



Rishabh Instruments Ltd

Charging up revenues



Not Rated
Charging up revenues

Rishabh Instruments Ltd(RIL) is a global leader in the field of energy efficiency solutions, with a primary focus on electrical automation, metering, and precision-engineered products. Their product offerings have a wide range of applications across industries, including power, automotive, and various industrial sectors. They take pride in supplying a diverse array of electrical measurement and process optimization equipment, all marketed under their own brand, to provide cost-effective solutions for energy and process management challenges.

Notably, the company also provides comprehensive aluminum high-pressure die casting solutions, serving industries that demand precise components, such as automotive compressor manufacturers and high-precision flow meter producers. As of May 31, 2023, the company maintains an extensive product portfolio comprising over 145 product lines and 0.13 million stock keeping units. It manufactures all its products in-house from its five manufacturing facilities – two in India, two in Poland and one in China

Their customer base spans a wide range of industrial sectors, including power generation and distribution, OEM industries, and emerging applications. The company attributes its continued success to a steadfast commitment to innovation, supported by the presence of robust research and development centers in India, Poland, and China. As of May 31, 2023, these R&D centers are staffed with a talented team of 95 engineers, empowering the company to stay aligned with market demands and effectively meet the evolving requirements of its customers.

RIL's proposed issue size is INR 490.78 cr out of which INR 75 cr is a fresh issue and the remaining INR 415.78 cr is OFS. The proposed fresh issue will be utilized for

- INR 62.8 cr for financing the cost towards the expansion of Nashik Manufacturing Facility I
- And the balance amount would be used for general corporate purposes

At the IPO price of INR 441 (upper price band), NTL is valued at P/E of 33.7x.

Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/Sales (X)	EV/EBITDA (X)
FY21	390.0	57.9	35.9	14.9	9.2	9.5	78.8	12.0	13.5	46.6	4.2	28.5
FY22	470.3	73.4	49.6	15.6	10.6	13.1	89.7	14.6	16.1	33.7	3.5	22.7
FY23	569.5	76.6	49.7	13.4	8.7	13.1	105.6	12.4	14.1	33.7	2.9	21.8

Industry Capital Goods
Issue Details

Listing	BSE & NSE
Open Date	30 th Aug 2023
Close Date	1 st Sept 2023
Price Band	INR 418-441
Face Value	INR 10
Market Lot	34 shares
Minimum Lot	1 Lot

Issue Structure

Offer for Sale	15.28%
Fresh Issue	84.72%
Issue Size (Amt)	INR 490.78 cr
Issue Size (Shares)	1,11,28,858
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre issue sh (nos)	3,62,60,678
Post issue sh (nos)	3,79,61,358
Post issue M Cap	1674 cr

Shareholding (%)	Pre (%)	Post (%)
Promoter	80.67	70.68
Public	19.33	29.32
TOTAL	100	100

Growth Strategies

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

RIL seeks to continue to improve the innovation capabilities, design processes and in-house testing facilities. It seeks to add resources and technically competent manpower while continuing to explore opportunities for collaboration and inorganic growth.

Expanding geographical footprint

It proposes to capitalize on its presence in India and expand its network of stockists/distributors supported by opening up 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.

Continue to pursue our strategy for inorganic growth

Anchored against company's presence in India, it steadily extended our global reach by way of strategic acquisitions in Europe, the United Kingdom and China.

Explore opportunities to tap emerging products and services segments

Given the dynamic nature of the engineering industry, we seek to explore new opportunities by introducing new products and services leveraging our experience and established track-record.

Promote product localization

RIL entered into a five-year bilateral license agreement dated March 31, 2022, for product localization with Lumel SA (the "Product Localization Contract") under which it has established a framework to roll out localized Lumel products in the Indian market. This will allow the company to manufacture Lumel products at our Nashik Manufacturing Facilities which will be sold as Lumel branded products in India, thereby increasing the brand presence of Lumel here in India.

Key Risks & Concerns

- Most of 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.
- Shortages in the supply of semiconductors have had, and may continue to have, a material adverse effect on results of operations and financial conditions
- Under-utilization of its manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on the company



Issue Structure and Offer Details

The proposed fresh issue size of NTL is INR 490.78 cr (INR 415.78 cr OFS and 75 cr fresh issue) and the price band for the issue is in the range of INR 418 – 441 and the bid lot is 34 shares and multiples thereof.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50% of the Offer
NIB	Not less than 15% of the Offer
Retail	Not less than 35% of the Offer

Number of shares based on a higher price band of INR 441

Source: Company Reports

Details of the selling shareholders		
Promoter Selling shares	Amount offered	No of shares
Asha Narendra Goliya	Not more than 66.15 Cr	15,00,000
Rishabh Narendra Goliya	Not more than 17.64 Cr	4,00,000
Narendra Rishabh Goliya	Not more than 22.82 Cr	5,17,500
SACEF Holdings II	Not more than 309.17 Cr	70,10,678

The amount is based on a higher price band of INR 441

Source: Company Reports

RIL financial summary and analysis

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	390.0	470.3	569.5	Adjusted EPS (INR)	9.5	13.1	13.1
<i>YoY Growth (%)</i>	<i>(2.7)</i>	<i>20.6</i>	<i>21.1</i>	Adjusted Cash EPS (INR)	15.0	18.3	18.5
Raw Material Cost	156.2	197.2	256.3	Adjusted BVPS (INR)	78.8	89.7	105.6
<i>RM Cost to Sales (%)</i>	<i>40.1</i>	<i>41.9</i>	<i>45.0</i>	Adjusted CFO per share (INR)	13.9	3.5	7.2
Employee Cost	114.9	125.7	145.1	CFO Yield (%)	3.2	0.8	1.6
<i>Employee Cost to Sales (%)</i>	<i>29.5</i>	<i>26.7</i>	<i>25.5</i>	Adjusted FCF per share (INR)	3.1	(1.6)	(3.6)
Other Expenses	60.9	73.9	91.5	FCF Yield (%)	0.7	(0.4)	(0.8)
<i>Other Exp to Sales (%)</i>	<i>15.6</i>	<i>15.7</i>	<i>16.1</i>	Solvency Ratio (X)			
EBITDA	57.9	73.4	76.6	Total Debt to Equity	0.3	0.3	0.3
<i>Margin (%)</i>	<i>14.9</i>	<i>15.6</i>	<i>13.4</i>	Net Debt to Equity	(0.1)	(0.0)	(0.0)
<i>YoY Growth (%)</i>	<i>(3.7)</i>	<i>26.8</i>	<i>4.3</i>	Net Debt to EBITDA	(0.4)	(0.1)	(0.0)
Depreciation & Amortization	21.1	20.0	20.5	Return Ratios (%)			
EBIT	36.8	53.5	56.1	Return on Equity	12.0	14.6	12.4
<i>Margin (%)</i>	<i>9.4</i>	<i>11.4</i>	<i>9.8</i>	Return on Capital Employed	7.4	10.2	9.1
<i>YoY Growth (%)</i>	<i>2.1</i>	<i>45.1</i>	<i>5.0</i>	Return on Invested Capital	13.5	16.1	14.1
Other Income	12.5	9.7	10.2	Working Capital Ratios			
Finance Cost	3.6	3.9	5.6	Payable Days (Nos)	58	53	53
Interest Coverage (X)	10.2	13.7	10.0	Inventory Days (Nos)	74	100	98
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	64	62	77
PBT	45.8	59.2	60.7	Net Working Capital Days (Nos)	80	109	123
<i>Margin (%)</i>	<i>11.7</i>	<i>12.6</i>	<i>10.7</i>	Net Working Capital to Sales (%)	21.9	29.9	33.6
<i>YoY Growth (%)</i>	<i>13.5</i>	<i>29.4</i>	<i>2.5</i>	Valuation (X)			
Tax Expense	9.9	9.6	11.0	P/E	46.6	33.7	33.7
<i>Tax Rate (%)</i>	<i>21.5</i>	<i>16.2</i>	<i>18.2</i>	P/BV	5.6	4.9	4.2
PAT	35.9	49.6	49.7	EV/EBITDA	28.5	22.7	21.8
<i>Margin (%)</i>	<i>9.2</i>	<i>10.6</i>	<i>8.7</i>	EV/Sales	4.2	3.5	2.9
<i>YoY Growth (%)</i>	<i>13.9</i>	<i>38.2</i>	<i>0.1</i>	Cash Flow Statement			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	45.8	59.2	60.7
Net Profit	35.9	49.6	49.7	Adjustments	19.9	18.6	28.8
<i>Margin (%)</i>	<i>9.2</i>	<i>10.6</i>	<i>8.7</i>	Change in Working Capital	(2.8)	(55.0)	(51.0)
<i>YoY Growth (%)</i>	<i>13.9</i>	<i>38.2</i>	<i>0.1</i>	Less: Tax Paid	(9.9)	(9.6)	(11.0)
Balance Sheet				Cash Flow from Operations	52.9	13.3	27.5
Share Capital	25.4	25.4	40.1	Net Capital Expenditure	(35.4)	(15.7)	(28.9)
Total Reserves	273.8	315.0	361.0	Change in Investments	14.5	4.9	26.1
Shareholders Fund	299.3	340.5	401.0	Cash Flow from Investing	(20.8)	(10.8)	(2.7)
Long Term Borrowings	45.5	33.6	25.8	Change in Borrowings	(18.5)	(2.1)	2.0
Deferred Tax Assets / Liabilities	3.8	4.4	2.9	Less: Finance Cost	(3.6)	(3.9)	(5.6)
Other Long Term Liabilities	6.8	0.1	0.6	Proceeds from Equity	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	7.2	7.1	8.2	Dividend Paid	(0.9)	(1.1)	(0.9)
Total Liabilities	362.6	385.7	438.5	Cash flow from Financing	(23.0)	(7.1)	(4.5)
Net Block	226.7	221.9	221.5	Net Cash Flow	9.1	(4.5)	20.3
Capital Work in Progress	2.1	5.1	7.6	Forex Effect	2.4	(3.5)	0.0
Intangible assets under development	0.0	0.0	0.0	Opening Balance of Cash	42.8	54.3	46.2
Non Current Investments	0.2	0.2	0.2	Closing Balance of Cash	54.3	46.2	66.6
Long Term Loans & Advances	1.5	1.0	9.2				
Other Non Current Assets	2.4	3.7	0.8				
Net Current Assets	129.7	153.7	199.2				
Total Assets	362.6	385.7	438.5				

Source: Ventura Research

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