



SMC Ranking
 ★★☆☆☆ (2/5)

Issue Highlights

Industry	Services
Fresh Issue (Shares)	19,292,604
Net Offer to the Public	19,292,604
Issue Size (Rs. Cr.)	297-311
Price Band (Rs.)	573-600
Offer Date	7-Feb-24
Close Date	9-Feb-24
Face Value	5
Lot Size	48

Issue Composition

	In shares
Total Issue for Sale	19,292,604
QIB	9,646,302
NIB	2,893,891
Retail	6,752,411

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	89.65%	63.40%
QIB	10.35%	21.96%
NIB	0.00%	4.39%
Retail	0.00%	10.25%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The company proposes to utilize the Net Proceeds from the Offer towards funding the following objects:

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

Book Running Lead Manager

- JM Financial Limited
- ICICI Securities Limited

Name of the registrar

- Link intime India Private Limited

About the company

Incorporated in 1989, Rashi Peripherals Limited has solidified its position as a leading distributor of global technology brands in India. Its core focus lies in providing Information and Communication Technology (ICT) products, catering to the ever-evolving needs of the Indian market. 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 two business verticals:

1. Personal computing, enterprise and cloud solutions (PES) includes personal computing devices, enterprise solutions, embedded designs/products and cloud computing.
2. Lifestyle and IT essentials (LIT) includes the distribution of products such as (i) components such as graphics cards, central processing units (CPUs) and motherboards; (ii) storage and memory devices; (iii) lifestyle peripherals and accessories such as keyboards, mice, webcams, monitors, wearables, casting devices, fitness trackers and gaming accessories; (iv) power devices such as UPS and inverters; and (v) networking and mobility devices.

Rashi Peripherals, a leading IT distributor in India, boasts an impressive network of partners and reach. With over 52 global technology brands under its belt, the company caters to a diverse clientele including ASUS, Dell, HP, Lenovo, Logitech, NVIDIA, Intel, and more. As of September 30, 2023, Rashi Peripherals' extensive distribution network spans 50 branches, 63 warehouses, and 8,657 distributors across 680 locations in India. The company also employs a dedicated team of over 1,400 individuals, including over 500 in sales and marketing and 64 in technical support.

Strength

Leading and fastest growing Indian distribution partner for information and communications technology products: The 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. It 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. Revenue from operations grew at a CAGR of 26.32% from Rs. 5925.05 crore in Fiscal 2021 to Rs. 9454.28 crore in Fiscal 2023 and were Rs. 5468.51 crore in the six months ended September 30, 2023. The company distributes a range of ICT products such as personal computing, mobility, enterprise, embedded solutions, components, lifestyle, storage and memory devices, UPS and accessories, manufactured by global technology brands. It also distributes cloud computing solutions. Being a national distribution partner of a leading motherboard and graphic cards brand, it has contributed to approximately 47% share to the graphic cards demand and approximately 25% to the motherboard demand in India by volume in Fiscal 2023.

Pan-India and multi-channel distribution footprint backed by dedicated in-house infrastructure: As of September 30, 2023, Rashi Peripherals had one of the largest ICT products distribution networks in India. It 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. Rashi Peripherals supports logistics and supply operations with its dedicated in-house infrastructure. As of September 30, 2023, its 63 warehouses have stored and distributed 10,508 SKUs. In addition, Rashi Peripherals offers efficient delivery and leverage in-house logistics and reverse logistics capabilities, as well as real-time inventory tracking, to ensure

support for varying customer needs and their ability to meet changing end-user demands

Long-term relationships with marquee global technology brands supported by committed engagement strategy with customers : Rashi Peripherals maintains long-term relationships with several marquee global technology brands from whom it procures ICT products that it supplies to its customers. As of September 30, 2023, it served 52 global technology brands. It also provides advertisements on behalf of global technology brands in technology and consumer media publications and regularly participates in media events. In Fiscal 2023, it received 483 media mentions. As of September 30, 2023, it had a design, marketing and communications team of 19 employees who drive pan-India promotional activities.

Diversified and comprehensive product portfolio and solutions : Between Fiscal 2002 and Fiscal 2023, the Rashi Peripherals distributed 311.89 million units (including shortages of certain items, and items given free, if any) from global technology brands, enabling it to satisfy customer requirements for seamless product availability and meet end-user demand for multi-vendor and multi-product IT configurations. Its support services are intended to link its customers and global technology brands with it as a one-stop provider of ICT products and related services. It also provides cost-effective services such as arrangements for financing support and project-based finance through third party financial institutions.

Scalable business model supported by advanced technology stack : Rashi Peripherals actively mitigates risk by diversifying its product offerings, customer base, and vendor partnerships. This minimizes vulnerabilities stemming from overreliance on any single source. Sourcing from global brands and selling directly to customers allows close monitoring of demand. This enables optimized inventory management, ensuring high fill rates and excellent service levels. The company actively manages inventory through targeted initiatives. These initiatives minimize obsolete stock and excess goods, while improving purchasing processes and product flow efficiency. Rashi Peripherals leverages a decentralized model, with branch heads leading operations in their respective regions across 50 cities (as of September 30, 2023). Branch heads have the autonomy to manage customer credit terms and make key decisions for their regions, fostering agility and responsiveness to local market needs.

Consistent track record of superior financial performance and return metrics: Revenue has grown steadily, increasing from Rs. 5,925 crore in fiscal 2021 to Rs. 9,454 crore in fiscal 2023, representing a CAGR of 26.32%. Profitability has also improved, with net profit after tax rising from Rs. 136 crore in fiscal 2021 to Rs. 123 crore in fiscal 2023. EBITDA has followed a similar trend, rising from Rs. 215 crore in fiscal 2021 to Rs. 268 crore in fiscal 2023. This consistent growth is even more impressive considering the 23.71% CAGR in revenue from operations over the past 22 years (fiscal 2002 to 2023). The company has a history of returning value to shareholders through dividends, with payments increasing from Rs. 0.09 crore in fiscal 2022 to Rs. 2.09 crore in the first six months of fiscal 2024. Rashi Peripherals has efficiently optimized its network, outpacing competitors in terms of revenue growth between fiscal 2021 and 2023. Strong financial performance is further demonstrated by healthy return ratios, indicating profitability, efficient operations, and sound capital deployment.

Strategy

Increase wallet share with global technology brands for existing portfolio: Rashi Peripherals holds a valuable market share with key global technology brands and sees significant potential for further growth. Its strategy leverages its established distribution network, product portfolio, and industry expertise to deepen relationships with existing partners. The company's extensive warehouse network across India enables it to stock additional inventory and ensure faster product deliveries. The company plans to expand the geographical reach of their existing brand partnerships, particularly targeting tier II and tier III cities.

Diversify product and solutions offerings and focus on emerging digitization trends: Rashi Peripherals is on a mission to broaden and diversify its product portfolio, targeting brands recognized for innovative design. Its curated selection now includes cutting-edge technologies like Edge Processors, DRAM and flash memory, automotive integrated circuits, and IoT modules featuring 4G, 5G, and GPS capabilities. To spearhead this growth, the company has established a dedicated team of business development executives and sales managers. This powerhouse team has already

successfully onboarded multiple embedded brands, demonstrating their expertise and drive.

Grow portfolio of global technology brands : Rashi Peripherals has steadily increased its vendor base, serving 45 global technology brands in March 2021, growing to 53 by March 2023, and currently partnering with 52 as of September 2023. Moving forward, the company leverages its distribution network, sales & marketing muscle, and industry standing to forge new partnerships with global and local brands. This broadens its product portfolio and fuels further growth. Specifically, the company targets enterprise-class networking and storage solutions from leading global brands. Additionally, the company plans to enter the software distribution segment, a strategic move for future diversification. To effectively manage these new product verticals, the company will hire specialized teams with deep expertise in networking, storage, and software. It actively participates in global forums and exhibitions, showcasing its capabilities, gaining industry insights on emerging tech trends, and connecting with potential new vendors.

Deepen penetration across India and widen channel network : Rashi Peripherals boasts a pan-India distribution network across various channels, including general trade, modern trade, and e-commerce. This multi-channel approach minimizes geographical concentration risks for both vendors and customers, enabling business growth across diverse regions simultaneously.

- Existing markets will see enhanced channel engagement schemes, including:
 - Training programs and marketing support for Channel Partners to boost product knowledge and sales.
 - Expansion of "feet-on-street" sales force to onboard new partners.
 - Improved Partner experience through a CRM software for unified sales automation.
- Reaching New Horizons:
 - Rashi Peripherals aims to enter new markets where its robust infrastructure, wide reach, strong channel connections, and global expertise can add value.
 - Geographic expansion will focus on further penetrating tier I, tier II, and non-metro cities, which are emerging as major consumers of IT products. This creates a growing demand for distributors like Rashi Peripherals.

Further leverage technology and digital infrastructure to drive enhanced upselling, cross selling and improve efficiencies : Rashi Peripherals aims to unlock new value for its partners and brands by leveraging its existing technology and infrastructure. Expanding on its current offerings, the company plans to introduce additional services that encourage cross-selling and upselling. This includes providing a complete set of high-performance computing products for gamers, alongside bundled solutions catered to diverse customer needs. To achieve this, Rashi Peripherals is implementing a unified sales automation platform powered by SAP CRM. This system is expected to enhance opportunities for upselling and cross-selling bundled products and solutions. Furthermore, the company plans to utilize its existing in-house logistics and reverse logistics capabilities, along with real-time inventory tracking, to better support its partners in meeting end-user demands and forecasting brand needs. By continuously monitoring key performance metrics, such as price competitiveness, service consistency, responsiveness, product knowledge, delivery accuracy and timeliness, warehouse proximity, fulfillment rates, product availability, and credit access, Rashi Peripherals can offer its partners valuable real-time business insights. This information empowers it to streamline and optimize its operations, ultimately leading to increased efficiency and success.

Risk factor

- The company is dependent on various vendors, who are global technology brands, for the products they distribute which is over 82% of its revenue from operations. Any delay or failure on part of such global technology brands to supply products may materially and adversely affect its business.
- The company earns a significant portion of its revenue from operations from products manufactured by global technology brands that it imports into India.
- Its gross margins are low, which magnifies the impact of variation in revenue, operating costs, bad debts and interest expense on its operating results

- The company relies on revenue generated from its lifestyle and IT essentials vertical and its Personal Computing, Enterprise and Cloud Solutions vertical for its sales revenue.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Redington	86930.23	1242.05	15.89	11.86	2.14	88.23	2	188.50	14736.45
Rashi Peripherals Limited	9898.85	127.98	19.42	16.01	1.50	207.29	5	311.00	2049.48

*Peer companies financials are TTM based

**Rashi Peripherals Limited are based on TTM

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.311, the stock is priced at pre issue P/E of 11.33x on TTM EPS of Rs.27.46. Post issue, the stock is priced at a P/E of 16.01x on its EPS of Rs.19.42. Looking at the P/B ratio at Rs.311, pre issue, book value of Rs. 164.36 of P/Bvx 1.89x. Post issue, book value of Rs. 207.29 of P/Bvx 1.50x.

Considering the P/E valuation, on the lower end of the price band of Rs.297, the stock is priced at pre issue P/E of 10.82x on TTM EPS of Rs.27.46. Post issue, the stock is priced at a P/E of 15.29x on its EPS of Rs.19.42. Looking at the P/B ratio at Rs.297, pre issue, book value of Rs. 164.36 of P/Bvx 1.81x. Post issue, book value of Rs. 207.29 of P/Bvx 1.43x.

Industry Outlook

Globally, the electronics and information and communications technology products market is expected to grow at a CAGR of 14% between 2020 and 2025 and is projected to cross USD 350 billion in sales by 2025. Information technology spending in India is projected to reach a value of approximately USD 136 billion by 2025 growing at a CAGR of 10%. Non-metro cities and other rural geographies are becoming centre of consumptions for information technology products like personal computers, smartphones, internet devices, networking devices and hence there is requirement for information and communications technology distributors and resellers having pan India presence.

Outlook

Rashi Peripherals acts as a major distributor for global technology brands in India, offering access to a wide range of products. Beyond basic distribution, the company provides crucial services like pre-sales support, technical assistance, marketing campaigns, credit solutions, and warranty management, adding value for both brands and customers. The company has demonstrated a positive track record of revenue growth in the past. However, Rashi Peripherals relies heavily on its supplier relationships with global technology brands, making them susceptible to changes in those partnerships or market conditions. The company has experienced a decline in its profit margins in recent years, raising concerns about its ability to maintain profitability. Past records indicate periods of negative cash flow, which could potentially impact future investments and growth. A long term Investor may opt the Issue

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	07-February-24
BID/ISSUE CLOSES ON	09-February-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	12-February-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	13-February-24
Credit of Equity Shares to demat accounts of Allottees	13-February-24
Commencement of trading of the Equity Shares on the Stock Exchanges	14-February-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-23 (6 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	5468.51	9454.28	9313.44
Total expenditure	5307.61	9201.34	9016.70
Operating Profit	160.91	252.94	296.73
OPM%	2.94	2.68	3.19
Operating Profit	163.85	255.62	299.92
Other Income	4.76	14.67	8.48
Total Net Income	165.66	267.61	305.22
Interest	53.99	86.32	53.68
PBDT	111.67	181.30	251.53
Depreciation	9.06	16.67	11.69
Profit before exceptional items & tax	102.61	164.63	239.85
Exceptional items	0.00	0.00	0.00
Profit Before Tax	102.61	164.63	239.85
Tax	30.59	41.28	57.34
PAT	72.02	123.34	182.51

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sep-23	As on 31-Mar-23	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	56.37	53.97	58.02
Right of use assets	13.82	15.85	3.63
Capital work in progress	0.00	3.97	0.09
Intangible assets	2.25	2.74	4.35
Goodwill	3.42	4.11	4.11
Investment	4.06	5.62	7.33
Other Intangible assets	12.68	9.66	28.00
other non-current tax assets	10.05	10.41	2.31
Deferred tax assets (net)	2.07	5.86	4.43
Non current tax assets (net)	15.92	13.19	6.36
Total non-current assets	120.65	125.37	118.62
Current asset			
Inventories	2156.26	1493.40	1199.30
Financial Assets	0.00	0.00	0.00
Trade receivables	1377.53	871.62	1152.15
Cash and cash equivalents	18.52	34.61	45.18
Bank balance other than cash and cash equivalents	0.02	0.02	0.02
Loans	0.00	0.00	2.10
Other financial assets	2.11	5.19	0.11
Other current assets	383.55	268.39	152.69
Total current assets	3937.99	2673.23	2551.54
Total Assets	4058.64	2798.60	2670.16
Non-current liabilities			
Borrowings	24.51	32.42	60.78
Lease Liability	9.97	11.57	2.15
Provisions	1.31	1.07	2.56
Other non-current liabilities	3.91	1.04	1.21
Deferred tax liabilities (Net)	5.25	6.82	9.90
Total non-current liabilities	44.95	52.92	76.61
Current liabilities			
Financial Liabilities			
Borrowings	1370.70	1033.34	820.96
Lease Liability	4.60	4.78	1.72
Trades Payable - MSME	0.29	0.33	0.30
Trades Payable - MESE	1831.13	955.83	1128.14
Other financial liabilities	19.99	22.00	20.56
Other current liabilities	10.68	17.42	30.47
Provisions	0.93	2.00	2.95
Current tax liabilities	0.56	0.71	0.40
Contract liabilities	8.78	11.02	9.72
Total current liabilities	3247.67	2047.42	2015.22
Total	3292.62	2100.33	2091.83
Net worth represented by:			
Equity Share Capital	20.89	20.89	20.89
Other equity	751.92	679.30	554.25
Non controlling Interest	-6.79	-1.92	3.19
Net Worth	766.02	698.27	578.33

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★★
EXCELLENT	★★★★★

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.-4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High Court.