

February 5, 2024

IPO Note

RASHI PERIPHERALS LIMITED

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

Krishna Rana
krishna.rana@sushilfinance.com

+91 22 4093 6081

SALES

Manan Divan
manan.divan@sushilfinance.com

+91 22 4093 6091 / +919819819979

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)

Disclaimer & Disclosures

SEBI Registration No. INH000000867

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk

Sushil Financial Services Private Limited (SFSP) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSP has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSP's RAs 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 - SFSP, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSP or its affiliates or employees are under no obligation to update the information. SFSP or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSP or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSP or its affiliates and/or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSP/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSP or its research analyst has not served as an officer, director or employee of the subject company. SFSP or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSP or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSP/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSP/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

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

<https://www.sushilfinance.com/Disclamier/research>
<https://bit.ly/3VbgbvL>