

ANNUAL REPORT
2022-23



PRECISION IN ENGINEERING



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An electronic version of this report is available online at:
<https://www.harshaengineers.com/InvestorRelations/financial-information.php#>

Scan this QR code to navigate investor-related information:
<https://www.harshaengineers.com/InvestorRelations/>



Investor Information

Market Capitalisation as at March 31 2023	₹ 30,504.3 million
CIN	U29307GJ2010PLC063233
BSE Code	543600
NSE Symbol	HARSHA
Bloomberg Code	HARSHA:IN
AGM Date	September 28, 2023
AGM Venue	Through Video Conferencing /Other Audio Visual Means

DISCLAIMER: This document contains statements about expected future events and financials of Harsha Engineers International Limited, 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

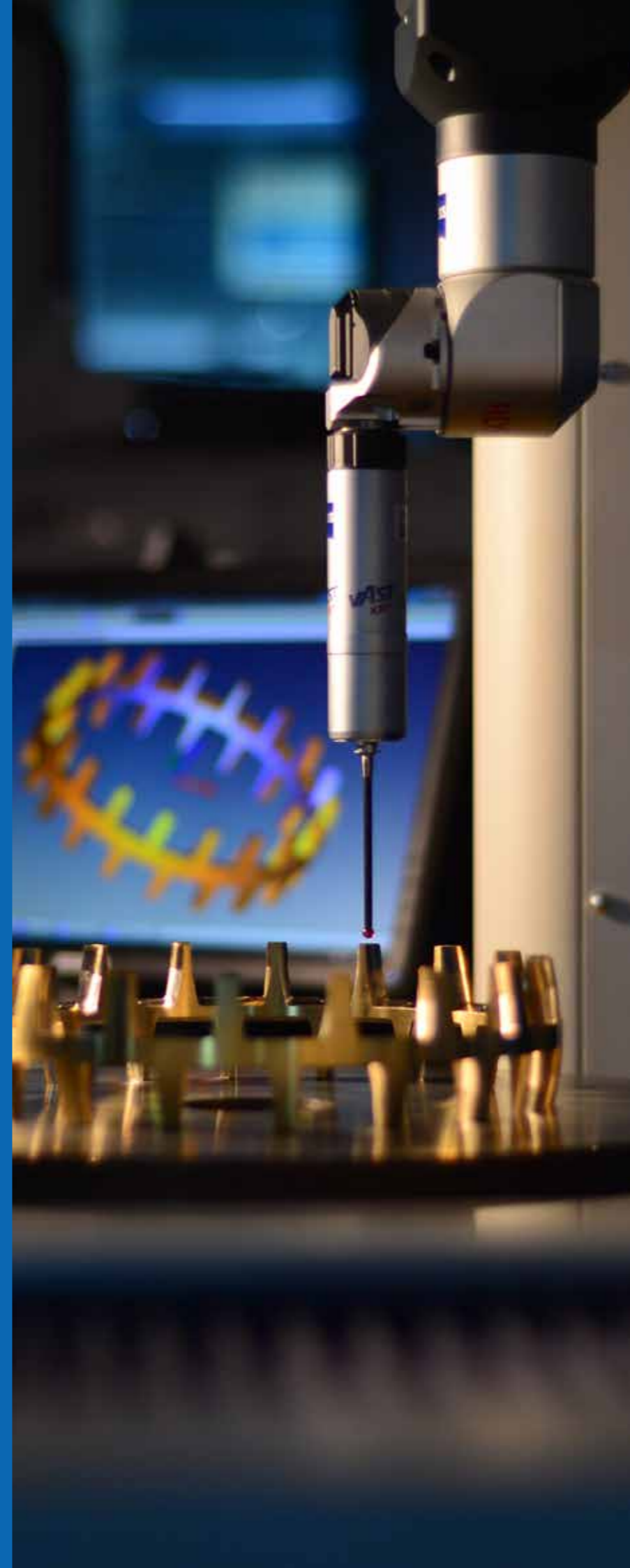
This report uses a holistic approach and furnishes information for the year ended March 31, 2023. It adequately captures information on all business segments that the Company undertakes for creating value in the short, medium, and long term.

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, 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.





PRECISION IN ENGINEERING

PRECISION IN ENGINEERING IS AN INDISPENSABLE ELEMENT THAT HAS SHAPED THE VERY FABRIC OF OUR MODERN WORLD. FROM TOWERING SKYSCRAPERS TO CUTTING-EDGE TECHNOLOGY, PRECISION ENGINEERING HAS REVOLUTIONISED INDUSTRIES AND DRIVES INNOVATION, EFFICIENCY, AND RELIABILITY.

In this era of complexity and rapid advancements, understanding and harnessing the power of precision has become paramount, as it holds the key to unlocking limitless possibilities and reshaping the boundaries of what is attainable. Precision engineering is at the forefront of innovation and technology advancements even as organisations strive to develop cutting-edge products and technologies today. It also supports the development of environmentally responsible products that have a reduced impact on ecosystems and contribute to mitigating climate change.

Harsha Engineers International Limited (HEIL) embodies precision in engineering, delivering exceptional performance and reliability. As India's bearing cage market leader with ~50% share, the Company aims to precisely engineer products for a sustainable tomorrow. With an unwavering commitment to detail, HEIL surpasses expectations, providing high-quality solutions to clients worldwide.





DRIVING PRECISION IN ENGINEERING: AN INSPIRING JOURNEY OF HARSHA ENGINEERS

HARSHA GROUP STARTED THE BUSINESS IN 1986 AND IS CURRENTLY THE LARGEST MANUFACTURER OF PRECISION BEARING CAGES IN INDIA.

50%

Market Share in Organised Precision Bearing Cages Market in India

6%

Market Share Globally

Harsha Engineers International Limited (hereafter referred to as 'HEIL' or 'The Company') has established itself as a leading global manufacturer of precision bearing cages, diversifying its operations, and operating multiple manufacturing facilities. The Company offers a range of products, including brass, steel, and polyamide cages, precision components, complex stamped components, welded assemblies, brass castings, and bronze bushings. With a focus on cutting-edge technologies, customised solutions, and strict adherence to manufacturing and environmental standards, HEIL has cemented its industry position, expanded its global presence, and maintained a

competitive edge. Additionally, the Company's expertise in designing advanced tooling has enabled the production of high-precision bearing cages and specialised stamped components.

HEIL's team of skilled engineers utilises their vast expertise and embraces cutting-edge technologies to provide customised and innovative solutions for customers. This ability to deliver tailored products has resulted in the development of robust, long-standing customer relationships, enabling the Company to achieve higher profit margins and effectively navigate the competitive landscape.

Vision

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



Strategy Highlights

[TBC on Page 12-13]

1  In-House Product Development Centre

2  Strategic Geographical Presence

3  Customer-Centric Approach

4  Precision Engineering

5  Management Prowess

6  Sustaining Growth Momentum





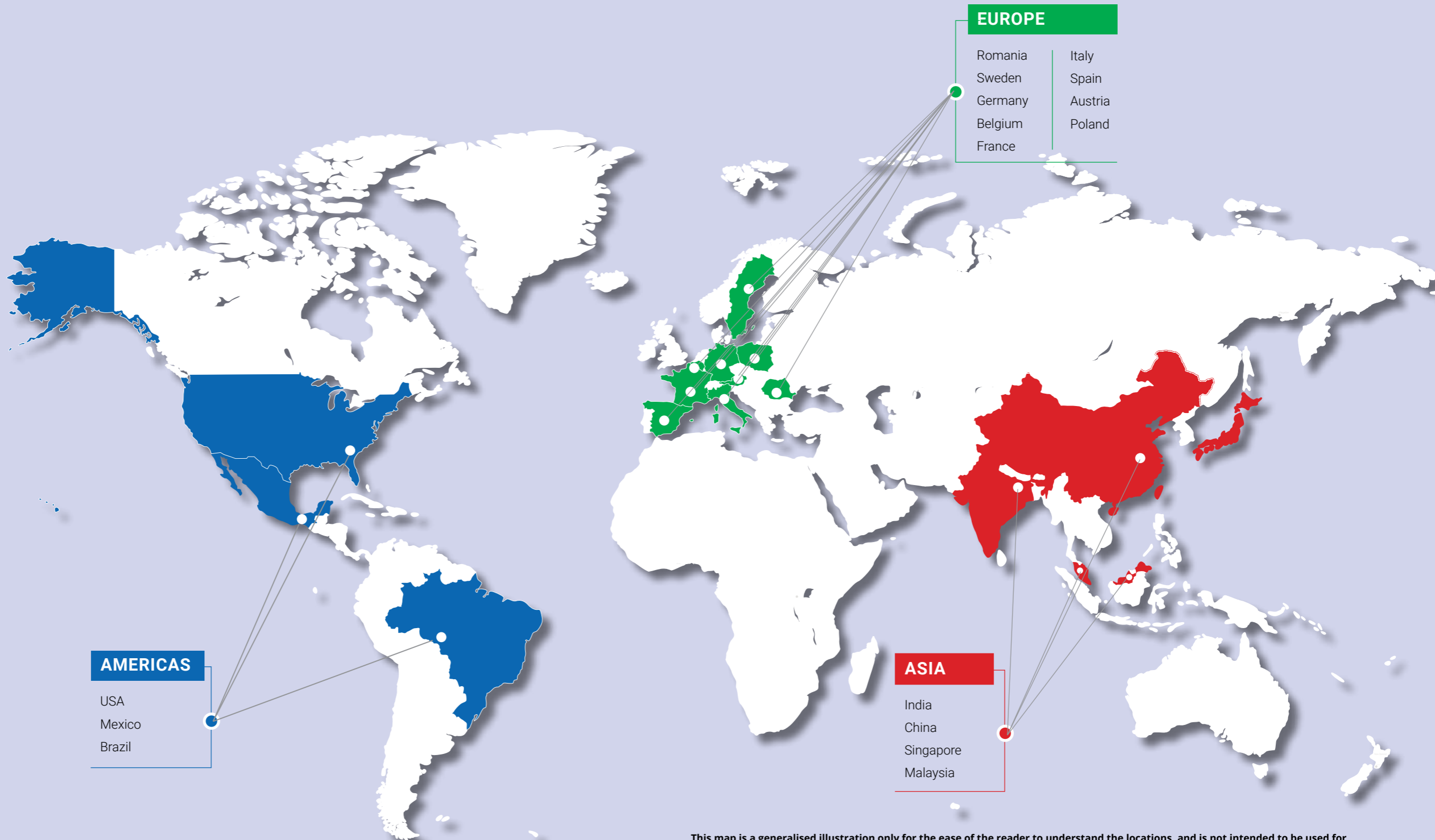
GLOBAL PRESENCE

Supply Chain Network
Covers More Than

31 Countries

Warehouses Spread
Across More Than

22 locations



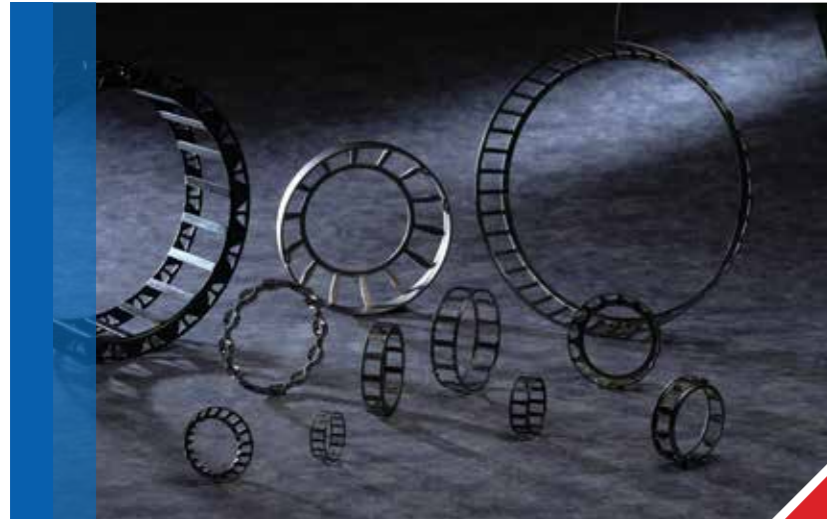
This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company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

A man in a light blue shirt and dark pants is operating a yellow pallet jack in a large industrial factory. The factory has a high ceiling with many fluorescent lights. In the background, there are large pieces of industrial machinery, including a large white cylindrical tank and a blue metal structure. The man is standing on the right side of the frame, facing left, and is holding the handle of the pallet jack. The pallet jack is carrying a large, dark, circular object. The overall scene is a busy industrial environment.

**DEVELOPING A DIVERSE
PRODUCT PORTFOLIO
THROUGH PRECISION
ENGINEERING**



PRODUCT PORTFOLIO



Steel Cages

Utilising its expertise in stamping technology, HEIL possesses the capacity to manufacture cages using a wide range of steel grades that precisely match specific customer requirements. These cages are lightweight, possess relatively high strength, and can effectively minimise friction and wear.



Polyamide Cages

HEIL manufactures glass fibre-reinforced injection-moulded polyamide cages, which have found extensive applications across diverse industries. Cages made from high-polymer materials are light and resistant to corrosion. Moreover, they also possess excellent damping and lubrication performance.



Brass Cages, Bronze Bushings, Sand Castings

Brass cages have become a preferred choice today due to their qualities such as high rigidity and compatibility with high-temperature operating conditions. They have applications in the wind, mining, and shipping sectors. The Company has recently broadened its product line to include bronze bushings.



Stamped Components

Over the last few years, automotive and industrial stamping have emerged as critical market segments for HEIL. In these segments, the Company offers comprehensive metal stamping solutions that cover a range of design complexities and geometries. The Company possesses the capability to produce high-quality precision component parts and is additionally equipped to manufacture semi-assembled modular units. These units are constructed using its internally designed assembly lines.



Solar EPC

HEIL's solar division, formerly known as Harsha Abakus Solar Private Limited, is a global entity with 13 years of operational history. Since its inception in 2010, the Company has been a leader in providing comprehensive turnkey solutions for all solar photovoltaic (PV) requirements. Clients from industrial, commercial, and utility segments have entrusted HEIL with their

engineering and execution needs, resulting in a 500+ MW installation base. The Company has successfully commissioned solar PV projects on various terrains and roofs, ensuring the highest level of quality standards and superior performance.



HEIL'S KEY STRATEGIES AND GROWTH DRIVERS

HEIL USES ITS STRENGTHS PRECISELY TO STAY AHEAD OF THE COMPETITION IN THE INDUSTRY AND GAIN STRATEGIC ADVANTAGE IN THE EVER-CHANGING MARKET LANDSCAPE.

Key Strategies

1 In-House Product Development Centre

As part of its strategic approach, HEIL emphasises on in-house product development, leveraging technology, design expertise, and advanced tooling capabilities. With a team of qualified engineers and decades of experience, the Company specialises in manufacturing precision bearing cages and complex stamped components. This enables the Company to cater to diverse industries such as automotive, railways, aviation and aerospace, construction, mining, agriculture, electrical and electronics, and renewables by offering over 7,500 bearing cages and more than 295 other products. Through continuous innovation and a dedicated product development centre, the Company has successfully created over 1,200 products in different bearing types since 2018-19 strengthening its competitive position and driving customer satisfaction.



2 Strategic Geographical Presence

HEIL has strategically located manufacturing facilities in India, China, and Romania. It operates with a total installed capacity of 4,596 metric tonnes per annum for castings and 1,065.63 million pieces per annum for bearing cages. This global presence allows the Company to effectively penetrate international markets and serve as a local supplier to major global players in the bearing industry. By leveraging dual-shore capabilities, HEIL conducts design, engineering, and manufacturing operations across different locations. Through this approach, the Company achieves the dual benefit of accommodating customer demands effectively, while keeping manufacturing costs competitive. To meet just-in-time demands efficiently, HEIL has strategically set up warehouses in more than 22 locations worldwide. This offers numerous advantages such as cost-effectiveness, faster delivery, and improved customer satisfaction. Furthermore, the Company's multinational presence not only expands revenue streams globally but also enhances its reputation, ultimately leading to an upsurge in orders from both domestic and international markets.



3 Customer-Centric Approach

HEIL has established strong partnerships with leading global bearing manufacturers across various industries, including automotive, railways, aviation, and construction. As a key supplier, the Company serves all six major manufacturers in the concentrated bearing market demonstrating its commitment to quality, design, and tooling capabilities. The Company's expertise in tooling, automated production, and research and development and its customer-centric approach has fostered long-term relationships and repeat orders. This is evident through their extensive framework agreements. By understanding customer requirements, catering to diverse needs, and actively collaborating for product development, HEIL has built a solid reputation and positioned itself for future growth.



4 Precision Engineering

To leverage its potential for growth, HEIL is strategically focussing on the niche and low-volume high-value products within the stamping and special component segment. The Company has a two-phase growth strategy for the next three to five years. In the first phase, the Company will manufacture specialised parts and components, catering to the demand of auto component assembly manufacturers. Building on this success, the second phase will involve a shift in the supply process, with HEIL manufacturing composite components as assemblies and directly supplying them to OEMs. This strategic approach will enable the Company to expand its business and capture new opportunities in the market.



5 Management Prowess

Embracing a core pillar of success, HEIL leverages a strong and experienced senior management team as a key strategic asset. With a wealth of industry knowledge and leadership acumen, the Company's team serves as the guiding force that navigates the Company towards innovation, operational excellence, and sustainable growth. Their collective expertise empowers effective decision-making, fosters a culture of mentorship, and ensures seamless alignment between HEIL's vision and execution, propelling the Company towards enduring success in a dynamic business landscape.



6 Sustaining Growth Momentum

Over the past five years, HEIL has demonstrated a consistent track record of strong financial performance and growth. The Company has steadily increased its sales, EBITDA, and PAT year-over-year - a testament to the strength of its operations, products, and strategy. This sustained growth underscores HEIL's capability to drive revenues, manage costs, and deliver value to shareholders even in the face of market volatility. HEIL's sustainable growth has been instrumental in reinforcing trust and confidence amongst its stakeholders including customers, investors, and partners. It signals the Company's stability, resilience, and commitment to long-term success. As the Company continues building on this robust foundation, its proven ability to consistently meet benchmarks and shareholder expectations will enable it to unlock new opportunities for growth and cement its reputation in the industry.





Growth Drivers

China +1



In the current global business landscape, there is a growing demand for alternatives to products manufactured in China. This presents a significant opportunity for India. With its multiple operational advantages and experienced management, HEIL is ideally positioned to capitalise on this trend. The Company's strategic positioning and expertise allow it to effectively meet the evolving needs of businesses seeking reliable and high-quality engineering solutions.

Growing Demand from Japanese Automakers



The demand for HEIL's products from major Japanese automakers has steadily increased in recent years, driven by their rising production, focus on quality and innovation, and need to keep up with industry trends as they expand into emerging markets. The Company's expertise and ability to provide customised components makes HEIL well-positioned to meet their discerning requirements and become a strategic partner.

Moving Manufacturing to Best Cost Locations



HEIL is poised to capitalise on the relocation trend of bearing as well as bearing cage businesses from Europe to India. This is due to the favourable cost structure and its strong relationships with top global manufacturers.

Improved Wind Market in Europe



The robust increase in wind power investments throughout Europe is fuelling significant expansion for HEIL, a prominent provider of top-quality bearing cages and bronze bushes designed for wind turbines. HEIL also benefits from its production facility located in Romania, giving it a competitive edge. With its inventive designs and well-planned manufacturing capabilities, HEIL is well-positioned to cater to the growing needs of wind Original Equipment Manufacturers (OEMs) as the market continues to grow.

Rising EV Automobile Segment



HEIL is strategically positioned to leverage the growing electric vehicles (EV) segment, due to its expertise in developing customised bearings cages. The Company's in-house tool and design facilities, along with advanced machinery, specialised cleaning equipment, and software, enable the manufacturing of precision stamping components and tailored steel cages for the EV industry. Due to this competitive advantage, HEIL is well-positioned to capture opportunities in the expanding EV market.

Bronze Bushing



Harsha Engineers specializes in producing bronze bushes that find primary application within the gearboxes of wind turbines, particularly in planetary axles. Our focus lies in advancing our expertise across various bronze alloys, with a specific emphasis on Aluminum and Tin Bronze. The central components, these bushes, demand meticulous precision in machining. This is imperative due to the crucial role they play in ensuring optimal wind turbine performance.

Our company has successfully achieved proficiency in addressing the complete spectrum of bushes, covering a wide range of outer diameters (OD) and heights. Our capabilities extend from 200 mm to 600 mm OD and 200 mm to 800 mm in height.





CHAIRMAN'S COMMUNIQUE



THE INDIAN BEARINGS MARKET WAS VALUED AT USD 1.7 BILLION AND IS ESTIMATED TO EXPERIENCE A CAGR OF 10.9% REACHING USD 3.4 BILLION BY 2027.

Dear Shareholders,

With immense pride in India's remarkable feat of reaching the Moon, I extend my heartfelt congratulations to everyone involved in this monumental achievement. Alongside this occasion, I am delighted to present our inaugural annual report—a significant achievement that follows our tremendously successful initial public offering and our subsequent listing on the stock exchanges in September 2022. I would like to extend my sincere gratitude to all our stakeholders for their unwavering trust in our ability to provide precision engineering solutions and our shared vision. The IPO proceeds of ₹ 42,940 lakhs are being utilised in line with the Utilisation of Net Proceeds as stated in the Prospectus.

Amidst the formidable global supply chain disruptions faced in 2022-23, we are proud to highlight the Indian economy's resilience. Despite the challenges posed by the escalation of the Russia-Ukraine war, slowdown of the European market, and an energy crisis in Europe, India showcased its remarkable strength by achieving a growth rate of 7.2%. This outstanding performance not only played a crucial role in driving global economic expansion but also propelled the country to become the fifth-largest economy in the world. As we set our sights on becoming a USD 5 trillion economy by the year 2026-27, we are confident of the

immense growth potential that lies ahead.

This rapid growth is fuelled by the Government's robust infrastructural push, initiatives like Aatmanirbhar Bharat and Make in India, and various Production-Linked Incentive (PLI) schemes. This positions India as a global manufacturing hub. All these developments are also significant for India's bearing cages market. Bearing cages find applications in diverse sectors such as automotive, railways, windmills, heavy machinery, and aerospace. The construction of multiple expressways and highways in India has spurred the demand for commercial vehicles and heavy machinery, further driving the market for bearing cages.

The modernisation of Indian Railways is a key initiative that will greatly benefit the bearing cages market. The Indian Railways has achieved a remarkable milestone by laying a record 5,243 km of new railway lines. The introduction of the Vande Bharat Express and construction of a high-speed rail network for bullet trains will enhance connectivity and foster economic growth across the nation. Furthermore, the implementation of dedicated freight corridors spanning



WITH THE COMBINED EFFORTS OF THE COMPANY'S EMPLOYEES, WE HAVE SUCCESSFULLY ACHIEVED A MARKET SHARE OF MORE THAN 50% IN THE INDIAN BEARING CAGES MARKET AND ~6% MARKET SHARE IN THE GLOBAL MARKET FOR BEARING CAGES.

3,381 km across 9 states will intensify the demand for new rakes and their maintenance. This will further increase the need for bearing cages thereby creating opportunity for HEIL's product offerings.

The Indian auto market achieved a significant milestone in 2022, securing its position as the third-largest globally. This remarkable achievement can be attributed to the growing middle class and rising incomes, which

have led to a surge in demand for private vehicles nationwide. As a result, the automobile sector and its ancillary industry have experienced substantial growth, presenting promising prospects for the future.

Let us now shed some light on the Indian bearings market. In 2021, the market value of bearings reached USD 1.7 billion, and it is projected to witness a Compound Annual Growth Rate (CAGR) of 10.9%, reaching USD



3.4 billion by 2027. This growth is primarily driven by the increasing demand from key end-use industries such as automotive, railways, renewable energy, and construction. Moreover, the expanding adoption of bearings in motors and the rising popularity of EVs further contribute to this upward trajectory. As a leading manufacturer of precision bearing cages in India, HEIL is well-positioned to capitalise on the numerous opportunities that arise in this sector.

Demonstrating our commitment to continuous growth, further reinforces our commitment to constant advancement.

Our extensive customer base includes strong relationships with the top six global bearing manufacturers in the automotive,

railways, renewable energy, and other industrial sectors.

One of our key strengths lies in our involvement in the product development process of our major customer groups, starting from the design stage. This has allowed us to secure repeat orders from our customers, who have been with us for over a decade. These long-term relationships serve as a testament to our commitment to quality, cost efficiency, and our capabilities in design, tooling, and technology.

Over the years, we have also developed and strengthened our capabilities to cater to the evolving needs of our customers. Our core competencies involve the production of brass, steel, and polyamide bearing cages. We offer the industry's largest product portfolio in terms

of sizes, materials, and designs. In addition to our existing offerings, we have expanded our product range to include bronze bushings and precision stamping components. This strategic diversification aligns with our core competencies in precision engineering.

Going forward, our focus is on expanding our capacity to meet the growing demands of our customers and provide exceptional precision engineering solutions. We are committed to delivering best-in-class products and services as we strive to maintain our position as a leader in the industry.

The adoption of the China +1 strategy by global industry leaders has proven highly advantageous for our organisation, and we anticipate this trend to continue in the future. We are excited about

actively contributing to the success of esteemed businesses aiming to expand their presence in India.

Moreover, we are deeply committed to sustainable growth and minimising our environmental impact through a range of green initiatives. We have undertaken various significant initiatives to reduce our carbon footprint. This includes the installation of 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. Additionally, we actively engage in rainwater harvesting and utilise treated water from our Sewage Treatment Plant (STP) for various purposes.

Remaining steadfast in our dedication to sustainability, we have set ambitious long-term goals to

be achieved by 2030. This includes ensuring zero environmental discharges, enhancing the material efficiency of our products, and expanding our renewable energy infrastructure. The hybrid power plant, recently installed, is anticipated to produce approximately 900,000 KWH annually. This achievement will elevate the share of renewable energy in the Company's total power consumption, constituting approx 40% in total. At HEIL, our dedicated workforce has been instrumental in driving our growth. We have proactively fostered an environment that nurtures and empowers our valuable human resources to thrive within the organisation. The safety of our employees is also paramount to us. To this end, we have implemented robust safety initiatives and undertaken comprehensive training programmes to enable a secure working environment for all.

Appreciation

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





FROM THE CEO'S DESK



DURING THE YEAR, WE ADDED 300 ADDITIONAL PRODUCTS TO OUR PORTFOLIO AND ALSO SUCCESSFULLY COMPLETED INVESTMENT FOR CAPACITY IN BRONZE BUSHING. WE ALSO CONTINUED TO GAIN ADDITIONAL WALLET SHARE FROM EXISTING CUSTOMERS AND ADDED NEW CUSTOMERS FOR OUR PRODUCTS.

Dear Shareholders,

I am delighted to present our very first annual report post our listing on public platforms, addressing our esteemed shareholders and business associates and take this opportunity to highlight HEIL's accomplishments in the past year.

Both Europe and India felt the impact of the recent geopolitical tensions. However, India's remarkable growth momentum enabled it to mitigate the resulting effects to a great extent. The steady progress of the country's manufacturing sector is leading it to become a developed country. As India's manufacturing capabilities continue to rise, the market for bearing cages is also experiencing significant growth, due to their increased and diverse applications.

HEIL is well-positioned to capitalise on this immense growth potential. With a strong market share of 6.5% in the global organised sector and 50-60% in the Indian bearing cages market within the organised segment, we have already established ourselves as a key player. Moreover, our ability to customise our offerings according to client needs through our in-house capabilities, gives us an unmatched edge over our rivals.

I am delighted to share that for the year 2022-23, HEIL achieved impressive consolidated financial results. Our revenue from operations reached ₹ 136,402 lakhs, reflecting a growth of 3.22% compared to ₹ 132,148 lakhs in 2021-22. Additionally, our Profit Before Tax (PBT) increased to ₹ 16,712 lakhs, showing a remarkable growth of 31.98% from ₹ 12,663 lakhs in the previous year. Furthermore, our Profit After Tax (PAT) experienced significant growth, reaching ₹ 12,328 lakhs compared to ₹ 9,195 lakhs in the preceding year, reflecting a substantial growth rate of 34.07%.

Operational Highlights

During the year, we added 330 additional products to our portfolio and also successfully completed investment for capacity in bronze bushing. We also

continued to gain additional wallet share from existing customers and added new customers for our products.

Sustainability at Harsha

At HEIL, we are dedicated to enhancing our sustainable business practices with tangible outcomes. We have significantly expanded our capacity to generate renewable power from solar and wind energy, thereby reducing our reliance on conventional energy sources. As a sustainably conscious company, we prioritise the welfare and safety of our employees, and have implemented various initiatives towards this end.

Going forward

With the dynamic changes in the business landscape, we are strategically positioned to seize numerous opportunities that lie ahead. To achieve this, we are implementing strategies that will reinforce our market leadership in bearing cages..

These initiatives not only ensure that we maintain our technological leadership but also enhance the same through ongoing development and automation. As we look to the future, I am filled with excitement and optimism that our Company will continue to thrive and succeed.

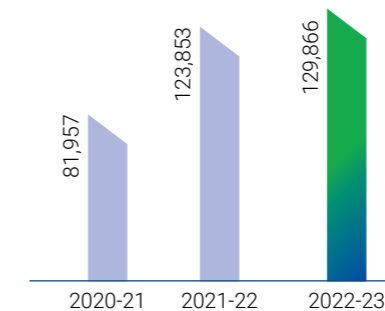
Appreciation

I would like to express my gratitude to the Board, the leadership team, employees, shareholders and

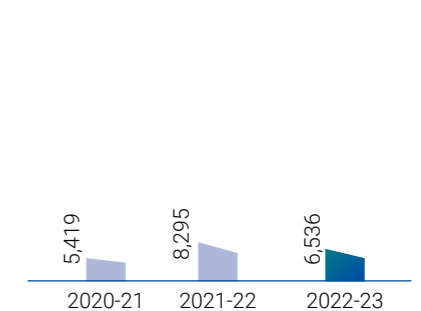


Segment wise revenue

Engineering & Others (₹ lakhs)



Solar EPC and O&M (₹ lakhs)



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



MANAGING DIRECTOR'S MESSAGE



AT HEIL, WE EMBRACE INNOVATION TO DELIVER PRECISION PRODUCTS AND HAVE DEVELOPED OVER 1,200 NEW PRODUCTS IN THREE YEARS.

Dear Shareholders,

The year 2022-23 has been very exciting for Harsha.

We celebrated Founders' Day by felicitating employees who had completed 35 years or more with us.

Embarking on our venture to engage potential investors for public offerings began with a modest reception. However, as investors meticulously scrutinised our historical performance and future capabilities, their confidence was reflected in an IPO oversubscribed by an astounding 74.70 times. This remarkable response occurred even amidst a market downturn.

During a period of challenging geopolitical conditions, our customers remained steadfast in their support, contributing to a revenue growth of 3.22%. We also dedicated substantial efforts towards enhancing operational efficiency. This endeavour bore fruit as evidenced by a 34.07% increase in our Profit After Tax (PAT), further elevating shareholder value.

Our distinct proficiency lies in innovative product design, which remains our core competency. Leveraging our expertise in nonferrous foundry techniques and precision machining, we took a strategic step forward by venturing into Precision Bronze Bushing. This initiative resulted in securing a substantial order from an international company, accompanied by the promise of year-on-year order escalation.

At Harsha, our foundation is built upon the pillars of customer orientation, satisfaction, and loyalty. These intrinsic values serve as the cornerstones of our ethos and guide our commitment to excellence.

While looking forward to very bright decade for Harsha I express my gratitude to our shareholders, associates and customers.

Thank You

Best regards,

Harish Rangwala

Managing Director

CHIEF OPERATING OFFICER'S MESSAGE



PRIORITISING EMPLOYEE WELFARE AND SAFETY ALONG WITH PROFITABILITY, OUR STRATEGIES ARE INFLUENCED BY THE VISION WHICH RESONATE OUR VALUES.

Dear Shareholders,

We have implemented Total Productive Maintenance to enhance operational efficiency, quality, and on-time customer deliveries. Our actions define us and our strategies are underpinned by the same ethos. Prioritising employee welfare and safety along with profitability, our strategies are influenced by the vision which resonate our values. Riding with the waves of change, we are intensifying our focus on developing products for burgeoning EV markets to ensure technological leadership through ongoing development and automation. With optimism and excitement for the future, HEIL is poised to continue thriving and succeeding.

Best regards,

Pilak Shah

COO & Whole-time Director



BUSINESS MODEL

Inputs



Financial Capital

HEIL's financial capital showcases how the Company utilises capital invested and generated through business activities. financial capital represents the value of all the capitals used for operating a business.

Net Worth ¹	₹ 107,293 lakhs
Net Debt ²	₹ (13,212) lakhs
Total Assets	₹ 144,514 lakhs



Manufactured Capital

HEIL's manufactured 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.

Number of Manufacturing Plants	4
Number of Warehouses	22



Intellectual Capital

HEIL's intellectual capital showcases the power of intangible assets that promotes business growth. It includes IP rights, content, patents, and trademarks which help in building synergies.

Trademarks Owned	2
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Human Capital

HEIL's human capital waters the roots and seeds of integrity. The Company aims to cater to learning, development and invest in programmes that help build skills and knowledge. This would help promote productivity and efficiency across divisions.

Training Modules Completed	1,682
Invested in Learning, Development and Safety	₹ 47.36 lakhs
Average Hours of Training (Mandays/ Year)	1.51



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.

CSR Beneficiaries From Marginalised and Vulnerable Groups	100%
Spend on Social Activities in 2022-23	₹ 21 lakhs



Natural Capital

HEIL's natural capital is a core component of its operations and is dedicated to proactively reducing the Company's carbon footprint. The Company actively minimises its consumption of natural resources and simultaneously contributing to the betterment of the society.

Non-Conventional Energy Utilisation	5%
Energy Saved Per Month	4,020.66 kWh



Outputs

Financial Capital

Revenue	₹ 136,402 lakhs
PAT Margin	9%
Cash Flow from Operating Activities	₹ 13,265 lakhs
RoAE ³	15.4%

Manufactured Capital

Bearing Cages Produced in 2022-23	6,001 lakhs Pcs
-----------------------------------	-----------------

Intellectual Capital

New SKUs Launched in 2022-23	330
------------------------------	-----

Human Capital

Fatalities	0
Attrition Rate	9%
Average Age of Employees	36
Diverse and Inclusive Work Culture with Events and Clubs for Employees	

Social and Relationship Capital

79 People Benefited due to Campaigns
68% Input Materials Directly Sourced from Within the District and Neighbouring Districts

Natural Capital

Installed 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
Reduced Water Consumption by 2% in 2022-23 Adapted Methods that Help Reduce Waste and Reuse and Recycle Resources

SDGs



Note: All financial numbers are consolidated and non-financial numbers are standalone.

1: Net Worth = Share Capital + Reserves and Surplus (excluding Revaluation Reserves and IndAS adjustments)
2: Net Debt = Total Debt - Free Cash and cash equivalents - (Cash and bank balance-lien marked FDs-investment)
3: RoAE = PAT / ((Beginning Equity + Ending Equity)/2)



FINANCIAL CAPITAL

ACHIEVING PRECISION IN NUMBERS THROUGH FINANCIAL CAPITAL

HEIL STRIVES TO DELIVER OPTIMAL RETURNS TO ITS FINANCIAL STAKEHOLDERS. THE AIM IS TO ALIGN THE COMPANY'S BUSINESS PROCESSES TO MAXIMISE THE SURPLUS GENERATED FROM ITS OPERATIONS.

₹ 136,402 lakhs
Revenue from Operations for 2022-23

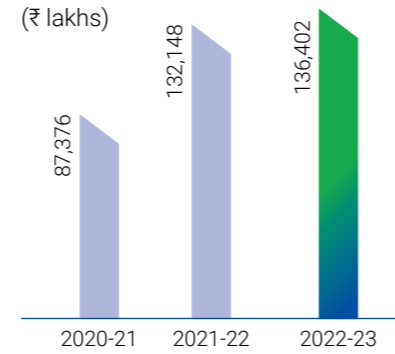
₹ 21,908 lakhs
EBITDA for 2022-23

₹ 12,328 lakhs
Profit After Tax for 2022-23

₹ 305,043 lakhs
Market Capitalisation as on March 31, 2023

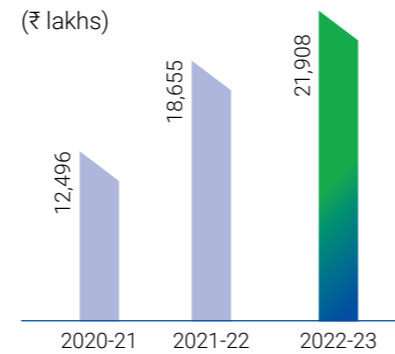
Revenue from Operations

The Company's revenue from operations has been on an upward trajectory, increasing from ₹ 87,376 lakhs in 2020-21 to ₹ 132,148 lakhs in 2021-22, and further to ₹ 136,402 lakhs in 2022-23.



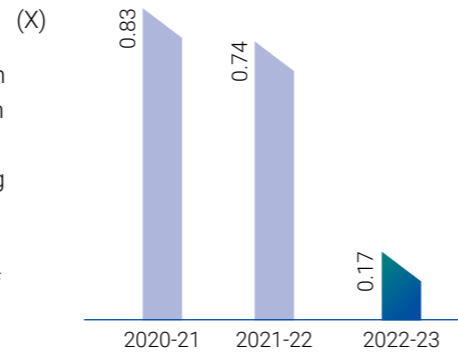
EBITDA⁴

The Company's EBITDA has increased from ₹ 12,496 lakhs in 2020-21 to ₹ 18,655 lakhs in 2021-22, and subsequently to ₹ 21,908 lakhs in 2022-23.



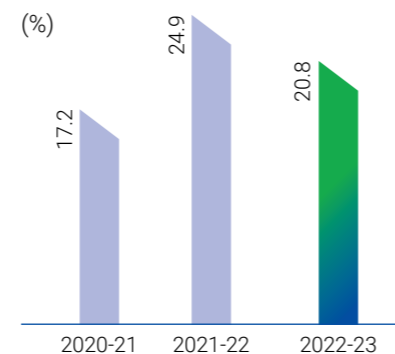
Debt/Equity⁵

The Company's Debt/Equity has been reducing since the year 2020-21 from 0.83x to 0.74x in 2021-22 to 0.17 in 2022-23. The reduction in debt during 2022-23 can be primarily attributed to the utilisation of IPO proceeds for pre-paying a scheduled repayment of a portion of the Company's existing borrowings.



Return on Capital Employed (ROCE)⁶

The Company's ROCE increased from 17.2% in 2020-21 to 24.9% in 2021-22. However, the ROCE decreased to 20.8% in 2022-23 but effectively remained above the level recorded in 2020-21.



4: EBITDA = PBT + Interest + Depreciation

5: Debt-Equity Ratio = Total Debt (Current and Non-Current Borrowings & Lease Liabilities) Divided By Total Equity

6: Return on Capital Employed (Ebit + Loss/(Profit) on Sale Of Fixed Assets)/Average Capital Employed; Average Capital Employed = Net Worth + Long-Term Borrowings Includes Lease Liability Where Average Taken as (Beginning + Ending)/2

MANUFACTURING CAPITAL

DRIVING PRECISION IN OPERATIONS THROUGH MANUFACTURING CAPITAL

HEIL IS COMMITTED TO DELIVERING EXCEPTIONAL ENGINEERING SOLUTIONS, SPECIALISING IN THE PRODUCTION OF BEARING CAGES, STAMPED COMPONENTS, AND COMPREHENSIVE TURNKEY SOLAR PV SOLUTIONS.

Driven by an unwavering pursuit of excellence, the Company consistently strengthens its manufacturing capabilities to establish itself as a frontrunner in the industry. By integrating operations and maintaining an unyielding commitment to improving productivity, HEIL sustains its competitive advantage through cost-effective solutions.

4
Manufacturing Plants

22
Warehouses



HARSHA ENGINEERS INTERNATIONAL LIMITED MORAIYA PLANT



HARSHA ENGINEERS INTERNATIONAL LIMITED CHANGODAR PLANT



HARSHA PRECISION BEARING COMPONENTS (CHINA) CO. LIMITED



HARSHA ENGINEERS EUROPE SRL



HEIL is a prominent provider of precision engineering solutions and renowned for its global manufacturing prowess. Specialising in bearing cages and complex stamped components, the Company caters to diverse sectors such as automotive, railways, aviation, construction, mining, agriculture, electrical and electronics, and renewables. With a focus on design, development and innovation, HEIL continuously introduces new products and enhances its manufacturing processes.

Expanding its capabilities beyond cage manufacturing, the Company offers comprehensive metal stamping solutions for industries like automotive, bearing and sealing, and electrical and appliance. With its recent diversification into sand casting, value-added stamping components, and bronze bushings, HEIL is well-positioned for growth in emerging sectors such as wind, mining, and shipping. Furthermore, driven by the rise in electrification of vehicles, the Company anticipates a larger market share in the precision engineering sector.

Through its robust manufacturing plants, warehouses, and representative offices worldwide, HEIL commands a strong global presence. This reaffirms its commitment to delivering quality solutions to its customers.



INTELLECTUAL CAPITAL

ACHIEVING PRECISION IN PRODUCTS THROUGH INTELLECTUAL CAPITAL

INNOVATION IS AT THE HEART OF ALL OPERATIONS AT HEIL, AND THIS ALSO DRIVES HEIL'S COMMITMENT TO DELIVERING EXCEPTIONAL SOLUTIONS.

The Company strives to develop customised products that cater to the diverse and specific requirements of its customers. This customer-centric approach is an integral part of HEIL's operations, and enables the Company to deliver tailored solutions for a wide range of applications.

7,500+
SKUs Developed till Date

330+
SKUs Developed in 2022-23

250+
Qualified Engineers

HEIL is a company driven by technology with a focus on quality, design, and tool development. With an in-house toolroom and over 250 highly qualified engineers in the company. The Company also delivers customised precision engineering solutions. Equipped with advanced software, machinery, and a comprehensive infrastructure, HEIL manufactures high-quality products through its efficient manufacturing processes. The Company has gained recognition for its technical expertise and independent tool designing capabilities.

HEIL is strategically positioned to cater to the increasing demand for precise and lightweight bearings driven by the automotive industry's shift towards EVs. The Company's in-house tooling, design facilities, and advanced machinery enable the production of high-quality stamping components and steel cages specifically designed for the EV segment.

Recognising the growing importance of the EV industry, HEIL has made substantial investments in its toolroom and design capacity. This

strategic move enables the Company to expedite the development of cage moulds and focus on the production of polyamide cages, which are widely utilised in EVs. By leveraging its capabilities and staying at the forefront of technological advancements, HEIL aims to meet the evolving needs of the EV and capitalise on the opportunities presented by this rapidly expanding market.





NATURAL CAPITAL

DRIVING SUSTAINABILITY THROUGH NATURAL CAPITAL

HEIL IS COGNISANT OF THE ENVIRONMENTAL IMPACTS OF ITS MANUFACTURING ACTIVITIES. TO FOSTER SUSTAINABLE OPERATIONS AND DRIVE LONG-TERM GROWTH, THE COMPANY HAS IMPLEMENTED VARIOUS MEASURES TO MINIMISE ITS NEGATIVE ENVIRONMENTAL FOOTPRINT.



The Company has made significant progress in green power generation through solar and wind energy.

■ **Solar Rooftop**

Its 1.6 MW solar rooftop installation will continue to operate at the Company's India plants has generated a total of 2.0 million units of energy in 2022-23.

■ **Solar Ground Mounted**

A 1 MW solar ground-mounted installation in Tarapur It has generated a total of 1.2 million units of energy in 2022-23.

■ **Windmill**

The existing 1.25 MW windmill at Kalyanpur will continue its operation. It has generated a total of 1.2 million units of green power in 2022-23.

■ **Hybrid Power Project**

HEIL successfully commissioned a hybrid power project in Pipaliya, Gujarat. The project consists of a wind turbine generator of 2.7 MW (1 WTG of 2.7 MW) along with 0.675 MW AC/1.0125 MW DC solar power plant. By integrating wind and solar power generation, this hybrid configuration provides more consistent renewable energy output for the region.

These installed green power generation initiatives demonstrate the Company's commitment to expanding its renewable energy capacity. By increasing the capacity of solar rooftop and ground-mounted installations, as well as continuing wind power generation, HEIL aims to generate a substantial amount of clean energy in the upcoming year. These efforts contribute to the Company's sustainability goals and will help in reducing the reliance on traditional fossil fuel-based power sources. Some other similar initiatives are given below.



Rainwater Harvesting Recharging Wells

- There are a total of four rainwater harvesting recharging wells
- A dedicated borewell with a flow rate of 9,000 litres per hour (9KL) and 6,000 litres per hour (6KL) is also in place
- During the monsoon, these recharging wells have successfully recharged approximately 3 million litres of rainwater, which accounts for 33.02% of the total water consumption for the Changodar location
- Additionally, approximately 2.4 million litres of rainwater has been recharged, which is 14.38% of the total water consumption for the Moraiya location

STP Water Recycling

- HEIL has implemented a system to treat and recycle water from Sewage Treatment Plants (STPs)
- The treated water is reused in various areas such as gardening, cooling towers, toilet flushing, and solar panel washing
- For the Changodar location, approximately 45,000 litres per day of STP water is reused in accordance with the consent from the Gujarat Pollution Control Board (GPCB)
- Similarly, for the Moraiya location, around 55,000 litres per day of STP water is reused based on GPCB's consent

Some Significant Sustainable Steps Undertaken By the Company

Supplier Code of Conduct

To ensure the alignment of suppliers with compliances related to hazardous chemical content in purchased materials and restricting the use of smelters and other raw materials from prohibited countries. To assure the sourcing from REACH and ROH certified suppliers.

Extended Producer Responsibility

About 70,000 kg of material under 'Zero Waste' Management at Daman and Earth Enviro Wastocare, Rajkot as per EPR norms.

Zero Liquid Discharge Mechanism

Treated water reused for solar panel cleaning, cooling tower makeover, plumbing and gardening and plantation.

Operational Control Procedure Document

To assess whether all employees align with the procedure and responsibility for disposing different kinds of waste aligned with ISO 14001.

Assessment of Value Chain Partners

About 60% value chain partners compliant with ISO 14001 management system to address environmental impacts.

Energy Efficiency Projects

Eco Ambulance, IoT Implementation, land for hybrid project, 0.675 MW AC/1.0125 MW DC solar power plant, 2.7 MW windmill project, and electric install for hybrid project.

226,786 GJ
Total Energy Consumed

806.12 MT
Waste Generated

4,020.66 kWh
Energy Saved Per Month

11,740 GJ
Energy Consumed from Renewable Sources

690.16 MT
Waste Recycled



HUMAN CAPITAL

GROWING WITH PRECISION THROUGH HUMAN CAPITAL

HEIL HIGHLY VALUES ITS TEAM OF 3,233 EMPLOYEES WORLDWIDE, CONSIDERING THEM AS THE COMPANY'S MOST VALUABLE ASSETS. THESE DEDICATED INDIVIDUALS DRIVE THE COMPANY'S ENDEAVOURS. HEIL IS COMMITTED TO FOSTERING AN ENVIRONMENT THAT PROMOTES THEIR GROWTH AND SUCCESS.

HEIL is dedicated to the continuous development of its employees, with a focus on enhancing their competencies, skill sets, and knowledge. The Company's human resource policies are designed to attract qualified individuals and support their ongoing growth. To develop their technical skills and behavioural competencies, the Company employs various approaches. On-the-job training allows employees to learn and acquire new skills while performing their duties. Classroom training imparts knowledge and enhances specific skills, relevant to their roles. The Company also encourages employees to participate in external training programmes.

1,799

Permanent Employees as on March 31, 2023

1,434

Contractual Employees

3,652

Total Training Hours

299

Employees Given Health and Safety Training

1,682

Total Training Programme

Job rotation and internal transfers are promoted to foster cross-functional skills and provide exposure to different roles and departments. This approach broadens employees' perspectives and equips them with a diverse skill set. By prioritising comprehensive training and skill-building initiatives, HEIL aims to create a motivated and skilled workforce capable of meeting the Company's evolving needs. This focus on continuous learning benefits both individual employees and contributes to the overall success and competitiveness of the Company.

During the year, HEIL has implemented various programmes to develop the skills and capabilities of its workforce. These initiatives include:

Internal IKVK

This programme aims to address the shortage of skilled workers and the lack of industry-specific skills in fresh ITI pass-outs. Through specific courses under the internal IKVK programme, employees are trained on the Company's products, processes, and systems. The training modules are standardised and delivered in a flexible manner to develop a skilled workforce.

Multiskilling

The Company offers a multiskilling programme for associates, enabling them to train in multiple skills or areas of expertise. For example, machine operators are trained for operating multiple machines, and role-operators can be trained for team leadership roles. This initiative enhances employees' knowledge and reskills them to meet future requirements.



Leadership Development Programmes: HEIL offers various development programmes for leadership positions. Some of these include the Leadership Development Programme, Managerial Development Programme, Supervisor Development Programme, and Facilitator Development Programme. These aim to develop the leadership and managerial skills of employees, preparing them for higher roles and responsibilities.



Events Organised

- Employee Wellness Programme- Yoga
- Women's Wellness Programme
- Women's Day Celebration
- TOBACCO Awareness (De-Addiction) Programme
- Independence Day Celebration, Republic Day Celebration
- Founders Day Celebration
- Safety Week Celebration
- Team Bonding Activities
- Garba Celebration
- Diwali Celebration
- Reward & Recognition
- Meditation Session
- Motivational Sessions
- Box Cricket

At HEIL, the safety and well-being of employees is a top priority. The Company takes proactive measures to maintain high safety standards by implementing robust safety protocols, conducting regular safety training sessions, and promoting a safety-conscious culture. The Company is committed to the well-being and welfare of its workforce and ensuring a safe working environment, thereby fostering a secure and healthy workplace for all employees.

HEIL has implemented several initiatives to prioritise the safety and well-being of its employees. These initiatives include:

Induction and Regular Training Programmes

Employees receive training on safety measures, emergency procedures, machine safety, and proper use of personal protective equipment (PPE). This ensures that they are aware of potential hazards and know how to handle them safely.

Regular Safety Inspections

The Company conducts frequent safety inspections to identify and address potential hazards promptly. This proactive approach helps prevent accidents and incidents, making the workplace safer.

Encouraging Reporting of Unsafe Conditions

The Company encourages workers to report any unsafe conditions, hazards, or incidents they observe. To promote this, it has introduced a 'Safety Officer for One Day' initiative to engage workers in identifying and reporting safety concerns.

Danger Prediction Activity

HEIL has a 5-6 member team that conducts danger prediction activities with workers in the plants to educate them on 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. Other safety processes including safety patrolling, near miss reporting and safe workstation mapping.

Emergency Readiness

There are ambulances available at plant sites for emergencies. The Company has connections with local hospitals located 10-15 min away from the vicinity.

Safety Policies

The Company understands the importance of safety policies for its workers and employees. It keeps a close eye on developing comprehensive safety policies that outline expectations and requirements for maintaining a safe work environment. These policies are regularly reviewed and updated to ensure their effectiveness. ESIC is applicable to certain employees who are eligible for free treatment in government hospitals.



Mental Health Support

HEIL recognises the importance of mental health and provides support to employees experiencing work-related stress or mental health issues. This includes activities like meditation sessions conducted twice a week.

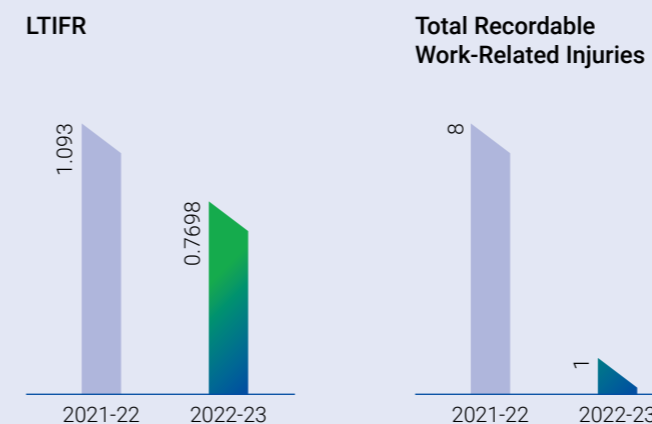
Safety Week Celebrations

The Company organises Safety Week to increase worker participation in safety initiatives. During this week, various activities such as trainings, elocution competitions, fire mock drills, and first aid training are conducted to promote safety awareness and knowledge.

Continuous Improvement

HEIL is committed to continuously enhancing its safety measures and protocols. The Company recognises that safety is crucial for its success and strives to create a safe and secure environment for all workers and employees. This is evident by the decreasing lost time injury frequency rates.

Safety Incidences for Worker





COMMUNITY

ENABLING COMMUNITY DEVELOPMENT THROUGH SOCIAL AND RELATIONSHIP CAPITAL

HEIL IS COMMITTED TO FOSTERING MUTUAL GROWTH FOR THE COMPANY AND ITS STAKEHOLDERS. THROUGH ACTIVE ENGAGEMENT IN VARIOUS INITIATIVES, THE COMPANY STRIVES TO ENHANCE THE WELL-BEING AND DEVELOPMENT OF THE COMMUNITY. BY PRIORITISING THE INTERESTS OF ITS STAKEHOLDERS, HEIL SEEKS TO CREATE A POSITIVE IMPACT ON THE COMMUNITY AND CONTRIBUTE TO ITS OVERALL GROWTH. THIS DEMONSTRATES ITS DEDICATION TO NURTURING A HARMONIOUS RELATIONSHIP AND CREATING A SUSTAINABLE IMPACT ON SOCIETY.

Aastha & Ananddham - for Especially Abled Young Adults

HEIL established 'Ananddham', a residential complex and 'Aastha School' for especially abled young adults with all facilities. The aim is to enable them to lead a normal life and keep them engaged in small activities.



Skill India - Industrial Kaushlya Vardhan (i-KVK) Skill Development Centre

HEIL introduced the Internal KVK (Kaushalya Vardhan Kendra) initiative in collaboration with the Commissionerate of Labour & Employment, GOG, under an MOU signed in the presence of the former Chief Minister (and current Prime Minister) of Gujarat, Shri Narendra Modi. This initiative aims to provide skilled workforce to industries and increase employment opportunities. The Company played a pioneering role in the development

of this initiative. Over the years, HEIL has successfully completed eight batches of skill development for 200 press operators each, through a three-month course from 2014 to 2018. Additionally, it conducted a maintenance technician training for 80 technicians from 2016 to 2018. The Company has also initiated internal I-KVK skill development programmes, led by expert trainers. In 2022-23, 65 associates completed a three month course.



Employee Welfare to Reduce Poverty

HEIL offers financial support to its employees through various initiatives. Additionally, employees can avail a two-wheeler loan without any interest. The Company also offers coverage for 50% of medical expenses for eligible employees. Furthermore, financial support is provided to employees for higher education, enabling them to pursue further studies and undertake career development. These initiatives reflect the Company's commitment to supporting the financial well-being and growth of its employees.



Paramkrupa Medical Centre

This medical centre was established in 2022-23, at Changodar to provide medical care to the locals at affordable prices.



Grievance Redressal Mechanism

HEIL maintains a strong relationship with the community. It operates by taking ownership of and solving grievances shared by them. Through its grievance redressal mechanism, the Company interacts with the community to gauge and address community concerns; records all external complaints related to health, safety and environment on the Company intranet in safety portal; and takes suitable action to address all such complaints. Timely closure and follow ups are the Company's pathway to avoid recurrence of similar concerns.



BOARD PROFILE

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 37 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 37 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 14 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, 2006, 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 Ukani
Whole-time Director

Ms. Hetal Ukani, 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 Vohra
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 her 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 governing board of Education Support Organisation (Gyanshala), Ahmedabad. With over 23 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 obtained 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 a bachelor of laws 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 Hafsa, 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 in the 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.





ESG



HARSHA ENGINEERS INTERNATIONAL LIMITED (HEIL) IS FIRMLY COMMITTED TO INTEGRATING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATIONS INTO ITS BUSINESS OPERATIONS. WE RECOGNISE THE IMPORTANCE OF SUSTAINABILITY AND HAVE ADOPTED A PROACTIVE APPROACH THAT ALIGNS WITH GLOBAL ESG STANDARDS AND BEST PRACTICES.

As an organisation we have taken multiple measures to ensure environmental efficiency in our operations. Our initiatives range from the adoption of reduction, reuse and recycling principles to the implementation of energy efficient technologies into our day-to-day operations. Moreover, we are mindful of the appropriate disposal mechanisms and processes to ensure we don't harm the environment. At HEIL, we strive to minimise our ecological footprint by focussing on reducing energy consumption and optimising resource utilisation. This can be reflected through our CAPEX expenditure for 2022-23 where 49.46% of it has been invested in specific technologies to improve our environmental/social impact.

The organisation places significant emphasis on social responsibility as well. As an entity we believe in fostering a safe, inclusive, and engaging work environment for our employees. We promote employee well-being through various initiatives, including comprehensive health and safety programmes, employee welfare schemes, and career development opportunities. We are driven by our belief in creating sustainable and meaningful

relationships with all of our stakeholders. Furthermore, we actively engage with local communities, supporting education, healthcare, and social upliftment programmes. Most notably, the organisation as part of its CSR activities has helped establish Anand Dham, an educational/residential facility for people with disabilities.

Governance holds a pivotal role in our organisation, serving as a cornerstone of the Company's operations. The Company is unwavering in its commitment to upholding exemplary standards of corporate governance, ensuring transparency, accountability, and ethical conduct at every level. We have been expanding our operations in the last few years through mindful investments that are not only sustainable but keep the best interest of our stakeholders. We are guided by a Standard Code of Conduct that fosters integrity and ensures transparency. With a Board of Directors comprising seasoned professionals, the organisation is also guided by their strategic guidance and vigilant oversight. The organisation's approach to ESG reflects its dedication to sustainable growth, ethical practices, and stakeholder value.



ENVIRONMENT



Policy



General Purchasing Agreement and Sustainability Requirement for Suppliers



Waste Management Operational Control Procedure



Environmental Health and Safety Policy

UN SDG Alignment



Management Approach

We have strategically invested in a range of technologies to enhance our environmental operations and minimise our ecological footprint. The Company recognises that technological advancements play a crucial role in achieving sustainable development goals and reducing environmental impact. The organisation has a ISO14001 certified-environmental management system. The certification reflects our structured framework for effective environmental management, credibility in the

market, cost savings through improved efficiencies, and a competitive advantage in demonstrating our commitment to environmental sustainability, while manufacturing quality products. We closely monitor and manage various environmental aspects and impacts, such as waste management, energy consumption, water and wastewater management, emissions control, and pollution prevention. Sustainable practices are implemented throughout our operations to promote environmental stewardship.

ISO 14001 Certified Environmental Management System

Approximately 85% Waste Recycled

Zero Instances of Non-Compliance with Environmental Laws in 2022-23

Emissions Overview

	2022-23	2021-22
Total Scope 1 Emissions (tCO ² e)	6,749.6	42,20.8
Total Scope 2 Emissions (tCO ² e)	20,282.4	17,215.0

Last year, our factory made significant investments in expanding our production capacity by adding new machines. This expansion was necessary to meet the growing demand for our products and maintain our competitiveness in the market. In addition to expanding our production capacity, we have also focussed on developing new products to cater to evolving customer demands and market trends.

The expansion increased the connecting load from 17,733 KW to 21,431 KW in the year 2022-23, which in turn led to increase in Scope 1 and Scope 2 emissions.





Energy Management

One such area of focus is energy efficiency, where HEIL has implemented energy-saving technologies and equipment to optimise energy consumption across its facilities. This includes the installation of energy-efficient lighting systems, the use of advanced machinery with low energy consumption, and the implementation of automated systems to monitor and regulate energy usage. Some of the energy saving initiatives undertaken by the organisation are:

Air Compressor

Air compressors are equipped with a Variable Frequency Drive (VFD). The VFD allows the air compressor's speed to automatically adjust, increasing or decreasing according to the actual demand for compressed air in the machines. This feature enables energy savings by ensuring that the compressor operates at the necessary speed to meet the required air supply, reducing unnecessary energy consumption.

Rivet Inserting Machine (Hydraulic Press)

We identified an opportunity for saving energy by implementing a programme that automatically stops the main motor after 5 minutes of idle time. This feature helps conserve energy by preventing unnecessary energy consumption when the machine is not in use.

160T Chinfong Make Press

Similar to the previous initiative, we implemented an automated programme in the machine that shuts off the main motor after 10 minutes of idle time. This measure helps conserve energy by reducing unnecessary energy consumption when the machine is not being used.

200T Seyi Make Press

A programme was developed for this machine to stop the main motor automatically after 10 minutes of idle time.

Chemical (Exxsol) Filtration Plant

A similar opportunity for energy savings was identified by addressing the issue of the plant running even when the machine shop was in idle condition during JH (autonomous maintenance) activities. To address this, we developed a programme that automatically stops the Chemical (Exxsol) filtration plant during JH activities.

Hydraulic Power Pack Unit of BVMV-640-6 Machine

We made modifications to the hydraulic power pack, which was continuously running regardless of the load. The modification allows the hydraulic power pack to turn on and off intermittently based on the load, demand, and requirement. This change helps conserve by ensuring that the power pack operates only when necessary, reducing unnecessary energy consumption.



Adoption of Renewable Energy

We have implemented various initiatives in the realm of green energy generation, demonstrating our commitment to environmental sustainability. These initiatives include the installation of 1.25 MW windmill, and 749 KW and 855 KW rooftop solar systems. Collectively, captive green energy sources contribute to approximately 15.5% of the organisation's total energy consumption.

To further expand our green energy efforts, the Company has recently installed an additional 0.675 MW AC/1.0125 MW DC of solar power project and 2.7 MW of wind power project. The hybrid power plant, recently installed, is anticipated to produce approximately 900,000 KWH annually. This achievement will elevate the share of renewable energy in the Company's total power consumption, constituting 40% in total.

Overview of Energy Consumption

	2022-23	2021-22
Total Electricity Consumption (GJ)	113,861	97,967
Total Fuel Consumption (GJ)	112,925	74,390
Total Energy Consumed from Renewable Sources (GJ)	11,740	11,290

Sustainable Procurement

As an environmentally conscious organisation, we aim to ensure our entire supply chain follows similar sustainable practices. The organisation implements this through a comprehensive general purchasing agreement and sustainability requirement for suppliers. As per the agreement, to ensure supplier compliance with hazardous chemical content regulations and to restrict the use of raw materials from prohibited countries (smelters), suppliers are required to prioritise sustainability efforts. This includes actively working towards protecting our ecosystem and preserving natural resources for future generations. By adhering to these requirements, suppliers play a crucial role in promoting responsible practices that contribute to a sustainable and environmentally conscious supply chain. This commitment to sustainability not only safeguards the environment but also aligns with the Company's broader mission to create a better future for all.

Waste Management

Additionally, the organisation has invested in waste management technologies to minimise waste generation and promote recycling and reuse. The organisation's waste disposal system is governed by a waste management operational control procedure that is applicable for all employees and work sites. The document provides an extensive plan and clear instructions to ensure waste disposal is done in an environmentally safe manner. Further, the Company is certified in terms of plastic waste processing, where the certification ensures compliance to their EPR compliance requirements under Plastic Waste Management Rules, 2016. Further, all hazardous waste, e-waste and non-hazardous waste is handled through authorised waste recyclers.

	2022-23	2021-22
Total Waste Generated (MT)	806.12	836.70
Total Waste Recycled (MT)	690.16	720.12

Water Conservation

To ensure optimal resource utilisation, we utilise STP treated water for various purposes such as roof-top solar panel cleaning, toilet flushing, gardening, and cooling tower make-over which is in line with the consented quantity set by GPCB. Moreover, we have a dedicated space to replenish the groundwater reserves.





SOCIAL



Policy

-  **Corporate Social Responsibility Policy**
-  **Prevention of Sexual Harassment**
-  **Grievance Handling Policy**
-  **Environmental Health and Safety Policy**

UN SDG Alignment

1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 
4 QUALITY EDUCATION 	10 REDUCED INEQUALITIES 



Management Approach

We recognise that our success is closely linked to the well-being of our employees, communities, and stakeholders. We are committed to fostering a positive social impact through various initiatives. We prioritise the health, safety, and well-being

of our employees by providing a safe working environment, offer training and development programmes, and promote work-life balance initiatives. Additionally, we encourage diversity and inclusion across all levels of the organisation.

A Total Of 74% Of Employees were Trained on Health and Safety Measures.

The Company has implemented key policies that ensure the organisation is a socially responsible and resilient organisation. Some of our key policies include:



CSR Policy

The organisation has a very comprehensive CSR policy which outlines the Company's philosophy for creating social change. We believe in inclusive corporate development and that it is the responsibility of every corporate entity in fostering a just and humane society. The Company also has a CSR committee which overlooks and monitors its CSR activities.



Prevention of Sexual Harassment

We maintain a zero-tolerance policy towards sexual harassment. We are committed to providing a safe and respectful work environment for all employees. This policy establishes clear guidelines and procedures for reporting, investigating, and addressing any incidents of sexual harassment. The Company promotes awareness and provides training to employees to prevent and recognise sexual harassment, ensuring that everyone understands their rights and responsibilities.



Grievance Handling Policy

The Company has implemented a robust grievance redressal policy to ensure a fair and transparent process for addressing employee concerns and complaints. This policy is designed to provide a safe and supportive environment where employees feel comfortable reporting any genuine issues they may encounter. The Company is committed to promptly and thoroughly investigating grievances, maintaining confidentiality whenever possible, and taking appropriate actions to resolve them.





Key Focus Areas

Employee Engagement & Well-being

Employee well-being plays a pivotal role in the success and prosperity of our Company. When employees' well-being is prioritised, they are more likely to feel valued, supported, and motivated, leading to increased job satisfaction and loyalty. We prioritise their well-being through a range of engaging initiatives which include:

Embracing Yoga for Holistic Well-Being

We curated invigorating yoga sessions and celebrated International Yoga Day, to promote physical and mental well-being among our employees.

Breaking Free from Tobacco

In order to empower our employees to lead healthier lives, we conducted a comprehensive De-Addiction Awareness Programme, where we reached out to 200 employees per session.

Uniting through Joy

We organised activities to create an atmosphere of joy and camaraderie in the workplace under the theme 'Let's come together!' Our employees wholeheartedly embraced the 'Work Hard, Party Harder' mantra, creating unforgettable moments.

Vibrant Ethnic Day Celebrations

We celebrated the diversity amongst our workforce by celebrating Ethnic Day at HEIL. The atmosphere was filled with joy and fervour, featuring engaging activities that showcased the diverse cultural heritage of our team members.

Recognising Long Service

We honoured our dedicated employees who have demonstrated their loyalty and commitment for 25 years and more. The Long Service Award function was a heartfelt expression of gratitude, acknowledging their significant contributions to the growth of the Company.

Navratri Festivities

We embraced the festive spirit as we celebrated the vibrant festival of Navratri. We organised a Garba event at both plants, which brought people together in a joyous celebration.

Immunisation Drive - Protecting Our Community

During the challenging times of the pandemic, we organised a comprehensive vaccine drive, ensuring that our employees received both doses of the vaccine, prioritising their health and safety.



Employee Induction

Keeping in line with ensuring the overall delightful experience of our employees, HEIL has a three-layer induction programme that aims to ease the onboarding process for new employees, equip them with necessary information and skills, and ensure successful integration into their roles and the organisation. There are three layers to this approach.

STEP 1

The induction programme provides a comprehensive introduction to the organisation, including its mission, values, history, structure, and key departments. The main objective is to make new employees feel welcome, informed, and connected to the organisation.

STEP 2

New employees undergo departmental induction, which focusses on the goals, structure, processes, and alignment with the organisation's mission and objectives of their specific department.

STEP 3

One-on-one interactions with a designated BUHR (Business Unit HR) representative. This interaction takes place after the initial induction period (3-6 months) to assess the employee's settling-in process and provide any additional support, if needed.



World Environment Day Celebration

We believe that sustainability starts at home, and we are committed to doing our part in making a positive impact on the environment. In the spirit of World Environment Day, HEIL embarked on an inspiring initiative to nurture the planet by planting trees throughout our office sites. As an organisation, we are deeply committed to caring for our environment and have planted a total of 64 trees in our sites. By imbibing the spirit of World Environment Day, our team not only improved the green cover in our workspaces but also got an opportunity to educate all of our employees on the importance of protecting the environment.



Employee Health and Safety

At the core of our operations lies a robust and all-encompassing EHS Policy that reflects our dedication to the well-being of our workforce, the promotion of safety, and the safeguarding of the environment. To ensure the effective execution of this policy, we have assembled a committed EHS Committee, comprising passionate individuals entrusted with specific roles and responsibilities. This committee plays a pivotal role in driving our relentless pursuit of Zero Accidents and Pollution Prevention. It spearheads the establishment of clear objectives, targets, and actionable initiatives, closely monitoring progress on a monthly basis. This includes:

Training and Empowerment

Our commitment to EHS is reflected in our comprehensive training programmes that equip both new and existing employees with the knowledge and skills necessary to maintain a safe working environment. Through engaging and interactive sessions, we ensure that every employee is well-prepared and empowered to prioritise safety. Additionally, we foster a culture of continuous learning by organising regular Toolbox Talks on various safety topics, fostering heightened awareness and encouraging active participation from employees at all levels.

Incident Reporting and Root Cause Analysis

With our efficient incident reporting system, employees can promptly report any incidents or near-misses, allowing us to take immediate action. We understand the importance of identifying the root causes of incidents, which is why we conduct thorough why-why analyses. Based on these investigations, we implement effective corrective and preventive measures to eliminate or mitigate similar incidents in the future, reinforcing our commitment to creating a safer workplace.

Risk Assessment and Proactive Hazard Control

Our dedicated EHS team is equipped to identify and assess potential hazards and risks within the workplace. Through rigorous Hazard Identification and Risk Assessment (HIRA) processes, we evaluate the likelihood and severity of these risks. This enables us to prioritize and implement appropriate control measures, including advanced engineering controls, efficient administrative controls, and state-of-the-art personal protective equipment (PPE), ensuring that workplace hazards are effectively eliminated or minimised.

Employee Benefits

The organisation acknowledges the importance of an employee's overall well-being and its ability to impact operations. We provide incentives and benefits to our employees that go beyond monetary compensation. We attempt to use an all-rounded approach by providing incentives that range from wellness programmes to supportive parental leave policies.

- We prioritise the well-being of our employees and their families through our comprehensive health coverage plan. We go beyond traditional benefits by reimbursing 50% of medical expenses incurred by our employees.
- We believe in fostering a culture of holistic wellness, and as part of this commitment, we offer a diverse range of health and wellness programmes. Our employees have access to healthy food options and enjoy subsidies for engaging in wellness activities.
- Recognition and rewards are integral to our organisational approach. We have established a robust system for acknowledging employees' achievements through various awards, including long service recognition.
- We understand the significance of maintaining a healthy work-life balance, and we support our employees in achieving this equilibrium. We provide parental leave to applicable employee groups to ensure that employees have the necessary time and support to prioritise their personal lives and family responsibilities.
- Additionally, we have created a platform for our female workforce to prioritise their health, by establishing a Women's Wellness Programme which offers an open space for discussions to overcome health challenges.

Emergency Preparedness and Response

Our comprehensive emergency response plans provide clear guidelines for evacuation procedures, medical assistance protocols, and containment measures. To ensure preparedness, we regularly conduct drills and exercises, evaluating the effectiveness of our response plans in various emergency scenarios. By prioritising emergency preparedness, we strive to protect the well-being of our employees and maintain a safe working environment.

Compliance with Regulatory Requirements

We maintain the highest standards of legal compliance in all aspects of environment, health, and safety. Our dedicated team proactively monitors changes in regulations to ensure that we remain fully compliant. We obtain all required permits and certifications, demonstrating our unwavering commitment to operating in a responsible and compliant manner.

Cultivating a Culture of Continuous Improvement

We foster a culture of continuous improvement, recognising that there is always room to enhance our EHS performance. We actively encourage activities such as danger prediction, engaging Toolbox Talks, dedicated safety officer campaigns, vibrant safety week celebrations, Environment Day initiatives, and meaningful employee engagement in EHS programmes. By actively involving employees in these initiatives, we tap into their valuable ideas and experiences, allowing us to regularly review and update our EHS management systems, based on lessons learned, and industry best practices.



52nd Safety Week Celebration

The exhilaration of HEIL's 52nd National Health Safety Week Celebration was experienced during a week-long extravaganza held from the 4th to the 10th of March, 2023. Attendees were amazed as they engaged in a multitude of activities dedicated to raising safety awareness among our esteemed employees. From the majestic flag hoisting and safety Pledges to the invigorating safety rally, every moment ignited a passion for safety within them. They had the opportunity to discover the art of stress management and the detoxification of the mind under the guidance of an expert external trainer. The adrenaline-pumping

fire mock drill at our state-of-the-art central filtration plant showcased our commitment to ensuring a secure environment. Participants enhanced their first aid skills through our comprehensive refresher training, equipping them with the tools to respond effectively in emergency situations. And, of course, the remarkable week concluded with a grand prize distribution ceremony, where excellence and dedication were acknowledged and celebrated. Those who joined us in this extraordinary event embarked on a journey towards a safer and healthier future with HEIL.



Skill Training

We recognise the importance of continuous learning and development of our employees in organisation's success. We focus on providing skill trainings to equip employees with multiple skills to perform their job and acquire expertise in multiple areas. Further, we also focus on recognising talent and developing required skills for leadership roles. Some of the key learning and development programmes that we undertake are mentioned below:

Multiskilling

This programme is specifically designed for associates within our Company. Its objective is to empower them to acquire proficiency in multiple skills or areas of expertise. We offer various avenues for multiskilling, such as training machine-operators to operate multiple machines or providing role-operators with the necessary skills to transition into the role of a team leader.

By encouraging our associates to expand their skill sets, we foster a culture of continuous learning and development. These initiatives not only enhance the knowledge and capabilities of our employees but also equip them to adapt to future requirements. By embracing a multidimensional approach to training, we are preparing our workforce to meet the evolving needs of our organisation and the industry as a whole.

Development Opportunities

In addition to the aforementioned programmes, we also offer a range of development opportunities for individuals in leadership positions. These include the leadership development programme, managerial development programme, supervisor development programme, and facilitator development programme. Each programme is specifically tailored to target the unique skills and competencies required for success in these respective roles.

Corporate Social Responsibility

The Company integrates CSR initiatives throughout its core operations, recognising its importance as a key function. The Company's CSR efforts primarily focus on specific areas, including providing opportunities and support for individuals with intellectual and developmental disabilities to live active and independent lives. Additionally, the Company is dedicated to ensuring access to quality education and skill enhancement, offering affordable healthcare solutions, promoting environmental sustainability and conservation of natural resources, and effectively managing and responding to disasters.

Anand Dham

Motivated by a deep sense of responsibility and fuelled by unwavering passion, our Company actively strives to make a positive impact on society through various initiatives. One outstanding achievement is the establishment of 'Anand Dham', a self-contained residential complex developed in collaboration with the esteemed NGO Aastha Charitable Trust. This remarkable facility is dedicated to the well-being and care of mentally challenged individuals who have either aging parents or have sadly lost their loved ones. Anand Dham serves as a sanctuary, ensuring that these individuals receive the support and attention they deserve in the absence of their families.

Our commitment to corporate social responsibility extends beyond Anand Dham. To date, we have invested approximately ₹ 6.67 crores in various CSR initiatives. We firmly believe that these outreach programmes are crucial for the betterment of society, and we are dedicated to making a meaningful difference in the lives of those in need. As part of our CSR endeavours, we remain steadfast in engaging with activities outlined in Schedule VII, continually evaluating and adapting our initiatives to align with the evolving needs of the community.





Blood Donation Drive

Driven by our unwavering values and a genuine desire to uplift society, our employees participated in a blood donation drive where approx. 250 employees participated

were part of this noble cause. This initiative garnered tremendous support from our valued employees.



Learning and Development

At Harsha, we recognise the utmost importance of investing in the learning and development of our employees. We have designed a comprehensive range of training programmes to empower our workforce, including the leadership development program, managerial development programme and supervisory development programme. Through these initiatives, we aim to equip and prepare 153 employees for advancement to higher positions, fostering their ability to lead effectively and providing ample opportunities for career growth within our organisation.



GOVERNANCE



Policy



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



Policy on Contract Labour Management



Anti-Bribery Policy



Whistle Blower Policy



Code of Conduct

UN SDG Alignment





Management Approach

The organisation places significant emphasis on ESG (Environmental, Social, and Governance) related governance practices as a core aspect of its operations. We have established strong governance frameworks and policies that encompass environmental sustainability, social responsibility, and ethical business practices.

ISO 9001:2015 Certified

IATF 16949:2016 Certified

Risk Management

We are governed by a robust risk management policy that ensures sustainable and stable business growth, while fostering a proactive approach to identifying, assessing, and resolving risks associated with our operations. Through this policy, we have established a structured and disciplined framework for risk management, to guide our decisions and actions in evaluating and mitigating potential risks. By implementing this policy, we aim to enhance transparency, strengthen governance, and safeguard the long-term interests of our stakeholders. The policy is designed to provide measures for risk mitigation along with measures for continuous risk monitoring. A risk management committee oversees the business risks and address any material risk identified. The committee is also responsible for overseeing ESG related risks.

Additionally, the organisation has a thorough contingency plan in place to address any risk identified. The plan includes scenarios ranging from fires to earthquakes.

Policy on Contract Labour Management

Harsha has implemented a comprehensive contract labour management policy to ensure fair and ethical treatment of contract workers within its operations. This policy emphasizes 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 organisation 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

Harsha Engineer recognises the critical role of whistle-blowers 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 our organisation. 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.

Responsible Business Practices

The organisation strongly believes in ethical business practices and has a governance structure in place to ensure 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 2022-23. The Company upholds the highest standards of professionalism, honesty, integrity, and ethical behaviour, as outlined in its Code of Conduct for Board and 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 in a need-to-know basis.

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

HEIL is guided by the moto 'Together Everyone Achieves More'(TEAM). The Company ensures TPM standards are maintained throughout our operations by utilising the 5S strategy - systematising, sorting, sweeping, standardising and self-discipline.

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 its 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 its activities or supply chains.

Regulatory Certifications

Quality Management System Requirements

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.

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 recognized standards and enhances our credibility within the automotive industry.



MATERIALITY

UNLEASHING POTENTIAL, SHAPING IMPACT: MATERIALITY ASSESSMENT SHAPES WAY FOR A PURPOSEFUL GROWTH

MATERIALITY ASSESSMENT IS A STRATEGIC EVALUATION THAT DELVES INTO THE CORE ASPECTS OF AN ORGANISATION, EXPLORING AND PRIORITISING ITS MOST SIGNIFICANT ENVIRONMENTAL, SOCIAL, AND GOVERNANCE DIMENSIONS. IT AIMS TO IDENTIFY THE ISSUES THAT CARRY SUBSTANTIAL INFLUENCE OVER THE COMPANY'S PERFORMANCE AND VALUE CREATION.

Purpose-Driven Materiality: Our Approach to the Process

Materiality assessment is of critical importance to Harsha Engineers International Limited to enable understanding of material ESG issues that impact the business and are important to its stakeholders. Prioritisation of these identified material issues helps to adapt the dynamic nature of the industry, seek opportunities, and manage risks better. It plays a crucial role in helping us identify and address the key sustainability concerns that impact our operations, reputation, and long-term success.

Harsha Engineers International Limited conducted its materiality assessment through stakeholder consultations. The process involved determining a universe of material issues considering sectoral ESG standards and ratings and material issues identified by industry peers. Inputs from important internal and external stakeholder groups were also considered for prioritisation of these issues.

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: Objectives and Risks

Identified key business objectives and risks considering 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 organisation.

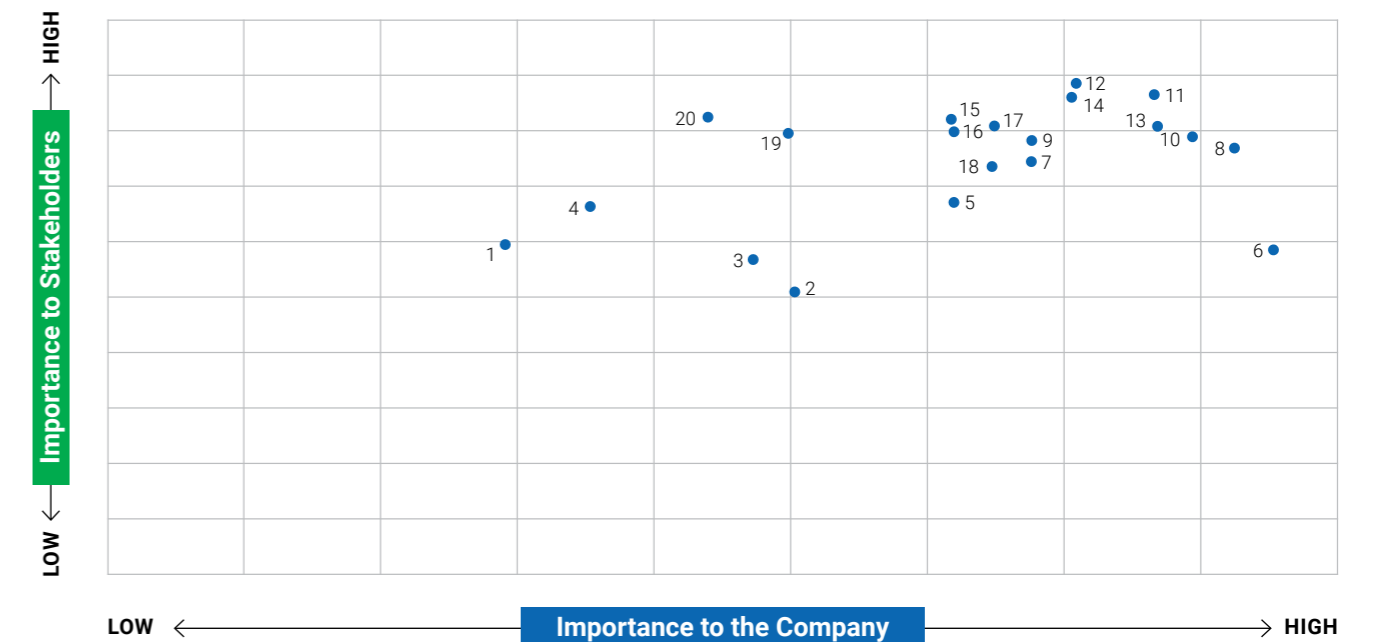
Stakeholder Consultation & External Requirement Assessment

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.

Materiality Matrix



- | | | |
|---|--|--|
| 1. Biodiversity and Resources | 8. Product Design & Lifecycle Management | 15. Water and Wastewater Management |
| 2. Supplier Economic & Governance Performance | 9. Product Quality and Safety | 16. Anti-Corruption |
| 3. Economic Value Creation | 10. Emission Management | 17. Employee Advancement & Development |
| 4. Information Security | 11. Corporate Governance | 18. Local Communities |
| 5. Responsible Sourcing | 12. Occupational Health and Safety | 19. Diversity and Equal Opportunity |
| 6. Climate Transition Risk | 13. Energy Management | |
| 7. Waste and Recycling | 14. Compliance and Integrity | |

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 Harsha Engineers International Limited. These issues are material to the growth of the organisation as well as its stakeholder expectations.

Environment

- Emission Management
- Energy Management
- Water and Wastewater Management
- Waste & recycling
- Product Design and Lifecycle Management
- Product Quality & Safety

Social

- Occupational Health and Safety
- Employee Advancement and Development
- Local Communities

Governance

- Corporate Governance
- Compliance & Integrity
- Anti-corruption
- Responsible Sourcing



MANAGEMENT DISCUSSION AND ANALYSIS

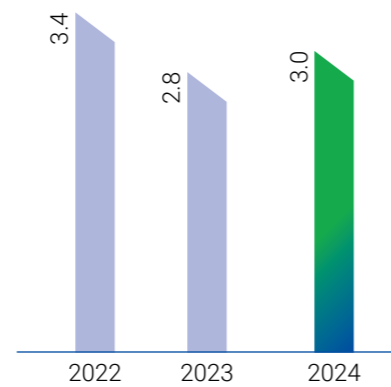
Global Economy

The global economy is showing signs of a gradual recovery from the Covid-19 pandemic and geopolitical tensions. China's economy bouncing back strongly and supply chain disruptions being resolved, is helping the global economy recover faster. Disturbances to energy and food markets resulting in higher inflation from the war on Ukraine are receding, indicating a positive trajectory for the global economy. Additionally, most central banks have implemented a significant tightening of monetary policy to stabilise inflation. These developments offer hope for a brighter economic future.

Despite challenges related to high inflation and supply chain constraints in 2022, the global economy still managed to grow by a remarkable 3.4%. The EU and US experienced growth rates of 3.6% and 2.1%, respectively. Looking ahead, inflation is projected to decrease to 6.5%, while global output is expected to slowdown to 2.8% before rising to 3.0% in the next fiscal year. Due to the geopolitical tensions in Europe continuing, Eurozone's growth rate may be lower. Asia's growth is expected to increase, and China's GDP is projected to grow to 5.2% in 2023 before gradually decreasing to 4.5% in 2024 and stabilising below 4% in the long-term.

Overall, these projections suggest that the global economy is expected to continue growing and stabilising in the coming years, despite some challenges. The coordinated tightening of monetary policy and resolution of supply chain disruptions are likely to support this growth, along with the bounce back of key economies such as China.

Global Economy



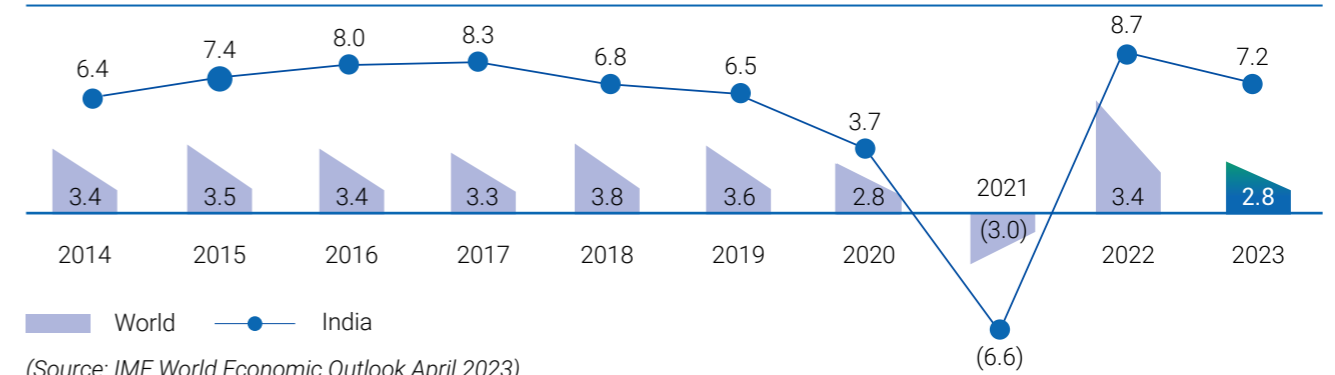
(Source: IMF World Economic Outlook April 2023)

Indian Economy

India's economy has made remarkable progress, becoming the world's fifth-largest economy in current dollars, and growing at an impressive rate of 7.2% in real terms for 2022-23, following an 8.7% real growth in the previous financial year. Despite facing challenges with inflation, which has been exacerbated by the Russia-Ukraine conflict. The Indian economy has almost recovered from the Covid-19 pandemic and is expected to continue growing at around 6.8%, with inflation projected to cool down from 6.6% in 2022-23 to 5.3% in the next fiscal year. Overall, the Indian economy is on a growth trajectory and is likely to see continued improvement in the coming

years. The Government's focus on capital expenditure to develop infrastructure is set to boost economic growth. The Government's Product Linked Incentive (PLI) schemes, especially for semiconductors, are expected to boost industrial and economic growth. This is supported by positive factors such as strong credit growth, improving consumer sentiment, increasing capacity utilisation levels, and significant Government spending. India's economy is on a positive path, with the potential to overcome any persistent downside risks from the global growth slowdown and elevated input prices.

India the fastest growing major economy of the world



(Source: IMF World Economic Outlook April 2023)





Industry Overview

Global Bearings Market

The global bearings market witnessed a CAGR of 5.6% from 2015 to 2019, growing from USD 85.2 billion to USD 106.1 billion. However, due to the Covid-19 pandemic outbreak in 2020, the market contracted due to declining demand and supply chain disruptions. Nevertheless, the market rebounded in 2021, growing by 12% to reach USD 104.6 billion, driven by the Asia-Pacific region. The market is expected to continue growing from 2021 to 2029, driven by the increasing usage of bearings in various applications such as mining, automotive, heavy machinery, infrastructure development, power generation and construction. It is forecasted that the global bearing market is expected to register a CAGR of 6% to 8% and will reach a value of USD 171.7 billion by 2029.

Indian Bearings Market

The bearings market in India is a significant player in the global and Asia-Pacific regions, accounting for a 5.2% share and a 12.5% share, respectively, in 2021. The market has experienced steady growth, with a CAGR of 7.2% between 2015 and 2019, but was impacted by the Covid-19 pandemic outbreak in 2020, causing a contraction. However, the market rebounded in 2021, driven by growth in the Asia-Pacific region, including India, and is expected to register a CAGR of 8.3% during 2021 to 2029, reaching

an estimated value of USD 10.3 billion in 2029. Despite this growth, there are potential challenges to the near-term growth prospects, such as geopolitical conflict threats and supply chain issues.

One key driver of growth in the bearing industry is global economic growth, which has led to increased demand for bearings across various sectors. Additionally, the rise in demand for customised bearings has spurred growth in the industry, as industries seek tailored solutions to meet specific requirements. The need for high-performance bearings has also driven growth, as manufacturers strive to produce bearings with greater durability and efficiency. Advancements in technology have enabled the production of more advanced bearings, contributing to growth in the industry. The expanding renewable energy market, particularly the wind sector, has also been a key driver of growth, requiring increasingly sophisticated bearings to support wind turbines.

As these drivers continue to propel growth in the bearing industry, manufacturers are expected to invest more in localising their products, further reducing imports and promoting domestic production. Overall, while there are potential challenges to near-term growth, the bearing industry is expected to continue growing, driven by a range of factors that are likely to persist in the long-term.

Overview of Global Stamping Market

Stamping is a metal manufacturing process that converts flat metal sheets into specific shapes and sizes. It involves various techniques such as blanking, coining, and bending. Stampers use computer tools to create designs. There are four major types of stamping: progressive die stamping, four-slide stamping, transfer die stamping, and deep draw stamping, which are chosen based on the product.

The global stampings market is expected to rebound and register a CAGR of 5.6% between 2021 and 2029, reaching a projected value of USD 307.5 billion by 2029. Despite a decline in the market in 2020 due to the Covid-19 pandemic, the rebound is driven by growth in stamping-related sectors, which are expected to perform better due to pent-up demand in the past years.

Firstly, the growth in customisation of stamping is likely to play a major role in driving demand for stampings. With the increasing demand for customized products in various industries, the stamping market is expected to benefit. Secondly, the ease of application of stamping is another key growth driver. Additionally, the automation of the stamping process is anticipated to drive efficiency and reduce production costs. Overall, these growth drivers are projected to contribute significantly to the growth of the stampings market in the coming years.

Indian Stamping Market Overview

India is poised to become the leader in the Asia-Pacific region's stampings market with the highest CAGR, while the Asia-Pacific region is predicted to be the second-largest growing region in the global stampings market. The Indian stampings market has registered 5.9% CAGR from 2015 to 2019 and was valued at USD 11.4 billion in 2021. The market is expected to continue its upward trajectory, registering at a 7.4% CAGR between 2021-2029 to reach USD 20.2 billion by 2029. This growth can be attributed to the increasing demand for stamped components in various industries, adoption of new technologies, Government initiatives to promote domestic manufacturing, and the availability of skilled labour and low labour costs.

Overview of Global Solar Industry

The global solar energy systems market is experiencing significant growth and is expected to continue on this trajectory with a projected CAGR of 15.7% from 2022 to 2030. This market was valued at USD 160.3 billion in 2021, and the growing demand for sustainable energy production is a significant driver of this growth. As the costs of solar energy systems decline, they are becoming more competitive in the energy generation industry. High investments in solar energy technologies are anticipated to further reduce the prices of components, making solar energy systems more affordable than currently operating coal or gas power plants. The need to find alternative sources of power generation and to reduce dependence on fossil fuels is also projected to increase demand for solar energy systems.

(Source: <https://www.grandviewresearch.com/industry-analysis/solar-energy-system-market-report>)

Overview of Indian Solar Industry

India possesses a significant potential for solar energy, with around 5,000 trillion kWh of energy incident over its geographic area each year. Harvesting solar photovoltaic electricity can allow for massive scalability in India, particularly for rural electrification through off-grid, decentralised, and low-temperature applications. Solar energy-based decentralised and distributed applications have already benefitted millions of people in Indian communities, providing them with cooking, lighting, and other energy needs. These applications have also resulted in social and economic benefits, including reducing the burden on rural women and girls who have to travel long distances to collect firewood. Additionally, India's solar energy sector has become a significant contributor to grid-connected power generation capacity, supporting the Government's objective of sustainable growth, while also ensuring energy security.





Company Overview

Harsha Group was incorporated in 1986 with the goal of providing businesses with engineering solutions and contributing to the realisation of engineering's full potential for society. Today, the Company has established itself as a leader in the Indian precision bearing cage manufacturing industry, commanding an impressive market share of ~ 50-60% in the organised segment. Additionally, the Company holds a 6.5% market share in the global organised bearing cages market for brass, steel, and polyamide cages.

The Company's range of bearing cages is extensive, covering sizes from 20mm to 2,000mm in diameter. Its engineering product line includes brass cages, bronze bushings, sand castings, polyamide cages, steel cages, and stamped components. In the solar EPC business, the Company offers comprehensive turnkey solutions for all solar photovoltaic requirements.

As the need for bearings and their cages has increased over time and engineering has evolved, the Company has continued to serve its clients' engineering needs with precision. With its in-house product development and innovation centre, the Company has been able to develop over 1200 bearing types in last 3 years.

Strengths

Global Precision Engineering Solutions Provider

The Company has a diverse product portfolio, manufacturing bearing cages in various sizes and materials. With efficient manufacturing processes and strong capabilities in new product development, they also produce precision components, welded assemblies, brass castings, and bushings. The Company's market reach spans over more than 31 countries across five continents, ensuring a well-diversified revenue stream both geographically and among customers.

Strong Partnerships with Global Bearing Manufacturers

The Company enjoys strong partnerships with prominent global bearing manufacturers in automotive, railways, aviation, construction, and other sectors. Its extensive experience, advanced manufacturing facilities, and commitment to quality have led to repeat orders and long-term agreements. With a focus on customer satisfaction and transparent dealings, it is able to cater to diverse requirements, develop new products, and expand into new geographies, endorsing its operational capabilities and attracting potential customers.

Proficiency in Tooling, Design Development and Automation

With decades of experience in precision engineering and strategically located production facilities, coupled with advanced manufacturing technology, the Company has successfully met the bespoke and stringent requirements of global customers. Offering full-service capabilities throughout the product cycle, including design, development, and manufacturing, it specialises in bearing cages, while also providing a diversified product portfolio of precision components, welded assemblies, brass castings, and bushings. Its market presence spans multiple continents, ensuring geographically and customer-diversified revenue streams.

Opportunities

China+1

The global shift towards reliable alternatives has presented a significant opportunity for manufacturing in India to thrive. As businesses worldwide seek more dependable options, India emerges as a favourable destination, poised to benefit immensely from this influx of companies. This, in turn, leads to an increasing demand for precision engineering solutions.

Low-Cost Manufacturing

The Company stands to gain substantial advantages from the growing trend of bearing manufacturers shifting from Europe to India. This strategic move is primarily driven by the lower manufacturing costs in India, offering significant cost savings for these manufacturers. As a result, bearing manufacturers can ramp up their production levels, leading to an increased demand for bearing cages.

Rising Preference in EV

With the increasing adoption of electric vehicles (EVs), there is a substantial rise in the demand for customisable bearing cages and precision stamping. This surge in demand directly benefits the Company, as it possesses the ability to manufacture a diverse range of bearing cages ranging from 20 mm to 2,000 mm. Moreover, the Company's state-of-the-art in-house tooling and design capabilities, along with its utilisation of the latest machinery, further contribute to its competitive advantage.

Financial Overview

(₹ in lakhs)

Particulars	Standalone			Consolidated		
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from Operations	102,472	95,645	58,204	136,402	132,148	87,376
Profit Before Depreciation and Tax	19,561	16,261	6,869	20,324	16,199	9,482
Less: Depreciation	2,331	1,962	1,728	3,612	3,536	3,411
Profit for the Year Before Taxation	17,230	14,299	5,141	16,712	12,663	6,071
Provision for Taxation						
Less: Current Year Tax	3,863	3,325	-	3,846	3,325	-
Less: Deferred Tax	528	366	1,343	538	143	1,528
Profit After Taxation	12,839	10,608	3,798	12,328	9,195	4,543
Add: Other Comprehensive Income for the Year	(748)	144	515	(748)	144	515
Total Comprehensive Income for the Year	12,091	10,752	4,313	11,580	9,339	5,058

Revenue from Operations

The Company witnessed a growth of 7.13% in standalone revenue from operations for the year 2022-23, with an increase from ₹ 95,645 lakhs in 2021-22 to ₹ 102,472 lakhs in 2022-23. Standalone revenue from operations in 2022-23 grew by 76.05% as compared to the year 2020-21.

Similarly, in terms of consolidated revenue from operations, there was a growth of 3.22% in 2022-23, as it rose from ₹ 132,148 lakhs in 2021-22 to ₹ 136,402 lakhs in 2022-23. Consolidated revenue from operations in 2022-23 grew by 56.10% as compared to the year 2020-21.

Profit After Tax

In the year 2022-23, the Company achieved a growth of 21.03% in standalone profit after tax, with an increase to ₹ 12,839 lakhs from ₹ 10,608 lakhs. Standalone profit after tax in 2022-23 increased by 238.04% as compared to the year 2020-21.

Furthermore, the consolidated profit after tax increased to ₹ 12,328 lakhs in 2022-23 from ₹ 9,195 lakhs in 2021-22, showcasing a significant rise of 34.07%. Consolidated profit after tax increased by 171.36% as compared to the year 2020-21.

Total Comprehensive Income

The Company's standalone total comprehensive income experienced a rise of 12.45%, increasing from ₹ 10,752 lakhs in 2021-22 to ₹ 12,091 lakhs in 2022-23. Standalone

total comprehensive income in 2022-23 increased by 180.33% as compared to the year 2020-21.

Similarly, the consolidated total comprehensive income grew by 23.99%, reaching ₹ 11,580 lakhs in 2022-23 from ₹ 9,339 lakhs in 2021-22. Consolidated total comprehensive income in 2022-23 increased by 128.94% as compared to the year 2020-21.

Financial Ratios (Consolidated)

Ratios	2022-23	2021-22	2020-21
Current Ratio (Times)	2.90	1.64	1.43
Debt-to-Equity Ratio (Times)	0.17	0.74	0.83
Debt Service Coverage Ratio (Times)	8.36	2.26	1.34
Return on Equity Ratio (%)	11%	17%	10%
Inventory Turnover Ratio (Times)	1.95	1.97	1.55
Return on Capital Employed (%)	17%	23%	17%
Net Profit Ratio (%)	9%	7%	5%



Risk Management

The Company has established a robust risk management framework that systematically identifies and evaluates business risks and opportunities. 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 the Company to proactively manage risks, capitalise on opportunities, and safeguard its operations, while maximising value creation.

Risk Identified	Impact on Company	Mitigation Strategy
Geopolitical Risks	Since early 2022, there has been a rise in geopolitical tensions in Europe, which has had a widespread impact on businesses worldwide, but particularly in Europe. As a result, the profitability of the Company is at risk due to the adverse impact on businesses in this region.	The Company benefits from a wide geographical presence and a diversified customer base, resulting in a diversified revenue stream. Furthermore, the Company's expansion plans are aligned with the evolving needs of its customers in India, Europe, Americas, and China. These plans include expanding its operations to further enhance its market reach and growth potential.
Shrinking Need for Traditional Internal Combustion Engines	With the increasing popularity of electric cars as a preferred mode of transportation, the automotive sector is undergoing a significant transformation. This transformation is leading to a decrease in the demand for internal combustion engines (ICEs). This trend is expected to continue and strengthen in the coming years.	Since the Company does not manufacture needle bearing cages, which are engine components, the rise in electric vehicles is not expected to have a direct negative impact on its business. However, the increasing demand for electric cars is creating a need for precision engineering solutions, which presents an opportunity for the Company to expand its market share. Additionally, the Company's stamping segment is expected to benefit significantly from the growth of the electric vehicle market.
Price Fluctuation of Raw Material Risk	Due to the volatile nature of raw material prices, the Company's profitability is directly affected by fluctuations in the cost of raw materials, which it procures.	To address the volatile nature of raw material prices, the Company has adopted certain measures. The Company procures raw materials from suppliers in the open market who meet the customer's set standards. The Company prefers to maintain a flexible approach in its dealings with suppliers, refraining from entering into any long-term commitments or firm contracts. The Company also has set pass through mechanism for raw material with maximum customers..

Risk Identified	Impact on Company	Mitigation Strategy
Human Resource Risk	The Company's capacity to provide value is contingent upon its capability to attract, retain, and foster a skilled workforce. The unavailability of the necessary talent pool can have a detrimental impact on the overall performance of the Company.	The Company has adequate human resources to sustain its current operations and planned growth, particularly at the management level. The Company is committed to improving its operational efficiency by reducing employee costs as a percentage of revenue from operations.
Foreign Currency Fluctuations	The Company operates across multiple countries through its export and import activities, which makes it susceptible to currency fluctuations. Such changes in exchange rates can potentially impact the pricing and profitability.	The Company enters into forward contracts and premium paid long-term options contract to partly hedge its foreign currency risks.
Competition Risk	The Company is consistently subjected to competitive risks. The rise in competition can exert pressure on various aspects such as profit margins and market share.	Through consistent endeavours to augment the Company's brand reputation, with a particular emphasis on design, quality, cost-efficiency, timely delivery, market share expansion, and exceptional customer service, the aim is to alleviate the associated risks.
Compliance Risk - Increasing Regulatory Requirements	Any failure to meet obligations can incur penalties as prescribed by applicable provisions and regulations.	By consistently monitoring and reviewing changes in the regulatory framework, as well as conducting regular monitoring and reporting of compliance, the Company ensures adherence to regulatory requirements and maintains a proactive approach towards compliance management.

Operational Overview

The Company is the largest manufacturer of precision bearing cages in the organised sector and among the leading manufacturers of precision bearing cages in the world. The Company has the in-house expertise to design and develop advanced tooling which enables the Company to manufacture precision bearing cages and complex and specialised precision stamped components. The Company has been successful in diversifying its product portfolio and improve the current processes in different types of bearing cages mainly due to the design, development and technological capabilities.

The following are the highlights for the key products of Harsha Engineers:

- The Company has a significant market share in the bearing cage market and has successfully manufactured over 7,205 bearing cages along with 295

other products. Furthermore, the product development and innovation centre has developed more than 1,200 products across various bearing types in last three years

- Harsha Engineers specializes in producing bronze bushes that find primary application within the gearboxes of wind turbines, particularly in planetary axles. Our focus lies in advancing our expertise across various bronze alloys, with a specific emphasis on Aluminum and Tin Bronze.
- Our company has successfully achieved proficiency in addressing the complete spectrum of bushes, covering a wide range of outer diameters (OD) and heights. Our capabilities extend from 200 mm to 600 mm OD and 200 mm to 800 mm in height.
- For the stamping and specialised component segment, the Company has set up a dedicated stamping unit and has installed certain machinery with tools for complex stamping at its primary manufacturing units. Further,



it is in the process of developing complex compressor parts and certain other components which are used in the compressor industry and focus on manufacturing of bearing seals and stamping. The Company believes that collectively, these products offer opportunities for significant growth.

- The Company has over 10 years of experience in the EPC business. The Company has in-house design, engineering procurement, project management and O&M team which has a combined experience of installing 500MW and more than 60MW commissioning experience in the roof top segment until March 31, 2023.

Human Resources

The Company recognises employees' crucial role in shaping culture and achieving success. Aligning policies, initiatives, and training programmes with its Vision and Mission, it fosters a harmonious work environment. Valuing employees, the Company provides competitive compensation, attractive benefits, and favourable conditions to motivate its workforce. It invests in engagement, communication, and involving them in decision-making to enhance value and reduce attrition. Through effective practices, leadership support, and employee management, the Company develops and optimises its human capital, benefitting both employees and the organisation. Unwavering commitment to employee engagement achieves goals for 2022-23. Successful knowledge enhancement, reskilling initiatives, and 'Internal IKVK,' 'Multiskilling,' and 'Leadership Development Team' boost morale and efficiency.]

Sustainability

The Company is deeply committed to sustainability, integrating environmental, social, and governance principles into its business practices. In 2022-23, various initiatives were implemented to promote sustainability and responsible conduct. These included water conservation measures, tree planting, clean and safe workstations, carbon emission reduction through shared transportation, responsible sourcing practices, safety and health initiatives, and a focus on product material compliance and sustainability. These efforts reflect the Company's commitment to making a positive impact on the environment, society, and its stakeholders, while ensuring long-term success through responsible business practices.

CSR Initiatives

Though the establishment of Aastha Charitable Trust, the Company has established Anand Dham, a self-contained residential complex for mentally challenged individuals, which provides a safe, clean, and engaging environment with training, medical care, and a family-like atmosphere, ensuring lifelong support for residents.

Internal Control and their Adequacy

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Given the changing needs, the Company has deepened the focus on the function and enhanced the scope of the internal audit department and included areas establishing corporate governance policy, internal control framework, conducting internal audits, management audits, IT audits, drafting and implementing policies and procedures, complying with environmental laws, reviewing and reporting of statutory compliances. Accordingly, the function has been named Corporate Audit & Governance (CAG).

The Company follows a robust system of internal controls to ensure that all assets are safeguarded and protected against loss from any unauthorised use or disposition and that the transactions are authorised, recorded and reported quickly. It reviews the adequacy of internal control systems from time to time. The internal controls are designed to maintain the transparency and adequacy of the financial and other records, reliable resources for preparing financial reports and other data.

The Company's Audit Committee reviews the adequacy and effectiveness of its internal control environment and monitors the implementation of audit recommendations, including those related to strengthening 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 Company for the financial year ended March 31, 2023.

1. FINANCIAL RESULTS

The Audited Standalone and Consolidated Financial Statements of the Company as on March 31, 2023 are prepared in accordance with the relevant applicable IND AS and provisions of the Companies Act, 2013.

The standalone and consolidated performance during the financial year ended March 31, 2023 has been as under:

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	For the year ended	For the year ended	For the year ended	For the year ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from Operations	102,472	95,645	136,402	132,148
Profit Before Depreciation and Tax	19,561	16,261	20,324	16,199
Less : Depreciation & Amortisation Expenses	2,331	1,962	3,612	3,536
Profit for the year before tax	17,230	14,299	16,712	12,663
Provision for Taxation:				
Less: Current Year Tax	3,863	3,325	3,846	3,325
Less: Deferred Tax	528	366	538	143
Profit after tax	12,839	10,608	12,328	9,195
Add: Other Comprehensive Income for the year	(748)	144	(748)	144
Total Comprehensive Income for the year	12,091	10,752	11,580	9,339

2. PERFORMANCE AND OPERATION REVIEW

CONSOLIDATED

The Company has achieved revenue from operation of ₹ 136,402 lakhs for the year ended March 31, 2023, an increase of 3.22% as compared to ₹ 132,148 lakhs in the previous year.

Profit after tax (PAT) for the year ended March 31, 2023 was ₹ 12,328 lakhs, an increase of 34.07% as against ₹ 9,195 lakhs in the previous year.

Basic earnings per share (EPS) for the year ended March 31, 2023 was ₹ 14.59 as against ₹ 16.06 in the previous year.

Diluted earnings per share (EPS) for the year ended March 31, 2023 was ₹ 14.59 as against ₹ 11.90 in the previous year.

STANDALONE

The Company has achieved revenue of ₹ 102,472 lakhs for the year ended March 31, 2023, increase of 7.14 % as compared to ₹ 95,645 lakhs in the previous year.

Profit after tax (PAT) for the year ended March 31, 2023 was ₹ 12,839 lakhs, increase of 21.03% as against ₹ 10,608 lakhs in the previous year.

Basic earnings per share (EPS) for the year ended March 31, 2023 was ₹ 15.19 as against ₹ 18.53 in the previous year.

Diluted earnings per share (EPS) for the year ended March 31, 2023 was ₹ 15.19 as against ₹ 13.73 in the previous year.

3. SIGNIFICANT ACTIVITIES IN FINANCIAL YEAR 2022-23

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

- The Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022
- M/s Harsha Engineers BV merged with the Company effective from November 14, 2022



Board's Report (Contd.)

- Setting up Hybrid Power Project with configuration of Wind Turbines Generators of 2.7 MW alongwith 0.675 MW AC/ 1.0125 MW DC Solar Power Plant
- Repayment of Debt amounting to ₹ 270 crores through IPO Proceeds
- Upgradation of Credit Rating to CARE AA-; Stable from CARE A+; Stable for Long Term Bank Facilities
- Incorporation of a wholly owned subsidiary company in the name of Harsha Engineers Advantek Limited with objective of manufacturing of bearing cages with primary focus on Large size cages, precision stamping components, Bronze Bushes among other.
- The Company got a Best Kaizen Award at 11th Annual International Quality Management Conference held by the American Society for Quality and hosted by Nirma University
- The Company got a "Gujarat State Annual Solar Awards 2022" presented at SuryaCan Ahmedabad

2022 for EPC Company of Year State of Gujarat in Industrial Category (Gold Category)

- Mr Maulik Jasani, VP Finance & Group CFO has been awarded as CA Business Leader 40 under 40 by the Institute of Chartered Accountants of India in Association with CNBC TV18.

4. INITIAL PUBLIC OFFER (IPO) OF EQUITY SHARES

Your Directors are pleased to inform you that, the Company has 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018. The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

As on March 31, 2023, the main objects and utilisation of net proceeds from 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	17.08
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	7.12	4.25
4	General corporate purposes	74.33	74.33
	Total	429.40	365.66

5. SCHEME OF AMALGAMATION OF M/S HARSHA ENGINEERS BV WITH THE COMPANY

During the financial year 2022-23, the Scheme of Amalgamation of M/s Harsha Engineers BV ("HEBV or Netherland Entity") with the Company and their respective shareholders and creditors was approved by the National Company Law Tribunal (NCLT), Ahmedabad Bench vide order dated August 25, 2022.

All necessary sanctions and approvals as required under the applicable laws of Netherlands have been received by HEBV hence this Scheme is now effective and Netherland Entity is ceased to be effective from November 14, 2022. On account of this merger, Harsha

Engineers Europe SRL has become direct subsidiary of the Company.

6. ACQUISITION OF REMAINING 2 EQUITY SHARES OF M/S HARSHA ENGINEERS EUROPE SRL THROUGH TRANSFER OF SHARES FROM MR. RAJENDRA SHAH AND MR. HARISH RANGWALA

The Company has acquired 2 equity shares of M/s Harsha Engineers Europe SRL by purchasing shares from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of this acquisition, M/s Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

Board's Report (Contd.)

7. SHARE CAPITAL

The Company had completed its Initial Public Offer (IPO) and allotted fresh issue of 13,795,695 equity shares of face value of ₹ 10 each. Post IPO, the paid up share capital of the Company is increased to ₹ 910,441,050 consisting of 91,044,105 equity shares of ₹ 10 each.

8. 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, 2023. 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.

9. DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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>.

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

In terms of Section 125 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof, there was no unpaid/unclaimed dividend declared last year/years.

11. TRANSFER TO RESERVES

As permitted under the provision of Companies Act, 2013, the Board does not propose to transfer any amount to General Reserve for the financial year ended on March 31, 2023.

12. 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.

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

As on March 31, 2023, the Company has four Subsidiaries, an Associate 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 Shares Held/Capital
1	Cleanmax Harsha Solar LLP 13, A Floor 13, Plot 400 The Peregrine Apartment, Kismat Cinema, Prabhadevi Mumbai, Mumbai-400025, Maharashtra, India.	AAE-4231	Joint Venture	50%
2	HASPL Americas Corporation 7480 Birdwood Avenue, Ste 1120, Mclean-22102, Fairfax, USA.	Foreign Subsidiary	Wholly Owned Subsidiary	100%
3	Harsha Precision Bearing Components (China) Co. Limited No. 10 Fuhua Road, Bixi Sub-District, Changshu, Jiangsu, Province, China.	Foreign Subsidiary	Wholly Owned Subsidiary	100%
4	Harsha Engineers Europe SRL* Str. Hermann Oberth, Nr.23, Hala 4 Parcul Industrial ICCO Ghimbav, Brasov, Romania.	Foreign Subsidiary	Wholly Owned Subsidiary	100%



Board's Report (Contd.)

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate/ Joint Venture	% of Shares Held/Capital
5	Sunstream Green Energy One Private Limited Unit No. 28C, Nand Deep Industrial Estate 2 nd Floor, Kondivita Lane, J.B. Nagar, Andheri (E) Mumbai-400059, Maharashtra, India.	U74900MH2016PTC271603	Associate	26%
6	Harsha Engineers Advantek Limited** NH-8A, Sarkhej-Bavla Highway, Changodar, Sanand, Ahmedabad-382213, Gujarat, India.	U28140GJ2023PLC139182	Wholly Owned Subsidiary	100%

* The Company has acquired 2 equity shares of M/s Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, M/s Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

** M/s Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary on March 14, 2023.

Note:

M/s Harsha Engineers BV was merged with the Company effective from November 14, 2022.

During the year under review, the Board of Directors reviewed the affairs of subsidiaries, associate and joint venture. In accordance with section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries including associates and joint venture, which form part of the Annual Report. Further a statement containing the salient features of the financial statements of our subsidiaries, associate and joint venture in the prescribed Form 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>

14. DIRECTORS

The Board of Directors consists of 10 members, out of which 5 are Independent Directors including one women Independent Director and 5 are Non-Executive

and Non-Independent Directors. The composition is in compliance with the Companies Act, 2013 and SEBI Listing Regulations.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajendra Shah (DIN:0061922) Chairman & Whole-time Director and Ms. Hetal Ukani (DIN:01990172) 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.

15. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

16. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key

Board's Report (Contd.)

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>.

17. KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to 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, 2023.

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 Ukani	Whole-time Director
6	Mr. Maulik Jasani	VP Finance & Group CFO
7	Mr. Kiran Mohanty	Company Secretary & Chief Compliance Officer

During the year under review, there were no changes to the Key Managerial Personnel (KMP) of the Company.

18. NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 7 (Seven) times during the financial year 2022-23. All the Board Meetings were held as per Section 173 of Companies Act, 2013 with all the relevant rules & regulations related to that, Secretarial Standard -1 (Board Meeting) and 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 2022-23 are given in the Corporate Governance Report which forms part of this Annual Report.

19. INDEPENDENT DIRECTOR

The Company has complied with the definition of Independence according to the provisions of Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also obtained declarations from all the Independent Directors pursuant to Section 149(7) of the Companies Act,

2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All Independent Directors have provided declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations.

20. FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying it in their appointment letter along with necessary documents, reports and internal policies to enable them to 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 details of such familiarisation programmes for Independent Directors are explained in the Corporate Governance Report which forms part of this Annual Report.

21. COMMITTEES

During the 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 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 provided in the Corporate Governance Report which forms part of this Annual Report. The composition and terms of reference of all the Committees of the Board of Directors of the Company is in line with the provisions of the Act and the Listing Regulations.

22. RISK MANAGEMENT FRAMEWORK

The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise 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.



Board's Report (Contd.)

The Company has a Risk Management Committee of the Board of Directors and Risk Management Policy consistent with the provisions of the Companies Act, 2013 and the 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 report.

23. DISCLOSURE UNDER SECTION 67(3)(C) OF THE COMPANIES ACT, 2013

No disclosure is required under section 67(3)(c) of the Companies Act, 2013 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.

24. DEPOSIT

During the year the Company has accepted deposits under the provisions of the Companies Act, 2013, details of which are given below. Further there are no outstanding deposits as at March 31, 2023.

(₹ In lakhs)	
Particulars	Amount
Deposits at the beginning of the financial year	
i) Principal Amount	2,300.00
ii) Interest due but not paid	-
iii) Interest accrued but not due	-
Total (i+ii+iii)	2,300.00
Change in Deposits during the financial year	-
• Addition	60.00
• Reduction	(2,360.00)
Net Change	(2,300.00)
Deposits at the end of the financial year	-
i) Principal Amount	-
ii) Interest due but not paid	-
iii) Interest accrued but not due	-
Total (i+ii+iii)	-

25. RELATED PARTY TRANSACTION

All Related Party Transactions that were entered into during the financial year 2022-23 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 Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 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 on a quarterly basis, specifying the nature, value, 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>

26. 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, 2023 in the prescribed Form no. MGT-7 is available on the Company's website at <https://www.harshaengineers.com/InvestorRelations/financial-information.php#>.

27. PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the notes to the Financial Statements.

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of the Company hereby state and confirm that:

- in the preparation of the annual accounts for the year ended March 31, 2023, the applicable

Board's Report (Contd.)

accounting standards have been followed along with proper explanation relating to material departures;

- b) the Directors have 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis; and
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and are operating effectively.

29. AUDITORS AND AUDITORS' REPORT**I. 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 Board of Directors.

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

II. Cost Auditor

M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (FRN:000025) were appointed as Cost Auditors to carry out the audit of cost records of the Company for the financial year ended March 31, 2023.

III. Secretarial Auditor

M/s Chirag Shah & Associates, Practicing Company Secretaries, Ahmedabad were appointed as Secretarial Auditor to carry out

Secretarial Audit of the Company for the financial year ended March 31, 2023.

According to the provisions of Section 204 of the Companies Act, 2013 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 **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.

IV. Internal Auditor

M/s Talati & Talati (FRN:110758W), Chartered Accountants and M/s MAR & Co. (FRN:138633W), Chartered Accountants were appointed as the Internal Auditors of the Company for Engineering business division and Solar EPC business division respectively for the financial year 2022-23. 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.

30. INSURANCE

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

31. CREDIT RATING

There has been revision in credit ratings of the Company during the financial year ended March 31, 2023, details of which are as under:

Credit rating agency	Facilities/ Instruments	Existing Ratings	Revised Ratings
CARE Ratings Limited	Long Term /Short Term Bank Facilities	CARE A+; Stable/ CARE A1+	CARE AA-; Stable / CARE A1+
CARE Ratings Limited	Long Term Bank Facilities (Terms Loans)#	CARE A+; Stable	Withdrawn

The Company has fully prepaid its term debt and taking cognizance of it, CARE Ratings Limited has withdrawn the rating assigned to term debt facilities of the Company.



Board's Report (Contd.)

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

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is disclosed in the **Annexure-C** to this Board's report.

33. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder your Company has adopted a policy for CSR and the Board has constituted a committee for implementing the CSR activities. The Company's CSR Policy is available on website, at <https://www.harshaengineers.com/InvestorRelations/company-policies.php>. The annual report on our CSR activities is appended as **Annexure-D** to the Board's report.

34. CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance and the Business Responsibility and Sustainability Report, forms part of this Board's report.

35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Board's report.

36. PARTICULARS OF EMPLOYEES

The information as 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 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 Companies Act, 2013, 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.

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

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

A 'Prevention of Sexual Harassment' (POSH) policy is in line with the statutory requirement, along with a structured reporting and redressal mechanism is in place. The POSH policy is communicated to all employees of the Company. During the financial year 2022-23, no complaints in respect of the same has been received by the Company.

38. VIGIL MECHANISM / WHISTLE BLOWER

Pursuant to the provisions of Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 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.

39. 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.

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.

40. 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.



Board's Report (Contd.)

41. 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:

NH-8A, Sarkhej-Bavla Highway, Changodar,
Ahmedabad-382213, Gujarat, India.
CIN : U29307GJ2010PLC063233
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 25, 2023



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 company 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 & Surplus	Total Assets	Total Liabilities (Excluding Share Capital & Reserves and Surplus)	Investments	Turnover	Profit/ (Loss) Before Tax	Provision for Tax	Profit/ (Loss) After Tax	% of Share Holding/ Capital Contribution
		Currency	Exchange Rate										
Sunstream Green Energy One Private Limited	N.A.	INR	N.A.	1	300	1,648	1,346	-	9	1	0	1	26%
Cleanmax Harsha Solar LLP	N.A.	INR	N.A.	1228	-	1,328	100	-	298	47	-	47	50%
HASPL Americas Corporation	N.A.	USD	74.0487 (for B/S)	67	(67)	0	-	-	-	0	-	0	100%
Harsha Precision Bearing Components (China) Co. Limited	N.A.	RMB	11.9638 (For B/S), 11.7245 (For P&L)	14,847	(7,498)	16,413	9,065	-	12,408	(102)	9	(111)	100%
Harsha Engineers Europe SRL	N.A.	RON	18.0600 (For B/S), 16.9724 (For P&L)	4,491	(3,681)	10,306	9,496	-	23,837	(340)	-	(340)	100%
Harsha Engineers Advantek Limited	N.A.	INR	N.A.	10	0	10	-	-	-	0	-	0	100%

Notes:

- Proposed dividend from any of the subsidiaries is Nil.
- M/s Harsha Engineers BV was merged with the Company effective from November 14, 2022.
- M/s Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary on March 14, 2023.
- The Company has acquired 2 equity shares of M/s Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, M/s Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

Annexure-B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2023

[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

(Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

NH-8A, Sarkhej-Bavla Highway,
Changodar, Ahmedabad-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 (Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited) (CIN:U29307GJ2010PLC063233)** (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 authorised 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, 2023, 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, 2023 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;



Annexure-B (Contd.)

(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)

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

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

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

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

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

We further report that, the Company has completed its Initial Public Offer ("IPO") of 22,886,595 equity shares of face value of ₹ 10 each at an issue price of Rs 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 Limited and BSE Limited with effect from September 26, 2022.

We further report that, the Scheme of Amalgamation of Harsha Engineers BV (HEBV) with the Company and their respective shareholders and creditor was approved by the National Company Law Tribunal (NCLT), Ahmedabad Bench vide order dated August 25, 2022. All necessary sanctions and approvals as required under the applicable laws of Netherlands have been hence this Scheme was effective and status of the HEBV dissolved with effect from November 14, 2022.

We further report that during the year under review, following special resolutions have been passed on Annual General Meeting dated July 18, 2022:

1. Approval pursuant to Section 185 of the Companies Act, 2013
2. Approval for payment of commission to the directors of the Company for the financial year ending on March 31, 2022

Chirag Shah
Partner

Chirag Shah and Associates

FCS No.: 5545

C.P. No.: 3498

Place: Ahmedabad

Date: May 25, 2023

UDIN: F005545E000452200

Peer Review Cert. No.: 704/2020

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



ANNEXURE A

To,
The Members,

Harsha Engineers International Limited
(Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

NH-8A, Sarkhej-Bavla Highway,
Changodar, Ahmedabad-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 25, 2023

UDIN: F005545E000452200

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 recognised 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 1MW 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.

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 (1 WTG 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, Taluka: Kalawad, District: Jamnagar and Solar Plant is installed at Revenue Survey No. 237 Paiki at Village Bediya, Taluka: 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 of the Company during the financial year amounts to ₹ 49,539 lakhs and ₹ 4,550 lakhs respectively.



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 Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited) ("Company") and forms an integral part of our activities. Being a responsible corporate citizen, 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

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.

involvement of stakeholders within the Company and the broader community.

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. 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 Corporate Social Responsibility Policy (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.

Detailed CSR policy is available on <https://www.harshaengineers.com/InvestorRelations/company-policies.php>

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:

So far Harsha Group has contributed around ₹ 6.67 crores towards CSR initiatives and firmly believes that these outreach programmes 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. Corporate Social Responsibility Committee (CSR Committee)

The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR



Annexure-D (Contd.)

Policy. Pursuant to the provisions of Section 135(1) of the Companies Act, 2013, the Board has set up Corporate Social Responsibility Committee (CSR Committee). The details of the CSR Committee members and meeting held during financial year 2022-23 are given as under:

Sl. No.	Name of Director	Designation	Position	Number of Meetings held	Number of meetings attended
1	Mr. Rajendra Shah	Executive Director	Chairman	1	1
2	Mr. Harish Rangwala	Executive Director	Member	1	1
3	Mr. 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 our website <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 Companies Act, 2013. The CSR Policy of the Company is available on our website, <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: ₹ 331.82 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))	₹ 102.78 lakhs
b. Surplus arising out of the CSR projects or programmes or activities of the previous financial year	NIL
c. Amount required to be set-off for the financial year, if any	₹ 102.78 lakhs
d. Total CSR obligation for the financial year (a+b-c)	NIL

VIII. A. CSR amount spent or unspent for the financial year 2022-23

Total amount spent for the 2022-23	₹ 21 lakhs
Amount unspent, if any;	On account of ₹ 331.82 lakhs, amount available for set-off, the Company was not required to spend on CSR activities for 2022-23 in accordance with provisions of section 135(5) of Companies Act 2013
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

Annexure-D (Contd.)

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	Paramkrupa Medical Centre- Changodar	i	Yes	Gujarat	Ahmedabad	21.00	No	Shri Kutchhi Jain Seva Samaj -Ahmed-abad	CSR00005314

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: ₹ 21 lakhs

XII. Excess amount for set off, if any: ₹ 250.04 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



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 2022-23:

Name of Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Rajendra Shah	Chairman and Whole-time Director	24:1
Mr. Harish Rangwala	Managing Director	24:1
Mr. Vishal Rangwala	CEO & Whole-time Director	67:1
Mr. Pilak Shah	COO & Whole-time Director	56:1
Ms. Hetal Ukani	Whole-time Director	24:1
Mr. Ambar Patel	Independent Director	1:2
Prof. Dr. Neharika Vohra	Independent Director	1:2
Mr. Kunal Shah	Independent Director	1:2
Dr. Bhushan Punani	Independent Director	1:2
Mr. Ramakrishnan Kasinathan	Independent Director	1:2

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

Name of Director	Designation	% increase in remuneration in the 2022-23
Mr. Rajendra Shah	Chairman and Whole-time Director	Nil
Mr. Harish Rangwala	Managing Director	Nil
Mr. Vishal Rangwala	CEO & Whole-time Director	5.85%
Mr. Pilak Shah	COO & Whole-time Director	7.02%
Ms. Hetal Ukani	Whole-time Director	9.02%
Mr. Ambar Patel	Independent Director	40.00%
Prof. Dr. Neharika Vohra	Independent Director	40.00%
Mr. Kunal Shah	Independent Director	40.00%
Dr. Bhushan Punani	Independent Director	250.00%
Mr. Ramakrishnan Kasinathan	Independent Director	250.00%
Mr. Maulik Jasani	VP-Finance & Group CFO	17.48%
Mr. Kiran Mohanty	Company Secretary & Chief Compliance Officer	25.46%

Note:

- Remuneration of Managerial Persons is inclusive of Managerial Remuneration payable for financial year ended March 31, 2023 as approved by the Board at their held on May 25, 2023.
 - 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 are given on accrual basis.
3. The percentage increase in the median remuneration of employees in the financial year 2022-23: 10.03%.
4. The number of permanent employees on the rolls of the Company as on March 31, 2023: 1799 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: 11.05%
The average increase in the managerial remuneration: 4.38%
6. It is hereby affirmed that the remuneration paid is as per the Nomination Remuneration Evaluation policy of the Company.



Corporate Governance Report

[As required under Schedule V(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 maximising value for all its stakeholders.

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

- Code of Conduct for Directors and 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
- Evaluation of the Performance of the Board of Directors
- Familiarisation Programme for Independent Directors
- Selection, Appointment, Performance Evaluation and Remuneration of Directors and Key Managerial Personnel
- Promote Diversity on the Board of Directors
- Succession Planning for the Board and Senior Management

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

The business operations are conducted to benefit 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 directors including Independent Directors with at least one woman director.

A report on compliance with corporate governance principles as prescribed under Regulation 17 to 27 read with Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") as applicable, is given below considering that the Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

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 is also 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 which formulates strategies, policies and reviews 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 with one Woman Director. 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.



Corporate Governance Report (Contd.)

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, 2023 the Board of Directors comprises of 10 (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, 2023 are as under:

Sl. No.	Name of Director	Category	Number of Board Meeting attended during the 2022-23	Whether Attended last AGM held on July 18, 2022	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	7	Yes	1	3	1	3
2	Mr. Harish Rangwala	Executive Non-Independent Director	7	Yes	-	1	-	-
3	Mr. Vishal Rangwala	Executive Non-Independent Director	7	Yes	-	-	-	-
4	Mr. Pilak Shah	Executive Non-Independent Director	6	Yes	-	1	-	-
5	Ms. Hetal Ukani	Executive Non-Independent Director	7	Yes	-	1	-	-
6	Mr. Ambar Patel	Non-Executive Independent Director	7	Yes	-	3	-	-
7	Dr. Bhushan Punani	Non-Executive Independent Director	7	Yes	-	1	-	-
8	Mr. Ramakrishnan Kasinathan	Non-Executive Independent Director	7	No	-	-	-	-
9	Mr. Kunal Shah	Non-Executive Independent Director	7	Yes	-	-	-	-
10	Prof. (Dr.) Neharika Vohra	Non-Executive Independent Director	7	No	-	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 Regulations. ** 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.



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	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 37 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 37 years of experience in the precision engineering business for bearing cages and stamped components.

Mr. Vishal Rangwala / CEO & 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 / COO & 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, 2006. 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 Ukani / Whole-time Director

Ms. Hetal Ukani 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



Corporate Governance Report (Contd.)

Metal, Total Productive Maintenance (TPM) etc. She is responsible for Health and Safety of all employees and others who may be affected by our Company's operations. She also plays a vital role in managing TPM function of our Company.

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, and a Master of Arts degree and a Doctorate of 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 University of Manitoba. She was also associated with Delhi Skills and Entrepreneurship University as Vice Chancellor. She has over 23 years of experience in teaching and research in the field of organisational behaviour.

Mr. Ambar Patel / Independent Director

Mr. Ambar Patel holds a bachelor's degree in Mechanical Engineering from Gujarat University. He has served as the managing director of Shilp Gravures Limited since October 29, 1993. He is the Director on Board of The Kalupur 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 skills/expertise/competencies fundamental for the effective functioning of the Company, which are currently available with the Board:



Corporate Governance Report (Contd.)

Based on job profile	1. Knowledge of job profile 2. Skills required to perform or to execute the job profile
Responsibilities and obligations	1. Attendance and participation in the meetings 2. Expert opinions in respect of the serious issues
Strategies	1. Strategies formulated and successfully implemented 2. Various Directions provided in the best interest of the Company on key issues
Performance management	1. Performance of the Company on the stock exchanges 2. Financial Performance 3. Achievement of domestic or international award
Risk management	1. Avoidance of high financial risk while executing the functions and duties 2. Avoidance from any other high risk
Mergers and Acquisitions	1. Number of Mergers and Acquisitions (" M&A ") taken place 2. Success rate in executing M&A
Talent management	1. Achievement in respect of successful negotiations 2. Level of talent retained at low, mid and top level
Core governance and compliance management	1. Review of detailed compliances applicable under the various laws, rules and regulations 2. Reviewing whether the business is running legally or not
Annual targets	1. Targets achieved in domestic and international sales and marketing 2. Targets achieved in manufacturing activity
Expansion and diversification	1. New successfully executed business expansions 2. New successfully executed business diversifications
Succession planning	Provision for additional or alternate Directors
Conflict of interest management	1. Strategy to resolve the conflict of interest in other Directors 2. Strategy to resolve the conflict of interest in other employees
Financial and operational control mechanism	1. Control on financial dealings 2. Control on internal operational activities
Maintaining of corporate culture and moral values	1. Initiatives to maintaining corporate culture of the Company 2. Initiatives to maintaining moral values of the Company
Maintaining high level of integrity and ethics	1. Initiative to maintaining high level of integrity 2. Initiative to maintain high level of ethics
Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel	1. Functioning of duties and responsibilities as per the Code of Conduct for Board of Directors and Senior Management Personnel 2. Abidance and behaviour in accordance with Code of Conduct for Board of Directors and Senior Management Personnel
In-general knowledge and skills	1. Skills required for carrying out business activities 2. Communication skills and quick responsiveness

The eligibility of a person to be appointed as a Director of the Company is 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 drawn from diverse backgrounds and possess expertise across a range of disciplines including general management, business strategy, marketing, legal and finance.



Corporate Governance Report (Contd.)

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 & Proceedings

Apart from the Board members, Chief Financial Officer (CFO) and Company Secretary also attend the Board Meetings. Both CEO and CFO make presentation on the financial and operational performance of the Company quarterly and annually. They also present annual financial and operational budget.

Internal Auditors and Statutory Auditors are the permanent invitees of the Audit Committee

meetings to discuss the areas of internal audit as well as highlights of the financial performance of the Company.

G. Support and Role of Company Secretary

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance to the Board and the Management.

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

During the Financial year 2022-23, Seven (7) Board Meetings were held on May 20, 2022, August 30, 2022, September 7, 2022, September 8, 2022, September 19, 2022, November 4, 2022 and February 14, 2023. 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 was as under:-

Sl. No.	Name of Directors	Attendance in the Board meetings		Attendance at AGM held on July 18, 2022
		Held	Present	
1	Mr. Rajendra Shah	7	7	Yes
2	Mr. Harish Rangwala	7	7	Yes
3	Mr. Vishal Rangwala	7	7	Yes
4	Mr. Pilak Shah	7	6	Yes
5	Ms. Hetal Ukani	7	7	Yes
6	Mr. Ambar Patel	7	7	Yes
7	Dr. Bhushan Punani	7	7	Yes
8	Mr. Ramakrishnan Kasinathan	7	7	No
9	Mr. Kunal Shah	7	7	Yes
10	Prof. (Dr.) Neharika Vohra	7	7	No

I. Separate Meeting of Independent Directors

Independent Directors play an important role in the governance processes of the Board. They bring their expertise and experience on the deliberations of the Board. This enriches the decision-making process at the Board with different points of view and experiences and prevents conflict of interest in the decision-making process.

None of the Independent Directors serves as "Independent Directors" in more than seven listed companies. No person has been appointed or continuing as an Alternate Director for 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.



Corporate Governance Report (Contd.)

Schedule IV to the Act, 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 November 4, 2022 and taken the following resolutions.

- Review the performance of the Non-Independent Directors
- Review the performance of the Board of the Company as a whole
- Review the performance of Chairman of the Company taking in to account the views of the Executive and Non-Executive Directors on the same
- Assess the quality, quantity and timeliness of flow of information between the Company Management and 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.

(i) Mr. Vishal Rangwala is the son of Mr. Harish Rangwala; (ii) Mr. Pilak Shah is the son of Mr. Rajendra Shah and brother of Ms. Hetal Ukani; (iii) Ms. Hetal Ukani is the daughter of Mr. Rajendra Shah and sister of Mr. Pilak Shah (iv) Mr. Harish Rangwala is the father of Mr. Vishal Rangwala; and (v) Mr. Rajendra Shah is the father of Mr. Pilak Shah and Ms. Hetal Ukani.

a. Number of shares and convertible instruments held by Non-Executive Directors

Name of Director	No. of Equity Shares held
Mr. Ramakrishnan Kasinathan	500

During the year under review, none of the Non-Executive Directors hold any convertible instruments of the Company.

K. Familiarisation programmes imparted to Independent Directors

The Independent Directors have been updated with their roles, rights and responsibilities in the

Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and 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/company-policies.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 all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. 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.

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 for Prohibition of Insider Trading, 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:



Corporate Governance Report (Contd.)

- 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, Internal Auditor and representatives of Statutory Auditors are the permanent invitees at the Audit Committee meetings and 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 from 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;
- 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;



Corporate Governance Report (Contd.)

- 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;
 - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;
 - Reviewing the utilisation of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law;
 - Formulating a policy on related party transactions, which shall include materiality of related party transactions;
 - Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services; and
 - Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- Audit Committee shall mandatorily review the following information:**
- management discussion and analysis of financial condition and results of operations;
 - 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;
 - statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;
 - (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI 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.



Corporate Governance Report (Contd.)

Composition of Audit Committee, number of Meetings held and participation at the Meetings during the year:

During the year, 4 (Four) Audit Committee Meetings were held on May 20, 2022, August 30, 2022, November 4, 2022 and February 14, 2023. The Attendance of Members at meetings was as under:

Sl. No.	Name of Committee member	Designation	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

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 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:

- 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 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;



Corporate Governance Report (Contd.)

- 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.

Composition of Nomination and Remuneration Committee, number of Meetings held and participation at the Meetings during the year.

During the year, 1 (One) Nomination and Remuneration Committee meeting was held on May 20, 2022. The Attendance of Members at meetings were as under:

Sl. No.	Name of Committee member	Designation	Position	Number of Meetings held	Number of Meetings attended
1	Mr. Ambar Patel	Non-Executive Independent Director	Chairman	1	1
2	Prof. (Dr.) Neharika Vohra	Non-Executive Independent Director	Member	1	1
3	Mr. Kunal Shah	Non-Executive Independent Director	Member	1	1

Evaluation of the Board's Performance:

The Committee evaluate the performance of each Director of the Company under the Nomination and Remuneration Policy 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 decide 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



Corporate Governance Report (Contd.)

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 2022-23 are as under:

Sl. No.	Name of Director	Sitting Fees (Amount in ₹)
1	Mr. Ambar Patel	140,000
2	Dr. Bhushan Punani	140,000
3	Mr. Ramakrishnan Kasinathan	140,000
4	Mr. Kunal Shah	140,000
5	Prof. (Dr.) Neharika Vohra	140,000

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#>.

The details of remuneration paid to Executive Directors for the financial year 2022-23 are as under:

Sl. No.	Name of Director	Salary (Amount in ₹)	Commission (Amount in ₹)	Total (Amount in ₹)
1	Mr. Rajendra Shah	3,850,008	3,000,000	6,850,008
2	Mr. Harish Rangwala	3,850,008	3,000,000	6,850,008
3	Mr. Vishal Rangwala	7,000,008	12,000,000	19,000,008
4	Mr. Pilak Shah	7,000,008	9,000,000	16,000,008
5	Ms. Hetal Ukani	3,800,004	3,000,000	6,800,004

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 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;

Corporate Governance Report (Contd.)

- 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 further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Composition of Committee, number of Meetings held and participation at the Meetings during the year:

During the year, 2 (Two) meetings were held on November 4, 2022 and February 14, 2023.

The Attendance of Members at meetings was 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	Mr. Ramakrishnan Kasinathan	Non-Executive Independent Director	Member	2	2
3	Mr. Vishal Rangwala	Executive Non-Independent Director	Member	2	2

Name and designation of Compliance Officer

Name and contact detail of Compliance Officer:	Mr. Kiran Mohanty Company Secretary and Chief Compliance officer Tel: 91-2717-618200
Email Id for correspondence:	sec@harshaengineers.com
Registered Office:	NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-382213, Gujarat, India

Details of Complaints / Queries received and redressed during April 01, 2022 to March 31, 2023:

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	1574	1574	Nil

Note: The Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022.

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 read with Schedule VII of the Act.

Terms of reference of the 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;



Corporate Governance Report (Contd.)

- 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.

Composition of Committee, number of Meetings held and participation at the Meetings during the year.

During the year, the meeting of Corporate Social Responsibility Committee was held on November 4, 2022.

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. As on March 31, 2023, Risk Management Committee of the Company comprised of Five members viz. Mr. Rajendra Shah, Mr. Pilak Shah, Mr Kunal Shah, Mr Ramakrishnan Kasinathan and Mr.Vishal Rangwala and Mr. Rajendra Shah, Executive Director, acts as Chairman of the Committee.

Terms of reference of the 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;



Corporate Governance Report (Contd.)

- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Composition of Committee, number of Meetings held and participation at the Meetings during the year:

During the year, the meeting of Risk Management Committee was held on on November 4, 2022.

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. Pilak Shah	Executive Non-Independent Director	Member	1	1
3	Mr. Kunal Shah	Non-Executive Independent Director	Member	1	1
4	Mr. Ramakrishnan Kasinathan	Non-Executive Independent Director	Member	1	1
5	Mr. Vishal Rangwala	Executive Non-Independent Director	Member	1	1

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 year:

During the year, 8 (Eight) Management Committee Meetings were held on various dates.

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	8	8
2	Mr. Harish Rangwala	Executive Non-Independent Director	Member	8	8
3	Mr. Vishal Rangwala	Executive Non-Independent Director	Member	8	8
4	Mr. Pilak Shah	Executive Non-Independent Director	Member	8	7
5	Ms. Hetal Ukani	Executive Non-Independent Director	Member	8	8



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
2021-22	Monday, July 18, 2022 at 10.00 a.m.	Registered Office of 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 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
2019-20	Friday, November 6, 2020 at 10.00 a.m.	Registered Office of Company	-



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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 Company	<ol style="list-style-type: none"> 1. Appointment of Mr. Ambar Patel (DIN:00050042), as an Independent Director 2. Appointment of Dr. Bhushan Punani (DIN:00119874), as an Independent Director 3. Appointment of Mr. Kunal Shah (DIN:02087152), as an Independent Director 4. Appointment of Prof. (Dr.) Neharika Vohra (DIN:06808439), as an Independent Director 5. Appointment of Mr. Ramakrishnan Kasinathan (DIN:09461806), as an Independent Director 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 investment limits for Non-Resident Indians and overseas citizens of India 10. Increase in Authorised Share Capital
2021-22	Saturday, August 14, 2021 at 10.00 a.m.	Registered Office of Company	<ol style="list-style-type: none"> 1. 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 Company	<ol style="list-style-type: none"> 1. Alteration of the Memorandum of Association of the Company 2. Increase in 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 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://](https://www.harshaengineers.com/InvestorRelations/stockexchange-compliance.php#)

www.harshaengineers.com/InvestorRelations/stockexchange-compliance.php#. The press releases, Investor presentations and transcript of post result analyst and investors 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 28, 2023
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.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on



Corporate Governance Report (Contd.)

General Meetings, particulars of Directors seeking re-appointment at ensuing AGM are given in the Annexure to the notice of ensuing AGM.

F. Financial Calendar:

The Financial Year of the Company is for a period of 12 months from April 01 to March 31

Quarterly/Half-yearly results and Limited Review for the quarter ending September 30, 2022	Within 45 days of the end of the quarter
Quarterly/Nine-months results and Limited Review for the quarter ending December 31, 2022	
Results for the year ending March 31, 2023	Within 60 days of the end of the financial year

Note: The Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022. The details are disclosed accordingly.

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. Listing on Stock Exchanges:

Equity Shares of the Company are listed on the following Stock Exchanges:

Name of the Stock Exchange	Scrip Code	Address
BSE Limited	543600	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
National Stock Exchange of India Limited	HARSHA	"Exchange Plaza", C-I, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai-400051

The Company has paid Annual Listing Fees for the financial year 2022-23 & 2023-24 to each stock Exchanges.

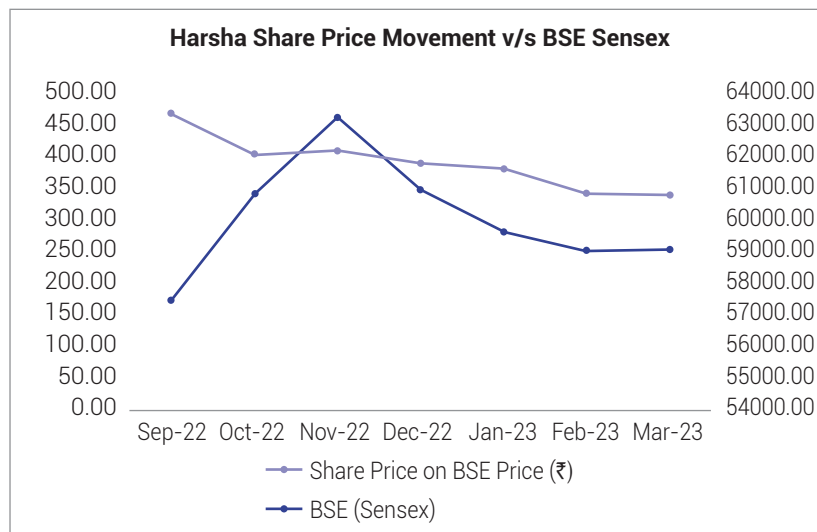
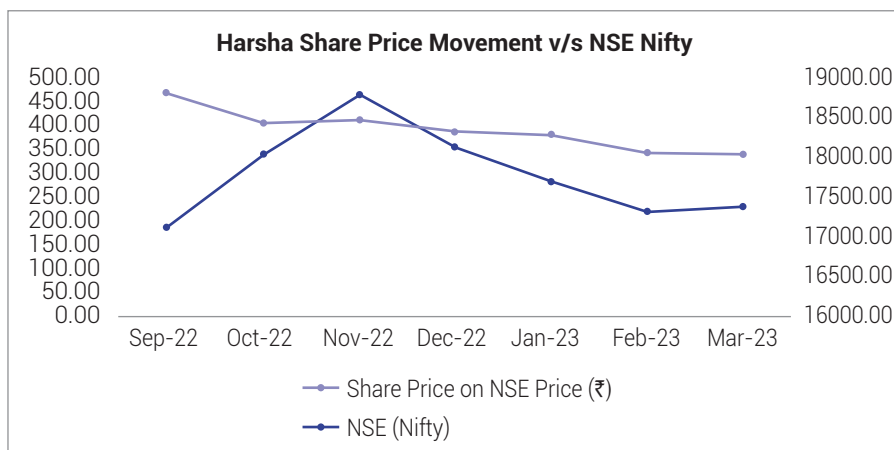
J. Market Price data:

The Market and volume of the Company's share traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2022-23 were as under:

2022-23	BSE					NSE				
	Share Price on BSE		Volumes	BSE (Sensex)		Share Price on NSE		Volumes	NSE (Nifty)	
Month	High (₹)	Low (₹)	No. of Shares	High	Low	High (₹)	Low (₹)	No. of Shares	High	Low
September	527.60	431.00	44,45,390	60,676.12	56,147.23	527.65	430.00	6,37,59,000	18,096.15	16,747.70
October	469.00	397.10	12,76,688	60,786.70	56,683.40	468.90	398.00	1,10,75,457	18,022.80	16,855.55
November	448.95	396.55	6,80,708	63,303.01	60,425.47	448.80	397.00	64,17,438	18,816.05	17,959.20
December	412.45	358.05	3,53,033	63,583.07	59,754.10	412.50	360.70	37,24,438	18,887.60	17,774.25
January	416.55	365.65	1,89,444	61,343.96	58,699.20	416.70	365.80	21,99,100	18,251.95	17,405.55
February	387.15	320.00	3,35,756	61,682.25	58,795.97	387.10	319.60	27,84,117	18,134.75	17,255.20
March	358.00	309.00	2,63,823	60,498.48	57,084.91	358.20	309.00	25,93,908	17,799.95	16,828.35

Note: The Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022. The details are disclosed accordingly.

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)**

Note: The Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022. The details are disclosed accordingly.

M. Registrar and Transfer Agent:

Link Intime India Private Limited
5th Floor, 506-508, 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 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.



Corporate Governance Report (Contd.)

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, 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, 2022 to March 31, 2023:

During the Financial year 2022-23, the Company has not received any request for transfer of shares except one transmission request as per below details.

Transactions	Particulars
Number of Transmission	1
Number of Shares Transmitted	230,949

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, 2023:

Category	Number of Shares	% of Shareholding
Clearing Members	14,641	0.02
Other Bodies Corporate	846,356	0.93
Hindu Undivided Family	366,967	0.40
Mutual Funds	9,354,077	10.27
Non Resident Indians	92,292	0.10
Non Resident (Non Repatriable)	273,488	0.30
Office Bearers	32,292	0.04
Public	7,689,665	8.45
Promoters / Directors	39,565,299	43.46
Relatives of Promoters	26,435,479	29.04
Independent Director	500	0.00
Promoter-Trust	1,925,855	2.12
Insurance Companies	424,034	0.47
Body Corporate - Limited Liability Partnership	34,952	0.04
Foreign Portfolio Investors (Corporate) – I	3,409,375	3.74
Alternate Investment Funds – II	3,418	0.00
Alternate Investment Funds – III	573,009	0.63
Key Managerial Personnel	896	0.00
Foreign Portfolio Investors (Corporate) – II	1,510	0.00
Total	91,044,105	100.00

Q. Distribution of shareholding as on March 31, 2023:

Shares Range	Number of Shareholder	% of Total Shareholders	No. of Shares	% of Issued Capital
1 to 500	121,235	98.05	5,649,329	6.21
501 to 1,000	1,775	1.44	1,248,661	1.37
1,001 to 2,000	358	0.29	534,471	0.59
2,001 to 3,000	102	0.08	255,367	0.28
3,001 to 4,000	41	0.03	148,111	0.16
4,001 to 5,000	20	0.02	95,449	0.10
5,001 to 10,000	40	0.03	279,436	0.31
10,001 to *****	73	0.06	82,833,281	90.98
	123,644	100.00	91,044,105	100.00



Corporate Governance Report (Contd.)

R. Dematerialisation of Shares and Liquidity:

Demat ISIN: Equity Shares fully paid:
INE0JUS01029

The Shares of the Company are compulsorily traded in DEMAT form in 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, 2023, 99.9999978% of the total Equity Share Capital of the Company are in Dematerialised. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

Norms for furnishing of PAN, KYC, Bank details and Nomination:

SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has mandated the listed companies to have PAN, Contact details, Postal address with PIN, Mobile number, E-mail address, Bank account details (bank name and branch, bank account number, IFS code), Specimen Signature and Nomination of all shareholders holding shares in physical form. Folios wherein any one of the above cited details / documents are not available

with 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 2022-23, 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, 2023 except acceptance of Fixed Deposit in accordance with provisions of Companies Act, 2013. There has been revision in credit ratings of the Company during the financial year ended March 31, 2023, details of which are as under:

Credit rating agency	Facilities/Instruments	Existing Ratings	Revised Ratings
CARE Ratings Limited	Long Term /Short Term Bank Facilities	CARE A+; Stable/ CARE A1+	CARE AA-; Stable / CARE A1+
CARE Ratings Limited	Long Term Bank Facilities (Terms Loans)#	CARE A+; Stable	Withdrawn

The Company has fully prepaid its term debt and taking cognizance of it, CARE Ratings Limited has withdrawn the rating assigned to term debt facilities of the Company.

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.



Corporate Governance Report (Contd.)

U. Plant locations:

Changodar Facility

NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-382213, Gujarat, India.

Tel. 91-2717-618200, Fax. 91-2717-618259

Email-Id: sec@harshaengineers.com

Website: www.harshaengineers.com

CIN: U29307GJ2010PLC063233

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 Registrars and Transfer Agents of the Company:

Harsha Engineers International Limited

(Formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-382213, Gujarat, India.

Tel. No. 91-2717-618200, Fax. 91-2717-618259

Email-Id: sec@harshaengineers.com

Website: www.harshaengineers.com

CIN: U29307GJ2010PLC063233

Link Intime India Private Limited

5th Floor, 506-508, 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:

Unpaid / Unclaimed Dividends in accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (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) Authority. 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 / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

The Company has no unclaimed dividend which is required to be transferred under the aforesaid provisions.

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 2022-23 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 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 (Ind AS 24) has been made in the 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>.

Please note that the Company has completed Initial Public Offer (IPO) and equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited on September 26, 2022. The details are disclosed accordingly.

B. The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. 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



Corporate Governance Report (Contd.)

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@theodenventures.com.

- D.** During the year ended March 31, 2023, the Company have two (2) Material Unlisted Subsidiary Company namely Harsha Precision Bearing Components (China) Co. Ltd and 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 under Regulation 16 of the 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 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 have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs.
- G.** In terms of the amendments made to the Listing Regulations, the Board of Directors confirm that during the 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 2022-23.

- 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 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 2022-23, the total fees for all services paid by the Company, on consolidated basis, to Statutory Auditors was ₹ 30 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 2022-23:	Nil
Number of complaints disposed off during the financial year 2022-23:	NA
Number of complaints pending as on end of the financial year:	NA

- M.** Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested : Nil
- 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 Chairman and Mr. Vishal Rangwala is Chief Executive Officer (CEO) of the Company.



Corporate Governance Report (Contd.)

S. Reporting of Internal Auditor: The Internal Auditors report to the Audit Committee.

T. CEO/CFO Certification:

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of SEBI Listing Regulations, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affair. The said certificate is annexed and forms a part of the Annual Report.

U. Certificate on Corporate Governance:

A compliance certificate from secretarial auditor pursuant to the requirements of Schedule V to

SEBI Listing Regulations regarding compliance of conditions of Corporate Governance is attached.

The above Report was placed before the Board at its meeting held on May 25, 2023 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 25, 2023



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

HARSHA ENGINEERS INTERNATIONAL LIMITED
(Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private 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 (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private 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, 2023 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 25, 2023

Vishal Rangwala
CEO & Whole-time Director

Maulik Jasani
VP-Finance & Group CFO



**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, 2023.

Place: Ahmedabad
Date: May 25, 2023

Vishal Rangwala
CEO & Whole-time Director



COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

Harsha Engineers International Limited

(Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

NH-8A, Sarkhej-Bavla Highway,
Changodar, Ahmedabad-382213.

We have examined the compliance of conditions of Corporate Governance by **Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)** ("The Company") for period from **September 26, 2022 to March 31, 2023** 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.

CS Chirag Shah

Partner

Chirag Shah and Associates

FCS No.: 5545

C.P. No.: 3498

UDIN: F005545E000452233

Peer Review Cert. No.: 704/2020

Place: Ahmedabad

Date: May 25, 2023



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

(Formerly Known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)

NH-8A, Sarkhej-Bavla Highway,
Changodar, Ahmedabad-382213.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)** having CIN:U29307GJ2010PLC063233 and having registered office at NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-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, 2023 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.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Rajendra Shah	00061922	May 6, 2011
2.	Mr. Harish Rangwala	00278062	December 11, 2010
3.	Mr. Vishal Rangwala	02452416	August 12, 2021
4.	Mr. Pilak Shah	00407960	February 5, 2016
5.	Ms. Hetal Ukani	01990172	August 12, 2021
6.	Mr. Ambar Patel	00050042	January 10, 2022
7.	Mr. Bhushan Punani	00119874	January 10, 2022
8.	Mr. Kunal Shah	02087152	January 10, 2022
9.	Ms. Neharika Vohra	06808439	January 10, 2022
10.	Mr. Ramakrishnan Kasinathan	09461806	January 10, 2022

Ensuring the eligibility 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

Chirag Shah

Membership No.: 5545

C.P. No.: 3498

UDIN: F005545E000452211

Peer Review Cert. No.: 704/2020

Place: Ahmedabad

Date: May 25, 2023



Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	U29307GJ2010PLC063233
2	Name of the Listed Entity	HARSHA ENGINEERS INTERNATIONAL LIMITED (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
3	Year of incorporation	2010
4	Registered office address	NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-382213, Gujarat, India
5	Corporate address	NH-8A, Sarkhej-Bavla Highway, Changodar, Ahmedabad-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	2022-23
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	

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	93.62%
		2	Electricity, gas, steam and air condition supply	Electric power generation, transmission and distribution	6.38%

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	28,140	93.62%
		2	EPC and O & M of Solar Power Plant	42,201	6.38%



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)	31		
	b. What is the contribution of exports as a percentage of the total turnover of the entity?	48.39%			
	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)	602	586	97%	16	3%
2	Other than Permanent Employees (E)	0	0	0	0	0
3	Total Employees (D+E)	602	586	97%	16	3%
Workers						
4	Permanent (F)	1197	1179	98%	18	2%
5	Other than Permanent (G)	1434	1397	97%	37	3%
6	Total Workers (F+G)	2631	2576	98%	55	2%
b.	Differently abled employees and workers					
Employees						
1	Permanent Employees (D)	29	29	100%	0	0
2	Other than Permanent Employees (E)	0	0	0	0	0
3	Total Employees (D+E)	29	29	100%	0	0
Workers						
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (G)	0	0	0	0	0
6	Total Differently Abled Employees (F+G)	0	0	0	0	0



Business Responsibility & Sustainability Report (Contd.)

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%

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

Category	2022-23 (Turnover rate in current FY)			2021-22 (Turnover rate in previous FY)			2020-21 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	11%	27%	11%	16%	34%	16%	7%	7%	7%
Permanent Workers	9%	30%	9%	14%	32%	14%	13%	19%	13%

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.	HASPL Americas Corporation	Subsidiary	100%	No
		4.	Harsha Engineers Advantek Limited	Subsidiary	100%	No
		5.	Cleanmax Harsha Solar LLP	Joint Venture	50%	No
		6.	Sunstream Green Energy One Private Limited	Associate	26%	No

VI. CSR Details

22	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013	Yes
	(ii) Turnover (in ₹ lakhs)	102,472
	(iii) Net worth (in ₹ lakhs)	112,484



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	2022-23 Current Financial Year		2021-22 Previous Financial Year		Remarks	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	Number of complaints filed during the year	Number of complaints pending resolution at close of the year				
Communities	Yes	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)*	Yes, https://www.harshaengineers.com/InvestorRelations/company-policies.php	1574	0	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders*	Yes https://www.harshaengineers.com/InvestorRelations/company-policies.php	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes https://www.harshaengineers.com/InvestorRelations/company-policies.php To address employees' grievances there are HR representatives available for all departments and functions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	0.29 (PPM** sales)	0	Nil	0.26 (PPM** sales)	Nil	0	Nil	Nil
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	NA	Nil	Nil	Nil	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 organization. Further, carbon tax may also materialize 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



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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, analysing environmental impact of products throughout its life will help the organization 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 optimizing 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 organization. Strong and effective corporate governance can increase stakeholder confidence in the organization which helps in creating value.	-	Positive

Note: Details about the materiality procedure and all the material topics can be found in ESG section of HELL's annual report.



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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)								
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.	ISO14001, NVG principles, IATF16949, ISO 9001								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Zero accidents, zero fire incidents								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes								



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Governance, Leadership and Oversight

7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements
	<p>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.</p>
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 a risk management committee to address ESG related risks including sustainability.

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	Yes* Primarily by legal advisor to the IPO Yes, 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.



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SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: 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 programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	6	Sexual Harassment, Business Code of Conduct, Whistle Blower Policy	80%
Key Management Personnel	6	Sexual Harassment, Business Code of Conduct, Whistle Blower Policy, Anti-Bribery	100%
Employees other than BODs and KMPs	159	Sexual Harassment, Business Code of Conduct, Whistle Blower Policy, Anti-Bribery, Health and safety, Environment Management System	Percentage varies with type of training
Workers	NA	NA	NA

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 (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle 1	Goods & Service Tax	4625	Late GST Return penalty payment in relation to Madhya Pradesh GST Audit for 2017-18 & 2018-19	No
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil



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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	Nil
Punishment	Nil	Nil	Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Central Excise Revenue Audit (CERA), Party-V, Ahmedabad for the period 2017-18 and 2018-19	Office of the Commissioner, CGST Appeal Commissionerate-Ahmedabad

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	2022-23 (Current Financial Year)	2021-22 (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	2022-23 (Current Financial Year)		2021-22 (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.



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LEADERSHIP INDICATORS

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

Total number of 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	General purchase agreement and sustainability requirements expected from vendors	46%

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	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)	Details of improvement in social and environmental aspects
Research & Development (R&D)	NA	NA	NA
Capital Expenditure (CAPEX)	49.46%	5.01%	The CAPEX was utilised on projects such as robotic automation, IOT implementation, adoption of renewable energy (solar and windmill projects), STP plant amongst other.

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.



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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, Extended Producer Responsibility (EPR) is applicable to the entity. The entity is registered with CPCB and for 2022-23, the entity has sent 70,000 kgs of material to Zero Waste Management-Daman & Earth Enviro Wastocare, Rajkot as per EPR norms.

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:

	2022-23 (Current Financial Year)			2021-22 (Previous Financial Year)		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	0	0	70	0	0	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	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.



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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	586	80	13%	586	100%	NA	NA	586	100%	0	0%
Female	16	1	6%	16	100%	16	100%	NA	NA	0	0%
Total	602	81	13%	602	100%	16	3%	586	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	1179	0	0%	0	0%	0	0%	1179	100%	0	0%
Female	18	0	0%	0	0%	18	100%	0	0%	0	0%
Total	1197	0	0%	0	0%	18	1.5%	1179	98.50%	0	0%
Other than Permanent Workers											
Male	1397	0	0%	0	0%	0	0%	0	0%	0	0%
Female	37	0	0%	0	0%	37	100%	0	0%	0	0%
Total	1434	0	0%	0	0%	37	2.5%	0	0%	0	0%

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

Sl. No.	Benefits	2022-23 (Current Financial year)			2021-22 (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	37.5%	54%	Yes	44%	63%	Yes
4	Others-NPS	4.33%	0%	Yes	3.56%	0%	Yes



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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	2022-23 (Current Financial year)			2021-22 (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



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8. Details of training given to employees and workers:

Category	2022-23 (Current Financial year)					2021-22 (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	586	66	11%	435	74%	583	37	6%	448	77%
Female	16	3	19%	10	63%	15	0	0	13	87%
Total	602	69	11%	445	74%	598	37	6%	461	77%
Workers										
Male	1179	230	20%	948	80%	1124	147	13%	913	81%
Female	18	0	0	18	100%	15	0	0	15	100%
Total	1197	230	19%	966	81%	1139	147	13%	928	81%

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

Category	2022-23 (Current Financial year)			2021-22 (Previous Financial year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	586	556	95%	583	534	92%
Female	16	16	100%	15	15	100%
Total	602	572	95%	598	549	92%
Permanent Workers						
Male	1179	1077	92%	1124	1009	90%
Female	18	18	100%	15	15	100%
Total	1197	1095	92%	1139	1024	90%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	Yes, the entity has a comprehensive occupational health and safety management system in place.
a. What is the coverage of such system?	It covers both our plants.
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.
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 is taken accordingly.
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, 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.



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

Safety Incident/Number	Category	2022-23	2021-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.38	1.73
Total recordable work-related injuries	Employees	0	0
	Workers	1	8
No. of fatalities	Employees	0	0
	Workers	1	0
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 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.
- Counter hazardous plans
- Safety Patrolling
- Near missing reports
- Safe workstation mapping

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

Topic	2022-23 (Current Financial Year)			2021-22 (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

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.

Business Responsibility & Sustainability Report (Contd.)

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	
	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
Employees	0	0	0	0
Workers	1	0	0	0

4. Does the entity provide transition assistance programmes 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 programmes 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.

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



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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 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.

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.



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

The entity doesn't have any vulnerable/marginalised stakeholder groups however, the company does support vulnerable groups through various initiatives. Most notably, the organisation as part of its CSR activities has helped establish Anand Dham, an educational/ residential facility for people with disabilities

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	2022-23 Current Financial Year			2021-22 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	602	121	20%	598	75	13%
Other than permanent	0	0	0%	0	0	0%
Total Employees	602	121	20%	598	75	13%
Workers						
Permanent	1197	18	2%	1139	115	10%
Other than permanent	1434	147	10%	1158	110	9%
Total Workers	2631	165	6.27%	2297	225	9.8%

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

Category	2022-23 Current Financial Year					2021-22 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	586	0	0%	586	100%	583	0	0	583	100%
Female	16	0	0%	16	100%	15	0	0	15	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	1179	600	51%	579	49%	1124	450	40%	674	60%
Female	18	5	28%	13	72%	15	5	33%	10	67%



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Category	2022-23 Current Financial Year					2021-22 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)
Other than Permanent										
Male	1397	588	42%	883	63%	1128	639	57%	489	43%
Female	37	15	41%	22	59%	30	29	97%	1	3%

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	3,495,004	2	3,470,002
Key Managerial Personnel	6	6,850,008	1	6,800,004
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, the entity has a HR Single Point of Contact (SPOC) who is responsible for addressing any grievances in regard to human rights issues contributed by the business.

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

The entity has an HR SPOC responsible for redressing grievances related to human rights issues.

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

	2022-23 Current Financial Year			2021-22 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.

The entity's whistle blower policy and sexual harassment policies include a section on anonymity of the complainant. All cases are required to be completely confidential.

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

Yes

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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	NA

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, the premise is designed in a manner that makes it accessible to differently abled visitors.

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



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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	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
Total electricity consumption (A) (GJ)	113,861	97,967
Total fuel consumption (B) (GJ)	112,925	74,390
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumption (A+B+C) (GJ)	226,786	172,357
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ per ₹ crores)	221.32	168.20
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.

No

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.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Ground water	25,199	25,780
(iii) Third party water	0	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)	25,199	25,780
Total volume of water consumption (in kilolitres)	25,000	25,500
Water intensity per rupee of turnover (Water consumed / turnover) (kl per crores ₹ of revenue)	24.39	24.88
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.

No

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

Yes, the entity has implemented a Zero Liquid Discharge mechanism. Treated water is being reused for solar panel cleaning, cooling tower makeover, plumbing and gardening & plantation.

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

Parameter	Please specify unit	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
NOx	µg/m ³	1.8	1.2
SOx	µg/m ³	25	20
Particulate matter (PM)	µg/m ³	PM 10 - 59 PM 2.5 - 38	PM 10 - 56 PM 2.5 - 34
Persistent organic pollutants (POP)	-	NA	NA
Volatile organic compounds (VOC)	-	NA	NA
Hazardous air pollutants (HAP)	-	NA	NA
Others – please specify	-	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.

No

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

Parameter	Unit	2022-23 (Current Financial Year)	2021-22 (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)	tCO ₂ e	6,749.6	4,220.8
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)	tCO ₂ e	20,282.4	17,215.0
Total Scope 1 and Scope 2 emissions per crore rupee of turnover	tCO ₂ e/INR Cr	26.37	20.91
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity	tCO ₂ e/ton of production	2.05	1.57

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.

No

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

Yes, the entity has projects related to GHG reduction. The CAPEX includes investment in energy efficient equipment and projects for reduction in energy consumption. The following initiatives were taken:

- Robotic Automation
- IOT Implementation
- 0.675 MWAC & DC 1.0125 MWp Solar Plant
- 2.7 MW Windmill Project
- Electric Installation for Hybrid Project



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

Parameter	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	16.16	17.00
E-waste (B)	0.835	0.37
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	115.98	111.85
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)		
Wastepaper or Paperboard	20.4	18.01
Used Waste Oil	25.74	26.12
Unsorted waste and scrap	431.6	448.6
Wooden Waste	142.5	159.3
Empty disc. Cont	52.92	55.45
Total (A + B + C + D + E + F + G + H)	806.12	836.7

	Waste Recycled in Current 2022-23	Other Recovery in Current 2022-23	Other disposal in Current 2022-23 MT	Waste Recycled in Previous 2021-22	Other Recovery in Previous 2021-22	Other disposal in Previous 2021-22 MT
Plastic waste (A)	16.16	0	0	12.265	0	4.8
E-waste (B)	0.835	0	0	0.37	0	0
Bio-medical waste (C)	0	0	0	0	0	0
Construction and demolition waste (D)	0	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	115.98	0	0	111.85	0
Other Non-hazardous waste generated (H). Please specify, if any.	673.16	0	0	707.48	0	0
Total Waste Recovered (A + B + C + D + E + F + G + H)	690.16	115.98	0	720.12	111.85	4.8

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.

No

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.

The entity has a waste disposal Operational Control Procedure document which is applicable for all employees. The document addresses the procedure and responsibility for disposing different kinds of waste. The procedure document involves clear responsibilities and procedures to ensure efficient waste handling. All types of waste are stored separately, away from human movement and flammable materials, ensuring proper segregation and safety. The waste disposal mechanism is overseen by Sr. Manager from the Admin department who ensures the appropriate storage of any new types of waste. Additionally, the entity's waste management mechanism is aligned as per ISO 14001.

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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	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. The Company is committed to comply with all the applicable environmental law/regulations. Towards this end the Company has standard processes to comply with the applicable laws and minimise negative impact on the environment. During the reporting period, the entity did not have any instance of non-compliance.

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	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
From renewable sources (GJ)		
Total electricity consumption (A)	11,740	11,290
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	11,740	11,290
From non-renewable sources (GJ)		
Total electricity consumption (D)	1,02,121	86,677
Total fuel consumption (E)	1,12,925	74,390
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	2,15,046	1,61,067

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.

No



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2. Provide the following details related to water discharged:

Parameter	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(ii) To Ground water	0	0
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(iii) To Sea water	0	0
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
Total water discharged (in kilolitres)	0	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.**

No

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:

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Parameter	2022-23 (Current Financial Year)	2021-22 (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
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

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Parameter	2022-23 (Current Financial Year)	2021-22 (Previous Financial Year)
(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	2022-23 (Current Financial Year)	2021-22 (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)			
Total Scope 3 emissions per rupee of turnover			
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.

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.

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	Utility - 200 KW air compressor installation	Improved air compressor efficiency	Saving: 1980 kwh/month
2	Toolroom - 156 W Exhaust fan Installed in Panel	Use of exhaust fan instead of 1 KW air cooler	Saving: 526.66 kwh/month
3	DGBB - IN BTRF - 15 loader conveyor was running continuous in idle condition	On/Off Interlock done with clutch valve	Saving: 148 kwh/month



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Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4	C&C : 160T Chinfong Main motor - Energy saving	Developed logic to stop main motor after 10 minutes if machine is in idle condition for more than 10 minutes.	Saving: 195 kwh/month
5	Stamping : 200T Seyi Main motor - Energy saving	Developed logic to stop main motor after 10 minutes, if machine is in idle condition for more than 10 min.	Saving: 241 kwh/month
6	Stamping : 110T Aida (SCP-02) Main motor - Energy saving	Developed logic to stop main motor after 10 minutes, if machine is in idle condition for more than 10 min.	Saving: 98 kwh/month
7	C&C : MPM-3 press Main motor - Energy saving	Developed logic to stop main motor after 10 minutes if machine is in idle condition for more than 10 minutes.	Saving: 241 kwh/month
8	Taper auto : Extol filtration plant - Energy saving	Developed PLC logic to stop the Exsol filtration plant during JH time in auto mode	Saving: 200 kwh/month
9	Taper auto : Office lighting - Energy saving	Installation of motion sensor in Office to switch off light if no human movement is detected	Saving: 38 kwh/month
10	Taper auto : Output conveyor of 2A Dryer - Energy saving	Develop PLC logic to stop the idle running of output conveyor of Dryer	Saving: 46 kwh/month
11	Brass : BVMV-640-6: Energy saving in hydraulic power pack unit	Hydraulic Power Pack was continuously on irrespective of Load, that was modified with Hydraulic Powerpack intermittent ON/OFF considering load	Saving: 307 kwh/month

7. 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.

8. 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.

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

60% of value chain partners (by value of business done with value chain partners) comply with ISO 14001 management system requirements to address environmental impacts.



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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

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					



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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						

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' 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:

	2022-23 Current Financial Year	2021-22 Previous Financial Year
Directly sourced from MSMEs/ Small producers	7.56%	4.63%
Sourced directly from within the district and neighbouring districts	68%	71%

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 (₹)
The entity has not undertaken any CSR project in designated aspirational districts.			

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

Business Responsibility & Sustainability Report (Contd.)

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				

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.

S. no	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1	Project Name: Anandham, Aastha Charitable Trust for Welfare of the Mentally Challenged	79	100%
2	Shri Kutchhi Jain Sewa Samaj -Ahmedabad	NA	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.**

The entity's main product - cage's direct exposure to consumers is limited. As the product is part of bearing assembly, we do not have a consumer grievance redressal mechanism for our product. For our customer, we communicate through email and customer's supplier portal.

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	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints

	2022-23 Current Financial Year		2021-22 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



Business Responsibility & Sustainability Report (Contd.)

	2022-23 Current Financial Year		2021-22 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
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

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.

The entity manufactures parts that are customised as per the consumers' requirements. As the entity provides mainly to bearing manufacturers, it is the responsibility of bearing manufacturers to educate consumers.

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

Not applicable

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)

NA

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



**Financial
Statements
Standalone**



Independent Auditor's Report

To The Members of HARSHA ENGINEERS INTERNATIONAL LIMITED (FORMERLY KNOWN AS HARSHA ENGINEERS INTERNATIONAL PRIVATE LIMITED AND HARSHA ABAKUS SOLAR PRIVATE 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, 2023, 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, 2023, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION: -

We conducted our audit in accordance with the standards on auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS: -

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INFORMATION OTHER THAN THE IND AS FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON: -

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report but does not include the Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS: -

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Independent Auditor's Report (Contd.)

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS: -

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the Ind AS Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit

evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our works; and (ii) to evaluate the effect of any identified misstatements in the standalone Ind AS Financial Statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report (Contd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS: -

1. As required by the Companies (Auditor's Report) Order, 2020 ('The Order') issued by the Central Government of India in terms of subsection 11 of section 143 of the Act, we give in the **Annexure-A**, a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in equity, and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of directors is disqualified the as on March 31, 2023 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. 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;
 - v. 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



Independent Auditor's Report (Contd.)

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- vi. 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.
 - vii. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
 - Viii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to

the Company with effect from April, 2013 and accordingly reporting under rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023."

For M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 23110142BGZHJD5123

Date: May 25, 2023
Place: Ahmedabad



Annexure - A

To the Independent Auditor's Report Of Even Date On The IND AS Financial Statements Of Harsha Engineers International Limited (Formerly Known As Harsha Engineers International Private Limited And Harsha Abakus Solar Private 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, 2023:

1. In respect of its Property, Plant and Equipment and Intangible Assets:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and the noticed discrepancies properly dealt with in the books of account were not material.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

2. In respect of its Inventories:

- (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

- (c) 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. According to the information and explanations given to us, the Company has made investments in companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:

- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (b) 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.
- (c) There is no amount overdue for more than ninety days in respect of loans granted to such companies.
- (d) 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.

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. With reference to the compulsory cost records to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government of India under section 148 of the Companies Act, 2013, the Company has complied with the same.

Annexure - A To the Independent Auditors' Report of Even Date on the Ind AS Financial Statements of Harsha Engineers International Limited (Contd.)

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, 2023 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, 2023, 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	6,27,10,500	6,02,30,559	High Court
Income Tax Act, 1961	Income Tax	F.Y 2013-14	6,64,63,860	6,64,63,854	Appeal Stage
Income Tax Act, 1961	Income Tax	F.Y 2015-16	10,72,76,220	10,72,76,220	Appeal Stage
Income Tax Act, 1961	Income Tax	F.Y 2016-17	9,26,21,463	9,26,21,463	Appeal Stage
Income Tax Act, 1961	Income Tax	F.Y 2017-18	2,45,892	-	Appeal Stage
Income Tax Act, 1961	Income Tax	F.Y 2017-18	2,60,88,617	26,99,670	Appeal Stage
Income Tax Act, 1961	Income Tax	F.Y 2019-20	15,19,190	-	Appeal Stage
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	32,94,409	32,94,409	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	64,81,233	64,81,233	Adjudication pending with Commissioner (Appeal)

8. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 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 and has not issued any debentures, except from Banks and its Directors.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.



Annexure - A To the Independent Auditors' Report of Even Date on the Ind AS Financial Statements of Harsha Engineers International Limited (Contd.)

- (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) 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) In our opinion and according to the information and explanations given to us, Company has utilized the moneys raised by way of initial public offer/further public offer (including debt instruments) for the purposes for which they were raised, except for the following cases :

Nature of fund raised	Purpose for which funds were raised	Total amount raised/opening utilized/balance	Amount utilized for other purpose	Unutilized balance as at balance sheet date	Details of default (reason/delay)	Subsequently rectified
Nil						

- (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 auditors, we did not receive any whistle-blower complaints during the year.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable Ind AS.
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 Order are not applicable to the Company and hence not commented upon.
16. (a) In our opinion, 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.



Annexure - A To the Independent Auditors' Report of Even Date on the Ind AS Financial Statements of Harsha Engineers International Limited (Contd.)

17. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
18. There has been no resignation of the statutory auditors of the Company during the year.
19. On the basis of the financial ratios, ageing and expected dates of realisation 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: 23110142BGZHJD5123

Date: May 25, 2023

Place: Ahmedabad



Annexure - B

To the Independent Auditor's Report Of Even Date On The Financial Statements Of Harsha Engineers International Limited (Formerly Known As Harsha Engineers International Private Limited And Harsha Abakus Solar Private 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, 2023 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,



Annexure - B To the Independent Auditor's Report of Even Date on the Financial Statements of Harsha Engineers International Limited (Contd.)

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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: 23110142BGZHJD5123

Date: May 25, 2023
Place: Ahmedabad



Standalone Balance Sheet

As at March 31, 2023

(₹ In lakhs)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	23,833	20,363
(b) Capital Work-In-Progress	2	1,096	161
(c) Other Intangible Assets	2	53	62
(d) Financial Assets			
Investments	3	23,801	20,442
Loans & Advances	4	1,996	1,839
Other Financial Assets	5	329	64
(e) Other Tax Assets [Net]	6	155	1,102
(f) Other Non-Current Assets	7	888	509
Total Non-Current Assets		52,151	44,542
Current Assets			
(a) Inventories	8	29,101	29,260
(b) Financial Assets			
Investments	3	16,104	643
Trade Receivables	9	21,868	21,376
Cash and Cash Equivalents	10	5,163	1,609
Other Bank Balances	10	6,909	1,590
Loans & Advances	4	1,123	1,304
Other Financial Assets	5	79	1,075
(c) Other Current Assets	7	2,977	4,753
Total Current Assets		83,324	61,610
TOTAL ASSETS		1,35,475	1,06,152
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	9,104	7,725
(b) Other Equity	12	1,03,264	49,080
Total Equity		1,12,368	56,805
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	-	12,580
Lease liabilities	14	112	120
(b) Provisions	15	835	1,106
(c) Deferred Tax Liabilities (Net)	16	1,135	859
(d) Other Non-Current Liabilities	19	268	217
Total Non-Current Liabilities		2,350	14,882
Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	8,806	16,174
Lease liabilities	14	99	86
Trade Payables	17	-	-
- Dues to Micro & Small Enterprises		629	953
- Dues to other than Micro & Small Enterprises		6,842	13,207
Other Financial Liabilities	18	2,903	1,716
(b) Other Current Liabilities	19	1,140	1,907
(c) Provisions	15	223	207
(d) Current Tax Liabilities [Net]	20	115	215
Total Current Liabilities		20,757	34,465
Total Liabilities		23,107	49,347
TOTAL EQUITY AND LIABILITIES		1,35,475	1,06,152

Significant Accounting Policies

1

The accompanying notes (1 to 34) are integral part of the financial statements.

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

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

(CIN: U29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Harish Rangwala

Managing Director

DIN: 00278062

Chintan Shah

Managing Partner

M. No.: 110142

Maulik Jasani

VP Finance & Group CFO

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907

Date: May 25, 2023

Place: Ahmedabad

Date: May 25, 2023

Place: Ahmedabad



Standalone Statement of Profit & Loss

For the year ended March 31, 2023

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from Operations	21	1,02,472	95,645
Other Income	22	3,163	1,782
Total Income (A)		1,05,635	97,427
EXPENSES			
Cost of Materials Consumed	23	53,102	56,442
Change In Inventories of Finished Goods & Work-In-Progress	24	916	(5236)
Employee Benefits Expenses	25	10,904	9,622
Finance Costs	26	1,191	2,112
Depreciation and Amortisation Expenses	2	2,331	1,962
Other Expenses	27	19,961	18,226
Total Expenses (B)		88,405	83,128
Profit/ (Loss) Before Tax (C)=(A-B)		17,230	14,299
Tax Expense			
Current Tax		3,863	3,325
Deferred Tax	29	528	366
Total Tax Expense (D)		4,391	3,691
Profit/ (Loss) After Tax for the year (E)=(D-C)		12,839	10,608
Other Comprehensive Income			
i) Items that will be reclassified to profit or loss			
Changes in fair value of FVTOCI equity instruments		-	0
Gains / (Loss) of Cashflow Hedge		(988)	161
Income tax relating to these items	29	249	(41)
ii) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	30	(12)	32
Income tax relating to these items	29	3	(8)
Other Comprehensive Income for the year, net of tax (F)		(748)	144
Total Comprehensive Income for the year (E+F)		12,091	10,752
Earning Per Equity Share (EPS) for the year			
Basic (₹)	28	15.19	18.53
Diluted (₹)		15.19	13.73

Significant Accounting Policies

1

The accompanying notes (1 to 34) are integral part of the financial statements.

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

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

(CIN: U29307GJ2010PLC063233)

Rajendra ShahChairman & Whole-time Director
DIN: 00061922**Harish Rangwala**Managing Director
DIN: 00278062**Chintan Shah**Managing Partner
M. No.: 110142**Maulik Jasani**

VP Finance & Group CFO

Kiran MohantyCompany Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 25, 2023

Place: Ahmedabad

Date: May 25, 2023

Place: Ahmedabad



Standalone Cash Flow Statement

For the year ended March 31, 2023

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per statement of Profit & Loss	17,230	14,299
Adjustments for:		
Depreciation, Amortisation, Depletion & Impairment	2,331	1,962
Interest Income	(829)	(281)
Finance Cost	1,191	2,112
Loss/(Profit) on Sale of Investment	(435)	0
Bad debts/Provision for doubtful trade receivables	(284)	36
Share of Profit/Loss from Joint venture/Associates	(24)	30
Loss/(Profit) on Sale of Assets	46	7
Operating Profit before Working Capital Changes	19,226	18,165
Adjustments for Changes in Working Capital		
Inventories	159	(9,550)
Trade Receivables	(208)	(4,960)
Other Current Assets	2,953	1,392
Other Non-Current Assets	682	(135)
Trade Payables	(6,689)	4,731
Other Financial Liabilities	1,187	(239)
Other Current Liabilities	(767)	(1,673)
Provisions	(1,470)	467
Cash Generated from Operations	15,073	8,198
Income Taxes Paid	(3,748)	(3,110)
Net Cash Flow from Operating Activities (A)	11,325	5,088
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(6,773)	(4,154)
Sale/(Purchase) of Other Investments	(18,344)	(2,277)
Loans and Advances (Net)	(536)	(720)
Investment in fixed deposits with bank (Net)	(5,319)	(558)
Interest Income	829	281
Share of Profit/Loss from Joint venture/Associates	24	(30)
Net Cash Flow from Investing Activities (B)	(30,119)	(7,458)
(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)	42,046	-
Finance Cost	(1,191)	(2,112)
Availment/(Repayment) of Borrowings (Net)	(19,943)	3,538
Changes in Non-Current Liability	51	10
Net Cash Flow from Financing Activities (C)	22,342	1,436
(D) Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	3,548	(934)



Standalone Cash Flow Statement For the year ended March 31, 2023 (Contd.)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and Cash Equivalents at the Beginning		
Cash on Hand	6	6
Balances with Banks	1,603	2,537
	1,609	2,543
Cash and Cash Equivalents added pursuant to the Scheme of Amalgamation - 2 [Refer Note 32.6]		
Balances with Banks	6	-
	6	-
Cash and Cash Equivalents at the End		
Cash on Hand	6	6
Balances with Banks	5,157	1,603
	5,163	1,609

The accompanying notes (1 to 34) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha
Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala
Managing Director
DIN: 00278062

Chintan Shah
Managing Partner
M. No.: 110142

Maulik Jasani
VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



Standalone Statement of Changes In Equity (SOCIE)

For the year ended March 31, 2023

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, 2021	5,00,00,000	5,000
Less: Reduction in Face Value of each equity shares from ₹10 to ₹1 @	-	(4,500)
Less: For consolidated of 10 Equity Shares into 1 Equity Share of the face value of ₹ 10 each fully paid @	(4,50,00,000)	-
Add : On account of consolidation of shares, fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par @	10	0
Add : For amalgamation consideration, allotment of 3 Equity Shares of the Company for every 1 Equity Share of HEL to equity holders of HEL as on Record Date @	7,22,48,400	7,225
As at March 31, 2022 @	7,72,48,410	7,725
Add : Equity shares issued during the year #	1,37,95,695	1,380
As at March 31, 2023	9,10,44,105	9,104

B. OTHER EQUITY

Particulars	Share Capital Pending Reduction & Allotment	Reserves & Surplus				Other Comprehensive Income	Total Other Equity
		Capital Reserves/ Merger Reserve	Security Premium	General Reserve	Retained Earnings		
Balance as at April 01, 2021 @	2,725	(604)	75	2,307	36,492	58	41,053
Profit for the year	-	-	-	-	10,608	-	10,608
Other comprehensive income for the year	-	-	-	-	-	144	144
Total comprehensive income for the year	-	-	-	-	10,608	144	10,752
Utilised during the year @	(2,725)	-	-	-	-	-	(2,725)
Balance as at March 31, 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 Shares vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-32.6)	-	488	-	-	(441)	-	47
Balance as at March 31, 2023	-	(116)	42,121	2,307	59,498	(546)	1,03,264



Standalone Statement of Changes In Equity (SOCIE) For the year ended March 31, 2023 (Contd.)

[@] In the previous year, pursuant to the Scheme, on the Effective Date, the Paid-up Share Capital of the Company has been reduced from ₹ 5,000 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 10 (Rupees Ten only) each fully paid up to ₹ 500 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 1 (Rupee one only) each fully paid up. Simultaneously, pursuant to reduction as mentioned above, every 10 (Ten) such equity shares of the reduced face value of ₹ 1 (Rupee one only) each of the Company has been consolidated into 1 (One) Equity Share of the face value of ₹ 10 (Rupees ten only) each fully paid and the fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par. Also pursuant to the Scheme, the Company has issued 7,22,48,400 (Seven Crores Twenty Two Lakhs Forty Eight Thousand Four Hundred) equity shares of ₹ 10 (Rupees ten only) to the shareholders of Harsha Engineers Limited (Transferor Company 3) on record date, i.e. December 25, 2021. Accordingly the share capital has been increased to ₹ 7,724.84 lakhs divided into 7,72,48,410 (Seven Crores Seventy Two Lakhs Forty Eight Thousand Four Hundred and Ten) equity shares of ₹ 10 (Rupees ten only) each fully paid up. (Refer note 32.6).

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 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 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 26 September 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.

The accompanying notes (1 to 34) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
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VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A. GENERAL INFORMATION

Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private 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 has merged the group companies having Engineering business which are in the manufacturer of bearing cages having materials in form of brass, steel, and polyamide as well a capability to deliver stamping components primarily for the automotive and industrial customers. While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu in China and Ghimbav Brasov in Romania, through our subsidiaries. The registered office of the companies is located at NH-8A, Sarkhej-Bavla Highway, 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 '₹'), 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.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

B.5. Measurement of Fair Values

The Company has established control framework with respect to the measurement of fair values.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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. SIGNIFICANT 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 :
 - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets are not reclassified subsequent to their initial recognition except if and in



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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 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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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

Investment in subsidiaries 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



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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 adjusted if appropriate. 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).

According to Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. The effect of the change in the estimated useful life relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. Hence, such change is considered as change in accounting estimate and not change in accounting policy and prospective effect for such change is given.

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 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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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 significantly if it is more than 360 days past due. 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



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of Non-Financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

C.8. Employee Benefits

i. Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Defined Contribution Plan

The Company makes specified monthly contributions towards the provident fund. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

C.12. Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

C.13. Borrowing Cost

Borrowing cost are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which

necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset until such time the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

C.14. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

C.15. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

C.16. Leases

With effect from April 01, 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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 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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Common Control Transactions

Business combinations involving entities that are controlled by the Group in which all the combining entities or businesses are ultimately controlled by the same party or parties are accounted for using the pooling of interests method as follows :

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognise any new assets and liabilities. Adjustments are only made to harmonise accounting policies.
3. The financial information in the financial statements in respect of prior periods is

restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
5. The identity of the reserves are preserved and the reserves of the transferor become reserves of the transferee.
6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ National Company Law Tribunal [NCLT], the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

- C.19.** Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31 is provided in Note No. 17 to the extent the Company has received intimation from the "Suppliers" regarding their status under the MSMED Act.

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

2. PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation and Amortisation			Net Block		
	As at April 01, 2022	Addition during the period	Disposal/ Adjustment	As at March 31, 2023	As at April 01, 2022	For the period	Disposal/ Adjustment	As at March 31, 2023	As at March 31, 2022
Property, Plant & Equipment									
Land	584	44	-	628	-	-	-	628	584
Buildings	7,059	11	-	7,070	2,473	224	-	4,373	4,586
Plant & Machineries	28,669	2,978	584	31,063	16,734	1,617	515	13,227	11,935
Furniture & 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	-	62	53
Electric Installation	2,188	26	-	2,214	1,354	147	-	713	834
Computer & Peripherals	525	16	-	541	475	15	-	51	50
Solar Generation Plant	2,123	533	-	2,656	694	79	-	1,883	1,429
Wind Mill	573	2,094	-	2,667	452	21	-	2,194	121
Right of Use Assets-Lease	387	120	104	403	197	90	86	202	190
TOTAL (A)	43,785	5,874	778	48,881	23,421	2,309	682	23,833	20,364
Other Intangible Assets									
Computer software	589	15	-	604	528	23	-	53	61
TOTAL (B)	589	15	-	604	528	23	-	53	61
TOTAL (A+B)	44,374	5,889	778	49,485	23,949	2,332	682	23,886	20,425

Note : As the Company did not have revalued tangible & intangible asset hence, disclosure related to revaluation of tangible & intangible asset is not made.

(₹ In lakhs)

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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Gross Block			Depreciation and Amortisation			Net Block		
	As at April 01, 2021	Addition during the year	Disposal/ Adjustment	As at March 31, 2022	As at April 01, 2021	For the year	Disposal/ Adjustment	As at March 31, 2022	As at March 31, 2021
Property, Plant & Equipment									
Land	584	-	-	584	-	-	-	584	584
Buildings	6,768	291	-	7,059	2,250	223	-	4,586	4,518
Plant & Machineries	25,342	3,636	309	28,669	15,600	1,264	130	11,935	9,742
Furniture & Fittings	1,009	197	-	1,206	679	65	-	462	330
Vehicles	254	-	18	236	107	26	17	120	147
Office Equipments	223	13	1	235	168	15	1	53	55
Electric Installation	1,974	230	16	2,188	1,218	137	1	834	756
Computer & Peripherals	504	21	-	525	451	24	-	50	53
Solar Generation Plant	2,123	-	-	2,123	616	78	-	1,429	1,507
Wind Mill	573	-	-	573	431	21	-	121	142
Right of Use Assets-Lease	356	46	15	387	131	81	15	190	225
TOTAL (A)	39,710	4,434	359	43,785	21,651	1,934	164	20,364	18,059
Other Intangible Assets									
Computer software	575	14	-	589	501	27	-	61	74
TOTAL (B)	575	14	-	589	501	27	-	61	74
TOTAL (A+B)	40,285	4,448	359	44,374	22,152	1,961	164	20,425	18,133

Note : 1. Legal titles of some of the immovable properties acquired pursuant to the Scheme are in the process of being transferred in the name of the Company.

Note : 2. As the Company did not have revalued tangible & intangible asset hence, disclosure related to revaluation of tangible & intangible asset is not made.

(₹ In lakhs)

Capital Work-in-progress aging schedule as at March 31, 2022

CWIP [^]	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	161	-	-	161
Projects temporarily suspended	-	-	-	-

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



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

3. INVESTMENTS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
A) Investments in Equity Shares of Subsidiary (Measured at Amortised cost)		
Unquoted equity instruments Fully Paid Up		
Harsha Engineers Advantek Limited	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. Limited	6,760	6,760
(Extent of Holding-100%), Principal Place of Business : Changshu, China		
Harsha Engineers BV	-	13,612
As at March 31,2022 Equity shares 3,648 of Euro 4622.9 each (Extent of Holding-100%) (Merged with the Company effective from November 14, 2022) Refer Note-32.6 Principal Place of Business : Amsterdam, Netherlands		
Harsha Engineers Europe SRL	13,651	-
26,38,397 Equity shares of RON 10 each (Extent of Holding-100%) ^ Refer Note-32.6 Principal Place of Business : Brasov, Romania		
HASPL Americas Corporation	67	67
59980 Equity shares of USD 1.50 each (Extent of Holding-100%) Principal Place of Business : Mclean,VA, USA		
B) Investments in Joint venture / Associates (Measured at Amortised cost)		
Sunstream Green Energy One Private Limited	0	0
2600 Equity shares of ₹ 10 each (Extent of Holding-26%) Principal Place of Business : India		
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		
C) Investments - Others		
Measured at Amortised cost		
Goldi Harsha Ventures LLP - Capital A/c.	0	-
(Capital contribution of ₹10,000 (Profit Sharing of 0%)		
Investments in Bonds (Quoted)	497	-
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	1,300	-
Investments in Debentures (Quoted)	1,513	-
Total Non-Current Investments	23,801	20,442
Current		
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	13,761	-
Investments in Debentures (Quoted)	180	-
Measured at Amortised cost		
Investments in Bonds (Quoted)	1,551	-
Cleanmax Harsha Solar LLP Current A/c	612	643
Total Current Investments	16,104	643

^The Company has 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 has become wholly owned subsidiary of the Company.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

4. LOANS & ADVANCES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
(Unsecured, Considered Good)		
Loans to Employees	7	5
Loan to Subsidiaries ^	1,989	1,834
Total Non-Current Loans & Advances	1,996	1,839
Current		
(Unsecured, Considered Good)		
Loan To Employees	25	17
Intercorporate deposits	500	-
Share Issue Expenses ^^	-	400
Other Trade Receivable-Un billed Revenue	231	636
Interest & Other Income Receivable	367	251
Total Current Loans & Advances	1,123	1,304
^ Details of loans pursuant to Section 186(4) of Companies Act, 2013 :		
Harsha Precision Bearings Components (China) Co. Limited (Subsidiary)	1,989	1,834

a. The above loans has been given for the business purposes.

b. The above loans are repayable within a period of 3 years.

^^The Company has successfully completed its Initial Public Offer (IPO). Consequent to the same, IPO Expenses related to fresh issue of 13,795,695 equity shares aggregating up to ₹ 45,500 lakhs was transferred to Security Premium and IPO expenses related to Offer for Sales(OFS) was recovered/reimbursed from respective Selling Share Holders.

5. OTHER FINANCIAL ASSETS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Security Deposits (Unsecured, Considered Good)	329	64
Total Other Non-Current Financial Assets	329	64
Current		
Export Benefits Receivables	74	1,070
Security Deposits (Unsecured, Considered Good)	5	5
Total Other Current Financial Assets	79	1,075

6. OTHER TAX ASSETS [NET]

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Advance Payment of Tax (Net of Provisions)	155	1,102
Total Other Tax Assets [Net]	155	1,102

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

7. OTHER ASSETS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Capital Advances	767	378
Prepaid Expenses	121	131
Total Other Non-Current Assets	888	509
Current		
Balances With Government Authority	1,386	2,754
Prepaid Expenses	266	315
Advances To Suppliers	1,325	1,684
Total Other Current Assets	2,977	4,753

8. INVENTORIES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Raw Material	7,312	5,798
Semi Finished	1,245	1,109
Finished	9,409	11,848
Stores & Spares	1,568	1,437
Toolings	8,881	7,494
Project bought-out Components-Solar	686	1,574
Total Inventories	29,101	29,260

- Inventories valued at lower of cost or net realisable value.
- Inventories are hypothecated to secure working capital facilities from banks (Refer Note 13).
- The inventory amounting to ₹ 1,896 lakhs (31st March 2022 is ₹ 1,686 lakhs) was lying with the job workers for further processing at the end of the year.

9. TRADE RECEIVABLES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Unsecured and Considered Good		
Trade Receivables	22,111	21,969
Less: Provision for doubtful trade receivables	243	593
Total Trade Receivables	21,868	21,376

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



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Ageing of Trade Receivables

Outstanding for following periods from due date of payment

Particulars	(₹ In lakhs)						
	Not Due (Including Unbilled)	Less than 6 Months	6-12 Months	1-2 Years	2-3 Years	More than 3 Years	Total
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
As at March 31 2022							
Undisputed -Considered Good	13,824	3,457	68	14	63	139	17,564
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	3	7	7	-	9	3,786	3,813
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	12	580	593
Total	13,827	3,463	75	14	84	4,505	21,969

10. CASH AND BANK BALANCES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Cash on Hand	6	6
Balances with Banks (Including Fixed Deposits with Original maturity of 0 - 3 months)	5,157	1,603
Total Cash and Cash Equivalents	5,163	1,609
Other Bank Balances #		
In Fixed Deposit	6,909	1,590
Total Other Bank Balances	6,909	1,590
Total Cash and Bank Balances	12,072	3,199
# Note :		
1. Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility.	524	904

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

11. EQUITY SHARE CAPITAL

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
Equity Number of shares	10,00,00,000	10,00,00,000
Equity Shares of ₹10/ each	10,000	10,000
Total	10,000	10,000

In the previous year, pursuant to the Scheme sanctioned by Hon'ble National Company Law Tribunal (NCLT), Ahmedabad bench vide its order December 23, 2021 and became effective from December 24, 2021, the authorized share capital of the ATPL, HEIPL, HEL & HSPPL (Transferor Companies), amounting to ₹ 20,00,000 (Rupees Twenty Lakhs Only) consisting of 20,000 (Twenty Thousand) equity shares of ₹ 100 (Rupees Hundred) each and ₹ 1,00,00,000 (Rupees One Crores Only) consisting of 10,00,000 (Ten Lakhs) equity shares of ₹ 10 (Rupees Ten) each and ₹ 35,00,00,000 (Rupees Thirty-Five Crores only) consisting of 3,50,00,000 (Three Crores and Fifty Lakhs) equity shares of ₹ 10 (Rupees Ten) each and ₹ 2,00,00,000 (Rupees Two Lakhs only) consisting of 20,000 (Twenty Thousand) equity shares of ₹ 10 (Rupees Ten) each respectively has been consolidated with the authorized share capital of the HASPL (Transferee Company) hence as a result the Authorized Share Capital of the Company has been increased from ₹ 50,00,00,000 (Rupees Fifty Crores) to ₹ 86,22,00,000 (Rupees Eighty Six Crores Twenty Two Lakhs). [Refer Note 32.6]

Further, authorised share capital has been increased from ₹ 8,622 lakhs divided into 8,62,20,000 equity shares of ₹ 10 each to ₹ 10,000 lakhs divided into 10,00,00,000 equity shares of ₹ 10 each.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Issued, Subscribed and Paid up Capital		
Equity Number of shares	9,10,44,105	7,72,48,410
Equity Shares of ₹ 10 each	9,104	7,725
Total	9,104	7,725

In the previous year, pursuant to the Scheme, on the Effective Date, the Paid-up Share Capital of the Company has been reduced from ₹ 5,000 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 10 (Rupees Ten only) each fully paid up to ₹ 500 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 1 (Rupee one only) each fully paid up. Simultaneously, pursuant to reduction as mentioned above, every 10 (Ten) such equity shares of the reduced face value of ₹ 1 (Rupee one only) each of the Company has been consolidated into 1 (One) equity share of the face value of ₹ 10 (Rupees ten only) each fully paid and the fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par. Also pursuant to the Scheme, the Company has issued 7,22,48,400 (Seven Crores Twenty Two Lakhs Forty Eight Thousand Four Hundred) Equity Shares of ₹ 10 (Rupees ten only) to the shareholders of Harsha Engineers Limited (Transferor Company 3) on record date, i.e. December 25, 2021. Accordingly the share capital has been increased to ₹ 7,724.80 lakhs divided into 7,72,48,410 (Seven Crores Seventy Two Lakhs Forty Eight Thousand Four Hundred and Ten) equity shares of ₹ 10 (Rupee ten only) each fully paid up. (Refer note 32.6).

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	(₹ In lakhs)	
	No. of shares	Amount (₹in lakhs)
As at April 01, 2021		
At the beginning of the year	5,00,00,000	5,000
Less: Reduction in Face Value of each equity shares from ₹ 10 to ₹ 1	-	(4,500)
Less: For consolidated into 1 Equity Share of the face value of ₹ 10 each fully paid	(4,50,00,000)	-
Add : On account of consolidation of shares, fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par	10	0



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	No. of shares	(₹ In lakhs)
		Amount (₹ in lakhs)
Add : For amalgamation consideration, allotment of 3 Equity Shares of the Company for every 1 Equity Share of HEL to equity holders of HEL as on Record Date	7,22,48,400	7,225
As at March 31, 2022	7,72,48,410	7,725
At the beginning of the year	7,72,48,410	7,725
Add : Shares issued during the year #	1,37,95,695	1,380
As at March 31, 2023	9,10,44,105	9,104

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 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 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	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
Name of Shareholder		
Mr. Rajendra Shah	1,33,90,825	1,54,13,550
Mr. Harish Rangwala	1,12,06,364	1,34,79,089
Ms. Charusheela Rangwala	1,04,46,762	1,27,19,487
Ms. Nirmala Shah	75,99,805	96,22,530
Mr. Vishal Rangwala	77,69,829	77,69,829
Mr. Pilak Shah	71,98,281	76,98,281
% Holding in Equity Shares		
Mr. Rajendra Shah	14.71%	19.95%
Mr. Harish Rangwala	12.31%	17.45%
Ms. Charusheela Rangwala	11.47%	16.47%
Ms. Nirmala Shah	8.35%	12.46%
Mr. Vishal Rangwala	8.53%	10.06%
Mr. Pilak Shah	7.91%	9.97%

Shareholding of Promoters

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
Mr. Rajendra Shah	1,33,90,825	1,54,13,550
% Holding in Total Equity Shares	14.71%	19.95%
% change during the year/period	(5)%	
Mr. Harish Rangwala	1,12,06,364	1,34,79,089
% Holding in Total Equity Shares	12.31%	17.45%
% change during the year/period	(5)%	
Mr. Vishal Rangwala	77,69,829	77,69,829
% Holding in Total Equity Shares	8.53%	10.06%
% change during the year/period	(2)%	



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
Mr. Pilak Shah	71,98,281	76,98,281
% Holding in Total Equity Shares	7.91%	9.97%
% change during the year/period	(2)%	

12. OTHER EQUITY

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Share Capital Pending Reduction & Allotment - Arising pursuant to the Scheme [Refer Note 32.6]	-	-
Capital Reserves/Merger Reserve [Refer Note 32.6]	(116)	(604)
Security Premium	42,121	75
General Reserve	2,307	2,307
Retained Earnings	59,498	47,100
Other Comprehensive Income	(546)	202
Total Other Equity	1,03,264	49,080

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Share Capital Pending Reduction & Allotment		
Opening Balance	-	2,725
Less: Utilised during the year	-	(2,725)
Total Share Capital Pending Reduction & Allotment	-	-

In the previous year, Share Capital Pending Reduction & Allotment represents share capital pending reduction in Face Value from ₹ 10 to ₹ 1 of the Company's Equity Capital and also additional shares to be issued as amalgamation consideration on merger to shareholders of Harsha Engineers Limited. Since, the appointed date as per the Scheme is April 01, 2020 and as per Ind AS 103 (Appendix C), Business combinations of entities under common control, the scheme is required to be accounted from the beginning of the preceding period in the financial statements i.e. April 01, 2020, accordingly share capital reduction and additional shares to be issued on merger to shareholders of Harsha Engineers Limited have been accounted as Share Capital Pending Reduction & Allotment on April 01, 2019. Share capital Reduction in Face Value from ₹ 10 to ₹ 1 has been effected on December 24, 2021 being effective date followed by consolidation of 10 shares of ₹ 1 each to 1 share of ₹ 10 each. Also the Company has issued 7,22,48,400 shares as consideration on record date i.e. December 25, 2021. Accordingly, on December 25, 2021, the balance lying in Share Capital Pending Reduction & Allotment account has been transferred to equity share capital [Refer note 32.6].

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Capital Reserves/Merger Reserve		
Opening Balance	(604)	(604)
Less: Cancellation of Net Equity vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-32.6)	488	-
Total Capital Reserves/Merger Reserve	(116)	(604)



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Security Premium		
Opening Balance	75	75
Add : Proceed from IPO #	44,120	-
Less : IPO Expenses \$	(2,074)	-
Total Security Premium	42,121	75

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 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 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.

[\$] 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.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
General Reserve		
Opening Balance	2,307	2,307
Total General Reserve	2,307	2,307

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Retained Earnings		
Opening Balance	47,100	36,492
Add : Added pursuant to the Scheme of Amalgamation - 2 [Refer Note-32.6]	(441)	-
Add : Profit during the year	12,839	10,608
Total Retained Earnings	59,498	47,100

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Other Comprehensive Income (OCI)		
(a) Equity Instruments Reserves		
Opening Balance	-	0
Increase/(Decrease) fair value of FVOCI equity instruments	-	(0)
Income Tax relating to above item	-	-
Total Equity Instruments Reserves	-	-
(b) Cashflow Hedge Reserve		
Opening Balance	373	252
Increase/(Decrease) during the year	(988)	161
Income Tax relating to above item	249	(40)
Total Cashflow Hedge Reserve	(366)	373
(c) Remeasurement of Defined Benefit Plan		
Opening Balance	(171)	(194)
Increase/(Decrease) during the year	(12)	31

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Income Tax relating to above item	3	(8)
Total Remeasurement of Defined Benefit Plan	(180)	(171)
Total Other Comprehensive Income (OCI)	(546)	202

13. BORROWINGS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current Borrowings		
Secured		
From RBL Bank Limited (ECLGS 2.0)	-	744
From HDFC Bank Limited	-	4,475
From HDFC Bank Limited (ECLGS 2.0)	-	3,160
Unsecured		
Loan From Director	-	1,901
Deposit From Shareholders	-	2,300
Total Non-Current Borrowings	-	12,580

Terms of Repayments:**Non-Current Borrowings**

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
1-2 Years	-	2,646
2-3 Years	-	6,847
3-4 Years	-	2,212
Beyond 4 Years	-	875
Total	-	12,580

Note: 1. During the year, Pre-payment was made by the Company through IPO Proceed as per the Object Clause.

2. Non- Current Borrowings Repayments schedule dose not includes current maturity of term loan.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current Borrowings		
Secured		
State Bank of India	1,000	1,325
Citi Bank	2,000	2,743
YES Bank Limited	285	993
RBL Bank Limited	3,519	3,150
HDFC Bank Limited	-	900
ICICI Bank Limited	-	1,000
Current maturities of long term debt	-	3,763
Unsecured		
Loan From Bank	2,002	2,300
Total Current Borrowings	8,806	16,174



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (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 First ranking pari passu with Citibank N.A., Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited Collaterally secured by way of hypothecation over the entire plant & machinery of the Engineering Division's Changodar and Moraiya Plant (excluding Brass Division at Moraiya Plant hypothecated to Citibank NA. ; DGBB Division at Changodar Plant Exclusive Assets hypothecated to HDFC Bank Limited and RBL Bank Limited on pari passu basis)

(2) Citi Bank :

Engineering Segment for Harsha India - Engineering Segment for Harsha India 1) Working capital Secured by hypothecation of entire current assets of the Engineering Division first ranking pari passu with State Bank of India, Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited 2) SBLC extended to Citibank, China secured by First pari passu charge by way of equitable mortgage on property at Moraiya in favour of Citibank, India, 3) SBLC extended to Citibank, Romania secured by First pari passu charge on Moraiya and Changodar property in favour of Citibank, India, First pari passu charge on Plant and Machinery at Moraiya Brass division in favour of Citibank, India, Second charge on inventory and receivables of Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and Second charge on plant and machinery Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania.

(3) YES Bank Limited :

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 Limited 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 Limited :

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 Limited by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future.

(5) HDFC Bank Limited :

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 RBL Bank Limited.

(6) ICICI Bank Limited :

Engineering Segment for Harsha India- ICICI Bank has been as unsecured borrowing from March'23, relevant charge satisfaction has been completed in May'23, accordingly in March'22 it was considered secured and in March'23 it was considered unsecured and presented accordingly.

14. LEASE LIABILITY

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Lease Liability	112	120
Total Non-Current Lease Liability	112	120



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Lease Liability	99	86
Total Current Lease Liability	99	86

15. PROVISIONS

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-Current		
Provision For Employees Benefits, Refer Note : 30	835	1,106
Total Non-Current Provisions	835	1,106
Current		
Provision For Employees Benefits, Refer Note : 30	223	207
Total Current Provisions	223	207

16. DEFERRED TAX LIABILITY / (ASSET)

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liability	1,693	1,403
Less : Deferred Tax Asset	558	544
Net Deferred Tax Liability / (Asset)	1,135	859

17. TRADE PAYABLES

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Dues to Micro and Small Enterprises [#]	629	953
Dues to other than Micro and Small Enterprises	6,842	13,207
Total Trade Payables	7,470	14,160

Ageing of Trade Payables

Outstanding for following periods from due date of payment

(₹ In lakhs)

Particulars	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
As at March 31 2023						
(i) MSME -Undisputed	629	-	-	-	-	629
(ii) Other -Undisputed	5,592	1,025	21	0	11	6,649
(iii) MSME -Disputed	-	-	-	-	-	-
(iv) Other -Disputed	-	-	-	-	193	193
Total	6,220	1,025	21	0	203	7,470
As at March 31 2022						
(i) MSME -Undisputed	953	-	-	-	-	953
(ii) Other -Undisputed	7,003	5,985	-	20	6	13,014



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)					
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(iii) MSME -Disputed	-	-	-	-	-	-
(iv) Other -Disputed	-	-	-	-	193	193
Total	7,956	5,985	-	20	199	14,160

[#] Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31 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	629	953
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	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Suppliers under the Micro, Small and Medium Enterprises Act, on the basis of information available with the Company & provided by the supplier. All above information is compiled, only after the information available with the Company.

18. OTHER FINANCIAL LIABILITIES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current		
Interest accrued but not due on borrowings	1	74
Accrued Expenses	2,412	2,139
Derivative Liability / (Asset)	490	(497)
Total Other Current Financial Liabilities	2,903	1,716

19. OTHER LIABILITIES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-current		
Contingent Deposit From Vendors	267	216
Advance from Staffs	1	1
Total Non-Current Liabilities	268	217
Current		
Statutory Liabilities	964	876
Advance from Customers	142	1,003
Advance from Staffs	5	2
Asset Retirement Obligation - ARO	29	26
Total Current Liabilities	1,140	1,907

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

20. CURRENT TAX LIABILITIES [NET]

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current		
Provision for Taxation (Net of Advance Tax)	115	215
Total Current Tax Liabilities [Net]	115	215

21. REVENUE FROM OPERATIONS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Sales of Products & Services		
(a) Sale of Products	99,555	92,546
(b) Sale of Services	2,066	1,594
(c) Unbilled Revenue	(405)	202
Total	1,01,216	94,342
Other Operating Revenues		
Exports Benefits	1,079	1,133
Solar Power Generation	177	170
Total	1,256	1,303
Total Revenue from Operations	1,02,472	95,645

22. OTHER INCOME

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income	829	281
Share of Profit/(Loss) from Cleanmax Harsha Solar LLP	24	(30)
Gain / (Loss) on Exchange Rate Fluctuation	1,649	1,305
Gain / (Loss) on Exchange Rate Fluctuation-Curr. Revaluation	218	187
Miscellaneous Income	8	39
Other Income-Non-Operating		
Gain / (Loss) on Sale of Investment (Mutual funds)	103	0
Gain/ (Loss) on Fair value of Investments (measured at FVTPL)	332	-
Total Other Income	3,163	1,782

23. COST OF MATERIALS CONSUMED

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Cost of Material Consumed	53,102	56,442
Total Cost of Materials Consumed	53,102	56,442



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

24. CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Finished Goods Opening Stock	11,848	7,692
Less : Finished Goods Closing Stock	(9,409)	(11,848)
Total	2,439	(4,156)
Semi Finished Goods Opening Stock	1,109	905
Less : Semi Finished Goods Closing Stock	(1,245)	(1,109)
Total	(136)	(204)
Toolings Opening Stock	7,494	6,618
Less : Toolings Closing Stock	(8,881)	(7,494)
Total	(1,387)	(876)
Total Change In Inventories of Finished Goods & Work-In-Progress	916	(5,236)

25. EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages & Bonus etc.	9,316	8,174
Contribution To PF, ESI etc.	865	772
Staff Welfare	723	676
Total Employee Benefit Expenses	10,904	9,622

26. FINANCE COSTS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expense		
On Term Loans	375	739
On Working Capital Loans	455	743
On Deposits	224	403
On Others	37	60
Total	1,091	1,945
Other Borrowing Costs		
Bank Charges & Processing Fees	98	165
Unwinding of discount on provision of Asset Retirement Obligation	2	2
Total	100	167
Total Finance Costs	1,191	2,112

27. OTHER EXPENSES

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Stores & Packing		
Stores & Spares Consumed	3,651	3,397
Packing Materials Consumed	2,954	2,622
Total (A)	6,605	6,019

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(B) Power & Fuel		
Power & Fuel Consumption (Net)	2,296	1,936
Total (B)	2,296	1,936
(C) Operative Expenses		
Machinery Repairs & Maintenance	244	283
Civil and Fabrication Charges	114	8
Installation & Commissioning charges	228	321
Contractor-Labour Charges	3,035	2,468
Other Operative Expenses	419	370
Total (C)	4,040	3,450
(D) Administrative & Other Expenses		
Advertisement & Sales Promotion	150	87
Celebration Expenses	65	25
Computer Expenses	219	190
Corporate Social Responsibility (CSR) (Refer Note-32.5)	21	-
Donations	1	-
Freight, Forwarding & Clearing Expenses	4,907	4,943
Insurance Premium	179	165
Legal & Professional Expenses #	332	248
Rent & Fleet Management Expenses	61	102
Loss / (Profit) on Sale / disposal of Fixed Assets	46	7
Repairs & Maintenance	288	247
Rates & Taxes	19	17
Security & Housekeeping Expenses	364	322
Stationery, Printing & Communication Expenses	114	102
Staff Training, Membership & Subscription	73	48
Net Sundry Balance write off / Bad debts	66	45
Provision for doubtful debts	(350)	(9)
Traveling & Conveyance Expenses	204	107
Miscellaneous expenses	261	175
Total (D)	7,020	6,821
Total Other Expenses (A+B+C+D)	19,961	18,226

Legal and Professional Expenses include:

(₹ In lakhs)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Payment to Statutory Auditor as :		
a) Statutory Audit Fees	15	15
b) Other Services	14	4
c) Reimbursement of Expenses	1	0
Total	30	19



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

28. EARNING PER SHARE

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Profit after tax attributable to Equity Holders (₹ in lakhs)	12,839	10,608
Weighted average number of Equity Shares for Basic EPS	8,45,05,324	5,72,41,358
Weighted Average additional Potential Equity Shares Pursuant to the Scheme *	-	2,00,07,052**
Weighted average number of Diluted Shares for Diluted EPS	8,45,05,324	7,72,48,410
Nominal value of Equity Share (₹)	10	10
Earnings Per Share (₹)		
Basic	15.19	18.53
Diluted	15.19	13.73

[*] Refer Notes-32.6

[**] For Diluted EPS calculation, we have assumed that 7,72,48,410 equity share (including 2,00,07,052 of Potential equity shares Pursuant to the Scheme, which had been issued during the 2021-22) that is i.e. the number of equity shares of the Company as on March 31, 2022, was effective throughout the 2021-22.

29. INCOME TAX & DEFERRED TAX ASSET/ (LIABILITIES) [NET]

A : Income Tax Expenses

1) Income taxes recognised in the Statement of Profit and Loss

Particulars	For the year ended	
	(₹ In lakhs)	
	March 31, 2023	March 31, 2022
Current Tax	3,863	3,325
Deferred Tax	528	366
Total Income Tax Expense	4,391	3,691

2) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended	
	(₹ In lakhs)	
	March 31, 2023	March 31, 2022
Profit/(Loss) Before Tax	17,230	14,299
Income Tax Expenses @ 25.168% (March 31, 2022 : 25.168%)	4,336	3,599
Add/(Less) tax effect on account of:		
Non Deductible Expenses/(Income)		
Depreciation as per Profit and Loss Account	587	494
Short/(Excess) Provision of Income Tax	-	10
Donation/CSR Expenses	6	-
Exempt Income of LLP	(6)	(8)
Interest Income u/s.14A	2	2
Penalty	0	0
Other Disallowances	65	-6
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	(66)	58
Deductions		
Depreciation as per Income tax Act	(778)	(576)



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Deduction allowable - Others	(31)	(76)
Utilisation of Business Loss	-	(221)
Recognition of deferred tax in OCI	(252)	49
Recognition of deferred tax	528	366
Income tax Expenses recognised in Statement of Profit & Loss	4,391	3,691

B : Movement in deferred tax balances

(₹ In lakhs)

Particulars	Net balance April 01, 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-Currency Revaluation	(96)	(55)	-	(151)	-	(151)
ARO Provision	7	1	-	8	8	-
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)

Movement in deferred tax balances

(₹ In lakhs)

Particulars	Net balance April 01, 2021	For the year ended March 31, 2022		As at March 31, 2022		
		Recognised in profit or loss	OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)						
Fixed Assets	(1,021)	(48)	-	(1,069)	-	(1,069)
Lease Liability	59	(7)	-	52	52	-
Bonus and Ex-gratia Payable	1	1	-	2	2	-
Gratuity	151	50	-	201	201	-
Leave Encashment	63	(2)	-	61	61	-
ERF-Currency Revaluation	(73)	(23)	-	(96)	-	(96)
ARO Provision	6	1	-	7	7	-



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Net balance April 01, 2021	For the year ended March 31, 2022		As at March 31, 2022		
		Recognised in profit or loss	OCI	Net	Deferred tax asset	Deferred tax liability
ARO Assets	0	0	-	0	0	0
Derivative Assets / liabilities	-	(85)	-	(85)	-	(85)
Cumulative C/F Business Loss	247	(247)	-	-	-	-
Provision of doubtful Debts	151	(2)	-	149	149	-
O&M Income Receivable	(19)	1	-	(18)	-	(18)
Amortised Merger Expenses	-	(9)	-	(9)	-	(9)
Professional Tax Payable	-	4	-	4	4	-
Remeasurement of Gratuity (OCI)	76	-	(8)	68	68	-
Cash Flow Hedge (OCI)	(85)	-	(41)	(126)	-	(126)
Deferred tax assets/ (liabilities)	(444)	(366)	(49)	(859)	544	(1,403)

30. DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

Particulars	2022-23		2021-22	
	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	7.45% P.A.		7.15% P.A.	
Salary escalation	6% P.A.		6% P.A.	

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	2022-23		2021-22	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in benefit obligation				
Opening defined benefit obligation	1,703	378	1,598	377
Interest Cost	116	26	105	25
Current Service Cost	156	59	151	51
Benefit Paid	(80)	(89)	(106)	(87)
Due to change in financial Assumptions	(56)	(14)	-	-
Due to Experience adjustments	44	44	(44)	13
Liability at the end of the period	1,882	404	1,704	378
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning	632	137	693	129
Expected Return on Plan Assets	(24)	(1)	(13)	(1)
Contributions	510	-	10	0
Interest Income	45	10	48	10
Benefit paid	(80)	0	(106)	0
Fair Value of Plan Assets at the end of the period	1,082	146	632	137



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	2022-23		2021-22	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Actual gain / loss recognised				
Actuarial (gain) / loss on obligations	44	44	(44)	13
Actuarial (gain) / loss on Plan Assets	24	1	13	1
Net Actuarial (gain) / loss recognised during year	68	45	(31)	14
Amount recognised in Balance Sheet				
Liability at the end of the period	1,882	404	1,704	378
Fair Value of Plan Asset at the end of the period	1,082	146	632	137
Net Amount recognised in Balance Sheet	800	258	1,072	241

(₹ In lakhs)

Particulars	2022-23		2021-22	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Expense recognised in the Statement of Profit and Loss				
Current Service cost	156	59	151	51
Interest cost	71	16	57	15
Expected return on Plan Asset	0	31	0	14
Net Expense recognised in P&L	227	106	208	80
Expense recognised in the Statement of Other Comprehensive Income				
Due to experience adjustment	44	-	(44)	-
Return on plan assets excluding amounts included in interest income	24	-	13	-
Net Expense recognised in OCI	68	-	(31)	-

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ In lakhs)

Gratuity	2022-23		2021-22	
	Increase	Decrease	Increase	Decrease
Discount rate 1%/-1% (2021-22: 1%/-1%)	1,713	2,082	1,542	1,893
Salary growth rate 1%/-1% (2021-22: 1%/-1%)	2,082	1,710	1,893	1,540
Withdrawal/Attrition Rate 10%/-10% (2021-22: 10%/-10%)	1,878	1,878	1,707	1,699



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Leave salary	2022-23		2021-22	
	Increase	Decrease	Increase	Decrease
Discount rate 0.5%/-0.5% (2021-22: 0.5%/-0.5%)	383	428	357	402
Salary growth rate 0.5%/-0.5% (2021-22: 0.5%/-0.5%)	428	382	402	357
Withdrawal/Attrition Rate 10%/-10% (2021-22: 10%/-10%)	406	403	380	377

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
Harsha Precision Bearing Components (China) Co., Limited	Subsidiary
Harsha Engineers Europe SRL	Subsidiary
HASPL Americas Corporation	Subsidiary
Harsha Engineers Advantek Limited	Subsidiary
Cleanmax Harsha Solar LLP	Joint Venture
Sunstream Green Energy One Private Limited	Associate

Note :

1. Harsha Engineers BV was merged with the Company effective from November 14, 2022.
2. The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.
3. Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary of the Company on March 14, 2023.

B. Director or Key Management Personnel :-

Name of Director or Key Management Personnel

Rajendra Shah	Chairman & Whole-time Director	Harish Rangwala	Managing Director
Vishal Rangwala	CEO & Whole - time Director	Pilak Shah	COO & Whole - time Director
Hetal Ukani	Whole - time Director	Ambar Patel	Independent Director
Kunal Shah	Independent Director	Neharika Vohra	Independent Director
Ramakrishnan Kasinathan	Independent Director	Bhushan Punani	Independent Director
Maulik Jasani	VP Finance and Group CFO	Kiran Mohanty	Company Secretary & Chief Compliance Officer

C. Relative of Key Management Personnel :-

Name of Relative of Key Management Personnel

Navinchandra Shah	Vaishali Shah	Charusheela Rangwala	Madhurika Jasani	Lipsa Nayak
Kanubhai Shah	Raag Shah	Tanvi Rangwala	Rinkal Jasani	Aayansh Mohanty
Manish Naik	Ukani Brijeshkumar Parshottambhai HUF	Tarana Rangwala	Nitya Jasani	Ravi Mohanty
Nirmala Shah	Viha Ukani	Suresh Jasani HUF	Saurin Jasani	Rashmita Nayak
Mili Mehta	Preya Ukani	Suresh Jasani	Purna Chandra Mohanty	Sinny Nayak
Yashpal Mehta	Soham Naik	Maulik S Jasani HUF	Nayana Mohanty	



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

D. Enterprise on which Directors and KMPs have significant influence and control :-

Crest Creative Unit	Vishal Rangwala Family Trust
Daylight Solar Private Limited	Pilak Shah Family Trust
First Light Asset Management Private Limited	Munjal Rangwala Family Trust
Hues Hub Online Private Limited	Mili Mehta Family Trust
Advantterra Capital Management LLP	Hetal Ukani Family Trust
Meghna Developers Private Limited	Brijesh Charitable Trust
Meghna Organisers Private Limited	Vakil Premji Ragahvji Thacker Education Foundation Charitable Trust
Nirman Capital Services Private Limited*	Munjal Rangwala Charitable trust
Tridym Infrastructures Private Limited	Aastha Charitable Trust for Welfare Mentally Challenged
Harsha Engineers International Limited Group Gratuity Trust (previously known as Harsha Abakus Solar Private Limited Employee Group Gratuity Assurance Scheme)	IMC of ITI Vadodara (Disable)
Harsha Engineers Limited - Group Gratuity Scheme**	Institute Management Committee of ITI Bavla
Aastha Tools Private Limited - Group Gratuity Scheme**	Changodar Green Enviro Project Association
Harsha Engineers Employees CO.OP. Credit Soc. Limited	

Note:

*Nirman Capital Services Private Limited has filed an application with the RoC for striking off its name on December 05, 2022. The application is currently under process.

**Harsha Engineers Limited - Group Gratuity Scheme and Aastha Tools Private Limited - Group Gratuity Scheme is in the process of being transferred into Harsha Engineers International Limited Group Gratuity Trust. The transfer is currently under process.

E. Name of Related Parties other than names appeared in above point A, B,C and D :-

Name of Party	Relationship Category	Name of Party	Relationship Category
Sushil Pandhi	Promoter Group	Vidhya Sharma	Relative of Director of Subsidiary
Yash Pandhi	Promoter Group	Deepak Sharma	Relative of Director of Subsidiary
Harish Pandhi	Promoter Group	Ritu Tiwari	Relative of Director of Subsidiary
Sharadchandra Pandhi	Promoter Group	Chhavi Tiwari	Relative of Director of Subsidiary
Kanubhai Babulal Shah	Promoter Group	Tarush Sharma	Relative of Director of Subsidiary
Jyotsnaben Shah	Promoter Group	Mircea Bucur	Director of Subsidiary
Pramod Shah	Promoter Group	Bucur Ionela Patricia	Relative of Director of Subsidiary
Bhavana Shah	Promoter Group	Bucur Gheorghe	Relative of Director of Subsidiary
Vaibhavi Shah	Promoter Group	Bucur Dumitra	Relative of Director of Subsidiary
Rameshbhai Shah	Promoter Group	Bucur Tiberiu Alexandru	Relative of Director of Subsidiary
Purnimaben Shah	Promoter Group	Bucur Mihnea Lucian	Relative of Director of Subsidiary
Nigam Shah	Promoter Group	Bucur Laura	Relative of Director of Subsidiary
Hemant Kumar Sharma	Director of Subsidiary	Stanciu Marina Gabriela	Relative of Director of Subsidiary
Arun Subramony	Director of Subsidiary	Bucur Alexia Cristina	Relative of Director of Subsidiary
Goldi Harsha Ventures LLP***	Common Partens/ Directors	Ecological Service Inc.	Relative Significant Influence

***The Company made an investment of ₹ 10,000 (equivalent to ₹ 5% of Total Contribution) of the Total Capital Contribution in "Goldi Harsha Ventures LLP" which was incorporated on December 28, 2022.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

F. Transactions during the year with related parties :-

1. Subsidiaries/ Joint Ventures/ Associates Transactions :-

Particulars	(₹ In lakhs)					
	Investment in Equity / 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	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Harsha Precision Bearing Components (China) Co., Limited	-	-	2,274	563	-	-
Harsha Engineers Europe SRL	-	-	38	64	2	1
Harsha Engineers BV	-	2,559	-	-	-	-
Harsha Engineers Advantek Limited	10	-	-	-	-	-
Cleanmax Harsha Solar LLP #	(31)	(32)	0	0	-	-
Sunstream Green Energy One Private Limited	0	0	-	-	-	-
Equity Investment in Harsha Engineers Europe SRI ##						
- Payment to Rajendra Shah	0	-				
- Payment to Harish Rangwala	0	-				

Particulars	(₹ In lakhs)			
	Interest Income		Loans Given	
	2022-23	2021-22	2022-23	2021-22
Harsha Precision Bearing Components (China) Co., Limited	91	61	-	483

Includes Profit Share & Partner Capital Infusion/Drawings

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 :-

Particulars	(₹ In lakhs)					
	Remuneration		Loan Accepted		Loans Repaid	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Rajendra Shah	69	69	-	486	486	327
Harish Rangwala	69	69	273	1,151	1,294	1,545
Vishal Rangwala	190	180	-	-	-	-
Pilak Shah	160	150	-	245	245	225
Late Munjal Rangwala	-	7	-	-	-	-
Hetal Ukani	68	62	-	150	150	189
Maulik Jasani	64	55	-	-	-	-
Falgun Shah	-	37	-	-	-	-
Kiran Mohanty	21	16	-	-	-	-

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)					
	Interest Expense		Sitting Fees		Sales of Goods	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Rajendra Shah	23	36	-	-	-	-
Harish Rangwala	53	137	-	-	-	20
Pilak Shah	12	23	-	-	-	-
Hetal Ukani	15	18	-	-	-	-
Ambar Patel	-	-	1	1	-	-
Kunal Shah	-	-	1	1	-	-
Neharika Vohra	-	-	1	1	-	-
Bhushan Punani	-	-	1	0	-	-
Ramakrishnan Kasinathan	-	-	1	0	-	-

Particulars	(₹ In lakhs)					
	Purchase Service		Loans Received Back		Interest Income	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Ramakrishnan Kasinathan	4	-	-	-	-	-
Kiran Mohanty	-	-	0	0	0	0

3. Relative of Key Management Personnel Transactions :-

Particulars	(₹ In lakhs)					
	Deposits Accepted		Deposits Repaid		Interest Expense	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Charusheela Rangwala	60	1,146	1,078	468	52	52
Nirmala Shah	-	620	620	478	30	51
Mili Mehta	-	-	-	154	-	12
Vaishali Shah	-	100	100	117	10	11
Rajendra Shah (HUF)	-	-	-	99	-	7
Jyotsnaben Shah	-	12	12	-	1	-

Particulars	(₹ In lakhs)	
	Purchase of Service	
	2022-23	2021-22
Manish Naik	15	-
Maulik S Jasani HUF	3	3

4. Enterprise on which Directors and KMPs have significant influence and control Transactions :-

Particulars	(₹ In lakhs)					
	Purchase of Goods / Job work / Assets / Reimbursement / Contribution / CSR		Sales of Goods / Assets / Lease Rent / Reimbursement		Loans Given	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Crest Creative Unit	6	3	-	-	-	-
Aastha Charitable Trust for Welfare Mentally Challenged	1	2	28	3	-	-
Harsha Engineers International Limited Group Gratuity Trust	510	2	-	-	-	-
Harsha Engineers Limited - Group Gratuity Scheme	-	7	-	-	-	-



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Purchase of Goods / Job work / Assets / Reimbursement / Contribution / CSR		Sales of Goods / Assets / Lease Rent / Reimbursement		Loans Given	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Harsha Renewable Energy Private Limited	-	-	-	-	-	0
Daylight Solar Private Limited	-	-	-	-	-	0
First Light Asset Management Private Limited	-	-	-	-	-	0

(₹ In lakhs)

Particulars	Loans Repaid	
	2022-23	2021-22
Harsha Renewable Energy Private Limited	-	0
Daylight Solar Private Limited	-	0
First Light Asset Management Private Limited	-	0

5. Transactions with Other Related Parties whose names appeared in above point E :-

(₹ In lakhs)

Particulars	Remuneration		Purchase of Goods / Job work		Investment In Capital A/c	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Hemant Sharma	75	77	-	-	-	-
Mircea Bucur	81	48	-	-	-	-
Ecological Service Inc.	-	-	48	35	-	-
Goldi Harsha Ventures LLP	-	-	-	-	0	-
Vidhya Sharma	-	-	5	-	-	-

G. Outstanding balance :-

1. Subsidiaries/ Associates / Joint Ventures Outstanding :-

(₹ In lakhs)

Particulars	Loan & Advance		Interest Receivable on loan		Other Receivable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Harsha Precision Bearing Components (China) Co., Limited	1,989	1,834	91	74	2,112	505
Harsha Engineers Europe SRL	-	-	-	-	52	14

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

2. Director or Key Management Personnel Outstanding :-

Particulars	(₹ In lakhs)					
	Remmuneration Payable		Loan Receivable		Loan	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Rajendra Shah	31	32	-	-	-	486
Harish Rangwala	31	32	-	-	-	1,021
Vishal Rangwala	123	124	-	-	-	-
Pilak Shah	93	94	-	-	-	245
Hetal Ukani	32	32	-	-	-	150
Maulik Jasani	3	2	-	-	-	-
Kiran Mohanty	1	1	0	1	-	-

3. Relatives of Key Management Personnel Outstanding :-

Particulars	(₹ In lakhs)			
	Deposit		Other Payable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Charusheela Rangwala	-	1,018	-	-
Nirmala Shah	-	620	-	-
Vaishali Shah	-	100	-	-
Jyotsnaben Shah	-	12	-	-
Maulik S Jasani HUF	-	-	0	0

4. Enterprise on which Directors and KMPs have significant influence and control Outstanding :-

Particulars	(₹ In lakhs)	
	Other Receivables	
	As at March 31, 2023	As at March 31, 2022
Aastha Charitable Trust for Welfare Mentally Challenged	0	-

5. Outstanding with Other Related Parties whose names appeared in above point E :-

Particulars	(₹ In lakhs)					
	Remmuneration Payable		Investment In Capital A/c		Other Payable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Hemant Sharma	5	-	-	-	-	-
Mircea Bucur	7	6	-	-	-	-
Ecological Service Inc.	-	-	-	-	-	11
Goldi Harsha Ventures LLP	-	-	0	-	-	-
Vidhya Sharma	-	-	-	-	0	-



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

32. OTHER NOTES

32.1. Foreign Currency

EARNING IN FOREIGN CURRENCY

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Export Realisation	49,343	45,849
Advance from Customer	120	-
Interest on loan realised	76	644
Total	49,539	46,494

FOREIGN CURRENCY OUTGO

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Towards Import	2,002	2,144
Towards Foreign Expenses	2,538	2,070
Equity Investment in Subsidiaries	-	2,559
Loan To Subsidiaries	-	483
Foreign Currency out flow/ (inflow/refund) towards foreign travelling	10	1
Total	4,550	7,257

32.2. Foreign currency exposure at the year end not hedged by derivative instruments

Particulars	As at	
	March 31, 2023	March 31, 2022
Outstanding Foreign Receivables (Including Loans, if any)		
- Receivable in USD	44,39,234	59,58,478
- Receivable in EUR	17,38,942	29,06,550
- Receivable in CNY	2,00,12,287	1,02,28,540
- Receivable in JPY	1,71,33,330	2,36,84,426
- Receivable in THB	34,52,288	19,08,130
Equivalent ₹ In lakhs (FEDAI rate considered)	7,783	8,376
Outstanding Foreign Payables (Including Loans, if any)		
- Payable in USD	1,84,817	26,41,540
- Payable in EUR	1,00,531	1,51,361
- Payable in SEK	31,415	48,365
- Payable in CNY	4,09,537	3,70,183
- Payable in JPY	4,50,000	10,12,500
- Payable in RUB	81,628	-
Equivalent ₹ In lakhs (FEDAI rate considered)	297	2,184

32.3. 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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Disclosure in respect of assets taken on lease:

- 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 in the year 2004 and the details are as under.

Date of lease agreement	September 21, 2004
Period of lease agreement	Twenty Five Years
Total leasehold land	9.35 hectare
Lease rental p.a. (without Tax)	₹ 18,150 per hectare p. a.
Total lease rental p.a. (without Tax)	₹ 2 lakhs

- III. The Company has acquired various cars for executives and some machines on operating lease and the details are as under.

Period of lease agreement	Three to Five Years
Total leasehold Cars & Machines	48 Nos.
Total lease rental & fleet management charges (with Tax)	₹ 176.21 lakhs

32.4. 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.

Particulars	As at	
	March 31, 2023	March 31, 2022
(₹ In lakhs)		
(a) CONTINGENT LIABILITIES NOT PROVIDED FOR :		
(i) Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	12,059	12,245
(ii) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged	13	143
(iii) Claims against the Company not acknowledged as debts:		
- Income Tax Matters	3,293	2,379
- Excise, Service Tax and GST Matters	99	106
(iv) Other Matters including claims related to Customer, Vendor, ESIC, Electricity, Ex-Employee and others #	1,676	1,690
(b) CAPITAL COMMITMENTS :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,530	1,073

It includes ₹ 1,500 lakhs of the City Civil Court, Bengaluru case filed by Orchestrate Systems Private Limited (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 04, 2019. The Company has filed execution petition at commercial court Raipur for above arbitration order as assets of OSPL are located in Chhattisgarh. The same matter is pending with commercial court, Raipur. OSPL has challenged this arbitration at Gujarat High court and the same matter is also pending with Gujarat High court. Against, Civil Court case at Bengaluru by OSPL, Counter Claim Revival Application has been submitted by the Company, Hearing on revival application is pending.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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 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.

32.5. 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 2022-23 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.

Particulars	(₹ In lakhs)	
	March 31, 2023	March 31, 2022
1. Gross amount required to be spent by the Company (including transferor company) during the year	103	-
2. Details of amount spent during the year		
Donation to Shri Kutchhi Jain Seva Samaj-Ahmedabad	21	
Total amount spent during the year	21	-
3. Amount unspent / (excess spent), if any	82	-
4. Provision movement during the year		
Opening provision	(332)	(332)
CSR Required to be spent during the year	103	-
CSR Spent during the year *	(21)	-
Closing provision (Excess amount for set off)	(250)	(332)

* Represents actual outflow during the year by the Company.

32.6. Merger

Pursuant to the Composite Scheme of Amalgamation and Arrangement between Aastha Tools Private Limited (ATPL), Harsha Engineers (India) Private Limited (HEIPL), Harsha Engineers Limited (HEL), Helianthus Solar Power Private Limited (HSPPL) and Harsha Abakus Solar Private Limited (the Company) and their respective shareholders and creditors under section 230 to 232 read with section 61 and 66 alongwith other applicable provisions of the Companies Act, 2013 ("the Scheme" or "Business Reorganisation Scheme"), ATPL and HEIPL were merged into HEL with effect from the appointed date, April 01, 2020 and immediately upon effectiveness of the the same HEL and HSPPL (Amalgamating Companies) were merged into the Company pursuant to the Scheme with effect from the appointed date, April 01, 2020. The Scheme was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated December 23, 2021 and all the businesses, undertakings, activities, properties, investments and liabilities of each of the Amalgamating Companies were transferred to and vested in the Company as per the Scheme with effect from April 01, 2020, being the appointed date. The certified copy of order and necessary forms was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on December 24, 2021, being the effective date. The Scheme has accordingly been given effect to in these financial statements as per the accounting treatment approved in NCLT order and provided in the Scheme.

As Amalgamating Companies are under the common control of the shareholders, the Scheme has been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"]. Accordingly,

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

- (1) The assets and liabilities pertaining to the Amalgamating Companies vested in the Company have been accounted as provided in the Scheme, at their respective carrying values as appearing in their respective books on the opening hours of business on April 01, 2020 being the Appointed Date.
- (2) The inter-corporate deposits/ loans and advances outstanding between the Amalgamating Companies and the Company inter-se have been cancelled.
- (3) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- (4) The balance of the retained earnings appearing in the financial statements of the Company is aggregated with the corresponding balance appearing in the financial statements of the Amalgamating Companies or is adjusted against General Reserve.
- (5) The identity of the reserves are preserved and the reserves of the Amalgamating Companies become the reserves of the Company.
- (6) The surplus/deficit of the share capital of the Amalgamating Companies over the value of investments in the shares of these companies appearing in the books of the Company and cancelled pursuant to the Scheme has been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to ₹ 604 lakhs was debited to the Capital Reserve.

The total consideration for amalgamation is ₹ 7,225 lakhs, which is determined by exchange ratio of 3 shares of the Company against 1 share of HEL.

The book values of assets and liabilities acquired of Amalgamating Companies on merger, as at the appointed date i.e. April 01, 2020 has been provided below:

Particulars	(₹ In lakhs)
	As at April 01, 2020
Total Assets (A)	74,199
Total Liabilities (B)	(32,498)
Net assets taken over (C=A+B)	41,701
Reserves of Amalgamating Companies vested in the Company (D)	(39,269)
Net Equity taken over (E=C+D)	2,431
Cancellation of Investments in equity of ATPL, HEIPL, HSSPL, held by the HEL or Company as the case may be (F)	(311)
Share Capital Pending Reduction and Consolidation (Reduction in Face Value from ₹ 10 each to ₹ 1 each of the Company followed by Consolidation of ₹ 1 to ₹ 10) (G)	4,500
Share Capital Pending Allotment (Being consideration for amalgamation, 3 Equity Shares of the Company against 1 Equity Share of HEL to Share Holders of HEL, which is allotted on record date as per the Scheme) (H)	(7,225)
Difference on Amalgamation (Debited to the Capital Reserves) (I=E+F+G+H)	(604)

Scheme of Amalgamation - 2

The Company had filed a Scheme of Amalgamation between Harsha Engineers BV 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 is holding 100% of the equity shares of the Harsha Engineers BV. Accordingly, pursuant to amalgamation of Harsha Engineers BV with the Company on the Appointed Date, equity shares held by the Company in Harsha Engineers BV has been cancelled and extinguished and hence, no shares of the Company were issued and allotted. On the Scheme of



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Amalgamation - 2 being effective, the assets and liabilities pertaining to the Harsha Engineers BV has 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 BV -Netherland has been merged with the Company effective from November 14, 2022 as per the Scheme of Amalgamation-2. The necessary accounting treatment has 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 BV over the value of investments in the shares of this company appearing in the books of the Company and cancelled pursuant to the Scheme has been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to ₹ 488 lakhs was credited to the Capital Reserve.

The book values of assets and liabilities acquired of Harsha Engineers BV 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

The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, M/s Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

32.7. 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 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.

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
(₹ In lakhs)		
1. Segment Revenues :		
a. Engineering & Others	95,936	87,350
b. Solar-EPC and O&M	6,536	8,295
Total Revenue from Operations	1,02,472	95,645
2. Segment Operating Results (EBITDA) # :		
a. Engineering & Others	20,655	18,623
b. Solar-EPC and O&M	97	(250)
Total Operating Results (EBITDA)	20,752	18,373
3. Segment Results (PBT) :		
a. Engineering & Others	17,218	14,775
b. Solar-EPC and O&M	12	(476)
Total Profit Before Tax (PBT)	17,230	14,299
4. Segment Assets :		
a. Engineering & Others	1,26,519	95,112
b. Solar-EPC and O&M	8,956	11,040
Total Assets	1,35,475	1,06,152
5. Segment Liabilities :		
a. Engineering & Others	13,823	37,941
b. Solar-EPC and O&M	9,284	11,406
Total Liabilities	23,107	49,347

Operating Results (EBITDA) : Total Profit Before Finance Cost, Tax, Depreciation & Amortisation

SECONDARY SEGMENT INFORMATION**B: Geographical Segment:**

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
(₹ In lakhs)		
1. Revenues: *		
a. India	52,890	48,433
b. Outside India	49,582	47,212
2. Non-current assets: **		
a. India	24,982	20,586
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.

32.8. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 25, 2023, recommended the final dividend of ₹ 1.00 per equity share of ₹ 10/- each, 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, 2023.

32.9. Maintenance of Books of Accounts under Section 128 of the Companies Act, 2013

The Company has defined process to take daily back-up of books of account maintained electronically for audit trail and complied with the provisions of the Companies (Accounts) Rules, 2014 (as amended).



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

32.10. Events occurring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognised in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitments affecting the financial position are disclosed in the Director's Report.

32.11 Previous year's figures have been regrouped / reclassified to make them comparable with those of the current reporting year, wherever necessary.

32.12. 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 March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- 4) As on the reporting date, the Company has borrowings from banks or financial institutions on the basis of security of current assets and for which quarterly statements are submitted, which is in line with the books of accounts of the Company.
- 5) The Company has not been declared as willful defaulter (by virtue of Section 477 & 488 of the Companies Act, 2013) by any bank or financial institution or government or any government authority.
- 6) The Company had transactions with the companies struck off under section 248 of 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, 2023	As at March 31, 2022
Stolar Mounting Systems Private Limited #	Payables	Not Applicable	-	-
Metro Packaging Private Limited	Payables	Not Applicable	-	0
Harsha Renewable Energy Private Limited	Receivable	Having Common Director & Shareholders	-	-

The Company is under corporate insolvency resolution process as per MCA record.

- 7) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 8) 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
- 9) (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.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

- (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.

10) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

11) 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. FINANCIAL RATIO

Particulars	(₹ In lakhs)	
	For the year ended	
	March 31, 2023	March 31, 2022
(1) Current Ratio (Times)	4.01	1.79
% Change from previous year	125%	
Reason for change more than 25% : Mainly due to Increase in Investment & Bank Balances and Decrease in Payables		
Current Ratio =Current Assets divided by Current Liabilities		
Current Assets	83,324	61,610
Current Liabilities	20,757	34,465
(2) Debt-Equity Ratio (Times)	0.08	0.51
% Change from previous year	(84)%	
Reason for change more than 25% : Mainly due to reduction in Debt by proceed of IPO and Increase in Equity		
Debt-Equity Ratio =Total debt (current and non-current borrowings & lease liabilities) divided by Total equity		
Total debt (current and non-current borrowings & lease liabilities)	9,017	28,960
Total equity	1,12,368	56,805
(3) Debt Service Coverage Ratio (Times)	12.68	2.46
% Change from previous year	415%	
Reason for change more than 25% : Mainly due to reduction in Debt by proceed of IPO and Increase in PAT		
Debt Service Coverage Ratio =Profit after tax plus Depreciation and Amortisation expenses and Finance Costs divided by Debt Service (interest and 12 months principal repayment = Current Debt Obligation]		
Profit after tax Plus Depreciation and Finance cost	16,361	14,682
Debt Service = Current Debt Obligation (Interest and 12 months principal repayment)	1,290	5,961
(4) Return on Equity Ratio (%)	11%	19%
% Change from previous year	(39)%	
Reason for change more than 25% : Due to IPO Increase in Total Equity		
Return on Equity Ratio = Net profit attributable to Equity Share holders (PAT-Profit After Tax) divided by Total Equity		
Net profit attributable to Equity Share holders (PAT-Profit After Tax)	12,839	10,608
Total equity	1,12,368	56,805



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	For the year ended	
	March 31, 2023	March 31, 2022
(5) Inventory Turnover Ratio (Times)	1.86	1.75
% Change from previous year	6%	
Reason for change more than 25% : Not Applicable		
Inventory Turnover Ratio =Cost of materials consumed + Changes in inventories of finished goods, work-in-progress divided by Closing Balance of Inventories		
Cost of materials consumed + Changes in inventories of finished goods, work-in-progress	54,018	51,206
Closing Balance of Inventories	29,101	29,260
(6) Trade Receivables Turnover Ratio (Times)	4.63	4.41
% Change from previous year	5%	
Reason for change more than 25% : Not Applicable		
Trade Receivables Turnover Ratio = Net Sales divided by Closing Balance of Accounts Receivable		
Net Sales	1,01,216	94,342
Closing Balance of Accounts Receivable	21,868	21,376
(7) Trade Payables Turnover Ratio (Times)	9.81	5.27
% Change from previous year	86%	
Reason for change more than 25% : Due to reduction in Trade payable		
Trade Payables Turnover Ratio = Cost of materials consumed + Other Expenses - [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] divided by Closing Balance of Accounts Payables		
Cost of materials consumed + Other Expenses less - (+ 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	73,260	74,608
Closing Balance of Accounts Payables	7,471	14,160
(8) Net Capital Turnover Ratio (Times)	0.91	1.68
% Change from previous year	(46)%	
Reason for change more than 25% : Mainly due to increase in equity by IPO proceeds		
Net Capital Turnover Ratio = Revenue from operations divided by Shareholder's Equity		
Revenue from operations	1,02,472	95,645
Total equity	1,12,368	56,805
(9) Net profit ratio (%)	13%	11%
% Change from previous year	13%	
Reason for change more than 25% : Not Applicable		
Net profit ratio (%) = Net profit (PAT-Profit After Tax) divided by Revenue from Operations		
Net profit (PAT-Profit After Tax)	12,839	10,608
Revenue from Operations	1,02,472	95,645
(10) Return on Capital Employed (%)	16%	24%
% Change from previous year	(31)%	
Reason for change more than 25% : Mainly due to increase in equity and reduction of debt due to IPO proceeds		
Return on Capital Employed (%) =Profit before interest and tax divided by Capital Employed (Total Equity + Total Long Term Borrowings + Total Lease Liability)		



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Profit before interest and tax	18,421	16,411
Capital Employed (Total Equity + Long Term Borrowings + Lease Liability)	1,12,480	69,505
(11) Return on Investment (%)	14%	15%
% Change from previous year	(12)%	
Reason for change more than 25% : Not Applicable		
Return on Investment (%) = Profit before tax Plus Finance Cost divided by Total Assets		
Profit before tax Plus Finance Cost	18,421	16,411
Total Assets	1,35,475	1,06,152

34.

A. Financial Instruments by Category and their Fair Value

(₹ In lakhs)

As at March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial Assets								
Investments								
Quoted	18,802	-	-	18,802	18,802	-	-	18,802
Unquoted	-	-	21,103	21,103	-	-	-	-
Loans								
Non-Current	-	-	1,996	1,996	-	-	-	-
Current	-	-	1,123	1,123	-	-	-	-
Trade Receivables	-	-	21,868	21,868	-	-	-	-
Cash and Cash	-	-	5,163	5,163	-	-	-	-
Equivalents								
Other Bank Balances	-	-	6,909	6,909	-	-	-	-
Other financial assets								
Non-Current	-	-	329	329	-	-	-	-
Current	-	-	79	79	-	-	-	-
Total Financial Assets	18,802	-	58,570	77,372	18,802	-	-	18,802
Financial Liabilities								
Borrowings								
Non-current	-	-	-	-	-	-	-	-
Current	-	-	8,806	8,806	-	-	-	-
Lease liabilities								
Non-current	-	-	112	112	-	-	-	-
Current	-	-	99	99	-	-	-	-
Other financial liabilities								
Current	-	490	3,553	4,043	490	-	-	490
Trade Payables	-	-	7,471	7,471	-	-	-	-
Total Financial Liabilities	-	490	20,041	20,531	490	-	-	490



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

As at March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-	-	-	-	-	-	-	-
Unquoted	-	-	21,085	21,085	-	-	-	-
Loans								
Non-Current	-	-	1,839	1,839	-	-	-	-
Current	-	-	1,304	1,304	-	-	-	-
Trade Receivables	-	-	21,376	21,376	-	-	-	-
Cash and Cash Equivalents	-	-	1,609	1,609	-	-	-	-
Other Bank Balances	-	-	1,590	1,590	-	-	-	-
Other financial assets								
Non-Current	-	-	64	64	-	-	-	-
Current	-	-	1,075	1,075	-	-	-	-
Total financial assets	-	-	49,942	49,942	-	-	-	-
Financial liabilities								
Borrowings								
Non-current	-	-	12,580	12,580	-	-	-	-
Current	-	-	16,174	16,174	-	-	-	-
Lease liabilities								
Non-current	-	-	120	120	-	-	-	-
Current	-	-	86	86	-	-	-	-
Other financial liabilities								
Current	-	(497)	4,120	3,623	(497)	-	-	(497)
Trade Payables	-	-	14,160	14,160	-	-	-	-
Total financial liabilities	-	(497)	47,240	46,743	(497)	-	-	(497)

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.

Investments in subsidiaries and equity accounted investees are carried at amortised cost.

Types of inputs are as under:

Input Level I (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 II (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 III (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.

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

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.

Age of Receivables:

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Not Due (Including Unbilled)	14,182	13,827
Less than 6 Months	2,376	3,463
6-12 Months	1,320	75
1-2 Years	77	14
2-3 Years	27	84
More than 3 Years	4,130	4,505
Total	22,111	21,969



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

The above receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behavior 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.

As at March 31, 2023	(₹ In lakhs)			
	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	-	-	-	-
Current financial liabilities	3,553	3,553	3,553	-
Trade and other payables	7,471	7,471	7,471	-
Total	20,041	20,041	19,929	112

As at March 31, 2022	(₹ In lakhs)			
	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	12,580	12,580	-	12,580
Current borrowings	16,174	16,174	16,174	-

Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

As at March 31, 2022	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non current lease liabilities	120	120	-	120
Current lease liabilities	86	86	86	-
Non current financial liabilities	-	-	-	-
Current financial liabilities	4,120	4,120	4,120	-
Trade and other payables	14,160	14,160	14,160	-
Total	47,240	47,240	34,540	12,700

(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. Accordingly, the foreign currency exposure and interest rate 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.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions.



Notes Forming Part of Standalone Financial Statements For the year ended March 31, 2023 (Contd.)

D. Capital Management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

The Company's debt to equity ratio is as follows:

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Debt *	9,017	32,723
Total equity	1,12,368	56,805
Debt to total equity ratio	0.08:1 times	0.58:1 times

*Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

The accompanying notes (1 to 34) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala
Managing Director
DIN: 00278062

Chintan Shah
Managing Partner
M. No.: 110142

Maulik Jasani
VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



**Financial
Statements
Consolidated**



Independent Auditor's Report

TO THE MEMBERS OF HARSHA ENGINEERS INTERNATIONAL LIMITED (FORMERLY KNOWN AS HARSHA ENGINEERS INTERNATIONAL PRIVATE LIMITED AND HARSHA ABAKUS SOLAR PRIVATE 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 ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss and the Cash Flow Statement, Statement of Changes in Equity for the year 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 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 Company as at 31st March 2023, 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 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 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 of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Independent Auditor's Report (Contd.)

In preparing the 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 2 subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of ₹ 26,720 lakhs as at March 31, 2023 and total revenues of ₹ 36,151 lakhs for the year ended March 31, 2023, total net profit & loss after tax of ₹ (451) lakhs for the year ended March 31, 2023 and total comprehensive income of ₹ (451) for the year ended March 31, 2023 and net cash inflows of ₹ 545 lakhs for the year ended March 31, 2023, 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. 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 2 subsidiaries (Harsha Engineers BV was merged with Parent as on November 14, 2022) included in the consolidated financial results, whose financial statements reflect total assets of ₹ 10.01 lakhs as at March 31, 2023 and total revenues of ₹ NIL for the year ended March 31, 2023, total net loss after tax of ₹ NIL for the year ended March 31, 2023 and total comprehensive income of ₹ NIL for the year ended March 31, 2023 and net cash inflows of ₹ 10 lakhs for the year ended March 31, 2023, as considered in the Statement (the figures reported above are before eliminations on consolidation). These financial statements have been audited by us.

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 the 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 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income,



Independent Auditor's Report (Contd.)

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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 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 on long term contracts including derivative contracts.
 - iii. The Company is not requiring transferring any amount to the Investor Education and Protection fund.

For M/s Pankaj R. Shah & Associates

Chartered Accountants
(Registration No. 107361W)

CA Chintan Shah

Partner
(Membership No. 110142)
UDIN: 23110142BGZHJE5237

Date: May 25, 2023
Place: Ahmedabad



Annexure - A

To The Independent Auditor's Report Of Even Date On The Financial Statements Of Harsha Engineers International Limited (Formerly Known As Harsha Engineers International Private Limited And Harsha Abakus Solar Private 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 and audited by us) as of March 31, 2023 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 and audited by us) is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over

financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use, or disposition of the Company's assets that could have a material effect on the financial statements.



Annexure - A To the Independent Auditors' Report of Even Date on the Ind as Financial Statements of Harsha Engineers International Limited (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company and its subsidiaries, associates and joint ventures (incorporated in India and audited by us) 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, 2023, 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: 23110142BGZHJE5237

Date: May 25, 2023

Place: Ahmedabad

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
4. Harsha Engineers BV (Merged with the parent as on November 14, 2022)
5. Harsha Engineers Europe SRL

List of Investments in Joint venture / Associates :

1. Sunstream Green Energy One Private Limited- Associate

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: 23110142BGZHJE5237

Date: May 25, 2023

Place: Ahmedabad



Consolidated Balance Sheet

As at March 31, 2023

(₹ In lakhs)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	31,359	28,287
(b) Capital Work-In-Progress	2	1,162	210
(c) Goodwill on Consolidation	3	7,175	7,106
(d) Other Intangible Assets	2	133	177
(e) Financial Assets			
Investments	4	3,314	4
Loans & Advances	5	8	6
Other Financial Assets	6	329	64
(f) Other Tax Assets [Net]	7	158	1,105
(g) Other Non-Current Assets	8	1,112	865
Total Non-Current Assets		44,750	37,824
Current Assets			
(a) Inventories	9	37,688	37,572
(b) Financial Assets			
Investments	4	16,104	643
Trade Receivables	10	28,037	28,275
Cash and Cash Equivalents	11	6,244	2,141
Other Bank Balances	11	7,115	1,789
Loans & Advances	5	1,045	1,234
Other Financial Assets	6	79	1,075
(c) Other Current Assets	8	3,452	5,273
Total Current Assets		99,764	78,002
TOTAL ASSETS		1,44,514	1,15,826
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	9,104	7,725
(b) Other Equity	13	98,073	44,461
Non-Controlling Interest	14	-	0
Total Equity		1,07,177	52,186
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	15	791	13,784
Lease liabilities	16	426	552
(b) Provisions	17	835	1,106
(c) Deferred Tax Liabilities (Net)	18	663	395
(d) Other Non-Current Liabilities	21	268	217
Total Non-Current Liabilities		2,983	16,054
Current Liabilities			
(a) Financial Liabilities			
Borrowings	15	16,903	24,064
Lease liabilities	16	99	86
Trade Payables			
- Dues to Micro & Small Enterprises	19	629	953
- Dues to other than Micro & Small Enterprises	19	11,239	17,326
Other Financial Liabilities	20	3,427	2,351
(b) Other Current Liabilities	21	1,736	2,384
(c) Provisions	17	223	207
(d) Current Tax Liabilities [Net]	22	98	215
Total Current Liabilities		34,354	47,586
Total Liabilities		37,337	63,640
TOTAL EQUITY AND LIABILITIES		1,44,514	1,15,826

Significant Accounting Policies

1

The accompanying notes (1 to 36) are integral part of the financial statements.

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

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

(CIN: U29307GJ2010PLC063233)

Rajendra Shah

Chairman & Whole-time Director

DIN: 00061922

Harish Rangwala

Managing Director

DIN: 00278062

Chintan Shah

Managing Partner

M. No.: 110142

Maulik Jasani

VP Finance & Group CFO

Kiran Mohanty

Company Secretary & Chief Compliance Officer

M. No.: F9907

Date: May 25, 2023

Place: Ahmedabad

Date: May 25, 2023

Place: Ahmedabad



Consolidated Statement of Profit & Loss

For the year ended March 31, 2023

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from Operations	23	1,36,402	1,32,148
Other Income	24	2,979	1,752
Total Income (A)		1,39,381	1,33,900
EXPENSES			
Cost of Materials Consumed	25	73,514	79,916
Change In Inventories of Finished Goods & Work-In-Progress	26	73	(5,947)
Employee Benefits Expenses	27	15,619	14,515
Finance Costs	28	1,584	2,456
Depreciation and Amortisation Expenses	2	3,612	3,536
Other Expenses	29	28,267	26,761
Total Expenses (B)		1,22,669	1,21,237
Profit/ (Loss) Before Tax (C)=(A-B)		16,712	12,663
Tax Expense			
Current Tax		3,846	3,325
Deferred Tax	31	538	143
Total Tax Expense (D)		4,384	3,468
Profit/ (Loss) After Tax (E)=(D-C)		12,328	9,195
Less: Profit transferred to Non-Controlling Interest		-	0
Profit/ (Loss) After Tax (After Non-Controlling Interest) (F)		12,328	9,195
Other Comprehensive Income			
i) Items that will be reclassified to profit or loss			
Changes in fair value of FVTOCI equity instruments		-	0
Gains / (Loss) of Cashflow Hedge		(988)	161
Income tax relating to these items	31	249	(41)
ii) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	32	(12)	32
Income tax relating to these items	31	3	(8)
Other Comprehensive Income, net of tax (G)		(748)	144
Total Comprehensive Income (F+G)		11,580	9,339
Earning Per Equity Share (EPS)			
Basic (₹)	30	14.59	16.06
Diluted (₹)		14.59	11.90

Significant Accounting Policies

1

The accompanying notes (1 to 36) are integral part of the financial statements.

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

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

(CIN: U29307GJ2010PLC063233)

Rajendra ShahChairman & Whole-time Director
DIN: 00061922**Harish Rangwala**Managing Director
DIN: 00278062**Chintan Shah**Managing Partner
M. No.: 110142**Maulik Jasani**

VP Finance & Group CFO

Kiran MohantyCompany Secretary & Chief Compliance Officer
M. No.: F9907

Date: May 25, 2023

Place: Ahmedabad

Date: May 25, 2023

Place: Ahmedabad



Consolidated Cash Flow Statement

For the year ended March 31, 2023

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per statement of Profit & Loss	16,712	12,663
Adjustments for:		
Depreciation, Amortisation, Depletion & Impairment	3,612	3,536
Interest Income	(739)	(164)
Finance Cost	1,584	2,456
Loss/(Profit) on Sale of Investment	(435)	0
Foreign Currency Translation Reserve	(83)	338
Bad debts/Provision for doubtful trade receivables	(284)	36
Share of Profit/Loss from Joint venture/Associates	(24)	30
Loss/(Profit) on Sale of Assets	47	4
Operating Profit before Working Capital Changes	20,390	18,899
Adjustments for Changes in Working Capital		
Inventories	(116)	(10,818)
Trade Receivables	522	(6,923)
Other Current Assets	3,006	528
Other Non-Current Assets	682	(136)
Trade Payables	(6,411)	6,611
Other Financial Liabilities	1,076	(275)
Other Current Liabilities	(648)	(1,600)
Provisions	(1,488)	470
Cash Generated from Operations	17,013	6,756
Income Taxes Paid	(3,748)	(3,110)
Net Cash Flow from Operating Activities (A)	13,265	3,646
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(7,639)	(4,953)
Sale/(Purchase) of Other Investments	(18,336)	282
Loans and Advances (Net)	(249)	(82)
Investment in fixed deposits with bank (Net)	(5,326)	(564)
Interest Income	739	164
Share of Profit/Loss from Joint venture/Associates	24	(30)
Net Cash Flow from Investing Activities (B)	(30,787)	(5,183)
(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)	42,046	-
Finance Cost	(1,584)	(2,456)
Availment/(Repayment) of Borrowings (Net)	(20,267)	2,819
Changes in Non-Current Liability	51	10
Net Cash Flow from Financing Activities (C)	21,625	373
(D) Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	4,103	(1,164)



Consolidated Cash Flow Statement For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and Cash Equivalents at the Beginning		
Cash on Hand	6	6
Balances with Banks	2,135	3,299
	2,141	3,305
Cash and Cash Equivalents at the End		
Cash on Hand	10	6
Balances with Banks	6,234	2,135
	6,244	2,141

The accompanying notes (1 to 36) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha
Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala
Managing Director
DIN: 00278062

Chintan Shah
Managing Partner
M. No.: 110142

Maulik Jasani
VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



Consolidated Statement of Changes In Equity (SOCIE)

For the year ended March 31, 2023

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, 2021	5,00,00,000	5,000
Less: Reduction in Face Value of each equity shares from ₹ 10 to ₹ 1 @	-	(4,500)
Less: For consolidated of 10 Equity Shares into 1 Equity Share of the face value of ₹ 10 each fully paid @	(4,50,00,000)	-
Add : On account of consolidation of shares, fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par @	10	0
Add : For amalgamation consideration, allotment of 3 Equity Shares of the Company for every 1 Equity Share of HEL to equity holders of HEL as on Record Date @	7,22,48,400	7,225
As at March 31, 2022 @	7,72,48,410	7,725
Add : Equity shares issued during the year #	1,37,95,695	1,380
As at March 31, 2023	9,10,44,105	9,104

B. OTHER EQUITY

Particulars	Share Capital Pending Reduction & Allotment	Reserves & Surplus					Other Comprehensive Income	Total Other Equity
		Capital Re-serves/ Merger Reserve	Security Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings		
Balance as at April 01, 2021	2,725	(604)	75	2,397	1,687	31,380	57	37,717
Profit for the year	-	-	-	-	-	9,195	-	9,195
Other comprehensive income for the year	-	-	-	-	-	-	144	144
Total comprehensive income for the year	-	-	-	-	-	9,195	144	9,339
Addition /Deduction during the year	-	-	-	-	130	-	-	130
Utilised during the year @	(2,725)	-	-	-	-	-	-	(2,725)
Balance as at March 31, 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
Utilised 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-34.3)	-	488	-	-	-	-	-	488
Balance as at March 31, 2023	-	(116)	42,121	2,397	1,315	52,903	(547)	98,073

[@] In the previous year, pursuant to the Scheme, on the Effective Date, the Paid-up Share Capital of the Company has been reduced from ₹ 5,000 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 10 (Rupees Ten only) each fully paid up to ₹ 500 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 1 (Rupee one only) each fully paid up. Simultaneously, pursuant to reduction as mentioned above, every 10 (Ten) such equity shares of the reduced face value of ₹ 1 (Rupee one only) each of the Company has been consolidated into 1 (One) equity share of the face value of ₹ 10 (Rupees ten only) each fully paid and the fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par. Also pursuant to the Scheme, the Company has issued 7,22,48,400 (Seven Crores Twenty Two Lakhs Forty Eight Thousand



Consolidated Statement of Changes In Equity (SOCIE) For the year ended March 31, 2023 (Contd.)

Four Hundred) Equity Shares of ₹ 10 (Rupees ten only) to the shareholders of Harsha Engineers Limited (Transferor Company 3) on record date, i.e. December 25, 2021. Accordingly the share capital has been increased to ₹ 7,724.84 lakhs divided into 7,72,48,410 (Seven Crores Seventy Two Lakhs Forty Eight Thousand Four Hundred and Ten) equity shares of ₹ 10 (Rupees ten only) each fully paid up. (Refer note 34.3).

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 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 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 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

The accompanying notes (1 to 36) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala
Managing Director
DIN: 00278062

Chintan Shah
Managing Partner
M. No.: 110142

Maulik Jasani
VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A. GENERAL INFORMATION

Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private 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 has merged the group companies having Engineering business which are in the manufacturer of bearing cages having materials in form of brass, steel, and polyamide as well a capability to deliver stamping components primarily for the automotive and industrial customers. While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu in China and Ghimbav Brasov in Romania, through our subsidiaries. The registered office of the companies is located at NH-8A, Sarkhej-Bavla Highway, 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 Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (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. SIGNIFICANT 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.
- 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.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

The annual financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary.

Joint Venture / Associates

The Company's investments in its joint ventures or associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint ventures or associates since the acquisition date. The statement of profit and loss reflects the Company's share of the results of operations of the joint ventures / associates.

C.2. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Group at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary-assets and liabilities denominated in foreign currency at year / period end exchange rate are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange

differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

C.3. Financial Instruments

3.1. Financial Assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those measured at amortised cost and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL :
 - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly

**Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)**

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



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. 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).

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

According to Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. The effect of the change in the estimated useful life relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. Hence, such change is considered as change in accounting estimate and not change in accounting policy and prospective effect for such change is given.

Name of Subsidiaries	Basis of Depreciation
Harsha Engineers Advantek Limited	Straight Line Method
Harsha Precision Bearing Components (China) Co. Limited - (HPBC(C)CL)	Straight Line Method
Harsha Engineers Europe SRL - (HEE SRL)	Straight Line Method
HASPL Americas Corporation	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.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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 significantly

if it is more than 360 days past due. 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

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

C.9. The list of Subsidiary Companies included in consolidation of the Company are as under:

Name of Subsidiaries	Country of Incorporation	Ownership Interest held by the group		Proportion of ownership interests and voting rights held by non-controlling interests	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Harsha Engineers Advantek Limited *	India	100%	-	-	-
Harsha Engineers BV**	Neatherland	-	100%	-	-
Harsha Precision Bearing Components (China) Co. Limited	China	100%	100%	-	-
Harsha Engineers Europe SRL ***	Romania	100%	99.9999%	-	0.0001%
HASPL Americas Corporation	USA	100%	100%	-	-

* Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary as on March 14, 2023 and no business during the year.

** Harsha Engineers BV was merged with the Company effective from November 14, 2022.

*** The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

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



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C.11. Revenue Recognition

i. Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when 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



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Foreign Companies:

Foreign Companies recognise tax liabilities and assets in accordance with the local laws.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

C.14. Cash and Cash Equivalents

Cash and Cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

C.15. Borrowing Cost

Borrowing Cost are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

C.16. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Group by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

C.17. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.



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C.18. Lease

With effect from April 01, 2019, Ind AS 116 – “Leases” (Ind AS 116) supersedes Ind AS 17 – “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.19. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised at present value when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Provision for decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of PPE. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts, until such time that the liabilities arising out of these outstanding litigations have been crystallised by virtue of a final order being passed by the relevant regulatory authority or court or forum. Contingent assets are not recognised



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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 Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

2. PROPERTY, PLANT & EQUIPMENT

(₹ In lakhs)

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at April 01, 2022	Addition during the period	Disposal/ Translation Adjustment	As at March 31, 2023	As at April 01, 2022	For the year ^	Translation Adjustment	Disposal/ Translation Adjustment	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	-	10,899	3,103	400	22	-	7,374	7,755
Plant & Machineries	50,752	3,551	764	54,281	35,142	2,443	633	690	16,753	15,610
Furniture & Fittings	1,258	34	70	1,222	767	85	-	63	433	491
Vehicles	298	7	20	287	167	30	2	18	106	131
Office Equipments	465	26	3	498	364	25	8	3	104	101
Electric Installation	2,665	26	-	2,691	1,509	197	1	-	984	1,156
Computer & Peripherals	596	20	-	616	491	28	-	-	97	105
Solar Generation Plant	2,123	533	-	2,656	695	79	-	-	1,882	1,428
Wind Mill	573	2,094	-	2,667	453	21	-	-	2,193	120
Right of Use Assets-Lease	387	120	104	403	197	90	-	86	202	190
TOTAL (A)	71,233	6,471	961	77,522	42,946	3,411	666	860	31,359	28,287
Other Intangible Assets										
Computer software	1,084	16	1	1,120	907	59	21	-	133	177
TOTAL (B)	1,084	16	1	1,120	907	59	21	-	133	177
TOTAL (A+B)	72,317	6,487	962	78,642	43,853	3,470	687	860	31,492	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. As the Company did not have revalued tangible & intangible asset hence, disclosure related to revaluation of tangible & intangible asset is not made.

(₹ In lakhs)

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	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 Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Gross Block			Depreciation and Amortisation			Net Block		
	As at April 01, 2021	Addition during the year	Disposal/ Translation Adjustment	As at March 31, 2022	For the year ^	Translation Adjustment	Disposal/ Adjustment	As at March 31, 2022	As at March 31, 2021
Property, Plant & Equipment									
Land	1,213	-	45	1,258	14	3	-	58	1,200
Buildings	10,353	291	214	10,858	398	9	-	3,103	7,755
Plant & Machineries	46,924	3,886	354	50,752	2,395	305	233	35,142	14,249
Furniture & Fittings	1,056	198	4	1,258	71	1	-	767	361
Vehicles	317	-	20	298	32	-	17	167	131
Office Equipments	440	28	3	465	26	1	3	364	101
Electric Installation	2,412	237	32	2,665	189	8	1	1,509	1,156
Computer & Peripherals	558	34	4	596	37	1	1	491	105
Solar Generation Plant	2,123	-	-	2,123	79	-	-	695	1,428
Wind Mill	573	-	-	573	21	-	-	453	141
Right of Use Assets-Lease	356	46	15	387	81	-	15	197	190
TOTAL (A)	66,325	4,720	654	71,233	3,343	328	270	42,946	28,287
Other Intangible Assets									
Computer software	1,006	79	-	1,084	54	(6)	-	907	177
TOTAL (B)	1,006	79	-	1,084	54	(6)	-	907	147
TOTAL (A+B)	67,331	4,799	654	72,317	3,397	322	270	43,853	28,464

^ Note : 1. Depreciation and amortisation expenses in Statement of Profit and Loss A/c also includes ₹139 lakhs due to amortisation of Long Term Deferred Expenses (Refer Note No. 8)

Note : 2. Legal titles of some of the immovable properties acquired pursuant to the Scheme are in the process of being transferred in the name of the Company.

Note : 3. As the Company did not have revalued tangible & intangible asset hence, disclosure related to revaluation of tangible & intangible asset is not made.

(₹ In lakhs)

Capital Work-in-progress aging schedule as at March 31, 2022

CWIP ^	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	210	-	-	210
Projects temporarily suspended	-	-	-	-

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



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

3. GOODWILL ON CONSOLIDATION

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Goodwill on Consolidation	7,175	7,106
Total Goodwill on Consolidation	7,175	7,106

4. INVESTMENTS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
A) Investments in Joint venture / Associates (Measured at Amortised cost)		
Sunstream Green Energy One Private Limited	1	1
2600 Fully paid up Equity shares of ₹ 10 each (Extent of Holding-26%)		
Principal Place of Business : India		
Cleanmax Harsha Solar LLP - Capital A/c	3	3
Capital contribution of ₹ 2,50,000 (Voting Rights and Profit Sharing of 50%)		
Principal Place of Business : India		
B) Investments - Others		
Measured at Amortised cost		
Goldi Harsha Ventures LLP - Capital A/c	0	-
(Capital contribution of ₹ 10,000 (Profit Sharing of 0%))		
Investments in Bonds (Quoted)	497	-
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	1,300	-
Investments in Debentures (Quoted)	1,513	-
Total Non-Current Investments	3,314	4
Current		
Measured at FVTPL		
Investments in Mutual Funds (Quoted)	13,761	-
Investments in Debentures (Quoted)	180	-
Measured at Amortised cost		
Investments in Bonds (Quoted)	1,551	-
Cleanmax Harsha Solar LLP Current A/c	612	643
Total Current Investments	16,104	643

5. LOANS & ADVANCES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
(Unsecured, Considered Good)		
Loans to Employees	7	5
Other Loan & Advances	1	1
Total Non-Current Loans & Advances	8	6



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current		
(Unsecured, Considered Good)		
Loan To Employees	25	17
Intercorporate deposits	500	-
Share Issue Expenses	-	400
Other Trade Receivable -Un billed Revenue	231	636
Interest & Other Income Receivable	289	181
Total Current Loans & Advances	1,045	1,234

6. OTHER FINANCIAL ASSETS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Security Deposits (Unsecured, Considered Good)	329	64
Total Non-Current Other Financial Assets	329	64
Current		
Export Benefits Receivables	74	1,070
Security Deposits (Unsecured, Considered Good)	5	5
Total Current Other Financial Assets	79	1,075

7. OTHER TAX ASSETS [NET]

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Advance Payment of Tax (Net of Provisions)	158	1,105
Total Other Tax Assets [Net]	158	1,105

8. OTHER ASSETS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Capital Advances	767	378
Prepaid Expenses	121	131
Long Term Deffered Expenses	224	356
Total Other Non-Current Assets	1,112	865
Current		
Balances With Government Authority	1,416	2,797
Prepaid Expenses	584	555
Advances To Suppliers	1,452	1,921
Total Other Current Assets	3,452	5,273



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

9. INVENTORIES

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Material	9,017	8,203
Semi Finished	2,627	2,661
Finished	12,550	14,232
Stores & Spares	2,132	1,868
Toolings	10,676	9,034
Project bought-out Components-Solar	686	1,574
Total Inventories	37,688	37,572

- Inventories valued at lower of cost or net realisable value.
- Inventories are hypothecated to secure working capital facilities from banks (Refer Note 15).

10. TRADE RECEIVABLES

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and Considered Good		
Trade Receivables	28,280	28,868
Less: Provision for doubtful trade receivables	243	593
Total Trade Receivables	28,037	28,275

Trade receivables are hypothecated to secure working capital facilities from banks (Refer Note 15).

Ageing of Trade Receivables

Outstanding for following periods from due date of payment

(₹ In lakhs)

Particulars	Not Due (Including Unbilled)	Less than 6 Months	6-12 Months	1-2 Years	2-3 Years	More than 3 Years	Total
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
As at March 31 2022							
Undisputed -Considered Good	19,638	4,419	125	14	73	194	24,462
Undisputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Undisputed -Credit Impaired	-	-	-	-	-	-	-
Disputed -Considered Good	3	7	7	-	9	3,786	3,813
Disputed -which have significant Increase Credit Risk	-	-	-	-	-	-	-
Disputed -Credit Impaired	-	-	-	-	12	580	593
Total	19,641	4,426	132	14	94	4,560	28,868



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

11. CASH AND BANK BALANCES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Cash on Hand	10	6
Balances with Banks (Including Fixed Deposits with original maturity of 0 - 3 months)	6,234	2,135
Total Cash and Cash Equivalents	6,244	2,141
Other Bank Balances #		
In Fixed Deposit	7,115	1,789
Total Other Bank Balances	7,115	1,789
Total Cash and Bank Balances	13,359	3,930
# Note :		
1. Includes Lien Marked FD maintain as a margin money for Bank Guarantees, Letter of Credits and Overdraft facility.	524	904
2. Includes Balance maintained in Debt Service Reserve Account as per sanction	206	199

12. EQUITY SHARE CAPITAL

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
Equity Number of shares	10,00,00,000	10,00,00,000
Equity Shares of ₹ 10 each	10,000	10,000
Total	10,000	10,000

In the previous year, pursuant to the Scheme sanctioned by Hon'ble National Company Law Tribunal (NCLT), Ahmedabad bench vide its order December 23, 2021 and became effective from December 24 2021, the authorized share capital of the ATPL, HEIPL, HEL & HSPPL (Transferor Companies), amounting to ₹ 20,00,000 (Rupees Twenty Lakhs Only) consisting of 20,000 (Twenty Thousand) equity shares of ₹ 100 (Rupees Hundred) each and ₹ 1,00,00,000 (Rupees One Crores Only) consisting of 10,00,000 (Ten Lakhs) equity shares of ₹ 10 (Rupees Ten) each and ₹ 35,00,00,000 (Rupees Thirty-Five Crores only) consisting of 3,50,00,000 (Three Crores and Fifty Lakhs) equity shares of ₹ 10 (Rupees Ten) each and ₹ 2,00,000 (Rupees Two Lakhs only) consisting of 20,000 (Twenty Thousand) equity shares of ₹ 10 (Rupees Ten) each respectively has been consolidated with the authorized share capital of the HASPL (Transferee Company) hence as a result the Authorized Share Capital of the Company has been increased from ₹ 50,00,00,000 (Rupees Fifty Crores) to ₹ 86,22,00,000 (Rupees Eighty Six Crores Twenty Two Lakhs). [Refer Note 34.3]

Further, increased in authorised share capital from ₹ 8,622 lakhs divided into 8,62,20,000 equity shares of ₹ 10 each to ₹ 10,000 lakhs divided into 10,00,00,000 equity shares of ₹ 10 each.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Issued, Subscribed and Paid up Capital		
Equity Number of shares	9,10,44,105	7,72,48,410
Equity Shares of ₹ 10 each	9,104	7,725
Total	9,104	7,725

In the previous year, pursuant to the Scheme, on the Effective Date, the Paid-up Share Capital of the Company has been reduced from ₹ 5,000 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 10 (Rupees Ten only) each fully paid up to ₹ 500 lakhs divided into 5,00,00,000 (Five crores) equity shares of ₹ 1 (Rupee one only) each fully paid up. Simultaneously, pursuant



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

to reduction as mentioned above, every 10 (Ten) such equity shares of the reduced face value of ₹ 1 (Rupee one only) each of the Company has been consolidated into 1 (One) Equity Share of the face value of ₹ 10 (Rupees ten only) each fully paid and the fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par. Also pursuant to the Scheme, the Company has issued 7,22,48,400 (Seven Crores Twenty Two Lakhs Forty Eight Thousand Four Hundred) Equity Shares of ₹ 10 (Rupees ten only) to the shareholders of Harsha Engineers Limited (Transferor Company 3) on record date, i.e. December 25, 2021. Accordingly the share capital has been increased to ₹ 7,724.80 lakhs divided into 7,72,48,410 (Seven Crores Seventy Two Lakhs Forty Eight Thousand Four Hundred and Ten) equity shares of ₹ 10 (Rupee ten only) each fully paid up. (Refer note 34.3).

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	No. of shares	(₹ In lakhs)
		Amount (₹in lakhs)
As at April 01, 2021		
At the beginning of the year	5,00,00,000	5,000
Less: Reduction in Face Value of each equity shares from ₹ 10 to ₹ 1	-	(4,500)
Less: For consolidated into 1 Equity Share of the face value of ₹ 10 each fully paid	(4,50,00,000)	-
Add : On account of consolidation of shares, fractions has been rounded up to the nearest whole number by issuing additional 10 Equity Shares of ₹ 10 each at par	10	0
Add : For amalgamation consideration, allotment of 3 Equity Shares of the Company for every 1 Equity Share of HEL to equity holders of HEL as on Record Date	7,22,48,400	7,225
As at March 31, 2022	7,72,48,410	7,725
At the beginning of the year	7,72,48,410	7,725
Add : Shares issued during the year #	1,37,95,695	1,380
As at March 31, 2023	9,10,44,105	9,104

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 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 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	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
Name of Shareholder		
Mr. Rajendra Shah	1,33,90,825	1,54,13,550
Mr. Harish Rangwala	1,12,06,364	1,34,79,089
Ms. Charusheela Rangwala	1,04,46,762	1,27,19,487
Ms. Nirmala Shah	75,99,805	96,22,530
Mr. Vishal Rangwala	77,69,829	77,69,829
Mr. Pilak Shah	71,98,281	76,98,281
% Holding in Equity Shares		
Mr. Rajendra Shah	14.71%	19.95%
Mr. Harish Rangwala	12.31%	17.45%
Ms. Charusheela Rangwala	11.47%	16.47%
Ms. Nirmala Shah	8.35%	12.46%
Mr. Vishal Rangwala	8.53%	10.06%
Mr. Pilak Shah	7.91%	9.97%

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Shareholding of Promoters

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
Mr. Rajendra Shah	1,33,90,825	1,54,13,550
% Holding in Total Equity Shares	14.71%	19.95%
% change during the year/period	(5.25)%	
Mr. Harish Rangwala	1,12,06,364	1,34,79,089
% Holding in Total Equity Shares	12.31%	17.45%
% change during the year/period	(5.14)%	
Mr. Vishal Rangwala	77,69,829	77,69,829
% Holding in Total Equity Shares	8.53%	10.06%
% change during the year/period	(1.52)%	
Mr. Pilak Shah	71,98,281	76,98,281
% Holding in Total Equity Shares	7.91%	9.97%
% change during the year/period	(2.06)%	

13. OTHER EQUITY

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Share Capital Pending Reduction & Allotment - Arising pursuant to the Scheme [Refer Note 34.3]	-	-
Capital Reserves [Refer Note 34.3]	(116)	(604)
Security Premium	42,121	75
General Reserve	2,397	2,397
Retained Earnings	52,903	40,575
Foreign Currency Translation Reserve	1,315	1,817
Other Comprehensive Income	(547)	201
Total Other Equity	98,073	44,461

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Share Capital Pending Reduction & Allotment		
Opening Balance	-	2,725
Utilised during the year	-	(2,725)
Total Share Capital Pending Reduction & Allotment	-	-

In the previous year, Share Capital Pending Reduction & Allotment represents share capital pending reduction in Face Value from ₹ 10 to ₹ 1 of the Company's Equity Capital and also additional shares to be issued as amalgamation consideration on merger to shareholders of Harsha Engineers Limited. Since, the appointed date as per the Scheme is April 1, 2020 and as per Ind AS 103 (Appendix C), Business combinations of entities under common control, the scheme is required to be accounted from the beginning of the preceding period in the financial statements i.e. April 1, 2020, accordingly share capital reduction and additional shares to be issued on merger to shareholders of Harsha Engineers Limited have been accounted as Share Capital Pending Reduction & Allotment on April 1, 2019. Share capital Reduction in Face Value from ₹ 10 to ₹ 1 has been effected on December 24, 2021 being effective date followed by consolidation of 10 shares of Rupee 1 each to 1 share of Rupees 10 each. Also the Company has issued 7,22,48,400 shares as consideration on record date i.e. December 25, 2021. Accordingly, on December 25, 2021, the balance lying in Share Capital Pending Reduction & Allotment account has been transferred to equity share capital (Refer note 34.3)



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Capital Reserves/Merger Reserve		
Opening Balance	(604)	(604)
Less : Cancellation of Net Equity vs Investment (Arising pursuant to the Scheme of Amalgamation - 2 Refer Note-34.3)	488	-
Total Capital Reserves	(116)	(604)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Security Premium		
Opening Balance	75	75
Add : Proceed from IPO #	44,120	-
Less : IPO Expenses \$	(2,074)	-
Total Security Premium	42,121	75

[#] The Company has completed its Initial Public Offer (IPO) of 2,28,86,595 equity shares of face value of ₹ 10 each at an issue price of ₹ 330 aggregating up to ₹ 75,500 lakhs (with Employee Discount of Rs.31 per Equity Share for Employee Reservation of 83,610 Equity Shares) 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 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.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
General Reserve		
Opening Balance	2,397	2,397
Total General Reserve	2,397	2,397

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Retained Earnings		
Opening Balance	40,575	31,380
Add : Profit during the year	12,328	9,195
Less : Transfer To Minority Interest	-	0
Total Retained Earnings	52,903	40,575

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Foreign Currency Translation Reserve		
Opening Balance	1,817	1,687
Increase/(Decrease) during the year	(502)	130
Total Reserves Foreign Currency Translation Reserve	1,315	1,817

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Other Comprehensive Income (OCI)		
(a) Equity Instruments Reserves		
Opening Balance	-	0
Increase/(Decrease) fair value of FVOCI equity instruments	-	(0)
Income Tax relating to above item	-	-
Total Equity Instruments Reserves	-	-
(b) Cashflow Hedge Reserve		
Opening Balance	372	251
Increase/(Decrease) during the year	(988)	161
Income Tax relating to above item	249	(40)
Total Cashflow Hedge Reserve	(367)	372
(c) Remeasurement of Defined Benefit Plan		
Opening Balance	(171)	(194)
Increase/(Decrease) during the year	(12)	31
Income Tax relating to above item	3	(8)
Total Remeasurement of Defined Benefit Plan	(180)	(171)
Total Other Comprehensive Income (OCI)	(547)	201

14. NON-CONTROLLING INTEREST

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Controlling Interest	-	0
Total Non-Controlling Interest	-	0

The Company has 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, as a Minority Share Holder. On account of acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.

15. BORROWINGS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current Borrowings		
Secured		
From RBL Bank Limited (ECLGS 2.0)	-	744
From State Bank of India, China	791	1,204
From HDFC Bank Limited	-	4,475
From HDFC Bank Limited (ECLGS 2.0)	-	3,160
Unsecured		
Loan from Director	-	1,901
Deposit From Shareholders	-	2,300
Total Non-Current Borrowings	791	13,784



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Major Terms And Conditions w.r.t. Non Current Borrowings

Particulars

(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 Harsha China (HPBC(C)CL)
- 5) Corporate Guarantee of Harsha Engineers International Limited, 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.
- 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.

Rate of interest ranges from 1.50% to 9% p.a . On Long Term Borrowing

Terms of Repayments:

Non-Current Borrowings

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
1-2 Years	475	3,122
2-3 Years	316	7,323
3-4 Years	-	2,464
Beyond 4 Years	-	875
Total	791	13,784

Note: 1. During the year, Pre-payment was made by the Company through IPO Proceed as per the Object Clause.

2. Non-Current Borrowings Repayments schedule dose not includes current maturity of term loan.

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current Borrowings		
Secured		
State Bank of India	2,192	2,432
Citi Bank	7,897	8,261
YES Bank Limited	285	993
RBL Bank Limited	3,519	3,150
HDFC Bank Limited	-	900
ICICI Bank Limited	-	1,000
Current maturities of long term debt	413	4,176

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loan From Bank	2,597	3,152
Total Current Borrowings	16,903	24,064

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 first ranking pari passu with Citibank N.A., Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited Collaterally secured by way of hypothecation over the entire plant & machinery of the Engineering Division's Changodar and Moraiya Plant (excluding Brass unit at Moraiya Plant hypothecated to Citibank NA.; DGBB unit at Changodar Plant Exclusive Assets hypothecated to HDFC Bank Limited and RBL Bank Limited on pari passu basis) ; **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 grantee of the Engineering Division.

(2) Citi Bank :

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, Yes Bank Limited, RBL Bank Limited and HDFC Bank Limited; **For Harsha China(HPBC(C)CL)**-Secured against SBLC of Citi Bank N.A.; **For Harsha, Romania(HEESRL)**-Secured against SBLC of Citi Bank N.A., India, Second charge on inventory and receivables of Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania and Second charge on plant and machinery Harsha Engineers Europe SRL, Romania in favour of Citibank, Romania.

(3) YES Bank Limited :

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 Limited 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 Limited :

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 Limited by hypothecation of the Solar Division's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables, book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future.

(5) HDFC Bank Limited :

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 RBL Bank Limited.

(6) ICICI Bank Limited :

Engineering Segment for Harsha India- ICICI Bank has been as unsecured borrowing from March'23, relevant charge satisfaction has been completed in May'23, accordingly in March'22 it was considered secured and in March'23 it was considered unsecured and presented accordingly.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

16. LEASE LIABILITY

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Lease Liability	426	552
Total Non-Current Lease Liability	426	552
Current		
Lease Liability	99	86
Total Current Lease Liability	99	86

17. PROVISIONS

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
Provision For Employees Benefits, Refer Note : 32	835	1,106
Total Non-Current Provisions	835	1,106
Current		
Provision For Employees Benefits, Refer Note : 32	223	207
Total Current Provisions	223	207

18. DEFERRED TAX LIABILITY / (ASSET)

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liability	1,696	1,403
Less : Deferred Tax Asset	1,033	1,008
Net Deferred Tax Liability / (Asset)	663	395

19. TRADE PAYABLES

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Dues to Micro and Small Enterprises [#]	629	953
Dues to other than Micro and Small Enterprises	11,239	17,326
Total Trade Payables	11,868	18,280

Ageing of Trade Payables

Outstanding for following periods from due date of payment

Particulars	(₹ In lakhs)					
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
As at March 31 2023						
(i) MSME -Undisputed	629	-	-	-	-	629
(ii) Other -Undisputed	7,854	3,108	44	21	20	11,047
(iii) MSME -Disputed	-	-	-	-	-	-
(iv) Other -Disputed	-	-	-	-	193	193
Total	8,482	3,108	44	21	213	11,868

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
As at March 31 2022						
(i) MSME -Undisputed	953	-	-	-	-	953
(ii) Other -Undisputed	9,919	7,144	21	23	28	17,135
(iii) MSME -Disputed	-	-	-	-	-	-
(iv) Other -Disputed	-	-	-	-	193	193
Total	10,872	7,144	21	23	221	18,280

[#] 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	629	953
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	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Suppliers under the Micro, Small and Medium Enterprises Act, on the basis of information available with the Company & provided by the supplier. All above information is compiled, only after the information available with the Company.

20. OTHER FINANCIAL LIABILITIES

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Interest accrued but not due on borrowings	8	83
Accrued Expenses	2,929	2,765
Derivative Liability / (Asset)	490	(497)
Total Other Current Financial Liabilities	3,427	2,351

21. OTHER LIABILITIES

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Contingent Deposit From Vendors	267	216
Advance from Staffs	1	1
Total Non-Current Liabilities	268	217
Current		
Statutory Liabilities	1,560	1,353
Advance from Customers	142	1,003
Advance from Staffs	5	2
Asset Retirement Obligation - ARO	29	26
Total Current Liabilities	1,736	2,384



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

22. CURRENT TAX LIABILITIES [NET]

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current		
Provision for Taxation (Net of Advance Tax)	98	215
Total Current Tax Liabilities [Net]	98	215

23. REVENUE FROM OPERATIONS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Sales of Products & Services		
(a) Sale of Products	1,33,485	1,29,049
(b) Sale of Services	2,066	1,594
(c) Unbilled Revenue	(405)	202
Total	1,35,146	1,30,845
Other Operating Revenues		
Exports Benefits	1,079	1,133
Solar Power Generation	177	170
Total	1,256	1,303
Total Revenue from Operations	1,36,402	1,32,148

24. OTHER INCOME

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Other Income-Operating		
Interest Income	739	164
Share of Profit / Loss from Cleanmax Harsha Solar LLP	24	(30)
Share of Profit / Loss from Sunstream Green Energy One Private Limited	0	0
Gain / (Loss) on Exchange Rate Fluctuation	1,649	1,305
Gain / (Loss) on Exchange Rate Fluctuation-Curr. Revaluation	94	202
Miscellaneous Income	38	111
Other Income-Non -Operating		
Gain / (Loss) on Sale of Investment (Mutual funds)	103	0
Gain / (Loss) on Fair value of Investments (measured at FVTPL)	332	-
Total Other Income	2,979	1,752

25. COST OF MATERIALS CONSUMED

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Cost of Material Consumed	73,514	79,916
Total Cost of Materials Consumed	73,514	79,916

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

26. CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Finished Goods Opening Stock	14,232	9,895
Less : Finished Goods Closing Stock	(12,551)	(14,232)
Total	1,681	(4,337)
Semi Finished Goods Opening Stock	2,661	2,286
Less : Semi Finished Goods Closing Stock	(2,627)	(2,661)
Total	34	(375)
Toolings Opening Stock	9,034	7,799
Less : Toolings Closing Stock	(10,676)	(9,034)
Total	(1,642)	(1,235)
Total Change In Inventories of Finished Goods & Work-In-Progress	73	(5,947)

27. EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages & Bonus etc.	14,004	13,029
Contribution To PF, ESI etc.	865	772
Staff Welfare	750	714
Total Employee Benefit Expenses	15,619	14,515

28. FINANCE COSTS

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expense		
On Term Loans	463	735
On Working Capital Loans	714	1,023
On Deposits	224	403
On Others	37	60
	1,438	2,221
Other Borrowing Costs		
Bank Charges & Processing Fees	144	233
Unwinding of discount on provision of Asset Retirement Obligation	2	2
	146	235
Total Finance Costs	1,584	2,456

29. OTHER EXPENSES

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Stores & Packing		
Stores & Spares Consumed	4,898	4,896
Packing Materials Consumed	3,248	2,897
Total (A)	8,146	7,793



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(B) Power & Fuel		
Power & Fuel Consumption (Net)	4,757	4,128
Total (B)	4,757	4,128
(C) Operative Expenses		
Machinery Repairs & Maintenance	707	757
Civil and Fabrication Charges	114	8
Installation & Commissioning charges	228	321
Contractor-Labour Charges	4,251	3,756
Other Operative Expenses	693	625
Total (C)	5,993	5,467
(D) Administrative & Other Expenses		
Advertisement & Sales Promotion	160	97
Celebration Expenses	71	29
Computer Expenses	234	207
Corporate Social Responsibility (CSR)	21	-
Donations	1	-
Freight, Forwarding & Clearing Expenses	5,366	5,491
Insurance Premium	227	214
Legal & Professional Expenses	487	551
Rent & Fleet Management Expenses	756	802
Loss / (Profit) on Sale / disposal of Fixed Assets	47	4
Repairs & Maintenance	309	265
Rates & Taxes	133	80
Security & Housekeeping Expenses	456	415
Stationery, Printing & Communication Expenses	146	131
Staff Training, Membership & Subscription	79	55
Net Sundry Balance write off / Bad debts	66	45
Provision for doubtful debts	(350)	(9)
Traveling & Conveyance Expenses	263	170
Miscellaneous expenses	899	826
Total (D)	9,371	9,373
Total Other Expenses (A+B+C+D)	28,267	26,761

30. EARNING PER SHARE (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit after tax attributable to Equity Holders (₹ In lakhs)	12,328	9,195
Weighted average number of Equity Shares for Basic EPS	8,45,05,324	5,72,41,358
Weighted Average additional Potential Equity Shares Pursuant to the Scheme *	-	2,00,07,052**
Weighted average number of Diluted Shares for Diluted EPS	8,45,05,324	7,72,48,410
Nominal value per Equity Share (₹)	10.00	10.00
Earnings Per Share (₹)		
Basic	14.59	16.06
Diluted	14.59	11.90

[*] Refer Note-34.3



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

[**] For Diluted EPS calculation, we have assumed that 7,72,48,410 equity share (including 2,00,07,052 of Potential equity shares Pursuant to the Scheme, which had been issued during the 2021-22) that is i.e. the number of equity shares of the Company as on March 31, 2022, was effective throughout the 2021-22.

31. DEFERRED TAX ASSET/ (LIABILITIES) [NET]**Movement in deferred tax balances**

(₹ In lakhs)

Particulars	Net balance April 01, 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-Currency Revaluation	(96)	(56)	-	(152)	-	(152)
ARO Provision	7	1	-	8	8	-
Derivative Assets/ liabilities	(85)	(42)	-	(127)	-	(127)
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)
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)	(395)	(520)	252	(663)	1,033	(1,696)

Movement in deferred tax balances

(₹ In lakhs)

Particulars	Net balance April 01, 2021	For the year ended March 31, 2022		As at March 31, 2022		
		Recognised in profit or loss	OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)						
Fixed Assets	(1,021)	(48)	-	(1,069)	-	(1,069)
Lease Liability	59	(7)	-	52	52	-
Bonus and Ex-gratia Payable	1	1	-	2	2	-
Gratuity	151	50	-	201	201	-
Leave Encashment	63	(2)	-	61	61	-
ERF-Currency Revaluation	(73)	(23)	-	(96)	-	(96)
ARO Provision	6	1	-	7	7	-
Derivative Assets / liabilities	-	(85)	-	(85)	-	(85)
Cumulative C/F Business Loss	491	(27)	-	464	464	-



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Net balance April 01, 2021	For the year ended March 31, 2022		As at March 31, 2022		
		Recognised in profit or loss	OCI	Net	Deferred tax asset	Deferred tax liability
Provision of doubtful Debts	151	(2)	-	149	149	-
O&M Income Receivable	(19)	1	-	(18)	-	(18)
Amortised Merger Expenses	-	(9)	-	(9)	-	(9)
Professional Tax Payable	-	4	-	4	4	-
Remeasurement of Gratuity (OCI)	76	-	(8)	68	68	-
Cash Flow Hedge (OCI)	(85)	-	(41)	(126)	-	(126)
Deferred Tax assets/ (liabilities)	(200)	(146)	(49)	(395)	1,008	(1,403)

32. DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

Particulars	2022-23		2021-22	
	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	7.45% P.A.		7.15% P.A.	
Salary escalation	6% P.A.		6% P.A.	

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	2022-23		2021-22	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in benefit obligation				
Opening defined benefit obligation	1,703	378	1,598	377
Interest Cost	116	26	105	25
Current Service Cost	156	59	151	51
Benefit Paid	(80)	(89)	(106)	(87)
Due to change in financial Assumptions	(56)	(14)	-	-
Due to Experience adjustments	44	44	(44)	13
Liability at the end of the period	1,882	404	1,704	378
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning	632	137	693	129
Expected Return on Plan Assets	(24)	(1)	(13)	(1)
Contributions	510	-	10	0
Interest Income	45	10	48	10
Benefit paid	(80)	0	(106)	0
Fair Value of Plan Assets at the end of the period	1,082	146	632	137



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

33. 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., Limited	Subsidiary
Harsha Engineers Europe SRL	Subsidiary
HASPL Americas Corporation	Subsidiary
Harsha Engineers Advantek Limited	Subsidiary
Cleanmax Harsha Solar LLP	Joint Venture
Sunstream Green Energy One Private Limited	Associate

Note :

1. Harsha Engineers BV was merged with the Company effective from November 14, 2022.
2. The Company has acquired 2 equity shares of Harsha Engineers Europe SRL by purchasing share from Mr. Rajendra Shah and Mr. Harish Rangwala who were holding 1 equity share of RON 10 each respectively. On account of acquisition, Harsha Engineers Europe SRL has become wholly owned subsidiary of the Company.
3. Harsha Engineers Advantek Limited was incorporated as a wholly owned subsidiary of the Company on March 14, 2023.

B. Director or Key Management Personnel :-

Name of Director or Key Management Personnel

Rajendra Shah	Chairman & Whole-time Director	Harish Rangwala	Managing Director
Vishal Rangwala	CEO & Whole - time Director	Pilak Shah	COO & Whole - time Director
Hetal Ukani	Whole - time Director	Ambar Patel	Independent Director
Kunal Shah	Independent Director	Neharika Vohra	Independent Director
Ramakrishnan Kasinathan	Independent Director	Bhushan Punani	Independent Director
Maulik Jasani	VP Finance and Group CFO	Kiran Mohanty	Company Secretary & Chief Compliance Officer

C. Relative of Key Management Personnel :-

Name of Relative of Key Management Personnel

Navinchandra Shah	Vaishali Shah	Charusheela Rangwala	Madhurika Jasani	Lipsa Nayak
Kanubhai Shah	Raag Shah	Tanvi Rangwala	Rinkal Jasani	Aayansh Mohanty
Manish Naik	Ukani Brijeshkumar Parshottambhai HUF	Tarana Rangwala	Nitya Jasani	Ravi Mohanty
Nirmala Shah	Viha Ukani	Suresh Jasani HUF	Saurin Jasani	Rashmita Nayak
Mili Mehta	Preya Ukani	Suresh Jasani	Purna Chandra Mohanty	Sinny Nayak
Yashpal Mehta	Soham Naik	Maulik S Jasani HUF	Nayana Mohanty	



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

D. Enterprise on which Directors and KMPs have significant influence and control :-

Crest Creative Unit	Vishal Rangwala Family Trust
Daylight Solar Private Limited	Pilak Shah Family Trust
First Light Asset Management Private Limited	Munjal Rangwala Family Trust
Hues Hub Online Private Limited	Mili Mehta Family Trust
Advantterra Capital Management LLP	Hetal Ukani Family Trust
Meghna Developers Private Limited	Brijesh Charitable Trust
Meghna Organisers Private Limited	Vakil Premji Ragahvji Thacker Education Foundation Charitable Trust
Nirman Capital Services Private Limited*	Munjal Rangwala Charitable trust
Tridym Infrastructures Private Limited	Aastha Charitable Trust for Welfare Mentally Challenged
Harsha Engineers International Limited Group Gratuity Trust (previously known as Harsha Abakus Solar Private Limited Employee Group Gratuity Assurance Scheme)	IMC of ITI Vadodara (Disable)
Harsha Engineers Limited - Group Gratuity Scheme**	Institute Management Committee of ITI Bavla
Aastha Tools Private Limited - Group Gratuity Scheme**	Changodar Green Enviro Project Association
Harsha Engineers Employees CO.OP. Credit Soc. Limited	

Note:

*Nirman Capital Services Private Limited has filed an application with the RoC for striking off its name on December 05, 2022. The application is currently under process.

**Harsha Engineers Limited - Group Gratuity Scheme and Aastha Tools Private Limited - Group Gratuity Scheme is in the process of being transferred into Harsha Engineers International Limited Group Gratuity Trust. The transfer is currently under process.

E. Name of Related Parties other than names appeared in above point A, B,C and D :-

Name of Party	Relationship Category	Name of Party	Relationship Category
Sushil Pandhi	Promoter Group	Vidhya Sharma	Relative of Director of Subsidiary
Yash Pandhi	Promoter Group	Deepak Sharma	Relative of Director of Subsidiary
Harish Pandhi	Promoter Group	Ritu Tiwari	Relative of Director of Subsidiary
Sharadchandra Pandhi	Promoter Group	Chhavi Tiwari	Relative of Director of Subsidiary
Kanubhai Babulal Shah	Promoter Group	Tarush Sharma	Relative of Director of Subsidiary
Jyotsnaben Shah	Promoter Group	Mircea Bucur	Director of Subsidiary
Pramod Shah	Promoter Group	Bucur Ionela Patricia	Relative of Director of Subsidiary
Bhavana Shah	Promoter Group	Bucur Gheorghe	Relative of Director of Subsidiary
Vaibhavi Shah	Promoter Group	Bucur Dumitra	Relative of Director of Subsidiary
Rameshbhai Shah	Promoter Group	Bucur Tiberiu Alexandru	Relative of Director of Subsidiary
Purnimaben Shah	Promoter Group	Bucur Mihnea Lucian	Relative of Director of Subsidiary
Nigam Shah	Promoter Group	Bucur Laura	Relative of Director of Subsidiary
Hemant Kumar Sharma	Director of Subsidiary	Stanciu Marina Gabriela	Relative of Director of Subsidiary
Arun Subramony	Director of Subsidiary	Bucur Alexia Cristina	Relative of Director of Subsidiary
Goldi Harsha Ventures LLP***	Common Partens/ Directors	Ecological Service Inc.	Relative Significant Influence

***The Company made an investment of ₹ 10,000 (equivalent to ₹ 5% of Total Contribution) of the Total Capital Contribution in "Goldi Harsha Ventures LLP" which was incorporated on December 28, 2022.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

F. Transactions during the year with related parties :-

1. Subsidiaries/ Joint Ventures/ Associates Transactions ^:-

Particulars	(₹ In lakhs)					
	Investment in Equity / 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	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Harsha Precision Bearing Components (China) Co., Limited	-	-	2,274	563	-	-
Harsha Engineers Europe SRL	-	-	38	64	2	1
Harsha Engineers BV	-	2,559	-	-	-	-
Harsha Engineers Advantek Limited	10	-	-	-	-	-
Cleanmax Harsha Solar LLP #	(31)	(32)	0	0	-	-
Sunstream Green Energy One Private Limited	0	0	-	-	-	-
Equity Investment in Harsha Engineers Europe SRI ##	(31)	(32)	0	0	-	-
- Payment to Rajendra Shah	0	-	-	-	-	-
- Payment to Harish Rangwala	0	-	-	-	-	-

Particulars	(₹ In lakhs)			
	Interest Income		Loans Given	
	2022-23	2021-22	2022-23	2021-22
Harsha Precision Bearing Components (China) Co., Limited	91	61	-	483

^ Transactions with Subsidiaries are eliminated in the consolidated financials

Includes Profit Share & Partner Capital Infusion/Drawings

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 :-

Particulars	(₹ In lakhs)					
	Remuneration		Loan Accepted		Loans Repaid	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Rajendra Shah	69	69	-	486	486	327
Harish Rangwala	69	69	273	1,151	1,294	1,545
Vishal Rangwala	190	180	-	-	-	-
Pilak Shah	160	150	-	245	245	225
Late Munjal Rangwala	-	7	-	-	-	-
Hetal Ukani	68	62	-	150	150	189



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	Remuneration		Loan Accepted		Loans Repaid	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Maulik Jasani	64	55	-	-	-	-
Falgun Shah	-	37	-	-	-	-
Kiran Mohanty	21	16	-	-	-	-

(₹ In lakhs)

Particulars	Interest Expense		Sitting Fees		Sales of Goods	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Rajendra Shah	23	36	-	-	-	-
Harish Rangwala	53	137	-	-	-	20
Pilak Shah	12	23	-	-	-	-
Hetal Ukani	15	18	-	-	-	-
Ambar Patel	-	-	1	1	-	-
Kunal Shah	-	-	1	1	-	-
Neharika Vohra	-	-	1	1	-	-
Bhushan Punani	-	-	1	0	-	-
Ramakrishnan Kasinathan	-	-	1	0	-	-

(₹ In lakhs)

Particulars	Purchase Service		Loans Received Back		Interest Income	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Ramakrishnan Kasinathan	4	-	-	-	-	-
Kiran Mohanty	-	-	0	0	0	0

3. Relative of Key Management Personnel Transactions :-

(₹ In lakhs)

Particulars	Deposits Accepted		Deposits Repaid		Interest Expense	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Charusheela Rangwala	60	1,146	1,078	468	52	52
Nirmala Shah	-	620	620	478	30	51
Mili Mehta	-	-	-	154	-	12
Vaishali Shah	-	100	100	117	10	11
Rajendra Shah (HUF)	-	-	-	99	-	7
Jyotsnaben Shah	-	12	12	-	1	-

(₹ In lakhs)

Particulars	Purchase of Service	
	2022-23	2021-22
Manish Naik	15	-
Maulik S Jasani HUF	3	3



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

4. Enterprise on which Directors and KMPs have significant influence and control Transactions :-

Particulars	(₹ In lakhs)					
	Purchase of Goods / Job work / Assets / Reimbursement / Contribution / CSR		Sales of Goods/ Assets/Lease Rent/ Reimbursement		Loans Given	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Crest Creative Unit	6	3	-	-	-	-
Aastha Charitable Trust for Welfare Mentally Challenged	1	2	28	3	-	-
Harsha Engineers International Limited Group Gratuity Trust	510	2	-	-	-	-
Harsha Engineers Limited - Group Gratuity Scheme	-	7	-	-	-	-
Harsha Renewable Energy Private Limited	-	-	-	-	-	0
Daylight Solar Private Limited	-	-	-	-	-	0
First Light Asset Management Private Limited	-	-	-	-	-	0

Particulars	(₹ In lakhs)	
	Loans Repaid	
	2022-23	2021-22
Harsha Renewable Energy Private Limited	-	0
Daylight Solar Private Limited	-	0
First Light Asset Management Private Limited	-	0

5. Transactions with Other Related Parties whose names appeared in above point E :-

Particulars	(₹ In lakhs)					
	Remuneration		Purchase of Goods / Job work		Investment In Capital A/c	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Hemant Sharma	75	77	-	-	-	-
Mircea Bucur	81	48	-	-	-	-
Ecological Service Inc.	-	-	48	35	-	-
Goldi Harsha Ventures LLP	-	-	-	-	0	-
Vidhya Sharma	-	-	5	-	-	-

G. Outstanding balance :-

1. Subsidiaries/ Associates / Joint Ventures Outstanding ^:-

Particulars	(₹ In lakhs)					
	Loan & Advance		Interest Receivable on loan		Other Receivable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Harsha Precision Bearing Components (China) Co., Limited	1,989	1,834	91	74	2,112	505
Harsha Engineers Advantek Limited	-	-	-	-	-	-

^ Outstanding with Subsidiaries are eliminated in the consolidated financials

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

2. Director or Key Management Personnel Outstanding :-

Particulars	(₹ In lakhs)					
	Remmuneration Payable		Loan Receivable		Loan	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Rajendra Shah	31	32	-	-	-	486
Harish Rangwala	31	32	-	-	-	1,021
Vishal Rangwala	123	124	-	-	-	-
Pilak Shah	93	94	-	-	-	245
Hetal Ukani	32	32	-	-	-	150
Maulik Jasani	3	2	-	-	-	-
Kiran Mohanty	1	1	0	1	-	-

3. Relatives of Key Management Personnel Outstanding :-

Particulars	(₹ In lakhs)			
	Deposit		Other Payable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Charusheela Rangwala	-	1,018	-	-
Nirmala Shah	-	620	-	-
Vaishali Shah	-	100	-	-
Jyotsnaben Shah	-	12	-	-
Maulik S Jasani HUF	-	-	0	0

4. Enterprise on which Directors and KMPs have significant influence and control Outstanding :-

Particulars	(₹ In lakhs)	
	Other Receivables	
	As at March 31, 2023	As at March 31, 2022
Aastha Charitable Trust for Welfare Mentally Challenged	0	-

5. Outstanding with Other Related Parties whose names appeared in above point E :-

Particulars	(₹ In lakhs)					
	Remmuneration Payable		Investment In Capital A/c		Other Payable	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Hemant Sharma	5	-	-	-	-	-
Mircea Bucur	7	6	-	-	-	-
Ecological Service Inc.	-	-	-	-	-	11
Goldi Harsha Ventures LLP	-	-	0	-	-	-
Vidhya Sharma	-	-	-	-	0	-



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

34. OTHER NOTES

34.1. 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.

Particulars	As at	
	March 31, 2023	March 31, 2022
(₹ In lakhs)		
(a) CONTINGENT LIABILITIES NOT PROVIDED FOR :		
(i) Letter of Credit/Corporate Guarantee/Stand by Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	4,644	3,575
(ii) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged	13	143
(iii) Claims against the Company not acknowledged as debts:		
- Income Tax Matters	3,293	2,379
- Excise, Service Tax and GST Matters	99	106
- Sales Tax & Vat Matters	-	-
(iv) Other Matters including claims related to Customer, Vendor, ESIC, Electricity, Ex-Employee and others #	1,676	1,690
(b) CAPITAL COMMITMENTS :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,530	1,161

It includes ₹ 1,500 lakhs of the City Civil Court, Bengaluru case filed by Orchestrate Systems Private Limited (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 04, 2019. The Company has filed execution petition at commercial court Raipur for above arbitration order as assets of OSPL are located in Chhattisgarh. The same matter is pending with commercial court, Raipur. OSPL has challenged this arbitration at Gujarat High court and the same matter is also pending with Gujarat High court. Against, Civil Court case at Bengaluru by OSPL, Counter Claim Revival Application has been submitted by the Company, Hearing on revival application is pending.

Note: 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 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.

34.2. 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.

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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.

Particulars	(₹ In lakhs)	
	For the year ended	
	March 31, 2023	March 31, 2022
1. Segment Revenues :		
a. Engineering & Others	1,29,866	1,23,853
b. Solar-EPC and O&M	6,536	8,295
Total Revenue from Operations	1,36,402	1,32,148
2. Segment Operating Results (EBITDA) # :		
a. Engineering & Others	21,811	18,905
b. Solar-EPC and O&M	97	(250)
Total Operating Results (EBITDA)	21,908	18,655
3. Segment Results (PBT) :		
a. Engineering & Others	16,700	13,139
b. Solar-EPC and O&M	12	(476)
Total Profit Before Tax (PBT)	16,712	12,663
4. Segment Assets :		
a. Engineering & Others	1,35,558	1,04,786
b. Solar-EPC and O&M	8,956	11,040
Total Assets	1,44,514	1,15,826
5. Segment Liabilities :		
a. Engineering & Others	28,053	52,234
b. Solar-EPC and O&M	9,284	11,406
Total Liabilities	37,337	63,640

Operating Results (EBITDA) : Total Profit Before Finance Cost, Tax, Depreciation & Amortisation



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

SECONDARY SEGMENT INFORMATION

B: Geographical Segment:

Particulars	(₹ In lakhs)	
	For the year ended	
	March 31, 2023	March 31, 2022
1. Revenues: *		
a. India	52,915	48,450
b. Outside India	83,487	83,698
2. Non-current assets: **		
a. India	24,982	20,586
b. Outside India	14,847	15,194

[*] 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.

Information about major customers:

The following is the transactions by the Group with customers individually contributing 10% or more of the Group's revenue from operations:

- (a) For the year ended March 31, 2023, revenue from operations of 1 customer of the Group represented approximately 12.15 % of the Group's revenue from operations.
- (b) For the year ended March 31, 2022, revenue from operations of 1 customer of the Group represented approximately 14.23 % of the Group's revenue from operations.

34.3. Merger

Pursuant to the Composite Scheme of Amalgamation and Arrangement between Aastha Tools Private Limited (ATPL), Harsha Engineers (India) Private Limited (HEIPL), Harsha Engineers Limited (HEL), Helianthus Solar Power Private Limited (HSPPL) and Harsha Abakus Solar Private Limited (the Company) and their respective shareholders and creditors under section 230 to 232 read with section 61 and 66 along with other applicable provisions of the Companies Act, 2013 ("the Scheme" or "Business Reorganisation Scheme"), ATPL and HEIPL were merged into HEL with effect from the appointed date, April 01, 2020 and immediately upon effectiveness of the same HEL and HSPPL (Amalgamating Companies) were merged into the Company pursuant to the Scheme with effect from the appointed date, April 01, 2020. The Scheme was sanctioned by the Ahmedabad bench of the Hon'ble National Company Law Tribunal [NCLT] vide its order dated December 23, 2021 and all the businesses, undertakings, activities, properties, investments and liabilities of each of the Amalgamating Companies were transferred to and vested in the Company as per the Scheme with effect from April 01, 2020, being the appointed date. The certified copy of order and necessary forms was filed with Registrar of Companies, Gujarat [ROC] at Ahmedabad on December 24, 2021, being the effective date. The Scheme has accordingly been given effect to in these financial statements as per the accounting treatment approved in NCLT order and provided in the Scheme.

As Amalgamating Companies are under the common control of the shareholders, the Scheme has been accounted for in the books of the Company using Pooling of Interest method as prescribed in Appendix C to Ind AS-103 ["Business combinations of entities under common control"]. Accordingly,

- (1) The assets and liabilities pertaining to the Amalgamating Companies vested in the Company have been accounted as provided in the Scheme, at their respective carrying values as appearing in their respective books on the opening hours of business on April 01, 2020 being the Appointed Date.
- (2) The inter-corporate deposits/ loans and advances outstanding between the Amalgamating Companies and the Company inter-se have been cancelled.
- (3) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

**Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)**

- (4) The balance of the retained earnings appearing in the financial statements of the Company is aggregated with the corresponding balance appearing in the financial statements of the Amalgamating Companies or is adjusted against General Reserve.
- (5) The identity of the reserves are preserved and the reserves of the Amalgamating Companies become the reserves of the Company.
- (6) The surplus/deficit of the share capital of the Amalgamating Companies over the value of investments in the shares of these companies appearing in the books of the Company and cancelled pursuant to the Scheme has been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to ₹ 604 lakhs was debited to the Capital Reserve.

The total consideration for amalgamation is ₹ 7,225 lakhs, which is determined by exchange ratio of 3 shares of the Company against 1 share of HEL.

The book values of assets and liabilities acquired of Amalgamating Companies on merger, as at the appointed date i.e. April 01, 2020 has been provided below:

Particulars	(₹ In lakhs)
	As at April 01, 2020
Total Assets (A)	74,199
Total Liabilities (B)	(32,498)
Net assets taken over (C=A+B)	41,701
Reserves of Amalgamating Companies vested in the Company (D)	(39,269)
Net Equity taken over (E=C+D)	2,431
Cancellation of Investments in equity of ATPL, HEIPL, HSSPL, held by the HEL or Company as the case may be (F)	(311)
Share Capital Pending Reduction and Consolidation (Reduction in Face Value from ₹10 each to ₹ 1 each of the Company followed by Consolidation of ₹ 1 to ₹ 10) (G)	4,500
Share Capital Pending Allotment (Being consideration for amalgamation, 3 Equity Shares of the Company against 1 Equity Share of HEL to Share Holders of HEL, which is allotted on record date as per the Scheme) (H)	(7,225)
Difference on Amalgamation (Debited to the Capital Reserves) (I=E+F+G+H)	(604)

Scheme of Amalgamation - 2

The Company had filed a Scheme of Amalgamation between Harsha Engineers BV 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 is holding 100% of the equity shares of the Harsha Engineers BV Accordingly, pursuant to amalgamation of Harsha Engineers BV with the Company on the Appointed Date, equity shares held by the Company in Harsha Engineers BV has been cancelled and extinguished and hence, no shares of the Company were issued and allotted. On the Scheme of Amalgamation - 2 being effective, the assets and liabilities pertaining to the Harsha Engineers BV has 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 BV -Netherland has been merged with the Company effective from November 14, 2022 as per the Scheme of Amalgamation-2. The necessary accounting treatment has been given, as approved in NCLT order and provided in the Scheme of Amalgamation-2.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

The surplus/deficit of the Net Equity of the Harsha Engineers B.V. over the value of investments in the shares of this company appearing in the books of the Company and cancelled pursuant to the Scheme has been adjusted in the "Capital Reserve Account" of the Company. Further, as a result of merger the net difference amounting to Rs. 488 lakhs was credited to the Capital Reserve.

The book values of assets and liabilities acquired of Harsha Engineers B.V. on merger, as at the Appointed Date i.e. 14 November 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 HE BV, held by the HEIL (F)	(13,612)
Difference on Amalgamation (Credited to the Capital Reserves) (G=E+F)	488

34.4. Dividends Proposed to be Distributed

The Board of Directors, at its meeting held on May 25, 2023, recommended the final dividend of ₹ 1.00 per equity share of ₹ 10/- each, which resulting 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, 2023.

34.5. 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 31st March 2023 are listed below.

Particulars	(₹ In lakhs)	
	For the year ended	
	March 31, 2023	March 31, 2022
Revenue from Operations	1,36,402	1,32,148
EBITDA ¹	21,908	18,655
EBITDA margins ²	16.06%	14.12%
PAT	12,328	9,195
PAT margin ³	9.04%	6.96%
Return on Average Equity ⁴	15.40%	19.13%

1 EBITDA = PBT + Depreciation and Amortization Expense + Finance Costs

2 EBITDA margin = EBITDA / Revenue from Operations

3 PAT margin = PAT / Revenue from Operations

4 Return on Average Equity = PAT / ((Beginning Equity + Ending Equity)/2)

34.6. Events occurring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognised in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitments affecting the financial position are disclosed in the Director's Report.

34.7 Previous year's figures have been regrouped / reclassified to make them comparable with those of the current reporting year, wherever necessary.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

34.8. 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 March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- 4) As on the reporting date, the Company has borrowings from banks or financial institutions on the basis of security of current assets and for which quarterly statements are submitted, which is in line with the books of accounts of the Company.
- 5) The Company has not been declared as willful defaulter (by virtue of Section 477 & 488 of the Companies Act, 2013) by any bank or financial institution or government or any government authority.
- 6) 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, 2023	As at March 31, 2022
Stolar Mounting Systems Private Limited #	Payables	Not Applicable	-	-
Metro Packaging Private Limited	Payables	Not Applicable	-	0
Harsha Renewable Energy Private Limited	Receivable	Having Common Director & Shareholders	-	-

The Company is under corporate insolvency resolution process as per MCA record.

- 7) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 8) 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
- 9) (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.
- 10) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 11) 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).



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

33. FINANCIAL RATIO

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
(1) Current Ratio (Times)	2.90	1.64
% Change from previous year	77%	
Reason for change more than 25%: Mainly due to Increase in Investment & Bank Balances and Decrease in Payables		
Current Ratio =Current Assets divided by Current Liabilities		
Current Assets	99,764	78,002
Current Liabilities	34,354	47,586
(2) Debt-Equity Ratio (Times)	0.17	0.74
% Change from previous year	(77)%	
Reason for change more than 25%: Mainly due to reduction in Debt by proceed of IPO and Increase in Equity		
Debt-Equity Ratio =Total debt (current and non-current borrowings & lease liabilities) divided by Total equity		
Total debt (current and non-current borrowings & lease liabilities)	18,219	38,486
Total equity	1,07,177	52,186
(3) Debt Service Coverage Ratio (Times)	8.36	2.26
% Change from previous year	270%	
Reason for change more than 25%: Mainly due to reduction in Debt by proceed of IPO and Increase in PAT		
Debt Service Coverage Ratio =Profit after tax plus Depreciation and Amortisation expenses and Finance Costs divided by Debt Service (interest and 12 months principal repayment = Current Debt Obligation)		
Profit after tax Plus Depreciation and Finance cost #	17,524	15,187
Debt Service = Current Debt Obligation (Interest and 12 months principal repayment)	2,096	6,718
(4) Return on Equity Ratio (%)	11%	17%
% Change from previous year	(34)%	
Reason for change more than 25% : Due to IPO Increase in Total Equity		
Return on Equity Ratio = Net profit attributable to Equity Share holders (PAT-Profit After Tax) divided by Total Equity		
Net profit attributable to Equity Share holders (PAT-Profit After Tax)	12,328	9,195
Total equity	1,07,293	52,790
(5) Inventory Turnover Ratio (Times)	1.95	1.97
% Change from previous year	(1)%	
Reason for change more than 25% : Not Applicable		
Inventory Turnover Ratio =Cost of materials consumed + Changes in inventories of finished goods, work-in-progress divided by Closing Balance of Inventories		
Cost of materials consumed + Changes in inventories of finished goods, work-in-progress	73,587	73,969
Closing Balance of Inventories	37,688	37,572
(6) Trade Receivables Turnover Ratio (Times)	4.82	4.63
% Change from previous year	4%	
Reason for change more than 25% : Not Applicable		
Trade Receivables Turnover Ratio = Net Sales divided by Closing Balance of Accounts Receivable		
Net Sales	1,35,146	1,30,845
Closing Balance of Accounts Receivable	28,037	28,275



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
(7) Trade Payables Turnover Ratio (Times)	8.58	5.83
% Change from previous year	47%	
Reason for change more than 25%: Due to reduction in Trade payable		
Trade Payables Turnover Ratio = Cost of materials consumed + Other Expenses - [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] divided by Closing Balance of Accounts Payables		
Cost of materials consumed + Other Expenses less - (+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	1,01,863	1,06,557
Closing Balance of Accounts Payables	11,868	18,279
(8) Net Capital Turnover Ratio (Times)	1.27	2.53
% Change from previous year	(50)%	
Reason for change more than 25%: Mainly due to increase in equity by IPO proceeds		
Net Capital Turnover Ratio = Revenue from operations divided by Shareholder's Equity		
Revenue from operations	1,36,402	1,32,148
Total equity	1,07,177	52,186
(9) Net Profit Ratio (%)	9%	7%
% Change from previous year	30%	
Reason for change more than 25% : Due to Increase in Reduction in Interest Cost and Other Expenses		
Net Profit Ratio (%) = Net profit (PAT-Profit After Tax) divided by Revenue from Operations		
Net profit (PAT-Profit After Tax)	12,328	9,195
Revenue from Operations	1,36,402	1,32,148
(10) Return on Capital employed (%)	17%	23%
% Change from previous year	(26)%	
Reason for change more than 25%: Mainly due to increase in equity and reduction of debt due to IPO proceeds		
Return on Capital employed (%) =Profit before interest and tax divided by Capital Employed (Total Equity + Total Long Term Borrowings + Total Lease Liability)		
Profit before interest and tax	18,296	15,119
Capital Employed (Total Equity + Long Term Borrowings + Lease Liability)	1,08,394	66,522
(11) Return on Investment (%)	13%	13%
% Change from previous year	(3)%	
Reason for change more than 25% : Not Applicable		
Return on Investment (%) = Profit before tax Plus Finance Cost divided by Total Assets		
Profit before tax Plus Finance Cost	18,296	15,119
Total Assets	1,44,514	1,15,826



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

36.

A. Financial instruments by category and their fair value

(₹ In lakhs)

As at March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial Assets								
Investments								
Quoted	18,802	-	-	18,802	18,802	-	-	18,802
Unquoted	-	-	616	616	-	-	-	-
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	18,802	-	43,473	62,275	18,802	-	-	18,802
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	-	-	-	-	-	-	-	-
Current	-	490	2,937	3,427	490	-	-	490
Trade Payables	-	-	11,868	11,868	-	-	-	-
Total Financial Liabilities	-	490	33,024	33,514	490	-	-	490

(₹ In lakhs)

As at March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial Assets								
Investments								
Quoted	-	-	-	-	-	-	-	-
Unquoted	-	-	647	647	-	-	-	-



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

As at March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Loans								
Non-Current	-	-	6	6	-	-	-	-
Current	-	-	1,234	1,234	-	-	-	-
Trade Receivables	-	-	28,275	28,275	-	-	-	-
Cash and Cash Equivalents	-	-	2,141	2,141	-	-	-	-
Other Bank Balances	-	-	1,789	1,789	-	-	-	-
Other financial assets								
Non-Current	-	-	64	64	-	-	-	-
Current	-	-	1,075	1,075	-	-	-	-
Total Financial Assets	-	-	35,231	35,231	-	-	-	-
Financial Liabilities								
Borrowings								
Non-current	-	-	13,784	13,784	-	-	-	-
Current	-	-	24,064	24,064	-	-	-	-
Lease liabilities								
Non-current	-	-	552	552	-	-	-	-
Current	-	-	86	86	-	-	-	-
Other financial liabilities								
Non-current	-	-	-	-	-	-	-	-
Current	-	(497)	2,848	2,351	(497)	-	-	(497)
Trade Payables	-	-	18,279	18,279	-	-	-	-
Total Financial Liabilities	-	(497)	59,613	59,116	(497)	-	-	(497)

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.



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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.

Age of Receivables:

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Not Due (Including Unbilled)	19,666	19,641
Less than 6 Months	2,930	4,426
6-12 Months	1,351	132
1-2 Years	85	14
2-3 Years	54	94
More than 3 Years	4,194	4,560
Total	28,280	28,868

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

Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

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.

As at March 31, 2023	(₹ In lakhs)			
	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	-	-	-	-
Current financial liabilities	1,594	1,594	1,594	-
Trade and other payables	11,868	11,868	11,868	-
Total	31,681	31,681	30,464	1,217

As at March 31, 2022	(₹ In lakhs)			
	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	13,784	13,784	-	13,784
Current borrowings	24,064	24,064	24,064	-
Non current lease liabilities	552	552	-	552
Current lease liabilities	86	86	86	-
Non current financial liabilities	-	-	-	-



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

(₹ In lakhs)

As at March 31, 2022	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Current financial liabilities	1,381	1,381	1,381	-
Trade and other payables	18,279	18,279	18,279	-
Total	58,146	58,146	43,810	14,336

(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. Accordingly, the foreign currency exposure and interest rate 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.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions.

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:



Notes Forming Part of Consolidated Financial Statements For the year ended March 31, 2023 (Contd.)

The Company's debt to equity ratio is as follows:

Particulars	(₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Debt *	18,219	38,486
Total equity	1,07,177	52,186
Debt to total equity ratio	0.17:1 times	0.74:1 times

*Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

The accompanying notes (1 to 36) are integral part of the financial statements.

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
(formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited)
(CIN: U29307GJ2010PLC063233)

Rajendra Shah
Chairman & Whole-time Director
DIN: 00061922

Harish Rangwala
Managing Director
DIN: 00278062

Chintan Shah
Managing Partner
M. No.: 110142

Maulik Jasani
VP Finance & Group CFO

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

Date: May 25, 2023
Place: Ahmedabad

Date: May 25, 2023
Place: Ahmedabad



Harsha Engineers International Limited

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