



RISHABHDEV TECHNOCABLE LTD

STOCK INFO.

BSE Sensex: -

BLOOMBERG

14,871

03 June 2009

AVOID

S&P CNX: -

REUTERS CODE

4,531

IPO Price Band: Rs.29 -33

IPO KEY DETAILS**Issue Size***

9 m equity shares aggregating to Rs 261 to Rs. 297 mn (*)

Issue Route : 100% book built issue

Issue Open : June 4, 2009

Issue Close : June 9, 2009

IPO Band : Rs.29-33

Pre Issue Equity Capital (Nos.) : 5.69 mn.

Post Issue Equity Capita (Nos) : 14.69 mn.

Post Issue Market Cap* : 484.77 mn.

Face Value : Rs10 each

(*) at upper price band

Bid Lots

Minimum of 200 equity shares and in multiples of 200 thereafter.

Promoters

Mr. Sunil Golchha, Managing Director

Mr. Kamal Chand Golchha, Wholetime Director

Mr. Bhanwar Lal Golchha

BRLM

IDBI Capital Market Services Limited

PL Capital Markets Private Limited

Registrar

MONDKAR COMPUTERS PRIVATE LIMITED

Listings : BSE**MEANS OF FINANCE****PARTICULARS** **AMOUNT (RS M)**

Term Loans 110

Proceeds of Public Issue [.]

Internal Accruals [.]

Grand total [.]

SHARE HOLDING	PRE	POST
PATTERN (%)	ISSUE	ISSUE

Promoter and Promoter Group 44.23 31.74

Public 55.77 68.26

Total **100.0** **100.00**

Since the company is already listed at Pune & Jaipur stock exchanges, no grading has been obtained by the company, being a further issue of equity shares.

OVERVIEW:

Rishabhdev Technocable Ltd. (RTL) was incorporated as a public limited company in the year 1994 under the Companies Act, 1956.

The registered office of company is situated at Goregaon, Mumbai and the manufacturing unit is located at Daman.

Komet Wire Industries Private Limited became a Subsidiary of RTL in 2002. In order to take advantage of synergies existing in operations of both the companies, Komet Wire Industries Private Limited was amalgamated with RTL company w.e.f. April 1, 2004.

RTL was initially engaged in trading of cables and thereafter diversified into manufacturing activities. The business of company has grown considerably over the years and is presently one of the well-known cable manufacturers in India.

Over the years, it has expanded product range and have added variety of cables in product range like Industrial control cables, Hi-Tech data cables, Process control instrument signal cables, Thermocouple extension and Compensating cables, Computer application, Hi- Bit rate networking cables, Digital data communication cables, Specialty cables and Customized cables. With the objective of moving up the value chain, RTL identified

new opportunities and are now diversifying into Electrical Low Voltage Power cables on a major level.

Pursuant to this objective, the company initiated a modernization cum expansion program in April, 2007. It now intends to set-up a separate manufacturing unit for control cables at Daman and a separate manufacturing unit for Electrical Low Voltage Power cables at Silvassa apart from expanding and modernizing manufacturing facilities at its existing unit at Daman.

At present, Company manufactures cables up to 1.1 KV for various applications covering most segments of users industries. It caters to a wide spectrum of cable users in various industries like Power and Electrical Distributions and Transmission, Steel and Metal, Cement, Mines and Minerals, Petrochemicals and fertilizers, Paper Mills and Fine chemicals, Hydrocarbon Process Industries, Software Technology IT Park and infrastructure.

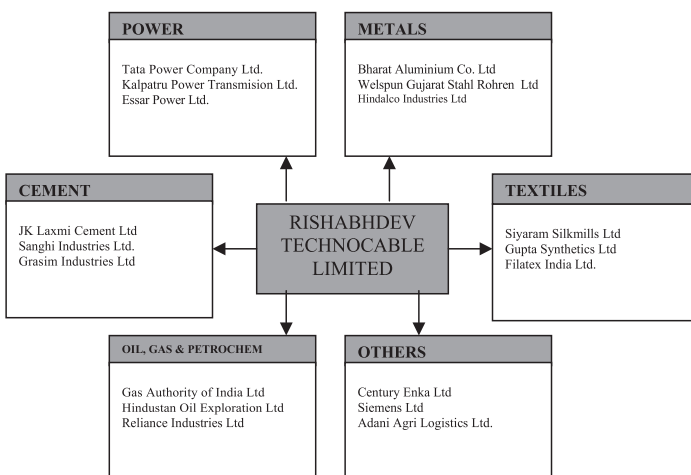
RTL is a regular supplier to many large corporates and well-known public and private sector Undertakings. Its clients are from diverse industries and include large corporates such as

- Tata Power Company Ltd
- Reliance Industries Ltd
- Grasim Industries Ltd
- Bharat Aluminium Co. Ltd
- Century Enka Ltd
- Welspun Gujarat Stahl Rohren Ltd
- Siemens Ltd
- Sanghi Industries Ltd
- Adani Agri Logistics Ltd
- Hindalco Industries Ltd
- Essar Steel Ltd
- Essar Constructions Ltd

PRODUCT RANGE:

RTL has a well-diversified revenue stream. The strong clientele includes leading business houses operating in diverse sectors. Since its clients are spread across various industries, the business is safeguarded against slowdown in any particular industry.

PRODUCT RANGE

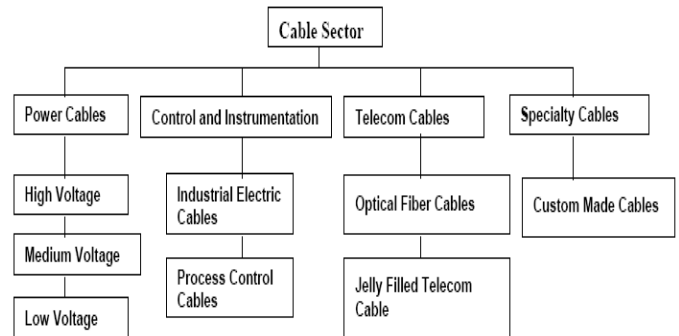


Product Portfolio

The main types of cables, which account for maximum revenue, are:

- LT (Low Voltage) control cables (upto 1.1 KV)
- LT (Low Voltage) power cables (upto 1.1 KV)
- Instrumentation, signal and data cables
- Specialty customized Cables

The company has various range of products, which is mentioned below:



Various categories of cable are mentioned below:

Type of cables	Application
XLPE LT Power Cables	Power Transmission/Distribution
Electrical Control Cables	Electrical Utility and Large Industry
Instrumentand Control Cables	Process ControlInstruments
Fire AlarmSignalCables	Fire Protection/Alarm Sensor and Panels, Access control
Special Fire Survival Cables	Steel, Power Plants and Oil and Gas platforms, Petroleum refineries
Rubber Insulated Cables	Post Docks, Ships,Steel andMining Projects

Manufacturing facilities and utilities:

Existing Land / Building

Company's factory is located at Daman (UT) and the registered and corporate office is located at Goregaon, Mumbai. The factory is spread over approximately 1600 square meters and the registered office is spread over an approximate 111.19 square meters. The company acquired land admeasuring approx. 600 square meters at Daman for setting up of Unit II. The construction on the same has started and Unit II and Unit III would be ready by November 2009.

INDUSTRY OVERVIEW:

CABLE INDUSTRY IN INDIA

India's growth story is so far impressive with GDP growing at the brisk pace of 9 percent. Infrastructure needs to grow at a similar level for sustaining this GDP growth. Power and Telecom network spread across the country form the critical infrastructure backbone of India's economy. This infrastructure is undoubtedly dependent upon the manufacturers of power cables and manufacturers of telecom cables in the Indian cables industry. As of today, the penetration levels of both power and telecom networks is rapidly increasing and so is the tele-density and per capita power consumption. This augurs well for the suppliers of power cables and suppliers of telecom cables.

With infrastructure receiving priority attention from the Government of India, construction, power and telecom sectors are fast developing. This will give a boost to the wire and cable industries in the near future. Annual average growth of the Wire and Cable industry during 2002-05 was approximately 5.6%. In 2003-04, the non-SSI sector has reported production of 8.33 lacs core kms, which was 7% higher than previous year.

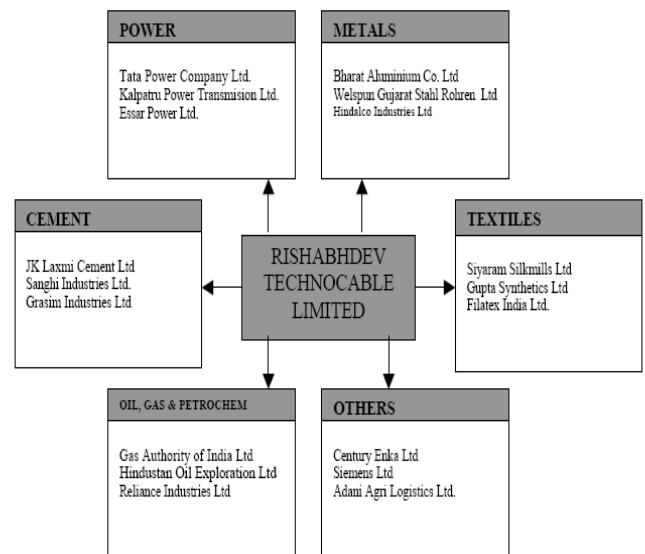
The wire and cable industry is de-licensed and eligible for automatic approval for Foreign Direct Investment up to 100 per cent of the equity capital employed. India exported wires and cables of value around Rs.1,520.70 crore in 2006-07 against import of around Rs. 1551.4 cr. in the same period.

CLASSIFICATION AND APPLICATION OF CABLES

The wire and cable industry manufactures a wide range of products that support a multitude of applications. Key functional components of wire and cable products include heat stabilizers, which may contain lead, flameretardants, and polymer systems used in insulation and jacketing. These materials and other ingredients impart electrical insulation, physical stability, and fire performance properties, but have been identified as materials of potential environmental concern or as materials for which industry stakeholders have expressed a desire to identify and evaluate alternatives. In some applications, lead and other heavy metals have been removed from cable constructions, while other applications continue to use these materials.

Customers

RTL has a well-diversified revenue stream since it caters to a wide range of industries. The clientele includes leading business houses operating in diverse sectors. The sector wise list of some of its clients is given below:



DEMAND DRIVERS

Cables are the necessity of every basic infrastructure. Be it housing, telecom or information technology, cables form the backbone of all the core industries. The industry has a derived demand and caters to the high growth sector of the economy.

- Demand for cables arises from the following sectors:
- Industrial Capex (on construction of new plants and factories)
- Power capacity addition during Eleventh and Twelfth plan
- Housing and construction of IT / ITES complexes, malls, multiplexes, etc
- Others like Mining, Shipbuilding, Defense, R&D and large processed based Industries

OTHER DEMAND DRIVERS

- Demand due to Power Capacity Addition during Eleventh and Twelfth plan
- High power generation targets in Eleventh Plan
- Housing and Construction of IT/ITES complexes. Malls. Multiplexes etc.
- Ambitious capex plans make railway a major spender

MANAGEMENT:

Mr. Sunil Golchha, is the Chairman and Managing Director of Company with more than 20 years of experience in the cable industry. He has passed 9th standard from Jain High School, Bikaner, Rajasthan. He started his career in 1987 in the cable industry with M/s. Udey Pyrocables Private Limited, a cable manufacturing company. In the year 1992-93, he entered into a partnership for trading in cables in the name and style of M/s ECI Cables Corporation. He has been instrumental in the growth of Company and is responsible for the implementation of its projects.

Mr. Kamal Chand Golchha, is a Director of company having more than 20 years of experience in the cable and mining industry. He is a high school graduate from Jain High School, Bikaner, Rajasthan. He carried on business of mining and minerals in the name of his own proprietary firm - M/s. Kiran Sales Corporation in the year 1987. He was also associated with M/s. ECI Cables Corporation. He oversees the production facilities and the operations at Daman facilities.

Mr. Kamal Chand Golchha, is an Independent Director of Company. He holds a Masters degree in Commerce from the University of Rajasthan and also holds an LLB degree from Dungan Collage, Bikaner, Rajasthan. He has over 20 years of experience in the diamond industry and runs a family owned diamond trading business in Rajasthan. He advises Company on various legal matters.

BUSINESS STRATEGY:

- To increase scale of operation by undertaking a modernization cum expansion program
- To strengthen relationships with existing clients and to develop relationships with new clients
- To widen portfolio across sectors
- To strengthen competitive position
- To make optimal utilization of resources

STRENGTHS:

- Wide customer base and long term customer relationship
- Comparatively low cost of production
- Established and proven track record with high service standard
- Extensively experienced promoters
- Wide product portfolio and ability to cater to diverse market requirements

CONCERNS:

- RTL's Net cash flows from operating and investing activities have been negative in the past. Any negative cash flow in the future may affect its liquidity and financial condition
- Company has not obtained any third party appraisals for our project
- Highly competitive market, which could effect growth.
- The company could not receive the call money in a timely manner from its shareholders in the IPO made in year 1997 and the same was received in the year 2005-06, 2006-07 and 2007-08. Hence, there was a delay of about 10 years in the receipt of the same.
- There was rejection of deductions claimed by RTL in AY 2006-07 u/s. 80IB of the Income Tax Act, 1961 for Rs. 62.07 lacs. A demand notice of Rs. 21.05 lacs is issued to by the department. In case, if any adverse judgment or order is passed in this case, it can impact our operations and profitability
- The Equity Shares of RTL Company are listed on the PSE and JSE since 1997 but are not traded.

OBJECTS OF THE ISSUE:

	Rs. Million
Particulars	Amount
Expansion cum modernization of existing manufacturing facilities (Unit I)	30
Setting up of new manufacturing facilities (Unit II) for Control cables at Daman	58
Setting up of new manufacturing facilities (Unit III) for Power cables at Silvassa	250
Margin Money for Working Capital Requirements	37
General Corporate Purpose	[•]
Issue Expenses	[•]
Contingencies	[•]
Total	[•]

MEANS OF FINANCE:

	Rs. Million
Particulars	Amount
Term Loans	110
Proceeds of Public Issue	[•]
Internal Accruals	[•]
Total	[•]

FINANCIAL HIGHLIGHTS:**INCOME STATEMENT**

	Rs. Million		
	Mar-09	Mar-08	Mar-07
Income	410.5	321.6	103.3
Other Income	0	2.4	0.7
Total Income	410.5	324	104
- Operating expenses	369.2	287.2	90.8
EBIDTA	41.3	36.8	13.2
-Depn	3.2	2.6	1.5
-Int	4.7	4.1	2.4
-Tax	3.8	3.4	1.2
PAT	29.6	26.7	8.1

source: Capitaline.

BALANCE SHEET

	Rs. Million		
	Dec-08	Mar-08	Mar-07
Share Capital	56.9	56.9	38.2
Share Application Money	72.1	-	-
Reserves	65.03	36.5	12.1
Loan Funds	46.2	87.7	25.8
Net Worth	240.23	181.1	76.1
Fixed Assets (Net)	55.54	54.96	29
Capital WIP	55.24	17.14	-
Net Working Capital	129.45	109	47.1
Capital Deployed	240.23	181.1	76.1

Source : RHP

PEER COMPARISON:

Company	RIL	CORDS CABLE	UNIVERSAL CABLES	RPG CABLES
	(*)	(**)	(*)	(**)
EPS (Rs.)	2.0	10.4	3.0	-0.3
PE (X)	16.4	5.3	24.8	-56.3
RONW (%)	8%	13%	4%	NA
BV/Share (Rs.)	29.0	68.2	74.4	7.8
P/BV (X)	1.1	0.9	0.7	2.4

(*) For year ended 31st March ,2009

(**) For 12 months ended 31st December ,2008

VALUATION:

At the price band of Rs. 29 – Rs. 33, the stock is available at 14x - 16x post issue.



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