application and the underlying HANA database, used for maintenance of accounting records by the Holding Company and its subsidiaries companies incorporated in India. Accounting software administration guide states that enabling the same all the time consumes storage space on the disk and can impact database performance significantly. Audit trail (edit log) is enabled at the application level.

- b) One segment of the company has used an accounting software Tally for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature was not enabled.

Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software. 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.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 24110142BKHCOMP5838
Place: Ahmedabad
Date: May 16, 2024

"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, associates and joint ventures (incorporated in India) as of March 31, 2024 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, associates 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.

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.

“ANNEXURE - A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (Contd.)

Opinion

In our opinion, the Company and its subsidiaries, associates 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, 2024, 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
(Membership No. 110142)
UDIN: 24110142BKHCMP5838
Place: Ahmedabad
Date: May 16, 2024

Annexure to Independent Auditor's Report

List of Subsidiaries:

1. Harsha Precision Bearing Components (China) Co. Ltd.
2. Harsha Engineers Advantek Limited
3. HASPL Americas Corporation (Till 29-02-2024)
4. Harsha Engineers Europe SRL

List of Investments in Joint venture / Associates:

1. Sunstream Green Energy One Private Limited- Associate (Till 25-01-2024)
2. Cleanmax Harsha Solar LLP- Joint Venture

For, M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 24110142BKHCMP5838
Place: Ahmedabad
Date: May 16, 2024

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2024

(₹ In lakhs)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	34,499	31,359
(b) Capital Work-In-Progress	2	1,515	1,162
(c) Goodwill on Consolidation	3	7,175	7,175
(d) Other Intangible Assets	2	103	133
(e) Financial Assets			
Investments	4	3,801	3,314
Loans & Advances	5	11	8
Other Financial Assets	6	737	329
Other Tax Assets [Net]	7	138	158
Other Non-Current Assets	8	2,323	1,112
Total Non-Current Assets		50,302	44,750
Current Assets			
(a) Inventories	9	35,366	37,688
(b) Financial Assets			
Investments	4	19,607	16,104
Trade Receivables	10	31,893	28,037
Cash and Cash Equivalents	11	1,500	6,244
Bank Balance Other than Cash and Cash Equivalents	11	10,661	7,115
Loans & Advances	5	3,936	1,045
Other Financial Assets	6	206	79
(c) Other Current Assets	8	3,189	3,452
Total Current Assets		106,358	99,764
TOTAL ASSETS		156,660	144,514
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	9,104	9,104
(b) Other Equity	13	108,424	98,073
Total Equity		117,528	107,177
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	294	791
Lease liabilities	15	332	426
Other Financial Liabilities	19	381	267
(b) Provisions	16	859	835
(c) Deferred Tax Liabilities (Net)	17	765	663
(d) Other Non-Current Liabilities	20	0	1
Total Non-Current Liabilities		2,631	2,983
Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	16,948	16,903
Lease liabilities	15	93	99
Trade Payables			
- Dues to Micro & Small Enterprises	18	411	629
- Dues to other than Micro & Small Enterprises	18	12,882	11,114
Other Financial Liabilities	19	4,149	3,552
(b) Other Current Liabilities	20	1,630	1,736
(c) Provisions	16	250	223
(d) Current Tax Liabilities [Net]	21	138	98
Total Current Liabilities		36,501	34,354
Total Liabilities		39,132	37,337
TOTAL EQUITY AND LIABILITIES		156,660	144,514
Material Accounting Policies	1		
Notes to Financial Statements	1 to 34		

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 16, 2024
Place: Ahmedabad

Date: May 16, 2024
Place: Ahmedabad

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2024

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from Operations	22	139,230	136,402
Other Income	23	2,949	2,979
Total Income (A)		142,179	139,381
EXPENSES			
Cost of Materials Consumed	24	77,905	73,373
Change In Inventories of Finished Goods & Work-In-Progress	25	(181)	214
Employee Benefits Expenses	26	16,905	15,619
Finance Costs	27	1,077	1,584
Depreciation and Amortisation Expenses	2	3,932	3,612
Other Expenses	28	27,466	28,267
Total Expenses (B)		127,104	122,669
Profit/ (Loss) Before Tax (C)=(A-B)		15,075	16,712
Tax Expense			
Current Tax		3,797	3,846
Deferred Tax	30	135	538
Total Tax Expense (D)		3,932	4,384
Profit/ (Loss) After Tax (E)=(D-C)		11,143	12,328
Less: Profit transferred to Non-Controlling Interest		-	-
Profit/ (Loss) After Tax (After Non-Controlling Interest) (F)		11,143	12,328
Other Comprehensive Income			
i) Items that will be reclassified to profit or loss			
Gains / (Loss) of Cashflow Hedge		604	(988)
Income tax relating to these items	30	(152)	249
ii) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	31	(69)	(12)
Income tax relating to these items	30	17	3
Other Comprehensive Income, net of tax (G)		400	(748)
Total Comprehensive Income (F+G)		11,543	11,580
Earning Per Equity Share (EPS)			
Basic (₹)	29	12.24	14.59
Diluted (₹)		12.24	14.59
Significant Accounting Policies	1		
Notes to Financial Statements	1 to 34		

As per our report of even date attached
For Pankaj R. Shah & Associates
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For and on behalf of the Board of Directors
Harsha Engineers International Limited
 (CIN: L29307GJ2010PLC063233)

Chintan Shah
 Managing Partner
 M. No.: 110142

Rajendra Shah
 Chairman & Whole-time Director
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 Managing Director
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Date: May 16, 2024
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 Place: Ahmedabad

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

(₹ In lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per statement of Profit & Loss	15,075	16,712
Adjustments for:		
Depreciation and Amortisation Expenses	3,932	3,612
Interest Income	(1,484)	(739)
Finance Cost	1,077	1,584
Loss/(Profit) on Sale of Investment	(1,124)	(435)
Foreign Currency Translation Reserve	(88)	(196)
Bad debts/Provision for doubtful trade receivables	16	(284)
Share of Profit/Loss from Joint venture / Associates	(29)	(24)
Loss / (Profit) on Sale of Assets	(19)	47
Operating Profit before Working Capital Changes	17,356	20,277
Adjustments for Changes in Working Capital		
Inventories	2,322	(116)
Trade Receivables	(3,872)	522
Other Current Assets	(655)	3,506
Other Non-Current Assets	(388)	682
Trade Payables	1,550	(6,411)
Other Financial Liabilities	711	1,127
Other Current Liabilities	(106)	(648)
Provisions	320	(1,488)
Cash Generated from Operations	17,238	17,451
Income Taxes Paid	(3,659)	(3,748)
Net Cash Flow from Operating Activities (A)	13,579	13,703
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment, Capital Work-In-Progress and Other Intangibles	(7,453)	(7,439)
Proceeds from Sale of Property, Plant and Equipment	48	55
Sale /(Purchase) of Investments (Net)	(4,966)	(18,836)
Loans and Advances (Net)	(1,376)	(391)
Investment in fixed deposits with bank (Net)	(3,546)	(5,326)
Interest Income	1,484	739
Share of Profit/Loss from Joint venture / Associates	29	24
Net Cash Flow from Investing Activities (B)	(15,780)	(31,174)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from IPO of Equity Share Face Value	-	1,379
Proceed from IPO of Security Premium (Net of IPO Expenses)	(2)	42,046
Dividend Paid	(911)	-
Availment of Non-Current Borrowings	128	-
Repayment of Non-Current Borrowings	(625)	(12,993)
Finance Cost	(1,077)	(1,584)
Proceeds / (Repayment) of Current Borrowings (Net)	(55)	(7,274)
Changes in Non-Current Liability	(1)	-
Net Cash Flow from Financing Activities (C)	(2,543)	21,574

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(4,744)	4,103
Cash and Cash Equivalents at the Beginning		
Cash on Hand	10	6
Balances with Banks	6,234	2,135
	6,244	2,141
Cash and Cash Equivalents at the End		
Cash on Hand	10	10
Balances with Banks	1,490	6,234
	1,500	6,244
Notes to Financial Statements 1 to 34		

As per our report of even date attached
For Pankaj R. Shah & Associates
 Chartered Accountants
 FRN: 107361W

For and on behalf of the Board of Directors
Harsha Engineers International Limited
 (CIN: L29307GJ2010PLC063233)

Chintan Shah
 Managing Partner
 M. No.: 110142

Rajendra Shah
 Chairman & Whole-time Director
 DIN: 00061922

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 DIN: 00278062

Maulik Jasani
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 Company Secretary & Chief Compliance Officer
 M. No.: F9907

Date: May 16, 2024
 Place: Ahmedabad

Date: May 16, 2024
 Place: Ahmedabad

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED MARCH 31, 2024

A. Equity Share Capital

Particulars	No. of Shares	Amount (₹ In lakhs)
Issued, Subscribed and Paid up Share Capital		
Equity Shares of ₹ 10/- each fully paid up		
As at April 01 2022	77,248,410	7,725
Add : Equity shares issued during the year #	13,795,695	1,380
As at March 31, 2023	91,044,105	9,104
Add : Equity shares issued during the year	-	-
As at March 31, 2024	91,044,105	9,104

B. Other Equity

(₹ In lakhs)

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Other Equity
	Capital Reserves/ Merger Reserve	Security Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings		
Balance as at April 01 2022	(604)	75	2,397	1,817	40,575	201	44,461
Profit for the year	-	-	-	-	12,328	-	12,328
Other comprehensive income for the year	-	-	-	-	-	(748)	(748)
Total comprehensive income for the year	-	-	-	-	12,328	(748)	11,580
Increase/(Decrease) During the Year	-	-	-	(502)	-	-	(502)
Add: Proceed from IPO #	-	44,120	-	-	-	-	44,120
Less : IPO Expenses \$	-	(2,074)	-	-	-	-	(2,074)
Cancellation of Net Equity vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-33.4)	488	-	-	-	-	-	488
Balance as at March 31, 2023	(116)	42,121	2,397	1,315	52,903	(547)	98,073
Profit for the year	-	-	-	-	11,143	-	11,143
Other comprehensive income for the year	-	-	-	-	-	400	400
Total comprehensive income for the year	-	-	-	-	11,143	400	11,543

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Other Equity
	Capital Reserves/ Merger Reserve	Security Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings		
Increase/(Decrease) During the Year	-	-	-	(279)	-	-	(279)
Less : Dividend Distribution \$\$	-	-	-	-	(911)	-	(911)
Less : IPO Expenses \$	-	(2)	-	-	-	-	(2)
Balance as at March 31, 2024	(116)	42,119	2,397	1,036	63,135	(147)	108,424

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 22,886,595 equity shares of face value of Rs 10 each at an issue price of ₹ 330/- aggregating up to ₹75,500 lakhs (including Employee Discount of ₹ 31/- per Equity Share for Employee Reservation Portion of 83,610 Equity Shares) comprising through fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 9,090,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

[\$] The IPO Expenses was related to fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs. Proportionate IPO expenses as applicable to Offer for Sales(OFS) were paid / reimbursed by respective Selling Share Holders.

[\$\$] The Board of Directors, had recommended the final dividend of ₹ 1.00 per equity share of ₹ 10/- each for the year 2022-23 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 910.44 lakhs.

Notes to Financial Statements 1 to 34

As per our report of even date attached For and on behalf of the Board of Directors
For Pankaj R. Shah & Associates Harsha Engineers International Limited
 Chartered Accountants (CIN: L29307GJ2010PLC063233)
 FRN: 107361W

Chintan Shah
 Managing Partner
 M. No.: 110142

Rajendra Shah
 Chairman & Whole-time Director
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 DIN: 00278062

Maulik Jasani
 VP Finance & Group CFO

Kiran Mohanty
 Company Secretary & Chief Compliance Officer
 M. No.: F9907

Date: May 16, 2024
 Place: Ahmedabad

Date: May 16, 2024
 Place: Ahmedabad

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2024

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"). 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 in 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").

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 '₹'), which is also the functional currency of the company. All the amounts have been rounded off to the nearest lakh, unless otherwise indicated.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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, Joint Venture & Associates

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 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 de-recognition 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 realise 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 or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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. Ltd. (HPBC(C)CL)	Straight Line Method
Harsha Engineers Europe SRL (HEESRL)	Straight Line Method
HASPL Americas Corporation (till 29 February 2024)	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.

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 amortised 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.

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.

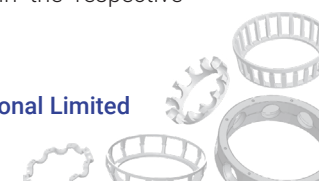
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 recognises loss allowances for financial assets measured at amortised cost using expected credit loss model. At each reporting date, the Group assesses whether financial assets carried at amortised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
Harsha Engineers Advantek Limited *	India	100%	100%	-	-
Harsha Engineers B.V (till November 14, 2022)**	Netherlands	-	-	-	-
Harsha Precision Bearing Components (China) Co. Ltd.	China	100%	100%	-	-
Harsha Engineers Europe SRL ***	Romania	100%	100%	-	-
HASPL Americas Corporation (till February 29, 2024) ****	USA	-	100%	-	-

* Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary as on March 14, 2023.

** Harsha Engineers BV had merged with the Company effective from November 14, 2022.

*** The Company had acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Rajendra Shah and Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, Harsha Engineers Europe SRL had become wholly owned subsidiary of the Company.

**** HASPL Americas Corporation has been terminated in accordance with applicable laws, as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. The necessary accounting treatment has been given accordingly in these financials.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 the significant risks and rewards of ownership have been transferred to the buyer, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 or loss on a straight-line basis over the lease term, unless either:

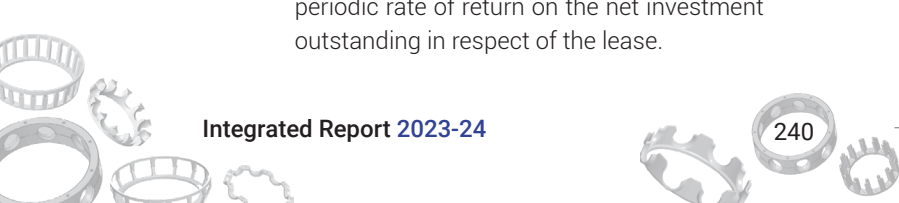
- A. another systematic basis is more representative of the time pattern of the user's benefit; or
- B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.
- C. the lease asset capitalised and recognised as an asset in the books.

C.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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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

The Ministry of Corporate Affairs [MCA] notifies new standard or amendments to the existing standards. For the year ended March 31, 2024, there are no new standards or amendments to the existing standards which are notified but not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

2 Property, Plant & Equipment

For the year ended March 31, 2024

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at April 1, 2023	Addition during the period	Disposal/ Adjustments	Currency translation adjustments	As at March 31, 2024	For the year ^	Currency translation adjustments	Disposal/ Adjustments	As at March 31, 2024	As at March 31, 2023	
Property, Plant & Equipment											
Land	1,302	2,592	-	(23)	3,871	13	(4)	-	80	3,791	1,231
Buildings	10,899	683	-	(118)	11,464	412	(17)	-	3,920	7,544	7,374
Plant And Machineries	54,281	3,122	549	(364)	56,490	2,623	(306)	523	39,323	17,167	16,753
Furniture And Fittings	1,222	71	-	(2)	1,291	82	1	-	872	419	433
Vehicles	287	157	37	(1)	406	36	(2)	37	178	228	106
Office Equipments	498	54	42	(2)	508	28	(3)	42	377	131	104
Electric Installation	2,691	181	-	(17)	2,855	183	(8)	-	1,882	973	984
Computer & Peripherals	616	13	-	(3)	626	27	(2)	-	544	82	97
Solar Generation Plant	2,656	53	-	-	2,709	100	1	-	875	1,834	1,882
Wind Mill	2,667	-	-	-	2,667	111	(1)	-	584	2,083	2,193
Right of Use Assets-Lease	403	146	164	-	385	99	(1)	161	138	247	202
TOTAL (A)	77,522	7,072	792	(530)	83,272	3,714	(341)	763	48,773	34,499	31,359
Other Intangible Assets											
Computer software	1,120	28	20	(5)	1,123	56	(3)	20	1,020	103	133
TOTAL (B)	1,120	28	20	(5)	1,123	56	(3)	20	1,020	103	133
TOTAL (A+B)	78,642	7,100	812	(535)	84,395	3,770	(344)	783	49,793	34,602	31,492

^ Note : 1. Depreciation and amortisation expenses in Statement of Profit and Loss A/c also includes ₹162 lakhs due to amortisation of Long Term Deferred Expenses (Refer Note No. 8)

Note : 2. The company has not revalued any tangible & intangible asset.

Capital Work-in-progress aging schedule :

CWIP ^	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,375	140	-	-	1,515
Projects temporarily suspended	-	-	-	-	-

^ No capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

For the year ended March 31, 2023

(₹ In lakhs)

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at April 01, 2022	Addition during the year	Disposal/ Adjustments	Currency translation adjustments	As at March 31, 2023	As at April 01, 2022	For the year ^	Currency translation adjustments	Disposal/ Adjustments	As at March 31, 2023	As at March 31, 2022
Property, Plant & Equipment											
Land	1,258	44	-	-	1,302	58	13	-	-	1,231	1,200
Buildings	10,858	16	-	25	10,899	3,103	400	22	-	3,525	7,755
Plant And Machineries	50,752	3,551	764	742	54,281	35,142	2,443	633	690	37,528	15,610
Furniture And Fittings	1,258	34	70	-	1,222	767	85	-	63	789	491
Vehicles	298	7	20	2	287	167	30	2	18	181	131
Office Equipments	465	26	3	10	498	364	25	8	3	394	101
Electric Installation	2,665	26	-	-	2,691	1,509	197	1	-	1,707	1,156
Computer & Peripherals	596	20	-	-	616	491	28	-	-	519	105
Solar Generation Plant	2,123	533	-	-	2,656	695	79	-	-	774	1,428
Wind Mill	573	2,094	-	-	2,667	453	21	-	-	474	120
Right of Use Assets- Lease	387	120	104	-	403	197	90	-	86	201	190
TOTAL (A)	71,233	6,471	961	779	77,522	42,946	3,411	666	860	46,163	28,287
Other Intangible Assets											
Computer software	1,084	16	1	21	1,120	907	59	21	-	987	177
TOTAL (B)	1,084	16	1	21	1,120	907	59	21	-	987	177
TOTAL (A+B)	72,317	6,487	962	800	78,642	43,853	3,470	687	860	47,150	28,464

^ Note : 1. Depreciation and amortisation expenses in Statement of Profit and Loss A/c also includes ₹142 lakhs due to amortisation of Long Term Deferred Expenses (Refer Note No. 8)

Note : 2. The company has not revalued any tangible & intangible asset.

Capital Work-in-progress aging schedule :

CWIP ^	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,141	21	-	-	1,162
Projects temporarily suspended	-	-	-	-	-

^ No capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
3 Goodwill on Consolidation

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Goodwill on Consolidation	7,175	7,175
Total Goodwill on Consolidation	7,175	7,175

4 Investments

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
A) Investments in Joint venture / Associates (Measured at Cost)		
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 : India		
B) Investments - Others		
Measured at Cost		
Sunstream Green Energy One Pvt Limited	0	1
10 Equity shares of ₹ 10 each, Extent of Holding-0% (Previous year 2600 Equity Shares of ₹ 10 each, Extent of Holding-26%) Sale of Investment in Associates on January 25, 2024 Refer Note-33.7		
Goldi Harsha Ventures LLP - Capital A/c.	0	-
Capital contribution of ₹ 10,000 (Profit Sharing of 0%)		
Investments in Bonds (Quoted)	985	497
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	1,300	1,300
Investments in Debentures (Quoted)	1,513	1,513
Total Non-Current Investments	3,801	3,314
Current		
Measured at Cost		
Cleanmax Harsha Solar LLP Current A/c	605	612
Measured at Amortised cost		
Investments in Bonds (Quoted)	1,934	1,551
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	15,880	13,761
Investments in Debentures (Quoted)	1,188	180
Total Current Investments	19,607	16,104

5 Loans & Advances

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
(Unsecured, Considered Good)		
Loans to Employees	8	7
Other Loan & Advances	3	1
Total Non-Current Loans & Advances	11	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
(Unsecured, Considered Good)		
Loan To Employees	26	25
Intercompany deposits	2,600	500
Other Trade Receivable -Unbilled Revenue	62	231
Interest & Other Income Receivable	1,248	289
Total Current Loans & Advances	3,936	1,045

6 Other Financial Assets

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Security Deposits (Unsecured, Considered Good)	737	329
Total Non-Current Other Financial Assets	737	329
Current		
Export Benefits Receivables	198	74
Security Deposits (Unsecured, Considered Good)	8	5
Total Current Other Financial Assets	206	79

7 Other Tax Assets [Net]

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Advance Payment of Tax (Net of Provisions)	138	158
Total Other Tax Assets [Net]	138	158

8 Other Assets

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Capital Advances (Unsecured, Considered Good)	2,092	767
Prepaid Expenses	111	121
Long Term Deferred Expenses	120	224
Total Other Non-Current Assets	2,323	1,112
Current		
(Unsecured, Considered Good)		
Balances With Statutory Authorities	1,344	1,416
Prepaid Expenses	457	584
Advances To Suppliers	1,388	1,452
Total Other Current Assets	3,189	3,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

9 Inventories

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material	7,154	9,017
Semi Finished	2,061	2,627
Finished	12,793	12,550
Stores, Spares & Other	1,831	2,132
Toolings	11,033	10,676
Project bought-out Components-Solar	494	686
Total Inventories	35,366	37,688

- 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

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured and Considered Good		
Trade Receivables	31,901	28,280
Less: Allowances for credit losses	8	243
Total Trade Receivables	31,893	28,037

Trade Receivables are hypothecated to secure working capital facilities from banks (refer Note 14).

Ageing of Trade Receivables

(₹ In lakhs)

Particulars	Not Due (Including Unbilled)	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 2024							
Undisputed -Considered Good	21,012	4,731	1,245	869	67	84	28,010
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	-	-	-	-	-	3,883	3,883
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	-	8	8
Total	21,012	4,731	1,245	869	67	3,975	31,901
As at March 31 2023							
Undisputed -Considered Good	19,666	2,930	1,348	85	33	223	24,285
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	0	-	3	-	21	3,728	3,753
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	-	243	243
Total	19,666	2,930	1,351	85	54	4,194	28,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

11 Cash and Bank Balances

(₹ In lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and Cash Equivalents		
Cash on Hand	10	10
Balances with Banks (Including Fixed Deposits with original maturity of 0 - 3 months)	1,490	6,234
Total Cash and Cash Equivalents	1,500	6,244
Bank Balance Other than Cash and Cash Equivalents		
In Fixed Deposit Accounts #	10,661	7,115
Earmarked balances with bank (unpaid dividend) (The Company can utilise these balances towards payment of unpaid dividend only)	0	-
Total Bank Balance Other than Cash and Cash Equivalents	10,661	7,115
Total Cash and Bank Balances	12,161	13,359

Note :

1. Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility.	2,211	524
2. Includes Balance maintained in Debt Service Reserve Account as per sanction.	266	206

12. Equity Share Capital

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised Share Capital 100,000,000 (Previous Year: 10,00,00,000) Equity Shares of Face Value ₹10/- each	10,000	10,000
Total	10,000	10,000

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Issued, Subscribed and Fully Paid up Share Capital 91,044,105 (Previous Year: 9,10,44,105) 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 April 01 2022		
At the beginning of the year	77,248,410	7,725
Add : Shares issued during the year #	13,795,695	1,380
As at March 31, 2023	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, 2024	91,044,105	9,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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.

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 2,28,86,595 equity shares of face value of Rs 10 each at an issue price of Rs 330/- aggregating up to ₹ 75,500 lakhs comprising through fresh issue of 1,37,95,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 90,90,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

Details of shareholder(s) holding more than 5% Equity Shares

Particulars	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
Name of Shareholder		
Mr. Rajendra Shah	11,919,390	13,390,825
Mr. Harish Rangwala	11,206,364	11,206,364
Ms. Charusheela Rangwala	10,446,762	10,446,762
Ms. Nirmala Shah	6,128,049	7,599,805
Mr. Vishal Rangwala	7,769,829	7,769,829
Mr. Pilak Shah	7,198,281	7,198,281
Plutus Wealth Management LLP	5,550,000	550,996
Nippon Life India Trustee Ltd	5,039,704	5,234,704
% Holding in Equity Shares		
Mr. Rajendra Shah	13.09%	14.71%
Mr. Harish Rangwala	12.31%	12.31%
Ms. Charusheela Rangwala	11.47%	11.47%
Ms. Nirmala Shah	6.73%	8.35%
Mr. Vishal Rangwala	8.53%	8.53%
Mr. Pilak Shah	7.91%	7.91%
Plutus Wealth Management LLP	6.10%	0.61%
Nippon Life India Trustee Ltd	5.54%	5.75%

Shareholding of Promoters

Particulars	As at March 31, 2024	As at March 31, 2023
	No. of shares	No. of shares
Mr. Rajendra Shah	11,919,390	13,390,825
% Holding in Total Equity Shares	13.09%	14.71%
% change during the year/period	-1.62%	
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	7,198,281	7,198,281
% Holding in Total Equity Shares	7.91%	7.91%
% change during the year/period	0.00%	



13. Other Equity

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
A : Capital Reserves/Merger Reserve	(116)	(116)
B : Security Premium	42,119	42,121
C : General Reserve	2,397	2,397
D : Retained Earnings	63,135	52,903
E : Foreign Currency Translation Reserve	1,036	1,315
F : Other Comprehensive Income	(147)	(547)
Total Other Equity	108,424	98,073

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
A : Capital Reserves/Merger Reserve		
Opening Balance	(116)	(604)
Less : Cancellation of Equity Shares vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-33.5)	-	488
Total Capital Reserves	(116)	(116)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
B : Security Premium		
Opening Balance	42,121	75
Add : Proceed from IPO #	-	44,120
Less : IPO Expenses \$	(2)	(2,074)
Total Security Premium	42,119	42,121

[#] In the previous year, the Company had completed its Initial Public Offer (IPO) of 22,886,595 equity shares of face value of ₹ 10 each at an issue price of ₹ 330/- aggregating up to ₹ 75,500 lakhs (including Employee Discount of ₹ 31/- per Equity Share for Employee Reservation Portion of 83,610 Equity Shares) comprising through fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs and Offer for Sale for 9,090,900 equity shares aggregating up to ₹ 30,000 lakhs. The Offer was made pursuant to Regulation 6(1) of SEBI ICDR Regulations. The equity shares of the Company were listed on National Stock Exchange of India Ltd. and BSE Limited on September 26, 2022.

[\$] The IPO Expenses was related to fresh issue of 1,37,95,695 equity shares aggregating up to ₹ 45,500 lakhs. Proportionate IPO expenses as applicable to Offer for Sales(OFS) were paid / reimbursed by respective Selling Share Holders.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
C : General Reserve		
Opening Balance	2,397	2,397
Total General Reserve	2,397	2,397

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
D : Retained Earnings		
Opening Balance	52,903	40,575
Add: Profit during the year	11,143	12,328
Less : Dividend Distribution \$\$	(911)	-
Total Retained Earnings	63,135	52,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

[\$\$] The Board of Directors, had recommended the final dividend of ₹ 1.00 per equity share of ₹ 10/- each for the year 2022-23 and approved by the shareholders at the Annual General Meeting, which was resulted in a total outflow of ₹ 910.44 lakhs.

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
E : Foreign Currency Translation Reserve		
Opening Balance	1,315	1,817
Increase/(Decrease) During the Year	(279)	(502)
Total Reserves FCTR	1,036	1,315

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
F : Other Comprehensive Income (OCI)		
(a) Cashflow Hedge Reserve :		
Opening Balance	(367)	372
Increase/(Decrease) During the Year	604	(988)
Income Tax relating to above item	(152)	249
Total Cashflow Hedge Reserve	85	(367)
(b) Remeasurement of defined benefit plan :		
Opening Balance	(180)	(171)
Increase/(Decrease) During the Year	(69)	(12)
Income Tax relating to above item	17	3
Total Remeasurement of defined benefit plan	(232)	(180)
Total Other Comprehensive Income (OCI)	(147)	(547)

14. Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current Borrowings		
Secured		
From State Bank of India, China	166	791
From Mercedes Benz Financial Services India Pvt Ltd	128	-
Total Non-Current Borrowings	294	791

Major Terms And Conditions w.r.t. Non Current Borrowings

(1) State Bank of India, Sanghai Branch, China

a) Security :

- 1) Entire Stocks, receivable and other current assets-Existing & future of Harsha, China (HPBC(C)CL)
- 2) Land use rights located at east area of Fuhua Road, North area of Tonggang Road, Changshu Economic Development Zone, Changshu, PRC
- 3) Fixed assets acquired in the project of Harsha China (HPBC(C)CL)
- 4) Existing machineries of the merged entity i.e. Harsha China (HPBC(C)CL)
- 5) Corporate Guarantee of Harsha Engineers Ltd, India

b) Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc.

- 1) Total unsecured loan extended to the company should not be repaid during currency of parent company's advance (as per ABS the unsecured loan is RMB 97.5 lakhs)
- 2) Default interests shall carry at the rate of 150% of loan contractual rate per annum, till date of payment of the defaulted amount.
- 3) If the credit rating awarded to the unit is below SB-10, the risk rating will be reviewed half yearly. The unit should provide necessary information to facilitate such a review. In the absence of half-yearly review for want of such information, the risk rating will automatically slip by one step.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 4) Prepayment penalty of 1% of the prepaid amount would be charged. However, if the prepayment is made from the company's own sources no charges applicable.

(2) 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 5.50% to 10.25% p.a . on Long Term Borrowing

Terms of Repayments:
Non- Current Borrowing

Particulars	As at March 31, 2024	As at March 31, 2023
1-2 Years	183	475
2-3 Years	19	316
3-4 Years	21	-
Beyond 4 Years	71	-
Total	294	791

Note: Non- Current Borrowing Repayments schedule does not includes current maturity of term loan

Particulars	(₹ in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Current Borrowings		
Secured		
State Bank of India	2,051	2,192
Citi Bank	8,995	7,897
YES Bank Ltd	600	285
RBL Bank Ltd	4,000	3,519
Current maturities of long term debt	547	413
Unsecured		
Loan from Bank	755	2,597
Total Current Borrowings	16,948	16,903

Security for Current Borrowings
(1) State Bank of India :

Engineering Segment for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with Citibank N.A., Yes Bank Ltd., RBL Bank Ltd. and HDFC Bank Ltd. ; **For Harsha, China (HPBC(C)CL)** -Secured by entire stocks, receivable and other current assets (existing and future), Land use rights, Fixed assets acquired in the project, existing machineries of China company and corporate guarantee of the parent company.

(2) Citi Bank :

Engineering Segment for Harsha India- Working capital Secured by hypothecation of entire current assets of the Engineering Division on first ranking pari passu basis with State Bank of India, Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited, and secured by demand promissory note and letter of continuity for the facility amount; **For Harsha China(HPBC(C)CL)**- SBLC extended to Citibank, China secured by demand promissory note and letter of continuity for the facility amount; **For Harsha, Romania(HEESRL)**- SBLC extended to 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 :

Engineering Segment for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., RBL Bank Limited and HDFC Bank Limited and for **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
(4) RBL Bank Ltd :

Engineering Segment for Harsha India- Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Citibank NA., Yes Bank Limited and HDFC Bank Limited and for **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.

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

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Lease Liability	332	426
Total Non-Current Lease Liability	332	426
Current		
Lease Liability	93	99
Total Current Lease Liability	93	99

16. Provisions

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Provision For Employees Benefits, Refer Note : 31	859	835
Total Non-Current Provisions	859	835
Current		
Provision For Employees Benefits, Refer Note : 31	250	223
Total Current Provisions	250	223

17. Deferred Tax Liability / (Asset)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Tax Liability, Refer Note : 30	1,867	1,696
Less : Deferred Tax Asset, Refer Note : 30	1,102	1,033
Net Deferred Tax Liability / (Asset)	765	663

18. Trade Payables

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Dues to Micro and Small Enterprises [#]	411	629
Dues to other than Micro and Small Enterprises	12,882	11,114
Total Trade Payables	13,293	11,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

[#] 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	411	629
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	-	-
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 Paybles

(₹ in lakhs)

Particulars	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, 2024						
(i) MSME - Undisputed	411	-	-	-	-	411
(ii) Other - Undisputed	9,813	2,094	931	12	32	12,882
(iii) MSME - Disputed	-	-	-	-	-	-
(iv) Other - Disputed	-	-	-	-	-	-
Total	10,224	2,094	931	12	32	13,293
As at March 31, 2023						
(i) MSME - Undisputed	629	-	-	-	-	629
(ii) Other - Undisputed	7,729	3,108	44	21	20	10,992
(iii) MSME - Disputed	-	-	-	-	-	-
(iv) Other - Disputed	-	-	-	-	193	193
Total	8,357	3,108	44	21	213	11,743

19. Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Security Deposits From Vendors	381	267
Total Other Non-Current Financial Liabilities	381	267
Current		
Interest accrued but not due on borrowings	12	8
Payables for Capital Goods	389	125
Accrued Expenses	3,862	2,929
Unpaid dividends	0	-
Derivative Liability / (Asset)	(114)	490
Total Other Current Financial Liabilities	4,149	3,552

20. Other Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Advance from Staffs	0	1
Total Non-Current Liabilities	0	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Payable to Statutory Authorities	1,438	1,560
Advance from Customers	144	142
Advance from Staffs	17	5
Asset Retirement Obligation - ARO	31	29
Total Current Liabilities	1,630	1,736

21. Current Tax Liabilities [Net]

(₹ in lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Provision for Taxation (Net of Advance Tax)	138	98
Total Current Tax Liabilities [Net]	138	98

22. Revenue from Operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sales of Products & Services		
(a) Sale of Products	133,838	133,485
(b) Sale of Services	4,402	2,066
(c) Unbilled Revenue	(169)	(405)
Total	138,071	135,146
Other Operating Revenues		
Exports Benefits	1,031	1,079
Solar Power Generation	128	177
Total	1,159	1,256
Total Revenue from Operations	139,230	136,402

23. Other Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income	1,484	739
Share of Profit/Loss from Cleanmax Harsha Solar LLP	29	24
Share of Profit/Loss from Sunstream Green Energy One Pvt. Ltd.	-	0
Gain / (Loss) on Exchange Rate Fluctuation #	234	1,743
Miscellaneous Income	79	38
Other Income-Non -Operating		
Gain / (Loss) on Sale of Investment in Associates	(1)	-
Gain / (Loss) on Sale of Investment (Mutual funds) (measured at FVTPL)	292	103
Gain/ (Loss) on Fair value of Investments (measured at FVTPL)	832	332
Total Other Income	2,949	2,979
#Includes unrealised Gain / (Loss) on Exchange Rate Fluctuation	(172)	94

24. Cost of Materials Consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cost of Material Consumed	77,905	73,373
Total Cost of Materials Consumed	77,905	73,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

25. Change In Inventories of Finished Goods & Work-In-Progress

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finished Goods Opening Stock	12,551	14,232
Less : Finished Goods Closing Stock	(12,793)	(12,551)
Total	(242)	1,681
Semi Finished Goods Opening Stock	2,627	2,661
Less : Semi Finished Goods Closing Stock	(2,061)	(2,627)
Total	566	34
Toolings Opening Stock	10,676	9,034
Less : Toolings Closing Stock	(11,033)	(10,676)
Total	(357)	(1,642)
Exchange differences on translation of foreign operations	(148)	141
Total Change In Inventories of Finished Goods & Work-In-Progress	(181)	214

26. Employee Benefit Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages & Bonus etc.	15,129	14,004
Contribution To PF, ESI etc. ##	906	865
Staff Welfare	870	750
Total Employee Benefit Expenses	16,905	15,619

Includes expenses related to Post Employment Defined Benefit Plans Refer Note : 31

27. Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Expense		
On Term Loans	58	463
On Working Capital Loans	877	714
On Deposits	-	224
On Others	33	37
	968	1,438
Other Borrowing Costs		
Bank Charges & Processing Fees	107	144
Unwinding of discount on provision of Asset Retirement Obligation	2	2
	109	146
Total Finance Costs	1,077	1,584

28. Other Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Stores & Spares Consumed	4,666	4,898
Packing Materials Consumed	2,628	3,248
Power & Fuel Consumption (Net)	3,859	4,757
Machinery Repairs & Maintenance	716	707
Civil and Fabrication Charges	500	114
Installation & Commissioning Charges	980	228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Contractor-Labour Charges	4,830	4,251
Other Operative Expenses	423	693
Advertisement & Sales Promotion	183	160
Celebration Expenses	46	71
Computer Expenses	295	234
Corporate Social Responsibility(CSR)	5	21
Donations	-	1
Freight, Forwarding & Clearing Expenses	4,094	5,366
Insurance Premium	212	227
Legal & Professional Expenses	629	487
Rent & Fleet Management Expenses	902	756
Loss / (Profit) on Sale/disposal of Fixed Assets	(19)	47
Repairs & Maintenance	282	309
Rates & Taxes	147	133
Security & Housekeeping Expenses	577	456
Stationery, Printing & Communication Expenses	139	146
Staff Training, Membership & Subscription	106	79
Net Sundry Balance write off /Bad debts	251	66
Allowances for credit losses	(235)	(350)
Traveling & Conveyance Expenses	352	263
Miscellaneous Expenses	898	899
Total Other Expenses (A+B+C+D)	27,466	28,267

29. Earning Per Share (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax attributable to Equity Holders (₹ In lakhs)	11,143	12,328
Weighted average number of Equity Shares for Basic EPS	91,044,105	84,505,324
Weighted average number of Diluted Shares for Diluted EPS	91,044,105	84,505,324
Nominal value per equity share (₹)	10	10
Earnings Per Share (₹):		
Basic	12.24	14.59
Diluted	12.24	14.59

30. Deferred Tax Asset / (Liabilities) [Net]

Movement in Deferred Tax Balances

(₹ in lakhs)

Particulars	Net Balance April 1, 2023	For the year ended March 31, 2024		As at March 31, 2024		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Asset/ (Liabilities)						
Fixed Assets	(1,318)	(244)	-	(1,562)	-	(1,562)
Lease Liability	53	2	-	55	55	-
Bonus and Ex-gratia Payable	2	-	-	2	2	-
Gratuity	141	(56)	-	85	85	-
Leave Encashment	66	50	-	116	116	-
ERF-Curr. Revaluation	(152)	152	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	Net Balance April 1, 2023	For the year ended March 31, 2024		As at March 31, 2024		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
ARO Provision	8	1	-	9	9	-
Derivative Assets/ liabilities	(127)	125	-	(2)	-	(2)
Cumulative C/F Business Loss	473	166	-	639	639	-
Provision of doubtful Debts	61	(59)	-	2	2	-
O&M Income Receivable	(15)	5	-	(10)	-	(10)
Amortisad Merger Expenses	28	(8)	-	20	20	-
Professional Tax Payable	-	21	-	21	21	-
Provision Payable	7	58	-	65	65	-
Provision Income/Loss of MFs	(84)	(209)	-	(293)	-	(293)
Cash Flow Hedge (OCI)	123	(144)	-	-	-	-
Remeasurement of Gratuity (OCI)	71		17	88	88	-
Deferred tax assets/ (liabilities)	(663)	(140)	17	(765)	1,102	(1,867)

Movement in Deferred Tax Balances

(₹ in lakhs)

Particulars	Net Balance April 1, 2022	For the year ended March 31, 2023		As at March 31, 2023		
		Recognised in Profit or Loss	OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred Tax Asset/ (Liabilities)						
Fixed Assets	(1,069)	(249)	-	(1,318)	-	(1,318)
Lease Liability	52	1	-	53	53	-
Bonus and Ex-gratia Payable	2	-	-	2	2	-
Gratuity	201	(60)	-	141	141	-
Leave Encashment	61	5	-	66	66	-
ERF-Curr. Revaluation	(96)	(56)	-	(152)	-	(152)
ARO Provision	7	1	-	8	8	-
Derivative Assets / liabilities	(85)	(42)	-	(127)	-	(127)
Donation	-			-	-	-
Cumulative C/F Business Loss	464	9	-	473	473	-
Provision of doubtful Debts	149	(88)	-	61	61	-
O&M Income Receivable	(18)	3	-	(15)	-	(15)
Amortisad Merger Expenses	(9)	37	-	28	28	-
Professional Tax Payable	4	(4)	-	-	-	-
Provision Payable	-	7	-	7	7	-
Provision Income/Loss of MFs	-	(84)	-	(84)	-	(84)
Remeasurement of Gratuity (OCI)	68	-	3	71	71	-
Cash Flow Hedge (OCI)	(126)	-	249	123	123	-
Deferred Tax Assets/ (Liabilities)	(395)	(520)	252	(663)	1,033	(1,696)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

31. DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Withdrawal rate	5% P.A. at Younger age reducing to 1% P.A. at older age		5% P.A. at Younger age reducing to 1% P.A. at older age	
Retirement Age	58 Years		58 Years	
Discount Rate	7.20% P.A.		7.45% P.A.	
Salary escalation	6% P.A.		6% 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.
- 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 following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on “Employee Benefit”.

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in benefit obligation				
Opening defined benefit obligation	1,882	404	1,704	378
Interest Cost	132	29	116	26
Current Service Cost	172	64	156	59
Benefit Paid	(158)	(108)	(80)	(89)
Due to change in financial Assumptions	50	12	(56)	(14)
Due to Experience adjustments	39	57	44	44
Liability at the end of the period	2,118	459	1,882	404
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning	1,082	146	632	137
Expected Return on Plan Assets	20	(4)	(24)	(1)
Contributions	300	(153)	510	-
Interest Income	79	11	45	10
Benefit paid	(13)	0	(80)	0
Fair Value of Plan Assets at the end of the period	1,469	-	1,082	146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Amount recognised in Balance Sheet				
Liability at the end of the period	2,118	459	1,882	404
Fair Value of Plan Asset at the end of the period	1,469	-	1,082	146
Net Amount recognised in Balance Sheet	650	459	800	258

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Expense recognised in the Statement of Profit and Loss				
Current Service cost	172	64	156	59
Interest cost	53	18	71	16
Expected return on Plan Asset	0	74	0	31
Net Expense recognised in P&L	225	156	227	106
Expense recognised in the Statement of Other Comprehensive Income				
Due to experience adjustment	90	-	(13)	-
Return on plan assets excluding amounts included in interest income	(20)	-	24	-
Net Expense recognised in OCI	69	-	12	-

Sensitivity Analysis

The Sensitivity Analysis is performed by varying a single parameters, while keeping all the other parameters unchanged.

(₹ in lakhs)

Particulars	2023-24		2022-23	
	Increase	Decrease	Increase	Decrease
Gratuity				
Discount rate 1%/-1% (FY2022-23: 1%/-1%)	(190)	222	(170)	199
Salary growth rate 1%/-1% (FY2022-23: 1%/-1%)	222	(193)	200	(173)
Withdrawal/Attrition Rate 10%/-10% (FY2022-23: 10%/-10%)	5	(4)	5	-
Leave salary				
Discount rate 0.5%/-0.5% (FY2022-23: 0.5%/-0.5%)	(24)	27	(22)	24
Salary growth rate 0.5%/-0.5% (FY2022-23: 0.5%/-0.5%)	27	(25)	24	(22)
Withdrawal/Attrition Rate 10%/-10% (FY2022-23: 10%/-10%)	1	(1)	2	(2)

32. Related party disclosures

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows:

A. Subsidiary/ Joint Venture/ Associate :-

Name of Entity	Type
Harsha Precision Bearing Components (China) Co., Ltd.	Subsidiary
Harsha Engineers Europe SRL	Subsidiary
Harsha Engineers Advantek Limited	Subsidiary
Cleanmax Harsha Solar LLP	Joint Venture

Note :

- HASPL Americas Corporation, wholly owned subsidiary of the Company was terminated in accordance with applicable laws and as per certificate issued by the State Corporation Commission, Virginia on February 29, 2024.
- The Company has transferred its equity investment of 32,97,050 shares representing 25.9999% of Sunstream Green Energy One Private Limited ("SGEOPL") to the Sunstream Green Energy Private Limited on February 16, 2024. On account of this transfer the Company's stake has been reduced to 10 equity shares in SGEOPL. Hence, the SGEOPL is no more Associate of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

B. Director or Key Management Personnel :-

Name of Director or KMP	Type of Relationship
Rajendra Shah	Chairman & Whole-time Director of the Company
Harish Rangwala	Managing Director of the Company
Vishal Rangwala	Chief Executive Officer & Whole-time Director of the Company
Pilak Shah	Chief Operating Officer & Whole-time Director of the Company
Hetal Naik	Whole-time Director of the Company
Ambar Patel	Independent Director of the Company
Kunal Shah	Independent Director of the Company
Neharika Vohra	Independent Director of the Company
Ramakrishnan Kasinathan	Independent Director of the Company
Bhushan Punani	Independent Director of the Company
Maulik Jasani	Vice President Finance & Group Chief Financial Officer of the Company
Kiran Mohanty	Company Secretary & Chief Compliance Officer of the Company

C. Relative of Director or Key Management Personnel with whom transactions has been made during the reporting period:-

Name of Relative of KMP	Type of Relationship
Manish Naik	Relative of Hetal Naik & Rajendra Shah
Nirmala Shah	Relative of Rajendra Shah, Pilak Shah & Hetal Naik
Vaishali Shah	Relative of Pilak Shah & Rajendra Shah
Charusheela Rangwala	Relative of Harish Rangwala & Vishal Rangwala
Tanvi Rangwala	Relative of Vishal Rangwala & Harish Rangwala
Suresh Jasani	Relative of Maulik Jasani
Maulik S Jasani HUF	Relative of Maulik Jasani
Saurin Jasani	Relative of Maulik Jasani

D. Enterprise on which Directors and KMPs have significant influence and control:-

Vishal Rangwala Family Trust	Crest Creative Unit
Pilak Shah Family Trust	Aastha Charitable Trust for Welfare of the Mentally Challenged
Munjal Rangwala Family Trust	Harsha Engineers International Limited Group Gratuity Trust (previously known as Harsha Abakus Solar Private Limited Employee Group Gratuity Assurance Scheme)
Mili Mehta Family Trust	
Hetal Ukani Family Trust	

E. Name of Related Parties other than names appeared in above point A, B,C and D:-

Name of Party	Relationship Category
Jyotsnaben Shah	Promoter Group
Rameshbhai Shah	Promoter Group
Hemant Kumar Sharma	Director of Subsidiary
Vidhya Sharma	Relative of Director of Subsidiary
Mircea Bucur	Director of Subsidiary
Ecological Service Inc.	Relative Significant Influence
Goldi Harsha Ventures LLP	Common Partners/Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

F. Transactions during the year with related parties:-

1. Subsidiaries/ Joint Ventures/ Associates Transactions ^:-

(₹ In lakhs)

Particulars	Investment in Equity / Preference Share / Partner's Capital / Current A/c/ Profit Share from Associates / Joint Ventures		Sales of Goods/ Assets/Lease Rent/ Reimbursement		Purchase of Goods / Job work / Service/ Assets / Reimbursement	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Harsha Precision Bearing Components (China) Co.,Ltd.	-	-	687	2,274	23	-
Harsha Engineers Europe SRL	630	-	34	38	10	2
Harsha Engineers Advantek Limited	7,000	10	159	-	-	-
Cleanmax Harsha Solar LLP#	(6)	(31)	-	0	-	-
HASPL Americas Corporation##	67	-	-	-	-	-
Sunstream Green Energy One Private Limited §	(1)	0	-	-	-	-
Equity Investment in Harsha Engineers Europe SRI §§	-	-	-	-	-	-
- Payment to Rajendra Shah	-	0	-	-	-	-
- Payment to Harish Rangwala	-	0	-	-	-	-
Total	7,689	(21)	880	2,313	33	2

(₹ In lakhs)

Particulars	Interest Income		Loans Given		Loans Received Back (Including Conversion)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Harsha Precision Bearing Components (China) Co.,Ltd.	111	91	-	-	-	-
Harsha Engineers Advantek Limited	5	-	375	-	375	-
Total	116	91	375	-	375	-

^ Transactions with Subsidiaries are eliminated in the consolidated financials.

Includes Profit Share & Partner'Capital Infusion/Drawings.

Loss on Investment resulting from Subsidiary Company termination.

§ Includes Loss on Sale of Investment in Associates & Net of Purchase / Sales of Investment in Equity in Associates.

§§ The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing shares from Rajendra Shantilal Shah and Harish Ranjit Rangwala who were holding 1 equity share of RON 10 each respectively. On account of this acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

2. Director or Key Management Personnel Transactions:-

(₹ In lakhs)

Particulars	Remuneration		Loan Accepted		Loans Repaid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Rajendra Shah	59	69	-	-	-	486
Harish Rangwala	89	69	-	273	-	1,294
Vishal Rangwala	170	190	-	-	-	-
Pilak Shah	165	160	-	-	-	245
Hetal Naik	73	68	-	-	-	150
Maulik Jasani	72	64	-	-	-	-
Kiran Mohanty	23	21	-	-	-	-
Total	650	640	-	273	-	2,175

Remuneration of Managerial Persons is inclusive of Managerial Commission payable for financial year ended March 31, 2024 as approved by the Board at their held on May 16, 2024.

(₹ In lakhs)

Particulars	Interest Expense		Sitting Fees		Dividend Paid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Rajendra Shah	-	23	-	-	134	-
Harish Rangwala	-	53	-	-	112	-
Vishal Rangwala	-	-	-	-	78	-
Pilak Shah	-	12	-	-	72	-
Hetal Naik	-	15	-	-	19	-
Ambar Patel	-	-	1	1	-	-
Kunal Shah	-	-	1	1	-	-
Neharika Vohra	-	-	1	1	-	-
Bhushan Punani	-	-	1	1	-	-
Ramakrishnan Kasinathan	-	-	1	1	0	-
Maulik Jasani	-	-	-	-	0	-
Kiran Mohanty	-	-	-	-	0	-
Total	-	103	4	7	415	-

(₹ In lakhs)

Particulars	Purchase of Service		Loans Received Back		Interest Income	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Ramakrishnan Kasinathan	-	4	-	-	-	-
Kiran Mohanty	-	-	0	0	0	0
Total	-	4	0	0	0	0

3. Relative of Key Management Personnel Transactions :-

(₹ In lakhs)

Particulars	Dividend Paid		Deposits Repaid		Interest Expense	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Charusheela Rangwala	104	-	-	1,078	-	52
Tanvi Rangwala	45	-	-	-	-	-
Nirmala Shah	76	-	-	620	-	30
Vaishali Shah	19	-	-	100	-	10
Jyotsnaben Shah	-	-	-	12	-	1
Suresh Jasani	0	-	-	-	-	-
Saurin Jasani	0	-	-	-	-	-
Total	245	-	-	1,810	-	92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ In lakhs)

Particulars	Purchase of Service		Deposits Accepted	
	2023-24	2022-23	2023-24	2022-23
Charusheela Rangwala	-	-	-	60
Manish Naik	15	15	-	-
Maulik S Jasani HUF	3	3	-	-
Total	18	18	-	60

4. Enterprise on which Directors and KMPs have significant influence and control Transactions :-

(₹ In lakhs)

Particulars	Purchase of Goods / Job work / Assets / Reimbursement / Contribution / CSR		Sales of Goods/ Assets/Lease Rent/ Reimbursement		Dividend Paid	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Crest Creative Unit	4	6	-	-	-	-
Aastha Charitable Trust for Welfare of the Mentally Challenged	19	1	1	28	-	-
Harsha Engineers International Ltd. Group Gratuity Trust	300	510	-	-	-	-
Mili Mehta Family Trust - (Trustee - Rajendra Shah)	-	-	-	-	19	-
Vishal Rangwala Family Trust - (Trustee - Charusheela Rangwala)	-	-	-	-	0	-
Munjal Rangwala Family Trust-(Trustee - Harish Rangwala)	-	-	-	-	0	-
Pilak Shah Family Trust-(Trustee - Pilak Shah)	-	-	-	-	0	-
Hetal Ukani Family Trust - (Trustee - Hetal Ukani)	-	-	-	-	0	-
Total	323	516	1	28	19	-

5. Transactions with Other Related Parties whose names appeared in above point E :-

(₹ In lakhs)

Particulars	Remuneration		Purchase of Goods & Service / Job work		Investment In Capital A/c	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Hemant Sharma	88	75	-	-	-	-
Mircea Bucur	84	81	-	-	-	-
Ecological Service Inc.	-	-	51	48	-	-
Goldi Harsha Ventures LLP	-	-	-	-	-	0
Vidhya Sharma	-	-	5	5	-	-
Total	172	156	56	54	-	0

(₹ In lakhs)

Particulars	Dividend Paid	
	2023-24	2022-23
Rameshbhai Shah	0	-
Jyotsana Shah	0	-
Total	0	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)
G. Outstanding balance :-
1. Subsidiaries/ Associates / Joint Ventures Outstanding^:-

(₹ In lakhs)

Particulars	Loan & Advance		Interest Receivable on Loan		Other Receivable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Harsha Precision Bearing Components (China) Co.,Ltd.	2,018	1,989	111	91	1,806	2,112
Harsha Engineers Europe SRL	-	-	-	-	-	52
Harsha Engineers Advantek Limited	-	-	-	-	159	-
Total	2,018	1,989	111	91	1,965	2,164

(₹ In lakhs)

Particulars	Other Payables	
	As at March 31, 2024	As at March 31, 2023
Harsha Precision Bearing Components (China)Co.,Ltd.	7	-
Total	7	-

^ Outstanding with Subsidiaries are eliminated in the consolidated financials

2. Director or Key Management Personnel Outstanding :-

(₹ In lakhs)

Particulars	Remuneration Payable		Loan Receivable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Rajendra Shah	22	31	-	-
Harish Rangwala	52	31	-	-
Vishal Rangwala	103	123	-	-
Pilak Shah	98	93	-	-
Hetal Naik	37	32	-	-
Maulik Jasani	2	3	-	-
Kiran Mohanty	1	1	0	0
Total	315	314	0	0

Remuneration of Managerial Persons is inclusive of Managerial Remuneration payable for financial year ended March 31, 2024 as approved by the Board at their held on May 16, 2024.

3. Relatives of Key Management Personnel Outstanding :-

(₹ In lakhs)

Particulars	Other Payable	
	As at March 31, 2024	As at March 31, 2023
Maulik S Jasani HUF	0	0

4. Enterprise on which Directors and KMPs have significant influence and control Outstanding :-

(₹ In lakhs)

Particulars	Other Receivables	
	As at March 31, 2024	As at March 31, 2023
Aastha Charitable Trust for Welfare of the Mentally Challenged	-	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

5. Outstanding with Other Related Parties whose names appeared in above point E :-

(₹ In lakhs)

Particulars	Remuneration Payable		Other Payable	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Hemant Sharma	5	5	-	-
Mircea Bucur	8	7	-	-
Vidhya Sharma	-	-	0	0
Total	13	12	0	0

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, 2024	As at March 31, 2023
(a) CONTINGENT LIABILITIES NOT PROVIDED FOR :		
(i) Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	3,951	4,644
(ii) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged.	14	13
(iii) Claims against the company not acknowledged as debts:		
- Income Tax Matters	3,312	3,293
- Excise, Service Tax and GST Matters	99	99
(iv) Other Matters including claims related to Customer, Vendor, ESIC, Electricity, Ex-Employee and others #	1,560	1,676
(b) CAPITAL COMMITMENTS :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	9,131	2,530

#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 MSME 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 : 1. 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.

Note : 2. Most of the issue of litigation pertaining to GST / Central Excise/ Service tax are based on interpretation of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

33.2. 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, 2024 are listed below.

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from Operations	139,230	136,402
EBITDA ¹	20,084	21,908
EBITDA margins ²	14.43%	16.06%
PAT	11,143	12,328
PAT margin ³	8.00%	9.04%
Return on Average Equity ⁴	9.91%	15.40%

1 EBITDA = PBT + Depreciation and Amortisation 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)

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 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 additional information for segment reporting.

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
1. Segment Revenues :		
a. Engineering & Others	122,684	129,866
b. Solar-EPC and O&M	16,546	6,536
Total Revenue from Operations	139,230	136,402
2. Segment Operating Results (EBITDA)*:		
a. Engineering & Others	19,840	21,811
b. Solar-EPC and O&M	244	97
Total Operating Results (EBITDA)	20,084	21,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
3. Segment Results (PBT) :		
a. Engineering & Others	14,908	16,700
b. Solar-EPC and O&M	167	12
Total Profit Before Tax (PBT)	15,075	16,712
4. Segment Assets :		
a. Engineering & Others	146,643	135,558
b. Solar-EPC and O&M	10,017	8,956
Total Assets	156,660	144,514
5. Segment Liabilities :		
a. Engineering & Others	28,865	28,053
b. Solar-EPC and O&M	10,267	9,284
Total Liabilities	39,132	37,337

#Operating Results (EBITDA) : Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

SECONDARY SEGMENT INFORMATION

B: Geographical Segment:

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
1. Revenues:*		
a. India	62,882	52,915
b. Outside India	76,348	83,487
2. Non-current assets: **		
a. India	29,139	24,982
b. Outside India	14,153	14,847

C: Information about major customers:

(₹ in lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Revenues from Operation derived from single external customer which amount to 10% or more of the Group's revenue	18,490	16,577

[*] 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 and intangible assets and Capital Work-In-Progress.

33.4. 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:

Particulars	Principal activities	Country of incorporation	Status of Financial Statement	% equity Interest	
				For the year ended	
				March 31, 2024	March 31, 2023
Indian subsidiaries:					
Harsha Engineers Advantek Limited	Manufacturing of Bearing Cage & Other stamping components	India	Audited	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

Particulars	Principal activities	Country of incorporation	Status of Financial Statement	% equity Interest	
				For the year ended	
				March 31, 2024	March 31, 2023
Foreign subsidiaries:					
Harsha Precision Bearing Components (China) Co., Ltd.	Manufacturing of Bearing Cage	China	Unaudited	100%	100%
Harsha Engineers Europe SRL	Manufacturing of Bearing Cage	Romania	Unaudited	100%	100%
HASPL Americas Corporation (till February 29, 2024)	Solar EPC	USA	Audited	0%	100%
Indian Joint Venture:					
Cleanmax Harsha Solar LLP	Solar EPC	India	Audited	50%	50%
Indian Associates:					
Sunstream Green Energy One Pvt. Ltd.(till January 25, 2024)	Solar EPC	India	Audited	0%	26%

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, 2024								
Holding Company :								
Harsha Engineers International Limited	106%	124,545	114%	12,690	100%	400	113%	13,090
Indian Subsidiaries:								
Harsha Engineers Advantek Limited	6%	6,994	0%	(16)	0%	0	0%	(16)
Foreign Subsidiaries:								
Harsha Precision Bearing Components (China) Co., Ltd.	6%	6,861	(2%)	(231)	0%	-	(2%)	(231)
Harsha Engineers Europe SRL	0%	111	(12%)	(1,329)	0%	-	(12%)	(1,329)
HASPL Americas Corporation (till February 29, 2024)	0%	0	-	-	-	-	-	-
Add / (Less) :								
Consolidation Adjustment	(18%)	(20,983)	0%	29	0%	-	0%	29
Total	100%	117,528	100%	11,143	100%	400	100%	11,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (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, 2023								
Holding Company :								
Harsha Engineers International Limited	105%	112,367	104%	12,838	100%	(748)	104%	12,090
Indian Subsidiaries:								
Harsha Engineers Advantek Limited	0%	10	-	-	-	-	-	-
Foreign Subsidiaries:								
Harsha Precision Bearing Components (China) Co., Ltd.	7%	7,349	(1%)	(111)	0%	-	(1%)	(111)
Harsha Engineers Europe SRL	1%	810	(3%)	(340)	0%	-	(3%)	(340)
HASPL Americas Corporation	0%	0	-	-	-	-	-	-
Add / (Less) :								
Consolidation Adjustment	(12%)	(13,359)	0%	(59)	0%	-	(1%)	(59)
Total	100%	107,177	100%	12,328	100%	(748)	100%	11,580

33.5 Merger :

Scheme of Amalgamation - 2

In the previous year, the Company had filed a Scheme of Amalgamation between Harsha Engineers B.V. and Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited, "HASPL", the Company) and their respective shareholders and creditors under section 234 read with sections 230 to 232 along with other applicable provisions of the Companies Act, 2013 other applicable rules and regulations made thereunder (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof for the time being in force), subject to necessary statutory approvals ("the Scheme of Amalgamation - 2").

The Company had holding 100% of the equity shares of the Harsha Engineers BV. Accordingly, pursuant to amalgamation of Harsha Engineers B.V. with the Company on the Appointed Date, equity shares held by the Company in Harsha Engineers BV had been cancelled and extinguished and hence, no shares of the Company had been issued and allotted. On the Scheme of Amalgamation - 2 being effective, the assets and liabilities pertaining to the Harsha Engineers B.V. had been accounted for at their respective carrying values as appearing in their respective books as on the Appointed Date i.e. November 14, 2022.

Harsha Engineers B.V. -Netherland had merged with the Company effective from November 14, 2022 as per the Scheme of Amalgamation-2. The necessary accounting treatment had been given, as approved in NCLT order and provided in the Scheme of Amalgamation-2.

The surplus/deficit of the Net Equity of Harsha Engineers B.V. over the value of investments in the shares of this company appearing in the books of the Company and had cancelled pursuant to the Scheme had been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to ₹ 488 lakhs had credited to the Capital Reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

The book values of assets and liabilities acquired of Harsha Engineers B.V. on merger, as at the Appointed Date i.e. November 14, 2022 has been provided below:

Particulars	As at November 14, 2022	
	₹ in lakhs	
Total Assets (A)	13,657	
Total Liabilities (B)	0	
Net assets taken over (C=A+B)	13,657	
Reserves of Amalgamating Companies vested in the Company (D) (Debit Balance-Loss)	443	
Net Equity taken over (E=C+D)	14,100	
Cancellation of Investments in equity of HE-BV, held by the HEIL (F)	(13,612)	
Difference on Amalgamation (Credited to the Capital Reserves) (G=E+F)	488	

33.6. Termination of the HASPL Americas Corporation:

M/s HASPL Americas Corporation, Wholly Owned Subsidiary of the Company has been terminated in accordance with applicable laws, as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. The necessary accounting treatment has been given accordingly in these financials.

33.7. Sale of Investment of the Sunstream Green Energy One Pvt. Ltd.:

The Company has transferred equity investment of 32,97,050 shares representing 25.9999% of Sunstream Green Energy One Private Limited ("SGEOPL"), Associates of the Company to the Sunstream Green Energy Pvt. Ltd at Rs 10/- per share in accordance with Agreement for Sale of Shares dated January 25, 2024 (Share Purchase Agreement) . On account of this transfer the Company's stake has been reduced to 10 equity shares in SGEOPL. Hence, the SGEOPL is no more Associate of the Company. The necessary accounting treatment has been given accordingly in these financials.

33.8. Additional Regulatory Information :

- 1) The Company does not have any investment property hence, comment related to revaluation is not made.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) The Company had transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. and having outstanding balance at the year end as per below details.

Name of the struck off company	Nature of transactions with struck off company	Relationship with the struck off company, if any	Balance outstanding	
			As at March 31, 2024	As at March 31, 2023
			₹ in lakhs	
HASPL Americas Corporation#	Equity Investment	Wholly Owned Subsidiary	-	-
United Cotfab LLP	Receivable	Not Applicable	-	-
Metro Packaging Pvt Limited	Payables	Not Applicable	-	-

M/s HASPL Americas Corporation has been terminated in accordance with applicable laws as per certificate issued by State Corporation Commission, Virginia on February 29, 2024. Refer Note-33.6

- 6) The company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 7) 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
- 8) (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:
 - (i) 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
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.(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 :
 - (i) 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
 - (ii) 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).

33.9. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 16, 2024, recommended the final dividend of Re. 1.00 per equity share of ₹ 10/- each for the year 2023-24, which will result in a total outflow of ₹ 910.44 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, 2024.

33.10. Maintenance of Books of Accounts with Audit Trail

The Ministry of Corporate Affairs (MCA) has prescribed a new 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.

The Group have used multiple accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software, except for instances mentioned below –

- a) 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. 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.

- b) One segment of parent company has used an accounting software Tally for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature was not enabled.

33.11 Previous year's figures have been regrouped / reclassified to make them comparable with those of the current reporting year, wherever necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

34.

A. Financial instruments by category and their fair value

(₹ in lakhs)

As at March 31, 2024	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments#								
Quoted	19,881	-	2,919	22,800	19,881	-	-	19,881
Loans								
Non-Current	-	-	11	11	-	-	-	-
Current	-	-	3,936	3,936	-	-	-	-
Trade Receivables	-	-	31,893	31,893	-	-	-	-
Cash and Cash Equivalents	-	-	1,500	1,500	-	-	-	-
Other Bank Balances	-	-	10,661	10,661	-	-	-	-
Other financial assets								
Non-Current	-	-	737	737	-	-	-	-
Current	-	-	206	206	-	-	-	-
Total financial assets	19,881	-	51,863	71,744	19,881	-	-	19,881
Financial liabilities								
Borrowings								
Non-current	-	-	294	294	-	-	-	-
Current	-	-	16,948	16,948	-	-	-	-
Lease liabilities								
Non-current	-	-	332	332	-	-	-	-
Current	-	-	93	93	-	-	-	-
Other financial liabilities								
Non-current	-	-	381	381	-	-	-	-
Current	-	(114)	4,263	4,149	(114)	-	-	(114)
Trade Payables	-	-	13,293	13,293	-	-	-	-
Total financial liabilities	-	(114)	35,604	35,490	(114)	-	-	(114)

(₹ in lakhs)

As at March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments#								
Quoted	16,754	-	2,048	18,802	16,754	-	-	16,754
Loans								
Non-Current	-	-	8	8	-	-	-	-
Current	-	-	1,045	1,045	-	-	-	-
Trade Receivables	-	-	28,037	28,037	-	-	-	-
Cash and Cash Equivalents	-	-	6,244	6,244	-	-	-	-
Other Bank Balances	-	-	7,115	7,115	-	-	-	-
Other financial assets								
Non-Current	-	-	329	329	-	-	-	-
Current	-	-	79	79	-	-	-	-
Total financial assets	16,754	-	44,905	61,659	16,754	-	-	16,754

(₹ in lakhs)

As at March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial liabilities								
Borrowings								
Non-current	-	-	791	791	-	-	-	-
Current	-	-	16,903	16,903	-	-	-	-
Lease liabilities								
Non-current	-	-	426	426	-	-	-	-
Current	-	-	99	99	-	-	-	-
Other financial liabilities								
Non-current	-	-	267	267	-	-	-	-
Current	-	490	3,062	3,552	490	-	-	490
Trade Payables	-	-	11,743	11,743	-	-	-	-
Total financial liabilities	-	490	33,291	33,781	490	-	-	490

Investments in Subsidiaries, Joint venture & Associates have been accounted at historical cost. Since these are scope of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. 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. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Cross Currency Interest Rate Swaps	This instrument is valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve.
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Transfers between Level 1, Level 2 and Level 3

There have been no transfers between Level 1, Level 2 and Level 3 during the reporting years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

C. 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:

- i. Credit risk
- ii. Liquidity risk
- iii. 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, 2024	As at March 31, 2023
Not Due (Including Unbilled)	21,012	19,666
Less than 6 Months	4,731	2,930
6-12 Months	1,245	1,351
1-2 Years	869	85
2-3 Years	67	54
More than 3 Years	3,975	4,194
Total	31,901	28,280

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

- 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)

March 31, 2024	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	294	294	-	294
Current borrowings	16,948	16,948	16,948	-
Non current lease liabilities	332	332	-	332
Current lease liabilities	93	93	93	-
Non current financial liabilities	381	381	-	381
Current financial liabilities	4,149	4,149	4,149	-
Trade and other payables	13,293	13,293	13,293	-
Total	35,490	35,490	34,483	1,007

(₹ In lakhs)

March 31, 2023	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	791	791	-	791
Current borrowings	16,903	16,903	16,903	-
Non current lease liabilities	426	426	-	426
Current lease liabilities	99	99	99	-
Non current financial liabilities	267	267	-	267
Current financial liabilities	3,552	3,552	3,552	-
Trade and other payables	11,743	11,743	11,743	-
Total	33,781	33,781	32,297	1,484

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (Contd.)

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 March 31, 2024, the company is exposed to changes in market interest rates through investment and bank borrowings at variable interest rates.

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, 2024	March 31, 2023
50 bp increase-decrease in profits	(86.20)	(88.46)
50 bp decrease-increase in profits	86.20	88.46

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	As at March 31, 2024	As at March 31, 2023
Debt #	17,667	18,219
Total equity	117,528	107,177
Debt to total equity ratio	0.15:1 times	0.17:1 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 34

As per our report of even date attached
For Pankaj R. Shah & Associates
 Chartered Accountants
 FRN: 107361W

For and on behalf of the Board of Directors
Harsha Engineers International Limited
 (CIN: L29307GJ2010PLC063233)

Chintan Shah
 Managing Partner
 M. No.: 110142

Rajendra Shah
 Chairman & Whole-time Director
 DIN: 00061922

Harish Rangwala
 Managing Director
 DIN: 00278062

Maulik Jasani
 VP Finance & Group CFO

Kiran Mohanty
 Company Secretary & Chief Compliance Officer
 M. No.: F9907

Date: May 16, 2024
 Place: Ahmedabad

Date: May 16, 2024
 Place: Ahmedabad





Harsha Engineers International Limited

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

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