

Business Overview

- Incorporated on October 6, 1982, 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.
- 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 their own brand across several sectors.
- The Company provides comprehensive solutions to their customers looking for cost-effective ways to measure, control, record, analyze and optimize energy and processes through their array of products.
- The Company also provides 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.
- 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.
- They manufacture all their products in-house from their five manufacturing facilities – two in India, two in Poland and one in China.

Products:

Over the years, the Company has developed a wide range of products to meet the evolving requirement of their customers.

Their 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 their product lines.

Over the last three financial years, i.e. Fiscals 2023, 2022 and 2021, they have served customers in over 100 countries.

They offer a wide range of products primarily categorized under five segments:

- Electrical automation: Energy management Software; Transducers and isolators; Paperless recorders (chartless) and data loggers; Temperature and humidity recorders; I/O converters; and Temperature controllers.
- Metering, control and Protection devices: Analog panel meters; Rotary CAM switches; Current transformers; Shunts; Digital panel meters; Multifunction meters; Multiload monitoring meters; Power quality meters; Power quality analyzers; Power factor controllers; LV Protection relays; Medium voltage protection relays; Genset controllers; Synchronizing units; and Power supply and battery chargers
- Portable test and Measuring instruments: Digital multimeters; Digital clamp meters; Digital insulation testers; Digital earth testers; Environmental instruments products such as ultrasonic level/thickness meter, digital luxmeter, noncontact tachometer, DB meters and phase detectors, Submarine cable fault Locator
- Solar string inverters: Solar string inverters (10 kW to 50 kW)
- Aluminium high pressure die castings: Precision high pressure aluminium castings. They manufacture and supply aluminium high pressure die casting through their Subsidiary, Lumel Alucast.

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).

Issue Details

Fresh Issue of up to [●] Equity Shares aggregating up to ₹750 million and Offer for sale of up to 9,428,178 Equity Shares aggregating up ₹[●] million.

Issue size ~ ₹469 – 491 Cr

No of Shares: 11,128,858 – 11,222,436

Face value: ₹10/-

Price band ₹418 – 441

Bid Lot: 34 shares and in multiples thereon

Post Issue Implied Market Cap ~

₹1,591 – 1,674 Cr

BRLMs: DAM Capital Advisors Limited, Mirae Asset Capital Markets (India) Private Limited, Motilal Oswal Investment Advisors Limited

Registrar: KFin Technologies Limited

Indicative Timetable

Activity	On or about
Anchor Investor Issue Opens	29-08-2023
Issue Opens	30-08-2023
Issue Closes	01-09-2023
Finalization of Basis of Allotment	06-09-2023
Refunds/ Unblocking ASBA Fund	07-09-2023
Credit of equity shares to DP A/c	08-09-2023
Trading commences	11-09-2023

Listing: BSE & NSE

Issue Break Up

Retail	QIB	NII
35%	50%	15%

Shareholding *

	Pre Issue	Post Issue
Promoters & Promoter Group	80.67%	70.68%
Public – Corporate Selling Shareholder	19.33%	0.00%
Public - Other	0.00%	29.32%
Total	100.00%	100.00%

*Calculated using data in RHP on pages – 1, 21 & 111.

Competitive Strengths

Ability to drive technology and innovation through advanced research and development capabilities: The Company is a technology and R&D focussed 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 their customers. Their global presence affords them exposure to the latest technologies for their core segments and they accordingly strive to drive both their product portfolio and service offerings with their R&D capabilities. Their ability to develop and integrate technology allows them to provide innovative and customizable solutions to their customers more efficiently.

Global engineering solution provider operating in large addressable markets and well positioned to benefit from mega industrialisation 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 their market position to tap the opportunities from the mega industrialisation trends. Their established manufacturing facilities and processes, their global footprint and exposure in over 100 countries, their wide distribution network, and their track record of innovation and research and development, position them advantageously to capture modern engineering requirements.

Vertically integrated operations, backed by strong manufacturing capabilities: The Company believes that their 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 them a cost and time efficient supplier of their products to their customers. Their fully integrated operations comprise worldwide procurement of raw materials, injection moulding of engineering plastics, turning, punching and forming of metal components, surface mounting and through hole assembly of electronic components, conversion into sub-assemblies, integration of sub-assemblies into finished products, calibration and automated testing of finished products.

Diversified product portfolio: 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 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. They have a product portfolio of over 145 product lines and 0.13 million stock keeping units as of May 31, 2023.

Wide customer base: The Company has a wide customer base and they are not dependent on any specific customer for their total revenue from operations for their electrical automation products, metering, control and protection devices, and portable test and measuring instruments. Thanks to their broad product portfolio, 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).

Track record of successful integration of acquired businesses or entities across geographies: Anchored against the Company's presence in India, they steadily extended their global reach by way of strategic acquisitions in Europe, the United Kingdom and China, and with every acquisition they worked towards integrating their acquisitions and achieving synergies. Lubuskie Zakłady Aparatów Elektrycznych "Lumel" Spółka akcyjna was state-owned at the time of its acquisition and post their acquisition they restructured the business into two separate companies, Lumel Alucast (for their high pressure die casting business) and Lumel SA (for production of electrical and electronics products).

Global and integrated business model increasing cost competitiveness and de-risking customer supply chain: The Company began with a single office in Nashik, Maharashtra in 1982 and have since steadily extended their presence not only in India but globally as well. They now have a total of five manufacturing facilities spread across India, Poland and China, and have an extensive network of authorized distributors/stockists, sales and marketing offices, resident sales engineers.

Well-established and recognised brands: The Company's brands 'Rishabh', 'Lumel', 'Sifam' and 'Tinsley' are well recognised in multiple countries. They have held a trademark registration containing the name 'Rishabh' for over 37 years and a trademark containing the name 'Lumel' has been in existence for over 55 years. 'Lumel' has brand recognition both in the electronics field and the high-pressure aluminium die casting field with OEM customers and industrial users alike.

Strong and demonstrated management capabilities: The Company was founded in 1982 by Narendra Joharimal Goliya who is their Promoter, as well as their Chairman and Managing Director. He is supported by a management team comprising Dineshkumar Musalekar (President and Chief Executive Officer of Lumel), Nitinkumar Sudhir Deshpande (Head - Marketing, Business Development and Profit Centre Head), as well as Anand Purshottam Laddha (Director Finance, Lumel) and Vishal Prabhakar Kulkarni (Chief Financial Officer).

For further details, refer to 'Strengths' page 247 onwards of RHP

Business Strategies

Enhance product innovation, engineering and design competence while focussing on higher value addition: The Company is a technology and R&D focussed enterprise and they seek to utilise 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 IIoT, bluetooth capabilities and advanced technical specifications along with miniaturization of the product size and adding more features to provide value adding benefits to their customers.

Expanding geographical footprint: The Company proposes to capitalize on their presence in India and expand their network of stockists/distributors supported by opening up of branch offices in Tier II cities. In addition, they propose to upgrade existing branches to include regional technical training and service centres which will make their product offerings more accessible and allow them 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 to sell products from their different manufacturing locations to bring more synergy and establish product customization centres for local customers.

Continue to pursue their strategy for inorganic growth: Anchored against their presence in India, the Company 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. They have the ability to implement localization of products across their 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 their product offerings across price and performance parameters. They complement their product cross-selling, with cross manufacturing of suitable products at their manufacturing facilities in India and Poland. Given their access to global market and their ability to offer products manufactured from multiple locations under multiple brands and their prior success with attempts to cross-sell, they intend to continue to explore cross-selling opportunities with their existing customers. Their objective is to address more applications with the same set of customers to increase their wallet share.

Explore opportunities to tap emerging products and services segments: Given the dynamic nature of the engineering industry, the Company seeks to explore new opportunities by introducing new products and services leveraging their experience and established track-record. For instance, their entry into solar string inverters began with a technology purchase through which they gained requisite technical know-how. As they have done before, they intend to explore opportunities in upcoming areas while weighing their ability to assimilate the related technology and production processes whether through technology purchase or otherwise, as well their perception of attractive market indicators in such areas.

Promote product localization: The Company entered into a five-year bilateral license agreement dated March 31, 2022, for product localization with Lumel SA (the "Product Localization Contract") under which they have established a framework to roll out localized Lumel products in the Indian market. This will allow them to manufacture Lumel products at their Nashik Manufacturing Facilities which will be sold as Lumel branded products in India, thereby increasing the brand presence of Lumel here in India. In parallel, they propose to continue to manufacture products at their Poland Manufacturing Facilities which will be marketed and sold in their target markets in Europe, thus allowing them to capitalise on the benefit of having manufacturing facilities which are local to the markets they propose to serve.

For further details, refer to 'Strategies' page 252 onwards of RHP

Profile of Directors

Narendra Joharimal Goliya is the Chairman and Managing Director of the Company. He is the founder and Promoter of the Company. He has been associated with the Company since its incorporation and accordingly has over four decades of experience in the manufacturing and electrical industry. He is also on the board of Nashik Engineering Cluster, Nashik Exhibition and Business Council and Nashik Manav Sewa Foundation.

Parappath Kottekode Ramakrishnan is a Non-Executive Director of the Company. He was previously associated with VIP Industries Limited and Madras Rubber Factory Limited.

Alipt Sharma is a Non-Executive Nominee Director of the Company. He was previously associated with Ambit Private Limited.

Krishnan Ganesan is a Non-Executive Nominee Director of the Company. He was previously associated with Florintree Advisors, WIP (India) Private Limited, ICICI Venture Funds Management Company Limited, Stern Stewart India Private Limited and PricewaterhouseCoopers. He is currently associated with South Asia Advisors, a sub-advisor to GEF Capital Partners.

Rathin Kumar Banerjee is an Independent Director of the Company. He was previously associated with Asian Paints (India) Limited, Blow Plast Limited, Indian Shaving Products Limited, Zicom Electronic Security Systems Limited and Institute of Advanced Security Training and Management Private Limited.

Siddharth Nandkishore Bafna is an Independent Director of the Company. He is an associate member of the Institute of Chartered Accountants of India. He is currently associated with Lodha & Co., Chartered Accountants.

Astha Ashish Kataria is an Independent Director of the Company. She was previously associated with Ashoka Buildcon Limited.

Lukasz Jan Meissner is an Independent Director of the Company. He was previously associated with Pricewaterhouse Coopers N.V. and Raben Group.

Given above is the abstract of data on directors seen on page 299 – 300 of the RHP

Object of the Offer

Offer for Sale: Since the Offer is an offer for sale, the Company will not receive any proceeds from the Offer.

Fresh Issue: The Company proposes to utilize the Net Proceeds towards funding the following objects:

Particulars	Estimated Amount (₹ In Million)
Financing the cost towards the Expansion of Nashik Manufacturing Facility I	628.86
General corporate purposes ⁽¹⁾	[•]
Total	[•]

Above data is obtained from page 20 of RHP

⁽¹⁾To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the gross proceed from the Fresh Issue.

Comparison with peers

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

Financials (Restated Consolidated):

(₹ in Million unless stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Equity Share Capital	292.50	146.25	146.25
Instruments entirely equity in nature	108.18	108.18	108.18
Other Equity	3,609.63	3,150.45	2,738.17
Non-Controlling Interest	77.17	56.10	28.65
Net Worth	4,087.48	3,460.98	3,021.25
Total Borrowings	1,028.54	965.69	919.52
Revenue from Operations	5,695.40	4,702.50	3,899.56
EBITDA	863.16	826.32	700.21
EBITDA Margin	15.16%	17.57%	17.96%
Profit/(Loss) Before Tax	607.15	592.41	457.96
Profit/(Loss) After Tax	496.87	496.52	359.40
PAT Margin	8.57%	10.35%	8.93%
Return on Net worth	11.67%	13.82%	11.61%
Return on Capital Employed	13.77%	15.20%	12.16%
Return on Equity	12.39%	14.58%	12.01%
Basic EPS	12.84	12.91	9.32

Above data obtained from pages 21, 88-90 & 150-151 of RHP

Notes:

- Borrowings consist of current and non-current (including current maturities of long term borrowings) borrowings as per the Restated Consolidated Financial Information.
- EBITDA is earnings before interest, tax, depreciation and amortization and is calculated as the restated profit for the period or year plus tax expense, finance cost, depreciation and amortization expenses.
- EBITDA margin is the percentage of earnings before interest, tax, depreciation and amortization and is calculated as the restated profit for the period or year plus tax expense, finance cost, depreciation and amortization expenses.
- PAT margin is the percentage of the amount that remains after a company has paid off all of its operating and non-operating expenses, other liabilities and taxes.
- RoNW is calculated as Profit after tax attributable to the equity shareholders of the Company divided by the net worth (i.e. total equity, excluding non-controlling interest) for that year.
- ROCE is calculated using two components, i.e. earnings before interest and tax and capital employed and is calculated by earnings before interest and tax divided by total assets less current liabilities.
- ROE is calculated on the basis of net profit after tax divided by shareholder's equity and is calculated by profit after tax divided by their net worth (share capital and other equity).
- Basic earnings per share = Net profit after tax / Weighted average number of Shares outstanding during the year.

Key Risk Factors

- The Company's business is dependent and will continue to depend on their Manufacturing Facilities, and they are subject to certain risks in their manufacturing process. Any slowdown or shutdown in their manufacturing operations could have an adverse effect on their business, financial condition and results of operations.
- The Company is dependent on their Poland Manufacturing Facilities and any disruption, slowdown or shutdown of their Poland Manufacturing Facilities may restrict their operations, adversely affect their business and financial condition and results of operations.
- The Company proposes to utilise a substantial portion of the Net Proceeds of the Offer towards Expansion of Nashik Manufacturing Facility I and they have not entered into any definitive arrangements to utilise certain portions of the Net Proceeds of the Offer. Their funding requirements and deployment of the Net Proceeds of the Offer are based on management estimates, a cost assessment report from Sanjay Madhavrao Patil, architect, certificate from Manish M Kothari, chartered engineer and have not been appraised by any bank or financial institution or other agency. The deployment of the Net Proceeds will not be monitored by a monitoring agency. Their proposed expansion plans relating to Nashik Manufacturing Facility I are subject to the risk of unanticipated delays in implementation and cost overruns.
- If the Company fails to effectively implement their production schedules, their business and results 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 the products the Company manufactures experience quality defects or if the manufacturing services they provide are found to be deficient, they may lose their customers and may be subject to product liability claims or claims alleging deficiency in service, which may also cause damage to their reputation and/or adversely affect their results of operations and financial condition.
- If the Company cannot execute their strategies to expand existing customer accounts and geographical footprint effectively, their business and prospects may be materially and adversely affected.
- Two of the immediate relatives of the Company's Promoter, who are deemed to be a part of the Promoter Group under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 have not provided consent, information or any confirmations or undertakings pertaining to themselves which are required to be disclosed in relation to a member of the Promoter Group in this Red Herring Prospectus.
- The Company's dependence on their Subsidiaries exposes them to significant operational and financial risks.
- Shortages in the supply of semiconductors have had, and may continue to have, a material adverse effect on the Company's results of operations and financial condition.
- Under-utilization of the Company's manufacturing capacities and an inability to effectively utilize their expanded manufacturing capacities could have an adverse effect on their business, future prospects and future financial performance.
- The Company has in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.
- Failure to manage component and material purchasing and shortages in the supply of the Company's major production inputs could adversely affect their ability to deliver contracted volumes of manufactured products, increase their inventory carrying costs, increase their risk of exposure to inventory obsolescence and may have a material adverse effect on their results of operations and financial condition.
- The Company is unable to trace some of their historical records including forms filed with the Registrar of Companies and there are certain discrepancies in records available with them as well as their filings with the Registrar of Companies. There have been certain instances of non-compliances, including with respect to certain secretarial/regulatory filings for corporate actions taken by the Company in the past. Consequently, they may be subject to regulatory actions and penalties for any such non-compliance and their business, financial condition and reputation may be adversely affected.
- The Company, Subsidiaries, Directors and Promoter are involved in legal proceedings. Any adverse outcome in such proceedings may have an adverse impact on their reputation, business, financial condition, results of operations and cash flows.

Please read carefully the Risk Factors given in detail in section II (page 31 onwards) of RHP

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Registration details:

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Stock Broker – Registration No. - INZ000195834

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