

IPO NOTE

Issue Details

Price Band: ₹ 295 to ₹ 311
Issue Opens on: February 7, 2024
Issue Closes on: February 9, 2024
Lot Size: 48 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 600 Cr.
No of Shares:	19,292,604
Face Value:	₹ 5

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	600.00
Offer for Sale	-
Total	600.00

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	300.00
HNI	15	90.00
Retail	35	210.00
Total	100	600.00

Listing

BSE & NSE

Lead Managers

- ICICI Securities Ltd.
- JM Financial Ltd.

Registrar

Link Intime India Pvt. Ltd.

ANALYST

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COMPANY OVERVIEW

Incorporated in 1989 and have more than 34 years of experience in distribution of ICT products in India, Rashi Peripheral Ltd. (RPL) started operations with manufacturing of peripherals. They had been instrumental in facilitating the entry of a number of global technology brands and were among the select players that led the formalization of the fragmented and unorganized ICT products distribution in India. They have expanded distribution network across India and as of September 30, 2023, had one of the largest ICT products distribution networks in India with 311.89 million units distributed.

RPL primarily operate the 2 business verticals: (i) Personal Computing, Enterprise and Cloud Solutions ("PES") and (ii) Lifestyle and IT essentials ("LIT"). It distributes products primarily through 3 channels: (i) General Trade, (ii) Modern Trade and (iii) E- Commerce.

As of September 30, 2023, they were a national distribution partner for 52 global technology brands that include 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. and Toshiba Electronic Components Taiwan Corporation.

HIGHLIGHTS

1. Leading and fastest growing Indian distribution partner for information and communications technology products.
2. Pan-India and multi-channel distribution footprint
3. Long-term relationships with marquee global technology brands
4. Diversified and comprehensive product portfolio and solutions
5. Scalable business model supported by advanced technology stack

OBJECTS OF THE ISSUE

1. Repayment or scheduled re-prepayment of all or a portion of certain outstanding borrowings availed by the Company (₹ 326 Cr.)
2. Funding working capital requirements of the Company (₹ 220 Cr.)
3. General corporate purpose

OUR VIEW

Incorporated in 1989, Rashi Peripherals Limited is a company that distributes global technology brands in India. They specialize in products related to ICT or Information and Communication Technology. The company's service offerings include value-added services such as pre-sales, technical support, marketing services, credit solutions and warranty management services.

The company has a PAN India and multi-channel distribution footprint backed by dedicated in-house infrastructure. The company can capitalise on the vast available market opportunities given its strong foothold in the market coupled with increase in use of technology, focus on digitization and spike in data volumes. The company intends to grow their portfolio of global technology brands and deepen penetration across India and widen channel network.

The company's topline was consistent from FY21-23 while its bottom line was affected in FY23. Also, its Debt Equity ratio and Inventory turnover ratio is a concern. Increasing competition in the information and communications technology products distribution industry may create certain pressures that may adversely affect the business.

The revenue CAGR for the period FY21-23 stood at about 26.32%. The company operated on an EBITDA margin of 2.83% and PAT margin of 1.3% for year ended FY23. The number was 3.03% and 1.32% respectively for H1FY24. Generating ROCE and ROE of 14.21% and 19.33% respectively for FY23.

The company is asking for a PE multiple of 10.54x on the upper end of the price band and using diluted EPS for FY23 (₹ 29.5) and a PE of 8.53x annualizing diluted EPS for H1FY24 (₹ 18.24). The industry average is 9.92x. the issue seems fully priced. **Looking at all the factors, risks, opportunities and valuation, investors may apply for the issue with a long term view.**

Brief Financials

PARTICULARS	As at September 30, 2023			₹ in Million
		FY '23	FY '22	FY '21
Total Income	54,732.69	94,689.47	93,219.21	59,317.35
Total Expenditure	53,706.58	93,043.21	90,820.74	57,528.67
EBITDA	1,656.64	2,676.12	3,052.17	2,152.27
Profit before Tax	1,026.11	1,646.26	2,398.47	1,788.68
Profit after Tax	720.18	1,233.43	1,825.11	1,363.50
E.P.S. (Diluted)	18.24*	29.50	43.57	31.20
P/E (x) (Diluted)	-	10.54	-	-
RONW (%)	9.86*	17.60	31.66	33.07

* Not Annualised

PRICE CHART (@ ₹ 311) (Retail Category)

LOT SIZE	Amount
48	14,928
96	29,856
144	44,784
192	59,712
240	74,640
288	89,568
336	104,496
384	119,424
432	134,352
480	149,280
528	164,208
576	179,136
624	194,064

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	672	208,992
Big HNI	3,216	1,000,176

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	12/02/2024
Initiation of refunds/unblocking ASBA Fund	13/02/2024
Credit of Equity Shares to demat accounts of Allottees	13/02/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	14/02/2024

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/jan-2024/rashi-peripherals-limited-rhp_80971.html)

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