



HEIL/SE-15/2023-24

May 25, 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 Audited Financial Results of the Company for the quarter and year ended March 31, 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 Audited Financial Results of the Company for the quarter and year ended March 31, 2023.

The aforesaid presentation would also be available on the website of the Company viz; [www.harshaengineers.com](http://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](mailto:harsha@harshaengineers.com) URL: [www.harshaengineers.com](http://www.harshaengineers.com)

# Harsha Engineers International Limited

Earnings Presentation – Quarter and year ended Mar'23

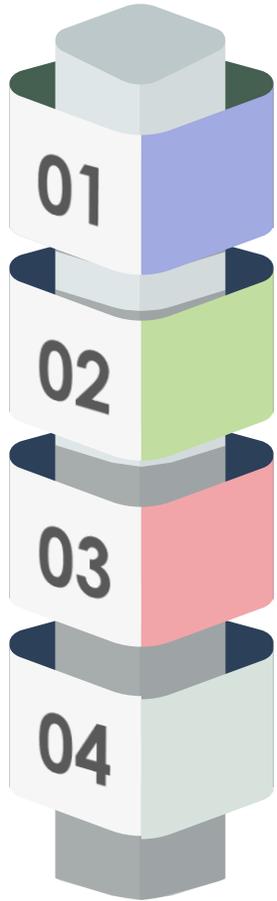


# Disclaimer/ Safe Harbor

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- This presentation may contain certain forward-looking statements relating to Harsha Engineers International Limited ("**HEIL**", or "**Company**") and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.
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**Quarter and Year End Highlights**

**Business Update**

**Summary on use of IPO Proceeds**

**Company Overview**



# QUARTER and YEAR END HIGHLIGHTS

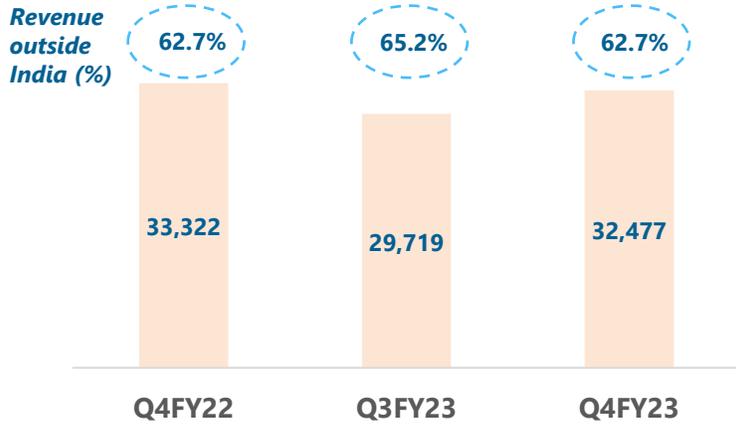


# Financial Highlights - QoQ

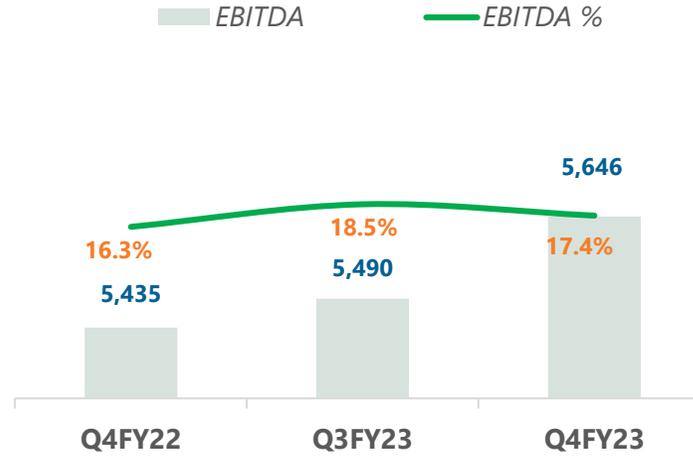


Amount ₹ in Lakhs

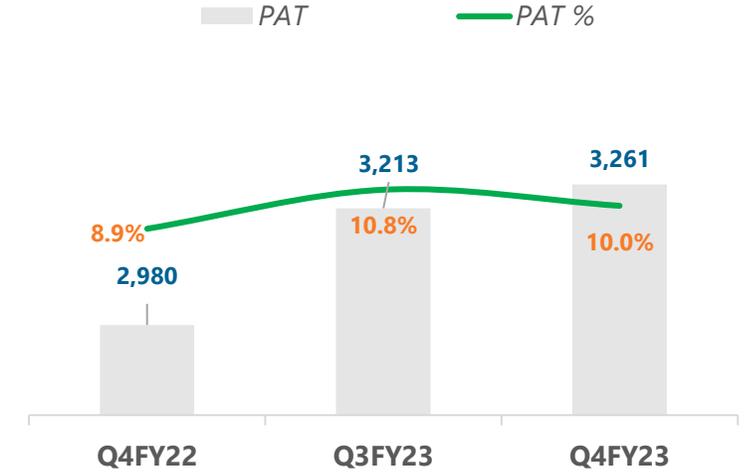
## Revenue - Engineering CONSOLIDATED



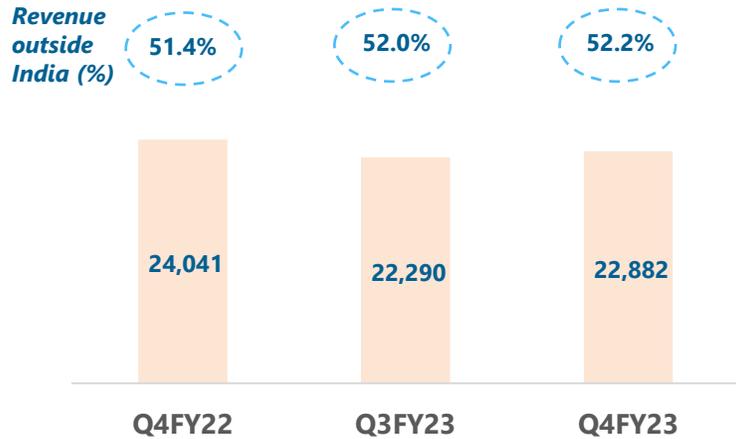
## EBITDA - Engineering CONSOLIDATED



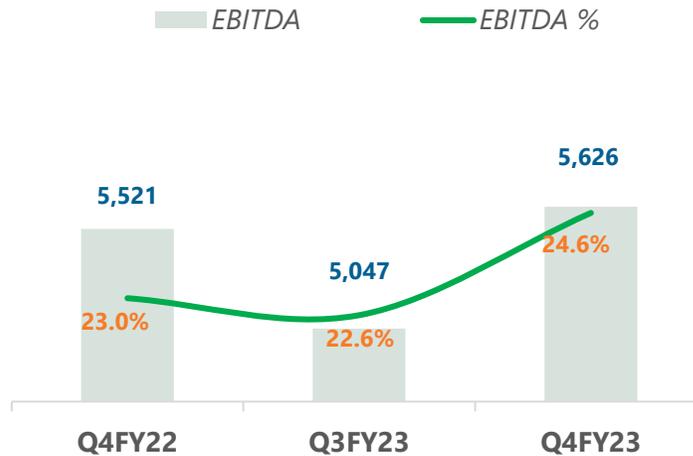
## PAT - Engineering CONSOLIDATED



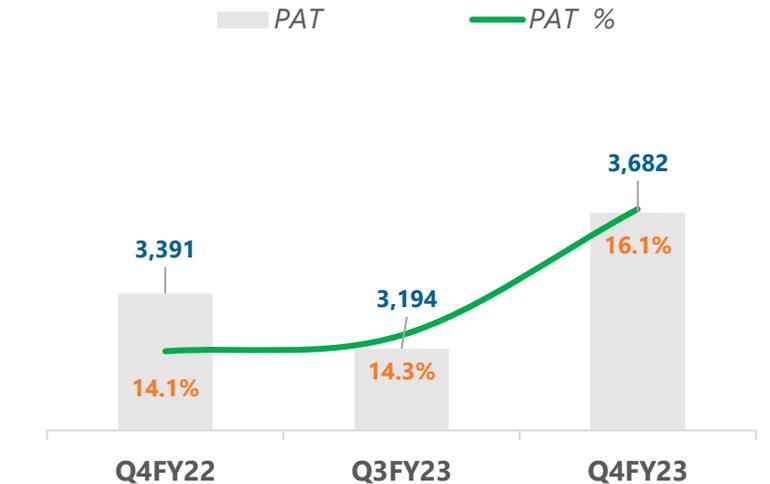
## Revenue - Engineering INDIA



## EBITDA - Engineering INDIA



## PAT - Engineering INDIA



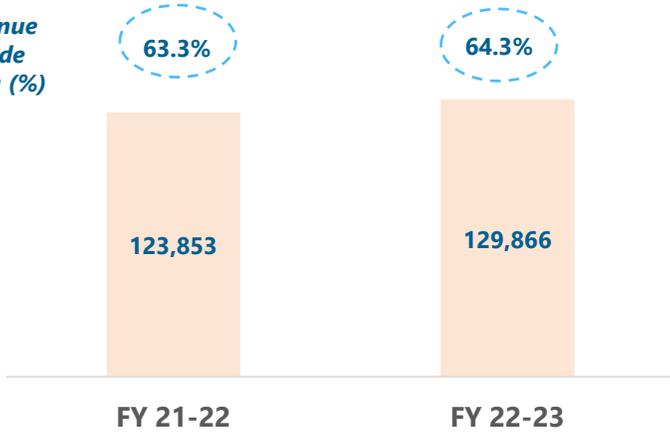
# Financial Highlights - YoY



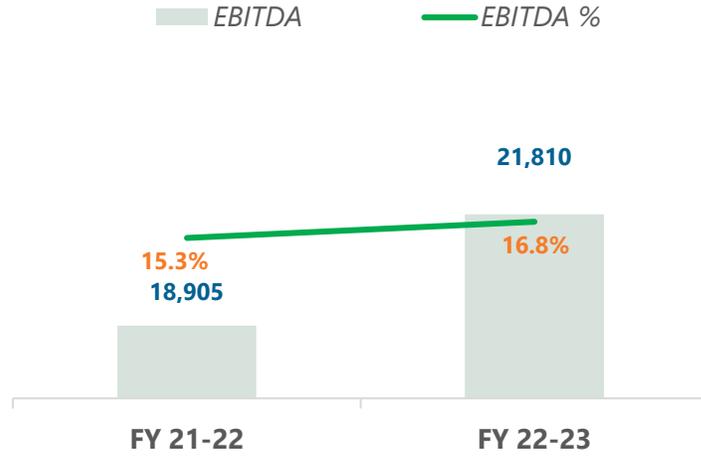
Amount ₹ in Lakhs

## Revenue - Engineering CONSOLIDATED

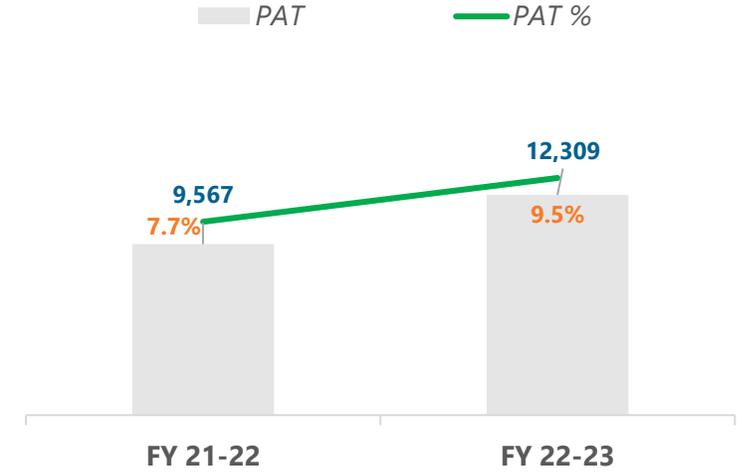
Revenue outside India (%)



## EBITDA - Engineering CONSOLIDATED

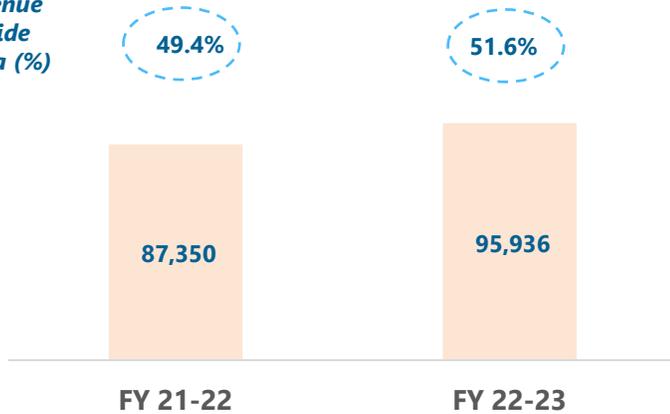


## PAT - Engineering CONSOLIDATED

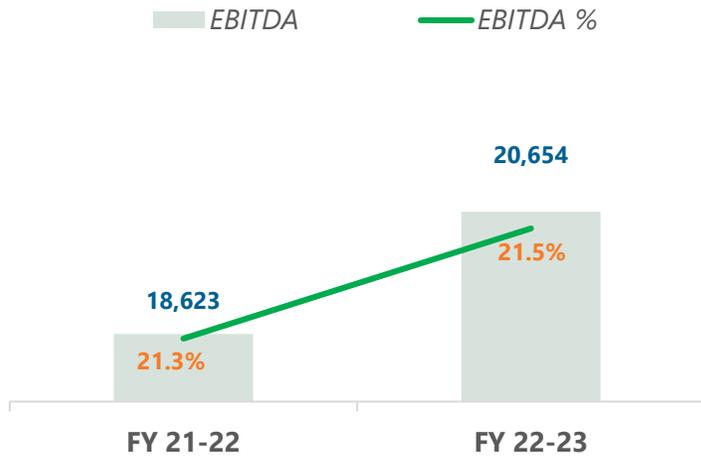


## Revenue - Engineering INDIA

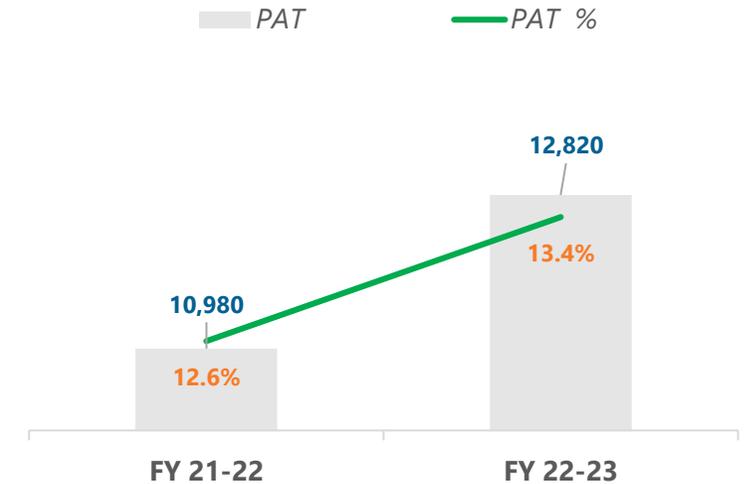
Revenue outside India (%)



## EBITDA - Engineering INDIA



## PAT - Engineering INDIA



- On a consolidated basis, the revenue from operations had moderate growth in FY 2023 as compared to FY 2022. However, after adjusting the commodity price reduction, the global growth in volume terms is relatively healthy.
- Primarily Europe slowdown emanating out of steep inflation and sharp increase in the energy prices has significant impact on revenue from Europe. Similar slowdown conditions also impacted China market largely due to strict imposition of lockdown conditions during the year.
- On a Standalone basis, we have reported near to double digit growth in Engineering Segment despite challenging global market conditions in second half of the year, on account of strong demands in Indian market and additional order wins across global markets.
- The consolidated PAT has reported a strong growth in FY 2023 owing to continued strong profitability at India level and considerable reduction in the losses at Romania level.
- While the softening demand scenario of Bronze Bushes owing to the softening of global wind market continues, the Company is expecting the demand scenario for Bronze Bushes to improve from the second half of FY 2024.
- Company continues to see strong wins in new product awards and has developed around 330 new products in FY 2023 covering outsourcing projects, large size cages, Japan origin customer products and Bushing products. The Company continues to remain bullish on all the above growth drivers, going forward.
- The hybrid captive power project of 3.71 MW at Gujarat has been commissioned and the full impact thereof will be visible in FY 2024.
- The Company has incorporated a new Wholly Owned Subsidiary Company, Harsha Engineers Advantek Limited, for the purpose of setting up of the proposed new Greenfield Project.

# Consolidated P & L Statement



Particulars	(Amount ₹ in Lakhs)				
	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
<b><u>REVENUE :</u></b>					
Revenue from Operations	34,369	30,068	36,888	1,36,402	1,32,148
Other Income	582	1,350	676	2,979	1,752
<b>TOTAL REVENUE</b>	<b>34,951</b>	<b>31,418</b>	<b>37,564</b>	<b>1,39,381</b>	<b>1,33,900</b>
<b><u>EXPENSES :</u></b>					
Cost of Material Consumed	17,989	15,448	22,536	73,514	79,916
Change in Inventories of Finished Goods & Work-in-progress	380	(238)	(1,774)	73	(5,947)
COGS	18,369	15,210	20,762	73,587	73,969
Employee Benefits Expenses	4,067	3,870	3,454	15,619	14,515
Other Expenses	6,853	6,886	7,854	28,267	26,761
<b>EBITDA</b>	<b>5,662</b>	<b>5,452</b>	<b>5,494</b>	<b>21,908</b>	<b>18,655</b>
<b>Margin %</b>	<b>16.5%</b>	<b>18.1%</b>	<b>14.9%</b>	<b>16.1%</b>	<b>14.1%</b>
Finance Costs	256	230	552	1,584	2,456
Depreciation and Amortization Expense	915	920	897	3,612	3,536
<b>PROFIT BEFORE TAXATION</b>	<b>4,491</b>	<b>4,302</b>	<b>4,045</b>	<b>16,712</b>	<b>12,663</b>
<b>Tax Expenses</b>	<b>1,229</b>	<b>1,128</b>	<b>1,043</b>	<b>4,384</b>	<b>3,468</b>
<b>PROFIT AFTER TAXATION (Net)</b>	<b>3,262</b>	<b>3,174</b>	<b>3,002</b>	<b>12,328</b>	<b>9,195</b>
<b>PAT Margin%</b>	<b>9.5%</b>	<b>10.6%</b>	<b>8.1%</b>	<b>9.0%</b>	<b>7.0%</b>
Other comprehensive income	231	(943)	7	(748)	144
Basic Earnings per Share - In ₹	3.58	3.45	3.85	14.59	16.06
Diluted Earnings per Share-In ₹	3.58	3.45	3.89	14.59	11.90

# Certain Key Parameters and Break Up

Particulars	(Amount ₹ in Lakhs)				
	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
<b>Revenue from Operations</b>					
- Engineering & Others - Consolidated	32,477	29,719	33,322	1,29,866	1,23,853
- Engineering & Others - India	22,882	22,290	24,041	95,936	87,350
- Solar - EPC and O & M	1,892	349	3,566	6,536	8,295
<b>EBITDA*</b>					
- Engineering & Others - Consolidated	5,646	5,490	5,435	21,810	18,905
- Engineering & Others - India	5,626	5,047	5,521	20,654	18,623
- Solar - EPC and O & M	16	(38)	58	98	(250)
<b>PAT</b>					
- Engineering & Others - Consolidated	3,264	3,213	2,980	12,309	9,567
- Engineering & Others - India	3,682	3,194	3,391	12,815	10,980
- Solar - EPC and O & M	(2)	(39)	22	19	(372)
<b>Other Income</b>					
- Gain / (Loss) on Exchange Rate Fluctuation	(8)	910	643	1,743	1,507
- Miscellaneous Income	8	9	2	38	111
- Interest Income	335	232	36	739	164
- Share of Profit/Loss from Cleanmax Harsha Solar LLP	5	6	(4)	24	(30)
- Share of Profit/Loss from Sunstream Green Energy One Pvt. Ltd.	-	-	(1)	-	-
- Gain / (Loss) on Sale of Investment (Mutual Fund)	19	84	-	103	-
- Gain / (Loss) on Fair value of Investments (measured at FVTPL)	223	109	-	332	-
<b>- Total Other Income</b>	<b>582</b>	<b>1,350</b>	<b>676</b>	<b>2,979</b>	<b>1,752</b>

# Working Capital – Consolidated – Key Parameters



Amount ₹ in Lakhs

Sr.	Particulars	FY22-23	Q3 FY23	Q2 FY23	Q1 FY23	2021-22
<b>1</b>	<b>Inventories</b>					
a.	Raw Material - Amount	9,017	9,340	9,296	9,661	8,203
	No. of Days	24	25	24	22	23
b.	Semi Finished- Amount	2,627	2,700	2,892	2,308	2,661
	No. of Days	7	7	7	5	7
c.	Finished - Amount	12,550	13,303	13,339	13,094	14,232
	No. of Days	34	36	34	30	39
d.	Stores & Spares and Tooling - Amount	13,494	13,005	12,467	12,023	12,476
	No. of Days	36	35	32	28	34
<b>2</b>	<b>Receivables - Amount</b>	28,037	28,494	27,309	30,467	28,275
	No. of Days	75	76	69	70	78
<b>3</b>	<b>Trade Creditors- Amount</b>	11,868	11,307	8,456	14,638	18,279
	No. of Days	32	30	21	34	50

# Utilisation of IPO Proceeds as on 31<sup>st</sup> March 2023

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

₹ 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	1,708	6,087
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India	712	425	287
4	General corporate purposes	7,433	7,433	-
<b>Total</b>		<b>42,940</b>	<b>36,566</b>	<b>6,374</b>



**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^



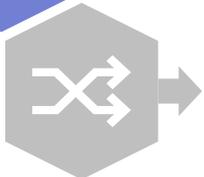
4 strategically located manufacturing facilities with various warehouses at different locations worldwide – supplying products to over 25 countries across 5 continents



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



India



China



Romania

Schaffler AG  
JTEKT

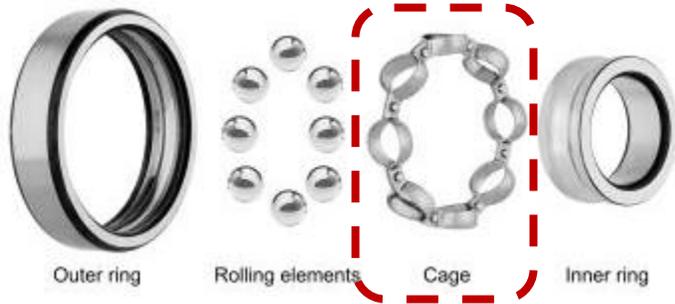
NTN  
SKF

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

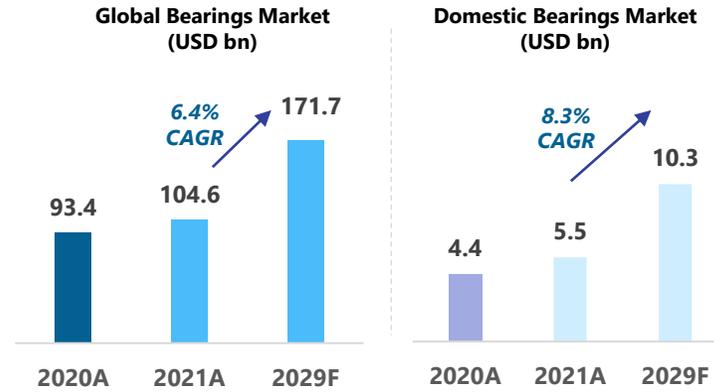


High heat resistant operating conditions



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*

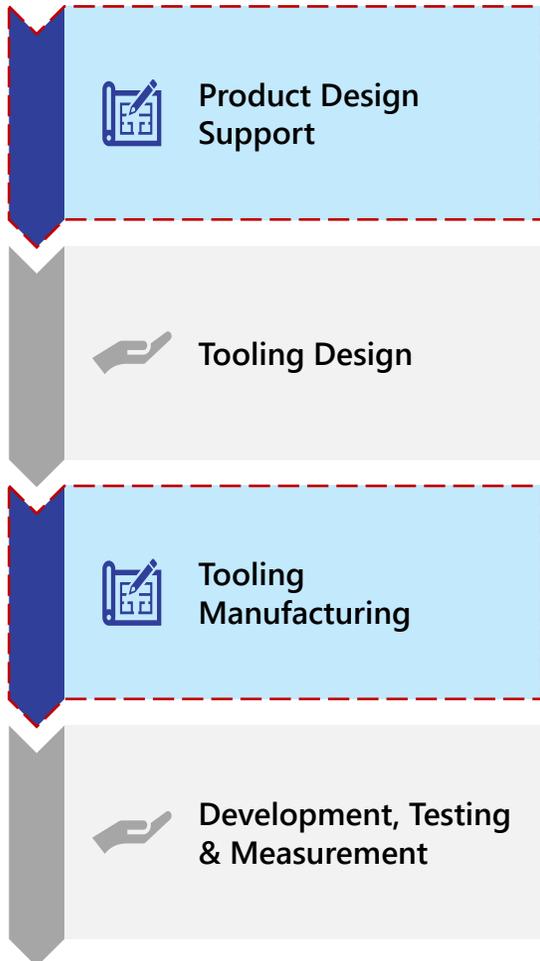
- ✓ *Crushers*
- ✓ *Steel mills*
- ✓ *Thermal turbines*
- ✓ *Windmills*
- ✓ *Agricultural machines*
- ✓ *Automotive parts*

- ✓ *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

