HEIL/SE-45/2026-27

November 6, 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 September 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 September 30, 2026 conducted conducted on November 4, 2026, subsequent to the meeting of the Board of Directors held on November 3, 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
DN: c=IN, o=Personal, title=7613, 2.5.4.20=b853b376e0dad5546196a94c1b306d1a94b319885d9ff0ea2134a3b7ff9485, postalCode=390010, st=Gujarat, serialNumber=033b12d75ce929aa7a80b3cdff0f1e6bc9da1bcd1375684e6bef6b9bd9232e6c2c, cn=Kiran Kumar Mohanty
Date: 2026.11.06 14:13:37 +05'30'

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

“Harsha Engineers International Limited

Conference Call”

November 04, 2026

MANAGEMENT: **MR. VISHAL RANGWALA – CHIEF EXECUTIVE OFFICER – HARSHA ENGINEERS INTERNATIONAL LIMITED**
MR. MAULIK JASANI – CHIEF FINANCIAL OFFICER – HARSHA ENGINEERS INTERNATIONAL LIMITED
MR. SANJAY MAJMUDAR – STRATEGIC ADVISOR, HARSHA ENGINEERS INTERNATIONAL LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Harsha Engineers International Limited 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 star then zero 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, sir.

Vishal Rangwala: Hi. Good evening to all of you, and welcome to Harsha Engineers Quarter 2 H1 FY 2027 Post Results Update Call. As per our normal practice, I will just talk through how we look at these numbers and what are our thoughts and then Mr. Maulik Jasani will take us through more details in the numbers.

However, I'm assuming that you would have had a chance to go through the numbers and the presentation. So if I have to summarize our quarter 2 performance in one sentence, I will say it was a business as usual and largely on track. However, let me touch basis on our key business verticals, starting with our India Engineering business. Comprising of Harsha Engineers International as well as our wholly owned subsidiary, Harsha Engineers Advantek.

And as you will see from the numbers, we have witnessed a strong top line growth over 24% in quarter 2 with an equally strong 23% in first half on Y-o-Y basis. This growth has come more or less from almost all the key verticals, including Cages, Bushings as well as Stampings.

Talking of Cages, I'm happy to state that we have witnessed a decent demand traction, both from industrial as well as automotive segment in India. Similarly, on the export front, we have witnessed continued strong demand coming largely in industrial segment from key geographies of Europe, U.S. as well as Japan and other countries.

Again, as announced earlier, the progress on the new resourcing outsourcing project that we had announced last year is quite good, and we expect the commercial sales under this project to commence sometime in quarter 3 and quarter 4 in the current financial year. And the real visibility will start coming in, in quarter 4.

Although the sales relating to this project will start in a gradual way. At peak level, the sales can reach a run rate of around INR75 crores per year. And also, we are working on a couple of other resourcing, outsourcing projects from Europe and North America markets.

The first project is relatively small, but it is at a fairly advanced stage of development, and we expect the commercial sale to also start somewhere in financial year '27, '28. And second project where we have just commenced initial development and which could start in somewhere financial year '28, '29.

Again, under the Cage category, we have a strong demand visibility for large-sized Cages, and we expect a significant ramp-up in sales in this segment in second half of financial year 2027, which should result into an overall annual growth of at least 20% in the current financial year in this segment.

Similarly, we have started witnessing a decent growth in sales of Cages to our Japan-based customer. And though it's slow, it should definitely pick up speed in coming quarters, which gives us confidence of over 10% to 15% annual growth in this segment.

Lastly, as I said, export from India have remained quite strong with our H1 exports at around INR280 crores against annual export of INR480 crores achieved last year.

So talking of now Bushings, as I said in the earlier call, I'm confident that we should be able to attain about 30% growth in current financial year in this segment, aided by good demand visibility from key windmill gearbox manufacturing companies.

And we have also developed newer designs of Bushings for these customers. We remain very bullish about this segment going forward with our annual sales target of within three, four years to hit about INR300 crores in some time.

Similarly, talking about Stampings, we are also seeing a very good traction for our key Stamping components, which include certain specialized railway seal inserts, AC compressor components and certain other automotive components. And we have recently introduced a new category in AC air conditioning segment compressor, which is known as accumulator, which is having a very good demand potential.

Thus, we are seeing a fairly confident of seeing over 30% sales growth in this segment in this current financial year compared to revenue sales of about INR72 crores we achieved in FY26. We believe that new products that we are also in a process of developing this segment, the target annual sales again in this segment should reach about INR300 crores over the next four years. Just to conclude, I can say with satisfaction that our India Engineering business is delivering satisfactory performance almost on all fronts.

Now coming to Harsha Romania facility. We have internally worked out a strategy of downsizing the operations and correspondingly also reducing the operating cost. However, we will continue to focus on increasing the sales of finished Cages out of our Romania facility.

We believe that this will be a good viable model, a medium-term strategy where our target is to arrest operating losses incurred in Romania, which we believe we can achieve by end of current financial year. Therefore, we feel that the next financial year in Romania may contribute a lower level of sales, but it should still be relatively positive contribution to profitability is how we are looking at this.

Now talking of China, through quarter 2 FY27, we are a little soft on sequential basis as compared to quarter 1. It has still shown a decent growth on a year-on-year basis, and we expect a reasonably strong performance to continue rest of the year. Though currently, EBITDA in

China is a single digit, we believe that it should improve going forward given the relatively stable demand scenario in China.

Our expansion projects are progressing quite satisfactorily. Thus the Advantek expansion project involving substantial expansion of capacities to manufacture Bushings, Stampings as well as large-size Cages is on track. It should commence production in next few quarters.

And similarly, China brownfield expansion where we are creating capacities for manufacturing of steel Cages for industrial and auto sector, that should commence production somewhere in quarter 3 FY 2028.

To sum it up, I want to reaffirm the previous growth guidance given in the earlier calls that it is to say, on a full year basis, FY 2027, we should achieve a sales growth in mid- to high teens in India, while on a consolidated basis, it could be anywhere between 10% to 12%.

At the same time, a word of caution. I want to state that historically, Q3 tends to be a little soft in terms of demand considering the fact that almost all large international buyers whose accounting year calendar year ends in calendar year, so it tends to show a little bit slow. They tend to slow down their purchase a bit. Thus above guidance should be considered to be on a full year basis. I would like to thank you all for continued confidence in Harsha, and I wish you all the best.

With that, I ask Maulik to take forward the presentation and the numbers.

Maulik Jasani: Thank you, Vishal bhai. Hello, everyone, and good afternoon. For the quarter ended September 26, Engineering business at our consolidated level have achieved top line of INR428 crores against INR363 crores in the same quarter last year and INR421 crores in the immediately previous quarter.

We have achieved consolidated EBITDA for Engineering business of INR81.1 crores for the current quarter against INR63 crores in the same quarter last year and INR69.8 crores in the previous quarter. On EBITDA margin, we see a consistent increase for stand-alone as well as consolidated level based on our last few quarters' performance.

In Solar business, we have achieved revenue of INR11.9 crores and EBITDA of INR0.73 crores in the last quarter. Solar business has still good order level due to PV sales relaxations from government up to December '26. Overall working capital at our consolidated level is around 135 days against 139 days in the same quarter last year and 116 days in our previous quarter.

We have incurred capex of INR35.6 crores in the last quarter. For the last quarter, revenue from Bushings was around INR42 crores, Stampings was around INR23 crores and LSB was around INR14 crores, which has grown by 26%, 19% and 35%, respectively, compared to the previous quarter. While revenue from Japanese customer was around INR24 crores with a growth of 15% against the last quarter.

With this brief note on the financial numbers, I hand it over to the operator to take the Q&A from participants.

Moderator: The first question comes from the line of Nisarg with Pkeday Investment Office.

Nisarg Shah: The first question would be on the Romania business side. So we have been facing a lot of issues in terms of profitability over there. And now in the next year, we are planning to reach operating profitability, but will it also convert in our net profits as well?

Vishal Rangwala: Yes, it will be too premature to say that. We are very positively looking at it, hopeful working on improving the cost structure as well as a few other improvements, but it depends on a variety of factors. But we are fairly confident from creating operating improvements and then full profitability maybe depend on multiple factors.

Maulik Jasani: We'll keep on updating on a quarterly basis.

Nisarg Shah: Okay. And like what is the journey ahead for Romania? If the growth is not coming, so what is our plan and strategy as a business to look at as Romania?

Vishal Rangwala: see Romania, we are continuing to grow our Cage business there. Having said that, because we are seeing a lot of cost-related challenges, it's very difficult to fully clearly answer this question. We are evaluating and then we'll update as soon as we have a clarity on that.

Nisarg Shah: Got it. In terms of China, what is the growth that we are seeing in the next few quarters and the year to come? Like it was recovering and that was provided. So like how are we seeing it now?

Vishal Rangwala: So in general, we are seeing a moderate growth for our current portfolio and current business, about 5%, 7% is what we estimate. However, as and when our new capacity comes online, which brings in new portfolio of product that will accelerate the growth there on basis of new introduction of new production, new products and so on. We are right now scheduled to bring that capacity online from third quarter FY28. So second or third quarter FY28. So that's when we are hopefully seeing additional growth coming in.

Moderator: The next question comes from the line of Varun Jain with Dolat Capital.

Varun Jain: So I have a couple of questions, starting with, sir, for this quarter, very strong gross margins, 51.7%, and it has increased versus all the other companies in this space, all the bearing companies are seeing a margin decline. So is this because of some price pass-through we were able to do? Or is it because the solar share was low?

Maulik Jasani: Yes, it is a mix of both, Varun. As you rightly mentioned, major reasons are similar mix of both. There has been some pass-through because of -- we have seen last six months increase in the brass prices, which is copper and zinc. So some portion of that has already been passed through. As you know, our mechanism is very standard.

And definitely, this quarter, Solar has contributed on a lower end of the overall top line. So we see a better margin at a consol level.

Varun Jain: So this kind of a margin, especially on the EBITDA level, so we are at -- if I take the India Engineering business, it was at 23.7%. So it will stay at this level and maybe increase a little for the coming two quarters?

Maulik Jasani: As we have said at a blended level, we expect margin to be sustainably 20% plus at a longer horizon rather than a quarterly review. But apparently, it also looks like that we have a better product mix performing at an overall India Engineering business.

And we see that permanent shift on a little higher side of the margin. It is a little early to say what is a fully stable margin. But yes, since last few quarters, we have seen better margin than the blended guidelines we are giving. So 100, 200 basis point increase.

Sanjay Majmudar: Around 22% is more steady state kind of a margin we should take, Varun.

Varun Jain: Sir, without other income, what will be the number?

Maulik Jasani: Varun, we do the reported EBITDA margin discussion. Yes, you can do the rest of the.

Varun Jain: Okay. Okay, sir. No issues. And sir, secondly, sir, I think a lot of the bearing companies have been very aggressive on the capex. So SKF is doing close to INR500 crores, SKF India, INR500 crores, SKF Industrial, INR800 crores.

And then CRSKF Industrial 800, and then Timken has done in Bharuch INR700 crores or so in SRB, CRB. Are we capturing 100% share for Cages for all these companies as of now?

Vishal Rangwala: Yes. We believe that we are capturing a very large share of that incremental business. And we are seeing good traction in the market for that. I don't have an official or exact number, what share and things like that.

Maulik Jasani: Maybe just to put it that knowing our relationship with customers, we are not going to lose our market share. It will enhance.

Varun Jain: Sure. And sir, for these also, like for these higher value, say, CRB, SRB, industrial bearings, so the case is just 5% of the TAM? Or is it a higher number? So if it's a revenue potential of INR700 crores, so what is the Cage TAM? Is it INR35 crores, 5% -- or is it higher for those?

Vishal Rangwala: So I think it is difficult to fully answer properly that question, but we still estimate it will be around 5%. There is some increases and decreases depending on the product size and things like that. But in general, you can still take it as 5% Yes.

Varun Jain: Got it, sir. And sir, secondly, on Stamping, so Stamping has registered a very healthy growth. So will you reach the -- earlier we guided that we reach the INR150 crores to INR200 crores annual revenue run rate by -- in basically three, four years. Now it appears we can reach that in FY28 next financial year itself. So is that possible?

And what percentage of Stamping sales is due to this accumulator product?

Maulik Jasani: We will not give the breakdown further on the Stamping as of now, Varun, considering that we just entered this business, and we want to cover the larger scale later on. But yes, I believe that -- and Vishal Rangwala can add here, but I believe that we will definitely prepone some of the achievements on the Stamping front considering the current volume what we have. Exact time

lines, whether it will be FY28 end or H1 of FY29, we will know later, and we will update you further. But yes, we see that there is a growth.

Varun Jain: Sure, sure, sir. And sir, just last Solar business, what is the FY27 and FY28 revenue guidance?

Maulik Jasani: Similar what we have given in the range of INR150 crores to INR200 crores. But yes, this is a more cyclical business and governed by the government norms, both import as well as subsidy so that we have to be watchful.

Moderator: The next question comes from the line of Harshit Patel with Equirus Securities.

Harshit Patel: My first question is our first half revenues are up about 21% Y-o-Y, and the India Engineering revenues are up more than 22% Y-o-Y. Ahead of the low to mid-teens and mid- to high teens growth that you had guided during the last quarter and what you guided today as well. So sir, this would imply a very soft second half. Is this what we are seeing? Or there could be a material upside to our guidance based on the product pipeline, projects, visibility that you have and you are just being a bit conservative on the guidance front.

Some color on this will be helpful.

Vishal Rangwala: Yes. Harshit, basically, if you look at our last year third quarter and fourth quarter, they were already started showing sign of good growth. And considering that, we are saying that relatively, we have to be cautious of -- relative to last year numbers. And right now, we see a pretty decent growth, but then obviously, there are certain headwinds and challenges as a market, bearing market and as well as what we face. So we are a little bit conservative, cautious as well.

Sanjay Majmudar: So Harshit, just to add, I don't think there is anything negative implied here. What Vishal and the whole team believes that we should be a little conservative considering the fact that in the past -- and for example, on an overall basis, China is a little soft, but it will grow not exactly in the same proportion as India.

And the biggest challenge is Romania. So we have some specific plans for Romania, which we will unfold over a period of next maybe 1 quarter or so, but we have hinted about some downsizing. And that is where on an overall basis, we don't think that we should be able to -- so Harsha India will 100% grow at a higher rate.

Harsha Romania will actually be on the negative side. So we are saying that -- it will between 10% to 15% on a consolidated basis -- 10%, 12% -- that is what Vishal has guided. And India will definitely grow stronger. We are not implying anything negative on the India scale.

Harshit Patel: Perfectly Understood, sir. Sir, my second question on what you just mentioned on the Romania downsizing. Could you help us understand what this downsizing would involve in terms of the capacity, headcount, any possible one-off costs?

Sanjay Majmudar: Harshit, let's work on this. We will announce it at an appropriate time.

Maulik Jasani: Just to share it here is focus is to ensure that we arrest the losses. And whatever action requires for that, we will do it either with customer or within the organization.

Sanjay Majmudar: And as Vishal said clearly, we want to increase the sale of Cages, and we want to reduce the losses. So naturally, whatever is loss-making, we have to make sure that it doesn't -- so -- but yes, we are working on it. Maybe next quarter, we should be able to give you more concrete announcement on this.

Maulik Jasani: And just clarifying here, Harshit bhai, when Vishal is giving guidelines, it is without adjusting the metal movements. So maybe that growth is also visible in your over comparison.

Harshit Patel: Yes. Absolutely. Understood. Just a small follow-up on this metal price increase. So whatever inflation we have faced till today, has this been entirely passed on or there is still some component left that we will see probably third quarter and fourth quarter and that could possibly continue our gross margin expansion.

I'm asking this because the gross margins were at a pretty solid level given whatever pass-through that has already happened. So what I'm trying to understand is that is there any need left to this further pass-through or we are broadly covered as we speak?

Maulik Jasani: Harshit bhai, it is a pretty ongoing thing. But yes, we see the very high spikes in the last four, five months. Now if the metal price is settled, then we see a major pass-through is done. But if metal price continues to move either one side up or down, we will have a further impact of the same. So effectively, I can't give answer it is done 100% because it's a very much ongoing thing and different customer has a different time lines.

So definitely, we see if the metal price will settle, this margin will either improve or will remain at the same level. But further change, Vishal bhai can add.

Vishal Rangwala: So also, I think we are seeing a pressure on inflationary pressure on the cost side also for the portion which is not passed through, a lot of indirect and so on, that's something we are trying to work through and mitigate. So that also remains an ongoing challenge for us.

Moderator: The next question comes from the line of Prasenjit Paul with 129 Wealth Fund.

Prasenjit Paul: Sir, my question is in H1, as we can see very strong consolidated growth of around 20%. So how much growth you can contribute or the realization growth? And how much will be the actual volume growth? And whenever like raw material price settle down, so can we expect any kind of de-growth? Or if you talk about the purely volume perspective, what kind of volume growth you are planning for the FY28 or in the second half of FY27.

Vishal Rangwala: Yes. So we are in general, planning on a global basis, about 12% to 15% volume growth is what we are working towards. And then I think how the metal price and pass-through and all that work will have an impact on the value.

Prasenjit Paul: Okay. So in the H1 or in the quarter that we have already in the results, so if I'm talking about the past growth, how much you can think that's the realization-led growth? Out of this 25% growth in H1, how much is realization led or price increase-led growth?

Vishal Rangwala: Our approximate estimate is that about 4%, 5% of it would be linked to a material pass-through related thing and rest of it is real volume growth.

Prasenjit Paul: Okay. And sir, in last to last con call, you have mentioned that with the existing capacity, we can reach around INR2,500 crores to INR3,000 crores kind of revenue. Any long-term vision that in how many years we can reach there? And then we need further major capacity addition? Or like do you expect in FY28, no major capacity addition on the debt reduction will be the priority?

So if you share some long-term vision?

Vishal Rangwala: So I think from a long-term point of view, we have shared that we see about INR2,500 crores to INR3,000 crores revenue, combination of existing capacity as well as new greenfield investment and expansion we are working on. And some of it already done and some of it we are working on.

Out of existing capacity, the numbers we have shared, these are peak numbers, meaning that every sub-segment of our product line has a demand which is matching with the capacity, then that kind of number can be achieved. So really difficult to say whether that will happen or not exactly like that. So again, we don't go into that details and what we share is that, yes, even though that's a capacity, we'll never hit the 100% number on each of those sub-segments.

And then we need to look at overall situation.

Prasenjit Paul: Okay. And lastly, do you have any debt reduction plan? Or do you need major borrowing in the next year, FY28?

Maulik Jasani: So we do not, as of now, assuming incremental borrowings in FY28. What we have already taken is for our Advantek expansion plans and our China Phase 2 expansion plan, which we have already announced in our previous calls.

Management: And we are very comfortable at the current debt level. So there's no real debt reduction plan per se the way perhaps what you are hinting at. Because it is backed by either lower interest rate or backed by the government subsidy.

Moderator: The next question comes from the line of Sanmat Jain with KamayaKya Wealth Management.

Sanmat Jain: Yes. So I just have one question, sir. So given the current bearing supply shortages in the U.S., are our top global customers shifting more of their U.S.-bound Cage production to Harsha? And how much is this tailwind contributing to our current order book?

Vishal Rangwala: So I think we work on a very long-term supply situation, and then we are continuing to see U.S. growth in our portfolio. I'm not able to fully answer because I'm one step down from bearing. If there is any challenges on bearing supply chain, I can assure on one part, but it's not because of Cages, and we are aggressively addressing any demand challenges or opportunities coming our way. Long term, we expect that U.S. will continue to grow, and we are seeing good traction.

And we are working closely with our customer in U.S. to meet any of the opportunity or requirement.

Moderator: The next question comes from the line of Koustav with Paul Asset.

Koustav: First of all, congrats on the numbers. Most of my questions were already answered. So I'll add a follow-up question on Romania. Post downsizing, what are the expected annual revenue and EBITDA run rate for H2 this year and FY28? And will there be any restructuring charges or a onetime loss?

Sanjay Majmudar: So I'll tell you, as I replied to a previous question, we are in the process of working all the nitty gritties and details. Please give us one more quarter, and we will come with all the specific answers. Followed by disclosure also.

Koustav: Yes. Okay. I just wanted to understand if Romania can be EBITDA positive in the last quarter of this year.

Management: We are working towards that, but we can't say for sure right now. It's a little too early. There is a lot of challenges in front of us.

Moderator: The next question comes from the line of Aditya with Old Bridge Mutual Fund.

Aditya: Sir, my question is on the capex side. So in quarter 1, we guided for almost INR50 crores to INR80 crores capex for full year. This year in H1, we have already done INR73 crores on a consolidated level and I guess, INR9 crores at a stand-alone level. So what is the expected capex now for FY27? And if you also can give us a split or how much this capex is going to go for Advantek and China?

Maulik Jasani: So Aditya, maybe there is some misreading or maybe misinterpretation. The capex for India itself is around INR110 crores for next 1, 1.5 years, we have announced in the beginning of the year, which is mainly contributed to our Advantek next phase expansion.

And we have announced around China capex of around INR100 crores. Again, that will take around 1.5 years to complete. So 18 months capex, we have already announced is of around INR220 crores, out of which, as you rightly said, first half is around INR70 crores plus.

Balance, we see that we are actually accelerating our capex plan, both India and China. And we see that maybe instead of 18 months, we will be able to complete that within around 12 to 15 months case-to-case basis.

And we will continue this capex till the time of 15 months, maybe we can say up to June '27 is our expectations to complete of these both capex sites. Maybe the go-live will take a little longer time because of the customer approvals and trials requirement. But yes, capex spending will be done by that time.

Aditya: Okay. One last question from my side. What should be the maintenance capex for Harsha stand-alone business in that take place every year?

Maulik Jasani: Harsha at a consol level, I will say, around INR25 crores to INR30 crores at a console level because we also need some of the operational or maintenance capex at China Romania site.

Moderator: The next question comes from the line of Jason Soans with IDBI Capital.

Jason Soans: Congrats on a good set of results. So just wanted to know if possible, would it be possible FY26, our engineering business consolidated has its a turnover of around INR1,440-odd crores. So would it be possible to break it down into steel Cages, brass Cages Bushings, polyamide Cages and stamp components on an annual basis, just wanted to have a rough sense of what proportion comes from this segment?

Maulik Jasani: No, Jason, we are already giving you a good breakup of Stamping Bushings and LSB, which is our growth drivers. The rest you have to assume are part of our other Cages. We have already given a guidelines that industry has picked up and industry pickup is contributing both larger size of the steel business as well as the brass business. This is the guidelines we have already said.

Sanjay Majmudar: Again, in the past, we have shared what is broadly in the industrial side of it, what is the automotive. Again, as a thumb rule, most of the industrial is brass, but not necessarily so. Now a lot of large steel Cages are also going into industry. So it will become too much of a complication, frankly.

Jason Soans: Okay. Okay. And I missed the growth expected in the Stamping business -- I mean, expected growth for FY27. Could you repeat that, if possible?

Maulik Jasani: So we just said that we have accelerated the growth numbers for Stamping, and we see that that acceleration will continue. our original guidelines was around 30% plus, and we see some acceleration happen in last quarter. And we expect it to continue acceleration business. We have not given any revised guidelines so far.

Jason Soans: Okay. Okay. Okay. Sure. And sir, I mean, when you look at the consol minus stand-alone, which is basically the subsidiary, now I understand it's the foreign subsidiaries plus Advantek.

So the number here comes around a loss of around INR123 million or INR12 crores odd. I mean, so I understand H2 will be positive for Advantek and then you're trying to minimize the losses in Romania. So can we expect a positive -- you have mentioned one line in the presentation, but can we expect a mildly positive or mildly negative number by end of FY27?

Maulik Jasani: Put together, all three, we expect it to be positive, including Advantek. China and Romania. -- for H2, yes.

Moderator: The next question comes from the line of Vaibhav Shah with Equirus Securities.

Vaibhav Shah: My first question is on the Stamping side. So could you elaborate more on the products which are currently under development, particularly for the Aerospace and Defense segment? I mean, what are their specific applications and the end platforms of the systems where these components

would be used? And additionally, how should we think about the overall opportunity and the expected commercialization time line?

Vishal Rangwala: So I will not be able to share specific application or current development things we are working on. Right now, in general, I would say that it is not a very large opportunity for us. It's small relatively in the context of our Stamping product portfolio, it's relatively small, and it has a decent potential. But right now, directionally, it is not very large.

Management: Specifically on the aerospace...

Vaibhav Shah: That was primarily on the aerospace and defense. Stamping side the commercial time line and the overall opportunity.

Vishal Rangwala: Yes. Right now, you can say that without going into specific, this right now for us, opportunity is relatively small in the context of Stamping. I would say about INR20 crores, INR30 crores. And then we are still working for a further opportunity when it comes to aerospace and defense. And however, our opportunity on the Stamping side, where we are working on other components that is fairly large.

And then aerospace and defense, we are right now working to expand that. So we are also trying to understand the market and what are real opportunities for components, which we have already made and what is in the pipeline in development.

Vaibhav Shah: Understood, sir. Sir, second question is on NRB so has undertaken a significant capex for the new Bharuch facility for localization of SRB and CRB and which is currently ramping up. So how are you seeing the demand arising from this particular area? And to what extent is this expected increase in our business and it is also factored into our revenue guidance?

Vishal Rangwala: Yes. It is all factored. We are seeing positive demand coming from that, and it is all factored into our guidance. I won't be able to go specific, but we think we are very -- I mean, seeing a positive impact of that for sure.

Moderator: The next question comes from the line of Manish Goyal with ThinQwise Wealth Managers LLP.

Manish Goyal: Sir, first question on -- maybe if you can clarify further on the subsidiary level, like earlier, we had said that Harsha Advantek will be PAT positive in FY27. So already in first half, we have seen INR7-odd crores losses versus last year some INR12 crores losses. So how should we look at FY27 numbers? Like we were expecting revenues of INR140 crores. So if you can give numbers for Advantek, what is the potential, number one?

Number two, what will be the kind of investments if we take only Advantek, which will happen, say, maybe once we complete this expansion by June '27? And how much borrowing is allocated towards Advantek? I just want to know like what would be the peak interest and depreciation from this 100% subsidiary?

And what would be the overseas combined, say -- or maybe if you can share like what could be Romania losses and China profits? China was INR5 crores profit last year and Romania was some INR14 crores loss last year.

So that was the first set of questions.

Maulik Jasani: Thank you, Manish. Let me try to answer the maximum possible. On Advantek front, we are on track for our revenue guidelines of INR140 crores or even a little higher for the year. But at the same time, we see that because of our further expansion plan, we have incremental expenses started incurring there, including operational expenses for our future growth. And as you rightly mentioned, there is a full fledge of interest and depreciation also started kicking in for our first phase expansion, which is already completed.

We expect, as we have said, H2 will be the profit positive, contributing positively on our overall Advantek front. While going forward, my capex, once we complete this phase expansion and the new building expansion plan, we expect capex of around INR350 crores plus at an overall Advantek level, out of which building and infrastructure would be around INR100 crores plus spend.

And I see that total capex loan we will take is around INR250 crores in Advantek. Balance will be the capital funding from the HA Engineers International.

Sanjay Majmudar: So just to clarify, I think what Maulik bhai, you want to say is that while H2, we will be profit positive, maybe on a full year basis, that may not be enough to completely absorb the loss of INR7 crores of the first half. There could be still some minor negative reporting, but let's see. We'll wait and watch.

Maulik Jasani: And for the quarter 2, foreign subsidiaries put together, our loss is INR1.7 crores. And on a quarterly basis, we do not give the subsidiary-wise numbers. Definitely, you will have it for the year once we complete.

Sanjay Majmudar: Yes. But we have said it will be -- yes, it is improving, and it could be a low single-digit number at the end of the year at the foreign subsidiaries level. So significantly lesser than what has been happening in the previous year.

Manish Goyal: Yes. Okay. So losses will be much lower, say, maybe what it was INR10 crores, INR11 crores would be lower than that. And Advantek okay. So can you -- just what will be your peak interest and depreciation in Advantek, sir, maybe in FY28, just to get a perspective.

Maulik Jasani: Depreciation will keep on increasing. Yes. For FY28, I can say that it will be...

Sanjay Majmudar: 2028 or 2027?

Manish Goyal: Both numbers are good, sir.

Maulik Jasani: So there is around INR7.5 crores to INR8 crores as of now put together numbers, sir. And we see that it can increase up to max INR10 crores once we have a full-fledged interest plus depreciation together.

Manish Goyal: Okay. Both put together. This is quarterly also, right?

Maulik Jasani: Yes, absolutely.

Manish Goyal: And my next question, sir, is on the initial comments, Mr. Rangwala mentioned about in-sourcing and resourcing projects and one project is expected to start contributing from Q4. So was it pertaining to the Cage project, one contract which we had announced last year and which is probably going into production in Q4? And maybe if you can give some more insight like what kind of potential opportunity is coming up in this particular in-sourcing and resourcing?

Vishal Rangwala: Yes. So I think as I mentioned in my speech, yes, that's the one we had announced earlier, which is kicking in. We are expecting realization to start in the third quarter and should normalize by fourth quarter. And from a potential point of view, this would -- what I've shared that about INR70 crores, INR75 crores annual revenue is the potential for this.

Maulik Jasani: At the peak.

Vishal Rangwala: Yes, at the peak when this project. And then right now, we are working on opportunities of resourcing or outsourcing worth about another INR75 crores to INR100 crores in different phases, which may come online next year to subsequent year and so on. And these are right now specifically our cage-related opportunities.

Manish Goyal: And this is, sir, not the large one because what I understand, there was a large Cage. Is the same one, the large Cages contract large Cages. And you also had announced one more in the Bushing also where we were expecting ramp-up to start in the second half of this year. So maybe if you can throw more perspective on that, number one.

Number two, probably in some of the MNC call, we probably heard that for larger size wind turbines beyond, say, 5 megawatt or maybe, say, 8 or 10 megawatts, over there, the requirement will be more of specialized bearings and require relatively more developed Cages and the Bushings may not be required.

So if you can throw some more clarity on this as well.

Vishal Rangwala: So on the Bushing, I think that what we had announced one contract, we were expecting second half commercialization to begin. Right now, we are still hopeful that, that will happen. We think that's a little bit delayed and in terms of ramp-up, but it will still happen. And related to large windmill market, yes, we see that there are Bushing opportunities within that. We see that as a continued opportunity.

As I said, it's not about 100% replacing bearings. It is only limited application, the Bushings are used. So I think our customers are right that they would have a lot of these opportunities on the bearing side. But at the same time, we see that Bushing has to play its own role reference to large windmill. And we are already supplier to actually a 16-megawatt windmill application.

We are supplying Bushings in that. So we don't see that as a concern. And as the rollout of Bushing happens, it will grow.

Moderator: The next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives.

Prolin Nandu: I just have one question on the China business. You mentioned that the growth is slightly on the lower side and the margins are also on the single digit. Now historically, if I look at your top line growth, it has been anywhere in the range of 8% to 10% and margins are also in double digit.

So when you mentioned that you expect some improvement going forward, is this improvement going to be limited or it will only come when the new capacity comes? Or do you see an improvement in sales as well as margin without or before the new capacity kicks in?

Vishal Rangwala: So we expect the growth to continue in China, even though the -- I mean, we mentioned that it is -- in terms of growth, it has a little bit softened vis-a-vis previous quarter and last year. We expect, however, still growth to continue with difficult to fully clearly define exact number. Bigger jump on growth will come when the new capacity comes online. Otherwise, it will remain for current financial year as well as early part of next financial year in that single-digit range is what in general we expect.

Moderator: The next question comes from the line of Jason Soans with IDBI Capital.

Jason Soans: Sir, now I'm repeating this question, I understand. But sir, actually, again, an earlier participant did allude to it. So there is a 21% growth in the first half. But did you say guide for a consol revenue guidance of 10%, 12%, that really points to a marked slowdown in second half. So sir, just some clarity on why this should be because you started the year really well, going on really well. So what is kind of taking us on this kind of conservative?

Sanjay Majmudar: So Jason, I want to repeat. We are not intimating that you are trying to understand. What we are trying to say that there are two elements. One is the quantitative part and the second is the inflation. And then the third angle is Romania.

So this year, there has been a fairly strong increase in overall metal prices. And Vishal and Maulik both have explained that in quantitative terms, we are talking of 12% to 15% growth. It will definitely -- it could translate given the continued inflation, it can translate into a little higher -- definitely higher number as a combined value.

Having said that, please understand, we have also announced that we are looking at downsizing Romania. We don't know how and when exactly we are able to do it, but probably by Q3, we will be very clear that what are the nuances of the downsizing?

So Romania's contribution can come down quite a bit. So overall, please understand India Engineering, we are gung-ho, we are very clear that there should be no issue. And therefore, from that angle, please look at it as a little more conservative guidance. That's all.

Moderator: The next question comes from the line of Varun Jain with Dolat Capital.

Varun Jain: Yes, sir. Most of my questions have been taken up. So just a couple of follow-ups. So in Q2 FY27 for the foreign business, we just saw 1% growth. So considering the price rise, we saw a volume de-growth in Romania plus China, right?

Maulik Jasani: So basically, I will say differently, Varun, we see a good growth in India and which as a percentage terms shows a lower growth in export. But yes, absolute value, there is a growth in export also.

Varun Jain: So there was a growth.

Maulik Jasani: Yes.

Varun Jain: So -- but sir, there's only 1% overall revenue increase. So then did we like shrink like the prices went down for the export realization went down?

Maulik Jasani: No, because China has a little slow quarter, as we said. Otherwise, we see that the numbers are good.

Varun Jain: Okay, sure. And overall, like China was last year at INR120 crores FY26, close to that. So this year, we'll do like INR150 crores or no?

Maulik Jasani: Because it is INR currency, INR growth is also coming from the exchange rate impact. But on the volume terms, we see that as we have given the guidelines around single-digit growth on the volume terms as of now in China.

Sanjay Majmudar: So Varun, if I have to just add to what Maulik said, if you look at Y-o-Y basis, second quarter, there's a growth of almost 15% in exports. So INR123 crores going up to INR140 crores. And on H1 to H1, it's again about 17%, 18%. So export growth out of India continues. Overall, because of the China and Romania combined, you feel that that is flat.

Varun Jain: Got it, sir. And sir, you said INR150 crores of capex is left for the next 15 months or so. So out of this INR150 crores, how much is of INR150 crores, which is left, how much is China and how much is Advantek.

Maulik Jasani: I don't have it handy. Put together, both are 220, but yes, I don't have it handy as of now.

Varun Jain: Okay. And since we were planning that we'll front-load the capex, so assuming it comes by June '27 only, so then FY28 will get a benefit of this capex, right? China will come on. So what will be the like China growth in that case?

Maulik Jasani: But commercialization, again, we will take the similar time lines, which we have given, Varun here because we will have approval time lines from the customers. So although the capex will be done, the commercialization will done around at the end of H1 only.

Varun Jain: Okay. So basically, the China capex will come into play mainly for FY29, not for FY28, right?

Maulik Jasani: H2, it will come into the play.

Management: Next year in H2.

Maulik Jasani: In H2, it will come into the play, and we will give better guidelines near the Near the year-end and completion.

Varun Jain: Got it, sir. And sir, you said in the last couple of quarters, you already always said that Japan growth you're expecting this 10%. But if I see H1, Japan growth was 28%, the Japanese customer. So like has something changed from product acceptance, what is it?

Vishal Rangwala: Yes, we are seeing a better product. As I've mentioned in the past that some of our projects were delayed. They are coming online, and that is improving this relative percentage. So that is, in general, what is going on, plus our customers, when we include that, I think they are also growing in U.S. These customers, when we say Japan-based, that also includes if we are supplying them in U.S.

So that all those geographies are also improving and that has an impact on that.

Varun Jain: Okay, sir, sure. And just one thing I forgot to ask, sir, for this China and Advantek capex, what was the asset terms? It is standard 1 to 1.2x asset terms? Or is it higher for the Advantek capex?

Maulik Jasani: In both the scenario, if we remove the immovables, it will be better than two. If we remove the immovable because both the plants have removable spend. We have already covered this in our previous call.

Sanjay Majmudar: So the basic infra capex is common for, say, next few years. So if you look at the incremental specific capex for each of these projects on productive assets like the civil plus the plant machinery, etcetera, relating to that capex, about 2x is what you can expect.

Varun Jain: Sure, sir, sure. And just one last one. So on Stamping, sir, what are the margins we are getting, especially on this accumulated products since it's growing so fast? Is it? How much lower is it from the core Cages margin?

Maulik Jasani: We don't share that. You are aware.

Moderator: The next question comes from the line of Saket Kapoor with Kapoor Company.

Saket Kapoor: Just taking into account the Q-on-Q growth in the EBITDA margin, I think so there is impact of also of RM also benefit that flows into? Or is it the product mix that has given a consolidated gain of from 15.9% to 18.6%, the growth in EBITDA margin?

Maulik Jasani: Saket, it is both and top on to that, not only both, I will say operational efficiency also has contributed. And at an overall level, the solar contribution is lower for the month, including on the cost side as well as the revenue side. So all these four factors have added there -- as the primary factors, I will say, has added there for the EBITDA growth.

Saket Kapoor: Okay. Sir, taking into account H2, I joined a bit late, so maybe repetitive, what should be the ballpark the margin trajectory for us?

Maulik Jasani: At the India level, we expect it to continue in around 22% for the EBITDA margin profile. And at a consol level for Engineering business also, we expect it to remain in the range of around 17% to 18%.

Saket Kapoor: Okay. So this consol number of what we exhibited 18.6% whole goods for the next half also?

Maulik Jasani: As of now, yes, subject to the metal price movements and other things, which we have already discussed.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Vishal Rangwala for the closing remarks.

Vishal Rangwala: Right. Great. Thank you very much. Appreciate all of you staying so late to attend this call, and thank you very much for your participation.

Sanjay Majmudar: And happy Diwali from all of us to everyone. Have a great year.

Moderator: Thank you, sir. Thank you. Ladies and gentlemen, on behalf of Harsha Engineers International Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.