RISHABH INSTRUMENTS LIMITED

OUR PROMOTER: NARENDRA JOHARIMALI GOIYA

NASDAQ: MRC

INTEGRAL PUBLIC OFFERING: UP TO [x] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH OF EQUITY SHARES OF RISHABH INSTRUMENTS LIMITED ("OUR COMPANY") AT THE PRICE OF Rs. [x] PER EQUITY SHARE ("OFFER PRICE") AS DETERMINED BY THE OFFER PRICE DETERMINATION COMMITTEE AND MAXIMUM OFFER PRICE OF Rs. [x] MILLION, COMPONING A FACE VALUE OF Rs. [x] MILLION AND ALL THE EQUITY SHARES ARE AGGREGATELY UP TO [x] MILLION IN NUMBER AND MAXIMUM OFFER PRICE OF Rs. [x] MILLION IN VALUE BASED ON THE OFFER PRICE DETERMINATION COMMITTEE, THE OFFER WILL CONSTITUTE NOT LESS THAN 100% Equity Shares of Our Company.

We design, develop, manufacture and supply: (a) electrical automation devices; (b) metering, control and protection devices; (c) portable test and measuring instruments; and (d) solar string inverters. In addition, we manufacture and supply aluminium high pressure die casting through our Subsidiary, Lumel Alucast.

The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Offer - Non-Institutional Portion: Not less than 15% of the Offer - Retail Portion: Not less than 35% of the Offer PRICE RANGE: Rs. 418 TO Rs. 441 PER EQUITY SHARE OF FACE VALUE OF Rs. 10 EACH

THE FLOOR PRICE IS 41.80 TIMES AND THE CAP PRICE IS 44.10 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE TO EARNING RATIO AT THE FLOOR PRICE IS 32.76 TIMES AND AT THE CAP PRICE IS 34.56 TIMES BASED ON DILUTED EPS AS PER RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR THE FISCAL END 2023

BIDS CAN BE MADE FOR A MINIMUM OF 34 EQUITY SHARES AND IN MULTIPLES OF 34 EQUITY SHARES THEREAFTER

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

1. Concentration risk: We are dependent on our Poland Manufacturing Facility II and in Fiscals 2023, 2022 and 2021, it manufactured 62.73%, 58.25% and 59.18%, respectively, of the total products with a capital utilisation of 73.70%, 64.81% and 66.95%.

2. Our business is dependent on our Manufacturing Facilities. In Fiscals 2023, 2022 and 2021, our Nashik Manufacturing Facility I manufactured 17.45%, 18.67% and 14.30% and our Poland Manufacturing Facility II manufactured 62.73%, 58.25% and 59.18%, respectively, of the total products.

3. We propose to utilise Rs. 226.86 million of the Net Proceeds of the Offer towards Expansion of Nashik Manufacturing Facility I and we have not entered into any definitive arrangements to utilise certain portions of the Net Proceeds of the Offer.

4. Customer concentration risk: In Fiscals 2023, 2022 and 2021, revenue from our top 10 customers were Rs. 1,817.91 million, Rs. 1,126.04 million and Rs. 1,030.39 million, respectively, representing 31.92%, 23.99% and 26.42%, respectively, of our total revenue from operations.

5. Product Liability: We may lose our customers and may be subject to product liability claims or claims alleging deficiency in service. One of our customers, in April 2022, issued a legal notice to our Company for alleged failure to adhere to their quality standard and technical hurdles faced in relation to the certain products supplied by our Company and have thereafter, ended their association/relationship with us.

6. We are yet to capitalise on the development of the American Standards Institute current transformers in the United States and/or acquire new customers in the United States pursuant to such product development.

7. Dependence on Subsidiaries: Our Subsidiaries contributed Rs. 3,995.57 million, Rs. 3,391.27 million and Rs. 2,793.56 million representing 67.09%, 72.12% and 71.64% of our total revenue from operations in Fiscals 2023, 2022 and 2021, respectively.

8. Dependence on semiconductors availability: We source microcontroller semiconductor chips as an input for our manufacturing operations. Shortages in the supply of semiconductors have had, and may continue to have, a material adverse effect on the industry and on our results of operations and financial condition.

9. The three BRLMs associated with the Offer have handled 20 public issues in the past three years, out of which 7 issues closed below the IPO price on listing date.

10. The Offer Price, our Market Capitalization to Revenue, Market Capitalization to Earnings and Enterprise value to EBITDA of our Company and return on net worth may not be indicative of the market price of the Equity Shares on listing or thereafter.

Name of BRLMs | Total public issue | Issues closed below IPO price on listing date
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DAM Capital Advisors Limited | 12 | 4
Mirae Asset Capital Markets (India) Private Limited | NIL | NIL
Motilal Oswal Investment Advisors Limited | 7 | 2
Common issues handled by the BRLMs | 1 | 1
Total | 20 | 7

*Issues handled where there were no common BRLMs
Dear Subscriber,

Thank you for your continued support of Business Standard. We are excited to announce the launch of a new addition to our portfolio, 2 COMMERCIAL.

2 COMMERCIAL is a bi-weekly section that focuses on the commercial landscape, providing in-depth analysis and insights into the latest trends, developments, and events in the business world.

In this edition, we feature an article titled "Market capitalization to revenue from operations (Fiscal 2023) multiple at the Cap Price (number of times)". This article delves into the financial health of companies by examining the relationship between market capitalization and revenue from operations.

We also have a section titled "Price-to-earnings (based on Fiscal 2023 diluted EPS) at the Cap Price (number of times)" which offers valuable insights into the valuation of companies based on their earnings.

"Weighted average return on network for the last three financial years (%)" is another important feature in this edition, providing a clear picture of the performance of companies over the past three years.

In addition, we have included "Date of RHP: Period prior to the date of filing of the Red Herring Prospectus" to keep our readers informed about upcoming listings and their key dates.

"Weighted Cost of Acquisition (₹)" is a crucial metric in determining the cost of acquiring equity shares,

We also highlight "WACA of Primary Issuances during 18 months prior to RHP (excluding issuance of bonus shares)" and "WACA of Secondary Transactions during 18 months prior to RHP (excluding gifts)" to provide a comprehensive view of the acquisition cost.

Lastly, "Lowest Possible Price (₹)" is an essential figure for investors to understand the minimum price they might expect to pay for an equity share.

We believe that 2 COMMERCIAL will serve as a valuable resource for investors, analysts, and business professionals, offering a comprehensive view of the commercial landscape.

Thank you for choosing Business Standard. We look forward to continuing to provide you with insightful and informative content.

Best regards,

The Business Standard Team