



HEIL/SE-15/2024-25

May 16, 2024

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 : Monitoring Agency Report for the Quarter ended March 31, 2024
Ref : Regulation 32(6) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015

With reference to subject matter and pursuant to Regulation 32 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 41(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we are enclosing herewith Monitoring Agency Report for the quarter ended March 31, 2024 issued by CARE Ratings Limited, Monitoring Agency, in respect of utilization of proceeds of the IPO of the Company.

You are requested to take the same on your record.

Thanking You

Yours faithfully,
FOR HARSHA ENGINEERS INTERNATIONAL 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 : L29307GJ2010PLC063233

Corporate & Registered Office: Sarkhej - Bavla Road, Changodar, Ahmedabad, Sanand - 382213, Gujarat, India.
Tel.: +91-2717-618200 Fax: +91-2717-618259 E-mail: sec@harshaengineers.com URL: www.harshaengineers.com

CARE/ARO/GEN/2024-25/1036

Mr. Vishal Rangwala

CEO

Harsha Engineers International Limited

Sarkhej-Bavla Road

P.O.-Changodar

Gujarat – 382 213

May 16, 2024

Dear Sir,

Monitoring Agency Report for the quarter ended March 31, 2024 - in relation to the IPO of Harsha Engineers International Limited ("the Company")

We write in our capacity of Monitoring Agency for the Initial Public Offering (IPO) for the amount aggregating to Rs.455.00 crore of the Company and refer to our duties cast under 41 of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended March 31, 2024 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated September 06, 2022.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,

Krunal Modi

Krunal Modi

Associate Director

krunal.modi@careedge.in

Report of the Monitoring Agency

Name of the issuer: Harsha Engineers International Limited

For quarter ended: March 31, 2024

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: The utilisation of proceeds is as per the offer document albeit there is a minor time-overrun.

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.



Signature:

Name and designation of the Authorized Signatory: Krunal Modi

Designation of Authorized person/Signing Authority: Associate Director

1) Issuer Details:

Name of the issuer : Harsha Engineers International Limited
 Name of the promoter : Mr Rajendra Shah, Mr Harish Rangwala, Mr Vishal Rangwala,
 Mr Pilak Shah
 Industry/sector to which it belongs : Bearing Cages

2) Issue Details

Issue Period : September 14, 2022 to September 16, 2022
 Type of issue : Initial Public Offering
 Type of specified securities : Equity shares
 IPO Grading, if any : Not applicable
 Issue size (in Rs. crore) : Rs.455.00 crore of fresh issue (Note 1)

Note 1:

The company had offered 1,37,95,695 Equity Shares under the Initial public offer (considered only fresh issue) at Rs. 330 per share (including share premium of Rs. 320 per share) aggregating to ₹ 455 crore. The issue was oversubscribed by 74.65 times.

Particulars	Remarks
Total shares issued and subscribed as a part of Fresh issue	13,795,695
Total proceeds received from fresh issue (Rs. In Crore)	455.00
Details of expenses incurred related to fresh issue (Rs. In Crore)	25.60
Net proceeds available for utilisation (Rs. In Crore)	429.40

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Chartered Accountant certificate, Bank statement	None	No Comments
Whether shareholder approval has been obtained in case of material deviations # from expenditures disclosed in the Offer Document?	Not applicable; there is no material deviation	Not applicable	Not applicable	No Comments



Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not applicable	Not applicable	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	No	Monitoring agency report dated February 08, 2024	No, there are no deviations observed from last monitoring agency report	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	No such approval needed	Not applicable	Not applicable	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	There is no such arrangement	Not applicable	Not applicable	No Comments
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Not applicable	None	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No	Not applicable	Refer Note 1	No Comments

Note 1: Please note that, the company has transferred the issue proceeds from public account to monitoring account (Yes Bank) which were then partly transferred to Fixed Deposits and partly its Cash Credit (CC) accounts (Maintained with Citi Bank and State Bank of India) for utilization of proceeds rather than utilising the issue proceeds directly from monitoring account. Accordingly, there are numerous other debits and credits in the said CC accounts resulting in comingling of funds, and we have relied on management declarations and CA certificate to ascertain utilisation of funds apart from examination of documents. Further, it is to be noted that the company has made certain payments directly from monitoring account which largely includes prepayments of borrowings as stipulated in offer document.

Where material deviation may be defined to mean:

- a) Deviation in the objects or purposes for which the funds have been raised
- b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

KM

4) Details of objects to be monitored:

(i) Cost of objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of firm arrangements made
1	Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	Chartered Accountant certificate*, Bank statements, Offer Document	270.00	270.00	Not applicable		No Comments	
2.	Funding capital expenditure requirements towards purchase of machinery	Not Applicable	77.95	77.95	Not applicable		No Comments	
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India.	Not Applicable	7.12	7.12	Not applicable		No Comments	
4	General Corporate Purpose	Not Applicable	74.33	74.33	Not applicable		No Comments	
Total			429.40	429.40				

KM

(ii) Progress in the objects –

Sr. No.	Item Head	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Total Unutilised Amount (Rs. Crore)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter (i.e., January 01, 2024) in Rs. Crore	During the Quarter (Q4FY24) in Rs. Crore	At the end of the quarter (i.e., March 31, 2024) in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	Chartered Accountant certificate, Bank statements	270.00	270.00	-	270.00	0.00	Fully Utilised	No Comments	
2	Funding capital expenditure requirements towards purchase of machinery	-	77.95	36.62	10.31	46.93	31.02	Out of the Rs. 77.95 crore, Rs. 46.93 crores have been spent till Q4FY24 and the balance is kept in the FD's and is expected to be spent by end-FY26.	No Comments	
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India.	-	7.12	5.47	1.19	6.66	0.46	Out of the Rs. 7.12 crore, Rs.6.66 crores have been spent till Q4FY24 and the balance is kept in the FD's and is expected to be spent by end-FY26.	No Comments	
4	General corporate purposes	-	74.33	74.33	-	74.33	0.00	Fully Utilised	No Comments	
Total			429.40	386.42	11.50	397.92	31.48			

KM

(iii) Deployment of unutilised IPO proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount Invested (Rs. In Crore)	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter*
1	Fixed Deposit with State Bank of India	10.00	July 05, 2024	Not applicable	7.50%	Not applicable
2	Fixed Deposit with HDFC Bank Limited	25.00	April 22, 2024	Not applicable	7.75%	Not applicable
	Total	35.00 ^				

* Where the market value is not feasible, provide NAV/NRV/Book Value of the same

^ The company has maintained the FD amount of Rs.35 crore against the unutilised IPO proceeds of Rs.31.48 crore as on March 31, 2024. The extra amount of FD is parked from its own sources/ profits.

(iv) Delay in implementation of the object(s)

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document	Actual*		Reason of delay	Proposed course of action
Pre-payment or scheduled repayment of a portion of the existing borrowing availed by the Company	FY23	Fully Utilised till March 31, 2023	NA	No Comments	
Funding capital expenditure requirements towards purchase of machinery	FY23 & FY24	Under progress	Board of director in its meeting held on February 08, 2024, has extended the deployment period towards the object stated in prospectus upto fiscal 2026.	No Comments	
Infrastructure repairs and renovation of our existing production facilities including office premises in India	FY23	Under progress	As per the offer document, the company is expected to incur a cost of Rs.7.12 crore by end of FY23 towards repair and renovation of existing facilities and infrastructure. However, there are certain work still under progress. Thus, Board of director in its meeting held on February 08, 2024, has extended the deployment period towards the object stated in prospectus upto fiscal 2026.	No Comments	
General corporate purposes	FY23	Fully Utilised till March 31, 2023	NA	No Comments	

*In case of continuing object(s), please specify latest/revised estimate of the completion date.

KM

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	Vendor Payment pertaining to Raw Material	71.22	Chartered Accountant certificate, Bank statement	Verified with bank statements	No Comments
2	Vendor Payment pertaining to Electricity	3.11	Chartered Accountant certificate, Bank statement	Verified with bank statements	No Comments
	Total	74.33			

KM

Disclaimers to MA report:

- a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as "**Monitoring Agency/MA**"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.
- b) This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.
- c) Nothing contained in this Report is capable or intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The MA is also not responsible for any errors in transmission and specifically states that it, or its directors, employees do not have any financial liabilities whatsoever to the users of this Report.
- d) The MA and its affiliates do not act as a fiduciary. The MA and its affiliates also do not act as an expert to the extent defined under Section 2(38) of the Companies Act, 2013. While the MA has obtained information from sources it believes to be reliable, it does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives from auditors (or from peer reviewed CA firms), lawyers, chartered engineers or other experts, and relies on in its reports.
- e) The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer, or any debt instruments / facilities issued or proposed to be issued by the issuer that is subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

KM