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Rashi Peripherals Limited



(Please scan the QR code to view the RHP)

Our Company was incorporated as "Rashi Peripherals Private Limited" at Mumbai, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated March 15, 1989 issued by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). Our Company became a deemed public limited company under Section 43A of the Companies Act, 1956 and the word "private" was deleted with effect from July 1, 1997, and then the Company once again became a private limited company with effect from October 29, 2001. Subsequently, our Company changed its name and was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on July 29, 2022 and consequently, a fresh certificate of incorporation dated August 4, 2022 was issued by the RoC to our Company under its present name, Rashi Peripherals Limited. For details of changes in the name and the registered office address of our Company, see "History and Certain Corporate Matters" on page 260 of the red herring prospectus dated January 29, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").

Corporate Identity Number: U30007MH1989PLC051039
Registered and Corporate Office: Aristo House, 5th Floor, Corner of Telli Galli, Andheri (E), Mumbai 400 069, Maharashtra, India. Tel: +91 22 6177 1771/72. Contact Person: Hinal Tejas Shah, Company Secretary and Compliance Officer; Website: www.rptechindia.com; E-mail: investors@rptechindia.com

PROMOTERS OF OUR COMPANY: KRISHNA KUMAR CHOUDHARY, SURESHKUMAR PANSARI, KAPAL SURESH PANSARI, KESHAV KRISHNA KUMAR CHOUDHARY, CHAMAN PANSARI, KRISHNA KUMAR CHOUDHARY (HUF) AND SURESH M PANSARI HUF

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF RASHI PERIPHERALS LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ 6,000 MILLION (THE "OFFER"). THE OFFER WILL CONSTITUTE [•] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY, IN CONSULTATION WITH THE BRLMs, HAS UNDERTAKEN A PRE-IPO PLACEMENT OF EQUITY SHARES AGGREGATING TO ₹ 1,500 MILLION. THE SIZE OF THE FRESH ISSUE HAS BEEN REDUCED BY ₹ 1,500 MILLION PURSUANT TO THE PRE-IPO PLACEMENT. ACCORDINGLY, THE REVISED FRESH ISSUE SIZE IS UP TO ₹ 6,000 MILLION.

Rashi Peripherals Limited is the national distribution partner for global technology brands in India for information and communications technology ("ICT") product categories such as personal computing, mobility, enterprise, embedded solutions, components, lifestyle, storage and memory devices, power and accessories.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹295 TO ₹311 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH

THE FLOOR PRICE IS 59 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 62.20 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 10.00 TIMES AND AT THE CAP PRICE IS 10.54 TIMES

BIDS CAN BE MADE FOR A MINIMUM OF 48 EQUITY SHARES AND IN MULTIPLES OF 48 EQUITY SHARES THEREAFTER

OUR COMPANY, IN CONSULTATION WITH THE BRLMs, HAS UNDERTAKEN A PRE-IPO PLACEMENT OF EQUITY SHARES AGGREGATING TO ₹ 1,500 MILLION. THE SIZE OF THE FRESH ISSUE HAS BEEN REDUCED BY ₹ 1,500 MILLION PURSUANT TO THE PRE-IPO PLACEMENT. ACCORDINGLY, THE REVISED FRESH ISSUE SIZE IS UP TO ₹ 6,000 MILLION.

Details of the Equity Shares issued by our Company to the Pre-IPO Placement investors:

Date of allotment	Number of Equity Shares	Price per Equity Share (₹)	Total consideration (₹ in million)	Name of the allottee
January 17, 2024	3,215,434	311.00	1,000.00	Volrado Venture Partners Fund- III-BETA
January 17, 2024	1,607,717	311.00	500.00	Madhuri Madhusudan Kela

The above mentioned allottees are not connected to our Company, Promoters, Promoter Group, Directors, KMPs, Subsidiaries or Group Companies and the directors or key managerial personnel of such Subsidiaries and Group Companies in any manner.

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated January 29, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for Offer Price' section on pages 145-160 of the RHP and provided below in this advertisement.

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

- Vendor concentration risk:** We are dependent on various vendors, who are global technology brands, for the information and communications technology ("ICT") products we 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 our top eight global technology brands were 83.15%, 82.42%, 82.11%, 82.50% and 82.39%, respectively, of our revenue from operations. Any delay or failure on part of such global technology brands to supply products may materially and adversely affect our business, profitability and reputation.
- Revenue concentration risk:** We rely on revenue generated from our lifestyle and IT essentials vertical and our Personal Computing, Enterprise and Cloud Solutions vertical for our sales revenue. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, revenues generated from lifestyle and IT essentials vertical were 43.53%, 42.52%, 44.02%, 43.32% and 43.01%, respectively, of our revenue from operations. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, revenues generated from Personal Computing, Enterprise and Cloud Solutions vertical were 56.47%, 57.48%, 55.98%, 56.68% and 56.99%, respectively, of our revenue from operations. Any sudden fall in the revenues from either of these verticals may adversely affect our financial condition and profitability.
- Dependency on global technology brands:** In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, revenues generated from top five global technology brands we distribute were 72.42%, 70.27%, 67.82%, 68.97% and 67.13%, respectively, of our revenue from operations. If we fail to maintain our reputation or increase positive awareness of ICT products, or the quality of products declines due to our global technology brand partners being unable to maintain the required quality at their end, our business, financial condition and results of operations may be adversely affected.
- Dependency on channel partners and customers:** We distribute ICT products to Channel Partners and customers, who are B2B end-customers. In Fiscal 2023 and for the six months ended September 30, 2023, 47.59% and 71.79% of our customers were repeat customers, respectively, and more than 91.77% and 99.34%, of our revenue from operations in Fiscal 2023 and for the six months ended September 30, 2023, respectively, were generated from such repeat customers. If we are unable to maintain our relationships with our Channel Partners or customers or if any of these parties change the terms of their arrangements with us, our business could be materially and adversely affected.
- Dependency on online marketplaces:** We are reliant on online marketplaces for the sale of a portion of the products that we distribute. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, our sales to online marketplace were 18.71%, 13.85%, 12.90%, 15.40% and 20.33%, respectively, of our revenue from operations. Any disruptions to such relationships or changes in their business practices, may adversely affect our business and our financial condition, results of operations and cash flows.
- Lower gross margin:** In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, our gross margin were 5.84%, 5.54%, 5.71%, 5.36% and 5.53%, respectively, of our revenue from operations. Our gross margins are low, which magnifies the impact of variation in revenue, operating costs, bad debts and interest expense on our operating results.
- Lower EBITDA margin:** Our EBITDA Margin was 3.63% in Fiscal 2021, which decreased to 3.28% in Fiscal 2022 and further to 2.83% in Fiscal 2023. Our EBITDA Margin was 2.72% and 3.03% for six months ended September 30, 2022 and September 30, 2023, respectively. There can be no assurance that our EBITDA or EBITDA Margin will not decrease in future or that we will be able to maintain present levels of profitability, owing to elevated expenses or other factors outside our control.
- Negative cash flow from operating activities:** We have witnessed negative cash flows in the past, with net cash used in operating activities of ₹ 1,097.54 million, ₹ 3,152.05 million, ₹ 1,145.53 million, ₹ 989.17 million and ₹ 2,856.73 million in Fiscals 2021, 2022 and 2023, and for the six months ended September 30, 2022 and September 30, 2023, respectively. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.
- Higher purchase of stock-in-trade:** In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, our purchase of stock-in-trade were 95.32%, 101.91%, 97.40%, 106.47% and 106.59%, respectively, of our revenue from operations. We purchase inventory in anticipation of sales, and if we fail to manage our inventory effectively during that period or if the inventory value declines, our business and results of operations could be adversely affected.
- Import related risk:** We earn a significant portion of our revenue from operations from products manufactured by global technology brands that we import into India. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, cost of imported products were 36.58%, 34.47%, 38.17%, 34.79% and 30.66%, respectively, of our total purchases. Our inability to handle risks associated with import and export of products could affect our business and revenue from operations.
- Credit exposure risk:** We have significant credit exposure to our Channel Partners and other customers. In Fiscals 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023, value of our products initially sold on credit were 85.63%, 87.96%, 90.43%, 92.56% and 90.76%, respectively, of our revenue from operations. Any negative trends in their businesses could cause us significant credit loss and negatively impact our cash flow and liquidity position.
- Substantial working capital requirements:** Our business is working capital intensive. Our Company's working capital details as at March 31, 2021, March 31, 2022, March 31, 2023, and as at September 30, 2022 and September 30, 2023 was ₹ 7,767.89 million, ₹ 13,140.91 million, ₹ 16,287.90 million, ₹ 15,153.30 million and ₹ 20,530.93 million, respectively. Any failure in arranging adequate working capital for our operations may adversely affect our business, results of operations, cash flows and financial condition.
- Indebtedness:** As of November 30, 2023, we had total outstanding consolidated financial indebtedness of ₹ 15,693.69 million. We rely on financing from banks or financial institutions to carry on our business operations, and inability to obtain additional financing on terms favourable to us or at all could have an adverse impact on our financial condition. If we are unable to raise additional capital, our business and future financial performance could be adversely affected.
- Restrictive covenants in distribution agreements:** Majority of the global technology brands we serve typically retain us on a non-exclusive basis. Certain of our contracts or distribution agreements may have restrictive covenants that prevent us from selling competing products without the approval of the global technology brand, or may require us to mandatorily purchase a certain volume of the products for distribution. These global technology brands may terminate their contracts with us with or without cause, which could negatively impact our business, results of operation and financial condition.
- Warehouse facilities related risk:** As of September 30, 2023, we had 63 warehouses across India, from where products are distributed. We have witnessed two instances in the past three Fiscals and the six months ended September 30, 2023, in Secunderabad and Delhi, where our warehouses had temporarily been seized in connection with ongoing tax proceedings. There was no material impact of the temporary seizure of the two warehouses on the results of operations of our Company. Any disruption or shutdown of our warehouse facilities, or failure to achieve optimal capacity utilisation at such facilities could adversely affect our business, results of operations and financial condition.
- Employee related risk:** Our success depends on employees with technical knowledge and reliable sales teams, who are able to maintain quality and consistency in customer service. Across our operations, we experienced attrition (calculated as employees who have left/ total employees) of 14.47%, 18.25% and 19.71% in Fiscals 2021, 2022 and 2023, respectively and 11.42% (unannualized) and 8.51% (unannualized) for the six months ended September 30, 2022 and September 30, 2023, respectively. Our inability to attract or retain sales personnel or employees with technical knowledge could adversely affect our business, financial condition and results of operations.
- Customer service related risk:** In Fiscals 2021, 2022 and 2023 and the six months ended September 30, 2022 and September 30, 2023, the number of customer complaints were 153, 30, 54, 31 and 36, respectively. Any failure to maintain quality of customer service and deal with customer complaints could materially and adversely affect our business and operating results.
- The Offer Price, market capitalization to total revenue multiple and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of the Equity Shares on listing.**
Our revenue from operations and restated profit after tax for Fiscal 2023 was ₹ 94,542.79 million and ₹ 1,233.43 million, respectively.
The table below provides details of our price to earnings ratio and market capitalization to revenue from operations for Fiscal 2023:

Particulars	Price to Earnings Ratio	Market Capitalization to Revenue
At lower end of price band i.e. ₹ 295 per Equity Share	10.00 times	0.21 times
At upper end of price band i.e. ₹ 311 per Equity Share	10.54 times	0.22 times
- The Price/Earnings Ratio based on diluted EPS for Financial Year 2023 for the Company at the higher end of the Price Band is as high as 10.54 times and at the lower end of the Price Band is 10.00 times as compared to the average industry peer group PE ratio of 9.92 times.**
- Weighted Average Return on Net Worth for past three Fiscals i.e. 2023, 2022 and 2021 is 24.87%.**
- Details of weighted average cost of acquisition of all Equity Shares transacted in last one year, eighteen months and three years immediately preceding the date of the RHP**

Period	Weighted average cost of acquisition (in ₹)	Cap Price is 'x' times the weighted average cost of acquisition	Range of acquisition (Lowest Price-Highest Price) (in ₹)
Last one year	311.00	1.00 time	311.00
Last eighteen months	311.00	1.00 time	311.00
Last three years	33.40*	9.31 times	0.00 ^A to 3,620.00

As certified by Pipara & Co LLP, Chartered Accountants, by way of their certificate dated January 29, 2024.
^ANo consideration has been paid as the Equity Shares have been acquired by way of a bonus issue or gift.
^BThe Company sub-divided the equity shares of face value of ₹10 each into Equity Shares of face value of ₹5 each pursuant to the shareholders' resolution dated February 22, 2022 and the effect of same has been given here
- Weighted average cost of acquisition, floor price and cap price**

Types of transactions	Weighted average cost of acquisition ^A (₹ per Equity Share)	Floor price (i.e., ₹ 295)	Cap price (i.e., ₹ 311)
WACA for Primary Transactions during 18 months prior to RHP	311.00	0.95 times	1.00 time
WACA for Secondary Transactions during 3 years* prior to RHP	0.26	1,134.62 times	1,196.15 times

^AAs certified by Pipara & Co LLP, Chartered Accountants, by its certificate dated January 29, 2024.
^BSince there were no secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of the RHP, the information has been disclosed for price per share of the Company based on the last five^B secondary transactions where promoter/promoter group entities or selling shareholders or shareholder(s) having the right to nominate director(s) on the Board, are a party to the transaction, not older than three years prior to the date of filing of the RHP irrespective of the size of the transaction.
^CSince five transfers were effected in a single day (March 31, 2021), a total of eight transactions have been reported in the RHP.
^DWeighted average cost of acquisition has been computed for eight transactions after considering the impact of the following corporate actions: sub-division of equity shares and bonus issuance made by the Company.
- The two BRLMs associated with the Offer have handled 82 public issues in the past three years, out of which 21 issues closed below the offer price on listing date.**

Name of BRLMs	Total Issues	Issues Closed Below IPO Price on Listing Date
JM Financial Limited	25	3
ICICI Securities Limited	36	11
Common issues handled by the BRLMs	21	7
Total	82	21

BID/ OFFER PERIOD

BID/ OFFER OPENS TODAY

BID/ OFFER CLOSING ON: FRIDAY, FEBRUARY 9, 2024*

*UPI mandate end time and date shall be at 5:00 PM on Bid/ Offer Closing Date.

An indicative timetable in respect of the Offer is set out below:

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time ("IST"))
Bid/ Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts)	Only between 10:00 am and 5:00 pm IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10:00 am and 4:00 pm IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10:00 am and 3:00 pm IST
Submission of Physical Applications (Bank ASBA)	Only between 10:00 am and 1:00 pm IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications where Bid Amount is more than ₹500,000)	Only between 10:00 am and 12:00 pm IST

Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories ^A	Only between 10:00 a.m. and up to 5:00 p.m. IST on Bid/ Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBs	Only between 10:00 am and 5:00 pm IST

*UPI mandate end time and date shall be at 5:00 pm on Bid/ Offer Closing Date.
^AQIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

Post Offer Schedule:

Event	Indicative Date
Bid/ Offer Closing Date	Friday, February 9, 2024
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Monday, February 12, 2024
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	On or about Tuesday, February 13, 2024
Credit of the Equity Shares to demat accounts of Allottees	On or about Tuesday, February 13, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Wednesday, February 14, 2024

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