



## **HARSHA ENGINEERS INTERNATIONAL LIMITED**

### **Transcript of the 14th Annual General Meeting of the Company**

**Date: Monday, September 16, 2024 at 11:00 A.M.**

**Mr. Rajendra Shah (Chairman)**

Good morning you all, A warm welcome to this Annual General Meeting of Harsha Engineers International Limited being held through video-conferencing. This meeting is being conducted through video conference in pursuance of circular of Ministry of Corporate Affairs.

Accordingly, the Company had taken all requisite steps to enable members to participate and vote on the items being considered in the meeting. The basic instructions relating to e-Voting and Attending the meeting through video conferencing forms part of Notice of the Annual General Meeting.

I Rajendra Shah, Chairman & Whole-time Director of the Company and also the Chairman of Risk Management Committee and Corporate and Social Responsibility Committee of the Company attending this Annual General Meeting from my office at Ahmedabad. As per the Attendance Record available through the module facilitated by Link Intime India Private Limited, 62 members are attending the meeting through Video Conferencing.

Further today, at this meeting requisite quorum being present. The documents referred in the Notice and the other Statutory Registers are available for inspection in the electronic mode. Members seeking to inspect the documents can send an e-mail to the Company at [sec@harshaengineers.com](mailto:sec@harshaengineers.com)

As the requisite quorum is present through video conferencing, I call the meeting to order. I welcome my colleagues on the Board, Auditors and other Company officials who are present in this meeting from their respective location:

**Mr. Harish Rangwala**, Managing Director of the Company,  
**Mr. Vishal Rangwala**, CEO & Whole time Director of the Company,  
**Mr. Pilak Shah**, COO & Whole time Director of the Company,  
**Ms. Hetal Naik**, Whole time Director of the Company,  
**Mr. Kunal Shah**, Independent Director and Chairman of the Audit Committee,  
**Mr. Ambar Patel**, Independent Director and Chairman of the Nomination & Remuneration Committee and Chairman of the Stakeholder Relationship Committee,  
**Prof. (Dr) Neharika Vohra**, Independent Director of the Company,  
**Dr. Bhushan Punani**, Independent Director of the Company,  
**Mr. Ramakrishnan Kasinathan**, Independent Director of the Company,  
**Mr. Maulik Jasani**, VP Finance & Group CFO of the Company,  
**Mr. Kiran Mohanty**, Company Secretary & Chief Compliance Officer of the Company,  
**Mr. Chintan Shah**, Partner of M/s. Pankaj R Associates, Statutory Auditors and  
**Mr. Chirag Shah**, Partner of M/s. Chirag Shah & Associates, Secretarial Auditor of the Company and Scrutinizer of this meeting.

Now, I request the Company Secretary of the company to start with the proceedings of the meeting.

**Mr. Kiran Mohanty (CS)**

Pursuant to the MCA and SEBI Circulars, the Annual Report for the Financial Year 2023-24 along with the Notice of 14th AGM has already been circulated to all the shareholders through electronic mode whose email addresses are registered with the Company or Depositories. The Notice and Annual Report have been uploaded on the website of the Company at [www.harshaengineers.com](http://www.harshaengineers.com). The Notice can also be accessed from the websites of BSE Limited and National Stock Exchange of India Limited and it is also available on the website of Link Intime India Private Limited.

With your permission, the Notice of the 14th AGM and the Auditors Report is taken as read as the same have already been circulated to the members. As there are no qualifications in the Statutory Auditors Report and Secretarial Audit Report, the same are considered to be read.

Please note that all the members who have joined this meeting are by default placed on mute, to avoid any disturbance from background noise and ensure smooth and seamless conduct of the meeting.

Now, I request Chairman sir to deliver his Speech. over to you Chairman sir.

**Mr. Rajendra Shah (Chairman)**

Thank you, Kiran.

Dear esteemed shareholders, board members and colleagues, it is my distinct honor and privilege to welcome you all to the annual general meeting of Harsha Engineers International Limited.

Your unwavering support and trust in our company continue to be bedrock of our success and I am profoundly grateful for your presence here today. As we gather to reflect on the past year and look towards the future, I am filled with sense of pride in what we have accomplished and excitement for the opportunity that lies ahead.

Today, I will share with you our journey through the past year, our achievements, the challenges we have faced and our vision for the future.

**Economic landscape**

The global economic environment has been marked by both resilience and uncertainty. We have witnessed a steady global growth of 3.2% in 2023, which is expected to remain consistent through 2024-25.

However, this falls short of the historical average of 3.8%, reflecting the ongoing challenges in the global economy. Amidst this global backdrop, India has once again emerged as the beacon of growth and stability. Our nation's GDP grew at an impressive 8.2% in 23-24, positing us as the fast-growing major economy in the world.

This remarkable performance is a testament to India's strong economic fundamentals, its large and dynamic workforce and the government's commitment to reforms and development. Looking ahead, India's economic prospects are even more promising. Projections indicate that our nation is on the track to become a USD 7 trillion economy by 2031, further solidifying our position on the global stage.

This growth is expected to be driven by capital and productivity enhancements, facilitated by the comprehensive integration of digital and physical infrastructure.

**Industry dynamics**

The bearing industry in which we operate continues to show robust growth and promising opportunities. The global bearing market, valued at USD 120.98 billion in 2023, is projected to grow at a CAJR of 9.5% from 2024 to 2030.

This growth is driven by increasing demand across various sectors, with the automotive segment dominating the market, accounting for 49% the market share in 2023. Geographically, the Asia Pacific region has emerged as the leader in the Bering market, accounting for a revenue share of 40% in 2023. This region is also expected to witness the

fastest revenue growth, with projections indicating it will reach more than USD 98.2 billion by 2030.

India's position in this landscape is particularly advantageous. The government's focus on infrastructure development, coupled with initiatives like Make in India and various production link schemes, is creating a conducive environment for manufacturing growth. The construction of multiple expressways and highways has driven the demand for commercial vehicles and heavy machinery, further boosting the market for bearing cages.

Moreover, the modernization of Indian railways, including the introduction of Vande Bharat Express and the construction of high-speed rail networks, is set to enhance connectivity and foster economic growth across the nation. This in turn will further increase the need for bearing cages, creating significant opportunities for companies like Harsha Engineers.

### **Operational highlights**

I am proud to report that Harsha Engineers has continued to demonstrate operational excellence in the face of these dynamic market conditions. Our commitment to innovation, quality and customer satisfaction has enabled us to not only navigate challenges, but also seize new opportunities for growth.

In 2023-24, we successfully launched 344 new products, significantly expanding our portfolio and reinforcing our position as a leader in precision engineering. This product expansion is a testament to our R & D capabilities and our ability to anticipate and meet evolving market needs. Our strategic focus on the electric vehicle EV sector is yielding promising results. We have intensified our efforts in developing advanced products basically designed for the burgeoning market. As the automotive industry continues its shift towards electrification, we are well positioned to capture a significant share of this growing market segment. We are observing strong traction in our busing segment.

The significant order inflow, especially toward the end of the last financial year, has not only enhanced our visibility, but also aligns us well with the China + 1 strategy adopted by our major clients. This strategic alignment has strengthened our position in the Indian market and placed us advantageously to meet the growing demands of our global customers.

Our greenfield project in India is advancing as planned. The first phase, which focuses on expanding our capacity for bushings and large size bearing stages, is on track and expected to commence by quarter four in this year. This expansion will further strengthen our market position and capability to meet growing demand.

### **Financial performance**

Turning to our financial performance, I am pleased to report that Harsha Engineers has delivered steady results in 2023 to 24, demonstrating our resilience in a challenging global economic environment.

Our revenue from operation reached ₹139,230 lakhs, making a growth of around 2.07% compared to the previous year. This growth, albeit with modest, underscores our ability to maintain steady performance amidst challenging market conditions. In terms of profitability, we experienced a slight decrease with our profit before tax 15,075 lakhs and profit after tax is 11,143 lakhs.

This marginal decline is primarily attributed to our strategic investment in new product development, capacity expansion and technological upgrades, all crucial for our future growth and competitiveness. Looking ahead, we are optimistic about improving our financial performance. Our healthy balance sheet provides us with the flexibility to pursue strategic opportunities.

The investment we have made in expanding our product portfolio, enhancing our manufacturing capabilities and strengthening our market position are expected to yield positive results in the coming years, driving both top line growth and profitability.

### **Sustainability initiatives**

At HARSHA Engineers Sustainability is not just a commitment, it is a fundamental driver of our business strategy and long-term success.

I am proud to report that we have made remarkable progress in our sustainability efforts, particularly in the area of renewable energy. In the financial year 2023-24, we achieved a significant milestone by increasing our renewable energy utilization of 47.52%, a substantial leap from 15.4% in the previous fiscal year. This impressive growth demonstrates our dedication to sustainable future and underscores our position as an industry leader in environmental stewardship.

Water conservation has been another area of focus. Through innovative rainwater harvesting systems and the utilization of treated water from our sewer treatment plant, we have made substantial progress in responsible water management. These efforts, along with other initiatives, contribute to environmental conservation and ensures the sustainability of our operations in the face of increasing resource scarcity.

Looking ahead, we have set ambitious yet achievable sustainability targets. By 2040, we aim to achieve net zero emissions and discharge across our operations. We are also focusing on enhancing the material efficiency of our products through comprehensive life cycle assessments. These initiatives will not only reduce waste and resource consumption, but also drive innovation in our product development processes, ensuring we continue to deliver high quality, sustainable solutions to our customers.

These sustainable initiatives are integral to our business strategy, benefiting the environment while enhancing our operational efficiency and driving innovation. Our progress in sustainability is a testament to the hard work and dedication of our entire team, positioning HARSHA engineers as a responsible leader in our industry.

By continuing to prioritize sustainability in all aspects of our operations, we are not only doing what is right for the planet, but also ensuring the long-term success and resilience of our company, creating lasting value for all our stakeholders.

### **Innovation and technology**

Innovation remains at the heart of our operations. We are continuously investing in research and development to stay at the forefront of technological advancement in our industry.

Our dedicated team of engineers and designers are exploring new materials, techniques and technologies to ensure that our products are at the cutting edge of the industry. We are particularly focused on leveraging automation and digital technologies to enhance our operational efficiency and product quality. Our investments in advanced manufacturing technologies are enabling us to produce bearing CA with even greater precision and consistency.

### **Looking ahead**

As we look to the future, we are filled with optimism and determination. Our strategic priorities are clear, reinforce our market leadership, expand our customer base, and maintain our technological age through continued investments in research and development and automation. We see tremendous potential in the electric vehicle sector and are positioning ourselves to capture this opportunity through advanced product development.

Additionally, we are expanding our portfolio into bronze bushings and specialized components, capitalizing on emerging market trends. To drive growth, we will pursue strategic partnerships with our customers and explore opportunistic inorganic acquisitions that enhance our capabilities and market presence. We will also continue to focus on enhancing operational efficiencies, thereby improving returns and optimising overall performance.

The ongoing transformation of India's manufacturing sector, supported by government initiatives and a favourable business environment, presents significant opportunities for companies like ours. We are well-positioned to capitalise on these trends and contribute to India's journey towards becoming a global manufacturing hub.

Before concluding, I extend sincere gratitude to our valued customers, dedicated employees, supportive suppliers and partners, insightful board members, committed shareholders and to our banking partners, including State Bank of India, Citi Bank, HDFC Bank, HSBC Bank, RBL Bank, Yes Bank, ICICI Bank, EXIM Bank & Axis Bank.

Your contributions have been crucial in driving our success and sustaining our growth journey.

## **Conclusion**

As we stand at the cusp of a new era of growth and innovation, I am confident that Harsha Engineers is well-positioned to seize the opportunities that lie ahead. Our strong foundation, coupled with our strategic focus on innovation, sustainability, and operational excellence, sets us on a path for continued success.

Together, we will continue to drive progress, create value, and contribute to India's growth story. The future is bright, and with your continued support, I am certain that we will achieve even greater heights in the years to come.

Thank you for your attention and unwavering support.

Jai Hind!

The shareholders who have any queries and have not registered themselves with the company as speaker may send their queries to the company at [sec@harsaengineers.com](mailto:sec@harsaengineers.com).

As per the record of our Registrar, some shareholders have registered themselves as speakers to speak during the meeting.

We shall allow the registered speakers to ask the questions one by one and thereafter I will give the answers to the questions of the speakers.

Please note that the registered speaker will be unmuted and is allowed to speak for 3 minutes only. Therefore, you are requested to complete your questions within the time allotted to you and thereafter you will be muted.

I request moderator to unmute the speakers one by one.

The first Speaker is Ms. Swarna Lata.

## **Moderator**

Madam, you are in the panel. Please enable your video and you may ask your question.

### **Ms. Swarna Lata (Speaker Shareholder)**

Hello. Am I audible?

### **Mr. Rajendra Shah (Chairman)**

Yes.

### **Ms. Swarna Lata (Speaker Shareholder)**

Yes.

Good morning, Chairman, sir, board of directors and the shareholders attending this meeting on this platform. I, Vimal Jain joining on behalf of my mother, Swarna Lata. This meeting from Delhi. I am the allottee of the IPO. And last year I also, I think joined the meeting and this is the second meeting in year 24 after the IPO.

सर मेरा कैरी ये है की ये IPO 2 साल हो गए ₹330 में दिया था तो 1 साल तो इसका मार्केट प्राइस कुछ चला नहीं था। But however since last one-year ये थोड़ा सा अब चलना शुरू हुआ है, जो की इस समय ₹500 क्रॉस कर गया है तो Thank you for the appreciation of the equity value for us सेकंड पॉइंट ये है की सर, अब जैसे आप एक डिविडेंट दे रहे है जब हमारा मार्केट प्राइस 500 से ऊपर है, बट डिविडेंट बड़ा मिगर है। ₹1 पर शेयर for the face value of ₹10, तो आप इसके बारे में थोड़ा सा बताएं की भाई हमारे को, जो ₹330 का IPO प्राइस आया। उसकी वैल्यूएशन क्या कहीं ज्यादा थी? की हम डिविडेंट सिर्फ ₹1 दे पा रहे हैं। हमारे प्रॉफिट जो Further year under review हैं 24 में, वो भी इतने as compared to 23 ज्यादा नहीं हुए हैं। थोड़ा सा इसके बारे में बताएं की आप how would you reward the shareholders during this financial year? 25 ये तो चलिए ठीक है, बहुत अच्छी बात है। सेंसेक्स हमारा 80 थाउज़न्ड 82 थाउज़न्ड क्रॉस कर गया। यदि शायद हमारा सेंसेक्स डाउन हो जाता है तो हमारा प्राइस कहाँ पे स्टेबल होता, उसके बारे में भी बताएं और थोड़ा सा ये बताएं जो शेयर होल्डर्स आपके साथ जुड़ रहे हैं। होते हैं।

इस पैनल पर जुड़ रहे हैं। आपके साथ उन लोगों को शेयर होल्डर्स को कैसे रिवाइड करेंगे? और थोड़ा सा अपने कंपनी सेक्टरी है जो मोहन्ति जी" उनको भी थोड़ा सा आप पावर डेलिगेट करें कि शेयर होल्डर्स के साथ कैसे उनकी क्वालिटी को निपटारा जाए और थोड़ा सा पावर डेलिगेट करें कि शेयर होल्डर्स को अटेंड किया जाए।

Thank you, sir. All the best.

**Mr. Rajendra Shah (Chairman)**

Thank you for inquiry. for your questions, we will, consider an appropriate time for dividend. the company is a precision company, component company. So, in the initial stage it is going slow. But I think within coming two, three years you will find a huge speed coming up in our profitability and our expansion. Thank you for your present, sir.

**Moderator**

With this, we complete our speaker shareholder query.

**Mr. Rajendra Shah (Chairman)**

So here we conclude the question and answer session and it is possible that some of the Members wish to ask questions but failed to register in advance. I would request such members to send their queries to us via e-mail after the meeting is over. We will ensure that all such questions will be answered via email within reasonable time.

Now I again request Company Secretary to brief members about the Resolutions to be passed at this AGM and about conducting e-voting process during the meeting:

Over to you Kiran.



**Mr. Kiran Mohanty (CS)**

Thank you, sir.

The ordinary business to be transacted at this AGM are :

Item number one : To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on March 31, 2024 together with the reports of Board of Directors and Auditors thereon;

Item number two, To declare a dividend on equity shares Re 1 per equity share of Rs 10 each for the financial year ended March 31, 2024.

Item number three, To appoint a director in place of Mr. Harish Rangwala, who retired by rotation, being eligible for re-appointment and offers himself for the same.

Item number four, To appoint a director in place of Mr. Vishal Rangwala, who retired by rotation, being eligible for re-appointment and offers himself for the same.

**The special business to be transacted at this AGM are**

Item number five, To ratify remuneration of Cost Auditors of the Company to be paid for the financial year 2024-25;

Item number six, Re-Appointment of Mr. Rajendra Shah as a Chairman & Whole-Time Director of the Company for the period of five years with effect from December 25, 2024;

Item number seven, Re-Appointment of Mr. Harish Rangwala as a Managing Director of the Company for the period of five years with effect from December 25, 2024;

Item number eight, Re-Appointment of Mr. Vishal Rangwala as a Chief Executive Officer & Whole-Time Director of the Company for the period of five years with effect from December 25, 2024;

Item number nine, Re-Appointment of Mr. Pilak Shah as a Chief Operating Officer & Whole-Time Director of the Company for the period of five years with effect from December 25, 2024;

Item number ten, Re-Appointment of Ms. Hetal Naik as a Whole-Time Director of the Company for the period of five years with effect from December 25, 2024;

In accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Members have been provided the facility to exercise their right to vote by electronic means, both through remote e-voting and e-voting at the Annual General Meeting. In this regard the Company had tied up with Link Intime India Private Limited to provide facility for voting through remote e-voting, e-voting during the meeting and participation in the meeting through video conference.

The remote e-voting period commenced on 9 a.m. on, September 12, 2024, till 5 p.m. on Sunday, September 15, 2024. Remote e-voting has been disabled on September 15, 2024 at 5 pm.

Members who have not cast their votes through remote e-voting facility and who are attending this meeting may cast their vote by electronic means on all or any of the resolutions. The members who have already casted their votes by remote e-voting shall not be entitled to vote again.

Members may follow the process of e-voting as provided in the Notice of Annual General Meeting. Members may cast their votes at any time during the course of the meeting and until 15 minutes after the close of the meeting.

The voting results will be declared upon receipt of scrutinizer's report and the same shall be posted on the Company's website as well as on the website of BSE & NSE and the respective agencies.

Now I request Chairman Sir to conclude the meeting

Over to you, sir.

**Mr. Rajendra Shah (Chairman)**

Thank you, Kiran.

Ladies and Gentlemen, I declare the meeting to be concluded here. Thank you once again for being with us. As informed by the Company Secretary, the voting results will be declared in due course and communicated to the respective authorities.

Thank you. Bye.