



HEIL/SE-29/2025-26

August 6, 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-1, Block - G,
Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol : **HARSHA**

Dear Sir/Madam,

Sub : Monitoring Agency Report for the Quarter ended June 30, 2025

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 June 30, 2025 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

No. CARE/ARO/GEN/2025-26/1121

The Board of Directors
Harsha Engineers International Limited
Sarkhej-Bavla Road
P.O.-Changodar
Gujarat – 382 213

August 06, 2025

Dear Sir/Ma'am,

Monitoring Agency Report for the quarter ended June 30, 2025 - in relation to the IPO of Harsha Engineers International Limited ("the Company")

We write in our capacity of Monitoring Agency for the IPO for the amount aggregating to Rs.455 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 June 30, 2025 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,



Akshay Morbiya

Assistant Director

akshay.morbiya@careedge.in

Report of the Monitoring Agency

Name of the issuer: Harsha Engineers International Limited

For quarter ended: June 30, 2025

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: Not applicable

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: Akshay Morbiya

Designation of Authorized person/Signing Authority: Assistant 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 (public/rights) : Initial Public Offering
Type of specified securities : Equity shares
IPO Grading, if any : Not applicable
Issue size (in crore) : Rs. 455.00 crore (Note 1)

Note 1:

The company had offered 1,37,95,695 Equity Shares under the Initial public offer (considered only fresh issue) at ₹330 per share (including share premium of ₹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	CA certificate*, Offer document, Bank statements, Management certificate	None	No comments received
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	No comments received
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not applicable	Not applicable	No comments received
Is there any major deviation observed over the earlier monitoring agency reports?	No	Monitoring agency report dated May 08, 2025	No deviation observed from the last monitoring agency report	No comments received
Whether all Government/statutory approvals related to the object(s) have been obtained?	No such approval needed	Not applicable	Not applicable	No comments received

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 arrangements pertaining to technical assistance/collaboration are in operation?	There is no such arrangement	Not applicable	Not applicable	No comments received
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Not applicable	Not applicable	No comments received
Is there any other relevant information that may materially affect the decision making of the investors?	No	Refer note 1 and 2	Not applicable	No comments received

* CA certificate from Pankaj R Shah & Associates dated July 22, 2025

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 to Cash Credit (CC) accounts (Maintained with Citi Bank and State Bank of India) for utilization of proceeds rather than utilizing 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 utilization 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.

Note 2: HEIL on a standalone basis, write off Rs 19.99 crore in Q4FY25 mainly pertaining to its disputed receivables under its solar-EPC segment & O&M segment. Further, HEIL impaired its investment value of Rs.95 crore towards Harsha Engineers Europe SRL – Romania (Romania subsidiary) basis its fair valuation report.

#Where material deviation may be defined to mean:

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

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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	CA certificate, Offer document, Bank statements, Management certificate	270.00	Not applicable	None for quarter under review	No comments received		
2	Funding capital expenditure requirements towards purchase of machinery		77.95			No comments received		
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India.		7.12			No comments received		
4	General Corporate Purpose		74.33			No comments received		
Total			429.40					

(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 in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter 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	CA certificate, Offer document, Bank statements, Management certificate	270.00	270.00	-	270.00	-	Fully utilized	No comments received	
2	Funding capital expenditure requirements towards purchase of machinery		77.95	68.22	5.29	73.51	4.44	Utilized towards stated object	No comments received	
3	Infrastructure repairs and renovation of our existing production facilities including office premises in India.		7.12	7.12	-	7.12	-	Fully utilized	No comments received	
4	General Corporate Purpose		74.33	74.33	-	74.33	-	Fully utilized	No comments received	
Total			429.40	419.67	5.29	424.96	4.44			

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(iii) Deployment of unutilized proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter
1	Fixed Deposit	4.44 [^]	-	-	-	Not applicable

[^] The company maintains multiple fixed deposits aggregating Rs.22.53 crore (CARE Ratings has verified one such FD receipt of Rs.10 crore placed with HDFC Bank) as on June 30, 2025 against the unutilized IPO proceeds of Rs.4.44 crore as on even date. However, CARE Ratings Limited is not able to identify any particular fixed deposit against the unutilized IPO proceeds.

(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
Funding capital expenditure requirements towards purchase of machinery	FY23 and FY24	Ongoing	Delay	No comments received	
Infrastructure repairs and renovation of our existing production facilities including office premises in India	FY23	September 2024	18 months	No comments received	

[^] Board of directors in its meeting held on February 08, 2024, has extended the deployment period towards these objects up to FY26.

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	General corporate purposes	Nil	Nil	Fully utilized by March 2023	No comments received
	Total				

[^] Section from the offer document related to GCP:

“Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies or meeting of any exigencies which our Company may face during course of business; and (v) any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.”

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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.

