



HEIL/SE-32/2023-24

August 1, 2023

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

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

Dear Sir/Madam,

Sub : Presentation on the Unaudited Financial Results of the Company for the quarter ended June 30, 2023

Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

Kindly take the same on your records.

Thanking you,

Yours faithfully,

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

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

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

Corporate & Registered Office: NH-8A, Sarkhej - Bavla Highway, Changodar, Ahmedabad - 382213, Gujarat (INDIA)
Tel.: +91-2717-618200 Fax: +91-2717-618259 E-mail: harsha@harshaengineers.com URL: www.harshaengineers.com

Harsha Engineers International Limited

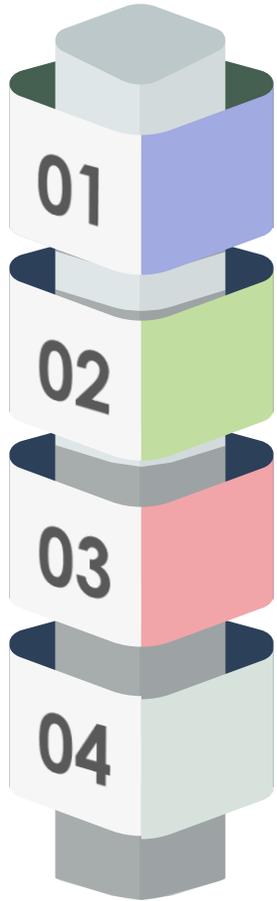
Earnings Presentation – Quarter ended Jun'23



Disclaimer/ Safe Harbor

Cautionary statement regarding forward-looking statements

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Quarter Highlights

Business Update

Summary on use of IPO Proceeds

Company Overview



QUARTER

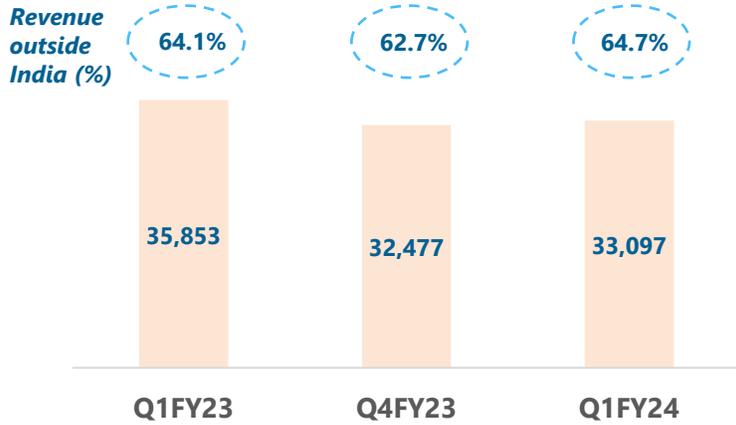
HIGHLIGHTS



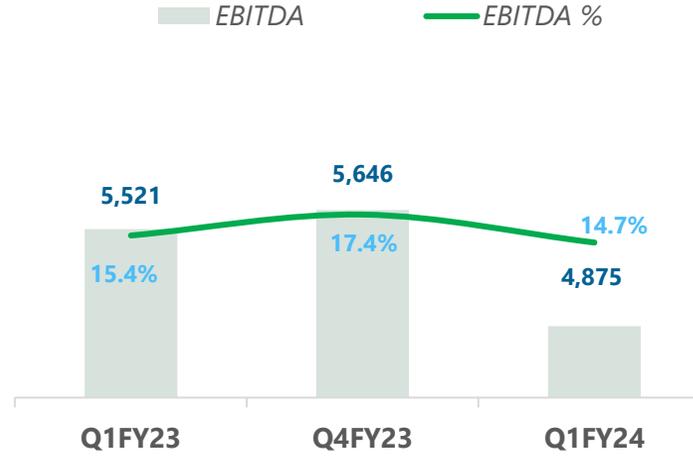
Financial Highlights

₹ in Lakhs

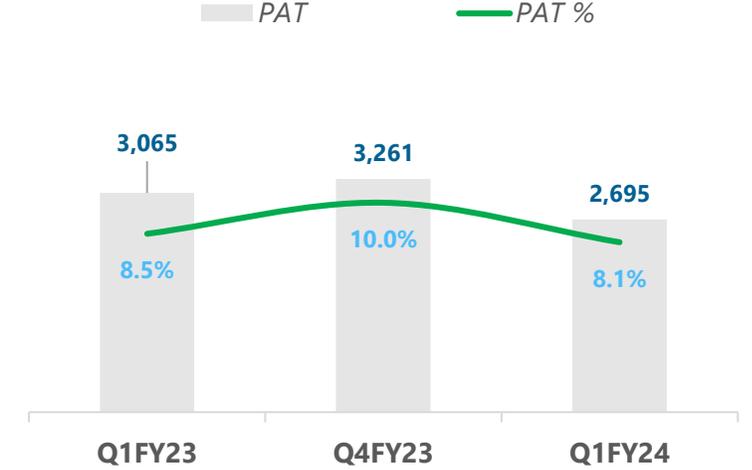
Revenue - Engineering CONSOLIDATED



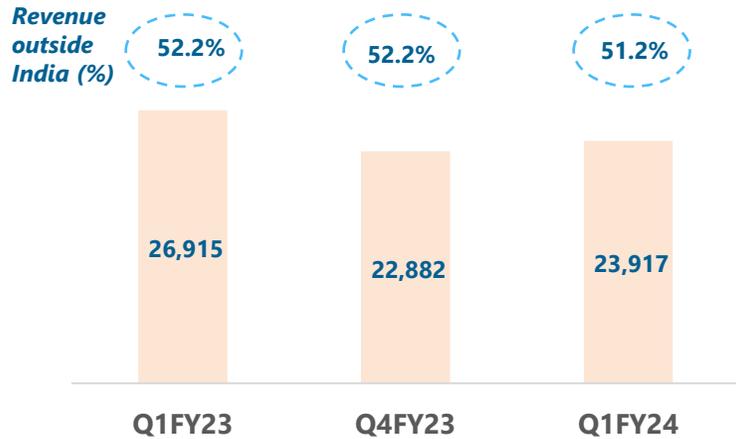
EBITDA - Engineering CONSOLIDATED



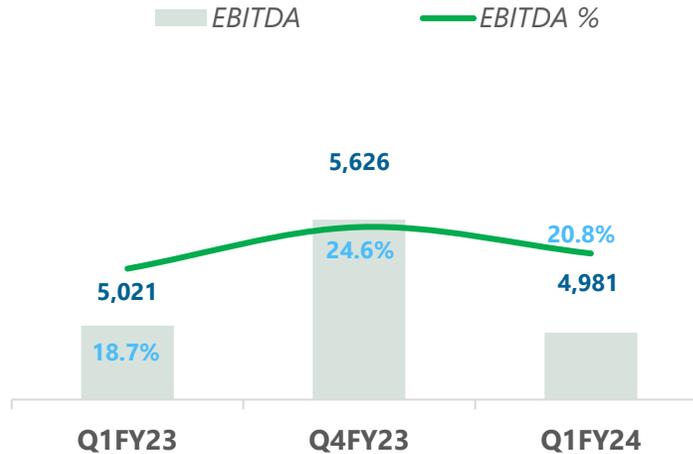
PAT - Engineering CONSOLIDATED



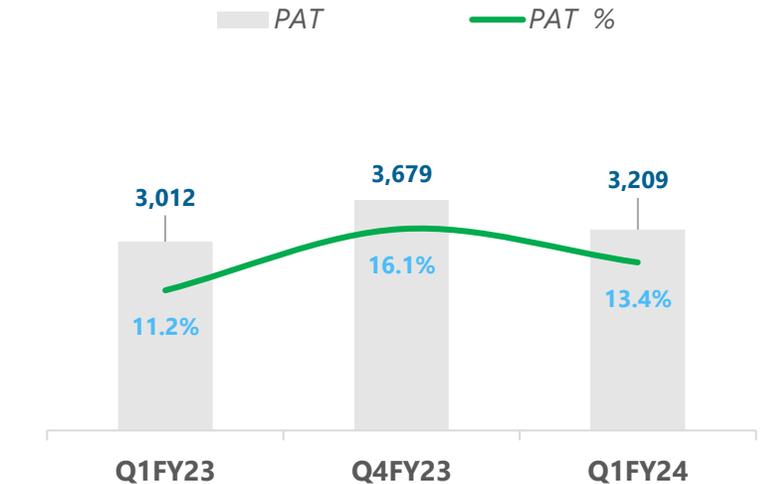
Revenue - Engineering INDIA



EBITDA - Engineering INDIA



PAT - Engineering INDIA



- Strong Markets in India, Americas with new order wins have sustained revenue for Q1 FY24. However, Europe and China are showing weak demand resulting in overall minor growth in revenue compared to Q4 FY23.
- In consolidated financial of Q1, there is a negative exchange rate loss at COGS level of Rs. 242 Lakhs while consolidating accounts of foreign subsidiaries financials in INR.
- The Company has started witnessing some Revival in Bronze Bushes Demand, which strengthens the belief that the Demand should see a come-back in H2 FY 2024 from Wind Energy market.
- The revenues of Large Size Bearing Cages and with Japan based customers have witnessed a growth of 19% and 20% respectively in Q1 FY24 over Q4 FY23.
- Demand undercurrents and new enquiries/ new products development continue to remain strong. The Company is very bullish on all the growth drivers, going forward.
- The process of land acquisition in the WOS company Harsha Engineers Advantek Limited for the proposed Greenfield project is advancing satisfactorily. The Company has initiated the steps for firming up the Phase wise Capex plan for the said Greenfield project.
- In Solar, we have one time maintenance expenses of ~ INR 2.4 Cr. without supporting revenue.

Consolidated P & L Statement



Particulars	(₹ in Lakhs)			
	Q1 FY24	Q4 FY23	Q1 FY23	FY 22-23
REVENUE :				
Revenue from Operations	34,796	34,369	39,768	1,36,402
Other Income	400	582	620	2,979
TOTAL REVENUE	35,196	34,951	40,388	1,39,381
EXPENSES :				
Cost of Material Consumed	19,010	17,989	22,292	73,514
Change in Inventories of Finished Goods & Work-in-progress	202	380	1,050	73
COGS	19,212	18,369	23,342	73,587
Employee Benefits Expenses	4,341	4,067	4,202	15,619
Other Expenses	7,061	6,853	7,272	28,267
EBITDA	4,582	5,662	5,572	21,908
Margin %	13.2%	16.5%	14.0%	16.1%
Finance Costs	262	256	540	1,584
Depreciation and Amortization Expense	956	915	881	3,612
PROFIT BEFORE TAXATION	3,364	4,491	4,151	16,712
Tax Expenses	906	1,229	1,066	4,384
PROFIT AFTER TAXATION (Net)	2,458	3,262	3,085	12,328
PAT Margin%	7.1%	9.5%	7.8%	9.0%
Other comprehensive income	347	231	(95)	(748)
Basic Earnings per Share - In ₹	2.70	3.58	3.99	14.59
Diluted Earnings per Share-In ₹	2.70	3.58	3.99	14.59

Certain Key Parameters and Break Up

(₹ in Lakhs)

Particulars	Q1 FY24	Q4 FY23	Q1 FY23	FY 22-23
Revenue from Operations				
- Engineering & Others - Consolidated	33,097	32,477	35,853	1,29,866
- Engineering & Others - India	23,917	22,882	26,915	95,936
- Solar - EPC and O & M	1,699	1,892	3,915	6,536
EBITDA*				
- Engineering & Others - Consolidated	4,875	5,646	5,521	21,810
- Engineering & Others - India	4,981	5,626	5,021	20,654
- Solar - EPC and O & M	(293)	16	51	98
PAT				
- Engineering & Others - Consolidated	2,695	3,261	3,065	12,309
- Engineering & Others - India	3,209	3,679	3,012	12,820
- Solar - EPC and O & M	(237)	1	20	19
Other Income				
- Gain / (Loss) on Exchange Rate Fluctuation	(359)	(8)	547	1,743
- Miscellaneous Income	57	8	4	38
- Interest Income	426	335	69	739
- Share of Profit/Loss from Cleanmax Harsha Solar LLP	(3)	5	-	24
- Share of Profit/Loss from Sunstream Green Energy One Pvt. Ltd.	-	-	-	-
- Gain / (Loss) on Sale of Investment (Mutual Fund)	110	19	-	103
- Gain / (Loss) on Fair value of Investments (measured at FVTPL)	169	223	-	332
- Total Other Income	400	582	620	2,979

Working Capital – Consolidated

Amount ₹ in Lakhs

Sr.	Particulars	Q1 FY24	Q1 FY23	FY22-23
1	Inventories			
a.	Raw Material - Amount	8,207	9,661	9,017
	No. of Days	22	22	23
b.	Semi Finished- Amount	2,227	2,308	2,627
	No. of Days	6	5	7
c.	Finished - Amount	12,656	13,094	12,550
	No. of Days	33	30	32
d.	Stores & Spares and Tooling - Amount	13,413	12,023	13,494
	No. of Days	35	28	35
2	Receivables - Amount	29,392	30,467	28,037
	No. of Days	77	70	73
3	Trade Creditors- Amount	12,971	14,638	11,868
	No. of Days	34	34	31

Utilisation of IPO Proceeds as on 30th Jun, 2023

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

₹ in Lakhs

Sr. No	Particulars	Amount as proposed in the Offer Document	Amount Utilised	Unutilised Amount
1	Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	27,000	27,000	-
2	Funding capital expenditure requirements towards purchase of machinery	7,795	2,694	5,101
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	712	503	209
4	General corporate purposes	7,433	7,433	-
	Total	42,940	37,630	5,310



Company Overview



Largest manufacturer of precision bearing cages in India*



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



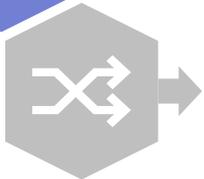
4 strategically located manufacturing facilities with various warehouses at different locations worldwide – supplying products to over 25 countries across 5 continents



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



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



Diversifying into complex and specialized precision stamped components



50-60% of domestic market share



Schaffler AG
JTEKT

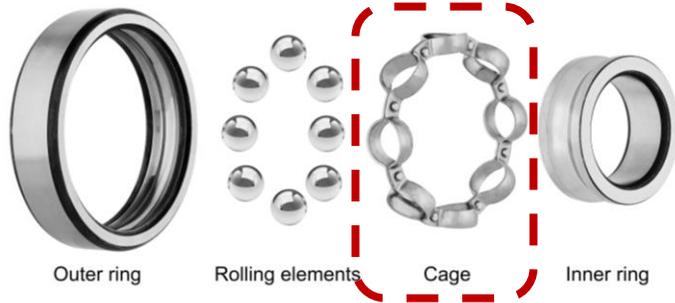
NTN
SKF

NSK
TIMKEN



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

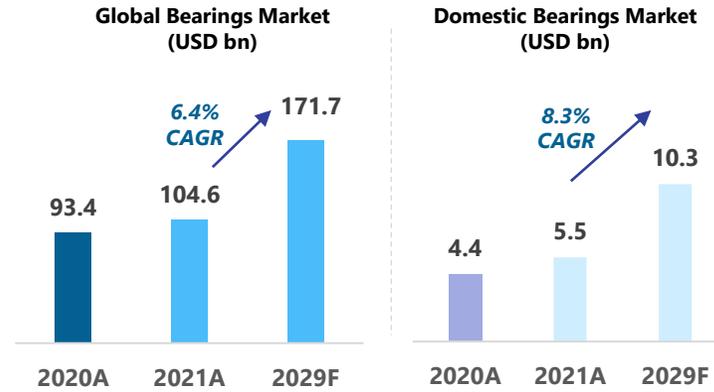
Bearing cages form an important component within Bearings



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*

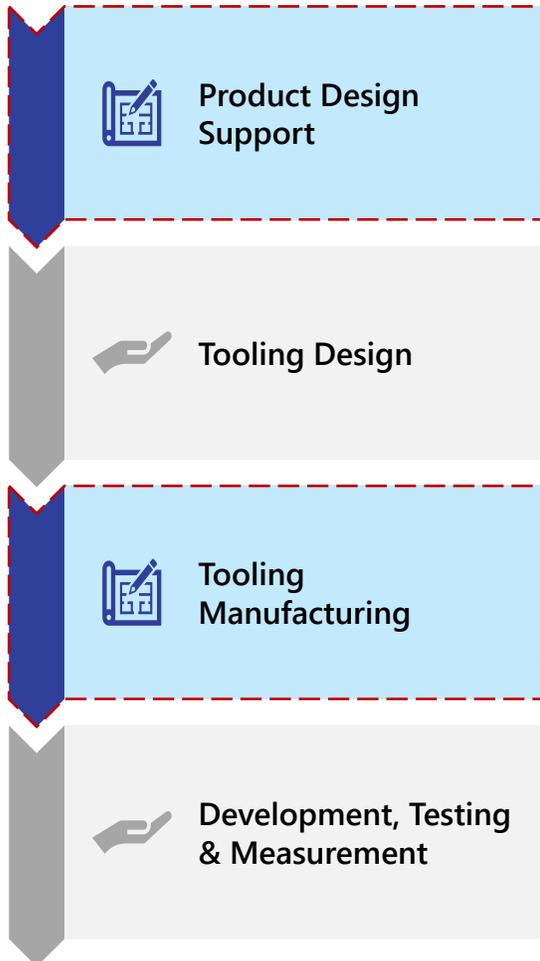
- ✓ *Crushers*
- ✓ *Steel mills*
- ✓ *Thermal turbines*
- ✓ *Windmills*
- ✓ *Agricultural machines*
- ✓ *Automotive parts*

- ✓ *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

