HEIL/SE-77/2024-25

February 18, 2025

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-l, Block - G, Bandra - Kurla Complex, Bandra (E) Mumbai – 400 051 Symbol : **HARSHA**

Dear Sir/Madam,

Sub : Transcript of Earning Call for the quarter ended December 31, 2024
Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to subject matter and pursuant to regulation 30 of the SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the earning call for the quarter ended December 31, 2024 conducted after the meeting of Board of Directors held on February 13, 2025.

The above information is also available on the website of the Company at www.harshaengineers.com

You are requested to take the same on your record.

Yours faithfully,

FOR HARSHA ENGINEERS INTERNATIONAL LIMITED

Kiran Kumar Mohanty

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

"Harsha Engineers International Limited Q3 FY25 Earnings Conference Call"

February 13, 2025

MANAGEMENT: MR. VISHAL RANGWALA – CEO & WHOLE-TIME DIRECTOR, HARSHA ENGINEERS INTERNATIONAL LIMITED
MR. MAULIK JASANI – VP, FINANCE, HARSHA ENGINEERS INTERNATIONAL LIMITED
MR. SANJAY MAJMUDAR – STRATEGIC ADVISOR, HARSHA ENGINEERS INTERNATIONAL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Harsha Engineers International Limited Q3 and FY25 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing *, then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Rangwala - CEO and Whole-Time Director. Thank you and over to you, sir.

Vishal Rangwala: Hello, everyone. Good evening. Welcome to our Quarter 3 FY2025 Investor Call. On call with me today are, Mr. Maulik Jasani as well as Mr. Sanjay Majmudar. As we have been doing in the past, Maulik will take us through the numbers in a little bit more detail. I am sure you would have had a chance to look at the numbers and the deck.

Let me begin with, as you might have seen in our Quarter 3 performance has remained overall a kind of a flattish trajectory with the key challenges continuing to remain more or less at the same. Thus, our key market of Europe continues to face significant headwinds. Similarly, the US also is not showing any significant sign of revival. However, on the positive side, we are getting a feeling that with the US taking positive proactive steps under the new leadership of Mr. Trump, the geopolitical tension should start reducing, thereby making the business sentiment positive. However, this could be partly offset by increased tariff wars, particularly between US and China, which could have a domino effect on overall international trade. All these may not have any direct impact on Harsha; however, it can create an impact on global commodities and may have some indirect impact. Another fall out of the present scenario is making USD stronger vis-a-vis most of the emerging market currencies, including the Indian rupees. At a macro level, Harsha may stand to benefit since this will increase the price competitiveness of Harsha's products in the US and other international markets.

Now, if I talk of India, while we have grown in higher single digit in this quarter over the corresponding previous year quarter, bulk of the growth is attributed to strong growth in Bronze Bushing segment and also decent growth in Stamping segment. The Bronze Bushing business has continued to be strongly positive for us. Thus, the 9 months year-to-date sales for bronze bushing is around Rs. 60 crores plus, very much in line with our expectation of crossing Rs. 80 crores annual sales target of bushing this financial year.

If I talk of cages, this quarter was bit soft in India typically due to yearend inventory reduction pressure felt by our major MNC bearing companies operating in India. Since their overseas parent follow calendar year as their accounting year, I believe that normal purchasing will be resumed in quarter 4 and we look forward to a little bit improvement on demand from their side. Also, we have started seeing some better traction in order booking for exports and demand scenario on industrial side also looks to be slightly improving. As informed to stock exchanges, we have concluded major sourcing contract for cages with a large global customer and we should start seeing considerable additional business coming to us in India from second-half of Financial Year 2026. Again, we are also a major beneficiary of new facilities commissioned by our customers in India for as part of China Plus One strategy. We also expect the demand for large size cages to start picking up gradually in the coming quarter, matching with increasing demand from the industry, however, the demand from other geographies like Europe, US is still not showing concrete sign of revival. China has not reported good numbers this quarter, though if you look at year-to-date performance, it has still quite improved. We expect China to sustain these improvements going forward.

From a Romania perspective, Romania's prospect continues to remain bleak, though we are working very hard on the strategy for improving the product mix in Romania by pushing more cages and also consciously implementing cost cutting measures. However, Romania will not be in a position to achieve operating breakeven in the current financial year, given the fact that overall demand challenges continue. However, on a combined basis between our two key subsidiaries, I expect these losses to be reduced and capped at a manageable level in this current financial year. If I talk of solar business, Quarter 3 reported a normalized performance in line with our expectations. As indicated earlier, the solar division is operating on its own without any material addition, additional capital contribution, or additional management bandwidth and support from the management.

So, to conclude, I wish to reiterate, while the current financial year topline will be more or less flat as indicated in the past, the bottom-line growth would be much higher, more or less in line with our current run rate we have achieved till now. I would really like to express my sincere gratitude for your continued trust and confidence in Harsha Engineers and I would like to pass on to Maulik to talk about a little bit numbers in more detail. Over to you, Maulik.

Maulik Jasani: Thanks, Vishal bhai and hello, everyone and good afternoon. For the last quarter ended December 24, our engineering business at consolidated level has achieved topline of Rs. 302 crores against the topline of Rs. 310 crores in the immediate previous quarter and against the Rs. 278 crores topline in the same quarter last year. While we have achieved the consolidated EBITDA for engineering business of Rs. 48.2 crores in the last Quarter 3 of FY25 against Rs. 50.2 crore in the previous quarter and Rs. 48.5 crores in last year same quarter.

In our solar business, we achieved revenue of Rs. 37 crores and EBITDA of Rs. 1.28 crores in Quarter 3 of FY25. Our solar business continued to have a respectable order level in the pipeline. Our overall working capital cycle has reduced to 144 days against 151 days in the previous quarter. The company has incurred an overall CAPEX of Rs. 70.8 crores in Quarter 3 at a consolidated level and continued to spend on the CAPEX size as committed for future growth.

With this brief on financial numbers, I request the operator to take the Q&A from participants. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have our first question from the line of Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Thanks for taking my question. Sir, my first question just pertains to the long-term contract, which you have won that is effective December 5, which would put a leave on the exchange. Now, this agreement is for an initial of 6 years and you had mentioned that the revenue potential is around 6 million or 10 million per annum. So, I just wanted to know what is the update on that? When are we starting deliveries on that? And how is the preparation for that going on?

Vishal Rangwala: So, in general, we have signed a contract for a long-term supply of product which we are expecting to start supplying in the second-half of FY26. And it is what we have anyway disclosed. And this will be I think €6-10 million is what we are projecting at the full potential level we could achieve that.

Maulik Jasani: Yes, I think the preparations are on and we are on track.

Jason Soans: So, revenue potential, sir, you have mentioned 6-10 million per annum, so that gives you a significant revenue potential in terms of that?

Sanjay Majmudar: Yes. But it will not start with 10 million. It will scale up gradually.

Jason Soans: It will still up. Sure, sir. The second question is just wanted to know, of course, in terms of overseas subsidiaries, it is kind of status quo as compared to the second quarter as well. Just wanted to know, I understand that the situation overseas with Europe, US is pretty weak as you mentioned but are you seeing any green shoots there in those regions, now Trump also has come. Just wanted your sense on that, do you see any green shoots going into FY26 or are we going to look at a kind of similar performance, when you look at FY25, just I am talking about in terms of the overseas subsidiaries only. When you look at the PAT, it is around Rs. 11 crores lost, which we have entailed for till 9 months. So, just wanted to know in terms of progressive thing, how are you looking, any green shoots for FY26? How are you looking at it?

Vishal Rangwala: As we mentioned that even though last quarter China was not positive from a PAT point of view, however, we think that year-to-date China performance was respectable improvement over last year and we expect that will continue. We should see a decent projection from China. And if I talk about Romania, I think demand remains very subdued that has a big impact on us. We are still working on some changes and things like that and also working with customer to turn around, get the right product mix and all that. Having said that, we are expecting that we don't, we will not continue with similar number for FY26 or next year. Having said that, right now we are not in position to really clearly project a lot of uncertainties in the US with this trade war, the things are still a developing situation. We have a very clear picture right now. Having said that, we are (Inaudible) unable to comment anything from here on in general.

Jason Soans: Sure, sir. So, probably you are looking at a sort of a similar performance in FY26 as well, or a little bit better?

Sanjay Majmudar: We can't say honestly, we are not saying be similar, but what we are saying is that clarity of the there is no clarity and there is no green shoot we are hoping that we are very eagerly looking for green shoots.

Jason Soans: Sir, just wanted to also understand, sir, of course, overseas is fine, but there was a lot of talk about how the big three in bearings are doing large CAPEX in India in terms of localization as well for increasing localization, the big capacity is being planned up. And of course will be a big beneficiary of that. But we are seeing currently some demand softening there also in terms of industrial side and even in terms of domestic demand. So, this CAPEX is coming in now, just wanted to understand what is the on-ground update on that? Because we have seen some softness domestically as well, so just wanted to know, what do you think is just a seasonal kind of thing? Probably at the back end, we will look at good demand coming through for bearing cages and everything, so how do you view the domestic outlook?

Vishal Rangwala: So, as you rightly said that we have a little bit of softness there. All the big CAPEX coming in was catering to both India demand as well as global demand. So, I could say that our customers are also challenged with softening global demand and so I would say that some of those projects are a little bit delayed is what we feel. On the ground, some of the demands which we were supposed to see earlier are now slightly delayed is how we are seeing on the ground. But having said that, the directional commitment is there from all our customers, we are continuing to say that, hey, don't worry, this is a short-term push back. And as soon as when their capacity comes online, we will see the demand growth as well.

Jason Soans: Sure. Those are all my questions. Thank you for answering.

Moderator: Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. We have our next question from the line of Harshit Patel from Equirus Securities. Please go ahead.

Harshit Patel: Hi, thank you very much for the opportunity, sir. My first question is on our standalone India business. So, how the cages business has grown in the domestic market in the third quarter? Also has there been any material change in realizations either on Y-o-Y or Q-o-Q basis here?

Maulik Jasani: Hi, Harshit. With reference to the pricing change, there is a price change as we discussed in the last quarter also and as you know price through mechanism and hence the price has been reduced because of the metal has reduced on both front and majorly on the steel front. That is first. Second preference to the India growth. The overall growth of India has remained bullish because of the bushing sale has gone up, while with reference to the cages it is almost flattish.

Harshit Patel: I think Y-o-Y, you were saying flattish with respect to the same quarter previous year, domestic cages, right?

Vishal Rangwala: Yes, both. Yes, more or less both.

Sanjay Majmudar: So, as Vishal explained that softness probably is attributable to maybe this year and destocking we generally find in the December quarter because most of this companies, they get consolidated with their parent. And then they are very conscious about buying or reducing buying. We believe this quarter Q4 we should see India, the big business also again starting to grow 8%-10% per annum. That is what our assumption is. We don't see this as a structural issue. It is more like a cyclical issue.

Vishal Rangwala: Just look like this is more about we are talking about cage only.

Harshit Patel: Understood. Sure. Sir, my second question is on our CAPEX, so could you provide an update on the commissioning of the first phase at the Greenfield site? Also, what would be the overall CAPEX number for FY25 as well as next year?

Vishal Rangwala: So, let me start with the second part, the CAPEX number, we are targeting for FY25, about Rs. 170 crores, somewhere in that range for FY25 and primarily attributable to the new plant and building and all equipment coming in. And if I think what was the first question I missed, sorry.

Harshit Patel: Commissioning will be first week of April, around April?

Vishal Rangwala: So, this is going to be in a phase commissioning. One of the subsections will be starting pretty soon towards the end of this quarter or early next quarter and then most of the things will come online. All the capacities should come online by the end of 1st Quarter next year.

Harshit Patel: Understood, sure. And just lastly, could you share an update on what have been our 9-month revenues from the Japan based customers? Any update in the outlook over there will be helpful?

Vishal Rangwala: I think a number for Japan based customer remains largely flat versus the previous year, I think about Rs. 50 crores is a year-to-date revenue from Japan based customer or not Japanese but Japanese customer, Japanese companies across the globe. And we expect that to be versus last year, not much of a growth. However, from a development and all the other point of view, we are, I think, progressing very well. In the last call that some of the projects got delayed due to technical and other issues and they should be coming online again soon, so that we will come back to the growth phases.

Sanjay Majmudar: So, development continues, translate into sales should happen. This is happening a little slowly, but development continues.

Harshit Patel: Understood. Perfect. Those were my questions. Thank you very much and I will get back in the question queue.

Vishal Rangwala: Thank you, Harshit.

Moderator: Thank you. We have our next question from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Namaskar, sir. I am audible, sir.

Vishal Rangwala: Yes.

Saket Kapoor: Sir, firstly, if you could explain to us the nature of losses in our subsidiary when we go into the consolidation, you reported about they being on a declining trend and it is around I think the Rs. 10 crores number for the 9 month, so if you could just explain to us first the nature and what steps are we taking or what would be the changes that would first loading of the same going ahead?

Maulik Jasani: The major losses are coming from our European subsidiary. There are multiple reasons behind it, but the major reasons are one demand low, which is the overall struggle at Europe territory per se, and in that also the Europe subsidiary is serving to the market like windmill market and high-end industrial usage, which is a large size industrial requirement which is significantly low overall demand network over there. Hence there is a fixed cost component which hits us badly over there as you might be aware that our Romania site is a least site and there are multiple fixed cost component attached to that site. So, that is one reason. Another reason is obviously Romania site also serves the semi-finished products to one of our customers and there also we are making some good amount of losses, reason being some of the inflation cost on our value added, could not be passed through and that also results into the loss because of the overall efficiency of plant has gone down in reason of a lower demand.

Saket Kapoor: So, sir, out of the Rs. 10 crores 9-month losses, what would be the contribution from the Romania facility in terms of the revenue contribution and the?

Maulik Jasani: The major is that. China is positive and Romania is negative, So China is positive, so major contribution is Romania.

Sanjay Majmudar: Rather, only contribution to loss this year, except for the third quarter minor loss for China, Romania so as he said, almost 30% degrowth fixed overhead, remaining fixed, demand compression continued, so these are the reasons why you have to maintain the basic infrastructure there.

Saket Kapoor: Is it out of the total pie of the business? What is the contribution at peak level from the Romania facility?

Sanjay Majmudar: Peak level was about Rs. (+300) crores annually. The current run rate is sub-200. And that too not a good product mix, major being the semi-finished castings. We are trying to push cages as you might be aware, but things are taking a lot of time there.

Saket Kapoor: Sir, you alluded to some of your clients domestically looking for higher cages requirement. I missed your commentary in the opening remarks and if you could just outline to us, what are we trying to convey and what kind of incremental business is anticipated going ahead from these customers in terms of the revenue going up once their facility are commercialized?

Vishal Rangwala: So, we are not able to fully quantify that as a revenue number. Having said that, what we are trying to say that our customers are putting large CAPEX to cater to domestic demand as well as some demand for outside India, as part of their China Plus One de-risking strategy for bearings and we believe that we would be a major beneficiary of that. Our guesstimate is that this could be around Rs. 200 crores at the peak opportunity.

Sanjay Majmudar: At the peak, incremental additional opportunity for supplying cages to them.

Vishal Rangwala: But this is ongoing developing situation. It will take a little bit of time because obviously they have to also, these are very large CAPEX taking a long period of time for them to bring those capacities to India and bring them online.

Saket Kapoor: And sir, domestically, what is our utilization level for our Indian operations in the cages segment?

Vishal Rangwala: About 60% you can say average. We have various sub segments and dedicated lines in some lot of cases, so it varies from those lines and products and everything, but you can take an average of around 60%.

Saket Kapoor: And sir, depending upon the improvement in the business environment and the demand scenario at optimum level, what can we reach in terms of utilization levels from 60 going up to what number?

Vishal Rangwala: Around 80% is what we could optimally reach, I think.

Sanjay Majmudar: You see, we have multiple lines, each line is designed for different sizes. So, if I get a complete bouquet of demand from each size, then I can reach 80%, but it never happens.

Vishal Rangwala: Very idealistic.

Sanjay Majmudar: It is an ideal situation, but yes, theoretically we can reach 80.

Saket Kapoor: And last two points sir, we are just putting the thrust you have given in your presentation wherein you have outlined the key strategies going forward. So, if you could just show some light on, specifically, you have mentioned about the focus on developing products to capture the opportunity in the EV segment. And then I think for the Bronze Bushing and specialized component segment, I think with respect to the wind energy part, just if you could spare some time on the key strategy going forward on the basis of the slide you have put if you can give detail information about the same?

Vishal Rangwala: Sure, Saket. This is what from our long-term point of view how we look at market opportunity and what we have said within that document or within that presentation what you are looking at is we are confident of bearing industry growth as a minimum level and we believe that we could grow much higher based on various strategies, various additional growth opportunities. Two things you mentioned, I will elaborate on those. One is Bushing. Bushing is a product which is very adjacent for us from a cage point of view and we bring in a very technical competency within a non-ferrous casting and machining area and with industry right now for a few years has been going through this transition from some of the bearings being replaced by bushings, not all, only select some things. And in that when they are replaced by bushing, we have become the only supplier or maybe the first supplier in India to supply to wind market. And we see that as a good opportunity just see product point of view and we could grow significantly in that. That is what we are talking about. And if you look at our numbers, every quarter we talk about that as a number and we have been growing. We will probably grow to the tune of almost 70%-80% year-over-year on that segment last year to this year. And we expect that that will continue. That is not necessarily the market. The end market itself is growing, but application within end market is shifting from one product to another there we come in and we are able to grow and we think that that could be a continued additional growth opportunity for Harsha. And the other stamping component, what we are talking about, we are a very strong tooling, tool design competency, tool manufacturing competency and what we can do is make very complex tooling. So, taking those competencies, we are looking to expand into the stamping area beyond bearing cages, also focus within that on green, battery-operated vehicle area and select some of those products and that is what we are talking about. We see a lot of growth within that, even if you look at our commentary. We are saying that in spite of a little bit difficult quarter, we have grown in stamping area and we see a lot of traction within that what we bring to the table for complex stamping components. And that is what we are talking about that could also be a very great long-term opportunity for us to grow in India or for us to grow, and those are the two things here now you mentioned we are talking about that.

Saket Kapoor: Just to conclude sir, if we look at the clear comparison in terms of the packaging segment where we are operating, who is our nearest competitor?

Sanjay Majmudar: Are you talking of India? So, globally, frankly, we have number one player, a company called NKC in Japan that is our number one competition. We believe we have the second highest global market share after them in this outsourcing space. And then there is a company called MPT in Germany, these are our competitors, but we have multiple competencies. So, for example, we do steel, we do brass, we do plastics. So, we have multiple technologies, multiple competencies, but NKC does mainly steel, MPT does mainly brass. So, that way being in India, we have that advantage of being a little more penetrative capabilities are higher. Within India, we only operate in organized space, so there are just one or two players, and we believe we have more than 70%-80% outsourced cage market share in India. Most of the Indian bearing companies, they don't have any cage facility practically, except for very few. So, we have that way a very high market share in India and overseas, our wallet shares between the three giant top three players, SKF, Schaeffler and Timken, we would be supplying to almost 60-70 plants worldwide with 10%-20% wallet share. That is where we are.

Saket Kapoor: And concluding remarks that if you could permit me is regarding the employee cost, obviously in your presentation you did allude to increasing operational efficiencies to improve return, but when we look at employee cost as a percentage of sales, I think for the fixed cost component you have already explained, but still even when we look at the Indian operation part, these are higher numbers if you look and what asset should we look at the employee benefit expenses as a percentage of sales if you could give some more color to it?

Maulik Jasani: Your question is not pretty clear to us, can you be?

Sanjay Majmudar: Are you trying to say that in India the total cost of employees as a percentage of sales is higher?

Saket Kapoor: Sir, according to my understanding, on a top-line of say Rs. 1,034 crores?

Sanjay Majmudar: I will tell you two things without going into the specifics I don't know whom are you comparing us with, but our employee cost is around 11%-12%. Two reasons, one, we have high level of engineering skill set that we deploy given the precision-oriented jobs that we do. So, if you are doing a mass scale production, commodity scale production, employee cost for those kind of companies would be 8%-9%. We are 10%-12% because A, we do our own tooling; B, we employ a large number of engineering graduates, we do a lot of training, and this is a very high precision job that we are doing. Overseas, if you compare for a similar kind of operation, the cost would be 25%-30%. That way we are quite competitive as compared to the relevant competition, but there is no universal yardstick.

Saket Kapoor: And lastly sir, margin improvement and right now we are going at the rate of 14.5% to 15% range so by when are you seeing the trajectory getting improved for the next financial year and what can we eye for the next Financial Year '26 in terms of EBITDA margin with respect to the environment as you have been mentioning?

Sanjay Majmudar: India continues at a decent margin of 20% odd run rate. The problem is Romania and mainly Romania and a little bit of China also, so in a good scenario, Romania was doing 8%-10% EBITDA, but today it is in negative territory. We are working very hard to see A, reaches back to a profit or a breakeven situation and then it starts generating margins. But long term our target is the consolidated margin for 14% to 15% our target is to take it to 17% to 18% but it is very difficult for me to predict anything right now.

Saket Kapoor: Sir, but now it is showing 16% EBITDA margin for the nine months, correct me there sir? In consolidated the key performance indicators you have given in that EBITDA margin is current is of about 16.09%.

Sanjay Majmudar: That is what I am saying.

Saket Kapoor: So this is including the Romania impact.

Sanjay Majmudar: Yes, naturally and we have to take that 18% but when we will be able to take it, it is very difficult to say right now given the dicey situation.

Saket Kapoor: Correct sir. What is the capital employed in Romania? I will join the queue.

Vishal Rangwala: Romania including the capital investment we did initially is around Rs. 180-Rs. 190 crores.

Saket Kapoor: Thank you, sir. I will join the queue.

Moderator: Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, sir. Thanks for taking my question. My question is on bushing. So, I think I remember bushings, we said H1 was about Rs. 44 cores and 9M is Rs. 60 crores, we are targeting Rs. 80 crores, so that gives me the understanding that we are targeting Rs. 35 crores in H2, so why there is a decline? And some more highlights on what is the outlook now in bushings? What is the number you are targeting for FY26 and just like you highlighted the competition for cages side, if possible for you highlight competition on bushings for domestic market and global market?

Sanjay Majmudar: So, Amit, bushings run rate average quarterly was about 20 and we are on track may be Rs. 1 crores to Rs. 2 crores here in there. It works on the sequence of the order. So, we are absolutely over Rs. 60 crores in 9 months and 100% over Rs. 80 crores. So, that is absolutely nothing structural or nothing to read about it in terms of whether there is a softening. On the contrary, we are very excited about it. The new Greenfield facility also has a decent increased capacity for bushing. Long term our target is bushings can take us too easily to Rs. 300 crores annual run rate over a period of time. So, nothing really negatives to read about it.

Amit Anwani: What is the target, sir, for FY26?

Vishal Rangwala: We don't have a clarity yet on that, but we are expecting to grow from whatever we have done in the year.

Sanjay Majmudar: Yes, 50% growth minimum.

Vishal Rangwala: Yes, but lot of questions and uncertainties, a lot of things developing in that.

Amit Anwani: What is the competition there, sir? Whom we are competing with on bushings, anyone from domestic market or global market?

Vishal Rangwala: To the best of our knowledge, domestic competition is not present. Globally, there are the competitions out of Europe as well as strong competition out of China. And we don't have the names.

Amit Anwani: My question on Romania, you highlighted that again, we are in a wait and watch though we aim that the losses should cover up and we should be on track, so wanted to understand strategically how one should think operationally, we understand things have not been well for several years and the objective was to transit from semi-castings to the large cages and there is no panning out and we obviously don't see too much happening in next 3, 4, 5 quarters also. Is there any strategic thought that we want to make a change or any thought strategically? Are we following the same thing with the intent which we acquired the subsidiary?

Sanjay Majmudar: Romania had started generating positive profit, then first came COVID. We had a hit again. And then while we thought that we are recovering, then came this geopolitical war and inflation and everything. So, in all honesty and to be very candid. Currently, it is a very tough situation in Romania because our strategy was to increase the share of cages maintaining the share of castings. Now right now what happened is casting is also down, and cages is not improving. So, therefore, there is a double-whammy. Secondly, it is not possible to just, so we are trying very hard for cost containment, how do we control the costs if you are not able to get the demand. So, I think currently the focus is cost containment and our teams are pushing very hard on trying to increase the sale of cages out of Romania, but the condition of whole Europe is such that overall, things are very difficult. So, I think as you very rightly surmised we don't see a dramatic improvement happening even next year. The first target is whether we can contain losses or reduce losses to the maximum, and that is what we are trying. To say anything beyond that is very difficult.

Amit Anwani: Sir, what is the annual fixed cost there?

Sanjay Majmudar: Let me take this offline. We will answer, no problem.

Amit Anwani: Thank you so much. Thanks.

Moderator: Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. We have next question from the line of Prathamesh from PL Capital. Please go ahead.

Prathamesh: Hi, sir. Thank you for taking my question. I just wanted to know the revenue for Q3 or 9 months for castings as well as bushings and basically the bifurcation of India engineering if you could?

Sanjay Majmudar: For some strategi reasons, we don't give the break up between castings and other products and we just generally cover the revenue the way we have shown in our presentation.

Prathamesh: Sure, sir. Understandable. Thank you so much. That was all from my side. Thanks.

Moderator: Thank you. We have our next question from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Sir, our solar EPC vertical, I think so, we were not very keen to grow, so what is the thought process now behind and what would be the outlook sir for this vertical and the thrust which the government has provided on the solar installation and all if you could give some color and also sir they have lowered the allocation to railways this year in the budget than what it was earlier I think last year CAPEX was not completed? So what kind of outlook do you see especially government CAPEX led which effects the demand of our products?

Vishal Rangwala: Saket, on that railway and other things, again demand is a little bit subdued right now and we are expecting it relative to the peaks it will remain like that, so what you just mentioned, there is some impact on that. However, on the other end of that same segment, we are expecting to improve revenue from the fact that there is lot of metro implementation, and our products are now increasingly going into those bearings. All in all, we see that we expect the rail to continue to grow, maybe by reference to what you have just mentioned may not be as aggressive. And for the solar EPC, again it is a legacy. We had started this business while back and we had to scale it down because it has become a very competitive situation. The strategy here is to again create a sustainable positive business and we have from our earlier point of view, skilled it down. Now it is growing. And because there is policy incentive support in place from the government, so we are seeing decent growth. Our focus is on sustainable growth there and we are not trying to grab a very large project to increase our topline. Our focus is to remain sustainable and within our capabilities continue to execute solar EPC projects, so that is the single direction from long term we will see how to take this forward but that is….

Sanjay Majmudar: What Vishal was saying Saket that the legacy inherited by Harsha in that bandwidth and focus remains absolutely into the business hardily any capital has been taken but because of current favorable policy regime and lot of investments happening, we are hedging projects and we will hold the same ecosystem continues to remain profitable. So, without too much of allocation this will be status quo. It will keep on growing because the work which has been going the normal growth which comes it focus on a very large, but what Vishal just conclude the business will continue at its current level more or less without any incremental bandwidth, we will remain completely focused on engineering part and this will go more or less the way it is going.

Saket Kapoor: So, we can also look to hive it off, let us say, it is in legacy it is okay but any importance to that envisage on it to continue under the Harsha vertical only, it can be hived out to a different segment altogether or any incentives that is derived in terms of Harsha Engineering brand for going for solar EPC, the rationale or?

Sanjay Majmudar: Actually, it was in a separate company because of some reason. This has become part of Harsha but at this point in time, we will continue.

Moderator: Sorry to interrupt. We are not able to hear you.

Sanjay Majmudar: Is it better, can you hear me?

Moderator: No, Sir, the voice is still breaking.

Saket Kapoor: I will take it also offline. And the last point whenever it is can get connected about the other income component what are the key elements that contribute to the other income? Is it the cash on the books or if you could just give, then the net cash balance we have currently?

Maulik Jasani: Other income breakup is available in our schedule; it is similar to our last year financial. There is nothing significantly changed and the cash and bank balance we have around Rs. 300 crores approximately.

Saket Kapoor: Sir, I will take offline. I think so we are on a very weak line. All the best to the team, sir. Thank you for answering patiently to all the questions and thank you.

Sanjay Majmudar: Moderator, we may conclude the call, please.

Moderator: Yes, sir. As that was the last question for today, I now hand the conference over to the management for closing comments. Sir, any closing comments from your side.

Vishal Rangwala: Thank you everyone for joining this call and appreciate your interest and enthusiasm about this and we hope you have a good evening. Thanks. Bye. Bye.

Moderator: Thank you so much. On behalf of Harsha Engineers International Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.