

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.

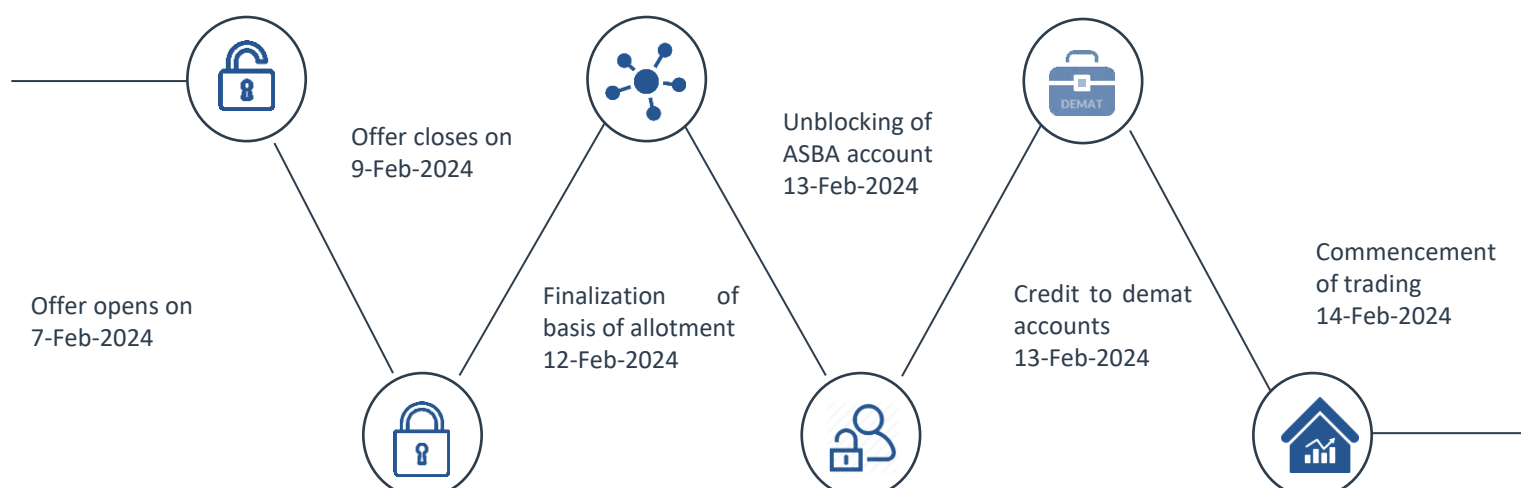
About the issue:

- 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, Rashmi 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, Rashmi 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, Rashmi 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: Rashmi 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)
Personal computing, enterprise and cloud solutions	1,927.2	3,346.1	5,353.0	5,292.2	5,561.0	40.0%	-1.1%	9.4%
Lifestyle and IT essentials	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.

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