Rishabh Instruments Limited

29-Aug-23

Subscribe- Long Term

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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	4,908.0
Fresh Issue (No. of Shares in Lakhs)	17.0
Offer for Sale (No. of Shares in Lakhs)	94.3
Bid/Issue opens on	30-Aug-23
Bid/Issue closes on	1-Sep-23
Face Value	Rs. 10
Price Band	418-441
Minimum Lot	34

Objects of the Issue

- **Fresh issue: ₹ 750 million**
  1. Expansion of Nashik Manufacturing Facility I.
  2. General Corporate purposes.

- **Offer for sale: ₹4158 million.**

Book Running Lead Managers
DAM Capital
Registrar to the Offer
KFIN Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	410.00
Subscribed paid up capital (Pre-Offer)	362.61
Paid up capital (post-Offer)	379.61

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	80.7%	70.7%
Public	19.3%	29.3%
Total	100.0%	100.0%

Financials

Particulars (₹ In million)	FY23	FY22	FY21
Revenue from operations	**5,695**	**4,703**	**3,900**
Operating expenses	4,935	3,973	3,325
EBITDA	**760**	**730**	**575**
Other Income	102	97	125
Depreciation	205	200	211
EBIT	**658**	**627**	**489**
Interest	52	34	32
PBT	**607**	**592**	**458**
Tax	110	96	99
Consolidated PAT	**496**	**496**	**359**
EPS	**12.84**	**12.91**	**12.28**
Ratios	**FY23**	**FY22**	**FY21**
EBITDAM	13.35%	15.52%	14.74%
PATM	8.72%	10.55%	9.21%
Sales growth	21.11%	20.59%	

Company Description

Rishabh Instruments are 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.

The company supplies a wide range of electrical measurement and process optimization equipment, and are engaged in designing, developing, and manufacturing, and sale of devices significantly under its brand across several sectors. They provide comprehensive solutions to its customers looking for cost-effective ways to measure, control, record, analyze and optimize energy and processes through its array of products. They also provide complete aluminum 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.

The 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 (Source: F&S Report). Lumel is the most popular brand in Poland for meters, controllers, and recorders and Lumel Alucast is one of the leading non-ferrous pressure casting players in Europe.

The company is a vertically integrated player involved in designing, developing, manufacturing, and supplying (a) electrical automation devices; (b) metering, control, and protection devices; (c) portable test and measuring instruments; and (d) solar string inverters. In addition, they manufacture, and supply aluminum high pressure die casting through its Subsidiary, Lumel Alucast.

For six years (Fiscals 2005, 2006, 2008, 2009, 2011 and 2012), the Engineering Export Promotion Council, India, recognized us as a 'Star Performer' in the product group of miscellaneous instruments and appliances (large enterprise). They also provide certain manufacturing services which include mould design and manufacturing, EMI/EMC testing services, Electronic Manufacturing Services, and software solutions (e.g., MARC).

Their metering, control and protection devices consist of analog panel meters, rotary cam switches, current transformers, shunts, digital panel meters, multifunction meters, multi-load monitoring meters, power quality meters, power quality analyzers, power factor controllers, LV and MV relays, genset controllers, synchronizing units, power supply and battery chargers among others. Under their portable test and measuring instruments portfolio, they manufacture various categories of digital multimeters, digital clamp meters, digital insulation testers, digital earth testers and environmental products such as ultrasonic level/thickness meter, digital luxmeter, non-contact tachometers.

Valuation

The company is a global engineering solution provider operating in large addressable markets and can benefit from industrialization trends.

At the upper price band company is valuing at P/E of 34.3x FY23 earnings with a market cap of ₹16,740 million post issue of equity shares and return on net worth of 11.67%.

We believe that issue is fairly priced and recommend "**Subscribe – Long Term**" rating to the IPO.

The company also manufactures solar string inverters in India designed for use in photovoltaic installations connected to the grid. In terms of its aluminum high pressure die castings, they serve global automation, automotive and other industries with its inhouse designed tools (which include die casting moulds and CNC fixtures) and various post casting processes such as high precision machining, surface treatment and heat treatment. Its product portfolio consists of over 145 product lines and 0.13 million stock keeping units as of May 31, 2023. In Fiscals 2023, 2022 and 2021, they manufactured an aggregate of 16.21 million units, 14.02 million units and 13.35 million units of products, respectively, across its product lines.

Over the last three financial years, i.e., Fiscals 2023, 2022 and 2021, they have served customers in over 100 countries. They are diversified in terms of end users of its products, serving industrial (FMCG, pharmaceutical, cement, steel, railways), power (generation, transmission and distribution, renewable energy, oil and gas), OEM industries (transformer, motor, cable and special machine manufacturers) and new applications (data centre, laboratories, semiconductors, consumer electronics, and building automation). The company believes that its consistent focus on innovation which is supported by its robust R&D centres provides them with long-term growth opportunity, helps them align themselves with the projected demand of its product segments and market, and better position them to meet the evolving requirements of their customers.

The company is a technology and R&D focused enterprise concentrating on innovation of its products, processes, and applications to add value to its customers as well as the industry. Their R&D centres in India are accredited nationally and internationally. Their R&D centres in India, Poland and China are staffed with a team of 95 engineers as of May 31, 2023. As a result of their consistent focus on R&D, they have been granted two patents for clamp meters with rotary jaw mechanism and clamp meter safe trigger mechanism in India and inter alia the United States (since 2011 and 2012 respectively), Poland and United Kingdom and three design registrations in relation to multimeter, current and voltage transducer, and power transducer in India.

The company manufactures all its products in-house from their five manufacturing facilities – two in India, two in Poland and one in China. Products manufactured at all their Manufacturing Facilities (other than Poland Manufacturing Facility II) are tested and certified by testing laboratories for certifications such as CE, ROHS, UKCA etc. In India, both the manufacturing facilities are situated in Nashik, Maharashtra. Nashik Manufacturing Facility I is a vertically integrated facility with end-to-end product development capabilities from concept design to testing. Nashik Manufacturing Facility II is also a vertically integrated facility with a tool design facility. Both the Nashik Manufacturing Facilities hold ISO 9001:2015 certification of quality management system. In Poland as well, they have two manufacturing facilities both situated at Zielona Góra, Poland – Poland Manufacturing Facility I and Poland Manufacturing Facility II. Poland Manufacturing Facility I is a dedicated facility for production of electrical and electronics products. Poland Manufacturing Facility II has an aluminum die casting facility comprising a foundry, CNC machining, post processing facility (shot blasting, powder coating, painting, washing lines), tool shop and a laboratory. Both the Poland Manufacturing Facilities hold various accreditations including ISO 9001:2015, ISO 14001:2015 and IATF 16949:2016.

The Company was founded in 1982 by Narendra Joharimal Goliya who is Promoter, as well as the Chairman and Managing Director. He holds a bachelor's degree in technology (electrical engineering) from the Indian Institute of Technology, Bombay, and a master's degree in science from the Leland Stanford Junior University. He has over four decades of experience in the manufacturing and electrical industry. Anchored by their 40-year presence in India, they strategically expanded its operations to overseas markets and have acquired and/or 245 established seven foreign Subsidiaries – three in Poland, one in the United Kingdom, one in the United States of America, one in China and one in Cyprus.

The company primarily follows a business-to-business model which is purchase order based for all their segments except portable test and measuring instruments which are also sold on a merchant basis. They have an extensive network of 175 authorized distributors/stockists across 81 districts in India with direct sales conducted through eight sales and marketing offices which collectively house 53 engineers and 24 sales personnel. The eight locations of their sales and marketing offices across India are New Delhi, Delhi, Kolkata, West Bengal, Mumbai, Maharashtra, Ahmedabad, Gujarat, Pune, Maharashtra, Chennai, Tamil Nadu, Bangalore, Karnataka and Hyderabad, Telangana. Globally they have served customers in over 100 countries in the last three financial years, i.e., Fiscals 2023, 2022 and 2021 through five sales and marketing offices and a strong global network of 339 authorized distributors/stockists as of May 31, 2023. Globally (outside India) the Company has over 164 authorized distributors/stockists catering to international customers across 70 countries including Germany, the United States, the United Kingdom, Australia, the Middle East, etc. In Fiscals 2023, 2022 and 2021, the revenue generated from their Indian operations accounted for 34.26%, 32.14% and 32.25%, respectively, of the total revenue from operations. In Fiscals 2023, 2022 and 2021, the revenue generated from their overseas operations accounted for 65.74%, 67.86% and 67.75% of the total revenue from operations, respectively.

The company's growth in revenue and profitability can be credited to its operational efficiency, which they have achieved by streamlining its operational activities and ensuring that they maintain economies of scale. Set forth below is certain key financial information from its business.

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from operations	5695.4	4702.5	3899.56
EBITDA	863.2	826.3	700.2
EBITDA margin	15.16%	17.57%	17.96%
Profit/(loss) after tax	496.9	496.5	359.4
PAT margin	8.57%	10.35%	8.93%
Capital expenditure	158.3	223.6	318.0
Net cash generated from operations	275.1	132.8	529.3
ROCE	13.77%	15.20%	12.16%
ROE	12.39%	14.58%	12.01%
Debt/equity ratio	0.3	0.3	0.3
Asset turnover ratio	1.1	1.2	1.3

The company's business in India benefits from the GoI's 'Aatmanirbhar Bharat Abhiyaan', or Self-Reliant India, campaign, which provides a range of incentives to attract and localize manufacturing and production in the country. Make in India initiative, a part of the 'Aatmanirbhar Bharat

Abhiyaan' (Self-reliant India), would provide an additional boost to country's business operations by encouraging substitution of imports of low-technology products from other countries and generating demand for local manufacturing.

Competitive Strengths

Ability to drive technology and innovation through advanced research and development capabilities.

They are a technology and R&D focused enterprise striving to set trends for the industry and concentrating on innovation of their products, processes as well as applications to add value to the industry and to its customers. Their global presence affords them exposure to the latest technologies for its core segments and they accordingly strive to drive both their product portfolio and service offerings with its R&D capabilities. The company have been granted two patents for clamp meters with rotary jaw mechanism and clamp meter safe trigger mechanism in India and inter alia the United States (since 2011 and 2012 respectively), Poland and United Kingdom and three design registrations in relation to multimeter, current and voltage transducer, and power transducer in India. In the Fiscals 2023, 2022 and 2021, they spent ₹ 134.51 million, ₹ 93.56 million, and ₹ 96.33 million towards R&D expenses which represents 2.36%, 1.99% and 2.47% of their total revenue from operations. Their R&D centres in India, Poland and China are staffed with a team of 95 engineers as of May 31, 2023. In India, the company's R&D centre at Nashik Manufacturing Facility I is recognized by the Department of Scientific & Industrial Research, GoI.

Global engineering solution provider operating in large addressable markets and well positioned to benefit from mega industrialization trends.

As a global energy efficiency solution company providing electrical measurement and process optimization equipment, and engaged in the designing, development, and manufacturing of devices primarily across power and industrial sectors, the company believes that they are well positioned to leverage its market position to tap the opportunities from the mega industrialization trends. Their established manufacturing facilities and processes, the global footprint and exposure in over 100 countries, wide distribution network, and track record of innovation and research and development, position them advantageously to capture modern engineering requirements.

The rise of process automation which is taking place across multiple industries is one of the significant industrial trends. They believe that automation has always been part of its engineering DNA and they have always focused on 248 automations in products and processes for captive as well as external applications. They have a separate in-house automation department at each of its Manufacturing Facilities, formed with an objective of designing and developing automation facilities in order to reduce manufacturing cycle time, enhance process efficacies, optimize manual efficiency, de-skill critical manufacturing operations, optimize utilization of resources, enhance product quality and increase the overall productivity.

Vertically integrated operations, backed by strong manufacturing capabilities.

The company believes that its geographically distributed Manufacturing Facilities make them among the leading global companies in terms of manufacturing and supply of low voltage current transformers and their vertical integration makes us a cost and time efficient supplier of the products to their customers.

In India, both Nashik Manufacturing Facilities are vertically integrated and have end-to-end product development capabilities from concept design to prototype testing, with R&D units. The company has an NABL accredited testing facility which includes EMI-EMC testing and is capable of both immunity and emission testing. The company utilize high precision imported and machinery including EDM, Wire EDM (Agie Charmilles), CNC SPARK EDM and Vertical Milling Machines (Makino) along with high end calibrators. The company also provides advanced software solutions such as MARC, which is a cloud-based next generation IoT platform that enables energy optimization, cost saving and efficiency improvement, and contains built-in applications for efficiency, productivity, conditioning, control, predictive maintenance, demand site management and process monitoring. Both the manufacturing facilities in Poland are also vertically integrated. While Poland Manufacturing Facility I is engaged in manufacturing energy and industrial use products, Poland Manufacturing Facility II has an aluminum die casting facility which has 9 die casting machines including six automated DC cells 550T up to 840T, and a component manufacturing facility which houses 49 CNC machines. Its China Manufacturing Facility located in Shanghai, China houses a production facility and an R&D unit and holds ISO 9001:2015 certification of quality management system. Products manufactured at its China Manufacturing Facility are tested and certified by testing laboratories for certifications including CE, ROHS, UKCA.

Diversified product portfolio

The Company is a global leader in manufacturing and supplying analog panel meters, and they are among the leading global companies in terms of manufacturing and supply of low voltage current transformers. Lumel is the most popular brand in Poland for meters, controllers, and recorders and Lumel Alucast is one of the leading non-ferrous pressure casting players in Europe. The company has a product portfolio of over 145 product lines and 0.13 million stock keeping units as of May 31, 2023. In the Fiscals 2023, 2022 and 2021 they manufactured an aggregate of 16.21 million units, 14.02 million units and 13.35 million units of products across its product lines, respectively. Their panel instruments are used not only in the electrical switch boards which are used for distribution of electricity, but also for industrial applications such as multiload monitoring, cloud and connectivity, and energy monitoring systems.

They diversify their product portfolio such that its products are customized for the technology, parameters, features and scale for each of the geographies they serve. They believe that its diversified product portfolio helps them retain customers and strengthen cross-selling efforts across product portfolios. For the Fiscals 2023, 2022 and 2021, revenue from sales to new customers accounted for 11.89%, 18.01% and 9.07% of its total revenue from operations, while revenue from sales to its existing customers 88.11%, 81.99% and 90.93% of total revenue from operations for the same periods.

Wide customer base

The company has a wide customer base and are not dependent on any specific customer for its total revenue from operations for its electrical automation products, metering, control and protection devices, and portable test and measuring instruments. They are diversified in terms of end users, serving industrials (FMCG, pharmaceutical, cement, steel, railways), power (generation, transmission and distribution, renewable energy, oil and gas), OEM industries (transformer, motor, cable and special machine manufacturers) and new applications (data centre, laboratories, semiconductors, consumer electronics, and building automation). Their long-standing and diversified customer base also includes blue chip customers such as ABB India Limited, Siemens Limited, Pronutec S.A., Lucy Electric India Private Limited and Perel OY. As of May 31, 2023, they have 3,000 sales touch points which includes direct customers and distributors.

Their top 10 global customers accounted for only 31.92% of global sales revenue in Fiscal 2023, respectively, and their top 20 global customers accounted for only 42.70% of its global sales revenue and top 30 global customers accounted for only 49.28% of its global sales revenue in the Fiscal 2023. Some of its domestic and the overseas customers, Siemens Limited and Lucy Electric India private Limited, have been with them for over five years, while ABB India Limited, Gama Electrical Trading (LLC), Perel OY, Pronutec S.A. and Lucas-Nulle GmbH, have been with them for over 8 years.

Customers from its Indian operations who have been with them for three years (span 2.9 years - 3.9 years), accounted for 0.92%, 0.85% and 0.70% of total revenue from operations for the Fiscals 2023, 2022 and 2021, respectively, whereas customers from its overseas operations who have been with them for three years (span 2.9 years - 3.9 years) accounted for 3.34%, 2.99% and 2.28% of its total revenue from operations for the Fiscals 2023, 2022 and 2021, respectively. Customers from the Indian operations who have been with them for five years (span 4.9 years – 5.9 years), accounted for 1.18%, 1.27% and 1.77% of its total revenue from operations for the Fiscals 2023, 2022 and 2021, respectively, whereas customers from the overseas operations who have been with them for five years (span 4.9 years – 5.9 years) accounted for 0.46%, 2.25% and 1.74% of its total revenue from operations for the Fiscals 2023, 2022 and 2021, respectively.

Strong and demonstrated management capabilities.

The Company was founded in 1982 by Narendra Joharimal Goliya who is the Promoter, as well as the Chairman and Managing Director. He holds a bachelor's degree in technology (electrical engineering) from the Indian Institute of Technology, Bombay, and a master's degree in science from the Leland Stanford Junior University. He has over four decades of experience in the manufacturing and electrical industry. He is supported by a management team comprising Dinesh Kumar Musalekar (President and Chief Executive Officer of Lumel), who has been overseeing its operations in Europe for over nine years; Nitin Kumar Sudhir Deshpande (Head – Marketing, Business Development and Profit Centre Head), who was previously associated with ABB Limited, Siemens Limited and Schneider Electric India Private Limited; as well as Anand Purshottam Laddha (Director Finance, Lumel) and Vishal Prabhakar Kulkarni (Chief Financial Officer) who have been associated with them for over eight years.

Business Strategies

Enhance product innovation, engineering and design competence while focusing on higher value addition.

They are a technology and R&D focused enterprise and seek to utilize their technical know-how and R&D capabilities since product innovation is an important and consistent objective for them. They seek to continue to improve the innovation capabilities, design processes and in-house testing facilities which they rely on. They seek to add resources and technically competent manpower while continuing to explore opportunities for collaboration and inorganic growth. In terms of product innovation in existing segments, they seek to focus on developing products with advanced technology such as Ilott, Bluetooth capabilities and advanced technical specifications along with miniaturization of the product size and adding more features to provide value adding benefits to customers. In electrical automation, they propose to introduce multifunction transducers, self-powered current transducers, Lumel EPM (pollution transducer), Lumel KD6 – 96x96 (recorders with universal inputs) and Lumel SMP (a new neutron detector system). In terms of product process development, in their aluminum high pressure die casting segment they seek to introduce advanced manufacturing process development such as increasing the number of robo-deburring stations, setting up an impregnation plant, increasing and enhancing the number of fully automated CNC cells, and introducing customized high precision cleaning lines, friction stir welding, conformal cooling systems, 3D printing of mould forming elements VR technology, automated assembly cells and poka-yoke automation.

Expanding geographical footprint.

The company proposes to capitalize on its presence in India and expand the network of stockists/distributors supported by opening of branch offices in Tier II cities. In addition, it proposes to upgrade existing branches to include regional technical training and service centres which will make its product offerings more accessible and allow it to provide product and application training along with calibration and repair services as well. Internationally, they propose to expand their sales office and distribution network to other geographies, such as Brazil, South Africa, Peru, France, Spain, the Kingdom of Saudi Arabia etc. They also propose selling products from its different manufacturing locations to bring more synergy and establish product customization centres for local customers.

Continue to pursue its strategy for inorganic growth.

Anchored against its presence in India, they steadily extended their global reach by way of strategic acquisitions in Europe, the United Kingdom and China. Starting with the acquisition of Lubuskie Zakłady Aparatów Elektrycznych "Lumel" Spółka akcyjna in Poland during Fiscal 2012, which (together with Lumel) has a 69-year operating history, they gained a platform for further penetration particularly in Central and Eastern European markets. Since then, they have acquired businesses in China during Fiscal 2020, through which they gained an additional environmental TMI products portfolio, and subsequently in Poland during Fiscal 2021 they acquired a division of Relpol S.A. gaining a medium voltage relay offering. They propose to continue to pursue inorganic growth opportunities in relatively larger markets and/or developed economies such as the United States, Brazil, and Turkey.

Target new customers and expand existing customer accounts.

The company has had prior success with attempts to cross-sell and they intend to continue to target new customers and expand existing customer accounts. The company can implement localization of products across its Nashik Manufacturing Facilities, Poland Manufacturing Facilities. In India, they produce and sell products under the Lumel brand and in Europe, Lumel SA sells "Rishabh" branded products. This flexibility between manufacturing facilities has also allowed them to plug gaps in the product offerings across price and performance parameters. They complement their product cross-selling, with cross manufacturing of suitable products at its manufacturing facilities in India and Poland.

Given its access to global market and ability to offer products manufactured from multiple locations under multiple brands and its prior success with attempts to cross-sell, they intend to continue to explore cross-selling opportunities with its existing customers. The company's objective is to address more applications with the same set of customers to increase its wallet share.

Company's Operations:

Manufacturing Facilities

The company manufacture all its products in-house from its five manufacturing facilities – two in India, two in Poland and one in China – these are Nashik Manufacturing Facility I, Nashik Manufacturing Facility II, Poland Manufacturing Facility I, Poland Manufacturing Facility II and China Manufacturing Facility. In addition, they have two modification centres one in Kennesaw, Georgia, United States and the other in Essex, England; and also have warehouses in Nashik Manufacturing Facility I, Poland Manufacturing Facility I, China Manufacturing Facility, as well as at both their modification centres in Kennesaw, Georgia, United States and in Essex, England.

Company's Manufacturing Facilities in India

The company's Nashik facilities comprise two facilities Nashik Manufacturing Facility I and Nashik Manufacturing Facility II (together "Nashik Manufacturing Facilities"). Both the Nashik Manufacturing Facilities in India are operated by the Company, are fully vertically integrated and bear a host of accreditations. At its Nashik Manufacturing Facilities in India, they actively employ women employees, several of whom are hired from rural and tribal areas around Nashik, Maharashtra. The company provides such employees with accommodation as well as training. Nashik Manufacturing Facility I, spread over 10,240 sq. mt., located at Nashik, Maharashtra, India, is a vertically integrated facility with end-to-end product development capabilities from concept design to testing, with an R&D unit recognized by the Department of Scientific & Industrial Research, GoI and a warehouse. In Fiscals 2023, 2022 and 2021, they manufactured approximately 17.45%, 19.67% and 14.30%, respectively, of its products at Nashik Manufacturing Facility I.

Company's Manufacturing Facilities in Poland

In Poland, they have two manufacturing facilities both situated at Zielona Góra, Poland – Poland Manufacturing Facility I spread over 12,000 sq.mt. and Poland Manufacturing Facility II spread over 17,000 sq.mt. Poland Manufacturing Facility I operated by its Subsidiary, Lumel SA, is a dedicated facility for production of electrical and electronics products and it also has an R&D unit, a laboratory, and a warehouse. In the Fiscals 2023, 275 2022 and 2021, the company manufactured approximately, 16.65%, 18.41% and 23.40%, respectively, of the products at Poland Manufacturing Facility I. Poland Manufacturing Facility II is operated by its Subsidiary, Lumel Alucast and has an aluminum die casting facility comprising a foundry, CNC machining, tool shop and a laboratory. In the Fiscals 2023, 2022 and 2021, they manufactured approximately, 62.73%, 58.25% and 59.18%, respectively, of its products at Poland Manufacturing Facility II.

Company's Manufacturing Facility in China

The company's China Manufacturing Facility located in Shanghai, China houses a production facility and an R&D unit and holds ISO 9001:2015 certification of quality management system. Products manufactured at its China Manufacturing Facility are tested and certified by testing laboratories for certifications including CE, ROHS, UKCA It is operated by its Subsidiary, Shanghai VA. In Fiscals 2023, 2022 and 2021, they manufactured approximately, 3.16%, 3.67% and 3.12%, respectively, of its products at its China Manufacturing Facility.

Manufacturing Process

The company's manufacturing process may be divided into distinct analog and digital categories. Their analog manufacturing process is as follows:

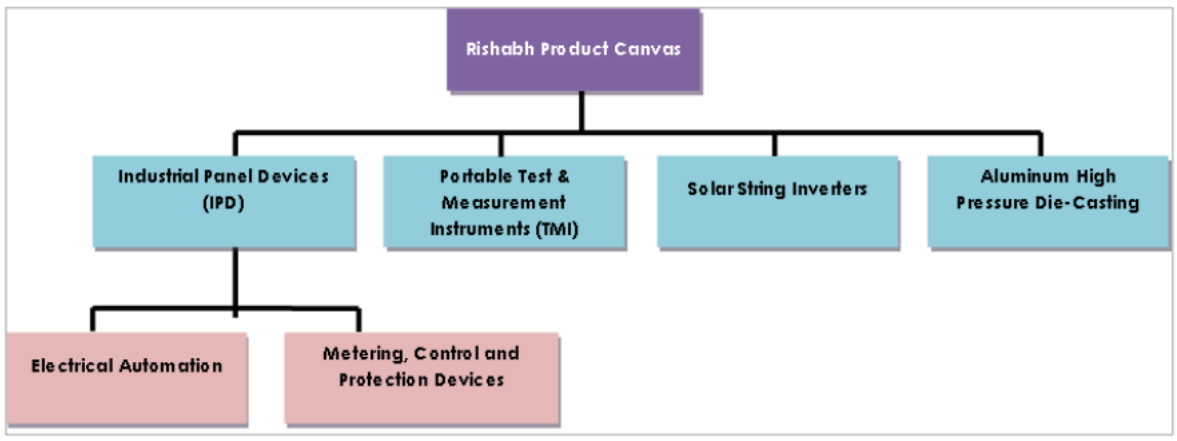
- *Material planning* – This begins with macro planning based on budgets and forecast and thereafter order booking, micro planning based on orders, purchase of raw material, inward of purchased raw material and quality inspection.
- *Preparation pre-product assembly* – This stage involves punching component manufacturing, moulding component manufacturing, core manufacturing, core winding and spring manufacturing.
- *Movement assembly* – This comprises pre-movement assembly, jewel assembly, spring soldering, coil assembly, pointer assembly, final movement assembly and movement balancing.
- *Product assembly* – This comprises movement UV curing, dial / scale printing, component assembly, terminal assembly and RI/TI welding / ultrasonic welding.
- *Product testing* – This involves product calibration followed by running the product through the automatic test system and finally product testing and electronic test report generation.
- *Product packing* – At this stage product cleaning is involved followed by box packing assembly and thereafter barcode / QR code / product sticker printing.
- *Final inspection* – This final stage comprises packing inspection, electrical inspection and the ultimate transfer of products to the finished goods stores.

Their digital manufacturing process is as follows:

- *Material planning* – This begins with macro planning based on budgets and forecast and thereafter order booking, micro planning based on orders, purchase of raw material, inward of purchased raw material and quality inspection.
- *Preparation pre-product assembly* – This stage involves punching component manufacturing, moulding component manufacturing, control transformer manufacturing and product sticker/ front fascia printing.
- *PCB assembly* – This comprises SMT component kitting, pick and place, reflow process, AOI inspection, discrete assembly, wave soldering, inspection, and firmware programming.
- *Product assembly* – This comprises PCBA testing, housing assembly, terminal assembly, and pre-testing.
- *Product testing* – This involves product calibration, BIT or burn in test, product testing / electronic test report generation and product – factory resetting.
- *Product packing* – At this stage product cleaning is involved followed by box packing assembly and thereafter barcode / QR code / product sticker printing.
- *Final inspection* – This final stage comprises packing inspection, electrical inspection, and the ultimate transfer of products to the finished goods stores.

- **Industry Snapshot:**

Overview of Segments



Industrial Panel Devices (IPD) are 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. The various types of measured signals can be monitored via different devices like Analog/Digital Panel Meters, Multi-Function Meters, Current Transformers, Power Factor Controllers, Transmitters, Temperature Controllers etc. and the system protection can be ensured by devices like Protection relays. The main function of IPDs is to measure, record, analyze different type of signals and to protect and control the complete electrical system or processes. 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. IPD is categorized into two product segments.

a) **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 main function of system integrators is to collect the various types of signals from the multiple devices like Transmitters, Temperature Controllers, Electrical Transducers, integrate them, and automate the whole system.

b) **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 centralized system comprises of PCC (Power Control Centre), MCC (Motor Control Centre) and APFC (Automatic Power Factor Control Centre) etc.

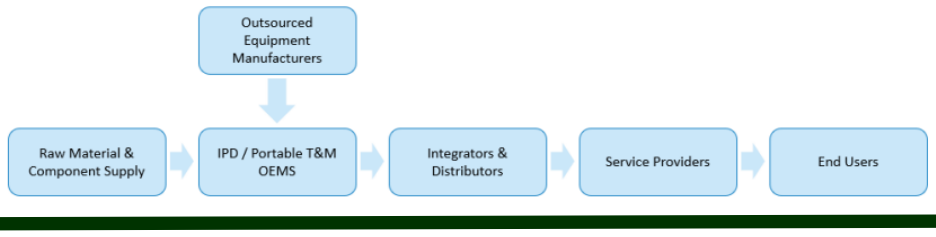
Portable Test & Measurement Instruments (TMI) are used to measure the electrical parameters of wide ranging industrial, utility, and consumer products. These instruments are used to test and measure the various electrical parameters, e.g., voltage, current, power, etc. onsite. Portable Test & Measurement Instruments largely include Hand-held as well as portable instruments such as Digital Multimeter, Clamp Meters, Insulation Testers, Earth Testers, Portable Power quality analyzers, etc. These instruments are basically used for maintenance and repairs by end users. They cater to a wide variety of customer segments like Power utilities (Generation, Transmission, Distribution), Railways, OEMs (Transformer, Motor, Cables, etc.) Defense, Processing industry, Service industries, Electrical Procurement and Constructions (EPCs), Electrical contractors, etc.

Solar string inverters refer to the inverters connected in string formation with each row of a solar panel equipped with an inverter box that connects to the main grid. Inverters are classified into micro inverters, string inverters, and central inverters. Micro inverters are typically limited to 300W-500W each and are suitable for only small installations of 1kW-2kW size. Central inverters are used for 105 MW scale ground mount PV projects but are now getting replaced by string inverters 175kW-255kW ratings because string inverters are easy to use, easy to service, and flexible in installing near to the PV array. String inverters can be used for residential and medium sized commercial solar PV installations. It is smaller in size than central inverters. This market is dependent on the adoption of renewable energy across the globe.

Aluminum High-Pressure Die-Casting is the process of creating aluminum alloy-based products by forcing the molten metal into a die cast mold cavity. Aluminum Die Casting is usually done with a cold chamber under high-pressure as aluminum alloys have a lower melting point. High Pressure Aluminum Die Casting is particularly employed for high volume manufacturing for automotive components. The high pressure die casting tooling (or die casting mold) is generally made of hardened steel to withstand high pressure and temperature. The die usually consists of two halves with negative geometry of the part to create the form factor. This segment mainly caters to the Automotive, Automation, Heating & Cooling, Lighting and Oil & Pumps industries.

Overview of Industrial Panel Devices (IPD)

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



The key players in the Industrial Panel Devices/Portable Test & Measurement Instruments industry value chain are:

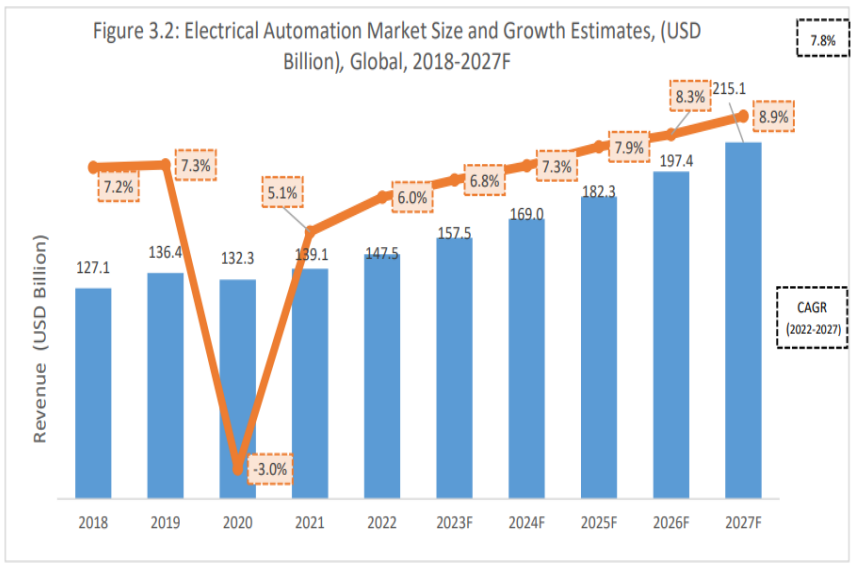
- Raw material and component supplier: IPD/Portable T&M companies procure raw materials and components required for manufacturing the equipment. Components such as chip sets, cables, and other electronic components can be procured from local sources or imported.
- Equipment Suppliers (Outsourced Equipment manufacturers): ESDM companies like Sanmina and Jabil support the design and manufacturing of components.

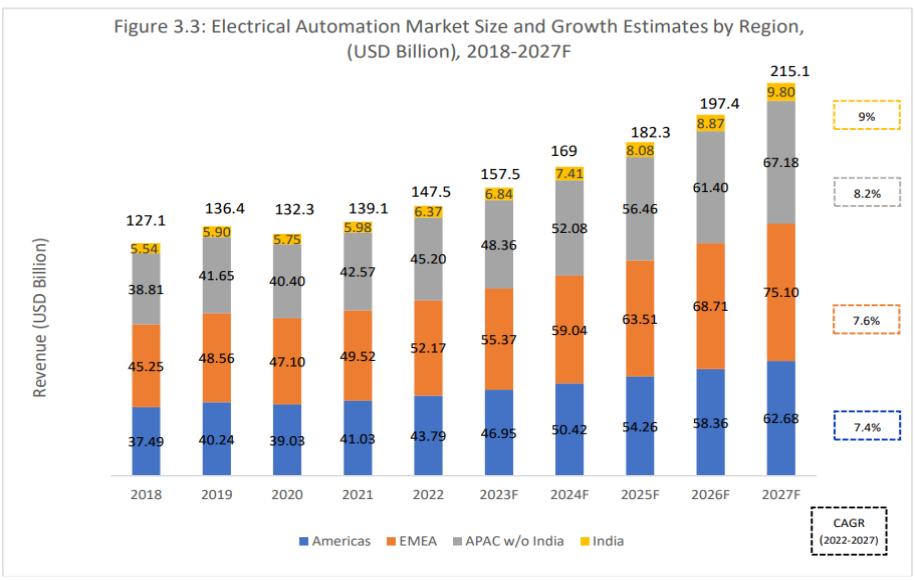
In some product segments such as Electrical automation components; Metering, Control and Protection Devices; and Solar string inverters, Service providers may directly procure from OEMs for bulk requirements. In such a case, the OEMs supply to service providers in addition to integrators and distributors. Online and eCommerce sales are also emerging as a new form of distribution.

Electrical Automation

A complex electrical network requires complete integration of various signals to build an intelligent system and to automate the overall operation. This work is done by various system integrators whose main function is to collect the various types of signals from the multiple devices like Transmitters, Temperature Controllers, Electrical Transducers, integrate them, and automate the whole system. Rishabh Instruments supplies the products that are used in automating processes. The global electrical automation market was valued at USD 147.5 billion in 2022 and is expected to grow at CAGR of 7.8% to reach USD 215.1 billion by 2027. India is forecasted to grow the fastest, driven by industrial end users.

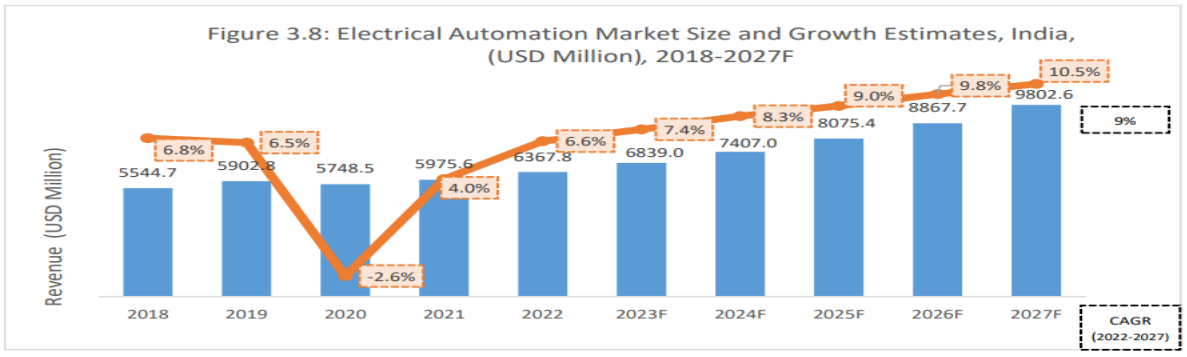
The concept of the Industrial Internet of Things is widespread in India and manufacturers are aware of the gains of digitization, accelerating growth for the Indian electrical automation market. Rishabh, with its products such as I/O converters, IoT enable Transmitters, Dataloggers, FTP & HTTP inbuilt webserver-based Chart Recorders, is well positioned to capitalise on this growth trend.





The Americas was the third-largest market in 2022 with a 29.7% share. Electrical Automation market in the Americas is projected to grow from USD 43.79 billion in 2022 to USD 62.68 billion in 2027 at a CAGR of 7.4%.

The Indian Electrical Automation market was valued at USD 6367.8 million in 2022 and is forecasted to grow at a CAGR of 9% to reach USD 9802.6 million by 2027.



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 centralized system comprises of PCC (Power Control Centre), MCC (Motor Control Centre) and APFC (Automatic Power Factor Control Centre) etc.

The Metering, Control and Protection Devices market is well established globally. 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. Product availability influences panel builders' brand selection, resulting in a strong distribution network across growth markets.

Overview of Global Metering, Control and Protection Devices Market

Global Metering, Control and Protection Devices market was estimated at USD 34.08 billion in 2022 and is expected to witness a 4.8% CAGR to reach USD 43.04 billion by 2027. The market is expected to gain momentum post COVID-19 as construction and facility development activities resume.

Figure 3.13: Metering, Control and Protection Devices Market Size and Growth Estimate, Global, (USD Billion), 2018-2027F

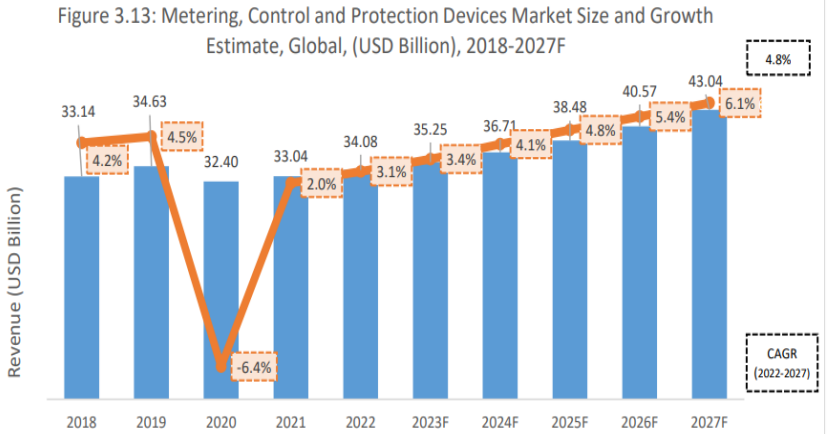
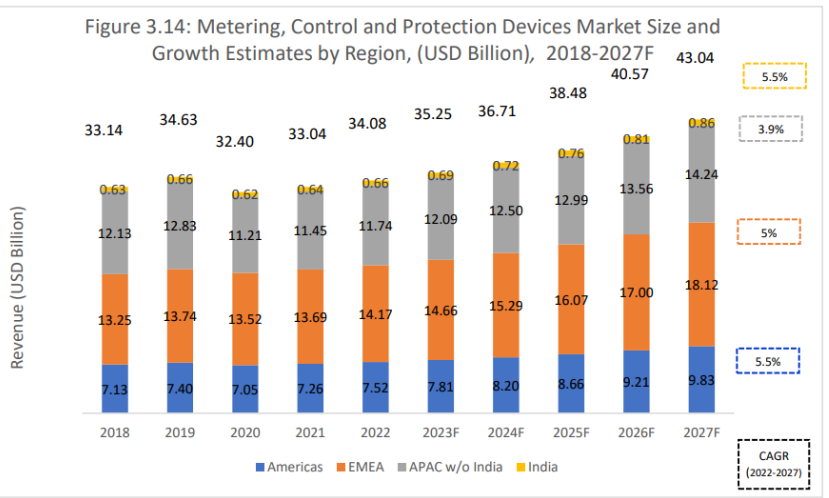


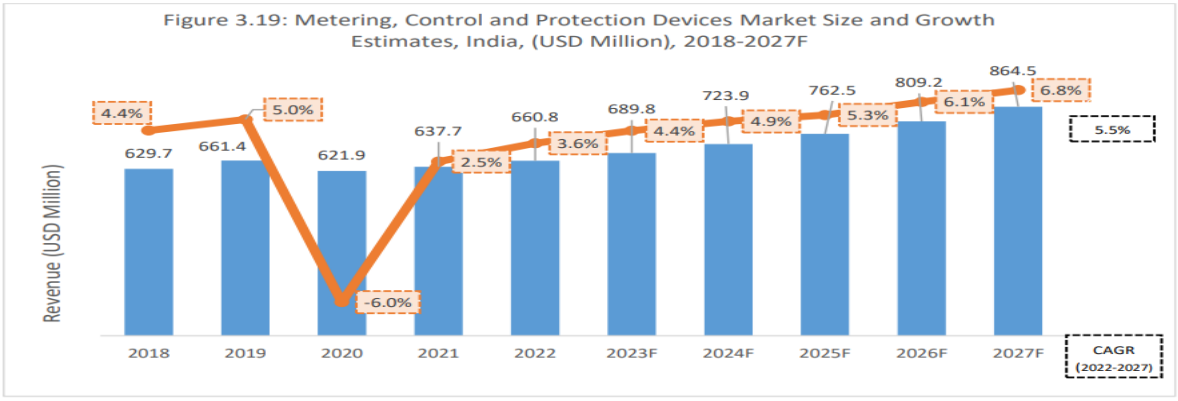
Figure 3.14: Metering, Control and Protection Devices Market Size and Growth Estimates by Region, (USD Billion), 2018-2027F



Overview of Indian Metering, Control and Protection Devices Market

The Indian Metering, Control and Protection Devices market was valued at USD 660.8 million in 2022 and is forecasted to grow at a CAGR of 5.5% to reach USD 864.5 million by 2027. Expansion of power generation and distribution facilities, and construction of new factories would contribute to major revenues in the future.

Figure 3.19: Metering, Control and Protection Devices Market Size and Growth Estimates, India, (USD Million), 2018-2027F



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. F&S estimates the Portable (TMI) market at USD 5.1 billion in 2022 and expects it to reach USD 6.6 billion by 2027 with a growth rate 5.1%. Growth will be led by APAC and India. End users that will drive demand includes the automotive and power industries.

Overview of Global Portable Test & Measurement systems Market

Global Portable Test and Measurement market was estimated at USD 5.1 billion in 2022 and is forecasted to grow at a CAGR of 5.1% to reach USD 6.6 billion by 2027. Demand for digitization across industries, vehicle electrification, and the need for energy drives growth across regions.

Figure 4.1: Portable Test and Measurement Market Size and Growth Estimate, Global, (USD Billion), 2018-2027F

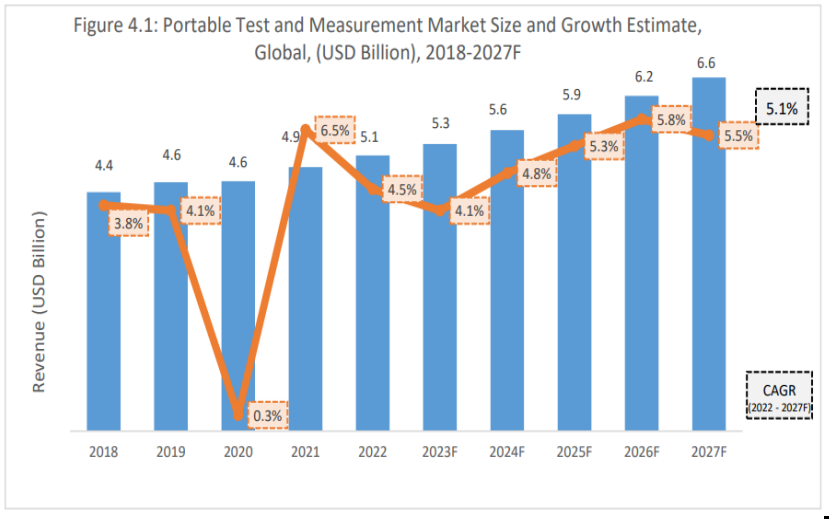
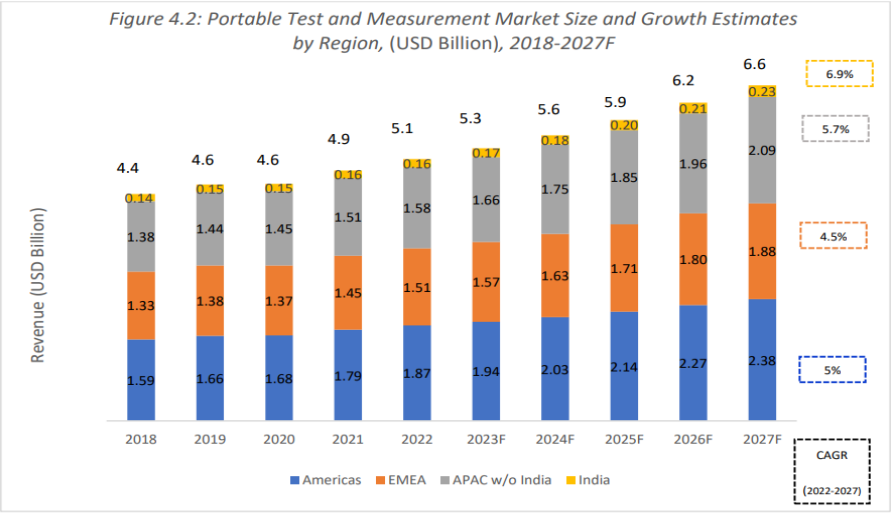
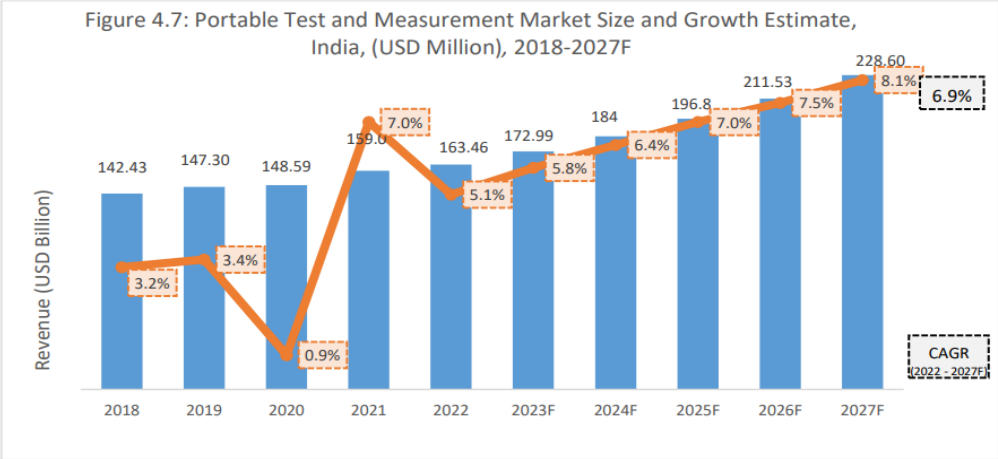


Figure 4.2: Portable Test and Measurement Market Size and Growth Estimates by Region, (USD Billion), 2018-2027F



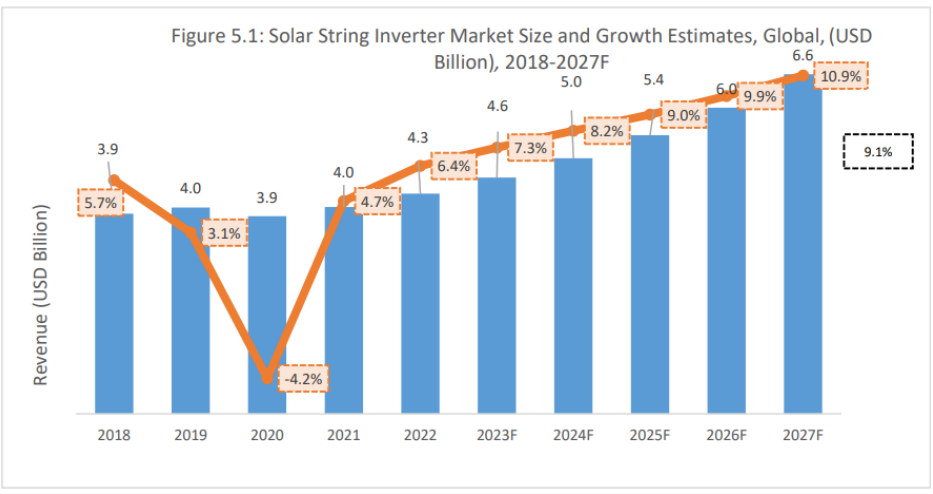
Overview of Indian Portable Test & Measurement systems Market

Indian Portable Test and Measurement market was USD 163.46 million in 2022 — 3.6% of the global total. The market is estimated to grow at a CAGR of 6.9% between 2022 and 2027 and reach USD 228.6 million.

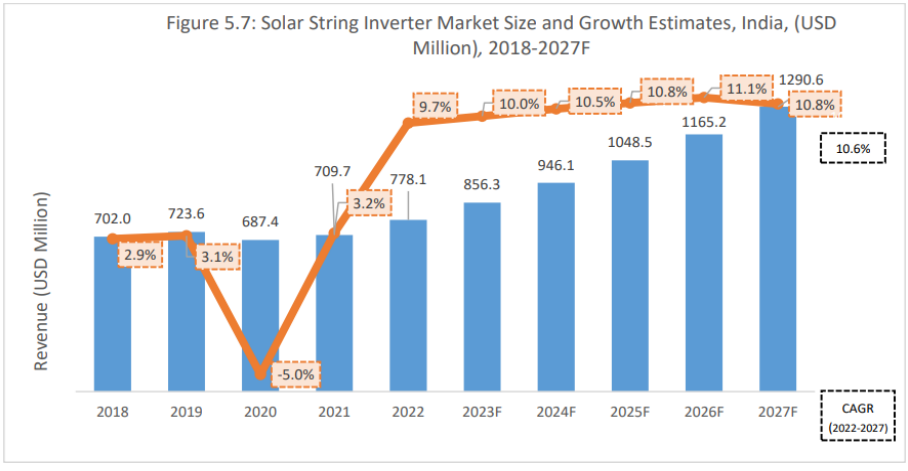


Overview of Solar Inverters

Inverters are classified as micro inverters, string inverters, and central inverters. Micro inverters are typically limited to 300W-500W each and are suitable for only small installations of 1kW-2kW size. Solar string inverter market is expected to increase from USD 4.3 billion in 2022 to USD 6.6 billion in 2027 at a CAGR of 9.1%. Inverters account for around 5% of solar PV system costs and are considered indispensable as the "brain" of renewable energy systems.



Americas solar string inverters segment is expected to increase from USD 1.07 billion in 2022 to USD 1.67 billion in 2027 at a CAGR of 9.4%. Subdued capacity additions in North American are mainly ascribed to the United States' introduction of import tariffs on solar PV inverters in 2018. APAC (excluding India) solar inverter segment is expected to increase from USD 1.8 billion in 2022 to USD 2.7 billion in 2027 at a CAGR of 8.5%. It is the largest market for solar string inverters. Inverter cost is the key deciding factor in Asia - lower prices may lead to lower overall market size. The Indian solar string inverter market was valued at USD 778.14 million in 2022 and is forecasted to grow at a CAGR of 10.6% to reach USD 1290.6 million in 2027. India is the second-largest market in Asia Pacific occupying more than 25-30% of the Asia pacific market for solar string inverters.



Accounting Ratios:

Particulars	Fiscal 2023	Fiscal 2023	Fiscal 2023
Basic EPS (in ₹)	12.84	12.91	9.32
Diluted EPS (in ₹)	12.76	12.89	9.32
RoNW (in %)	11.67	13.82	11.61
NAV per Equity Share (in ₹)	109.98	93.38	80.33
EBITDA (in ₹ million)	863.17	826.32	700.21

Key Risk:

- The business is dependent and will continue to depend on manufacturing facilities, and we are subject to certain risks in its manufacturing process.
- The company is dependent on Poland Manufacturing facilities and any disruption, slowdown or shutdown of the Poland Manufacturing facilities may restrict their operations.
- If they fail to effectively implement its production schedules, the business and result of operations may be materially and adversely affected.
- Most of the company's customers do not commit to long-term contracts, and may cancel their orders, change production quantities, delay production, or change their sourcing strategy.
- If they cannot execute their strategies to expand existing customer accounts and geographical footprints, business and prospects may be materially and adversely affected.
- The Company is highly dependent on its subsidiaries, and it exposes it to operational and financial risks.
- Any shortages in the supply of semiconductors have had and may continue to have a material adverse effect on its results of operations and financial condition.

Valuation:

The company is a global engineering solution provider operating in large addressable markets and can benefit from industrialization trends.

At the upper price band the company is valuing at P/E of 34.3x FY23 earnings with a market cap of ₹16,740 million post issue of equity shares and return on net worth of 11.67%.

We believe that issue is fairly priced and recommend "**Subscribe – Long Term**" rating to the IPO.

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