



Rishabh Instruments Ltd is the manufacturer of electrical and electronic products across globe. Their products include analog panel meters, low voltage current transformers. Lumel is the brand through which they sell their products in Poland. Lumel is into melting of liquid aluminum per day for car compressors in Europe. They are the first to manufacture solar string inverters in India. They are also venturing in to Electronic manufacturing services segment which manufactures printed circuit boards.

Company's revenue shows growth of 20% 2 year CAGR while EBIDTA level performance was not robust as it grew by 11% 2 year CAGR. This issue is available at P/EPS of 34.35x, which cannot be compared as it does not have any comparable listed peers. EBIDTA Margins have fallen from 17% in FY2021 to 15% in FY2023 which shows inconsistency in margins. While, the company has huge potential in upcoming newer segments like solar power, electrical automation and electronic manufacturing services. Hence, we recommend to subscribe the issue for listing gains



#### About the Company:

Rishabh Instruments Limited is a global energy efficiency solution company focused on electrical automation, metering and measurement, precision engineered products, et al. with diverse applications across industries including power, automotive and industrial sectors. They supply a wide range of electrical measurement and process optimization equipment, and are engaged in designing, developing and manufacturing, and sale of devices significantly under their own brand across several sectors. They provide comprehensive solutions to their customers looking for cost-effective ways to measure, control, record, analyse and optimise energy and processes through their array of products. They also provide complete aluminium high pressure die casting solutions for customers requiring close tolerance fabrication (such as automotive compressor manufacturers and automation high precision flow meters manufacturers), machining and finishing of precision components. Their Company is a global leader in manufacturing and supply of analog panel meters, and they are among the leading global companies in terms of manufacturing and supply of low voltage current transformers.

#### Promoters

Narendra Joharimal Goliya

#### Objective of the Offer

- Financing the cost towards expansion of Nashik manufacturing Facility I
- General corporate purposes

#### Issue details

Price Band (Rs in per share)	418-441
Issue size (Rs in Crore)	469.10-490.78
Fresh Issue size (Rs in Crore)	75.00
OFS Issue size (Rs in Crore)	394.10-415.78
Issue open date	30-08-2023
Issue close date	01-09-2023
Tentative date of Allotment	06-09-2023
Tentative date of Listing	11-09-2023
Total number of shares (lakhs)	112.22-111.29
No. of shares for QIBs (50%) (lakhs)	56.11-55.64
No. of shares for NII (15%) (lakhs)	16.83-16.69
No. of shares for retail investors (35%) (lakhs)	39.28-38.95
Minimum order quantity	34
Face value (in Rs)	10.00
Amount for retail investors (1 lot)	14212-14994
Maximum number of shares for Retail investors at lower Band	476(14 Lots)
Maximum number of shares for Retail investors at upper band	442(13 lots)
Maximum amount for retail investors at lower Band- upper band (in Rs)	198968-194922
Exchanges to be listed on	BSE, NSE

#### RESEARCH ANALYST

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A route to making money online

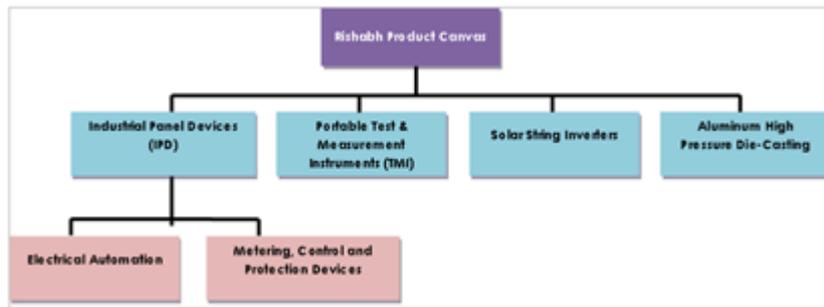


## Financials

Brief Financials			
Particulars (Rs. Cr)*	FY23	FY22	FY21
Share Capital	29.25	14.62	14.62
Net Worth	408.74	346.09	302.12
Revenue	569.54	470.25	389.95
EBIDTA	86.32	82.63	70.02
Net Profit	49.68	49.65	35.94
EBITDA Margin (%)	15.16%	17.57%	17.96%
Basic EPS	12.84	12.91	9.32
Net Asset Value (Rs)	109.98	93.98	80.33
Total Borrowings	102.85	96.57	91.95
P/E#	34.35	NA	NA
P/B #	4.01	NA	NA

Source: RHP # Calculated at the upper price band, \* Restated summary

## Industry Review:

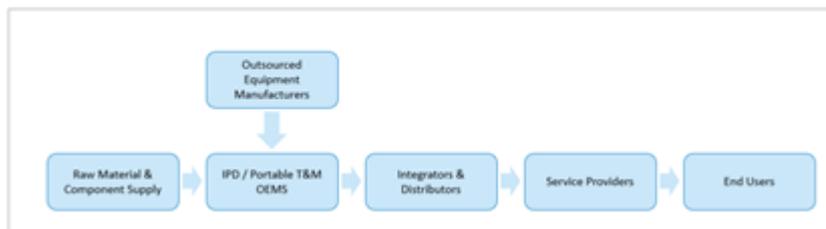


### Industrial Panel Devices (IPD)

IPD is mainly used in different type of panels like PCC, MCC, Automation Panel, Power Factor Correction panel, Distribution Panel etc. to measure and control the standard signals like Electrical signals, Electro-mechanical signals, Digital and Analog type of signals, Process Signals etc., and protect the overall system.

IPDs provide system transparency and integration, and remote system monitoring and control along with necessary protection to maintain the overall safety of the installation and operating personnel.

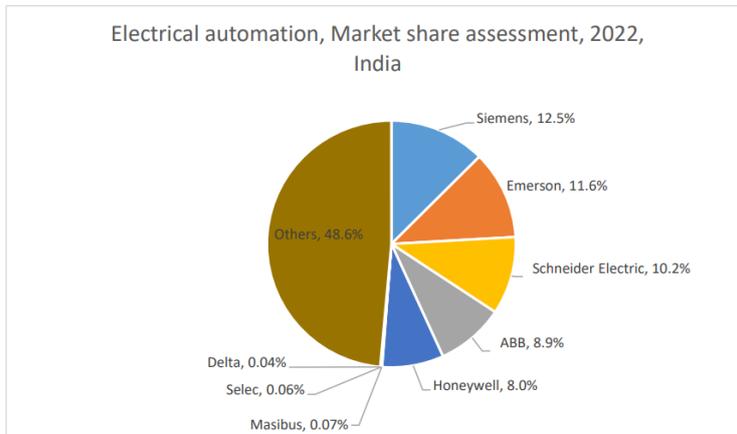
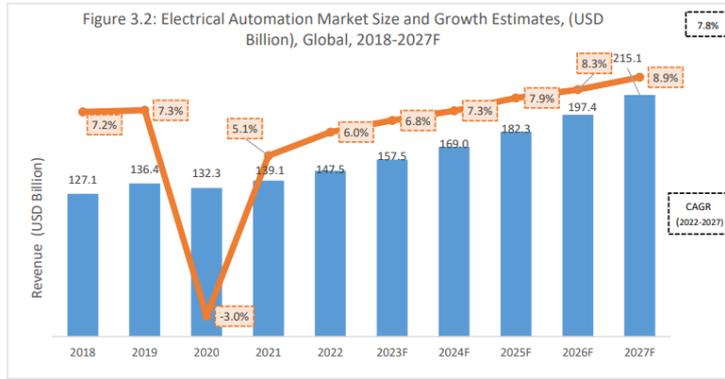
Value Chain Analysis of Industrial Panel Devices/Portable Test & Measurement Instruments



### Electrical Automation

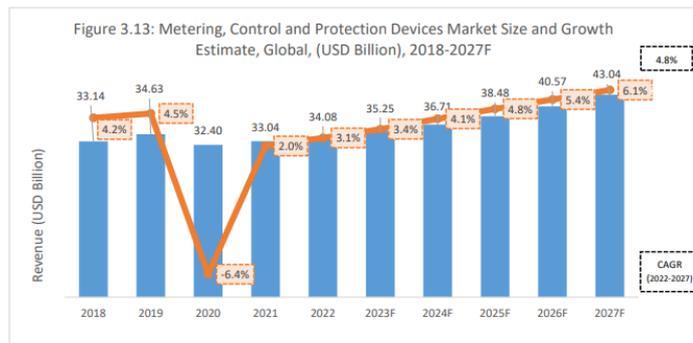
A complex electrical network requires complete integration of various signals to build an intelligent system and to automate the overall operation. This integration and automation work is done by system integrators. The electrical automation products are used by these system integrators mainly for collection of signals.

The global electrical automation industry has experienced steady growth over the last 4 years. The Indian market for industrial panel devices and electrical automation consists of end users from large, established automotive and food and beverage manufacturers and process industries such as oil and gas and steel mills.



**Metering, Control and Protection Devices**

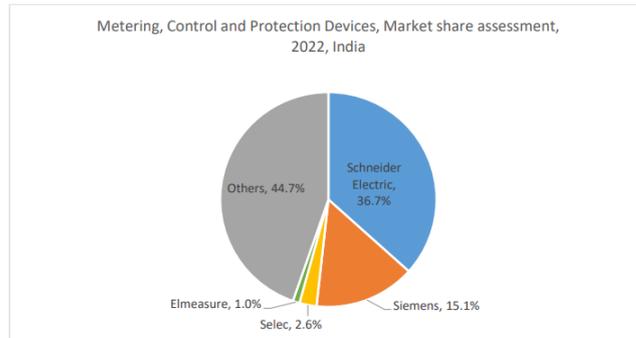
The Metering, Control and Protection Devices, such as Analog/Digital Panel Meters, Multi-Function Meters, Current Transformers, APFC relays, Protection relays etc. are used in centralized system to measure, control, record, analyze and protect the electrical system. The components are used in applications such as electrical distribution, industrial panels, and process control, and their end users include residential buildings, commercial buildings, industrial buildings, and other industries such as Railways, Defense, Steel & Cement, Oil & Gas, and Utilities. The Indian Metering, Control and Protection Devices market witnessed growth mainly due to increased demand from the utility sector. The market is dominated by MNCs having domestic manufacturing facilities; imports, mainly those from China and South Korea, are less prevalent.





The Indian government appears determined to reinvigorate growth and attract large investments from domestic and foreign sources, creating healthy demand from industrial and real estate (residential and commercial) end, which will help register healthy growth for industry-driven Metering, Control and Protection Devices.

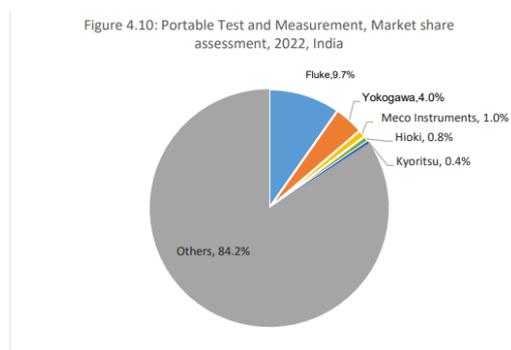
The main end users of the Metering, Control and Protection Devices are broadly categorized as residential, commercial, industrial, and utilities. The industrial segment accounted for about 60% of market in 2022. Its share is expected to decrease a bit due to increased off-take from other segments such as utilities.



**Overview of portable test & measurement instruments (tmi)**

Portable Test & Measurement Instruments (TMI) are used to measure the electrical parameters of wide-ranging industrial, utilities and consumer products. These instruments are used to test and measure the various electrical parameters, e.g., voltage, current, power, etc. onsite. Portable Test & Measurement equipment play a central role in enabling digital transformation, IoT, Industry 4.0, and autonomous living as the need for highly reliable and advanced electronic device increases.

The demand for Portable Test and Measurement equipment in India stems from the automotive, industrial (process and discrete), defense, lab (research and educational), telecommunications, and consumer electronics industries.





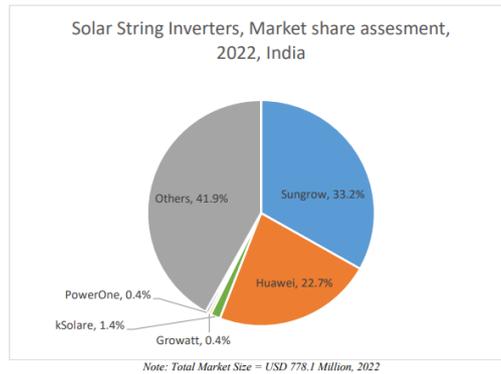
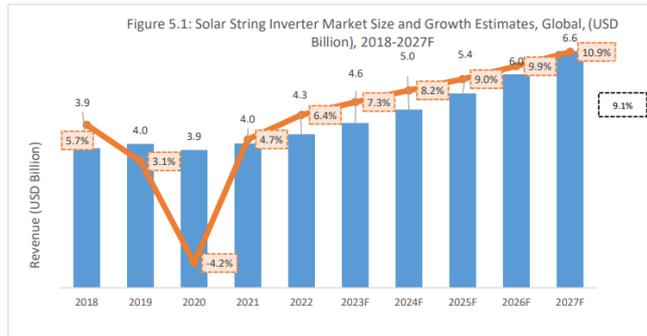
**Overview of solar inverters**

Inverters are classified as micro inverters, string inverters, and central inverters. This market is dependent on the adoption of renewable energy across the globe. Solar String inverters convert direct current generated in Solar panels to alternating current. Multiple (typically 12 to 18) solar panels are connected to a single inverter in a series circuit.

Solar string inverter segment growth is directly proportional to the increase in solar PV installations.

Growth at the GW level is expected to increase by the end of this decade as many countries, mainly in Asia, ramp up installations to meet renewable energy targets.

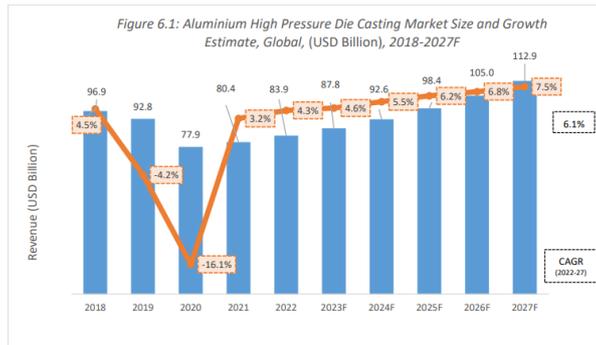
Falling prices of modules and inverters, mainly string inverters, are a result of increasing pricing pressures as Asian manufacturers supply cheaper products to Europe and North America from factories in low-cost locations. Lower prices, however, encourage more solar plant and inverter installations across the globe.



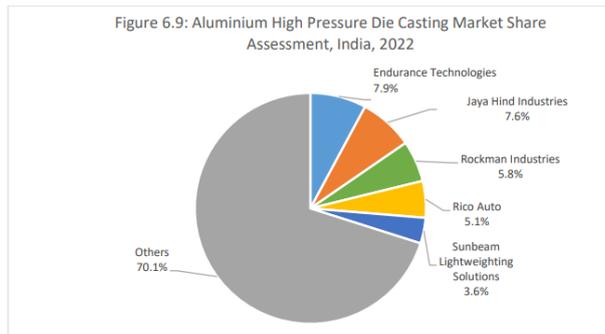
**Overview of aluminium high pressure die casting (hpdc)**

Aluminium Die Casting is the process of creating aluminium alloy-based products by forcing the molten metal into a die casted mold cavity. Aluminium Die Casting is usually done with a cold chamber under high pressure because aluminium alloys have a lower melting point. High Pressure Aluminium Die Casting is particularly employed for high-volume manufacturing for automotive components.

The High-Pressure Aluminium Die Casting market in India is mature and has continuously grown in production capability to meet both domestic and global requirements. Companies manufacture components including engine blocks, bed plates, and several other thin wall castings. The automotive industry is the largest revenue contributor for the high-pressure aluminium die casting market. India has a well-developed ecosystem of material suppliers, support services, skilled labor, and equipment suppliers for both global and domestic players to support the growing demands for high-pressure aluminium die cast parts.



Demand for high-pressure aluminium die casting is high for automotive power train components such as cylinder heads, engine blocks, and transmission cases. Light weighting of vehicle structures such as longitudinal members, shock towers, and subframes are creating new opportunities. EV motor and battery housings generate demand.





## Competitive Strengths

### Cost Competitiveness

They have a widespread, efficient supply chain network across the globe that brings the cost competitiveness for all product segments. In-house manufacturing and a strong global purchase team makes them very cost competitive and provides an additional advantage of quality consciousness due to in-house process control. Redesigning of existing products not only cut down the development time (vis-à-vis complete development of a new product), but also brings the cost advantage due to adaptation of contemporary engineering and technology practices. This global business model allows the company to manage the costs well.

### Well-established and recognized brands

Rishabh brands Rishabh and Lumel are well-known and established in multiple countries with registration for “Rishabh” for over 40 years and “Lumel” for over 69 years. Lumel has brand recognition in both electronic files as well as Aluminum Die Casting fields with major Industrial Users and OEMs. Another subsidiary of Rishabh is Sifam Tinsley Inc. Under this brand the products are mainly sold in the US and UK markets and are very strong brands in both the markets. The brand name ‘Sifam’ has existed for over 75 years; and the brand name “Tinsley” has existed for over 118 years. Both in India and outside India through the Subsidiaries, company sells approximately half of their products in respective domestic market and export the rest.

### Global Customer Base

Serving over 3000 customers globally, Rishabh has an extremely wide customer base spread across the globe ensuring the avoidance of business risk due to concentration and dependency on a few big customers. At the same time, the product developed for these customers has wide applicability which avoids risk of ceasing any product line due to the loss of a particular customer.

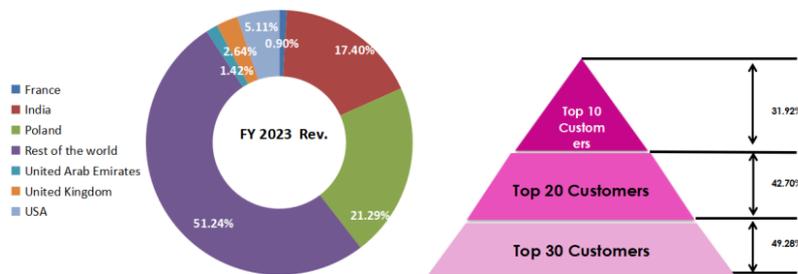


Figure 7.15 – Revenue contribution by region, and by customers, 2022-23



## Risk Factors

### **Failure in effectively implementing the production schedules, will adversely affect their business and result of operations**

Their success depends in part on their ability to meet the production and assembly schedules and requirements of their customers according to their detailed specifications and within delivery time frames which are, at times, demanding. Their ability to meet these demands depends in part on their ability to rapidly ramp up production and commence large-scale production of technically complex products within short timeframes. If they are unable to maintain or enhance their production capabilities to satisfy customer demand, or their production operations suffer unanticipated or prolonged interruption, their business and results of operations would be adversely affected.

### **Change in consumer behavior**

They primarily follow a business-to-business model which is purchase order based for all their segments except portable test and measuring instruments which is also sold on a merchant basis. Most of their customers do not commit to long term contracts. Due to the possibility of orders not being placed, cancellations or changes in scope and schedule of orders, which is typically at the discretion of their customers, or problems they encounter in order execution or reasons outside their control or the control of their customers, they cannot predict with certainty when, if or to what extent a project will be performed or that purchase orders will be in one period as consistently as they have been in prior periods.

### **Shortages in the supply of semiconductors may have adverse effect on their results of operations and financial condition**

The semiconductor industry is subject to periodic shortages due to factors like increased demand, supply chain disruptions, and capacity constraints. The global semiconductor supply chain is complex and interconnected. Disruptions at any stage, due to natural disasters, geopolitical tensions or trade restrictions, can significantly impact the availability and delivery of semiconductors. Some of the products they manufacture require components that are only available from one manufacturer. In these cases, supply shortages will substantially curtail production using a particular component such as semiconductors. A supply shortage may increase their costs if they are forced to pay higher prices for components or raw materials or both, or if they have to redesign or reconfigure products to accommodate a substitute component.



## Peer Comparison

There are no comparable listed companies in India or globally that engage in a business similar to that of their Company. Accordingly, it is not possible to provide an industry comparison in relation to their Company.

## OUR VIEWS

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