

November 4, 2024

To,

**Listing Operation Department**  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400 001

**Listing Compliance Department**  
The National Stock Exchange of India Limited (NSE)  
05<sup>th</sup> Floor, Exchange Plaza, C-1, Block G, Bandra Kurla  
Complex, Bandra (E) Mumbai - 400 051

Scrip Code: **544119**

Symbol: **RPTECH**

**Sub: Transcript of Analysts/Investors Meet held on Tuesday, 29<sup>th</sup> October, 2024**

**Ref.: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/Madam,

Pursuant to Regulation 30 read with clause 15 of Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, enclosed herewith the transcript of the Analysts/Investors Meet held on Tuesday, 29<sup>th</sup> October, 2024 at 5:00 p.m. (IST); for the Unaudited Standalone and Consolidated Financial Results for the Q2 and the half year ended September 30, 2024.

The transcript has been uploaded on the website of the Company at [www.rptechindia.com/investor](http://www.rptechindia.com/investor)

You are requested to kindly take the same on your record.

Thankyou.

Your faithfully,  
For **RASHI PERIPHERALS LIMITED**

**Hinal Shah**  
Company Secretary  
& Compliance Officer

Encl.: As above

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**Rashi Peripherals Limited**

(Formerly known as Rashi Peripherals Private Limited)

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**Rashi Peripherals Limited**  
**Q2 & H1 FY25 Earnings Conference Call**  
**October 29, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 and H1 FY25 Conference Call of Rashi Peripherals Limited.

As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. I now hand the conference over to Ms. Savli Mangle from AdfactorsPR Investor Relations for opening remarks. Thank you, and over to you, ma'am.

**Savli Mangle:** Thank you. Good evening everyone and a very warm welcome and Happy Dhanteras to you all. Thank you everyone for participating in the Earnings Call of Rashi Peripherals Limited for the 2nd Quarter and Half Year Ended September 30th, 2024.

Before we begin, please note that this conference call may contain forward-looking statements about the company, which are based on the belief opinions and the expectations of the company as on date of this call. The statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

On the call today we have Mr. Krishna Kumar Choudhary — Chairman and Whole Time Director, Mr. Kapal Pansari – Managing Director and Mr. Himanshu Shah, Chief Financial Officer. The management, will take us through the operational and financial performance for the quarter and half year, following which we will open the forum for Q&A. I now request Mr. Krishna Kumar Choudhary to take us through the company. Thank you, and over to you sir.

**Krishna Kumar Choudhary:** Hello and good evening to all, while wishing you a very Happy Dhanteras, I am pleased to welcome you all to give brief review overview of this business for the 2nd Quarter and half year ended, September 30th, 2024. I am joined by our MD, Mr. Kapal Pansari, our CEO, Mr. Rajesh Goenka, and our CFO, Mr. Himanshu Shah.

The global outlook for the IT sector remains largely unchanged, with subdued growth expected through 2024, following a period of minimal expansion last year. However, signs of recovery in India are becoming evident as IT companies have resumed hiring after nearly a year long pause. Industry experts are optimistic about an acceleration in hiring during the second half of the current fiscal year, particularly within the banking, financial services and insurance segment, which constitutes one of the largest vertical for many IT firms.

In recent years, Indian companies have strategically shifted focus towards emerging markets and regions beyond the traditional strongholds of the US and Europe. As these western economies continue to navigate significant macroeconomic headwind.

India's information and communication technology sector is expected to witness significant growth, spurred by increased technology adoption across Tier-2 and tier three cities. This expansion is generating substantial demand for hardware products in these rapidly developing regions. In parallel the government's ongoing digital transformation initiatives are hosting robust enterprise adoption of cloud computing services, a trend expected to accelerate IT revenue growth over the coming years.

Also with government push on local data centers many large houses have announced setup of high capacity data centers in the country. This will help creating large demand of AI and high end computing machines. The ICT distribution network is instrumental in driving technology consumption within these emerging markets, providing the infrastructure needed to meet growing demands. In response to the regional demand search, we are strategically diversifying our product portfolio. We are poised to play a vital role in advancing India's IT industry and sustaining its growth trajectory guided by strong vision and unwavering commitment to excellence. Before, I hand over it to Mr. Kapal Pansari, our MD to discuss operational updates for the quarter, I wish you a very Happy Diwali and a Prosperous New Year. Thank you so much.

**Kapal Pansari:**

Thank you Chairman, sir. I extend a warm welcome to all participants on today's call as we dwell into our operation and financial achievements for the 2nd Quarter.

Rashi's journey over the past three decades has been nothing short of transformative, playing a pivotal role in structuring the previously unorganized ITC distribution landscape in India, our unwavering commitment to progress has been rooted in a keen understanding of India's rapidly evolving technology trends and an acute awareness of shifting consumer behavior patterns. This in depth familiarity with market has enabled us not only to anticipate but navigate uncertainty and also to drive innovations and sustainable growth. Our approach remains focused on leveraging these insights to enhance our market leadership and resilience. Through a balance of agility and foresight, we are positioned to adapt and thrive in in face of new challenges, ensuring Rashi's continued contribution to shaping the ITC distribution ecosystem in India.

Our order flow continues to remain strong with strong clientele, like Reliance Industries Limited from whom we received a project order this quarter. This quarter has been marked by significant achievements that further solidify our position across multiple sectors and regions. We celebrated our opening of 52nd branch in Srinagar, a strategic milestone that strengthens our reach and accessibility in India. We have started business with Samsung consumer electronics vertical as well. Lastly, we have successfully completed our channel business forum in 42 cities across the country, beyond our branch network.

Additionally, we foray into quick commerce business that would aid us in providing value added services to our customers. Collectively, these milestones exemplify our ongoing commitment to delivering quality and innovation across a broad spectrum of market segments. With a focus on expanding into new business verticals and broadening our geographical reach. We are building lasting customer loyalty. Together we are setting new benchmarks and driving sustained success. We are committed to innovative growth and excellence in all that we do, and it's your confidence that empowers us to reach these milestones. This journey is as much yours as it is ours, and with your continued support, we look forward to achieving even greater heights. Thank you for your unwavering support and belief in Rashi, as we advance along this exciting growth journey. I will now hand over the call to Mr. Himanshu Shah, our CFO for financial highlights. Happy Dhanteras and wish you all advance Happy Diwali.

**Himanshu Shah:**

Thank you, Kapal. And good evening to all the investors who have joined today's call. I feel privileged on this auspicious day of Dhanteras to take you through the financial highlights for the 2nd Quarter and first half of the Financial Year 2025.

On a consolidated basis, for quarter two FY25 revenue from operations stood at 37,062 million, up by 23% year-on-year, EBITDA was at 1,444 million, which grew by 49% again year-on-year. PAT stood at 699 million, up around 219% year-on-year.

On a consolidated basis for H1, it is half year 2024-25 revenue from operations stood at 79,733 million, up by again 46% year-on-year. EBITDA was at 1,950 million which grew by around 18% year-on-year, PAT stood at 1,249 million, again up by 73% year-on-year. Very importantly, working capital days for our business was at 44 days from 57 days in H1, FY25 thereby highlighting our improved efficiency.

On an annualized basis, ROCE has improved to 15.2% in H1 FY25 and ROE stands at 15.6%. If we look at segment wise segregation on trailing 12 months basis, our of our two segments, 61% of the revenue was contributed by PES segment, and 39% is contributed by LIT.

Region wise bifurcation again, 66% revenue was contributed by metro and 34% was non-metro.

With this, I open the forum for question-and-answer. Thank you, and Happy Dhanteras once again to all of you.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:**

The EBITDA margin has grown on Q-on-Q basis, but when we look at it from an H1 to H1 perspective, it is still down so can we see the Q2 margin of around 2.7% excluding other income to sustain for the whole year?

**Himanshu Shah:** So Madhur, EBIT it goes down from GP this is a result of sales mix, and since we have executed larger deals in this H1 so EBITDA is very much in the range of 2.5% to 3%, 2.72% to 3% is what we expect from our kind of business. Again, for half year it is very early to say that year end will be in the range of 2.7% or 3%. However, we would like to assure that we keep on continuing our focus on ROCE and ROE rather than transaction wise EBITDA margin. Hope this clarifies.

**Madhur Rathi:** Sir, so earlier it was 3% majorly due to there were smaller deals, and in this H1 because of the larger deal, we need to provide at some discount, that's why it has gone to the 2.5 kind of level, is that understanding kind of correct?

**Himanshu Shah:** Yes, partly you are correct, and partly it is sales mix of the products also which gets sold during the period.

**Madhur Rathi:** So, it might vary, but between 2.5% to 3% it will be in that range only?

**Himanshu Shah:** Yes.

**Madhur Rathi:** Okay. Sir my next question is, why has there been 140% jump on a H1 in the receivable because of inventory stocking or something?

**Himanshu Shah:** Receivables have increased because of the one larger deal where the paid terms are extended, and it is extended both sides. It's not only receivables, but is the corresponding effect in payables also, this meant of each other.

**Madhur Rathi:** Okay. So, the 44 days inventory that is working capital that we have versus 34 day for our competitor Redington so then you expect this gap to narrow down going forward?

**Himanshu Shah:** See, it is not an apple-to-apple comparison because we don't have products who have shorter working capital cycles in our kitty. We have essentially IT products and competitors have mobile segment also which has a shorter duration. So if we compare apple-to-apple, the range of inventory days is very much on the normalized range which is applicable to the industry.

**Moderator:** Thank you. The next question is from the line of Sangri Karmakar from Pune Stock Broking. Please go ahead.

**Sangri Karmakar:** So my question is regarding the data center demand, so I just wanted to understand what sort of components or infrastructure you guys have in store for the data center boom?

**Rajesh Goenka:** Okay, Mr. Karmakar. This is Rajesh Goenka, CEO at Rashi Peripherals. So if you refer to our Chairman speech, where he mentioned that lot of top houses of India have already announced set up of AI data center in the country. And it is all over the news. And at Rashi Peripherals, we are at first movers advantage because we are one of the oldest and the leading distributor of NVIDIA. We are also the oldest and the largest distributor of ASUS and Lenovo, and all these

three together play a very significant role in terms of server, storage and especially GPU. So therefore, the data centers that are in the process of being set up and are expected Rashi Peripherals has a significant role, so much so that, as it is publicly known, that the first, the largest AI data center that has already been set up by Yotta NMDC. All the servers were provided by Rashi Peripherals.

**Moderator:** Thank you. The next question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.

**Aejas Lakhani:** Team, could you please firstly call out that, last quarter we said Yotta had a 300 crore order, plus we had the Tamil Nadu order. So can you just call out that, what were the projects business revenue for the quarter?

**Rajesh Goenka:** So these questions are in depth questions you are asking this as always, the 300 crore order last quarter was picked up. But in this July, August, September, quarter, we have 90% executed the order and the second education, Tamil Nadu government education order again, 25%, 30% of the order is executed, and balance order will be executed in this current quarter, which is October, November, December.

**Aejas Lakhani:** Got it. Second question, could you please speak about at least the Samsung consumer electronic business, because you mentioned that it's back-to-back. So what does that really mean and also, if you could expand on what is the order that you have received from Reliance for cable and also how you are planning the fore into quick commerce, what is the key strategy there, what is the role rational play and what is the value that rational provides?

**Rajesh Goenka:** So, I will start reverse with your quick commerce question. So, as you know we are into general trade, we are into modern trade, which is likes of Chroma, Reliance, Vijay Sales and so on so forth. And we are also on the online, now quick commerce is coming up very fast, and Rashi Peripherals being the leading value added distributor we want to be in that space as well. So therefore we have tied up with all the quick commerce companies who are there in India. I do not have the liberty to name them, but you know them because they must be delivering at your house also in half an hour time or 15 minutes. And currently, through them we are supplying various IT products, including Wi-Fi, routers to keyboard, mice, laptops, printers and even UPS and pen drive in short time. So, this is one new modus operandi that is being in India, where we have taken the first movers initiative. Your second question was about the Reliance order. So it's part of our enterprise business. We have a three digit figure order from Reliance for networking products, which the execution has already started. Partial exhibition is done, and partial exhibition will be done in this coming months. And your third question, I missed, Aejas if you ask me again, I can quickly answer.

**Aejas Lakhani:** Rajesh, from a Samsung business, and specifically you have written and it's a back-to-back business so if you could explain.

**Rajesh Goenka:** So basically, in Samsung we are doing basically Rashi Peripherals in the last five years has been doing back-to-back business, means basically business-to-business, businesses. And there we are predominantly doing tablets, then laptops recently we have added CE products, CE means TV, fridge, all these products also which we will be supplying to partners, who in turn will deliver to corporates, governments, enterprise. So it's not B2C.

**Aejas Lakhani:** Got it. Okay, Rajesh couple of follow ups. So one is that you mentioned that in quick commerce that you are delivering UPS, pen drive, et cetera. I just wanted to understand that from a gross margin perspective, GT one probably the high is followed by NT, and then e-commerce and online. So in this pecking order, where does quick commerce fit in?

**Rajesh Goenka:** So if they are, as far as margins are concerned, they are in between. But then, since it's just a start, the volumes are very, very small, but we are all hopeful that this business also will scale. And the way we read in the papers, the way they are growing, we expect that this to be a significant number. But right now, it is very small, it's just a start.

**Aejas Lakhani:** Okay. And when you said the enterprise business with Reliance that you mentioned, is it partial execution so again, when you say partial execution you mean that took place in 2nd Quarter or is it happening as we speak today?

**Rajesh Goenka:** Yes, so partial execution has already happened in Q2 and balance will happen in Q3, the orders that we have in hand.

**Aejas Lakhani:** Okay. And you mentioned that these are for largely networking products. So, this would be for just supply, not for any services element of the order, right?

**Rajesh Goenka:** So, in this case it is purely supply of networking products to Reliance.

**Aejas Lakhani:** Okay, got it. The next query I had was that, if you could just explain what Himanshu said that, PES is 61% and as much as I recollect, PES has lower margins as compared to LIT, so given that the mix was more on PES and less on LIT, how did you get these kind of margins, could you explain that to me?

**Rajesh Goenka:** So, while it is true that PES the margins are lower, but then in the past, we have also explained that while direct margin may be lower, but the ROIs at times are higher, because, like if you have to give higher credit, we get higher credit from back-to-back. Inventory holding is almost negligible, whereas our normal inventory holding is almost 50, 52, days. So from ROI perspective, at times we get a larger opportunity. So that is the reason you can see higher. And last, but not the least, the additional cost also for these kind of execution of these projects are far lower. So net ROI, we get higher ROI, and that's a part of reason of our improved margins.

**Moderator:** Thank you. The next question is from the line of Miloni Mehta from Monarch Network Capital. Please go ahead.

**Miloni Mehta:** Most of my questions have already been answered, but I just needed to understand the jump related to the PAT margins was first.

**Himanshu Shah:** Okay. So the PAT margin again.

**Miloni Mehta:** What has the strategy been for doing that, and how it will be moving ahead?

**Himanshu Shah:** Sorry, I lost your voice in between the second question I couldn't get. Sorry, I lost your second question. First was on PAT margin. I lost your second question, so can you just repeat second question, please?

**Miloni Mehta:** My second question was, how was the Diwali season demand overall for you all and how has it reflected in your working capital days, because it has been reduced to 44 and moving ahead, how do we see it?

**Himanshu Shah:** So, on PAT, I would say that one is, as far as GP is concerned it is in the normal range of the business and the interest benefit of the money which has come in, which is getting reflected in the PAT also. Plus there is a deferred tax component of previous period which is little bit increasing it more. Overall, if you see the efficiencies of the volumes are getting reflected. Have started getting reflected in the margins, and, of course, the interest benefit which I said earlier. So, the PAT is a result of all these factors.

**Rajesh Goenka:** Yes, to answer your second question about the Diwali demand. So this year, the Diwali demand has been pretty good, and in-line with the expectation, the only difference that we saw this year was the GT demand was slightly more higher than the LFR and online demand. So as a result, our GT growth, general trade growth is marginally higher.

**Miloni Mehta:** Okay, and because of receivables and payable, comparatively were higher. So is it because of this, the large order that you got this quarter and will that impact been seen also on the H2 side or, how is it?

**Himanshu Shah:** So you are right that the large deal receivables and payables are netting of each other in the financials of H1 and they were also there in the Q1 also, improving the working capital cycle because the stock days were not there on that. So part impact was that for improvement of working capital days. And going forward, once the credit terms of this large deal goes then it will return to the normal fee of 30 to 45 days receivables and payables, which we normally operate at the long run.

**Miloni Mehta:** Sir follow up on the same, how much percentage of the total revenue is this large order, and what will be the impact on the H2?



**Himanshu Shah:** It was roughly 15% is the large order of the total H1 revenue. H2 this deal is not a repetitive deal.

**Rajesh Goenka:** So as far as H2 is concerned, these projects business is very cyclical. So currently, we cannot predict whether there will be a repeat in H2 or no. So we are assuming, for sake of discussion, is business as usual for H2.

**Moderator:** Thank you. The next question is from the line of Yash from Stallion Asset. Please go ahead.

**Yash:** So, I have two questions. The first one is that, obviously it's the nature of the business that on a Q-on-Q basis, there is a volatility here, because in Q1 you had grown by 74% and then this quarter, you have gone 22% so, what will be a sustainable steady state, sort of a revenue basis, do you think we can grow by 20% to 22.5% for the next two to three years?

**Rajesh Goenka:** So the answer is very simple, Rashi Peripherals, last four years CAGR is around 23%, last 20 years CAGR is again +20%. So our last 20 - 22 years of history says our CAGR has been around 20% so, that is what we can say that. And till date, we have been able to maintain or over achieve that.

**Yash:** Okay. And sir with respect to your ROE as well, because obviously post IPO, it has gone down to about 15% odd but do you think, when can this number sort of go back to your initial, your 25% - 30% sort of a target?

**Himanshu Shah:** So, our business has a working capital cycle of around six to seven tons. So the additional money which has been raised and which has been used to flow back into the working capital. Once it starts getting generated those terms, we can expect the long term ROE bouncing back to 17%, 20% range.

**Moderator:** Thank you. The next question is from the line of Hena Vora from DAM Capital. Please go ahead.

**Hena Vora:** Sir my first question was around the data center opportunities, would you be able to give some flavor, on what we can expect over the medium term, what sort of announcements have been made that can come to us?

**Rajesh Goenka:** Can you repeat your question quickly?

**Hena Vora:** Sure. So my question is around the data center opportunity, I just wanted to get some flavor from you as to what we can expect over the medium term. We did mention there are some announcements that have been made. So of which what can Rashi tap over the next, let's say, two or three years?

**Rajesh Goenka:** So since these are all project businesses, so it is very difficult to predict, but the fact is that the first largest data center that was set up, Rashi Peripherals had the privilege of winning that

order. And at the same time, there are multiple announcements of the data centers being set up. Also, the government of India also has released a tender for 10,000 GPUs, which also will get finalized soon. So depending on the execution, Rashi Peripherals will bid, and ultimately it will depend on success or failure. But we are reasonably or fairly confident of a decent progress in coming times.

**Hena Vora:** Sure, just to the government order that you did mention, so we will be bidding for that, it's fair to assume that such orders you would be bidding for?

**Rajesh Goenka:** We will not be bidding directly because of we are B2B company, but there will be some private player who will bid, and then they will buy hardware from maybe Rashi Peripherals assuming.

**Hena Vora:** Okay, understood. Sir this question is also related to the previous participant asking, what sort of growth we can expect, because this project business is something I don't think even we can project in our models as well. So 20% when you say would be x on these large orders, or including these large orders?

**Rajesh Goenka:** So, I just want to clarify I did not mention 20% future growth. I have only given a figure of last three years, four years, and last 20 years, where our CAGR has been 20% but, we are reasonably confident apart from the project orders of a double digit growth in the coming months and the year.

**Moderator:** Thank you. The next question is from the line of Manoj from KSA and Security Private Limited. Please go ahead.

**Manoj Jethwa:** So my first question would be, on the artificial intelligence segment during the last call, the management had told it would be very much interested in distribution of products or selling of products which are more artificial enabled or complied products. So how much sales do you expect in near term, maybe say one year, two year down the line, which would be from the artificial intelligence segment only. It could be relating your computers or mobile phones or relating in the electric segments, appreciate to please throw some light on that.

**Rajesh Goenka:** So, currently while we speak, we have already introduced laptops from Lenovo, HP, ASUS, who are AI compliant with various processors. But this is just the beginning. So the volumes are very, very small, but as the AI implementation happens, acceptance happens, the volumes will pick up. There is no data that when is going to be the inflection point in India, but there is some data globally available where they say that in three years' time, 30% to 35% of the laptop desktop will be AI enabled. So that's the only indication that we can give you right now without any authentic third party data from India, but I can only tell you that Rashi Peripherals is well poised to align with this AI revolution in coming years.

**Manoj Jethwa:** Sir my second question is pertaining to the book keeping question, currently our working capital cycle is around 47 days. So are we planning to bring it down to something around 30 to 33 days over a period of time, regarding your inventory, receivables and trade payable?

**Kapal Pansari:** To be frank and transparent, I do not think that it will be healthy for our business to bring down the working capital cycles to 33 days. Bringing down the working capital cycle to 33 days means reducing the inventory carrying forward, thereby losing on the opportunities of the market demand, because typically what happens the supply chain cycle, if you look at while Make in India is in progress, lot of manufacturing or the devices that we distribute are imported in the country even today, when the import happens, the logistic time that it takes that comes by sea takes about three to four weeks. There is a manufacturing cycle, there is internal India distribution logistical cycle, which takes anywhere between four to five weeks to penetrate in the country from the availability point of view. Reducing the inventory means pressing the ecosystem by non-availability of products and therefore losing the sales. Therefore entire industry of IT typically operates at seven to eight weeks of inventory cycles on an average, depending on the manufacturing of Make in India and availability locally. There is a potential that this will go down, because then the end devices will be available locally, where this transit time will reduce drastically, but it is too soon to predict or make any comments regarding reduction on inventory cycles going forward.

**Manoj Jethwa:** And one last question from my side, any guidance for improving the margin pertaining to EBITDA and PAT levels?

**Himanshu Shah:** So as I mentioned the operations and the economies of scale comes into picture as the top line grows and as the bulk deals are executed, they have a lesser operational cost comparatively. So those are the obvious things which comes into picture with the growth, apart from that if you see the margins delivered are well within the range of applicable standards to the industry. And since this industry is very matured, the industry of very maturely defined margins, too much of variation, there is no scope of too much of variation in that.

**Moderator:** Thank you. The next question is from the line of Jatin Grover from Grover Capital. Please go ahead.

**Jatin Grover:** Sir, I wanted to ask regarding the distributor product, do you distribute mobile phones as well?

**Rajesh Goenka:** We are distributor of ICT, IT.

**Jatin Grover:** If you distribute this then you don't distribute mobile phones?

**Rajesh Goenka:** We don't do much, if at all then we execute some but our main business is of IT products.

**Moderator:** Thank you. The next question is from the line of Shreyash Kundel, an Individual Investor. Please go ahead.

**Shreyash Kundel:** Sir, I have a question which you may have answered that, some recent events of Reliance and NVIDIA, do you think Rashi will play as a mediator between the two in the coming future for AI and data centers?

**Rajesh Goenka:** Reliance and NVIDIA are too bigger company to play any mediating role. But the only thing I can refer is Rashi Peripherals is their distributor, and Reliance is our customer, or we are one of their suppliers. The only thing I can mention at this platform.

**Kapal Pansari:** To add to what Rajesh Goenka mention, being distributor at the operating level, we do lot of ground work in terms of helping do operational challenges between the two companies. So mediator may not be the right word, but operationally we are well interest between the two companies, especially from a supply chain point of view.

**Shreyash Kundel:** Okay, thank you sir. Another question I would like to ask is, this year earlier you launched a TV product for sales, has it taken any traction in the market?

**Rajesh Goenka:** Okay, large format displays that you can see at the airport. Yes, so that business is doing well, the major consumption is happening either in infrastructure projects or education projects. Because of these our general election, those projects had slowed down, but they have started picking up and as I mentioned earlier in Aejas question, where this Tamil Nadu education project we are executing. So the start has been slow, but it is now picking up pretty well, and we are pretty optimistic on its growth.

**Moderator:** Thank you. The next question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.

**Aejas Lakhani:** Rajesh, Himanshu, I wanted to understand that the debt utilization has gone up, and so has the inventory days. So is it on account of some of the projects that are due for execution and its a quarter end phenomena, and will we see that receding as we go back to the end of the year?

**Himanshu Shah:** So see the thing is, normally during festival days if you see historically our working capital requirement goes up, and then gradually by March it normalizes again. So the marginal increase in debt at 800 crores level is the result of the festival volumes only, which will get normalized as we approach to the financial year end.

**Aejas Lakhani:** Okay, got it and in this quarter typically, LFR and online is the strong channel for us, right?

**Rajesh Goenka:** Online channel, July, August, September is our, September month is the highest month of the year as far as online is concerned.

**Aejas Lakhani:** Followed by LFR is that a fair understanding?

**Rajesh Goenka:** LFR is more or less consistent throughout the year, but yes September and even October, LFR is higher. But the contribution of LFR is about 7% on our business, so it does not impact too much on the overall top line and bottom line.

**Aejas Lakhani:** Okay, got it. The other query I had was that, basically with 2nd Quarter is probably our strongest quarter, and third quarter is slightly more weakish, and then again we have a good, strong fourth quarter from a seasonality perspective, is that understanding correct?

**Rajesh Goenka:** Absolutely, as I always say that Q2 and Q4 they always have a competition with each other, because Q2 is a consumer quarter and Q4 is more commercial quarter. So in some years Q2 is the highest of the year, sometimes it is Q4 as the highest. So September and March again, our consumer and commercial quarters respectively. So O&D, unfortunately gets sandwiched between these two quarters, and normally it is the lowest quarter of the year.

**Aejas Lakhani:** Got it. The other one was, could you just call out from a run rate perspective how you expect the enterprise business to shape up in FY25 and what was the corresponding revenue number in 24?

**Rajesh Goenka:** We are well on our plan. We are having high double digit growth on the enterprise business, even if I keep aside our big project business, because that's also part of enterprise. But if I even I keep it aside, our overall enterprise business is growing at a very high, as a substantial higher double digit and in-line with our plan.

**Aejas Lakhani:** Okay. So you are saying x of LNDC, its growing higher double digit?

**Rajesh Goenka:** Yes, and in line with our plan.

**Aejas Lakhani:** Got it. And sir, I just wanted to understand that, see if you are talking in your opening comments, you spoke of a large demand of AI plus computing. So, I just want to texturize this a little better for my understanding, it's only NVIDIA that has the chips, and they can choose a partner, such as ASUS, HP, Lenovo, et cetera. And ASUS of course is our, we are an exclusive partner for ASUS. So is this understanding firstly correct that NVIDIA has the chips and they can partner with the Lenovo, HP or Samsung or ASUS?

**Rajesh Goenka:** So in AI, to my limited understanding there are two parts. One is consumer, and second is commercial. When we talk of consumer, then the biggest chunk is the laptops. When we talk of commercial, then it is all AI, data centers, predominantly so as an example, laptop and data center, consumer, commercial for sake of simplicity. AI laptops, there are different processors and different GPUs so it's not just one company, there are two, three companies who compete

with each other. As far as the commercial part, AI data center, again there are multiple companies, but needless to say that NVIDIA is by far the largest among them.

**Aejas Lakhani:** Okay. And when the data centers are, NVIDIA chips go in, they can choose a partner of their choice of their liking, so ASUS can append them or view the NVIDIA chips and make the hardware required for the data center. Similarly, Lenovo can do it, and similarly an HP can do it. Is that correct?

**Rajesh Goenka:** Yes, so what happens is the NVIDIA chips, they eventually go into a server, and that server, there are multiple manufacturers. So that's the reason, when say for example, 10 projects are going on, we don't say that we will win all of them. We say we have some probability of winning some projects. There are multiple manufacturers, and these chips can go in any of those servers. So as far as Rashi is concerned, we are the distribution partner for ASUS, we are the distribution partner for Super micro and Lenovo.

**Aejas Lakhani:** Okay, sir. And sir just could you also talk about, how the semiconductor business is shaping up and how the embedded lab is also functioning?

**Rajesh Goenka:** Yes, so our embedded lab has given us good advantage, so much so that last one and a half months we participated in the largest embedded exhibition in greater Noida, where we could display six live demos, which was widely acknowledged by all the visitors, the press and the tech geeks and all this we could do because we had our lab, where we had tested those things. Overall, from business perspective, we are again on a positive growth and in-line with the plan. However, the only little slowness that we are seeing is in the automobile market, in the embedded segment, one of the major vertical for us is automobile which, as we all know is showing some slowness. So there the order intakes have slowed down, but then we are trying to cover with other vertical businesses and maintain our planned number. So, so far in nutshell we are on track as far as our plan is concerned, and despite slowness in automobile business, we think that we should be able to be at our number by the end of the year.

**Moderator:** Thank you. The next follow up question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Sir, what was the interest cost reduction that we were speaking about, in percentage term or the cost of debt terms?

**Himanshu Shah:** So Madhur there is no relation in rate, it is the impact of the IPO money we raised and we repaid the loan, so that's replacing the interest bearing debt, and the reduction is to debt.

**Madhur Rathi:** Okay, understood. So there is no chance for a further working capital or a CC reduction by some basis points, right or there is?

**Himanshu Shah:** So, this interest rate reduction comes normally with credit rating announcement, which we continuously work upon, so that we can achieve those.

**Madhur Rathi:** Okay, understood. Sir this is the final question, on the margin front I understand that as a distribution business this 2.5% to 3% is the max that here and there it would go. So can we expect someone margin improvement from other things like licensing, or some other licensing, like licensing one of the competitors does provide some value added services like another competitor does, or like cloud migration, is there some kind of these where we can improve our margin for overall business?

**Rajesh Goenka:** So, we have noted your suggestion. Currently, we are not into that, maybe we will explore this feasibility.

**Moderator:** Thank you. The next question is from the line of Sana an Individual Investor. Please go ahead.

**Sana:** I just wanted to understand like we have 67 warehouses in total. Do we own all this, or are they on lease, and also wanted to understand if there is any automation involved in maintaining these warehouses, and what is the average size of our warehouse?

**Kapal Pansari:** So, all these warehouses are not owned they are all on leased or on rentals or long term lease. So there will only operational cost that of rentals that comes on our books. We do not own them, there's no asset on the books. All these 67 warehouses are connected with our ERP system called SAP, and they are live. So each and every inventory, by SKU, by location, we are aware of what is lying and where it is lying. Your last question point was on, what was the third question?

**Sana:** What is the average size of a warehouse?

**Kapal Pansari:** See, our average size of warehouses varies from geography to geography. Our mother warehouse, which is outside of Mumbai, is almost one and a half lakh square feet. And in a small town like Agartala, the warehouse size would be as small as about 1500 square feet. So depending on the volume and capacity of the geography, we have warehouses varying to cater to the demand and the inventory carrying facility that we need.

**Sana:** Okay. And sir one more question, I just wanted to understand, are we planning to enter any new product segment?

**Rajesh Goenka:** So this is our regular progressing. So last one or two quarters, we have announced that we have got into visual display business. We have got into embedded business, we are aspiring to enhance our lifestyle portfolio. So its work in progress, and it will be shared and announced as and when we start.

**Moderator:** Thank you. The next question is from the line of Shreyash Kundel, an Individual Investor. Please go ahead.

**Shreyash Kundel:** Sir, are there any time limited contracts with NVIDIA, Lenovo, ASUS?

**Rajesh Goenka:** Are we?

**Shreyash Kundel:** Are there any time limited contracts with NVIDIA, Lenovo or ASUS?

**Rajesh Goenka:** So we have annual, biannual distribution contracts with all the vendors, and they are normally auto renewal.

**Moderator:** Thank you. Ladies and gentlemen, we will take this as the last question. I now hand the conference over to Mr. Kapal Pansari for closing comments.

**Kapal Pansari:** Thank you all the shareholders, our participants in the call for raising your queries, raising your questions about the company. We thank all of you, and we wish you all a very, very Happy Diwali. We hope to continue our effort and drive towards the business objective of growth. It has been a wonderful two quarters, and we look forward to celebrating this Diwali in a very successful and hopeful manner. Thank you so much for participating in the earning call of quarter ended Q2, 2025.

**Rajesh Goenka:** Thank you so much.

**Moderator:** Thank you. On behalf of Rashi Peripherals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.