

Rating: Subscribe for Long Term

Issue Offer

Fresh Issue of 137,87,879 equity shares upto INR 455Cr and OFS of 90,90,909 shares by Promoters group taking the total issue size at INR 755 cr

Issue Summary

Price Band (INR)	314-330
Face Value (INR)	10
Implied Market Cap (INR Cr)	3,005
Market Lot	45
Issue Opens on	Sep, 14, 2022
Issue Close on	Sep, 16, 2022
No. of share pre-issue	77,248,410
No. of share post issue	91,044,105
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≤ 50
NIB Portion	≥15
Retail Portion	≥35

Book Running Lead Managers

Axis Capital, Equirus Capital
JM Financial Capital

Registrar

Link Intime India Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	99.7%	74.6%
Public & Others	0.3%	25.4%

Objects of the issue

- Pre-payment or scheduled repayment of a portion of the existing borrowing availed by Company.
- Funding capital expenditure requirements towards purchase of machinery
- Infrastructure repairs and renovation of existing production facilities including office premises in India.
- General corporate purposes

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Ankita V Yadav

Harsha Engineers International Ltd (HEIL) was incorporated in 2010, it is the largest manufacturer of precision bearing cages in terms of revenue in organized sector in India. The company has four strategic manufacturing faculties with warehouses and supply the products to 25 countries across five continents. The aggregated manufacturing installed annual capacity for bearings cages is around 1,097.9 mn pieces and around 4,596 MTPA for castings as on FY22. The company offers a wide range of bearing cages from 20 mm to 2,000 mm in diameter. Bearing cages have applications in the automotive, railways, construction, electrical & electronics and renewables sectors etc.

Investment Rationale

Largest manufacturer of bearing cages in India: The company has 50% to 60% market share in the domestic precision bearing market and holds the position of largest manufacturer of bearings cages in India. It is one of the leading players globally with 6.5% of the global market share in the organized bearing cages market for brass, steel and polyamide cages in CY21.

Comprehensive solution provider offering diversified suite of precision engineering products: The company primarily manufactures bearing cages in the range of 20 mm to 2,000 mm diameter. It has been successful in improving current processes of manufacturing and new product development for different types of bearing cages due to its designing and tooling development, and technological capabilities. The company has manufactured more than 7,500 types of products in the automotive and industrial segments.

Expertise in tooling, design development and automation: The company's expertise in design and development of advanced tooling in-house enables it to manufacture precision products. The dedicated tool production facilities at Changodar has strengthened HEIL's ability to meet customer demands. Over the past three years, HEIL's product development and innovation centre has developed more than 1,200 products. Its in-house automation has helped optimize O&M expenses, reduce production cycle time and minimize capital expenditure.

Long standing relationships with leading clientele: The company has strong customer relationships with leading global bearing manufacturers in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors. The global bearing cages market is concentrated among a few manufacturers with the top six contributing to 54% of the market share in FY22. HEIL supplies to each of the top six global bearing manufacturers.

Valuation and View: HEIL has delivered strong revenue growth (22% CAGR) in FY20-FY22, being a leader in the bearings market and having domestic market share around 50% to 60% and global market share around 6.5%. its strategically located manufacturing facilities with ware houses, presence in 25 countries over 5 continents, comprehensive solutions to customers backed by strong R&D and strong relationships with customers will drive the business going forward. At the upper band of INR 330, the issue is valued at a EV/EBITDA of 17x based on FY22 EBITDA. We are recommending "Subscribe for Long Term" for this issue.

Investment Rationale

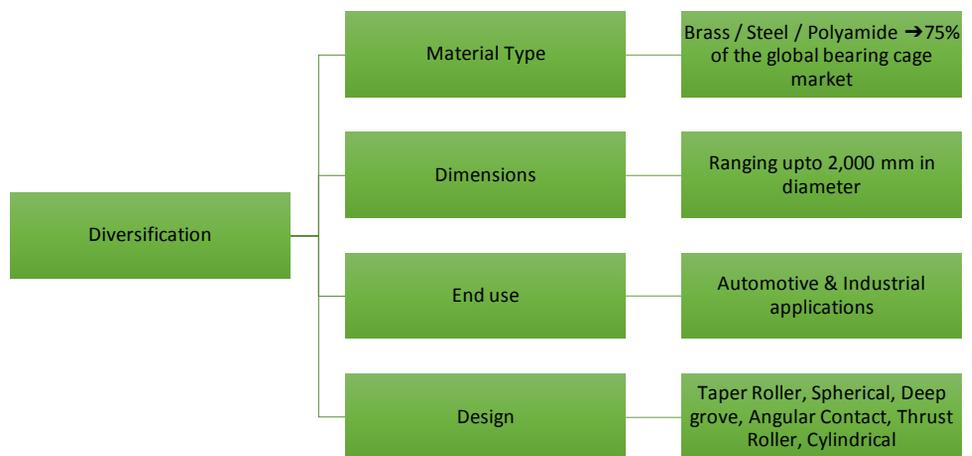
Largest manufacturer of bearing cages in India: The company has 50% to 60% market share in the domestic precision bearing market and holds the position of largest manufacturer of bearings cages in India. It is one of the leading players globally with 6.5% of the global market share in the organized bearing cages market for brass, steel and polyamide cages in CY21.

The company has partnered closely with its customers and involved by its customers in the product development process and accordingly it has been able to ensure repeat orders from most of its customers. The company has recently expanded its product portfolio to introduce sand casting, value added stamping components, bronze bushings to cater to more end user industries such as wind, mining and shipping sectors.

Comprehensive solution provider offering diversified suite of precision engineering products: The company primarily manufactures bearing cages in the range of 20 mm to 2,000 mm diameter. It has been successful in improving current processes of manufacturing and new product development for different types of bearing cages due to its designing and tooling development, and technological capabilities. The company has manufactured more than 7,500 types of products in the automotive and industrial segments.

The company manufactures a wide range of bronze bushes for sliding bearing. These bushes are predominantly used in the gear boxes for wind turbine planetary axles and require high precision machining and assurance of all mechanical, chemical, dimensional and cleanliness properties because of criticality of application. The range of bushes ranges from 200 mm to 600 mm outer diameter (OD) and 200 mm to 800 mm height.

Exhibit 1: Comprehensive solution provider offering diversified suite of precision engineering products



Source: RHP, Arihant Capital Research

Exhibit 2: Most of the products are from Brass and Steel materials.



Category	Brass	Steel	Polyamide
No of Products	> 3,500	> 3,700	> 80
Size (diameter)	Upto 2,000 mm	Upto 1,000 mm	Upto 300 mm

Source: RHP, Arihant Capital Research

Investment Rationale

Exhibit 3: Different designs of bearing cages with diverse applications

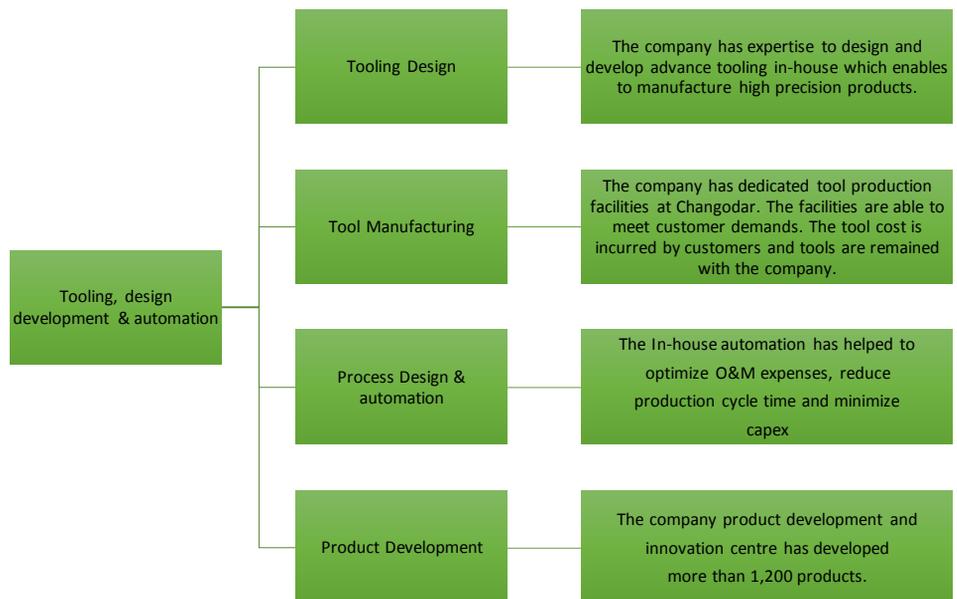


Source: RHP, Arihant Capital Research

Expertise in tooling, design development and automation: HEIL is expertise in design and development of advanced tooling in-house enables it to manufacture precision products. The dedicated tool production facilities at Changodar has strengthened HEIL’s ability to meet customer demands. Over the past three years, HEIL’s product development and innovation centre has developed more than 1,200 products. Its in-house automation has helped optimize O&M expenses, reduce production cycle time and minimize capital expenditure. The company employs machining as well as stamping processes in its manufacturing process. Its machines are equipped for both individual and diversified processes and their functionality enables the company to employ them in the most optimum manner to suit the customer’s preferences.

The company’s tool room at the Indian production facilities are equipped with tool design software like Pro Engineer for 3D modelling and detailing, Numerically Controlled Tool Path, Auto Cad Station, Hyperworks that allows it to eliminate any defects in the designing process. The tooling machines like Hard Milling and Turning Machines, CNC Wire-cut and EDM Machines with rotary electrodes, CNC Centres including five Axis Machining centre and various high accuracy measuring instruments including CMMs, allows it to provide high quality precision bearing components.

Exhibit 4: Expertise in tooling, design development and automation



Source: RHP, Arihant Capital Research

Investment Rationale

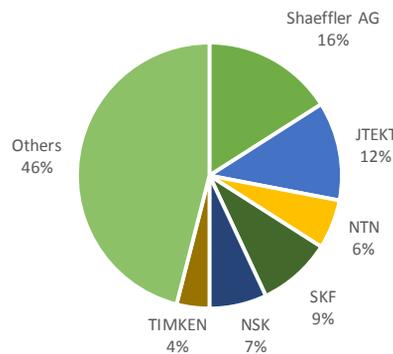
Currently, the company manufactures a wide range of precision automotive and industrial components with size upto 2,000 mm diameter. It has comprehensive tooling, testing and measurement infrastructure and independent tool designing capabilities at both its units in India as well as its production unit in Romania. It has allowed to successfully diversify its products portfolio and improve its current processes in different type of bearing cages.

Further, the company has used its engineering expertise and approach to innovation to partially automate some of the operations including secondary operations such as vibro-finishing, visual inspection, washing, oiling etc. The company believes that such automation helps it in improving productivity and reducing defects in its production process.

Long standing relationships with leading clientele: The company has strong customer relationships with leading global bearing manufacturers in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors. The global bearing cages market is concentrated among a few manufacturers with the top six contributing to 54% of the market share in FY22. HEIL supplies to each of the top six global bearing manufacturers

Exhibit 5: Top six players have market share of 54% in global bearings industry.

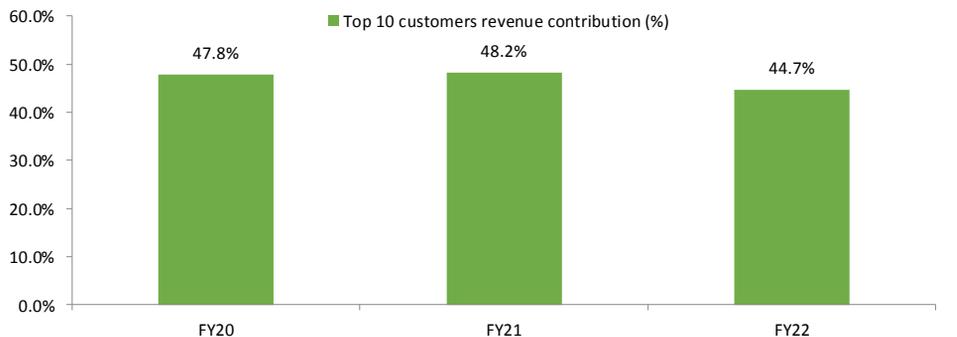
Top players market share in bearings industry - FY22



Source: RHP, Arihant Capital Research

The company’s top 10 customers contributed to 47.8%, 48.2%, and 44.7% of its total revenue from operations for FY20, FY21 and FY22 respectively. The average age of the company’s relationship with its top five customer groups spans more than a decade. The long term relationships with customers is indicative of its quality consciousness and its designing and tooling capabilities.

Exhibit 6: ~45% of revenue comes from top 10 customers in FY22



Source: RHP, Arihant Capital Research

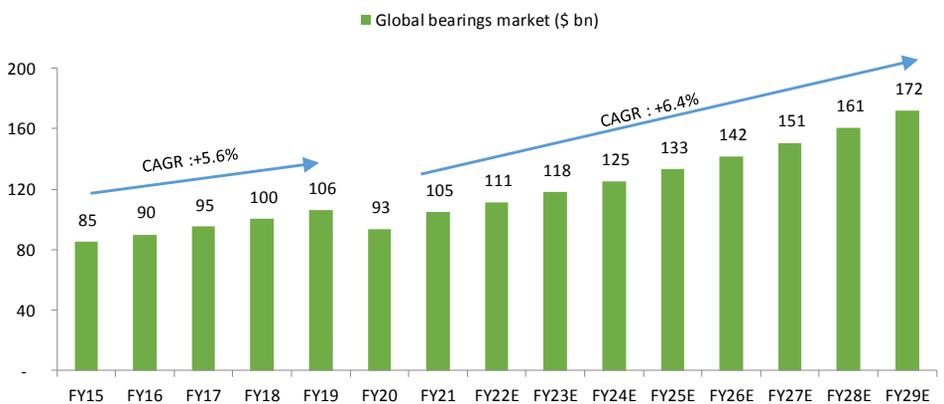
The company presence in certain geographies catering to a select customer group helps it to enter other geographies where the same customer group has presence. Further, it gives the company an opportunity to cross sell across geographies and offer diversified product portfolio to its customers in other automotive and equipment segments into which they may diversify. This also gives the company an opportunity to grow its sales in line with the growth of its customers. The long-standing relations with such customers act as an endorsement of its operational and managerial capabilities and helps it to solicit new business from potential customers in the same industry.

Industry Overview

Global Bearings Market: The global bearings market was valued at USD 85.2 bn in FY15 and grew to USD 106.1 bn in FY19 at a CAGR of 5.6%. Owing to the global outbreak of Covid-19 since end of March 2020, the bearings market contracted in FY20 due to decline in demand and supply chain constraints on account of Covid-19 induced restrictions. However, a rebound was seen in FY21.

The market is expected to grow at a CAGR of 6.4% over the period FY21 to FY29E and is estimated to be valued at USD 172 bn in FY29E. The expected growth in usage of bearings in several applications such as mining, automotive, heavy machinery, infrastructure development, power generation and construction is expected to drive the demand for bearings market.

Exhibit 7: The global bearings market is expected to grow at a CAGR of 6.4% (FY21-FY29E).

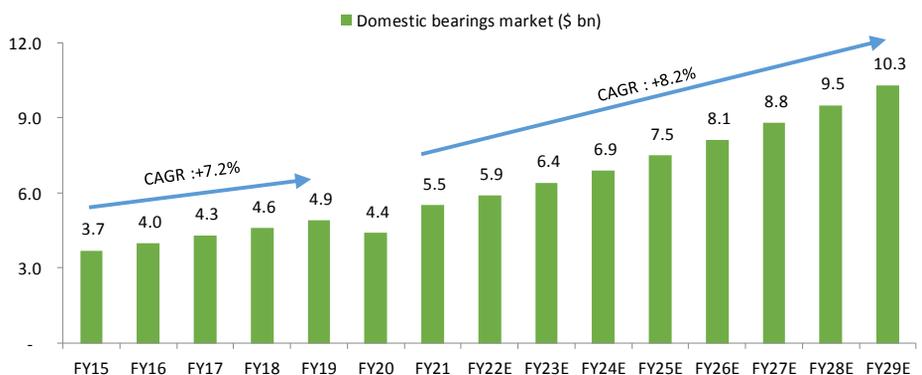


Source: RHP, Arihant Capital Research

Domestic Bearings Market: Indian bearings market share accounted for 5.2% of global market in terms of revenue in FY21. The asia pacific bearings market share accounted for 12.5% of global market. The Indian bearings market grew at a CAGR of 7.2% from FY15 to FY19. The global outbreak of Covid-19 and subsequent imposition of restrictions led to fall in demand for bearings from end user industries and bottlenecks in supply chain networks of manufacturers. This turn led to contraction of domestic bearings market in FY20. High and volatile commodity prices posed significant risks to the global economy and the effects were felt on both inflation and growth, and will fall unevenly across countries.

Sharp growth in commodity prices impacted the industry growth. Threat of geopolitical conflict and supply chain issues, especially the semi-conductor shortage will have an overhang in the near-term growth. However, long term growth remain intact, the market is expected to grow at a CAGR of 8.3% during FY21 to FY29E and is estimated to be valued at USD 10.3 bn in FY29E. The growth is expected to driven by demand from mining, automotive, infrastructure development and construction.

Exhibit 8: The domestic bearings market is expected to grow at a CAGR of 8.2% (FY21-FY29E).



Source: RHP, Arihant Capital Research

Business Overview

Harsha Engineers International Ltd (HEIL) was incorporated in 2010, it is the largest manufacturer of precision bearing cages, in terms of revenue in organized sector in India. The company is a part of the Harsha Group. Around 50% of the company’s market share is 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. The company offers a wide range of bearing cages starting from 20 mm to 2,000 mm in diameter and bearing cages find its application in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors etc.

The company has two domestic manufacturing facilities at Changodar and Moraiya and one manufacturing unit each at China and Ghimbav Brasov in Romania. The company supply products to customers in over 25 countries covering five continents which including North America, Europe, Asia, South America and Africa. The company have entered into arrangements to stock inventory in warehouses spread across more than 20 locations across the world including Europe, US, China and South America.

The company has design and tool development unit, which housed a team of 239 qualified engineers (including solar EPC business) as of Sep, 2021. The company manufacture more than 7,205 bearing cages and more than 295 other products for customers in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical and electronics, renewables sectors, allowing the company to meet changing customer requirements. In addition, over the past three years our product development and innovation centre has developed more than 1,200 products in different bearing types.

Product Portfolio

	Products	Application
Bearing Cages		Bearing cages are primarily utilized to (i) separate the rolling elements, reducing the frictional heat generated in the bearing; (ii) keep the rolling elements evenly spaced, optimizing load distribution on the bearing; (iii) guide the rolling elements in the unloaded zone of the bearing; (iv) retain the rolling elements of separable bearings when one bearing ring is removed during mounting or dismounting.
Steel Cages		The size of the steel cages ranges upto 1,000 mm and the Company manufactures more than 3,700 types of steel cages. Steel bearing cages can be used at operating temperatures of upto 300 °C (570 °F).
Brass Cages		Brass cages are generally manufactured from semi-finished brass castings which may be cast in-house and then machined into bearing cages or stamped from brass strips or turned out of brass tubes. Brass bearing cages can be used at temperatures of up to 250 °C (480 °F).
Polyamide Cages		The features of such cages include being corrosion resistant and light in weight owing to presence of high polymers materials. The Company manufactures more than 80 types of polyamide cages with size ranging upto 300 mm including thrust ball bearings, cylindrical roller thrust bearings, linear ball bearings, water pump bearings and other special types of bearings primarily used in industrial machines, pumps, compressors, OEMs and traction motors for railways.

	Precisions	Application
Bronze Bushings		These bushes are predominantly used in the gear boxes for Wind Turbine planetary axles and require high precision machining and assurance of all mechanical, chemical, dimensional, and cleanliness properties because of criticality of application.
Automotive Applications		The company offers its customers high quality precision parts for two-wheeler and four wheeler application as well as complete assembled modular units.
Industrial Applications		The company is a metal insert supplier for different metal and sealing applications that are primarily used as dust covers, bearing covers, slingers, flingers and seal inserts; One specific example is metal insert used in railway bearing seal application.
Electrical & Appliance		The company offers high quality stamping products for electrical and appliance industry. for example, AC compressor Head and base cover welded assembly supplied to leading appliance compressor manufacturer.

Source: RHP, Arihant Capital Research

Key Strengths and Strategies

Key Strengths	Details
Comprehensive solution provider offering diversified suite of precision engineering products	The company primarily manufacture bearing cages in the range of 20 mm to 2,000 mm in diameter. The company have been successful in improving current processes of manufacturing and new product development for different types of bearing cages mainly due to designing and tooling development and technological capabilities. The company has manufactured more than 7,500 types of products in the automotive and industrial segments.
Long standing relationships with leading clientele	The company has established strong relationship with its customers who are leading global bearing manufacturers in the automotive, railways, aviation & aerospace, construction, mining, agriculture, electrical & electronics and renewables sectors. The bearing cages market globally is concentrated among a few global bearing manufacturers with top six global bearing manufacturers contributing to 54% of the market share in FY22 and the company supplies to each of the top six global bearing manufacturers.
Strategically located domestic and international production facilities and warehouses	The company has four strategically located manufacturing facilities spread across three countries in India, China, and Romania. The aggregate installed capacity across these manufacturing facilities was 4,596 MTPA for castings and 1,097.87 million pieces per annum for bearing cages. The company's presence in these locations helps to overcome significant entry barriers in comparison with its competitors.
Expertise in Tooling, design development and automation	The company's expertise to design and develop advance tooling in-house enables it to manufacture precision products. The company's dedicated tool production facilities at Changodar have strengthened HEIL's ability to meet customer demands. Over past three years, the company product development and innovation centre has developed more than 1,200 products. Its in-house automation has helped to optimize O&M expenses, reduce production cycle time and minimize capex.

Source: RHP, Arihant Capital Research

Key Strategies	Details
Enhance market leadership in bearing cages and expanding customer base	The company's manufacturing presence in India and China will help it in capitalising on the expected growth in bearing cage demand from India and Asia Pacific markets and present it with significant opportunities for growth of its existing market share in these jurisdictions. The expected growth in usage of bearings in several applications such as mining, automotive, heavy machinery, infrastructure development, power generation and construction is forecasted to drive the demand for bearings market and it is expected to grow at a CAGR of 6.4% over the period FY21 to FY29 and is estimated to be valued at USD 172 bn in FY29. The company aims to continuously develop newer types of bearing cages with a special focus on larger diameter bearing cages (above 400 mm) to keep up with the evolving demands of the customers.
Retain and strengthen technological leadership through continued focus on development and automation.	The company has focused on using appropriate cost effective technologies for different volumes and varieties of products, to become single point solution provider to customers for their different needs of type of cages and different volumes of cages. The company has intend to digitalize operations by implementing IoT system to connect the relevant machines or equipments and improve the operational process performance of machines or equipments by having the right analysis of downtime or reasons for loss of productivity. To support this process, the company have purchased and intend to purchase new equipments that are IoT compatible.
Growing its stamping and specialized component segment.	The company plans on capitalizing on the existing niche and low volume high value products in the stamping and special component segment and gradually scale up its business over next three to five years. It plans on achieving this growth in two phases (i) manufacturing specialized parts/components and supplying to auto component assembly manufacturers. (ii) change in supply process by manufacturing assemblies as composite component and supply directly to OEMs.
Focus on increasing operational efficiencies to improve returns	The company has intends to use a variety of other manufacturing strategies, sourcing strategies and cost reduction strategies continue to improve operational efficiencies. The company has integrated its facilities in China in order to improve asset efficiency, reduce overhead and build on synergy. The company has also recently introduced the 'One Harsha Project' to create a strategic business unit structure and thereby increasing the efficiency of operations. It believes that through implementation of IoT systems and industry 4.0 for relevant machines or equipments. The company will also support the identification of improvement areas and thus aim to bring synergies to the operational and business performance improvement process.

Source: RHP, Arihant Capital Research

Key Management

Personnel	Designation	Description
Rajendra Shah	Chairman and Whole-time Director	Rajendra Shah is the Chairman and Whole-time Director of the Company. He holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi.
Harsha Rangwala	Managing Director	Harish Rangwala is the Managing Director of the Company. He holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. Previously, He served at Tata Chemicals.
Vishal Rangwala	Chief Executive Officer and Whole-time Director	Vishal Rangwala is the Chief Executive Officer and Whole-time Director of the Company. He holds a bachelor's degree in Mechanical Engineering from University of Pune. He further holds a Master of Science degree in Engineering Management from University of Southern California.
Pilak Shah	Chief Operating Officer and Whole-time Director	Pilak Shah is the Chief Operating Officer and Whole-time Director of the Company. He holds a bachelor's degree in Mechanical Engineering from Nirma Institute of Technology. He further holds a master's degree in Integrated Manufacturing Systems Engineering from North Carolina State University
Hetal Ukani	Whole-time Director	Hetal Ukani is a Whole-time Director of the Company. She holds the bachelor's degree in Mechanical Engineering from L.D. Engineering College. He has completed Master of Technology in Mechanical Engineering with specialization in Design Engineering.
Ambar Patel	Independent Director	Ambar Patel is an Independent Director of the Company. He holds a bachelor's degree in mechanical engineering from Gujarat University. Previously, He has served as the managing director of Shilp Gravures Ltd.
Neharika Vohra	Independent Director	Neharika Vohra is an Independent Director of the Company. She holds a bachelor's degree in Psychology from Shushilavati Khosla D.A.V. College for Women, Rourkela and Master of Arts degree and a doctorate in philosophy from The University of Manitoba. She is currently Vice Chancellor of the Delhi Skills and Entrepreneurship University. She has been a Professor at IIM Ahmedabad since the last two decades. She has also taught at Xavier Institute of Management, Bhubaneswar for four years and for short periods at University of Manitoba. She has over 22 years of experience in teaching and research in the field of organizational behavior.
Kunal Shah	Independent Director	Kunal Shah is an Independent Director of the Company. He holds bachelor's degree in engineering (chemical) from Nirma Institute of Technology, Gujarat and holds a degree of Master of Science in Information Systems from Stevens Institute of Technology, USA. Previously, He was associated with AIA Engineering Ltd.
Bhushan Punani	Independent Director	Bhushan Punani is an Independent Director of the Company. He holds bachelor's degree in Science (Dairy Husbandry) from B.N. Chakrabarty University, Kurukshetra, Bachelor of Laws from Gujarat University and Post-Graduate degree in management from the IIM, Ahmedabad and a Doctor of Philosophy (Commerce) degree from Gujarat University. He has also completed a special course on vocational rehabilitation from the University of Hafia, School of Social Work. He is associated with Blind People's Association, Ahmedabad as the General Secretary and with ICEVI as the Vice President
Ramakrishnan Kasinathan	Independent Director	Ramakrishnan Kasinathan is an Independent Director of the Company. He holds bachelor's degree in civil engineering from the University of Madras, Diploma in Basic Finance from the Institute of Chartered Financial Analysts of India and master's degree in Business Administration from Anna University and a master's degree in Management from the Asian Institute of Management, Philippines. Previously, he has worked at ACT India, Johnson & Johnson Ltd, Best & Crompton Engineering Ltd, SKF India Ltd and Hindustan Zinc Ltd.

Source: Company reports, Arianth Capital Research

EBITDA Analysis

Exhibit 9: The sharp escalation in commodity prices are impacted around 850 bps on EBITDA levels in FY22. However, the company has reduced employee costs and other expenses. The cooling down of commodity prices would improve the margin levels going forward.



Source: RHP, Arihant Capital Research

Key Risks

- The company business is currently concentrated to a select number of customer groups. if customer groups are able to fulfil their requirements through captive or in house manufacturing or any of its existing or new competitors, providing products with better quality, lead time with cheaper cost, the company may lose significant portion of its business.
- The company has limited control over the operations and businesses of agents in the event any such agents treat its competitors’ more favorably than the company. The company competitors may also provide greater incentives to its agents, consequent to which their agents may choose to act only on behalf of its competitors instead of the company. It would lead to affect the business.
- The company cannot assure that the renewal or obtaining of certain of these approvals and licenses. If any rejections in approvals or licenses would impact the business.
- The company is exposed to foreign currency exchange rate fluctuations which may adversely affect its results of operations and cause its quarterly results to fluctuate significantly.
- The company's inability to successfully diversify its product offerings of its engineering business may adversely affect the company's growth and negatively impact its profitability.
- Geographical concentration of production units may restrict operations and adversely affect the business.

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22
Revenue	886	874	1,321
Net Raw Materials	458	415	740
Employee Cost	149	146	158
Other Expenses	157	156	206
EBITDA	86	122	169
EBITDA Margin (%)	9.7%	13.9%	12.8%
Depreciation	(35)	(34)	(35)
Interest expense	(33)	(30)	(25)
Other income	14	3	18
Profit before tax	32	61	127
Taxes	(10)	(15)	(35)
Net profit	22	45	92
Reported Netprofit Margin (%)	2.5%	5.2%	7.0%
Other Comprehensive income	(6)	5	1
Net profit	15	51	93
EPS (INR)	3	10	12

Source: Company Reports, Aриhant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22
Equity capital	50	50	77
Reserves	322	377	445
Net worth	372	427	522
Provisions	9	12	13
Debt	438	383	408
Other non-current liabilities	(13)	4	6
Total Liabilities	805	826	949
Fixed assets	262	268	283
Capital Work In Progress	3	3	2
Other Intangible assets	2	1	2
Goodwill	70	73	71
Investments	0	0	1
Other non current assets	18	18	20
Net working capital	381	400	515
Inventories	232	268	376
Sundry debtors	239	214	283
Loans & Advances	7	5	12
Other current assets	71	69	53
Sundry creditors	(111)	(117)	(183)
Other current liabilities & Prov	(56)	(39)	(26)
Cash	57	45	39
Other Financial Assets	12	16	17
Total Assets	805	826	949

Source: Company Reports, Aриhant Capital Research

Cashflow summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22
Profit before tax	32	61	127
Depreciation	35	34	35
Tax paid	(10)	(15)	(35)
Working capital Δ	(381)	(20)	(115)
Change in Goodwill	(70)	(3)	2
Operating cashflow	(394)	57	15
Capital expenditure	(301)	(40)	(49)
Free cash flow	(694)	17	(34)
Equity raised	350	10	3
Investments	(0)	(0)	(0)
Others	(32)	(4)	(3)
Debt financing/disposal	438	(55)	25
Other items	(4)	20	4
Net Δ in cash	57	(12)	(6)
Opening Cash Flow	-	57	45
Closing Cash Flow	57	45	39

Source: Company Reports, Aриhant Capital Research

Ratio analysis

Y/e 31 Mar (INR cr)	FY20	FY21	FY22
Growth matrix (%)			
Revenue growth		-1.4%	51.2%
Op profit growth		41.7%	38.7%
Profitability ratios (%)			
Net profit margin	2.5%	5.2%	7.0%
RoCE	10.7%	8.3%	12.4%
RoNW	11.7%	11.4%	19.4%
RoA	2.7%	5.5%	9.7%
Per share ratios (INR)			
EPS	3.1	10.1	12.1
Cash EPS	11.4	15.9	16.5
Book value per share	74.4	85.4	67.6
Valuation ratios (x)			
P/E	107	33	27
P/CEPS	29	21	20
P/B	4	4	5
EV/EBITDA	24	16	17
Payout (%)			
Tax payout	30.6%	25.2%	27.4%
Liquidity ratios			
Debtor days	98	95	69
Inventory days	185	220	159
Creditor days	51	55	47
WC Days	232	259	180

Source: Company Reports, Aриhant Capital Research

Story in Charts

Exhibit 10: Strong Revenue Growth – 22.1% CAGR (FY20 – FY22)

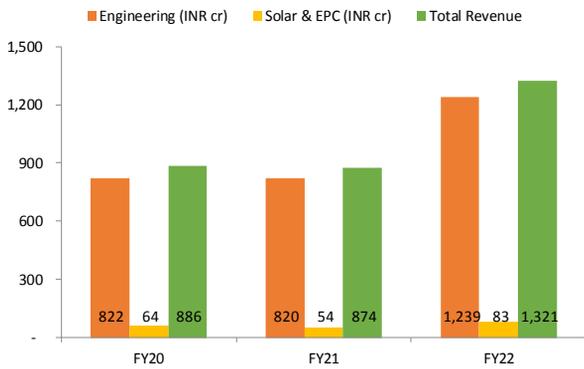


Exhibit 11: Gross Margins under pressure due to RM costs.

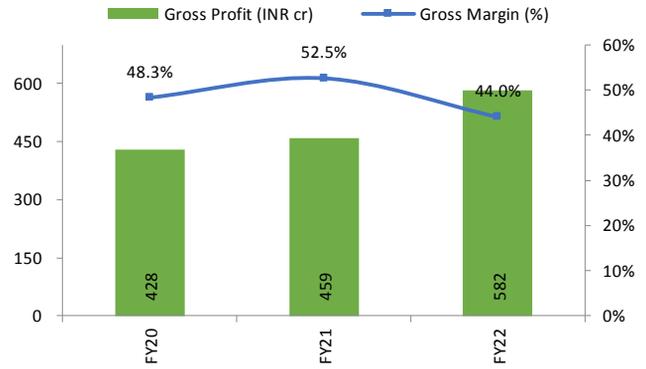


Exhibit 12: EBITDA and PAT Margins improved

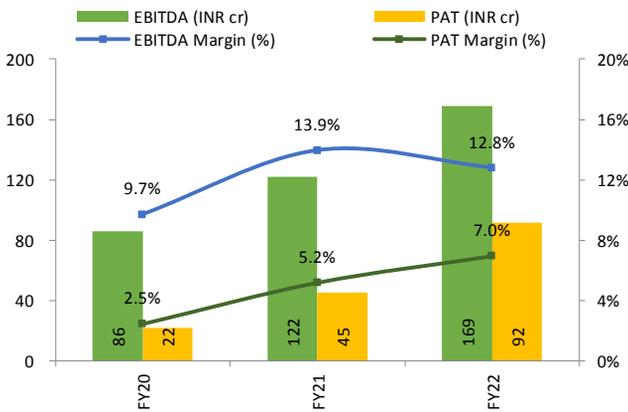


Exhibit 13: Working capital has reduced in terms of sales.

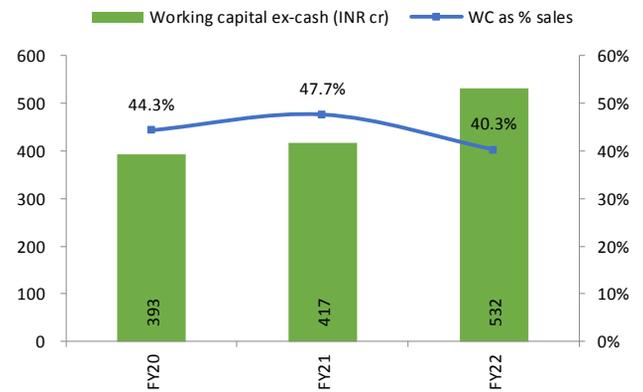


Exhibit 14: Return ratios improved

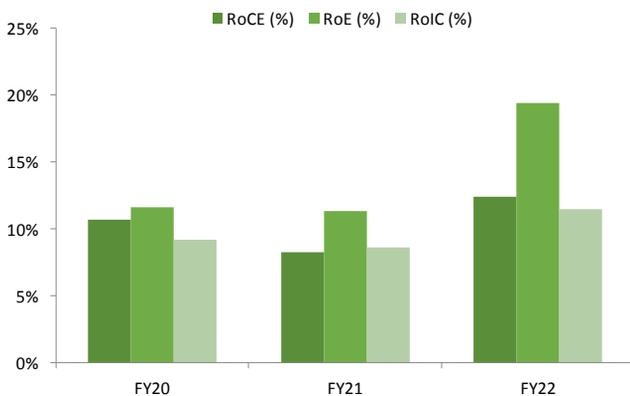
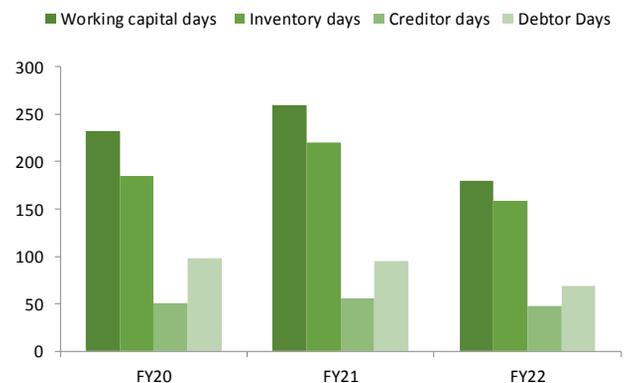


Exhibit 15: Working capital days reduced



Source: RHP, Company Reports, Arihant Capital Research

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Head Office	Registered Office
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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
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