

IPO Report

Choice

“SUBSCRIBE” to

Rashi Peripherals Ltd.

One of the leading distributors of ICT products



Salient features of the IPO:

- Backed by Madhusudan Kela, **Rashi Peripherals Ltd.** (Rashi), one of the largest distributors of Information & Communications Technology (ICT) products in India is coming up with an IPO to raise around Rs. 600cr, which opens on 7th Feb. and closes on 9th Feb. 2024. The price band is Rs. 295 - 311 per share.
- The IPO consists of fresh issue of shares. From the fresh issue net proceeds, it will be utilizing Rs. 326cr for the re-payment/pre-payment of the borrowings and another Rs. 220cr will be used for funding the working capital requirement. Residual funds will be utilized for general corporate purposes.
- On 17th Jan. 2024, Rashi in consultation with the BRLMs has executed a pre-IPO placement of 0.482cr at Rs. 311 per share. Total amount realized by the company was Rs. 150cr. Consequently, the fresh issue was reduced by similar amount from Rs. 750cr (as proposed in the DRHP).
- Post-IPO, promoter & promoter group will have 63.4% stake in the company, compared to 89.65% earlier. Consequently, public shareholding will increase from 10.35% to 36.6%.

Key competitive strengths:

- Leading and fastest growing Indian distribution partner for ICT products
- Pan-India and multi-channel distribution footprint backed by dedicated in-house infrastructure
- Long-term relationships with marquee global technology brands supported by committed engagement strategy with customers
- Diversified and comprehensive product portfolio and solutions
- Scalable business model supported by advanced technology stack
- Consistent track record of superior financial performance and return metrics
- Experienced promoters and professional senior management team

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Unfavorable product-mix
- Working capital intensive operations
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- India has a large addressable market for the personal computing segment including peripherals, storage, tablet PCs, mobile phone & accessories, cloud services, server etc. In 2022, the ICT market was around Rs. 46tn, which is projected to grow by 12.4% CAGR over 2022-26 to a size of around Rs. 7.3tn (Source: RHP).
- In terms of revenue and distribution network, Rashi is among the leading national distribution partners for global technology brands in India for ICT products in FY23. Moreover, it was one of the fastest growing ICT products distributors between FY21-23. The company differentiates itself by offering end-to-end services such as pre-sale activities, solutions design, technical support, marketing services, credit solutions and warranty management services.
- Incorporated in 1989 as a manufacturer of peripherals, post the economic liberalization in 1991, Rashi transitioned to the distribution of ICT products of global technology brands in India. Currently, it has over three decades of experience in the distribution of ICT products in India. With its services, the company has been instrumental in facilitating the entry of a number of global technology brands and was among the selected players that led to the formalization of the fragmented and unorganized ICT products distribution in India.

Issue details

Price band	Rs. 295 - 311 per share
Face value	Rs. 5
Shares for fresh issue	1.929 - 2.034cr shares
Shares for OFS	Nil
Fresh issue size	Rs. 600cr
OFS issue size	N/a
Total issue size	1.929 - 2.034cr shares (Rs. 600cr)
Bidding date	7 th Feb. - 9 th Feb. 2024
Implied MCAP at higher price band	Rs. 2,049cr
Implied enterprise value at higher price band	Rs. 2,369cr
Book running lead manager	JM Financial Ltd. and ICICI Securities Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector	Trading & Distributors

Promoters	Mr. Krishna Kumar Choudhary, Mr. Sureshkumar Pansari, Mr. Kapal Suresh Pansari, Mr. Keshav Krishna Kumar Choudhary, Mr. Chaman Pansari, Krishna Kumar Choudhary HUF and Suresh M Pansari HUF
-----------	--

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.965 - 1.017cr shares
Non institutional portion (Big)	10%	0.193 - 0.203cr shares
Non institutional portion (Small)	5%	0.096 - 0.102cr shares
Retail portion	35%	0.675 - 0.712cr shares

Indicative IPO process time line

Finalization of basis of allotment	12 th Feb. 2024
Unblocking of ASBA account	13 th Feb. 2024
Credit to demat accounts	13 th Feb. 2024
Commencement of trading	14 th Feb. 2024

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	89.65%	63.40%
Public	10.35%	36.60%
Non-promoter & Non-public	0.00%	0.00%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	48
Application money	Rs. 14,928 per lot

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM gross margin	TTM EBITDA margin	TTM PAT margin
					1 M	3 M	6 M	1 Y						
Rashi Peripherals Ltd.	5	311	2,049	2,369					9,899	286	129	5.8%	2.9%	1.3%
Redington Ltd.	2	189	14,735	15,878	7.4%	27.9%	20.8%	1.7%	86,930	2,025	1,242	5.7%	2.3%	1.4%

Company name	4Y revenue growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average CFO / EBITDA	4Y average CFO / Capital employed	4Y average fixed asset turnover	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Rashi Peripherals Ltd.	33.9%	43.2%	46.0%	2.9%	1.6%	37.4%		41.6	-27.4%	-15.4%	101.3	3.4	22.1%	26.0%
Redington Ltd.	15.5%	26.3%	39.3%	2.6%	1.5%	29.9%		23.4	61.7%	45.8%	83.5	3.5	17.4%	18.9%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM fixed asset turnover ratio (x)	TTM total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	P / B (x)	EV / TTM sales (x)	EV / TTM EBITDA (x)	MCAP / TTM sales (x)	TTM earning yield
Rashi Peripherals Ltd.	19.6	220.1	0.3	0.8	122.8	2.8	8.9%	36.5%	15.9	1.4	0.2	8.3	0.2	6.3%
Redington Ltd.	15.9	88.6	6.7	0.5	97.7	3.7	17.9%	32.8%	11.9	2.1	0.2	7.8	0.2	8.4%

Note: Financials for the period during FY20-23 and for TTM ending Sept. 2023; Source: Choice Broking Research

- As of 30th Sept. 2023, Rashi acted as a national distribution partner for 52 global technology brands in product categories such as personal computing, mobility, enterprise, embedded solutions, components, lifestyle, storage & memory devices, power and accessories. It distributed products for global technology brands such as ASUS Global Pte. Ltd., Dell International Services India Pvt. Ltd., HP India Sales Pvt. Ltd., Lenovo India Pvt. Ltd., Logitech Asia Pacific Ltd., NVIDIA Corporation, Intel Americas Inc., Western Digital (UK) Ltd., Schneider Electric IT business India Pvt. Ltd., Eaton Power Quality Pvt. Ltd., ECS Industrial Computer Co. Ltd., Belkin Asia Pacific Ltd., TPV Technology India Pvt. Ltd., LG Electronics India Pvt. Ltd., Toshiba Electronic Components Taiwan Corporation, Harman International (India) Pvt. Ltd. etc.
- The company sold 10,508 types of ICT products. During FY23, Rashi commanded significant domestic market share in product categories such as processors (45% market share), graphics cards (47%), pen drives (42%), hard drives (29%), keyboards & mice (21%), monitors (27%), UPS (13%), laptops (10%), desktops (10%), routers (33%) and switches (10%).
- With the assistance of technology and extensive service experience, Rashi carries out a comprehensive business plan for the global ICT brands, mainly comprising of demand forecasting, real-time channel partner feedback, end-user requirements and an annual sales plan. The company engages with the global ICT brands for detailed sourcing arrangement, which involves comprehensive marketing & sales plan, resource management and brand promotion. Targets are assigned to Rashi's sales teams based on annual sales plan, which sells ICT products to customers, who then sell to retailers and end-users. The company also promotes cross selling and up-selling as an integral part of its sales strategy.
- Its ICT products are segmented into two verticals i.e. Personal computing, enterprise and cloud solutions (PES); and Lifestyle & IT essentials (LIT): Under the PES segment, the company distributes personal computing devices, enterprise solutions, embedded designs/ products and cloud computing. Under the LIT segment, Rashi distributes components (such as graphic cards, central processing units and motherboards); storage & memory devices; lifestyle peripherals & accessories (that includes keyboard, mice, web cameras, monitors, wearables, casting devices, fitness trackers and gaming accessories); power equipment such as UPS & invertors and networking & mobility devices. Around 55% of the operating revenue was generated from the sales of PES products, while the rest from the sales of LIT products during FY20-23.
- As of 30th Sept. 2023, Rashi's pan-India distribution network comprised of 50 branches (which serves as the sales and as service center) and 63 warehouses. Through the branches and warehouses network, the company is able to cover 680 locations across India. It distributes ICT products primarily through general trade, modern trade and e-commerce channel.
- General trade includes hybrid re-sellers, who sell to online marketplaces, regional distributors, sub-distributors, retailers, brand stores, system integrators, original equipment manufacturers (OEM) and corporate re-sellers who sell to corporate customers. As of 30th Sept. 2023, the company had 8,402 customers under general trade network. Modern trade channel includes large format retailers, multi-format retailers and small format retail chains, while e-commerce includes few of India's leading online marketplaces. During FY20-21, the company generated an average 81% of the operating revenue via. General trade channel, while modern retails and e-commerce generated 4.6% and 14.3% of the revenue.
- With work from home gaining traction during the Covid-19 pandemic times, Rashi has reported a strong demand of its products, which resulted in a robust profitable business performance during FY21-22. However, with work & social life returning to normalization in FY23, there was relatively lower demand for some of ICT products. However, domestic demand of ICT products started showing positive traction since the beginning of the current fiscal.

Key highlights of the company (Contd...):

- On the back of 12% volume growth and 19.5% higher blended realization over FY20-23, Rashi reported a 33.9% CAGR increase in consolidated operating revenue to Rs. 9,454.3cr in FY23. The PES and LIT segment reported a 40% and 27.5% CAGR growth in the business, respectively. Trading margin remained flat during the period to 5.7% in FY23. However, relatively lower employee expenses led to a 48bps expansion in the EBITDA margin, which stood at 2.7% in FY23. In absolute terms, consolidated EBITDA increased by 43.2% CAGR to Rs. 252.9cr in FY23. With the addition in the asset base, depreciation increased by 30.4% CAGR, while higher financial liabilities led to a 34.8% CAGR growth in the finance costs. Consequently, reported PAT increased by 46% CAGR to Rs. 123.3cr with PAT margin expanding to 1.3% in FY23, compared to 1% in FY20. Rashi reported negative operating cash flows during the reported period, largely due to higher inventories and lower trade receivables. Total consolidated financial liabilities increased by 49.1% CAGR, with debt-to-equity ratio of 1.6x in FY23, compared to 1.3x in FY20. Pre-issue RoIC and RoE stood at 24.5% and 17.6%, respectively, in FY23.
- During H1 FY24, Rashi reported an 8.9% Y-o-Y growth in the consolidated operating revenue (Rs. 5,468.5cr), driven by 14.4% higher sales volume of ICT products. Blended realization declined by 4.6% Y-o-Y. EBITDA margins expanded by 40bps Y-o-Y, while relatively higher finance costs and tax expenses mainly led to a flat PAT margin, which stood at 1.4% during H1 FY24. On TTM basis, consolidated top-line stood at 9,899cr with EBITDA and PAT margin of 2.9% and 9.6%, respectively, compared to 31.4% and 1.3% in FY23.
- Based on our quick conservative estimates over FY23-25E, top-line is forecasted to grow by 14% CAGR to Rs. 12,285.1cr in FY25E. EBITDA margin is anticipated to be flat at 2.7%, but lower finance expenses would improve the PAT margin by 46bps to 1.8% in FY25E. Post-issue RoIC and RoE is expected at 12.5% and 11.7%, respectively, in FY25E, compared to 12% and 8.5% in FY23.

Peer comparison and valuation: Rashi is one of the leading ICT product distributor in Indian market, generating around 85% of the business from the B2B2C channel. It commanded a dominant market share in some of the ICT products. The company intends to continue with a considerable market share as one of its strategies for product category expansion. Utilization of IPO proceeds would lower the financial liabilities, whereas availability of working capital would boost the business expansion capabilities in the medium-term.

At higher price band, Rashi is demanding a pre-money P/E multiple of 10.5x (to its TTM EPS of Rs. 30.9), which is in-line to its sole listed peer. Post-money, the derived P/E multiple is 15.9x. Thus, considering the above factors, we assign a **"SUBSCRIBE"** rating for the issue.

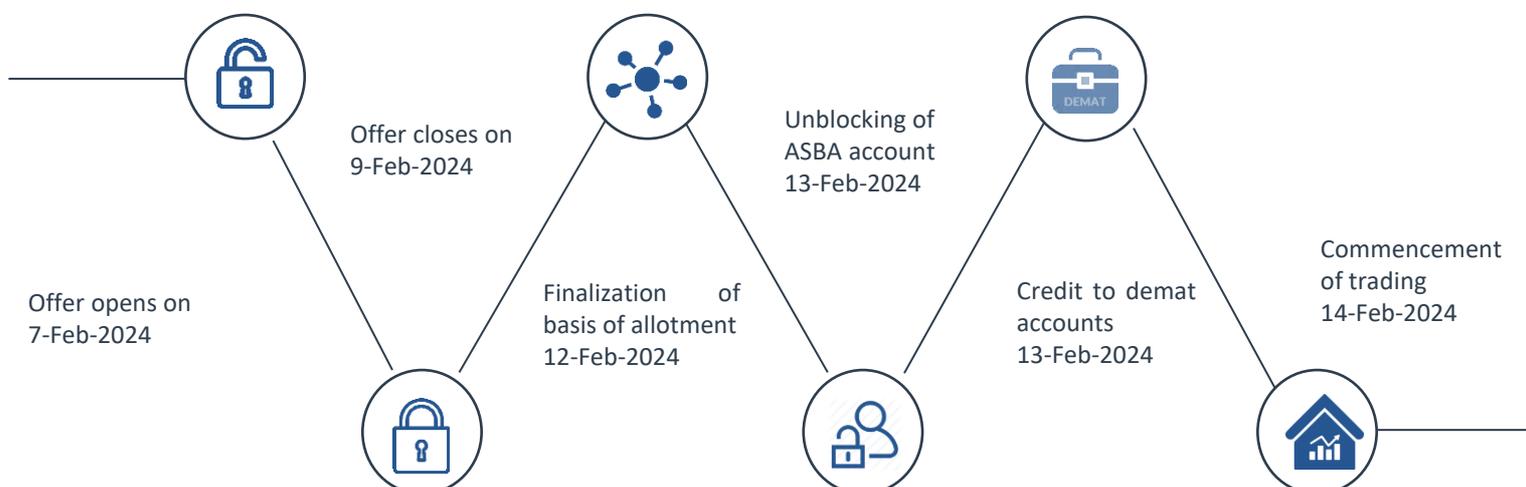
About the issue:

- Rashi is coming up with an IPO with 1.929 - 2.034cr shares (fresh issue: 1.929 - 2.034cr shares; OFS shares: nil) in offering. This offer represents 29.28 - 30.38% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 600cr.
- The issue is through book building process with a price band of Rs. 295 - 311 per share.
- Lot size comprises of 48 equity shares and in-multiple of 48 shares thereafter.
- The issue will open on 7th Feb. 2024 and close on 9th Feb. 2024.
- The IPO consists of fresh issue of shares. From the fresh issue net proceeds, it will be utilizing Rs. 326cr for the re-payment/pre-payment of the borrowings and another Rs. 220cr will be used for funding the working capital requirement. Residual funds will be utilized for general corporate purposes.
- On 17th Jan. 2024, Rashi in consultation with the BRLMs has executed a pre-IPO placement of 0.482cr at Rs. 311 per share. Total amount realized by the company was Rs. 150cr. Consequently, the fresh issue was reduced by similar amount from Rs. 750cr (as proposed in the DRHP).
- Post-IPO, promoter & promoter group will have 63.4% stake in the company, compared to 89.65% earlier. Consequently, public shareholding will increase from 10.35% to 36.6%.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	89.65%	63.40%
Public	10.35%	36.60%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY20-23: With work from home gaining traction during the Covid-19 pandemic times, Rashi has reported a strong demand of its products, which resulted in a robust profitable business performance during FY21-22. However, with work & social life returning to normalization in FY23, there was relatively lower demand for some of ICT products. However, domestic demand of ICT products started showing positive tractions since the beginning of the current fiscal.

On the back of 12% volume growth and 19.5% higher blended realization over FY20-23, Rashi reported a 33.9% CAGR increase in consolidated operating revenue to Rs. 9,454.3cr in FY23. The PES and LIT segment reported a 40% and 27.5% CAGR growth in the business, respectively.

Trading margin remained flat during the period to 5.7% in FY23. However, relatively lower employee expenses led to a 48bps expansion in the EBITDA margin, which stood at 2.7% in FY23. In absolute terms, consolidated EBITDA increased by 43.2% CAGR to Rs. 252.9cr in FY23. With the addition in the asset base, depreciation increased by 30.4% CAGR, while higher financial liabilities led to a 34.8% CAGR growth in the finance costs. Consequently, reported PAT increased by 46% CAGR to Rs. 123.3cr with PAT margin expanding to 1.3% in FY23, compared to 1% in FY20.

Mainly on account of higher inventories and lower trade receivables, Rashi reported negative operating cash flows during the reported period. Total consolidated financial liabilities increased by 49.1% CAGR, with debt-to-equity ratio of 1.6x in FY23, compared to 1.3x in FY20. Pre-issue RoIC and RoE stood at 24.5% and 17.6%, respectively, in FY23.

Performance during H1 FY24: Rashi reported an 8.9% Y-o-Y growth in the consolidated operating revenue (Rs. 5,468.5cr), driven by 14.4% higher sales volume of ICT products. Blended realization declined by 4.6% Y-o-Y. EBITDA margins expanded by 40bps Y-o-Y, while relatively higher finance costs and tax expenses mainly led to a flat PAT margin, which stood at 1.4% during H1 FY24.

On TTM basis, consolidated top-line stood at 9,899cr with EBITDA and PAT margin of 2.9% and 9.6%, respectively, compared to 31.4% and 1.3% in FY23.

Pre-issue consolidated financial snapshot (Rs. cr)	FY20	FY21	FY22	FY23	TTM	CAGR over FY21-23	Y-o-Y (FY23 annual)	Y-o-Y (half yearly)
<i>Personal computing, enterprise and cloud solutions</i>	1,927.2	3,346.1	5,353.0	5,292.2	5,561.0	40.0%	-1.1%	9.4%
<i>Lifestyle and IT essentials</i>	2,007.3	2,579.0	3,960.4	4,162.1	4,337.9	27.5%	5.1%	8.1%
Revenue from operations	3,934.5	5,925.0	9,313.4	9,454.3	9,899.0	33.9%	1.5%	8.9%
Gross profit	224.5	345.8	515.9	540.2	573.2	34.0%	4.7%	12.2%
EBITDA	86.2	208.5	296.7	252.9	286.0	43.2%	-14.8%	25.9%
Reported PAT	39.6	130.4	182.1	123.3	129.0	46.0%	-32.3%	8.1%
Restated adjusted EPS	6.0	19.8	27.6	18.7	19.6	46.0%	-32.3%	8.1%
Cash flow from operating activities	81.7	(109.8)	(315.2)	(114.6)	(301.3)		-63.7%	188.8%
NOPLAT	58.9	153.2	216.9	177.0	192.6	44.3%	-18.4%	17.4%
FCF	35.8	(23.9)	43.1	92.2		37.1%	114.1%	
RoIC (%)	22.6%	34.5%	34.9%	24.5%	24.6%	190 bps	(1,038) bps	6 bps
Revenue growth rate	-1.4%	50.6%	57.2%	1.5%				
Gross profit growth rate	21.5%	54.0%	49.2%	4.7%				
Gross profit margin	5.7%	5.8%	5.5%	5.7%	5.8%	1 bps	17 bps	17 bps
EBITDA growth rate	48.4%	141.9%	42.3%	-14.8%				
EBITDA margin	2.2%	3.5%	3.2%	2.7%	2.9%	48 bps	(51) bps	40 bps
Restated adjusted PAT growth rate	37.5%	229.3%	39.7%	-32.3%				
Restated adjusted PAT margin	1.0%	2.2%	2.0%	1.3%	1.3%	30 bps	(65) bps	(1) bps
Inventories days	38.3	32.7	34.7	52.0	79.5	10.7%	49.7%	10.4%
Trade receivables days	42.7	37.3	38.1	39.1	50.8	-2.9%	2.5%	4.2%
Trade payables days	(38.7)	(34.3)	(35.1)	(40.2)	(67.5)	1.3%	14.6%	-0.3%
Cash conversion cycle	42.3	35.7	37.7	50.8	62.8	6.3%	34.8%	18.4%
Fixed asset turnover ratio	64.7	90.6	132.7	117.3	130.5	21.9%	-11.6%	-6.1%
Total asset turnover ratio	3.6	3.7	3.5	3.4	2.4	-2.3%	-3.1%	-8.4%
Current ratio	1.3	1.3	1.3	1.3	1.2	1.7%	3.1%	-0.4%
Quick ratio	0.6	0.8	0.7	0.6	0.6	-3.1%	-14.1%	-1.4%
Total debt	332.9	495.6	906.2	1,104.1	1,429.8	49.1%	21.8%	39.9%
Net debt	327.9	466.6	861.0	1,069.5	1,411.2	48.3%	24.2%	43.4%
Debt to equity	1.3	1.3	1.6	1.6	1.9	7.6%	0.1%	17.2%
Net debt to EBITDA	3.8	2.2	2.9	4.2	4.9	3.6%	45.7%	13.9%
RoE	15.1%	33.1%	31.7%	17.6%	16.7%	253 bps	(1,405) bps	(102) bps
RoA	3.6%	8.2%	6.8%	4.4%	3.2%	75 bps	(241) bps	(18) bps
RoCE	27.9%	45.0%	45.6%	32.3%	33.1%	437 bps	(1,335) bps	107 bps

Note: Pre-IPO financials; Source: Choice Equity Broking

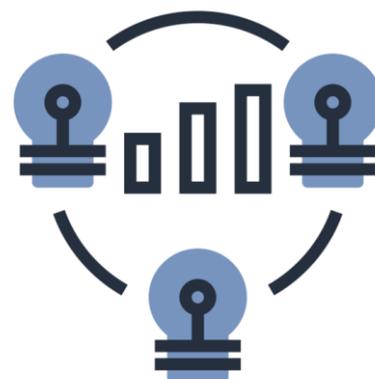


Competitive strengths:

- Leading and fastest growing Indian distribution partner for ICT products
- Pan-India and multi-channel distribution footprint backed by dedicated in-house infrastructure
- Long-term relationships with marquee global technology brands supported by committed engagement strategy with customers
- Diversified and comprehensive product portfolio and solutions
- Scalable business model supported by advanced technology stack
- Consistent track record of superior financial performance and return metrics
- Experienced promoters and professional senior management team

Business strategy:

- Increase wallet share with global technology brands for the existing portfolio
- Diversify product and solutions offerings and focus on emerging digitization trends
- Grow the portfolio of global technology brands
- Deepen penetration across India and widen channel network
- Further leverage technology and digital infrastructure to drive enhanced upselling, cross selling and improve efficiencies



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Unfavorable product-mix
- Working capital intensive operations
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)

	FY20	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22	Half year growth
Revenue from operations	3,934.5	5,925.0	9,313.4	9,454.3	5,023.8	5,468.5	9,899.0	33.9%	1.5%	8.9%
Purchases of stock-in-trade	(3,861.9)	(5,647.6)	(9,424.3)	(9,208.1)	(5,348.9)	(5,829.1)	(9,688.2)	33.6%	-2.3%	9.0%
Changes in inventories of stock-in-trade	151.9	68.4	626.8	294.1	594.5	662.9	362.4	24.6%	-53.1%	11.5%
Gross profit	224.5	345.8	515.9	540.2	269.4	302.3	573.2	34.0%	4.7%	12.2%
Employee benefits expense	(75.3)	(78.7)	(114.3)	(136.0)	(66.5)	(73.5)	(143.1)	21.8%	19.0%	10.6%
Other expenses	(63.0)	(58.5)	(104.9)	(151.3)	(75.1)	(67.9)	(144.1)	33.9%	44.2%	-9.6%
EBITDA	86.2	208.5	296.7	252.9	127.8	160.9	286.0	43.2%	-14.8%	25.9%
Depreciation and amortisation expenses	(7.5)	(7.5)	(11.7)	(16.7)	(7.3)	(9.1)	(18.5)	30.4%	42.6%	24.7%
EBIT	78.7	201.0	285.0	236.3	120.6	151.8	267.5	44.3%	-17.1%	25.9%
Finance costs	(35.3)	(28.9)	(53.7)	(86.3)	(39.8)	(54.0)	(100.5)	34.8%	60.8%	35.5%
Other income	7.7	6.7	8.5	14.7	8.5	4.8	10.9	24.2%	72.9%	-44.3%
PBT	51.1	178.9	239.8	164.6	89.3	102.6	178.0	47.7%	-31.4%	14.9%
Tax expenses	(12.8)	(42.5)	(57.3)	(41.3)	(22.0)	(30.6)	(49.8)	47.7%	-28.0%	38.9%
PAT before minority interest	38.2	136.4	182.5	123.3	67.2	72.0	128.1	47.8%	-32.4%	7.1%
Minority interest	1.4	(6.0)	(0.4)	(0.1)	3.2	4.2	0.9	-140.7%	-79.1%	30.2%
Reported PAT	39.6	130.4	182.1	123.3	70.5	76.2	129.0	46.0%	-32.3%	8.1%

Consolidated balance sheet statement (Rs. cr)

	FY20	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22	Half year growth
Equity share capital	1.0	1.0	20.9	20.9	20.9	20.9	20.9	175.9%	0.0%	0.0%
Other equity	261.8	393.3	554.3	679.3	627.0	751.9	751.9	37.4%	22.6%	19.9%
Non-controlling interests	(2.8)	2.7	3.2	(1.9)	(0.8)	(6.8)	(6.8)	-12.2%	-160.2%	779.7%
Non-current borrowings	13.8	65.2	76.1	48.4	56.4	40.5	40.5	51.8%	-36.4%	-28.3%
Non-current lease liabilities	0.8	0.5	2.1	11.6	1.6	10.0	10.0	139.3%	439.0%	514.5%
Other non-current financial liabilities	0.3						0.0			
Non-current provisions	0.7	0.8	2.6	1.1	1.5	1.3	1.3	15.5%	-58.2%	-14.7%
Non-current contract liabilities	0.3	0.6	1.2	1.0	1.2	3.9	3.9	59.6%	-14.3%	220.1%
Net deferred tax liabilities	11.2	11.4	9.9	6.8	10.5	5.3	5.3	-15.3%	-31.2%	-49.9%
Trade payables	450.7	663.9	1,128.4	956.2	1,686.8	1,831.4	1,831.4	28.5%	-15.3%	8.6%
Current borrowings	311.4	423.7	805.6	1,017.4	944.8	1,354.7	1,354.7	48.4%	26.3%	43.4%
Current lease liabilities	0.9	0.4	1.7	4.8	2.0	4.6	4.6	75.1%	177.4%	134.2%
Other current financial liabilities	5.5	5.6	20.6	22.0	17.4	20.0	20.0	58.5%	7.0%	14.9%
Current provisions	1.6	2.4	2.9	2.0	3.5	0.9	0.9	7.5%	-32.3%	-73.5%
Net current tax liabilities	0.2	9.5	0.4	0.7	0.4	0.6	0.6	57.3%	75.8%	46.2%
Current contract liabilities	4.5	5.5	9.7	11.0	18.2	8.8	8.8	34.5%	13.3%	-51.7%
Other current liabilities	22.9	7.8	30.5	17.4	25.0	10.7	10.7	-8.8%	-42.8%	-57.3%
Total liabilities	1,084.9	1,594.4	2,670.2	2,798.6	3,416.5	4,058.6	4,058.6	37.1%	4.8%	18.8%
Property, plant & equipments	51.6	52.1	58.0	54.0	54.3	56.4	56.4	1.5%	-7.0%	3.9%
Intangible assets	5.9	5.1	4.4	2.7	3.4	2.3	2.3	-22.7%	-37.1%	-33.5%
Capital work-in-progress	0.8	3.2	0.1	4.0	0.3		0.0	72.8%	4209.8%	-100.0%
Right-of-use assets	1.4	0.9	3.6	15.9	3.4	13.8	13.8	127.0%	337.4%	312.2%
Goodwill	1.2	4.1	4.1	4.1	4.1	3.4	3.4	49.0%	0.0%	-16.8%
Non-current investments	2.3	0.0	7.3	5.6	14.7	4.1	4.1	34.5%	-23.4%	-72.3%
Other non-current financial assets	17.2	22.1	28.0	9.7	12.6	12.7	12.7	-17.5%	-65.5%	0.8%
Net non-current tax assets			2.3	10.4	7.0	10.1	10.1		351.7%	43.6%
Net deferred tax assets	1.3	1.7	4.4	5.9	7.5	2.1	2.1	66.3%	32.1%	-72.4%
Other non-current assets	5.7	7.9	6.4	13.2	7.1	15.9	15.9	32.3%	107.5%	124.9%
Inventories	489.0	572.5	1,199.3	1,493.4	1,793.8	2,156.3	2,156.3	45.1%	24.5%	20.2%
Trade receivables	418.3	792.4	1,152.1	871.6	1,214.3	1,377.5	1,377.5	27.7%	-24.3%	13.4%
Cash & cash equivalents	5.0	28.9	45.2	34.6	37.8	18.5	18.5	91.0%	-23.4%	-51.0%
Current loans	0.0	6.0	2.1		0.0		0.0			
Other current financial assets	3.1	0.3	0.1	5.2	1.4	2.1	2.1	19.4%	4496.5%	53.0%
Other current assets	82.3	97.1	152.7	268.4	254.9	383.5	383.5	48.3%	75.8%	50.5%
Total assets	1,084.9	1,594.4	2,670.2	2,798.6	3,416.5	4,058.6	4,058.6	37.1%	4.8%	18.8%

Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)										
	FY20	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22	Half year growth
Cash flow before working capital changes	92.5	212.3	311.1	257.5	134.2	164.6	288.0	40.7%	-17.2%	22.7%
Working capital changes	3.7	(287.0)	(551.0)	(319.3)	(202.3)	(422.5)	(539.4)		-42.1%	108.8%
Cash flow from operating activities	81.7	(109.8)	(315.2)	(114.6)	(98.9)	(285.7)	(301.3)		-63.7%	188.8%
Purchase of fixed assets and CWIP	(2.3)	(6.0)	(12.3)	(11.3)	(1.9)	(4.3)	(13.7)	69.0%	-7.6%	130.4%
Cash flow from investing activities	3.4	(1.0)	(6.4)	(3.8)	(0.2)	(2.4)	(6.0)		-40.8%	1137.3%
Cash flow from financing activities	(80.8)	134.4	337.5	107.8	92.6	272.0	287.2		-68.0%	193.7%
Net cash flow	4.2	23.7	15.9	(10.5)	(6.5)	(16.0)	(20.1)			147.0%
Opening balance of cash	0.7	5.2	29.3	45.1	44.3	34.6	38.7	296.2%	54.0%	-22.0%
Closing balance of cash	5.0	28.9	45.2	34.6	37.8	18.5	18.6	91.0%	-23.4%	-51.0%

Consolidated financial ratios							
Particulars	FY20	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM
Profitability ratios							
Revenue growth rate	-1.4%	50.6%	57.2%	1.5%		8.9%	
Gross profit growth rate	21.5%	54.0%	49.2%	4.7%		12.2%	
Gross profit margin	5.7%	5.8%	5.5%	5.7%	5.4%	5.5%	5.8%
EBITDA growth rate	48.4%	141.9%	42.3%	-14.8%		25.9%	
EBITDA margin	2.2%	3.5%	3.2%	2.7%	2.5%	2.9%	2.9%
EBIT growth rate	41.8%	155.5%	41.8%	-17.1%		25.9%	
EBIT margin	2.0%	3.4%	3.1%	2.5%	2.4%	2.8%	2.7%
Restated reported PAT growth rate	37.5%	229.3%	39.7%	-32.3%		8.1%	
Restated reported PAT margin	1.0%	2.2%	2.0%	1.3%	1.4%	1.4%	1.3%
Turnover ratios							
Inventory receivable turnover ratio	9.5	11.2	10.5	7.0	3.1	3.0	4.6
Trade receivable turnover ratio	8.5	9.8	9.6	9.3	4.8	4.9	7.2
Accounts payable turnover ratio	9.4	10.6	10.4	9.1	3.8	3.9	5.4
Fixed asset turnover ratio	64.7	90.6	132.7	117.3	76.8	72.1	130.5
Total asset turnover ratio	3.6	3.7	3.5	3.4	1.5	1.3	2.4
Return ratios							
RoIC (%)	22.6%	34.5%	34.9%	24.5%	13.6%	13.6%	24.6%
RoE (%)	15.1%	33.1%	31.7%	17.6%	10.9%	9.9%	16.7%
RoA (%)	3.6%	8.2%	6.8%	4.4%	2.1%	1.9%	3.2%
RoCE (%)	27.9%	45.0%	45.6%	32.3%	17.7%	18.8%	33.1%
Per share data							
Restated adjusted EPS (Rs.)	6.0	19.8	27.6	18.7	10.7	11.6	19.6
DPS (Rs.)	0.0	0.0	0.0	0.3	0.0	0.0	0.3
BVPS (Rs.)	39.9	59.8	87.3	106.3	98.3	117.3	117.3
Operating cash flow per share (Rs.)	12.4	(16.7)	(47.8)	(17.4)	(15.0)	(43.3)	(45.7)
Free cash flow per share (Rs.)	5.4	(3.6)	6.5	14.0		1.4	
Dividend payout ratio	0.3%	0.1%	0.1%	1.5%	0.0%	0.0%	1.5%

Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Pvt. Ltd. ("CEBPL") is a registered Research Analyst Entity (Reg. No. INH000000222; Cin. No. U65999MH2010PTC198714). Registered Address: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400-099. Tel. No. 022-6707 9999.

Compliance Officer: Prashant Saliang; Tel. No. 022-6707-9999; Ext. 2310; email-id: compliance@choiceindia.com

Grievance officer: Deepika Singhvi ; Tel. No. 022-6707-9999; Ext. 834; email-id: ig@choiceindia.com

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors .

This Research Report (hereinafter referred as "Report") has been prepared by Choice Equity Broking Pvt. Ltd. as a Research Entity (hereinafter referred as "CEBPL RE"). The Research Analysts, strategists are principally responsible for the preparation of "CEBPL RE" research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his/her own risk and CEBPL does not accept any liability as a result. Securities and derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

General disclaimer: This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Yester performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

Disclaimers in respect of jurisdiction: This Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this Report.

Disclosures of interest (Additional):

- 1) "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company (ies) covered in this Report.
- 2) "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than one of the securities of the company (ies) covered in this Report as of the end of the month immediately preceding the distribution of the research report.
- 3) "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this Report.
- 4) "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in this Report, in the past twelve months.
- 5) "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this Report.
- 6) "CEBPL", or its associates have not received compensation or other benefits from the company (ies) covered in this Report or from any third party, in connection with the Report.
- 7) CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Report.
- 8) "CEBPL", its research analyst has not been engaged in market making activity for the company (ies) covered in the Report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. <https://choiceindia.com/research-listing>.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (Contd...)

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Report are given below:

Sr. no.	Particulars	Yes / No
1.	Whether compensation has been received from the company (ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2.	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company (ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company (ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company (ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in the Research report, in the last twelve months	No

Copyright: The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.