

### Issue Highlights

Issue Open	September 14, 2022
Issue Close	September 16, 2022
Issue Price	Rs. 314 - Rs. 330 Per Share
Total Issue Size	Rs. 755 Cr
Of which	
Fresh Issue	Rs. 455 Cr
Offer for Sale	Rs. 300 Cr
Face Value	Rs. 10 Per share
Market Lot	45 Equity Shares
Issue Type	Book Built Issue

### Offer Structure

QIB Category	50%
Retail category	35%
Non-Institutional	15%

### Lead Book Running Managers

- ⇒ Axis Capital Ltd.
- ⇒ Equirus Capital Pvt. Ltd.
- ⇒ JM Financial Ltd.

### Registrar To The Offer

- ⇒ Link Intime India Pvt. Ltd

### Research Analyst

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### Key Highlights

- ❑ **Company Background:** Harsha Engineers International Ltd (HEIL) is largest manufacturer of precision bearing cages, in terms of revenue, in the organized sector in India and in the world. They have ~50-60% of the market share in the organized segment of the Indian bearing cages market and 6.5% of the market share in the global organized bearing cages market for brass, steel and polyamide cages in CY21.
- ❑ **Diversified product portfolio:** HEIL offer diversified suite of precision engineering products including a wide range of bearing cages starting from 20 mm to 2,000 mm in diameter including cylindrical roller cages, spherical roller cages, deep groove cages, angular contact cages, thrust roller cages and taper roller cages. Besides this, they offer complex and specialized precision stamped components, welded assemblies and brass castings and bushings.
- ❑ **Bearing markets to witness growth:** The global bearings market is expected to be valued at USD 171.7bn with a CAGR of 6-8% over the period of 2021-2029. The growth would be largely driven by increase in demand for high performance bearings, rise in usage of bearings in sectors such as mining, automotive, infrastructure development and construction. Apart, post Covid, shift of business from China to India as well as increase in outsourcing for manufacturing of bearing cages by global companies will continue to aid growth for Indian manufacturers like Harsha Engineers.
- ❑ **Strong presence across geographies & end user segments:** HEIL have strong presence both geographically as well as across customers base. They supply products in over 25 countries covering five continents such as North America, Europe, Asia, South America and Africa. Further, their products have applications in end-user industries such as automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors etc. Going ahead, the company plans to increase its customer base in Europe, China and Japanese markets.
- ❑ **Long term growth plans:** HEIL is well placed in the engineering segment and has plans to enhance market leadership in the bearings segment as well as capture opportunity in Auto-EV segment which has good scope of growth. Besides, their focus will be on expanding the customer base, developing customized products with help of tooling and use of automation to bring in cost efficiency. Also, they have plans to look for inorganic acquisitions and partnerships with customers over a long term period.
- ❑ **Valuation:** On the financial front, the company's track record has seen improvement in the last 3 years wherein the revenue and PAT has seen a CAGR of 22% and 105% growth over FY20-22. In terms of valuation, at an upper band price of Rs 330, the company is trading at 28x FY22 (pre-IPO).
- ❑ **Key Risk:** 1) Depends on limited numbers of customers for revenue. 2) Price volatility of raw materials may impact margins.

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No

	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
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	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest ( if answer to F (a) above is Yes :

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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