

IPO NOTE

Issue Details

Price Band: ₹ 418 to ₹ 441
Issue Opens on: August 30, 2023
Issue Closes on: September 1, 2023
Lot Size: 34 Shares & in Multiples thereafter

Issue Highlights

Issue Size : ₹ 490.78 Cr.
No of Shares : 11,128,858
Face Value : ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	75.00
Offer for Sale	415.78
Total	490.78

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	245.39
HNI	15	73.61
Retail	35	171.78
Total	100	490.78

Listing

BSE & NSE

Lead Managers

- DAM Capital Advisors Ltd.
 - Mirae Asset Capital Markets (India) Private Limited
 - Motilal Oswal Investment Advisors Limited

Registrar

-KFin Technologies Limited

ANALYST

Krishna Rana

krishna.rana@sushilfinance.com
 +91 22 4093 6081

SALES

Manan Divan

manan.divan@sushilfinance.com
 +91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Narendra Joharimal Goliya the Promoter and Chairman founded Rishabh instruments in 1982. Rishabh Instruments is a global energy efficiency solution company focused on electrical automation, metering and measurement, precision-engineered products. The products have a diverse application across industries including power, automotive and industrial sectors. The company has expertise in providing 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.

It is a global leader in manufacturing and supply of analog panel meters. 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. All the products are manufactured In-house from their 5 manufacturing unit – 2 in India, 2 in Poland and 1 in China, backed by an in-house R&D unit and 2 modification centres.

The company served a diverse base of approximately 3,000 customers globally across 100 countries. The company is 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. Product portfolio consists of over 145 product lines and 0.13 million stock keeping units as of May 31, 2023.

HIGHLIGHTS

1. Ability to drive technology and innovation through advanced research and development capabilities.
2. Global engineering solution provider.
3. Vertically integrated operations, backed by strong manufacturing capabilities.
4. Diversified product portfolio with wide customer base
5. Global and integrated business model increasing cost competitiveness and de-risking customer supply chain

OBJECTS OF THE ISSUE

Fresh Issue proceeds utilization:

1. Financing the cost towards expansion of Nashik Manufacturing Facility I (₹ 62.88 Cr.).
2. General corporate purpose.

Offer for Sale of up to 9,428,178 Equity Shares. The Company will not receive any proceeds from Offer for Sale.

OUR VIEW

The company mainly engaged in the business of manufacturing, design, and development of Test and Measuring Instruments and Industrial Control Products. The company provides cost-effective solutions to measure, control, record, analyze, and optimize energy and processes through an array of products. It also provides complete aluminum high-pressure die-casting solutions for customers. The company has widespread operations across 100 countries. The company incurred a CAPEX of ₹ 15.83 Cr. for FY 2023 on a group level.

However the company faces certain risks from situations like Shortages in the supply of semiconductors may have an adverse effect on the operations. The company has to undertake continuous technological upgradation and R&D activities. The company products are also subject to a lot of foreign approvals some of which maybe time consuming.

The operations of the company are highly diversified. The revenue showed a CAGR of 20.85% over 2 years i.e. FY 2021 to FY 2023. The company is operating at an EBITDA margin of 15.16% and PAT margin of 8.57% for FY 2023. The ROCE and ROE for FY 2023 stood at 13.77% and 12.39% respectively.

The company is asking for a P/E multiple of 34.7x on the Diluted EPS of FY 2023 (₹ 12.70 per share) at the upper price band ₹ 441.

The company is technologically advanced and comes up with nearly 6-12 new products every year with widespread operations across 100 countries. At the same time risks like manufacturing dependencies, overseas operations, etc. has to be kept in mind. Keeping in mind the favourable and unfavourable factors and also a higher valuation, high risk investors investors may look at medium to long term investment in the company.

Brief Financials

PARTICULARS	₹ in Million		
	FY '23	FY '22	FY '21
Total Income	5,797.81	4,799.15	4,024.92
Total Expenditure	5,190.75	4,206.94	3,567.29
EBITDA	863.16	826.32	700.21
Profit before Tax	607.15	592.41	457.96
Profit after Tax	496.87	496.52	359.40
E.P.S. (Diluted)	12.76	12.89	9.32
P/E (x) (Diluted)	34.72	-	-
RONW (%)	11.67	13.82	11.61

PRICE CHART (@ ₹ 441) (Retail Category)

LOT SIZE	Amount
34	14,994
68	29,988
102	44,982
136	59,976
170	74,970
204	89,964
238	1,04,958
272	1,19,952
306	1,34,946
340	1,49,940
374	1,64,934
408	1,79,928
442	1,94,922

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	476	209,916
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	2,244	989,604
Above ₹ 10 Lakhs	2,278	1,004,598

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	06/09/2023
Initiation of refunds/unblocking ASBA Fund	07/09/2023
Credit of Equity Shares to demat accounts of Allottees	08/09/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	11/09/2023

For more details, Please refer RHP,

https://www.sebi.gov.in/filings/public-issues/aug-2023/rishabh-instruments-limited-rhp_76012.html

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