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**IPO Report**

05<sup>th</sup> Feb'24

**Snapshot**

Rashi Peripherals Ltd is among the leading national distribution partners for global technology brands in India for information and communications technology (“ICT”) products in terms of revenues and distribution network in Fiscal 2023. Company is also one of the fastest growing national distribution partners for global technology brands in India in terms of revenue growth between Fiscal 2021 and Fiscal 2023. Company’s pan-India distribution network comprises 50 branches that operate for sales and as service centers and 63 warehouses, as of September 30, 2023.

**VALUATION**

Company is bringing the issue at price band of Rs 295-311 per share at p/e multiple of more than 14x on post issue annualized H1FY24 PAT basis.

Company is a leading and the fastest growing Indian distribution partner for information and communications technology products having all the leading brands/OEMs as compared to other leading ICT distributors in India Company is present pan-India and have multi-channel distribution footprint backed by dedicated in-house infrastructure. Company have long term relationships with marquee global technology brands & has a diversified and comprehensive product portfolio and offer additional solutions. Company have a scalable business model supported by advanced technology stack along with a consistent track record of superior financial performance and return metrics with experienced promoters and a professional senior management team. Hence ,looking after all above we recommend “Subscribe” on issue.

<b>Price Band (Rs./Share)</b>	<b>295-311</b>
<b>Opening date of the issue</b>	<b>07<sup>th</sup> Feb '2024</b>
<b>Closing Date of the issue</b>	<b>09<sup>th</sup> Feb '2024</b>
<b>No of shares pre issue</b>	46,607,061 Eq Shares
<b>Issue Size</b>	Rs 600 Cr
<b>Fresh issue</b>	Rs 600 Cr
<b>No of Shares</b>	20338983-19292604 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 5/share
<b>Bid Lot</b>	48

**BIDDING DETAILS**

<b>QIBs (Including Anchor)</b>	50% of the offer (Approx 9646301 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 2893891 Eq Shares)
<b>Retail</b>	35% of the offer ( Approx 6752412 Eq Shares)
<b>Lead managers</b>	JM Financial, ICICI Securities
<b>Registrar to the issue</b>	Link Intime India Pvt Ltd

**WHAT WE LIKE**

***Leading and fastest growing Indian distribution partner for information and communications technology products***

Company is among the leading technology integrated national distribution partners for global technology brands in India for ICT products in terms of revenues in Fiscal 2023. Company is also one of the fastest growing national distribution partners for global technology brands in India in terms of revenue growth between Fiscal 2021 and Fiscal 2023. Company’s revenue from operations grew at a CAGR of 26.32% from ₹ 59,250.48 million in Fiscal 2021 to ₹ 94,542.79 million in Fiscal 2023 and were ₹ 54,685.10 million in the six months ended September 30, 2023.

***Consistent track record of superior financial performance and return metrics***

Company have maintained a track record of delivering growth in revenue from operations at a CAGR of 23.71% between Fiscal 2002 to Fiscal 2023. Company have also maintained a track record of dividend payment for over 20 years, with dividend payments of ₹ nil, ₹ 0.99 million and ₹ 1.05 million in Fiscals 2021, 2022 and 2023, respectively, and ₹ 1.05 million and ₹ 20.89 million, in the six months ended September 30, 2022 and September 30, 2023, respectively

***Long-term relationships with marquee global technology brands supported by committed engagement strategy with customers***

Company maintain long-term relationships with several marquee global technology brands from whom company procure ICT products that it supply to its customers. As of September 30, 2023, company served 52 global technology brands. Global technology brands undertake continuous research and development and introduce new products from time-to-time. Company also provide advertisements on behalf of global technology brands in technology and consumer media publications and regularly participate in media events. In Fiscal 2023, company received 483 media mentions.



## COMPANY BACKGROUND

Company was incorporated in 1989 and have more than 34 years of experience in distribution of ICT products in India. Company commenced operations with manufacturing of peripherals. With the liberalization of the Indian IT sector in 1991 (Source: Technopak Report), company transitioned to distribution of ICT products of global technology brands in India. Company have 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. Over the years, company have continually expanded company's operations and between Fiscal 2002 and the six months ended September 30, 2023, Company distributed 311.89 million units (including shortages of certain items, and items given free, if any) of ICT products. Company have expanded its distribution network across India and as of September 30, 2023, had one of the largest ICT products distribution networks in India.

### Business Verticals

Company primarily operate the following two business verticals:

- Personal Computing, Enterprise and Cloud Solutions ("PES"): Under this vertical company distribute personal computing devices, enterprise solutions, embedded designs/ products and cloud computing.
- Lifestyle and IT essentials ("LIT"): This includes the distribution of products such as (i) components that include graphic cards, central processing units ("CPUs") and motherboards; (ii) storage and memory devices; (iii) lifestyle peripherals and accessories that include keyboard, mice, web cameras, monitors, wearables, casting devices, fitness trackers and gaming accessories; (iv) power equipment such as UPS and invertors; and (v) networking and mobility devices.

### Distribution Network and Channels

Company's pan-India distribution network comprises 50 branches that operate for sales and as service centers and 63 warehouses, as of September 30, 2023. Through its branches and warehouses, company is able to cover 680 locations in India, as of September 30, 2023. Company distribute products primarily through the following channels:

**General Trade:** Includes Hybrid Resellers who sell to online marketplaces and retail channels, regional distributors ("RDs"), stockist partners or sub-distributors, retailers, brand stores, system integrators ("SIs"), original equipment manufacturers ("OEMs") and corporate resellers who sell to corporate customers, all of which are collectively referred to as "Channel Partners". As of September 30, 2023, company had an ecosystem of 8,402 customers.

**Modern Trade:** Includes large format retail ("LFR"), multi-format retail ("MFR") and small format retail ("SFR") chains.

**E-Commerce:** Includes certain of India's leading online marketplaces.

### Global Technology Brands

As of September 30, 2023, company is a national distribution partner for 52 global technology brands. Company is a national distribution partner of global technology brands in product categories such as personal computing, mobility, enterprise, embedded solutions, components, lifestyle, storage and memory devices, power and accessories. (Source: Technopak Report) Company distribute products for global technology brands such as ASUS Global Pte. Ltd., Dell International Services India Private Limited, HP India Sales Private Limited, Lenovo India Private Limited, Logitech Asia Pacific Limited, NVIDIA Corporation, Intel Americas, Inc., Western Digital (UK) Limited, Schneider Electric IT business India Private Limited, Eaton Power Quality Private Limited, ECS Industrial Computer Co. Ltd., Belkin Asia Pacific Limited, TPV Technology India Pvt Ltd., LG Electronics India Private Limited, Toshiba Electronic Components Taiwan Corporation, and Harman International (India) Private Limited, among others.

Over the years, company have consistently added new global technology brands to company's portfolio and work with them to distribute products across categories. Company have had business relationships for more than eight years with several global technology brands that it currently service. Company was the first national distribution partner for few of such global technology brands.



**INVESTMENT RATIONALE**

<p><i>Diversified and comprehensive product portfolio and solutions</i></p>	<p>Between Fiscal 2002 and Fiscal 2023, Company distributed 311.89 million units (including shortages of certain items, and items given free, if any) from global technology brands, enabling company to satisfy customer requirements for seamless product availability and meet end-user demand for multi-vendor and multi-product IT configurations. Over the years, company have continuously added products across sub-segments like lifestyle, components, networking, personal computing, storage and memory, mobility, enterprise and embedded solutions. Company’s support services are intended to link its customers and global technology brands with company as a one-stop provider of ICT products and related services. Company also provide cost-effective services such as arrangements for financing support and project-based finance through third party financial institutions.</p>
<p><i>Pan-India and multi-channel distribution footprint backed by dedicated in-house infrastructure</i></p>	<p>As of September 30, 2023, company had one of the largest ICT products distribution networks in India. Company operated branches in 50 cities that operate as sales and service centers and warehouses, covering 680 locations in 28 States and Union Territories in India through an ecosystem of 8,407 customers, as of September 30, 2023. Company act as one-stop shop catering to business-to-business (“B2B”) customers. Company maintain a multi-channel mix to avoid risks associated with dependence on any single channel. Company’s channel mix primarily comprises General Trade, Modern Trade and E-commerce channels. Company’s multi-channel mix also allows it to serve a diverse customer base.</p>
<p><i>Experienced Promoters and professional senior management team</i></p>	<p>.Krishna Kumar Choudhary and Sureshkumar Pansari, who are among company’s Promoters and the Chairman and Vice-Chairman of Company respectively, have experience across the ICT distribution industry. Their experience has resulted in the expansion of company’s operations over the years. Company have enabled an orderly transition of its business to Kapal Suresh Pansari, company’s Managing Director, Keshav Krishna Kumar Choudhary, one of company’s Whole-time Directors, who are among company’s second generation Promoters and who continue to drive company’s growth. Company’s Board of Directors also includes a combination of management executives and independent directors who bring in diverse experience including in areas of business management, financial planning, credit and taxation, marketing, and technology. Company also have an experienced senior management team that leverages experience across diverse industries, including finance, marketing and business management, which positions company well to capitalize on future growth opportunities and implement new ideas and concepts. In December 2023, company was recognized with the Great Place to Work certification and a high score for credibility, pride, fairness, respect and camaraderie. Company’s senior management team has been critical in establishing a successful, scalable operating model, consistently generating strong financial results and managing new service segments, customer relationships and new geographic markets. The breadth of company’s management’s background and the depth of its experience will continue to drive company’s dynamic growth and continued success.</p>



## OBJECTS OF OFFER

### Objects of the Offer

Company proposes to utilize the Net Proceeds from the Offer towards funding the following objects: excompany propose to utilise the Net Proceeds towards funding the following objects:

1. Prepayment or scheduled re-payment of all or a portion of certain outstanding borrowings availed by Company;
2. Funding working capital requirements of Company; and
3. General corporate purposes

## RISKS

Company is dependent on various vendors, who are global technology brands, for the products company distribute. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, revenues generated from distribution of products manufactured by company's top eight global technology brands amounted to 83.15%, 82.42%, 82.11%, 82.50% and 82.39%, respectively, of company's revenue from operations. Any delay or failure on part of such global technology brands to supply products may materially and adversely affect company's business, profitability and reputation

Source:RHP

## INDUSTRY OVERVIEW

### Key Trends and Demand of DIY PCs

The DIY trend initially started in the 90s as the IBM computers being available at that time were moreover copied versions of older models with slight Improvement and an increased price. This is how the DIY trend initially started, it started to pick up pace in the 2000s and has had numerous more reasons added to the list which makes it a better buy than an assembled workstation.

**Increased price** - Instead of having a markup on the final combined product, companies usually have a markup on every component that is installed in the PC, this in turn skyrockets the price of the same PC if built by oneself by 35%-40%. It also adds up the brand value and assembly costs which can be avoided if it is assembled by the consumer itself by procuring individual components and assembling them together.

**Ease of repair** - If a consumer is having issues in the PC, they can run a few tests to determine which part is not functioning well and can be replaced by the consumer itself free of cost if it is under warranty.

**Increase in Internet Penetration** - The penetration of internet has deepened in India which has led to growth of the electronic industry. With the influx of more and more tech savvy individuals the knowledge and the reasons as to why a DIY PC should be considered has increased. The consumers can make a more informed decision. India has 861.47 million Broadband subscribers as on June 30, 2023 (TRAI's Telecom Subscription Data report dated November 22, 2022).

**Social media boom** - Till ten years back when YouTube and other social platforms were not as widespread people did not have the knowledge about what components to choose or how to go about the assembly process.

### Mobile Phone and Accessories in India

It was in the year 1995 when the first mobile phone call was made in India. The first call was on GSM network between two Nokia devices. The decade of 90's witnessed the telecom revolution in India. By 2002, CDMA was introduced and since then the industry grew in leaps and bounds. By September 2004, mobile phone connections crossed the number of fixed line connections in India. However, it took another ten years for the mobile phone to pick up steam. By 2014, internet, and data pricing and due to entry of Chinese made handsets, mobile communication became affordable. Chinese brands such as Xiaomi, Vivo, Oppo quickly overtook home ground manufacturers such as Micromax, Lava, Intex etc. Parallely, the premium mobile phone market led by Apple, Samsung, Blackberry also gained traction. The below exhibit tracks the journey of mobile communication in India.

### Overall Size and Growth of the Mobile Phones market in India

#### Mobile Phones

Market size of smartphones in India was approximately ₹ 2,050 billion (approximately USD 27.33 billion) in 2022 and has grown at a CAGR of 11.4% from 2020 to 2022. It is estimated that by 2026, market size of smartphones is likely to reach ₹ 3,115 billion (approximately USD 38.9 billion) growing at a CAGR of 7% between 2022 and 2026.



**Consolidated Financials**

(Rs in Mn)

Financials	FY21	FY22	FY23	H1FY24
Total Revenue (A)	59250.48	93134.38	94542.79	54685.10
Total Expenditure (B)	57165.08	90167.04	92013.35	53076.05
EBIDTA	2085.40	2967.34	2529.44	1609.05
EBIDTA Margin	3.52	3.19	2.68	2.94
Other Income	66.87	84.83	146.68	47.59
Depreciation	75.08	116.86	166.70	90.63
EBIT	2077.19	2935.31	2509.42	1566.01
Interest	288.51	536.84	863.16	539.90
PBT	1788.68	2398.47	1646.26	1026.11
Tax	425.18	573.36	412.83	305.93
PAT	1363.50	1825.11	1233.43	720.18
NPM	2.30	1.96	1.30	1.32
ROE%	33.07	31.66	17.60	9.86
EPS	31.20	43.57	29.50	18.24
Eq Cap	9.95	208.92	208.92	208.92
Net Worth	3,970.02	5,783.29	6,982.68	7,660.17

(Source: RHP)

**Peer Comparison**

Company Name	Face value	P/E	Revenue from operations (Rs in Mn)	EPS	NAV	ROE %
<i>Rashi Peripherals Limited</i>	5	--	94689.47	29.50	167.56	17.60
<b>Peers</b>						
Redington India Limited	2	9.92	795187.10	17.81	88.63	20.10

(Source: RHP)



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