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Strong EEI Momentum continue to drive future growth ...

About the stock: Rishabh Instruments Limited is a leading global engineering and energy efficiency solutions provider specializing in the design, development and manufacturing of products that support electrical automation, energy measurement, industrial instrumentation, and precision die-casting.

- Revenue Mix for FY26: Electrical and Electronic instruments (EEI) ~70% and High Pressure Die Castings ~30%.

Q4FY26 performance: Rishabh Instruments reported a healthy operational performance in Q4FY26 with consolidated revenue growing 9.3% YoY to ₹205 crore, while EBITDA surged 106% YoY to ₹33.3 crore led by improved product mix, operating leverage and turnaround in the HPDC business. EBITDA margin expanded sharply by 760bps YoY to 16.2%, while PAT more than tripled to ₹20 crore vs ₹6.1 crore in Q4FY25. For FY26, consolidated revenue increased 7.6% YoY to ₹775 crore, whereas EBITDA jumped 161.1% YoY to ₹126.4 crore with EBITDA margin improving to 16.3% from 6.7% in FY25. PAT surged 292% YoY to ₹82.2 crore with PAT margin improving to 10.6% vs 2.9% last year, reflecting strong operational efficiencies, lower overheads and improving profitability in Lumel Alucast operations.

Investment Rationale

- Strong EEI growth outlook supported by product expansion, exports and capacity ramp-up:** Rishabh Instruments is well positioned to benefit from structural growth opportunities across electrification, energy efficiency, automation, renewable integration and grid modernization. Management has guided for 20–25% revenue growth in the EEI segment for FY27 with EBITDA margins of 20–22%, supported by strong order pipelines across domestic and export markets. The company continues to strengthen its global positioning through expansion in the US, UK, China and European markets, while the newly commissioned Nashik facilities are expected to effectively double production capacity, supporting future growth. Additionally, expansion into medium-voltage products, protection relays and automation solutions significantly increases the addressable market opportunity over the medium term.
- Margin improvement and new growth verticals to support long-term profitability:** Rishabh has demonstrated strong operational improvement with FY26 EBITDA increasing 161% YoY to ₹126.4 crore, while EBITDA margin expanded sharply by 960 bps YoY to 16.3%, driven by better product mix, procurement efficiencies and operating leverage. Management expects margin profile to remain healthy despite product mix changes, supported by the company's ability to pass on cost increases due to its proprietary products and strong brand positioning. Further, emerging growth verticals such as solar inverters, medium-voltage solutions and the US business provide incremental long-term growth opportunities. The solar inverter business has already turned operationally profitable, with management targeting ₹24–25 crore revenue in FY27 and long-term manufacturing capacity of ~₹100 crore, while the US business is expected to grow 40–50% in FY27 with a target to reach ₹100 crore revenue over the next 2–3 years.

Rating and Target Price

- We expect Revenue and PAT to grow at 13% and 21% CAGR over FY26-FY28E. We maintain **Buy on RIL with a Target Price of ₹ 630 (based on 20x on FY28E EPS)**

Key Financial Summary

(Rs. in crore)	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Net Sales	570	690	720	775	10.8%	823	998	13%
EBITDA	76	71	48	126	18.5%	144	185	21%
EBITDA margin (%)	13.4	10.3	6.7	16.3		17.5	18.6	
Net Profit	49.7	39.9	21.2	82.3	18.3%	94.2	121.3	21%
EPS (Rs)	12.4	10.4	5.5	21.5		24.4	31.5	
P/E (x)	42.7	50.8	95.5	24.8		21.7	16.8	
EV/EBITDA (x)	27.9	27.1	39.7	15.2		12.7	10.1	
RoCE (%)	13.1	9.0	5.0	13.6		13.8	15.8	
RoE (%)	11.7	7.1	3.5	11.0		11.2	12.6	

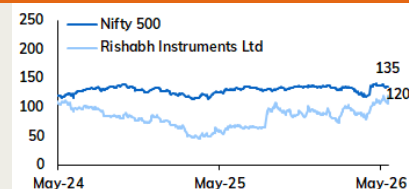
Source: Company, ICICI Direct Research

**Market Data**

Particular	Rs. (in crore)
Market Capitalisation	2043
Total Debt (FY26)	74
Cash and Inv (FY26)	202
Enterprise Value	1915
52 week H/L (Rs.)	549/270
Equity capital	42.9
Face value (Rs.)	10

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	69.81	69.81	69.67	69.55
FII	0.05	0.35	0.24	0.1
DII	12.42	12.01	12.57	11.72
Others	17.72	17.83	17.52	18.63

Price Chart**Key risks**

- European Automotive Supply Chain Weakness.
- Execution Risk in International Operations
- Geographic Concentration in Europe.

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Key result and concall highlights

- Rishabh Instruments reported a healthy operational performance in Q4FY26 with consolidated revenue growing 9.3% YoY to ₹205 crore, while EBITDA surged 106% YoY to ₹33.3 crore led by improved product mix, operating leverage and turnaround in the HPDC business. EBITDA margin expanded sharply by 760bps YoY to 16.2%, while PAT more than tripled to ₹20 crore vs ₹6.1 crore in Q4FY25.
- For FY26, consolidated revenue increased 7.6% YoY to ₹775 crore, whereas EBITDA jumped 161.1% YoY to ₹126.4 crore with EBITDA margin improving to 16.3% from 6.7% in FY25. PAT surged 292% YoY to ₹82.2 crore with PAT margin improving to 10.6% vs 2.9% last year, reflecting strong operational efficiencies, lower overheads and improving profitability in Lumel Alucast operations.
- Segmentally The Electrical & Electronic Instruments (EEI) segment remained the key growth driver with FY26 revenue growing 17.5% YoY to ₹536.9 crore and adjusted EBITDA rising 68.5% YoY to ₹133 crore. Segment EBITDA margin improved sharply to 24.8% vs 17.3% in FY25 aided by better product mix and cost optimization initiatives. The High Pressure Die Casting (HPDC) business reported FY26 revenue decline of 9.6% YoY to ₹238.3 crore; however, the business delivered a meaningful turnaround with adjusted EBITDA improving to positive ₹3.3 crore against loss of ₹15 crore in FY25.
- Lumel SA delivered strong FY26 performance with revenue growing ~15% YoY to ₹229 crore, while adjusted EBITDA increased 32% YoY to ₹53.5 crore. EBITDA margin improved to 23.4% in FY26 and 28.6% in Q4FY26, supported by niche product wins and higher-margin service revenues.
- Lumel Alucast significantly improved profitability with adjusted EBITDA turning positive at ₹3.3 crore in FY26 compared to a loss of ₹15 crore in FY25. Management highlighted that the business exited low-margin legacy contracts and is now focusing on higher-margin non-automotive opportunities. However, FY27 revenue is expected to remain flat or slightly lower at around ₹180 crore, with focus on breakeven profitability before targeting double-digit margins by FY28.
- The Nashik expansion capex has been completed with two new manufacturing facilities under commissioning, which will effectively double production capacity to support rising export and domestic demand across key product lines.
- The solar inverter business turned operationally profitable during FY26 after product redesign and automation initiatives. Management targets ₹24–25 crore revenue in FY27, nearly doubling current levels, while the long-term manufacturing capacity target stands at ₹100 crore revenue potential.
- The US business continues to scale rapidly with management targeting 40–50% growth in FY27 after achieving strong growth over the last two years. The company aims to scale US revenue to ~₹100 crore over the next 2–3 years, supported by UL-certified product launches and expanding local presence.
- Rishabh remained net debt-free with cash and cash equivalents of ₹128 crore as of March 2026, supporting future capex, R&D investments and inorganic growth opportunities.
- The Board announced a dividend of ₹2 per share (20%) for FY26, reflecting management confidence in business fundamentals and cash-flow generation.
- **Outlook/Guidance:** Management guided for 20–25% revenue growth in the Electrical & Electronics Instrumentation (EEI) segment for FY27, with EBITDA margin expected in the range of 20–22%. Rishabh Instruments and Lumel SA are both expected to grow around 20%, while smaller subsidiaries in USA, UK and China are expected to grow at ~30%+.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	690	720	775	823	998
Total Operating Income	690	720	775	823	998
% Growth (Operating Income)		4.4	7.6	6.2	21.1
Other Income	12	15	21	25	25
Total Revenue	701	735	796	848	1,022
Cost of materials consumed	270	272	255	272	339
Employee cost	199	217	225	247	272
Other Expenses	129	154	130	124	156
Total expenditure	619	672	649	679	812
EBITDA	71.2	48.4	126.4	144.1	185.3
% Growth (EBITDA)		(31.9)	161.1	14.0	28.6
Interest	4.1	5.5	5.5	6.1	6.7
PBDT	79	57	142	163	203
Depreciation	28	27	36	44	48
PBT	51	30	106	119	156
Tax	11	9	24	25	34
PAT	39.9	21.2	82.3	94.2	121.3
% Growth (PAT)		(46.8)	287.8	14.5	28.8
Diluted EPS	10.4	5.5	21.3	24.4	31.5

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	40	23	82	94	121
Depreciation	28	27	36	44	48
Interest	4	6	6	6	7
Other income	(12)	(15)	(21)	(25)	(25)
Change in Working Capital	(11)	18	(18)	28	(100)
Changes in other assets	(1)	(8)	-	-	-
Cash from Operations	48	51	85	147	51
(Purchase)/Sale of Fixed Assets	(79)	(92)	(147)	(34)	(75)
(Purchase)/Sale of Investments	0	0	(2)	(25)	(25)
Other Income	12	15	21	25	25
Cash from Investing	(67)	(77)	(129)	(35)	(75)
change in reserves	118	30	52	-	-
change in reserves	(4)	(6)	(6)	(6)	(7)
Proceeds/(repayment) of debt	(43)	47	(3)	(24)	(3)
Cash from Fin	68	70	44	(30)	(10)
Changes in Cash	48	43	0	83	(34)
Opening Cash/Cash Equivalent	106	154	198	198	280
Closing Cash/ Cash Equivalent	154	198	198	280	247

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Share Capital	38.2	38.2	38.6	38.6	38.6
Reserves & Surplus	521	573	706	801	922
Total Shareholders fund	559	611	745	839	961
Total debt	54.8	95.9	74.3	69.3	66.3
Other liabilities	13.8	14.9	20.4	20.4	20.4
Total Liabilities	636	730	863	929	1,047
Gross Block	348	409	497	558	628
Acc: Depreciation	108	136	171	215	263
Net Block	240	274	326	343	365
Capital WIP	12	24	41	10	10
Investments	4	10	39	44	49
Inventory	175	162	172	214	260
Sundry debtors	129	135	132	147	178
Cash	155	198	202	280	247
Other current assets	30	30	25	41	50
CL& Prov.	79	81	74	169	150
Net Current Assets	346	372	393	444	510
Total Assets	636	730	863	929	1,047

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Per Share Data (Rs.)					
Diluted EPS	10.4	5.5	21.3	24.4	31.5
Cash EPS	17.7	12.7	30.6	35.7	43.9
BV	146.3	159.9	193.2	217.6	249.1
Cash Per Share	28.4	35.5	44.4	55.8	68.2
Operating Ratios (%)					
EBITDA Margin	10.3	6.7	16.3	17.5	18.6
PBT / Net Sales	6.3	2.9	11.7	12.2	13.8
PAT Margin	5.8	2.9	10.6	11.4	12.2
Inventory days	92.5	81.9	81.1	95.0	95.0
Debtor days	68.5	68.4	62.1	65.0	65.0
Creditor days	41.7	41.2	34.8	75.0	55.0
Return Ratios (%)					
RoE	7.1	3.5	11.0	11.2	12.6
RoCE	9.0	5.0	13.6	13.8	15.8
RoIC	9.0	4.2	15.9	16.9	18.5
Valuation Ratios(x)					
P/E	50.8	95.5	24.8	21.7	16.8
EV / EBITDA	27.1	39.7	15.2	12.7	10.1
EV / Net Sales	2.8	2.7	2.5	2.2	1.9
Market Cap / Sales	2.9	2.8	2.6	2.5	2.0
Price to Book Value	3.6	3.3	2.7	2.4	2.1
Solvency Ratios					
Net Debt / Equity	-	-	-	-	-
Current Ratio	3.8	3.5	3.9	2.2	3.0
Quick Ratio	1.8	1.8	1.9	1.0	1.4

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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