



RISHABH INSTRUMENTS LIMITED

August 21, 2025

To,
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block, Bandra-
Kurla Complex, Bandra (East), Mumbai –
400051
NSE Symbol: RISHABH

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001
BSE Scrip Code: 543977

Dear Sir/Madam,

Sub: Earnings Conference Call Transcript for Q1 – FY 2025-26.

Please find enclosed herewith the copy of transcript of the Earnings Conference Call held on August 14, 2025 in respect of Unaudited Standalone and Consolidated Financial Results for the Quarter ended June 30, 2025.

Kindly take the same on your records.

For Rishabh Instruments Limited

Ajinkya Joglekar
Company Secretary and Compliance Officer
ICSI Membership No.: A57272



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“Rishabh Instruments Limited
Q1 FY26 Earnings Conference Call”
August 14, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th August 2025 will prevail



MANAGEMENT: **MR. NARENDRA GOLIYA – PROMOTER AND
EXECUTIVE CHAIRMAN – RISHABH INSTRUMENTS
LIMITED**
**MR. DINESH MUSALEKAR – WHOLE TIME DIRECTOR
AND CHIEF EXECUTIVE OFFICER – RISHABH
INSTRUMENTS LIMITED**
**MR. VISHAL KULKARNI – CHIEF FINANCIAL OFFICER
– RISHABH INSTRUMENTS LIMITED**
**MR. NISHANT DUDHORIA – ADDITIONAL GENERAL
MANAGER STRATEGY – FINANCE AND PUBLIC
RELATIONS – RISHABH INSTRUMENTS LIMITED**
SGA – INVESTOR RELATIONS ADVISORS

Moderator:

Ladies and gentlemen, good day and welcome to Rishabh Instruments Limited Q1FY26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Narendra Goliya, Promoter and Executive Chairman, for his opening remarks. Thank you, and over to you, sir.

Narendra Goliya:

Thank you, Shruti. I'm Narendra Goliya and good evening to all of you for joining us on this first quarter of the financial year '26 earnings conference call. I am pleased to inform you that along with me is Mr. Dinesh Musalekar, Whole-Time Director and CEO of the company; Vishal Kulkarni, Chief Financial Officer. Then we have Nishant Dudhoria as the Additional General Manager Strategy, Finance and Public Relations and we have representatives from SGA, our Investor Relations advisors.

The financial results and investor presentation has been uploaded to the stock exchanges and the company's website. We trust you have had an opportunity to review these documents. I am pleased to report a strong quarter with consolidated revenue growing by 12.4% on a year-on-year basis and profitability surging more than six fold to INR 196 million.

This performance underscores the resilience of our business model, the operational discipline we have implemented and our strategic commitment to long-term sustainability. We are seeing encouraging momentum in renewable energy adoption and automation products across many regions, and we anticipate significant demand for both new and existing markets.

Our operational scale, innovation focus and market strategy give us confidence that Rishabh will continue to be a major growth engine for the group. India remains a key growth driver raised by supportive domestic policy and strong demand. On the international front, our export operations are well positioned to capitalize on rapidly expanding renewable energy markets in developed as well as emerging economies.

A standout achievement this quarter comes with the successful turnaround of Lumel Alucast. This business has faced several challenging quarters, but through focused execution, disciplined leadership and decisive strategic measures, including targeted pricing adjustments with OEMs, the exit from low-margin orders and a strong emphasis on high-margin non-automotive segments, we returned it to a growth trajectory with double-digit profitability.

I'd like to particularly acknowledge the exceptional leadership of our Poland team led by Dinesh in driving this transformation. Despite global macroeconomic and geopolitical challenges, such as shifting trade dynamics, economic slowdown and evolving government priorities, we have seen minimal direct impact from tariff-related concerns.

Our strategic priorities remain clear: diversify our product portfolio, continue investing in R&D, focus on higher-margin businesses, strengthen our global export capabilities, leverage emerging trends such as defense adjacent solutions and renewable energy infrastructure. I'm pleased to announce our operations structure business divisions have now been streamlined into two clearly defined segments to enhance focus and transparency for investors.

First one is the electrical and electronic instruments encompassing products from the earlier business segments, Electrical Automation, Metering, Control & Protection Devices, Portable Test & Measuring Instruments, Solar String Inverters and Others. The second is High-Precision Die Casting, delivering precision engineered solutions across diversified industries.

This reorganization will sharpen segment level strategies, accelerate innovation and better align us to capture emerging market opportunities. Our leadership team remains agile and resilient across geographies, which, together with our disciplined execution, positions us well to navigate ongoing challenges while investing in future growth.

We remain highly confident in Rishabh's forward trajectory. With clearly defined internal strategies, a robust R&D pipeline and our capacity expansion in India soon to double their production, we are well positioned for sustained and profitable growth ahead. With this, I will now hand over to Dinesh Musalekar for his detailed comments and analysis of the results. Thank you.

Dinesh Musalekar:

Thank you, sir. Good evening, ladies and gentlemen. First of all, we are pleased to report a robust start to quarter 1 of financial year with consolidated revenues growing by 12.4% year-on-year to INR1,903 million and consolidated Adjusted EBITDA margin expanding sharply by 950 basis points to 15.9% this quarter. These results reflect the disciplined execution, operational agility and resilience characteristics of our business model.

At Rishabh India, standalone revenues increased by an impressive 17.3% year-on-year in this quarter, sustained by a strong market demand, both domestically and internationally. Stand-alone EBITDA margins reached a staggering 24.5%, underscoring the value of our enhanced product mix, operational efficiencies and benefit from operating leverages.

Our performance this quarter was fuelled by multiple growth drivers, rising export demand and robust domestic order inflow created a balanced and sustainable growth platform. Export business was a key contributor to standalone revenue growth, while margin expansion was supported by strategic focus on high-value offerings and rigorous cost optimization.

Further, the successful turnaround of our High-Pressure Aluminium Die Casting business at Lumel Alucast, which gained profitability through targeted initiatives, it achieved a remarkable turnaround, posting 10.3% revenue growth and returning to double-digit EBITDA margin of 10.2% compared to losses in the prior four to five quarters, an outstanding improvement of 1,600 basis points in EBITDA margin compared to quarter 1 of financial year 2025.

This recovery was driven by cost and process efficiencies, strategic legacy contract cleanups and renegotiations, rigorous cost optimization initiatives that have enhanced operational efficiency

and focused portfolio rebalancing. Our strategy now focuses forward to the higher-margin non-automotive opportunities in the region.

While regional demand remains subdued, our strengthened foundations position has a sustained earnings momentum. As we navigate through the rest of the financial year, we may further reduce our EV automotive business share and add some more profitable businesses from other sectors. This may also result in some ups and downs to our top line in the short period of time. What I mean is in next quarters, third or fourth.

As our fundamentals are strong, we are confident that Lumel Alucast business will be sustainable and profitable business like it was for over a decade before we encountered this EV automotive challenges. So in the long run, in the years to come, it's going to be a sustainable and profitable business.

Revenues at Lumel SA declined by 6.1% compared to year-on-year last year first quarter. This is influenced by external pressures such as shifts in government spending towards defense because of all the geopolitical things which are going on. The European Unions have started allocating more funds for the defense. Despite these near-term pressures, Europe's track record for rebounding in industrial innovation and clean energy gives us confidence in eventual recovery.

In this quarter, we commissioned a new surface mount technology line to enhance capacity for advanced electronics and secured a significant EUR 5 million multiyear contract with a leading German energy sector firm. This contract running through 2026 marks a major step in our European strategy and underscores our credibility as a high-value trusted partner in industrial automation.

This agreement based on a tailored engineering solution represents a strategic milestone in our European expansion, signalling trust in our technological proficiency and supporting future growth momentum. We have already started the deliveries under this contract since last month, and this should also offset the general drop in sales due to macroeconomics in the European market and help us to further grow our business from the last year's sales numbers.

So Lumel SA, even if you see 6.1% drop, we are pretty confident because we have a strong order book to cover this in the subsequent quarters to come. Further, Rishabh India continues to deliver stellar results. Standalone revenues grew by 17.3% year-on-year to INR 618 million, supported by improved product mix, strong export flows and stable domestic order pipeline. EBITDA margin stood at 24.5% and PAT surged by 139% year-on-year to INR 99 million, highlighting effective operational leverage and the cost control.

Our recent capacity enhancement include a new SMT line in India, which is already attracting interest from major players. These SMT lines are advanced to produce the motherboards of laptops, which is supposed to be one of the apex of SMT manufacturing, and we have already carried out pilot batch productions and are in discussion with a few major players to continue this business. The early responses have been very, very promising.

Further, our R&D team has brought forward innovative solutions, most notably launching Solar UNO, a new milestone product in the solar segment that underscores our leadership in clean energy technology. The faster pace of EBITDA growth relative to revenue highlights the benefits of our operational leverage and efficiency drive.

Moreover, our capacity expansion in India is progressing rapidly with 2, 5 and 7-story buildings under construction at MIDC and Trishala sites in Nashik with expected date of completion of March 2026, poised to double our production capacity upon completion. Furthermore, apart from the above developments, I would like to inform that Mr. Goliya mentioned earlier, we have classified our business operations into two clearly defined segments to sharpen our strategic focus and enhance transparency.

We have restructured our business reporting into two clear segments. First one is electrical, electronics Instrumentation. We call it an EEI and the second one is High-Pressure Aluminium Die Casting or HPDC. In Q1FY26, the EEI segment posted 13.8% year-on-year revenue growth with the EBITDA margin near 20%. So this is a strong part of our business and really looking very, very promising, reflecting operational strength and market alignment.

Looking ahead, we believe EEI holds significant growth potential, supported by a strong innovative pipeline, increasing global adoption of automation and renewable technologies and expanding export opportunities. We expect this segment to remain a key growth engine for the group. Our streamlined business model, capacity expansion and focus on innovation uniquely position us to capture growth opportunities in the new geographies as well.

This quarter reflects strong execution, strategic wins and positive momentum across our entire group from the turnaround of Lumel Alucast and the strong performance of Rishabh in India and the launch of Solar UNO and also the landmark contract in Europe. We are delivering on our strategic objectives while building for the future. We remain committed to advancing our product portfolio and innovation agenda with the ambition that new products will contribute 50% of the electronics segment turnover within the next 5 years.

I extend my heartfelt thanks to our teams and their dedication and to our customers and stakeholders for their trust. With this solid start for the financial year '26, we are confident in delivering sustainable profitable growth in the periods ahead. With this, I would like to hand over to Mr. Vishal Kulkarni, our CFO, to delve into financial performance of the group. Thank you.

Vishal Kulkarni:

Thank you, sir, for the detailed overview. Good evening, all. Let me just give a brief snapshot on the financial performances. The standalone performance for the quarter 1 of financial year '26. Stand-alone revenue for the quarter 1 of financial year '26 stood at INR 618 million compared to INR 527 million in the same period last year, which has registered a year-on-year growth of 17.3%.

The adjusted EBITDA for quarter 1 of FY '26 stood at INR 152 million, reflecting a year-on-year growth of 100.4% Here, I want to mention that the adjusted EBITDA includes ESOP expense of INR 9 million for quarter 1 of financial year '26 and INR 15 million for quarter 1 of

financial year '25. The adjusted EBITDA margins were at 24.5% compared to 14.4% in the quarter 1 of last year.

The reported EBITDA margins were 23.1% for quarter 1 of financial year '26. The PAT for quarter 1 of financial year '26 stood at INR 99 million, marking a year-on-year growth of 166.3%. On a consolidated basis, our revenue for quarter 1 FY '26 stood at INR 1,903 million, reflecting a year-on-year growth of 12.4%.

The adjusted EBITDA for quarter 1 of financial year '26 was INR 303 million compared to INR 109 million in quarter 1 of last year. The growth is 179.1% year-on-year. Here also, I want to mention that this adjusted EBITDA for quarter 1 FY '26 includes ESOP expense of INR 19 million and INR 33 million for quarter 1 of financial year '25.

The adjusted EBITDA margins were at 15.9% compared to 6.4% in the quarter 1 of financial year '25. The reported EBITDA margins were 15% for quarter 1 of FY '26 and 4.5% for quarter 1 of FY '25. The PAT for this quarter stood at INR 196 million, representing a year-on-year growth of 510% with PAT margins improving by 841 basis points to 10%.

Starting with the company-wise key financial highlights. The revenue stood at INR 460 million for Lumel SA, which is down by 6% year-on-year basis. For Lumel SA, the EBITDA was at INR 56 million for this quarter. EBITDA margins were at 12.1% for the quarter and the PAT stood at INR 27 million.

For Lumel Alucast, revenue stood at INR 754 million, 10% growth on a year-on-year basis. EBITDA was INR 77 million compared to a loss of INR 46 million last year same quarter. The margins at 10.2%. PAT for the quarter was INR 44 million compared to loss of INR 40 million last year same quarter. On a consolidated level, we remain net debt-free with a strong balance sheet. The net cash and cash equivalents as on 30th June 2025 stands at INR 864 million. With this, I shall now leave the floor open for Q&A. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Prateek from Subh Labh Research.

Prateek: Yes. Congratulations on a good set of numbers. In fact, I would like to highlight the Die Casting business performance. Kudos to Mr. Musalekar and the team for that. Mr. Musalekar, I just want to understand how sustainable Die Casting performance is for the rest of FY '26? And since you have already explained the steps taken to make this profitable, I just wanted to understand how does Q2, Q3, Q4 look for the business, for the Die Casting business? That's the first question.

Dinesh Musalekar: Yes, Prateek, I was, in fact, expecting these questions because we asked these questions to ourselves also. So this is a very apt question. So I tried to cover that in my speech also. In a very short term, I would say we are still not out of the whole rough period we are going through. But in a basis of 1 year's time, we are through with that. So I'll try to elaborate more on that.

So what really pulled us down was the automotive business and that too the projects where EV cars were involved in European market. So EV cars in European market is a big disaster, not so much the other cars. So that's what we decided to pull out of, and we went with all these

renegotiations, contracts, etcetera. So most of it is completed and done, but we are also in the phaseout period where all these contracts are going out.

We still are supplying and they are going out. So as they fade out, but we are supplying with a negotiated prices, which are profitable for us. So this business is going to drop. Eventually, we will go out of the funnel by end of this year. So during this period, we are also trying to add more business, so which we are trying to do and we have got some successes with that with some of the electrical division, non-automotive customers we have added.

We have gone back to our traditional customers like ABB, Endress+Hauser, we have received some new orders from them or increase in supply. So we are doing that part of it. Then we are also trying to get some automotive business, which is not connected with EV, from other new - total new customers.

So this is all a lot of activities are happening, and they will fall in place eventually because there are very few manufacturing setup with strong fundamentals like us in Europe. So there is a demand and there is a resource available. And we know that we are very competitive in European scenario. So those customers who want to have things made in Europe will come to us, and this is work in progress.

Now how fast this new business will get added and how slowly this old business which is kind of profitable for a period after price correction will go out. So this is something which is happening. Both of them are happening. So that's why when I chose those words also very carefully.

So we can have some ups and downs in the top line. But as the fundamentals are very strong, and it's just a matter of time, whether this becomes kind of a really sustainable for goods from quarter 3, quarter 2, quarter 4 is something which we are always exploring. This is where it stands. I've been trying to be very honest and transparent with this. So this is where we are.

But if you ask me 2 years, within 2 years, is it going to be sustainable, profitable? Answer is clear, yes. So 1 quarter, next quarter, is that going to be 10.2% EBITDA again or it's going to be 6% or it's going to be 0? it's a bit hard for this point of time to answer. But we are in a good direction, and we are doing that. So this is where it stands now.

Prateek:

Very much appreciated, Mr. Musalekar. Just two tiny follow-ups on this. So at this point of time, what's the mix of auto and non-auto for the Die Casting business? And with the new contracts with the new customers or even the renegotiated contracts, what's the peak EBITDA margin even after four, five quarters you anticipate in this business?

Dinesh Musalekar:

Okay. So I mean, historically, we have had EBITDA from 15% to 19% in High-Pressure Aluminium Die Casting business with 50% automotive, 50% non-automotive. Our target mix is going to be 75% non-automotive and 25% automotive. This is our target, but it is not entirely in our control. That's the benchmark which we are trying to have.

So once we achieve that, what we are looking at is about anywhere between 12% to 16% range of EBITDA, which is what we are trying to target. Because when we talk about the EBITDA of

16% to 19%, the cost of labor was less, the energy costs were less. So that has changed in the last 2, 3 years. So I do not want to project numbers like 19%, which we used to have in the past, but anywhere between 10% to 15% is sustainable, achievable EBITDA on this business going forward.

Prateek:

Very helpful, Mr. Musalekar. Mr. Musalekar, my second question is regarding the slowdown in European electronics business. So I heard you that probably this is because of the shifted focus of government to defense manufacturing. And my understanding is these kind of manufacturing are very long gestation manufacturing. So is it fair to assume that the focus of the government is not going to go back to electronics and electricals? So this slowdown may continue for the coming quarters as well. Is that a fair understanding?

Dinesh Musalekar:

No, no, no, I wouldn't say that because, of course, there are 2 parts to this. One, I will address it in a way. See, the European Union also works with some plans. So they had allocated, say, EUR20 billion for investment into upgrading the distribution network and those kind of projects. This is government spending.

So that trickles down to everywhere. So those kind of spendings, they are from, say, EUR 20 billion, they will make it INR 10 billion and INR 10 billion, they will put on defense. So this is kind of a thing which is happening. So that will reduce the number of projects. But the market is so big, so it makes not so much of difference to us.

Now we won this EUR 5 million business, and we started delivering that. So we have some drop, and this is going to compensate that drop, and we may have some percentage of growth also. So with the same customer or similar customer, we are also trying to have some inorganic growth from new sectors, new customers, and this will support us.

So we have done that in the past also. Even during COVID time, we had profits and we didn't suffer so much because it's all about what is the market share you will get. So if you have the same customer base and you are dependent only on the organic growth, then these things matter. So you are depending more focusing on adding new products, getting new revenue streams, adding new customers or doing new projects for our customers.

So these things will offset. So the market is so huge. So Lumel SA, I'm not even one bit worried about anything like Lumel Alucast. We are very confident. It's a profitable business. We'll continue to deliver. In fact, you'll see that Q2 will be much, much different from Q1 for sure.

Prateek:

Very comforting, Mr. Musalekar. Am I allowed to just last one question, sir, if you allow me?

Dinesh Musalekar:

Yes, go ahead.

Prateek:

Mr. Musalekar, I want your opinion on Solar Inverter so far. So I'm sure in the last 2, 3 years, we have invested a lot of bandwidth, if not a large amount of capital on this business unit. So if you can throw some light numerically, how this business is shaping up, what revenues we are seeing in this segment? Because I can see the full-fledged solar value chain players are now entering the space. So in that scenario, how do you look at a competitive landscape for India when the Waaree and the Premier Energies of the world are entering this business?

Dinesh Musalekar:

Yes. So on the Solar business, in terms of number, let me say that we are doing about INR 10 crores -- around INR 10 crores annually currently as we stand. And we were losing money until now. Now last few months, we are at 0 profit kind of a thing on what we are selling. So that's why we were not pushing because we wanted to get this product redesigned so that we become competitive, not only competitive, we start putting margins on that.

So that fortunately has happened for us now. And so 2 product lines which are coming. One is UNO, which is single phase, which will fit into the Prime Minister's solar thing, again, today also, we saw some new announcements on that. So there, up to 5 kilowatt single phase ones, our model and the product was designed for making hundreds.

Now we have redesigned the product for making them in thousands. So this will change the whole thing. So the SMT line and the fully automated production facility, all that we are putting, then we went from making those with metallic boxes to aluminium die casted like you are like printing more. So the whole redesign of this product is done. And last month, we launched the first beta batch of 25 units into the market, and the results have been very positive. And now we'll be manufacturing them in hundreds.

Now even if there are other people who entered into this market, believe me, none of them design and manufacture. So we can be a big contract manufacturer for these people because they are getting it done from China. They're importing from China. Today, we have designed the product where we beat Chinese cost. So this was something which is very, very challenging.

It took longer than what we anticipated. We are ready with that. And the second 3-phase inverters up to 12-kilowatt also, we have redesigned and done this. So these 2 elements. So what I can say is up to 12 kilowatts, we are going to be very competitive and we'll be very aggressive in the market. This will start happening in the coming quarters.

So we will grow from INR 10 crores to maybe INR 25 crores. So every year, we can double this. In 2, 3 years, we can reach up to INR 100 crores, but we were slow. We could have sold more inverters, but would have created more losses or no profit for the company. So we were slow. Now once we have that, we will do an ad campaign.

It is more like B2C kind of a product when it comes to single phase. So I've got some plans to drive a massive marketing campaign also for that. I was holding back because I don't want to do it when I don't have a product which will be supporting that with that cost base. So now that we have, this will follow up in the coming quarters, and we'll go full throttle on that by second, third quarter of this year.

Narendra Goliya:

This has been more or less the trend in all our products. And whenever we get technology from Europe or wherever or we develop ours, the first few years, we will make losses. Both in terms of volumes are low, we haven't developed the purchase base, the vendor base and the technology needs to be refined. But eventually, all the products, call it analog panel meter, call it multimeter, call it transducer, ended up in a positive numbers for all the models.

Dinesh just told you that up to now, we are profitable in the 12 kilowatt. But we still have 25 and 50 kilowatt, above 15. We have to still do some homework. But eventually, we will do it and make sure that each and every model is profitable to sell. I just wanted to add.

Dinesh Musalekar: Absolutely. On the R&D is working on the next models now. Now up to 12 kilowatt, their work is done. Now it is for production and ramp-up, which is going to happen. From 12 kilowatt to 50 kilowatt is the second phase where we will look at the cost reduction of existing inverters and do that.

And 50 onwards is R&D, which we will be carrying out with collaboration with IIT from Mumbai, where we will come up with the next generation of high-capacity inverters. This is something which may take about a year or so. I mean, we want to also go step by step. But there is so much of market, even up to 5 kilowatts. There is so much of market even up to 12 kilowatt, and then we'll expand more and more.

Moderator: The next question is from the line of Avinash from Parami Financial Services.

Avinash: Am I audible, gentlemen?

Narendra Goliya: Yes, clearly.

Avinash: I'll start with Lumel Die Cast. I have two questions. The first is, in our last con call, Dinesh ji, you have alluded that it is very difficult to fill capacity, the new capacity, what is going away with the non-automotive business. So can you speak about the programs which potentially can come and fill this capacity?

As and when the year finishes you said that the automotive business, which is slightly profitable, renegotiated contracts, which will go away. So what kind of programs we will be able to fill with? Are they short duration, short-term contracts as compared to the automotive? Yes, if you can just talk about that?

Dinesh Musalekar: Yes, I get to your point because that's why I wanted to put a word of caution in that. But see, whatever we are going to refill because as we speak, I can give some numbers also to comfort if that can be helpful. So in the last 4 months, we have generated RFQs for about 250 parts. And out of the 250 parts, we have already sent offers to about 120 parts. This is one side.

And whether it is automotive, non-automotive, all the contracts that we negotiate in Lumel Alucast are long term. We don't take anything short term, and it doesn't work for any of our customers. I can give you some examples. MR and Mecro is a customer, which we are doing about EUR 1 million annual turnover. Now we added EUR 1 million more of annual turnover with them.

So this is one example. Then we are also adding another EUR 1 million, and this will be for 10 years supply, at least. This is a horizon. And then we are also renegotiating with one of the automotive client for a few projects, which are not connected with engine type of car. It can be in any car. This also we are renegotiating. And this is under progress.

Then we are doing something for suppliers of street LED lights. So street LED lights, those housings are aluminium high-pressure die casting. That's another one which I can talk about. Then we have this Endress plus Hauser and ABB. I had a massive tour with all our existing clients and potential clients.

And they are also going to give some more additional projects where we have got 40 years of relation with these guys. So those are the things. And then similar to them, there are companies like Yokogawa and other companies are there who are competitors for them, Siemens, ABB, Endress+Hauser, Yokogawa and there are other companies where they also are coming to us.

See, what is happening there's always an opportunity in every threat or risk we had. All this has created so much of problem for companies like us because we were more resilient, we sustained all of this, and we are still marching. Many companies closed down or went bankrupt. So that capacity, at some point of time, there is going to be a supplier consolidation also for the customer. So those projects also will get relocated.

And not everything can go to China, not everything can go to, say, Romania and other places. There are companies which want to have a supply chain in Europe and closer to them. And even if it is going to be expensive, naturally, because we are still there, so that will come. So these are all going to be long-term these things. So I can have my doubts for one or two quarters. But 1, 2 years, I have no doubts.

Avinash:

Sir, can you reasonably -- now given the kind of visibility we are in the fifth month of the financial year, given whatever visibility you have the best visibility. We can say that we will end this year between 0% to 5% EBITDA margin?

Dinesh Musalekar:

Yes, that's what we are trying absolutely because I do not want to say that we'll end with a 10% EBITDA margin. We will be -- see, at the beginning of the year, we said that we will try to have INR 100 crores of EBITDA generated, INR 50 crores coming from Rishabh and INR 40 crores coming from Lumel and INR 10 crores coming from our other things. And our target was to make sure that Lumel Alucast is not going to drain what we are accumulating here. So that's the bottom line. So we want to make it better than that.

So what you're saying is EBITDA 0% to 5% fits into what we are saying. Now after 3 months, we have INR 30 crores of EBITDA generated there at the group level. If we extrapolate that, it should be INR 120 crores. So I'm still not saying INR 120 crores is what we are targeting, but we are saying that at least INR 100 crores is what we are targeting. Anything should be upside from there.

Avinash:

Okay. Second question is on the standalone Rishabh business, the India business. So we have seen a gross margin of 55% and EBITDA of 24% on an adjusted EBITDA basis. So can you share some qualitative aspect, the sustainability of this kind of margin, the one-offs? And is there some extremely favorable mix in the export orders? So what is the steady-state EBITDA margin and gross margin we should understand?

Dinesh Musalekar:

See there has been a significant sustainable shift we have done in the operations in Rishabh. It is reflecting not only in these numbers, in operational numbers also. 20% is rock bottom

sustainable thing, which I can talk to you about it. So what are the things which we have done on a qualitative analysis is a reorganization of the whole production processes.

Then a lot of automation we have carried out. Then we have done a renegotiation of our supplier base. We have changed key people in the organization here and there. So in the last quarterly review, few quarters ago, I had talked about getting some key people in some position. All that has started resulting very well.

Apart from these numbers which you see, our inventories were like about 6- to 7-month inventories we are having. Today, we have about 3 months of inventory, inventory days, if you talk about. So it's reduced by 50%, while our sales has gone up substantially. So this is all coming not because of just something happening. It was happening quarter-by-quarter, month by month, week by week very sustainably.

Actually, to tell you, very honestly, there has been no product mix change. Nothing is one-off case in that. This is sustainable thing. And whatever changes have been done are very basic fundamental in production management, quality management, inventory management. So these are all things which were happening, and they started putting results on this thing.

And we changed a lot of our machineries, upgraded existing two SMT lines, added another new SMT line. A lot of good things have happened during the last 1 year, and they have started giving results. And that is quite a sustainable thing and absolutely no doubts on that.

Avinash: One follow-up on this, the SMT line we have put up. So we have some spare capacity, which is not being used internally as of now. And we also alluded to some use case from that SMT line. So can you speak about the when it can get commercialization?

Dinesh Musalekar: So are you talking about EMS business or you're talking about...

Avinash: Right. So we spoke about some laptop, PC etcetera?

Dinesh Musalekar: So laptop is one of the things and but not only the one. So we supply displays for transport system to one of our client as an OEM supplier. We supply some PCBs to scientific instruments, big MNC, we do that. And then PCBs, laptop PCBs is a big thing. So here, what we have done is we have run a batch of 100, all approved, absolutely no quality issues.

Then we got an order for 1,000 all done, but these PCBs also involve Intel processors. So we have to get clearance from Intel. Our client has to get this. So this is work in progress. So I mean, to qualify our system and processes to be used and believe me, we are competing against some established players in China. And so it's a work in progress. So if that comes, we can have one of the SMT line fully occupied for this. And then we can have another one because we are also expanding all our building, etcetera. So there's a lot of prospect for that. So far so good, I would say.

Avinash: So when can we expect this the first purchase order for this -- from this?

Dinesh Musalekar: We already had the first purchase order for 1,000, which we did. But as a regular supply of business, it depends on Intel giving us the approval to our client. Intel giving the approval to our client. And after that, it will start. So I do not want to speculate it's going to be next month or 1 quarter or I mean, it's some international companies involved in that.

So as I said, it's not only that. We have got added 2 more customers from Pune for this thing. So EMS, you have a facility, you have so much electronics manufacturing going on. So we will fill it irrespective of this. Today also, we are running it more than two shifts we are running that one at the -- like we were running 3 shifts for two assembly lines before. So we reduced the number of shifts to make it two shifts for all of them. And we have some capacity available to run all of them, three shifts. And it's something which is work in progress, I would say.

Narendra Goliya: Not only that Government of India has made it mandatory for people to assemble all these things here in India locally. So you cannot now import these from China and just supply it. So that is adding to it. But yes, what Dinesh said is that until Intel approves it, we have manufactured 1,000 pieces. That's not a big issue, but we have to make it in millions. And at that time, the approval has to come. It will come. It's a matter of time. It could be a couple of weeks, could be a couple of months, but let us wait and watch.

Moderator: The next question is from the line of Karan Sanwal from Niveshaay.

Karan Sanwal: Yes. I wanted to ask like we have experienced good improvement in revenue and margins for our stand-alone business since last few quarters. And so I wanted to understand any particular product or segment which is contributing to this gaining traction or is it across the products? And also your comments on how sustainable can this stand-alone growth can be?

Dinesh Musalekar: Stand-alone for which company you are asking? Rishabh?

Karan Sanwal: Yes.

Dinesh Musalekar: Yes. For Rishabh, I think we answered this question. The previous question was also exactly the same. So there was nothing very unusual product mix or anything. This is sustainable and sustainable numbers. These numbers are sustainable for both top line and bottom line because we have done a lot of cost optimization in terms of automation, quality systems, management systems, production systems and some changes in people.

So a lot of things have been done, and it should be good. Our lead times for some of the products were one or two months because we had used to have a lot of backlog. We have reduced it to a few weeks, two weeks or three weeks. So customers love it, and we get more and more orders, and that is also fuelling our sales revenue. Yes, it's sustainable.

Karan Sanwal: And also 1 last question like you talked about Inverter business will try to scale it up post this redesigning and all. So any -- are we in contact with any players to maybe outsource manufacturing for those inverters or we would be focusing more on our brand only? You highlighted that we would explore outsourcing. So any advanced customers that we are now experiencing?

- Dinesh Musalekar:** Yes. So first, obviously, we want to sell it in our brand as much as possible. But if there are stronger brands, Indian brands who are looking for OEM manufacturing, we are open for that, and we will look at that also as a manufacturing as long as the business is profitable, which will make us increase our revenues very quickly.
- Moderator:** The next question is from the line of Kiran from TableTree Capital.
- Kiran:** Sir, many congratulations on a great set of results. Sir, I had a contrasting question. The merging of Electrical and Electronics I mean, those 3 divisions is a little disappointing, to be honest, because I think that gave a lot of granularity, especially the Electrical Automation business, which I think grew 50% last year to combine that into EEI revenue is a little disappointing from my perspective at least.
- Having said that, sir, EEI revenue, I mean, INR 115 crores revenue from a base of INR 94 crores last year, same quarter. There's a 23% growth. Could you tell us which segment led this growth? Was it Electrical Automation? Was it Metering and Control or Portable Instruments?
- Dinesh Musalekar:** Yes. Vishal, do you want to take that?
- Vishal Kulkarni:** So it is more on Electrical Automation and yes, Metering, Control and this one. Yes. Actually, Solar, we didn't do much. It was very, very mean or even less than what was before. It was flat. Yes, it is flattish or downish. Then TMI was also a small increase. The major increase has come from industrial automation and MCP, meter and control panels.
- Kiran:** Got it, sir. Okay. Sir, at least on con calls, if you could just tell those numbers as part of Vishal's discourse, that would be really good. Sir, from...
- Dinesh Musalekar:** Yes, it's not -- we did not prepare those numbers, but point taken, next time on a quarterly basis, we'll keep those numbers also ready. If it's going to help you and you want to put value to that, we'll do that. But for this quarter, Vishal will send you these details separately.
- Kiran:** Sure, sure. Sir, this Electrical, Electronics business, INR 115 crores, is this run rate like sustainable, sir? I mean just Electronics business, not the Aluminium Die Cast, but just Electronics business, we've done INR 115 crores. So is it a fair estimate that we can do at least INR 450 crores, INR 460 crores this year or if not more on Electrical?
- Dinesh Musalekar:** Yes. The run rate could be better than this because Lumel SA did not contribute in this quarter so much on the top line. So it is going to be same or better.
- Kiran:** Got it. Sir, one of the other questions on Electronics itself is our U.S. revenue seems to have stagnated in the INR 7 crores to INR 10 crores range. I know we didn't declare this quarter, but I mean, from past data, whatever I have collected, it seems we are around INR 9 crores, INR 10 crores itself.
- I mean, do we have any large opportunity because we are exporting from Europe and I mean there is a tariff situation everywhere else, but because we have a large presence in Europe, is

that an advantage for us to kind of pump a lot of our products into U.S.A. from the current INR 10 crores per quarter revenue run rate?

Dinesh Musalekar:

Yes. So first of all, I want to change a bit of a perception because this was always reported as a small business. So I'll tell you last financial year, we did \$1.2 million, but last to last -- last financial year, which we closed, we increased that to \$2 million in U.S.A. So there was a 66% growth. And for this year from \$2 million, we are going to be \$3.5 million to \$4 million. This is the target.

So we are doubling \$1 million. So there is a steep growth, which is planned, and we want to see that business growing to about \$10 million company very soon. We are talking about INR 100 crores company. Now today, we are already at INR 69 million for this quarter. For this quarter, we are INR 70 million already for 3 months, if you want to look at that one separately.

Very soon, it will get to a stage where we may have to start putting those numbers in this presentation also. So there's a lot which is happening. And I spent 1 month in U.S.A. now, Canada, U.S.A. and Mexico to assess what the business opportunities and everything. So I feel that in 2, 3 years' time, we can put \$10 million business there. We have large customers. Our General Manager there has done really good work in the last 10 years. So we have a platform which we can leverage to a next level. So this is a work in progress.

Coming to tariff situation. This is also something which we have been exploring internally. Today, the tariff from Europe to U.S.A. is 15%. And the current situation from India to U.S.A. is 25% plus 25% with a lot of unsettling there. So once this whole thing settles down, we want to give it a couple of months.

I think that it's my gut feeling. All of us have a different opinion with so much of dynamics happening at -- by in President Trump's head. So today, it looks like 25% plus 25%. But my gut feeling is that we may India may end up 15% to 25%. That's my gut feeling. Maybe I could be wrong.

But if it's even if it is 25% tariff from India to U.S.A., still it is sustainable. We can be very competitive with that tariff also. And then it doesn't make sense for us to ship the SKDs to Europe and assemble them there and then ship them from Europe because you save 10% on the tariff, but we may spend more than 10% in logistic cost because you have a step -- the moment you have a stop shipment, it's more cost. And also even if we do 20%, 30% manufacturing there, the labor cost will compensate that. It makes no sense.

So if it is like it is, if it is going to remain like 50% as it is, then we may look at doing that. So then we may have some advantage. This is the short-term strategy. Long term, we can also set up something in Mexico and do there. And from there, the logistics will be much cheaper across the border.

So this is also another. But we need to have -- we don't want to invest in some capex unless we have some volumes to justify. But U.S., very important market with a lot of potential. Long run, we want to get it to about INR 100 crores business in 3, 4 years' time. So we have a plan, and we are working towards that.

- Moderator:** Thank you. Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, sir.
- Dinesh Musalekar:** Okay. Thank you very much to all our investors and also SGA and my team sitting here for all the hard work and also a lot of these kind of results we could achieve with dedication and work of a lot of people. And apart from that, I also want to thank for the trust with the investors which we had. We went through some rough period, and you guys were with us and supported and believed in us. So thank you very much for that. With that, I would request Mr. Narendra Goliya to give his closing remarks.
- Narendra Goliya:** Thank you, everybody. Business is business. Things go up and down. But you have to have a long-term focus from the management side and long-term investment from your side. We know all of you invest because you want your money to grow. And that's also our intention. At the moment, I cannot say that, but if you wait for a few quarters, at least this quarter gives you a lot of confidence that your money will grow. Today also, there was a circuit on the value, and let us see on Monday how the value rises. But for sure, it will put a smile on many people's faces. So thank you very much for attending this call. Bye-bye.
- Vishal Kulkarni:** Thank you.
- Moderator:** Thank you, management speakers. On behalf of Rishabh Instruments, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.