HEIL/SE-31/2026-27

August 17, 2026

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 June 30, 2026
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 June 30, 2026 conducted after the meeting of Board of Directors held on August 11, 2026.

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

Digitally signed by Kiran Kumar Mohanty
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Kiran Mohanty
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“Harsha Engineers International Limited Quarter 1 FY27 Earnings Conference Call”

August 11, 2026

MANAGEMENT:	**MR. VISHAL RANGWALA – CHIEF EXECUTIVE OFFICER & WHOLE-TIME DIRECTOR, HARSHA ENGINEERS INTERNATIONAL LIMITED** **MR. MAULIK JASANI – VICE PRESIDENT (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 Quarter 1 FY27 Analyst and Investor Earnings Conference Call.

As a reminder, all participant 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 this 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 of the company. Thank you and over to you, Mr. Rangwala.

Vishal Rangwala: Dear friends, welcome to all for our Quarter 1 FY27 post-result update call. As per the normal practice, our CFO, Mr. Maulik Jasani will take you at length through our key numbers. However, I am assuming that most of you would have had a chance to go through the same.

At the outset, I am happy to inform that our Quarter 1 FY27 performance has remained satisfactory, in line with our Management plan and expectations, except for some minor aberrations which I will talk about shortly.

As you would have seen on a consolidated basis, we have posted a 25% growth in Quarter 1 and year-over-year This growth is largely due to a consistent, strong, top-line growth of around 21% posted by our India Engineering business, which comprises of company HEIL and our wholly own subsidiary company, Harsha Advantek.

It is also noteworthy to mention that in spite of the historically established fact that our last quarter performance is generally the strongest. In Quarter 1, our India Engineering business has posted a strong 6% growth, even on a quarter-over-quarter basis. At the same time, you would have seen that while there is an EBITDA and PAT growth in our India Engineering business in Quarter 1 on a YoY basis, there is some degrowth in margin on a quarter-over-quarter basis.

This is attributable to three specific factors.

1. In Quarter 1 of this year, our average raw material costs have gone up by around 8%. As you are aware, we follow a pass-through mechanism in most of our systems. However, there will be a lag of one or two quarters. Thus, we should be able to pass through this cost increase in the subsequent quarter.
2. Another factor which has impacted the margin of India Engineering business is foreign exchange loss of around Rs. 4 crores, which is due to certain technical accounting reasons. As per IndAS provisions, foreign currency fluctuations relating to FX cash flow hedges are parked in other comprehensive income till they are realized and settled. The FX losses of around Rs. 4 crores is due to this accounting effect of realization of cash flow hedges lost in the current quarter. However, going forward, we do not expect the material adverse impact on the accounts.

3. Specific reason is also an increase in our indirect material costs like oil, chemical, packing material due to inflationary pressure. As you are aware, the war broke out during the 1st Quarter and we all saw that. So, this has increased our cost in Quarter 1 by approximately Rs. 3 crores. However, the most significant impact is the raw material cost increase pending pass-through as explained above, which will be normalized going forward.

Now, talking about our specific growth components:

I am happy to state that our primary product, which is Cages, we are continuing to see good demand, traction and offtake both in India and outside India. In India, this is driven by a good demand for Cages from our customers whose offtake has increased matching with their own growth plan. This includes Cages demand for facilities recently set up by our MNC customers in India. Over and above this, we are also seeing a good traction from other major Indian bearing customers. We believe this reflects a continued strong growth in the Indian domestic market aided by good industrial demand as well as demand from automobile sectors.

A part of this also is attributable to increased global demand witnessed by our key bearing customers. We are also seeing a strong traction in export from India. Our export from India in Quarter 1 FY27 stood at Rs. 139 crores. We have reported almost 22% growth on a YoY basis and 11% growth on a quarter-over-quarter basis.

We are also seeing good growth in Europe, US and all other key markets backed by continued increase in industrial demand in geographies.

Now, talking of our key growth driver:

First and foremost, sales of Bushing in Quarter 1 stood at around Rs. 34 crores reflecting almost 35% growth year-over-year basis. We have strong visibility on this order and have good pipeline.

So, fairly confident of achieving targeted sales growth of Bushing around 30% this year against last year's Rs. 127 crores.

Equally encouraging is the Stamping sales, which stood at around Rs. 90 crores in Quarter 1. So, it's showing year-over-year basis about 31% growth and we have quite a few products which are either developed or under development specifically in the category of white goods things like AC compressor components and so on, as well as Railways, Seals and other automotive Stamping products for which we have been developing over the past few months, which gives us confidence that we could achieve about 30% growth this year as well in the Stamping against the sales of Rs. 60 crores last year.

We are also witnessing a strong demand offtake in the segment of large-size Cages. So, Quarter 1 sales appear to be lower at around Rs. 10 crores. We believe that order book on hand and pipeline in this segment basis of this, we should achieve a good 50% growth in spite of 1st Quarter numbers and financial year. Over the last year, we did about Rs. 49 crores.

Talking of Japanese customers:

Our Quarter 1 FY27 sales stood at around Rs. 21 crores, showing about 25% year-over-year growth. However, the full-year basis, we expect only a modest 10% growth in sales of Rs. 72 crores in this segment, given the fact that the entire process of development and conversion is quite slow, but it is reassuringly positive.

Talking of our wholly owned subsidiary, Harsha Advantek:

Although Quarter 1 sales at around 30 crores appears to show only a modest growth of 7% on QoQ basis, we have a good visibility of sales increase progressively coming through every quarter. Annual sales target in Advantek should be in the region of about Rs. 140 crores plus. This year, Rs. 43 crores achieved last year in FY26. So, as the scale of operations goes up, we expect Advantek to be PAT positive by the end of FY27. It has reported a loss of about Rs. 4 crores in 1st Quarter FY26.

As you might be aware, we have already announced the CapEx plan in Advantek for the 2nd Phase of expansion, which is for basically expanding the facility of Bushing as well as Stampings and large-size cage

Now, turning to our foreign subsidiaries:

First talking about Harsha China:

Things are looking quite stable and satisfactory. We believe that Harsha China should report an overall growth of around 10% in current financial as against the sales of about Rs. 120 crores achieved in FY26, with an EBITDA margin in the range of 12%-14% and a decent PAT range of around 6%. We have already commenced the implementation of a Brownfield expansion project in China after securing required debt funding at a very attractive rate.

This expansion is focused on creating capabilities for our steel Cages as to expand the product portfolio as well as market reach in China. This project should be commissioned by Quarter 3 of next financial year and we should see a full impact from FY2029 onwards.

Lastly, talking about our aberration which I hinted earlier, Harsha Romania continues to be in negative territory. Though it has reported a slight growth in top line, however, Quarter 1 FY27 there was a one-time foreign exchange loss of around Rs. 2 crores because of the adverse currency movement between the local currency and Europe. Still, the operating losses continue but we put a strong effort in improving the product mix by pushing more cages, trying to get more customers and also reducing the cost.

We have also made a strategic change in the top management by bringing in--.

While our endeavor will be to try and see that Harsha Romania achieves break-even, we still feel there could be some losses in the current financial year. However, the combined loss between the two foreign subsidiaries should reduce to much lower single-digit figures if not become fully positive.

I will end my presentation with the reaffirmation that we are confident of continuing to grow strongly in India in the range of higher-teens and also achieving a consolidated sales growth of low-to-medium teens and we expect the bottom line to grow more strongly because of the combined impact of all the positive factors we have noted about.

I would like to thank you for your continued confidence and support in Harsha and I wish I think I will ask Maulik to take us through his Presentation and the numbers before we take some questions.

Maulik Jasani: Thank you, thank you Vishal Bhai. Hello everyone and good afternoon.

For the quarter ended June 26th, our Engineering business at consolidated level has achieved a supply of Rs. 421 crores against Rs. 382 crores in the immediate previous quarter and Rs. 349 crores in the same quarter last year.

We have achieved consolidated EBITDA for Engineering business of Rs. 69.8 crores in the current quarter against Rs. 77 crores in the immediate previous quarter and Rs. 65.3 crores in the last year same quarter.

We have witnessed a good demand across all revenue segments while EBITDA margin having an impact on account of the material pass through as well as exchange rate impact as discussed.

In solar business, we have achieved revenue of Rs. 36.3 crores and positive EBITDA of Rs. 2.82 crores for the current quarter.

Overall working capital cycle at consolidated level is around 116 days against 130 days in the previous quarter.

The company has incurred a CapEx of Rs. 37 crores in Quarter 1 at consolidated level. For the Quarter 1 FY27, our revenue from Bushing was around Rs. 34 crores, Stamping Rs. 19 crores, LSB Rs. 10 crores and Japanese customers Rs. 21 crores as already discussed.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Varun Jain from Dolat Capital. Please go ahead.

Varun Jain: Good evening, sir. Congratulations on very strong growth numbers. So, just on this, I wanted to understand how this growth came, which segments performed so well, did we see a broad-based demand recovery in Europe or was it India? How did such great numbers come?

Vishal Rangwala: Yes. So, it was more broad-based as I mentioned earlier. We see industrial demand overall strengthening and as well as European demand also recovering. So, combination of both those and actually the growth we are seeing across. So, it is very encouraging in that sense.

Varun Jain: Okay, sir. And for FY27, what kind of overall growth rate do we see? Will 20% be possible with this momentum?

Vishal Rangwala: I think 20% is a very tough stretch. We definitely expect mid-to high-teen numbers in India and then low-teen for FY27 overall is our general expectation.

Varun Jain: Okay, sir. And year-on-year gross margins have fallen by 150 bps. So, this RM increase is happening in which material? Like is it in steel, brass, polyamide or is it mostly overheads?

Vishal Rangwala: So, the raw material for specifically last quarter, it happened across materials. We use brass, copper, zinc, steel as well as polymer. So, we are seeing that impact visible across all the materials.

Maulik Jasani: But last year, the major focus was on the higher metal prices on the brass front, which is combination of copper and zinc. But yes, this year starting, we have witnessed that across the board, maybe part of the impact of the global conditions and scenarios. But we should be able to come through as we did earlier.

Varun Jain: Got it. And sir, on the foreign front, we grew well this quarter also, but still the EBITDA margins for the foreign business fell from 1.5% to 0.3% year-on-year, even though we grew revenues 20%. So, why is the operating leverage not coming and are we able to move from casting to cage, especially in Romania?

Vishal Rangwala: So, we are working to do that. Increasing additional cage revenue. At the same time, there was a big impact of raw material prices continuing to increase and actually negating some of the improving situation on the revenue side.

Maulik Jasani: And as Vishal mentioned in the initial speech, there is an impact in Romania on the exchange rate fluctuations between the Romanian local currencies versus the borrowings we did in Europe. So, it's more of an accounting impact, considering that majority operation in Romania is also backed by it.

Varun Jain: Okay, sir. Thank you. I will come back in the queue. Thanks, sir.

Moderator: Thank you. Next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, sir. Thank you and congratulations for the good set of numbers. First question, sir, again a follow-up on Romania. So, you said probably collectively the two subsidiaries will have lower losses. So, what kind of loss we are billing in for Romania that is one. Second, you said there was a FOREX impact also this quarter. So, even keeping aside the FOREX, how was the performance there in terms of volumes? Are we able to move with our objective from moving from semi-finished to the large Cages? Are we really on track to improve the subsidiary or it remains still the status quo?

Vishal Rangwala: So, on the overall operation, if we ignore the FOREX, I think we did not significantly improve. We did have a little bit of improvement. Again, I mentioned in the earlier answer, we also saw an adverse effect of increasing the copper prices and that had some impact on the result. And on moving towards more Cages, we are working towards it. Right now, we do not have a significant numbers to show for it. However, we are seeing a pipeline in Romania improving towards Cages. So, that is what I think.

Sanjay Majmudar: And we have said that the lower single digit may be Rs. 2-3-4 crores in that range combined losses could be there as against Rs. 10 crores we did last year.

Amit Anwani: Okay. But is it like the China will improve further and Romania will deteriorate further, is it?

Sanjay Majmudar: So, both will improve. That means Romania's losses run rate will reduce. China is continuously profitable. So, let us see. We have to wait for a couple of quarters. If things improve much better, we may say that they will turn into positive, but it is a bit early. Wait for one, maybe two quarters and we should be able to give you a much better picture.

Amit Anwani: Yes. And now sir, on the other businesses like Bushings, Stamp Components, you talked about (+30%) growth. So, is it the wallet share, new customer and will this momentum is something which should continue? You have done a CapEx in the past in Bushings and Stamp Components also. So, just wanted to have a color whether this is something which will continue at this rate and is it the wallet share increase, new business, yes that would help.

Vishal Rangwala: Yes. So, on the Bushing side, it's a conversion which is supporting the growth, and we are not sure how long this will continue, but we expect at least a couple of years for this conversion effect to continue. Part of it always will be wallet share as well. And then on the Stamping side, we are adding a lot of new products which is one of the reasons we are seeing growth there. We have a very strong pipeline of new products coming in or have started but will be matured over the next one year or so.

Amit Anwani: Right. And lastly, on the large Cages, which when it was about Rs. 10 crores and kind of flattish, still we are talking about 30% growth. And I recollect we have been focusing to have a very strong growth from the large Cages in the past as well. So, just wanted to understand, is it a particular customer where or there has been a delay in offtake? What is the reason for Quarter 1 coming so low and still you are confident of 30%? So, what is happening in the large Cages business?

Vishal Rangwala: So, in the large size Quarter 1 was aberration, partially driven by the large size capacity at our new facility, still struggling to ramp up and respond to the demand. We see that demand is there. And that's why the optimism in spite of a tough number for 1st Quarter, that we are fairly confident of even (+30%).

Sanjay Majumdar: There is a good visibility. We have a nice orderbook pipeline that we can see. That's why.

Amit Anwani: And so, in the large Cages, right?

Sanjay Majumdar: Of course.

Amit Anwani: I understand it's a value-added business also and we are at probably not a very high base. So, is it that we are trying to add more customers in the large Cages or trying to leverage as we probably were trying in Romania also earlier with the same customer? So, what exactly can drive your large case business in the upcoming quarters?

Vishal Rangwala: It's primarily we are trying to grab a bigger wallet share, where we do have a very low wallet share when it comes to larger size Cages with our customers. And we are trying to grab more of that. That is what in principle is happening and I think these are growth drivers and make us feel confident that we can really achieve that.

Amit Anwani: Thank you very much.

Moderator: Thank you very much. Next question is from the line of Vaibhav Shah from Equirus Securities. Please go ahead.

Vaibhav Shah: Yes. Congratulations on a good set of numbers. I have only one question. So, could you share an update on how ongoing Brownfield CapEx in China and recently announced HAL Phase-2 CapEx is progressing? And what would be our CapEx guidance for FY27 and FY28?

Maulik Jasani: On the China front, our Phase-2 CapEx, we already mentioned in our presentation, it is on the track. And we expect it to hold in the next year Q3 around. And that's where we are on the track. And the building construction has already commenced and it's ongoing. While on our Bhayla plant expansion, in the current seasons, we have just rolled the building construction, but we expect it to start in this month. And that is also on track. And we expect our third building construction also to be completed by end of this year or maybe the last quarter of this year. And we have already started procuring the incremental machineries orders for the new building sites also.

Sanjay Majmudar: Civil construction is on hold because of heavy rain. Because Ahmedabad, which has very, very heavy rain, where it's difficult to do construction. But I think now things are normalizing, should start very soon.

Vaibhav Shah: Sure. And what is your CapEx guidance for FY27 and FY28?

Maulik Jasani: We will keep on adding further guidelines. As of now, our focus is to complete these two major expansions. But we at least expect in the range of Rs. 50 crores to Rs. 80 crores as a year-over-year CapEx but we will give a better guidelines in the coming quarters.

Vaibhav Shah: Yes. Thank you, sir. Thank you for answering my question. I will get back in with you. Yes. Thank you very much.

Moderator: Thank you. Next question is from the line of Manish Goyal from ThinkWise Wealth Managers. Please go ahead.

Manish Goyal: Yes. Thank you so much, sir. Congratulations on very good set of numbers, sir. Sir, on the guidance for India Engineering, where we are referring to high-teens growth. So, just would like to know how much would be driven by volume growth and price increase? And related question as to what kind of price increase we have taken or we will take due to this commodity increase? That was the first question. Second question, within India Engineering business, if we were to exclude the Bushing, Stamping and large Cages and Japanese customer so the conventional Cages business can it still grow double-digit or probably the number what I calculated shows that it's probably 6%-7% growth only. So, if you can also give that perspective. So, there was a lot of echo in the call. So, I could not get the Japanese based customer revenue for the current quarter and the comparative quarter, if you can clarify on that as well. And I will come back on a couple of more questions. Thank you, sir.

Maulik Jasani: Yes. Sir, Manish, first question. Let me respond to you with the last question. The Japanese customer in the current quarter was Rs. 21 crores against the last year same quarter Rs. 16.5 crores. Okay. On your question about the raw material pass-through and the impact of that raw material on our top line. Usually, as we know, we have a pass-through with around 4 months left. And here I will say, as we discussed in the call, the last year was major pass-through happens in the brass while steel was range bound. Some impact there. As we have mentioned in our commentary, this quarter 6% to 7% this quarter of raw material price increased. So, maybe around 40%-50% would be the impact on the price of raw material.

Manish Goyal: Okay. So, that is basically 3-4%. Roughly, we can expect a rise in this. So, the guidance of heigh-teens growth is factoring this price increase as well. That is what I wanted to clarify.

Vishal Rangwala: It accounts for it in a little bit way, but we are actually trying to focus on a volume growth. And right now, we are not trying to predict the value impact, but there could be some impact of that as you rightly mentioned because of this.

Manish Goyal: Okay. And on the Cages growth, sir, probably the traditional business, what we have, how should we look at the growth for that piece of the business?

Vishal Rangwala: So, we see that Cage growth in India is going to sustain on a variety of factors. Those factors include our natural growth of Indian economy as well as outsourcing of opportunities we are seeing for supply from India to other countries and so on. Plus, we talked about our customers are already setting up plants to export outside India. So, all those factors combined, we are expecting good growth in Cage business in India as well.

Sanjay Majmudar: I think we should match the growth of the bearing industry in India. Plus, whatever extra we take on the outsourcing. But at least 10% and thereabouts are even more actually.

Manish Goyal: And sir, what is the CapEx plan for FY27 entire year, sir?

Maulik Jasani: Current year FY27, we already announced in the last investor call, our major expansion is coming into the Bhayla. And we expect, and also in China Phase-2, put together, we expect both the major expansion and our regular CapEx would be in the range of around Rs. 180 crores to Rs. 200 crores in 1.5 years to 2 years.

Manish Goyal: Sorry, Rs. 180 crores to Rs. 200 crores over two years.

Sanjay Majmudar: This year and next year. So, maybe around Rs. 50 crores to Rs, 80 crores this year, remaining next year.

Manish Goyal: Sure, sir. And sir, in the annual report, we have mentioned about, basically that we continue to strengthen capabilities in areas such as wind energy, gas box, specialized railway applications, aerospace and electric mobility solutions. So, maybe if you can elaborate and provide us perspective, what are we referring to on this? And second point also within annual report that we see very strong long-term growth by stronger strategic collaborations and carefully evaluating inorganic growth opportunities. So, maybe if you can just provide us perspective as to in what context we are saying this.

Vishal Rangwala: So, let me start with your first point about wind, rail and aerospace. Aerospace, and gear box. So, within wind, we are approaching it with multiple perspectives. So, I was talking about on the wind side, we are working on Bushing and actually next step of Bushing within Bushing, we are trying to move to a different set of technology and working closely with our customer on variety of upgrades to that. Also on the Cage side, we are getting ready to cater to that segment and whatever it pertains in terms of size capability, in terms of geometrical dimensional capability, we are working towards that. So, that's what is happening in wind. Similarly, on the rail side, we are working with our primarily either bearing companies or directly to other companies where we are supplying Stamping components for the rail industry. In addition to the Cages where also we are working to develop more products which can cater to the railway market. So, those are the things going on in wind and rail.

Similarly, in aerospace defense, we are doing a lot of Stamping components which cater to that industry. And we are working with Tier-1, Tier-2 defense companies in India for those product developments. So, they are in a very developmental stage where we are making those and it's a portfolio.

So, once they start, they could bring in a decent set of revenue. Jumping to the inorganic topic you had requested or what you looked at in our Annual Report. Basically, we are looking at any opportunity which comes our way which can really enhance our capability while remaining in that specific space of precision engineering. And we are looking at those as an opportunity if something comes across. But that's not really a mandate. That's not something we are saying that we will go towards that. If right opportunity comes by, we may evaluate and look at it. And that's what we are trying to say.

Manish Goyal: Sure. And one more thing was mentioned about EV-related products. I think on mobility, we are trying to service that through Stamping, sir?

Vishal Rangwala: Through a little bit of Stamping, but also a whole lot through bearing cables. Working with our customers on improving the performance of bearing, whatever can be contributed through Cages in terms of clean products, dirt-free products or high-performance products and so on.

Manish Goyal: Thank you so much, sir. Thanks a lot.

Moderator: Next question is from the land of Uttam Purohit from VVD Asset Management. Please go ahead. Yes.

Uttam Purohit: Thank you for your question and congratulations for the great set of numbers. My question is on the Advantek side. So, if you could just share what kind of EBITDA margins Advantek did this quarter and what kind of because we are planning to close Advantek on PAT positive. What would be the EBITDA figure for the whole year for Advantek?

Maulik Jasani: Logically, Advantek will give little lower EBITDA than our blended EBITDA for India business in this year, considering it is in the ramp-up phase, but we expect it to match our India EBITDA margin from next year onwards. Currently, last quarter, obviously, because of the major impact we already discussed on the material part and another, it has a 9% EBITDA.

Uttam Purohit: And if I look at our standalone Engineering business, it did quite well even after all the pressures from metals and everything. So, if you could just say like, I think it did a margin of around 24%. So, if you are looking at the price hikes we are going to do, can we look at a better margin going forward?

Vishal Rangwala: I think that 24 is a little high number and we have shared over past also that because of the lag cycle, some quarters it may appear to be higher and some quarters may appear to be too low. And that's what is going on. In general, we expect the margin in the range of 20-22%. Yes, as a normal sustainable margin.

Uttam Purohit: Great.

Moderator: Thank you. Next question is from the line of Varun Jain from Dolat Capital. Please go ahead.

Varun Jain: Yes, sir. So, coming to the solar EPC business, so, sir, why is there so much volatility? So, year-on-year the businesses are 120%, but quarter-on-quarter it is down 65% so Rs. 36 crores. So, what is the FY27 outlook of revenue and margins and what is the nature of this business quarter-on-quarter?

Vishal Rangwala: Yes. So, solar is a very project-based business with a 4th quarter usually, it's linked to the financial benefit and so on. So, depreciation benefit. So, we tend to see a very high 4th Quarter and usually post that 1st Quarter is lower. Having said that, we did have a pretty decent 1st Quarter relative to last year. And on the revenue side, again, we are looking at Rs. 200-odd crores revenue in this segment. And depending on opportunity develops, it can change a little bit. And a margin sustenance on similar about, I believe, 7%-8% EBITDA. So, that's the general idea of the solar EPC. And it's again an EPC business so what we do there is primarily build solar installation or solar projects. And as I mentioned, it's a very project-driven business. We don't manufacture anything. We design and install those solar plants.

Varun Jain: Got it, sir. And sir, on the China bit, so China plant was earlier slated to start by FY28, and now if we are planning Q3 FY28, so then the revenue will really flow in from FY29. So, FY28 also, China growth will be very low. And what was the China revenue and EBITDA and Romania revenue and EBITDA for this quarter?

Maulik Jasani: I think we continue to remain given the consolidated number for subsidiaries as of now. And we have already given total losses for that.

Varun Jain: And sir, on the CapEx part, was it earlier FY28 and now it was delayed?

Maulik Jasani: Our intention when we mentioned commissioning of FY28 is about operationalizing of our new building. So, revenue is starting from that period.

Varun Jain: Okay. Okay. And sir, on the Japan-based customer, I think this quarter we have seen high growth from 16% to close to 21%. So, then why are we guiding this 10% for FY27? So, do we see a downtick in the upcoming quarters and why so?

Sanjay Majmudar: It is not the question of downtick, if you see last year from Japan-based customers, we did about Rs. 72 crores. We believe that the same run rate can continue. So, it will go up to in the range of about Rs. 80 crores or thereabouts. See, Japan, they are very slow. Lot of projects are under discussion. But we really don't want to because all other three fronts are growing very aggressively. Japan is a laggard in terms of growth, but it is still growth and it will continue to be positive.

Varun Jain: Okay, sir. Got it. And sir, for Harsha, can you give us some sense of what is the packing order in terms of your customers like SKF, Schaeffler, Timken, NBC, who are the largest, who are like lower and what is the customer concentration like top 5, top 10? And this is only for the India standalone business of course.

Vishal Rangwala: So, I think for us, all these names you mentioned are our top customers. They have a significant share of business within Timken, Scheffler, SKF, NBC, ZF, Flender. So, these are our major customers including, I think I forgot to mention the compressor component customer, Highly and few others. So, again, we are supplying to this customer from India, since you asked about India, to multiple of their facilities. And even though you can say that my top 10 customers remain almost 80% of our revenue.

Sanjay Majmudar: Spread over more than 80 plants worldwide. And Varun, actually in India, I would say not being very modest, we have almost 80%-90% wallet share with almost all major customers.

Varun Jain: Yes, sir. I know. I have kind of visited a couple of plants and they told me that close to 95%-97% was actually from Harsha's Cages. So, that's very good. But just to kind of double click on this. So, the top customer will be like 15%-20% of revenue for you and will that be Timken?

Maulik Jasani: That's range bound, depending on their growth and their seasonality. So, more or less, you can say my top 4 customers keep changing their rank.

Varun Jain: Okay, got it. And just a last question, sir. I think MD sir mentioned that you are working on something which you call the "Next Step of Technology" in the Bushings. So, Bushings, we thought for wind gearboxes were the next step of technology from bearings. So, then what is next to Bushings?

Maulik Jasani: More precise and more accurate for the next generation of gearbox. So, as we have explained, the Bushings are getting replaced or maybe used for the different size of the gearboxes. So, they keep on improvising, including the methods and accuracy both.

Varun Jain: Okay, sir. Okay. Thank you and all the best. Thank you.

Moderator: Thank you. Next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: Yes. Namaskar, Vishal Ji. Thank you for this opportunity. Sir, I was late to join the call. So, if you could just reiterate for the sake of repetition also, what is our path for profitability for the Romanian unit first of all? And the second point was we did EBITDA margin closer to 16% for the 1st Quarter. So, with the capacity augmentation and the improvement in volume that we envisage, what should the likelihood in the band EBITDA we should be for the year as a whole? If any number you can share.

Maulik Jasani: Saket Ji, we have already given in our Investor Presentation the net loss of China and Romania put together as Rs. 3 crores. And that's what we have disclosed. We have not disclosed individual numbers for Romania and China so far. And on the EBITDA margin, as we have explained in commentary also, current margin has some impact of the material pass through. If we expect that metal price will be settled down or remain stable, then we expect even the EBITDA margin to be improved and to match the last year's EBITDA margin percentage, which was 18.7%.

Saket Kapoor: Sir, last point I missed sir come again.

Sanjay Majmudar: EBITDA is about 18%, that is expected against 16% that we have reported.

Maulik Jasani: Provided the metal price will be stabilized.

Saket Kapoor: Okay. And sir, for the Romanian unit and the Chinese part, standing profitable or breakeven, the path which we are going to glide, how long will it take? And I think a lot of course correction was in the process, especially for the Romanian unit, which you elaborated I think one year ago also. So, where are we, sir, firstly, in the restructuring of the Romanian part, I mean the product part also, there were some very strong set of changes you were envisaging earlier. So, correct me there. Where are we there? And the path, especially, how does this unit start setting and add to the top line and bottom line, especially the bottom line?

Sanjay Majmudar: So, Saket Ji, Romania will gradually, our target is to diminish their losses. So, as Vishal explained in his speech, we have already now revamped the top team, we have put a new CEO, there is a strategy to increase the sale of Cages from around 20%-25% to maybe 30%-35%. Till the problem is fixed, overheads are high, and unless the key customer who is buying semi-finished castings reaches the previous level, breakeven becomes difficult. That is my challenge in Romania. China is continuously profitable. In China, for the last few quarters, we have seen a steady growth. So, profitability will range from 12%-14% EBITDA, even a little more. So, what we have guided is that the combined loss at the end of the year, assuming that Romania will gradually taper, it could be maybe in the range of maybe 2-3 crores, let us see. But as we progress, as we see the new team becoming more effective, maybe we can guide you for a better number. But at this point in time, let us take it as this year, minor loss, hopefully next year, some profit.

Saket Kapoor: And a point on the CapEx that we are doing Brownfield one, and especially for Advantek. So, how is the order pipeline looking and how are we going to ramp up the facility going ahead? So, some more color if you could share, sir.

Maulik Jasani: So, Saket Ji, in our ongoing businesses, we are building up the capacity and we are confident to win the new customers' orders. And on the Bushings and everything, we just responded in the last question, in the last speaker, that we are working on the next level of advanced Bushings also. And that's where we are building up the capacity. And last but not least, on the Stamping front, we are exploring the new products which meet our precision requirement.

Saket Kapoor: Right, sir. So, when we read our invite for the call, we also have Mr. Sanjay Majumdar as a Strategic Advisor. So, if it could be explained exactly, what is the role as a Strategic Advisor in the business aspect or what has been instructed to him and just a basic understanding if that could be clear.

Maulik Jasani: So, Sanjay is a practicing Chartered Accountant and he has supported and continued to support Harsha in all major strategic decisions, including he was part of our all the Greenfield expansion as well as Brownfield acquisition. And he participates and supports the management and other team members on the various strategic decisions.

Saket Kapoor: Okay, he would also be the one who would be guiding you people for shareholder value creation also, that has been lacking also for a very long time. So, we hope that this should be the, I think, so the inflection point for the company going ahead. I hope Mr. Sanjay would also throw some light on what steps he would be taking or advising the Senior Management here, sir, for value creation for us also. So, that was small point, just thought of sharing it.

Sanjay Majmudar: I have been involved with Harsha for last 30 years and will continue to do so, don't worry, I am always there.

Saket Kapoor: Okay, sir, all the best to the team, thank you.

Moderator: Thank you very much. Next question is from line of Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Yes, sir, thank you so much for taking my question. So, just wanted to know, I mean in terms of the West Asia crisis and everything. So, if I just look at your India standalone margin for only Engineering, that was 24.4% in FY26. Now, you did mention a band of 22% to 24%, which is probably lower from the last year. So, is it probably you are assuming that the RM prices, etc., it is volatile, is that the reason you have lowered the margin? Just some clarification on that.

Moderator: I am sorry to interrupt you, there is a slight echo. Jason, can you mute your line from your side, please? Thank you, sir, please go ahead.

Maulik Jasani: We expect the margin to remain similar, but there is a metal price increase, which will reduce the percentage. So, we expect that absolute value increase will continue, but definitely percentage will reduce because the material pass through will enhance the sales price recovery, as we have discussed in one of the previous questions from one of the participants. And that is why we have given that little lower guideline. And at the same time, additionally, we will also continue to spend on our Bhayla site expansion and the ramp-up cost. So, these two factors will impact that.

Jason Soans: Sure, thanks, sir. So, 22% to 24% stays the guidance for the India Engineering business. Sure. So, one more thing I just wanted to ask you in terms of West Asia crisis also, I mean, of course, it is still not over, but it's kind of like, again, a very hanging kind of situation. So, do you see RM prices getting normalized going ahead? What is the outlook on that?

Maulik Jasani: No idea. As of now, no idea, we expect it to be settled down soon.

Jason Soans: And, sir, again, for revenue growth, just wanted your expectations for the Romanian and Chinese subsidiaries, what kind of revenue growth are you expecting for FY27?

Maulik Jasani: I think Vishal has already explained. For the subsidiaries, we expect in double-digits and low-teens.

Sanjay Majmudar: So, I will clarify here. Romania, China together will be less than 10%. Harsha, India will be more than 15%. So, on an average, between 12% to 15%.

Jason Soans: Okay. Sure. And, sir, just finally wanted to ask you, what is the, I mean, of course, Bhayla CapEx is being done, and then the China CapEx also will come on stream in Q3 FY28. So, sir, just what is the visibility for the demand from both these entities? You spoke in the last call that, you need to have a local entity in China for manufacturing, that is very helpful. So, also just wanted to know, what is the visibility of demand for the Bhayla CapEx and the China CapEx separately, if you could mention or throw some color on it?

Vishal Rangwala: Yes, we feel fairly confident on all investment done in Bhayla. And we are seeing traction on all the product lines we are working on in Bhayla. Specifically, if we talk about large size Cages, or Stamping components, as well as Bushing. So, we see good visibility and demand coming up for our customers for those products. And that's why we are continuing to invest since we announced last quarter, 2nd Phase of expansion in Bhayla. On China, again, there is good expectation and traction by being local. China being a very good market or very large market for Bearings. And we see an opportunity for our quality of Cages to get traction. And so, we have a good outlook on both those fronts. Bhayla, we started much earlier. So, we are expecting that to ramp up in the next couple of years, whereas China will take at least till towards the second, 3rd Quarter FY28 to start production and ramp up in 2029 onward.

Jason Soans: Sure. And just for final clarification, sir, for Bhayla, you said that the revenue target is Rs. 140 crores for '27. Is that right?

Vishal Rangwala: Yes.

Jason Soans: Thank you so much for answering my question. Thank you.

Moderator: Thank you. Next question is from line of Resham Jain from VBD Asset Managers. Please go ahead.

Resham Jain: Yes. Hi. Good evening. First of all, congratulations on a good set of numbers. So, I have two specific questions. So, one is on Bhayla ramp-up, given that you have also launched your Phase-

2 CapEx before ramping up Phase-1. So, I presume that it is backed by some given potential. So, from a ramp-up perspective, how do you see ramp-up for Phase-1 and Phase-2?

Vishal Rangwala: So, yes, I think you rightly mentioned that. Now, we are starting. We started Phase-2 because of some of the products in Phase-2 are a little different even though they are Stamping. But Phase-2 is also in terms of we are seeing what we invested will get filled up in next one year or less than one year and then we need to anyway expand further. So, that's what it is catering to. I don't have a specific number vis-a-vis Phase-1 and Phase-2. But in the past, we have shared that Bhayla, we are expecting that it should give revenue by the third year, roughly about Rs. 300 crores to Rs. 400 crores. So, that's what we are targeting in coming out of Bhayla combined phases.

Resham Jain: Okay, understood. And the other related question is given that most of the incremental growth is either coming from India and specifically Bhayla where you have high value-added products and China which is more Brownfield and Romania where your loss-to-profit is going to happen. So, is it fair to assume that your EBITDA growth will be much higher than revenue and also your PAT will be much higher than EBITDA because the Advantek is a low-tax entity. So, is this a fair assumption? PAT growth higher than EBITDA, EBITDA growth higher than revenue for next 2-3 years?

Sanjay Majmudar: I think you are right. At least for this year, it will be very-very remarkable because quarter-over-quarter Advantek losses will dramatically reduce. Hopefully, if Romania also starts turning around, it can definitely be higher. But let's confine ourselves to this year.

Resham Jain: Okay, understood, sir. Thank you so much and all the best. Thank you, Vishal.

Moderator: Thank you very much. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Vishal Rangwala for closing comments.

Vishal Rangwala: Great. So, after a long call, thank you very much everyone for attending this call and I hope you have a very good evening.

Sanjay Majmudar: And we are always available for any clarification. Thank you.

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