

Harsha Engineers International Limited

Earnings Presentation – For and upto Q3 of FY25

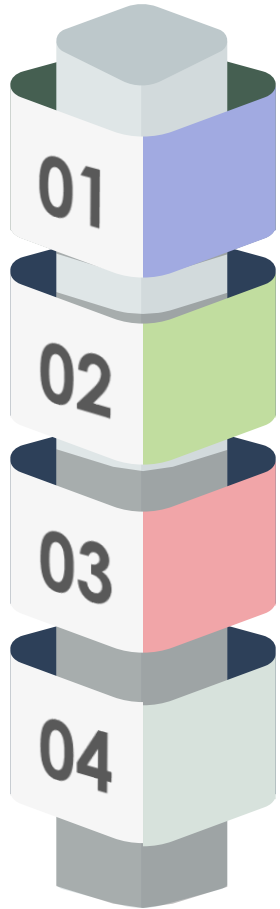


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Quarter and Year End Highlights

Business Update

Summary on use of IPO Proceeds

Company Overview



QUARTER

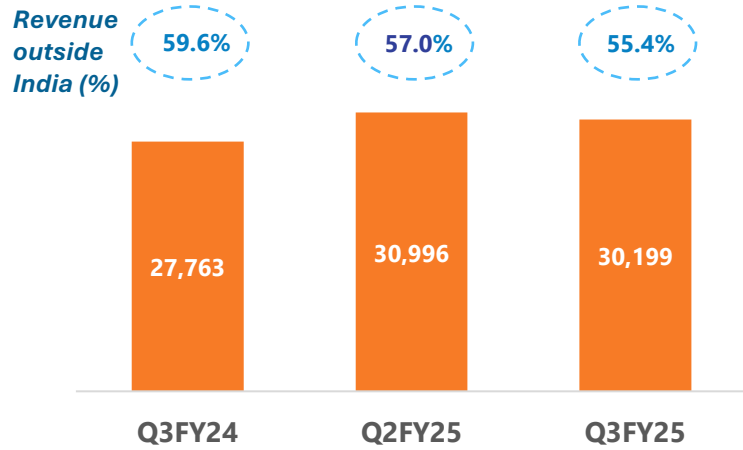
HIGHLIGHTS



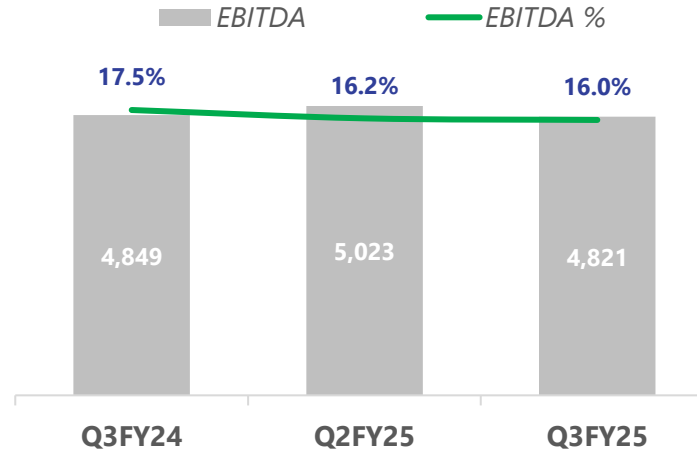
Financial Highlights - QoQ

₹ in Lakhs

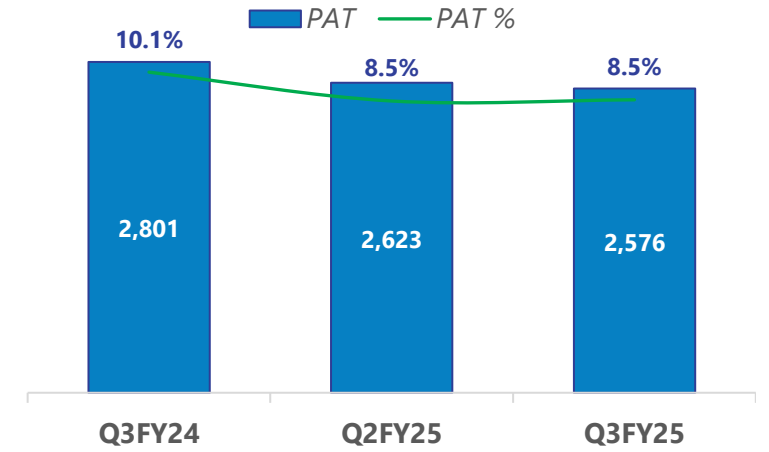
Revenue - Engineering CONSOLIDATED



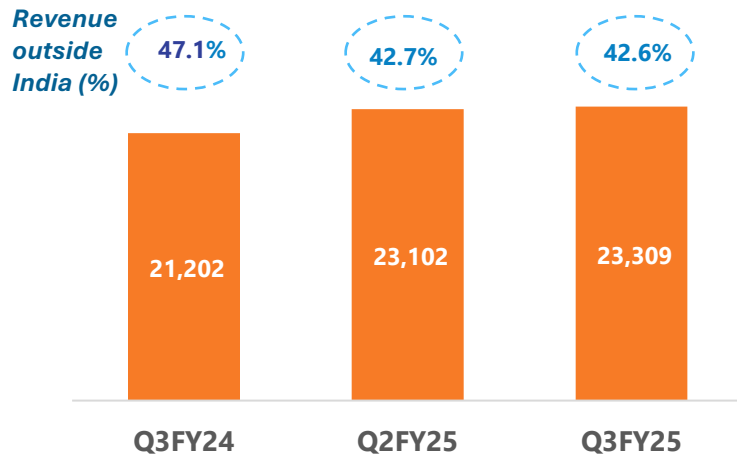
EBITDA - Engineering CONSOLIDATED



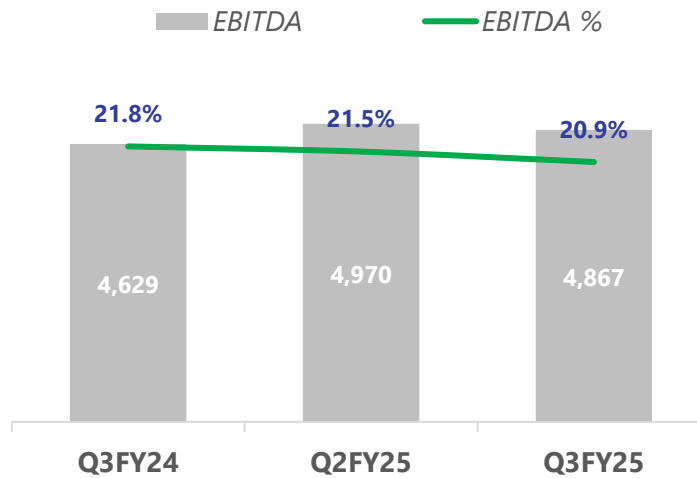
PAT - Engineering CONSOLIDATED



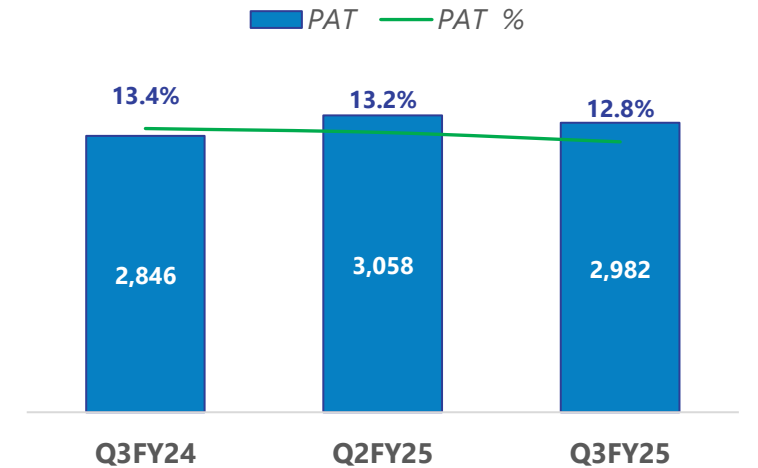
Revenue - Engineering INDIA




EBITDA - Engineering INDIA



PAT - Engineering INDIA



- On a consolidated basis, the performance of the Company in Q3 FY 2025 was subdued reflecting continued challenges in the key markets of Europe and US, and only a modest topline growth achieved in India.
- In Q3 FY 2025 revenue from operations for Engineering segment shows a growth of 8.8% over the corresponding Q3 of FY 2024 but a degrowth of around 2.6% on sequential basis.
- There is a slight compression in Q3 FY 2025 margins as compared to corresponding Q3 FY 2024 as well as Q2 FY 2025 quarters, primarily driven by a reduction in the operating margins in the Engineering business.
- The Bronze Bushing business reported a continued strong growth in Q3 2025. However, the business from Japan based customers, Stampings and in the large size Bearing Cage segments has continued to remain rangebound. Further the New product development at India level continues to be strongly positive.
- The Performance of China in Q3 FY 2025 was subdued owing to Year end destocking as well as some softening of the Demand from the key accounts. However, on a YTD basis, the performance is quite satisfactory.

- Romania continues to reel under pressure owing to continued softness in demand from Wind and Industrial Sector, resulting into a degrowth in top line in Q3 FY 2025 and continued operating losses.
 - The YTD Dec 2024 combined net loss stood at around Rs. 11 crores in the overseas subsidiaries.
 - Solar segment performance has largely remained in line with expectations and we have respectable order book.
- 

Consolidated P & L Statement



(₹ in Lakhs)

Particulars	Q3 FY25	Q2 FY25	9MFY25	9MFY24	FY23-24
REVENUE :					
Revenue from Operations	33,894	35,258	1,03,468	1,01,190	1,39,230
Other Income	672	1,208	2,670	2,174	2,949
TOTAL REVENUE	34,566	36,466	1,06,138	1,03,364	1,42,179
EXPENSES :					
Cost of Material Consumed	18,249	18,098	54,014	56,042	77,905
Change in Inventories of Finished Goods & Work-in-progress	(16)	633	(326)	416	(181)
COGS	18,233	18,731	53,688	56,458	77,724
Employee Benefits Expenses	4,413	4,544	13,596	12,618	16,905
Other Expenses	6,971	7,799	22,206	20,433	27,466
EBITDA	4,949	5,392	16,648	13,855	20,084
Margin %	14.6%	15.3%	16.1%	13.7%	14.4%
Finance Costs	213	262	731	794	1,077
Depreciation and Amortization Expense	1,008	1,039	3,068	2,934	3,932
PROFIT BEFORE TAXATION	3,728	4,091	12,849	10,127	15,075
Tax Expenses	1,059	1,195	3,679	2,662	3,932
PROFIT AFTER TAXATION	2,669	2,896	9,170	7,465	11,143
PAT Margin%	7.9%	8.2%	8.9%	7.4%	8.0%
Other comprehensive income	229	(379)	(110)	252	400
Basic Earnings per Share - In ₹	2.93	3.18	10.07	8.20	12.24
Diluted Earnings per Share-In ₹	2.93	3.18	10.07	8.20	12.24

Certain Key Parameters and Break Up

(₹ in Lakhs)

Particulars	Q3 FY25	Q3 FY24	9MFY25	9MFY24	FY 23-24
Revenue from Operations					
- Engineering & Others - Consolidated	30,199	27,763	93,853	90,621	1,22,684
- Engineering & Others - India	23,309	21,202	70,775	67,772	91,691
- Solar - EPC and O & M	3,695	4,682	9,615	10,569	16,546
EBITDA*					
- Engineering & Others - Consolidated	4,821	4,849	16,080	13,777	19,840
- Engineering & Others - India	4,867	4,629	15,835	14,087	19,919
- Solar - EPC and O & M	128	235	568	78	244
PAT					
- Engineering & Others - Consolidated	2,576	2,801	8,760	7,439	11,009
- Engineering & Others - India	2,982	2,846	9,861	8,846	12,591
- Solar - EPC and O & M	93	167	410	26	134
Other Income					
- Interest Income	327	380	911	1,179	1,484
- Share of Profit/Loss from Cleanmax Harsha Solar LLP	27	47	42	50	29
- Share of Profit/Loss from Sunstream Green Energy One Pvt. Ltd.	-	(2)	-	(1)	-
- Gain / (Loss) on Exchange Rate Fluctuation	(35)	432	670	106	234
- Miscellaneous Income	18	7	29	67	79
Other Income-Non -Operating	-	-	-	-	-
- Gain / (Loss) on Sales of Investment in Subsidiary Co. /Associates	-	-	-	-	(1)
- Gain / (Loss) on Sale of Investment (Mutual Fund)	25	58	132	274	292
- Gain / (Loss) on Fair value of Investments (measured at FVTPL)	310	187	886	499	832
- Total Other Income	672	1,109	2,670	2,174	2,949

Working Capital – Consolidated – Key Parameters

(₹ in Lakhs)

Sr.	Particulars	Q3 FY25	Q3 FY24	FY 23-24
1	Inventories			
a.	Raw Material - Amount	6,259	7,254	7,154
	No. of Days	17	20	19
b.	Semi Finished- Amount	2,960	2,545	2,061
	No. of Days	8	7	5
c.	Finished - Amount	11,684	11,827	12,793
	No. of Days	31	32	34
d.	Stores & Spares and Tooling - Amount	14,163	14,165	13,358
	No. of Days	37	38	35
2	Receivables - Amount	30,473	26,968	31,893
	No. of Days	81	73	84
3	Trade Creditors- Amount	11,129	11,378	13,293
	No. of Days	29	31	35

Utilisation of IPO Proceeds as on 31st December' 2024

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

<i>₹ in Lakhs</i>				
Sr. No	Particulars	Amount as proposed in the Offer Document	Amount Utilised	Unutilised Amount
1	Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	27,000	27,000	-
2	Funding capital expenditure requirements towards purchase of machinery	7,795	6,643	1,152
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	712	712	-
4	General corporate purposes	7,433	7,433	-
Total		42,940	41,788	1,152



Company Overview



Largest manufacturer of precision bearing cages in India*



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



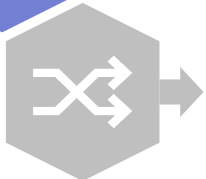
5 strategically located manufacturing facilities with various warehouses at different locations worldwide – supplying products to over 25 countries across 5 continents



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



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



Diversifying into complex and specialized precision stamped components



50-60% of domestic market share



India



China



Romania

Schaffler AG
JTEKT

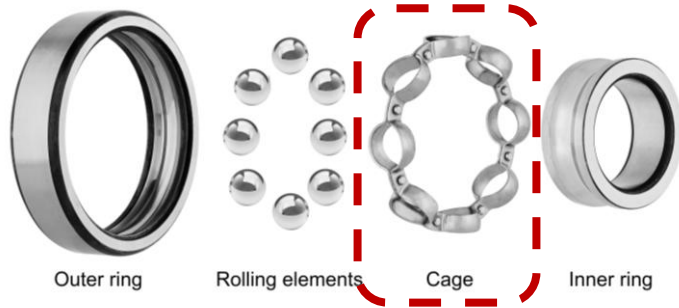
NTN
SKF

NSK
TIMKEN



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

Bearing cages form an important component within Bearings



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



Separate rolling elements, reduce friction & heat generated in bearing



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



Cages offer high rigidity, strength

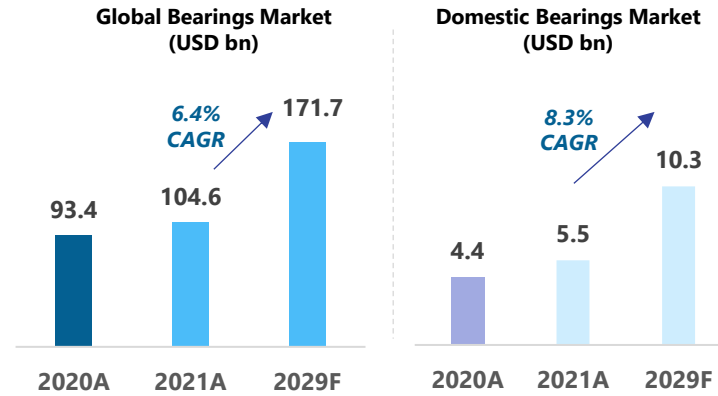


High heat resistant operating conditions



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

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



Breakup of Bearing Market based on Application (USD bn)

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

High growth bearing cages market

Global Bearing Cages Market (USD mn)



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



Supplies to each of the top 6 global bearing manufactures



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



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

Different designs of bearing cages with diverse applications



Taper Roller



Deep Groove



Angular Contact Ball



Thrust Roller



Spherical Roller



Cylindrical Roller



Sand Casting



Bronze Bushing



Precision Stamping Components

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

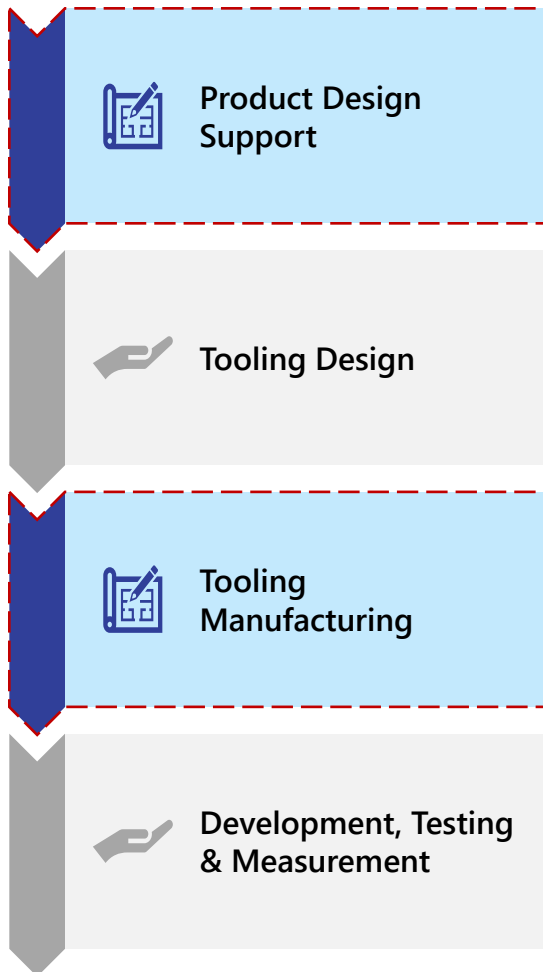
- ✓ *Crushers*
- ✓ *Steel mills*
- ✓ *Thermal turbines*
- ✓ *Windmills*
- ✓ *Agricultural machines*
- ✓ *Automotive parts*

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

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

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

Full-service capabilities under one roof



Tooling Design

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

Tool Manufacturing

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

Process Design & automation

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

Product Development

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



Key Strategies going forward



Enhance market leadership in bearing cages and customer base expansion



Growing bronze bushings and specialised component segment



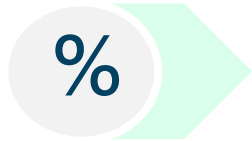
Increased focus on developing products suited to capture market opportunity in the growing EV segment



Retain and strengthen technological leadership through continued focus on development and automation



Focus on growth by partnerships with customers and opportunistic inorganic acquisitions



Focus on increasing operational efficiencies to improve returns



THANK YOU

