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# RISHABH INSTRUMENTS LIMITED

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## IPO NOTE

*August 2023*

## ISSUE HIGHLIGHTS

- Rishabh Instruments Limited (“Rishabh Instruments”) was incorporated on October 6, 1982. Rishabh is a leading technology-driven engineering company engaged in the global manufacturing of electrical and electronic products and aluminium high pressure die castings catering to a variety of industries. Rishabh is a global leader in manufacturing and supply of analog panel meters and is among the leading global companies in terms of manufacturing and supply low voltage current transformers. Lumel is one of the leading non-ferrous pressure casting players in Europe. With over 145 product lines and catering to over 3000 customers globally, Rishabh Instruments has undisputedly positioned itself as a leading player within the space.
- Rishabh Instruments is currently operating 5 manufacturing facilities (of which 2 are in Nasik, India) spread across 3 countries: India, Poland and China. All facilities are vertically integrated with end-to-end product development capabilities from concept design to bulk manufacturing, with dedicated R&D units. Having manufacturing facilities across the globe provides flexibility to seamlessly migrate production processes from different facilities in case of emergencies. In addition, it has 2 modification centers – one each in UK & USA.
- Rishabh has a product portfolio with over 145 product lines, 0.13 million product SKUs and 0.24 million total SKUs including spares.
- At Rishabh Instruments, under all product segments, 99% of manufacturing operations are done in-house (in India) and only 1% of the total turnover is spent on outsourcing processes.
- Rishabh operates a NABL-accredited testing lab that facilities EMI-EMC testing, Environmental testing, Safety testing, Life Cycle testing and Electro-technical calibration.
- Rishabh also provides strong software platform solutions (MARC) under ESL (Energy Solution Lab), which supports total integration of intelligent products supplied by all types of manufacturers.
- Rishabh has an extremely wide customer base spread across the globe and currently serving over 3000 customers globally.

## BRIEF FINANCIAL DETAILS\*

(₹ In Cr)

	As at Mar' 31,		
	2023	2022	2021
Equity Share Capital	29.25	14.63	14.63
Instruments entirely equity in nature	10.82	10.82	10.82
Reserves	360.96	315.04	273.82
Net worth as stated	408.75	346.10	302.13
Revenue from Operations	569.54	470.25	389.96
Revenue Growth (%)	21.11%	20.59%	-
Adj. EBITDA as stated	94.30	82.63	70.05
EBITDA (%) as stated	16.56%	17.57%	17.96%
Profit Before Tax	60.72	59.24	45.80
Net Profit for the year	49.69	49.65	35.94
Net Profit (%) as stated	8.57%	10.35%	8.93%
EPS – Basic & Diluted (₹)	12.84	12.91	9.32
RONW (%) as stated	11.67	13.82	11.61
NAV (₹) as stated	109.98	93.38	80.33

Source: RHP; \*Restated Consolidated, Networth excluding Capital Reserve

## Issue Details

**Fresh Issue of Equity Shares aggregating upto ₹75 Crore and Offer for Sale of upto 9,428,178 Equity Shares**

### Issue summary

**Issue size: ₹ 469 - 491 Cr**

**No. of shares: 11,222,436 – 11,128,858 Equity Shares**

**Face value: ₹ 10/-**

**Price band: ₹ 418 – 441**

**Bid Lot: 34 Shares and in multiple thereof**

**Post Issue Implied Market Cap =**

**₹ 1,591~ – 1,674^ Cr**

**BRLMs:** DAM Capital, Mirae Asset Capital, Motilal Oswal

**Registrar:** KFin Technologies Ltd.

**Issue opens on:** Wednesday, 30<sup>th</sup> Aug'2023

**Issue closes on:** September 1<sup>st</sup> Sep'2023

### Indicative Timetable

Activity	On or about
Finalisation 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

### Issue break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@upper	@Lower	@upper	
QIB	5,611,217	5,564,428	234.55	245.39	50%
NIB	1,683,366	1,669,329	70.36	73.62	15%
-NIB2	1,122,244	1,112,885	46.91	49.08	
-NIB1	561,122	556,444	23.45	24.54	
RET	3,927,853	3,895,101	164.18	171.77	35%
<b>Total</b>	<b>11,222,436</b>	<b>11,128,858</b>	<b>469.09</b>	<b>490.78</b>	<b>100%</b>

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	34 Shares	476 Shares	2,278 Shares
Minimum Bid Lot Amount (₹)	₹14,994^	₹ 2,09,916^	₹10,04,598^
No. of Applications for 1x	1,14,562 Application	1,169 Applications	2,338 Applications

### Listing: BSE & NSE

### Shareholding (No. of Shares)

Pre Issue	Post Issue~	Post Issue^
36,260,678	38,054,936	37,961,358

~@ Lower price Band ^@ Upper Price Band

### Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	44.85%	42.84%
Promoter Group	35.82%	27.85%
Public – Individual Selling S/h	19.33%	0.00%
Public – Other	0.00%	29.32%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was originally incorporated as “Rishabh Instruments Private Limited”, on October 6, 1982. Narendra Joharimal Goliya is the Promoter of the company. Currently, Promoter, holds 16,262,098 Equity Shares, representing 44.85% of the issued, subscribed, and paid-up Equity Share capital of the company.

### Brief Biographies 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 4 decades of experience in the manufacturing and electrical industry.

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

**Alipt Sharma** is a Non-Executive Nominee Director of the company. He was previously associated with Ambit Pvt Ltd.

**Krishnan Ganesan** is a Non-Executive Nominee Director of the company. He was previously associated with Florintree Advisors, WIP (India) Pvt Ltd, ICICI Venture Funds Management Co Ltd, Stern Stewart India Pvt Ltd and Pricewaterhouse Coopers. 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) Ltd, Blow Plast Ltd, Indian Shaving Products Ltd, Zicom Electronic Security Systems Ltd and Institute of Advanced Security Training and Management Pvt Ltd.

**Siddharth Nandkishore Bafna** is an Independent Director of the company. 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 Ltd.

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

**Vishal Prabhakar Kulkarni** is the Chief Financial Officer of the company. He has been associated with the company since July 21, 2014.

**Ajinkya Joglekar** is the Company Secretary and Compliance Officer of the company. He has been associated with the company since August 8, 2022.

## OBJECTS OF THE ISSUE

Objects	Amount (₹ Cr)
• Financing the cost towards the Expansion of Nashik Manufacturing Facility	62.89
• General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

## OFFER DETAILS

The Offer	No. of Shares	
Fresh Issue (₹ 75 Cr)	Approx. upto 17,00,680 <sup>^</sup> Equity Shares	
Offer for Sale	Upto 9,428,178 Equity Shares	Weighted Average Cost of Acquisition (₹)
<i>Asha Narendra Goliya – Promoter Group Selling Shareholder</i>	<i>Upto 1,500,000 Equity Shares</i>	0.10
<i>Rishabh Narendra Goliya – Promoter Group Selling Shareholder</i>	<i>Upto 400,000 Equity Shares</i>	0.03
<i>Narendra Rishabh Goliya HUF – Promoter Group Selling Shareholder</i>	<i>Upto 517,500 Equity Shares</i>	0.13
<i>SACEF Holdings II- Investor Selling Shareholder</i>	<i>Upto 7,010,678 Equity Shares</i>	89.56

(<sup>^</sup> upper price band)

## SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue and Offer for Sale of the Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	16,262,098	44.85%		16,262,098	42.84%
Promoters Group	12,987,902	35.82%	2,417,500	10,570,402	27.85%
<b>Total for Promoter &amp; Promoter Gr</b>	<b>29,250,000</b>	<b>80.67%</b>	<b>2,417,500</b>	<b>26,832,500</b>	<b>70.68%</b>
Public – Selling Shareholders	7,010,678	19.33%	7,010,678	0	0.00%
Public - Others	0	0.00%	1,700,680	11,128,858	29.32%
<b>Total for Public Shareholders</b>	<b>7,010,678</b>	<b>19.33%</b>	<b>8,711,358</b>	<b>11,128,858</b>	<b>29.32%</b>
<b>Total Equity Share Capital</b>	<b>36,260,678</b>	<b>100.00%</b>	<b>11,128,858</b>	<b>37,961,358</b>	<b>100.00%</b>

## BUSINESS OVERVIEW

Rishabh Instruments Ltd (“**Rishabh Instruments**”) is a global energy efficiency solution company focused on electrical automation, metering and measurement, precision engineered products and others, 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. Rishabh Instruments provides 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. 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.**

Rishabh Instruments 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 aluminium high pressure die casting through their Subsidiary, Lumel Alucast. For 6 years (Fiscals 2005, 2006, 2008, 2009, 2011 and 2012), the Engineering Export Promotion Council, India, recognised Rishabh Instruments 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).

Electrical automation products include energy management software, transducers and isolators, paperless recorders (chartless) and dataloggers, temperature and humidity recorders, I/O converters and temperature controllers among others. 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 the portable test and measuring instruments portfolio, Rishabh Instruments manufactures various categories of digital multi-meters, digital clamp meters, digital insulation testers, digital earth testers and environmental products such as ultrasonic level/thickness meter, digital luxmeter, non-contact tachometers, DB meter, submarine cable fault locator among others.

The company also manufactures solar string inverters in India designed for use in photovoltaic installations connected to the grid. In terms of their aluminium high pressure die castings, they serve global automation, automotive and other industries with their 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.

Company’s 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 3 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 their 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).

Company's consistent focus on innovation which is supported by their robust R&D centres provides them with long-term growth opportunity, helps them align themselves with the projected demand of their product segments and market, and better position themselves to meet the evolving requirements of their customers.

Rishabh Instruments is a technology and R&D focussed enterprise concentrating on innovation of their products, processes and applications to add value to their 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. They have been granted 2 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 3 design registrations in relation to multi-meter, current and voltage transducer, and power transducer in India. Further, from time to time, they have in the past also entered technical collaborations and technology purchases with international players through which they have gained technical proficiency and assimilated the technology in order to further develop and improve not only products but processes as well. Following a technology purchase related to the manufacturing of solar string inverters, they further improved the solar string inverter to make it portable and added numerous additional features such as GSM connectivity to remotely monitor and control energy generation data. Their manufacturing Facilities house equipment procured from various countries across the world and hold multiple accreditations.

The company manufactures all their products in-house from their 5 manufacturing facilities – 2 in India, 2 in Poland and 1 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.

Rishabh Instruments was founded in 1982 by Narendra Joharimal Goliya who is the Promoter, as well as the Chairman and Managing Director. He has over 4 decades of experience in the manufacturing and electrical industry. Anchored by their 40-year presence in India, they strategically expanded their operations to overseas markets and have acquired and/or established 7 foreign Subsidiaries – 3 in Poland, 1 in the United Kingdom, 1 in the United States of America, 1 in China and 1 in Cyprus. Further, in September 2013, South Asia Clean Energy Fund, an India-focused clean energy private equity fund, through its subsidiary, SACEF, acquired a stake in the company and currently holds 19.33% of the pre-Offer capital of the company on a fully diluted basis.

Rishabh Instruments primarily follows 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. They have an extensive network of 175 authorized distributors/stockists across 81 districts in India with direct sales conducted through 8 sales and marketing offices which collectively house 53 engineers and 24 sales personnel. The 8 locations of their sales and marketing offices across India are New Delhi, Kolkata, Mumbai, Ahmedabad, Pune, Chennai, Bangalore, and Hyderabad. Apart from sales and marketing offices, they also have resident sales engineers in 10 cities across India.

Globally they have served customers in over 100 countries in the last 3 financial years, i.e. Fiscals 2023, 2022 and 2021 through 5 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. Lumel has 15 authorized distributors/stockists in Poland and over 20 authorized distributors/stockists outside Poland. Lumel also has resident sales engineers situated at the UAE, Hungary, Taiwan, Spain, Germany, and Cyprus. In Fiscals 2023, 2022 and 2021, the revenue generated from the Indian operations accounted for 34.26%, 32.14% and 32.25%, respectively, of their total revenue from operations. In Fiscals 2023, 2022 and 2021, the revenue generated from the overseas operations accounted for 65.74%, 67.86% and 67.75% of the total revenue from operations, respectively.

## INDUSTRY OPPORTUNITIES

- **Electrical Automation:** The market for electrical automation components is very mature globally. Digitization and Industry 4.0 initiatives are pushing every industry to transform their operations to become more efficient and flexible, thus positively impacting the electrical automation components market. The global electrical automation market is 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 and largest, driven by industrial end users.

- **Metering, Control and Protection Devices:** The metering, control and protection devices market is well established globally. The global COVID-19 pandemic has caused a slowdown in multiple industries, notably delaying construction activities and new investments in retrofits of building systems. The market is expected to improve when economic investments gain momentum. The global metering, control and protection devices market is 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. Resumption of infrastructure development is expected to push adoption from commercial and utility applications across the globe.
- **Portable Test and Measuring Instruments:** Portable test and 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 portable test and measurement market estimate at USD 5.1 billion in 2022. The market is expected to grow at 5.1% and reach USD 6.6 billion by 2027. Growth by region will be led by India and APAC. The end-users that will drive demand includes automotive and power industries.
- **Solar String Inverters:** In respect of the industry outlook for solar string inverters, the global revenue for solar string inverters is expected to increase from USD 4.3 billion in 2022 to USD 6.6 billion in 2027, at a CAGR of 9.1%. Commercial and residential rooftop solar installations are driving the market's growth. APAC (excluding India) is the fastest growing region.
- **Aluminium High Pressure Die Casting:** For aluminium high pressure die castings, the global aluminium high pressure die casting market is estimate at USD 83.9 billion in 2022. The market is estimated to grow at 6.1% CAGR from 2022 to 2027 and reach USD 112.9 billion by 2027. Automotive will remain the highest revenue contributor across all regions. APAC will lead revenue growth in the next 5 years.

Company's business in India benefits from the Gol's 'Aatmanirbhar Bharat Abhiyaan', or Self-Reliant India, campaign, which provides a range of incentives to attract and localise manufacturing and production in the country. They are also eligible for the Modified Special Incentive Package Scheme ("M-SIPS"), which provides a capital subsidy of 25% for investment in capital expenditure on plant and machinery to units situated outside SEZs who are engaged in designing and manufacturing of electronic and nano-electronic products and their accessories. Additionally, subject to compliance of the Maharashtra Electronics Policy, 2016 and Package Scheme of Incentive Policy, 2019, the Government of Maharashtra has granted certain financial incentives to them basis the level of fixed capital investment that they undertake to manufacture certain products at their Nashik Manufacturing Facility I. In addition, they are eligible for certain indirect tax benefits under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017, as well as the Customs Act, 1962 and the Customs Tariff Act, 1975. These incentives are subject to various conditions.

## MANUFACTURING UNITS

### Manufacturing facilities in India (2)

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 2 manufacturing facilities both situated at Zielona Góra, Poland – Poland Manufacturing Facility I and Poland Manufacturing Facility II.

### Manufacturing facilities in Poland (2)

Poland Manufacturing Facility I is a dedicated facility for production of electrical and electronics products. Poland Manufacturing Facility II has an aluminium 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.

### Manufacturing facilities China (1)

Their 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 their China Manufacturing Facility are tested and certified by testing laboratories for certifications including CE, ROHS, UKCA. Their subsidiary, ESL, focuses on developing software solutions such as MARC, and their capabilities allow them to integrate software capabilities in their products.



## KEY DIFFERENTIATORS OF RISHABH INSTRUMENTS

Key market positioning of Rishabh Instruments, globally and locally:

Global	India
<ul style="list-style-type: none"> <li>Global leader in manufacturing and supply of Analog panel meters</li> <li>Leading global companies in terms of manufacturing and supply of Low voltage current transformers</li> <li>The most popular brand in Poland for meters, controllers, and recorders (Lumel).</li> <li>Lumel is a leading player in non-ferrous pressure casting in Europe. The Lumel Alucast factory melts</li> <li>20 tons of aluminium per day and produce 35,000 castings per day. European car production is 9.9 million units/ annum and Lumel produces 3 million of aluminium cast housing for the car compressor makes it one of the leading die-cast players in Europe.</li> </ul>	<ul style="list-style-type: none"> <li>Number 1 player in Electrical transducers in India</li> <li>Number 1 player in Split Core Current Transformers in India</li> <li>Number 3 player in the Digital Panel Meters in India</li> <li>Number 2 player in Portable Test &amp; Measurement (multi-meter and clamp meter) and an emerging player in insulation testers</li> <li>First company in India to Design, Develop &amp; Manufacture Solar String Inverters end to end.</li> </ul>

## COMPANY'S PRODUCT DETAILS & KEY CUSTOMERS

### Electrical Automation

**Products:** Energy management software, transducers and isolators, paperless recorders (chartless) and dataloggers, temperature and humidity recorders, I/O converters and temperature controllers among others. Instruments use a universal language called MODBUS RS 485 for communication with each other and with external devices. These find application in power generation, transmission and distribution, renewable energy, FMCG, pharmaceutical, cement, steel, oil & gas and railways sectors.

**Key Customers:** ABB India Ltd, Elko Vertriebs GmbH Seit 1988, Sang Chai Meter Co. Ltd, Gama Electrical Trading Co (LLC), Pt.Amtron Instrumindo and Siemens Ltd.

### Metering, Control and Protection Devices

**Products:** Products used for measuring, controlling, recording, analysing and protecting the electrical power system. They have a wide portfolio of metering, control and protection devices catering to several industries across the world. These include 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.

**Key Customers:** ABB India Ltd, Siemens Ltd, Pronutec S.A., L&T Electrical & Automation (a unit of Scheider Electric India Pvt Ltd), Hitachi Energy India Ltd, Hical Technologies Pvt Ltd, OMEGA Electric Machinery Co. Ltd., Ampron (S) Pte Ltd., Dash Controls Systems, Mantra Switchgear Co. Ltd., Lucy Electric India Pvt Ltd and Perel OY.

### Portable test and measuring instruments

**Products:** Products used by customers to inspect, test, calibrate, and measure parameters of a system, facility, instrumentation, or process. They have a wide portfolio of portable test and measuring instruments catering to various sectors which includes include digital multi-meters, digital clamp meters, digital insulation testers, digital earth testers and environmental products such as ultrasonic level/thickness meter, digital luxmeter, non-contact tachometers, DB meters and phase detectors, and submarine cable fault locators among others.

**Key Customers:** Sang Chai Meter Co. Ltd., Gama Electric Trading Co. (LLC), Gossen Metrawatt GmbH, Endress+ Hauser Flowtec AG, Lucas-Nulle GmbH and Safetytest GmbH

### Solar String Inverters

**Products:** The solar string inverters include power classes from 10 kW to 50 kW. These solar string inverters has integrated data storage, USB connectivity and widescreen LED display. They even have inbuilt GSM modules or remote monitoring with IoT module.

**Key Customers:** Adarsh Solar Power Solution, Agronova Solar, Ailis Energy Pvt Ltd, Amogeo Ites India Ltd, Argus Solar Power, Bhavani Infra Projects, Codegreen Energy Pvt Ltd, Inox Solar Energy, Power Edge and Saicon Power System

### Aluminium high pressure die castings

**Products:** The company forayed into manufacturing of high-pressure aluminium castings in through their acquisition of Lubuskie Zakłady Aparatów Elektrycznych "Lumel" Spółka akcyjna which was completed during Fiscal 2012. They 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.

**Key Customers:** Endress+Hauser Flowtec AG.

## REVENUE FROM OPERATIONS

### Details of Revenue from Operations:

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
	Amount ₹ Cr	Amount ₹ Cr	Amount ₹ Cr
<b>Revenue from contracts with customers</b>	<b>565.78</b>	<b>467.85</b>	<b>387.46</b>
- Revenue from sale of goods	549.56	453.33	381.42
- Revenue from sale of services	16.22	14.52	6.04
Other Operating Revenue	<b>3.76</b>	<b>2.41</b>	<b>2.50</b>
<b>Total</b>	<b>569.54</b>	<b>470.25</b>	<b>389.96</b>

### Product-wise Revenue from Operations

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue from Operations ₹ Cr	% of Revenue from Operations	Revenue from Operations ₹ Cr	% of Revenue from Operations	Revenue from Operations ₹ Cr	% of Revenue from Operations
Electrical automation	56.47	9.92%	63.76	13.56%	52.22	13.39%
Metering, control, and protection Devices	242.72	42.62%	208.63	44.37%	164.63	42.22%
Portable test and measuring instruments	40.89	7.18%	15.64	3.32%	11.46	2.94%
Solar string inverters	3.79	0.67%	5.15	1.09%	3.43	0.88%
Aluminium high pressure die castings	225.66	39.62%	177.07	37.66%	158.21	40.57%
<b>Total</b>	<b>569.53</b>	<b>100.00%</b>	<b>470.25</b>	<b>100.00%</b>	<b>389.96</b>	<b>100.00%</b>

## KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS (“KPI”)

Particulars	For Fiscal		
	2023	2022	2021
% of India revenue (out of the total group revenue)	32.91%	30.94%	31.24%
% of Europe revenue (out of the total group revenue)	59.06%	59.08%	59.57%
% of HPDC sales (out of the total group revenue)	37.76%	36.06%	38.94%
% automotive revenue (out of the HPDC revenue)	54.96%	46.50%	55.32%
% non-automotive revenue (out of the HPDC revenue)	45.04%	53.50%	44.68%
CAPEX (group level)	15.30	22.36	31.80
EBITDA	86.32	82.63	70.02
EBITDA margin (%)	15.16%	17.57%	17.96%
Adjusted EBITDA	94.30	82.63	70.05
Adjusted EBITDA margin (%)	16.56%	17.57%	17.96%
Profit/(loss) after tax	49.69	49.65	35.94
PAT Margin	8.57%	10.35%	8.93%
Net cash generated from operations	27.51	13.28	52.93
ROCE (%)	13.77%	15.20%	12.16%
ROE (%)	12.39%	14.58%	12.01%
Debt to equity ratio (times)	0.26	0.28%	0.31

## COMPETITIVE STRENGTHS

- **Ability to drive technology and innovation through advanced research and development capabilities**

Company’s 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 benefits from mega industrialisation trends**

Rishabh Instruments is 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, the wide distribution network, and the track record of innovation and research and development, position them advantageously to capture modern engineering requirements. They have a separate in-house automation department at each of their 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**

Company's all Manufacturing Facilities are vertically integrated with end-to-end product development capabilities from concept design to prototype testing, along with dedicated R&D units. 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. Both of their 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 aluminium die casting facility which has 9 die casting machines.

- **Diversified product portfolio**

Rishabh Instruments 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. 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. The company also provides manufacturing services which consist of mould design and manufacturing, EMI/ EMC testing, Electronic Manufacturing Services as well as providing software solutions such as MARC developed by Energy Solution Labs.

- **Wide customer base**

Rishabh Instruments is 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 center, laboratories, semiconductors, consumer electronics, and building automation). They have limited customer concentration as, in the global electrical segment, Top-5 customers from Indian operations account for 14.67% sales revenue and the Top-5 customers from overseas operations account for 6.30% sales revenue in Fiscal 2023.

- **Track record of successful integration of acquired businesses or entities across geographies**

Anchored against their presence in India, Rishabh Instruments 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 the acquisition they restructured the business into 2 separate companies, Lumel Alucast (for the high pressure die casting business) and Lumel SA (for production of electrical and electronics products). They introduced modern management systems such as SAP – ERP. In 2020, Lumel SA completed the construction of modern electronics factory on a land of 12,000 sq. mt. Also, in the same premises they constructed a sport complex (ARENA) for the benefit of their employees and their families keeping in mind their integration objectives.

The company has achieved synergies as a result of their acquisition of Lubuskie Zakłady Aparatów Elektrycznych "Lumel" Spółka akcyjna during Fiscal 2012. Not only did they gain a platform for further penetration in European markets, but they also gained access to a pool of customers where there were overlaps in their product offerings. They were accordingly well placed to offer such customers their more distinct offerings which allowed them to address product gaps and create a complete basket offering to the market.

They also implemented specific strategies to promote the Lumel brand name and Lumel branded products in India. They have 8 dedicated distributors and 1 designated "flag bearer" engineer from each sales office along with 1 exclusive all India sales personnel. For this business they have a separate price list for customers and have a dedicated training module for flag bearers.

- **Global and integrated business model increasing cost competitiveness and de-risking customer supply chain**

The company has a total of 5 manufacturing facilities spread across India, Poland and China. They also operate 2 modification centres, 1 in Essex, United Kingdom through their Subsidiary Sifam UK and the other in Kennesaw, Georgia, the United States through their Subsidiary Sifam USA. Their vertically integrated operations have created cost efficiencies particularly in terms of being able to manufacture components in-house which would otherwise have been expensive to procure. Their extensive network allows them to provide an array of delivery options while servicing multiple delivery locations.

- **Well-established and recognised brands**

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. Having well recognised brands which are local to the geographies they sell to is beneficial, particularly in Europe.

- **Strong and demonstrated management capabilities**

The company founder, Narendra Goliya has over 4 decades of experience in the manufacturing and electrical industry. He is supported by a management team comprising Dineshkumar Musalekar (President and CEO of Lumel), who has been overseeing their operations in Europe for over 9 years; Nitinkumar Deshpande (Head –Marketing, Business Development and Profit Centre Head), who was previously associated with ABB Ltd, Siemens Ltd and Schneider Electric India Pvt Ltd; as well as Anand Purshottam Laddha (Director Finance, Lumel) and Vishal Prabhakar Kulkarni (CFO) who have been associated with them for over 8 years.

## KEY BUSINESS STRATEGIES

- **Enhance product innovation, engineering and design competence while focussing on higher value addition**

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. In terms of product process development, in their aluminium high pressure die casting segment they seek to introduce advanced manufacturing process development.

- **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 the strategy for inorganic growth**

Anchored against their presence in India, they steadily extended their global reach by way of strategic acquisitions in Europe, the United Kingdom and China. Through the acquisition they gained a platform for further penetration particularly in Central and Eastern European markets. 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 prior success with attempts to cross-sell and they intend to continue to target new customers and expand existing customer accounts. They have 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.

- **Explore opportunities to tap emerging products and services segments**

The company seeks to explore new opportunities by introducing new products and services leveraging their experience and established track-record. 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**

Rishabh Instruments entered into a 5-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.

## FUTURE OPPORTUNITIES FOR RISHABH INSTRUMENTS

Product Segment	Opportunities in Key End-user Verticals	Opportunities in Customer Regions
<b>Electrical Automation</b>	<p>The unique demands of today's networked manufacturing plants rely on reliable strong connectivity solutions to optimize the available resources. It needs an end-to-end IoT-based solution to monitor real-time data like consumption of water, air, gas, electricity (WAGEs) and various types of analog signals with the help of sensors, transmitters, transducers, and multi-function devices. Industry 4.0 clearly states transparency of the working systems that include simple switch operation to critical equipment working on a single platform (IoT-based software).</p> <p>Automotive and electric vehicle manufacturing. Demand for Sensors, transmitters, temperature controllers, I/O converters that are embedded into various electric vehicle systems will provide new market opportunities.</p> <p>Traction in smart lighting segment for building automation will provide new market opportunities for sensors, transmitters, and I/O converters for creating smart infrastructure.</p> <p>Data centers and upcoming utility projects will increase demand for Field instruments, temperature controllers, and HMIs that are used in building automation projects.</p>	Asia-Pacific markets especially China, Japan, and India are witnessing expansion of data centers, smart cities, and smart building projects initiated by the government.
<b>Metering, Control and Protection Devices</b>	<p>Retrofitting of old Metering, Control and Protection systems in industrial end-user verticals such as pharmaceuticals and FMCG will provide new opportunities for the overall metering, control and protection devices market.</p> <p>New construction projects in development of transportation infrastructure, residential and commercial buildings will directly improve opportunities for current transformers, panel meters, and power factor controllers.</p> <p>With new Make in India initiatives many manufacturing industries are establishing in India, providing opportunities for overall metering, control and protection devices.</p> <p>Changing utility norms to maintain PF and kVAh billing will increase the opportunities for Current transformers, Power factor controllers, meters, and protection relays.</p>	Post-pandemic recovery across the globe is leading to increasing construction activity in residential, commercial, and government projects in the Middle East, Europe, and Americas.
<b>Portable Test &amp; Measurement</b>	The demand for energy generation is increasing day by day, which cannot be met without the extension of networks on substations. The impact of this will result in more and more products required for operation and	Electric vehicle uptake has already increased in the Western economies of Europe, the United States, and China, and is gaining high

<p><b>ent Equipment</b></p>	<p>maintenance in the T&amp;M sector. When they bring extensions in the networks of substations, it warrants more devices, and more devices warrants more T&amp;M products for testing of these devices.</p> <p>One of the new trends in testing is the handheld and desktop instruments with Bluetooth technology to avoid physical contact with the devices under test. So, growth in demand for such products is inevitable. Even the testing of the devices with the help of mobile Apps of meters is started. Demand for portable test and measurement equipment enabled with wireless communication is going to increase.</p> <p>Growing focus on reliable power will require continuous monitoring of equipment, systems, and power utilities, which will result in more demand for testing the power quality at various installation levels and would hike the demand for portable power quality testers/analyzers.</p> <p>E-vehicle is the upcoming future. Testing of batteries for these e-vehicles is going to see high demand, for which many test and measurement devices would be required like Multimeters, clamp-on meters, battery analyzers, etc.</p> <p>Similarly, upcoming electric trains would also result in an increase in testing of inverters, and motors in electric vehicle power trains will demand testing and measuring equipment</p>	<p>traction in the 2W vehicle segment in India.</p> <p>Renewable energy capacity expansion is gaining global significance, with higher focus in India, Europe, and the United States.</p>
<p><b>Solar String Inverters</b></p>	<p>Increased adoption of renewable energy sources will drive demand for solar rooftop power systems in residential and commercial buildings.</p> <p>Technologically better design will lead to implementation of string inverters in data centers and large renewable projects.</p> <p>The Government of India is supporting Make in India initiatives by proposing to increase Basic Customs Duty (BCD) from 5% to 20% on imported Solar inverters, thereby driving indigenous manufacturing.</p>	<p>Large-scale utility projects are being set up in Africa, Middle Eastern, and Asia-Pacific countries especially India and China.</p>
<p><b>Aluminium High-Pressure Die Casting</b></p>	<p>The aluminium content per vehicle is increasing due to the focus on light weighting to increase fuel efficiency. EVs use more aluminium content (at least 15% more) than IC engines. Hence, growth in EV (for applications in power train, battery housing, rear under structure) will gain significance.</p>	<p>Advanced economies of the United States, China, and Europe are purchasing more EVs than emerging economies in the 4W segment. In the 2W segment, India witnesses a large number of conventional and new OEMs venturing into the EV market.</p>

## COMPETITION

Rishabh Instruments faces competition domestically in India as well as globally across the segments they operate in from companies which either operate in the same line of business as them or offer similar products.

Category	Competitors
Electrical Automation	Masibus Automation and Instrumentation Pvt Ltd and Selec Controls Pvt Ltd.
Metering, Control and Protection Devices	Schneider Electric India Pvt Ltd, Elmeasure India Pvt Ltd and Selec Controls Pvt Ltd
Portable Test and Measuring Instruments	Hioki India Pvt Ltd and Meco Instruments Pvt Ltd.
Solar String Inverter	<i>International competitors:</i> Shenzhen Growatt New Energy Co. Ltd. <i>Domestic Competitors:</i> KSolare Energy Pvt Ltd
Aluminium High Pressure Die Casting	Endurance Technologies Ltd and Sunbeam Lightweighting Solutions Pvt Ltd
Electronics Manufacturing Services	include Syrma SGS Technology Ltd, Amber Enterprises India Ltd and Dixon Technologies (India) Ltd.

## INDUSTRY OVERVIEW

What follows is a snapshot of how Rishabh Instruments competes with top companies globally and in India across its 5 product categories.

Comparative Analysis of Leading companies- India and Global										
	Electrical Automation		Metering, Control and Protection		Portable T&M		Solar String Inverters		Aluminium High Pressure Diecasting	
Domestic	Masibus	P	Schneider Electric	P	Meco Instruments	C	kSolare	C	Sunbeam auto pvt ltd	C
	Selec Controls	P	Secure Meters	P	Metravi	C	PowerOne	C	Rockmancycle	C

	Secure Meters	P	Elmeasure	P	Waco	C	GoodWe	C	Endurance technologies	C
	Delta	P	Selec Controls	P	Motwane	P	ABB	C	Kailas toolings	C
	Multispan	P	Automatic Electric	P	HTC	C	SMA	C	MRT Castings	C
Global	Yokogawa	C	Socomec	P	Fluke	C	Huawei	C	Consolidate Metco	C
	Chino	P	Janitza	P	Kyoritsu	C	Growatt	C	Gibbs Die Casting	C
	Omron	P	Entes	P	Megger	P	SolarEdge	C	Faist Group	C
	Phoenix	P	MBS	P	Hioki	C	Sungrow	C	Alcast Technologies	C
	Allen Bradley	P	Chint	P	Sonel	P	Fimer	C	Arconic	C

C=Complete Portfolio, P= Partial Portfolio

### Key Financial Performance indicators

(₹ in Cr)

Financial Parameters	Rishabh Instruments Ltd	Automatic Electric Ltd	Elmeasure India Pvt Ltd	Meco Instruments Pvt Ltd	Masi Bus Automation & Instrumentation Pvt Ltd	Hioki India Pvt Ltd	Siemens India Ltd	ABB India Ltd	Schneider Electric India Pvt Ltd
Net Worth	346.10	32.89	22.55	8.26	45.50	2.14	12,076.00	4,939.00	9,153.70
Revenue from operations	470.25	62.18	128.74	17.01	83.85	25.18	17,788.00	9,010.00	10,360.60
EBITDA	82.63	5.76	10.51	2.02	7.74	2.21	2,548.00	1274.00	1,939.60
EBITDA (%)	17.6%	9.0%	8.2%	11.9%	9.2%	8.8%	14.0%	14.0%	19.0%
PAT	49.65	0.36	4.53	1.51	4.85	1.38	1,619.00	901.00	570.90
PAT (%)	10.4%	0.6%	3.5%	8.9%	5.8%	5.5%	9.1%	10.0%	5.5%
ROE (%)	14.6%	1.0%	18.3%	18.3%	10.7%	64.7%	11.5%	22.8%	6.24%

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