Rashi Peripherals Limited

May 30, 2024

To,

Listing Operation Department BSE Limited Phiroze Jeejecbhoy Towers Dalal Street, Mumbai- 400 001	**Listing Compliance Department** The National Stock Exchange of India Limited (NSE) 05th 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 24th May, 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 Friday, 24th May, 2024 at 6:00 p.m. (IST); for the Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2024.

The transcript has been uploaded on the website of the Company at www.rptechindia.com/investor

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

Thankyou.

Your faithfully,
For **RASHI PERIPHERALS LIMITED**

HINAL TEJAS SHAH

Digitally signed by HINAL TEJAS SHAH
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Hinal Shah
Company Secretary
& Compliance Officer

Encl.: As above

Rashi Peripherals Limited

Quarter-4 FY-2024

24 May, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY24 Conference Call of Rashi Peripherals Limited. As a reminder, all participants 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 touch tone phone. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. The statements are not the guarantee of future performance and on worries and uncertainties that are difficult to predict and I'll hand the conference over to Mr. Kapal Pansari - Managing Director of Rashi Peripherals Limited. Thank you and over to you Sir.

Kapal Pansari: Hello. Good evening and welcome Rashi family members to this Q4 2024 and FY 2024 earnings call. Thank you for attending this and we are excited to present our performance for the year 2023-2024.

Let me start by sharing that Rashi Peripherals Limited continues to be a leading and fastest growing national distribution partner for global technology brands in India. Rashi peripherals offers an end-to-end service such as pre sales solution, technical support, marketing services, credit solutions and warranty management services across the country. Rashi has been instrumental in facilitating a number of global technology brands. And we are one of the players that led the formalization of the fragmented and unorganized ITC product distribution in the country. Rashi peripherals has one of the widest and largest product distribution networks in the country with 51 branch offices and 63 warehouses, we reached more than 700 towns of the country, servicing more than 9900 channel partners. Our team of 549 sales team enabled more than 16,000 SKUs delivering 379 million units distributed in FY24.

Let me share some accolades that we've achieved in this financial year. Among the top, we would like to share that we received Top Value-Added Distributor of the year 2023 award by NVIDIA at GTC in San Jose, US. Another outstanding award was from Intel Corporation for Outstanding Growth Distributor for Data Center and AI Group award. TP link awarded Rashi peripherals as most significant contributor to growth in FY23. Apart from this B2B media of IT industry, Digital Terminals, Var India and NCN also awarded Rashi Peripherals as best distributor award for last year. Hulladek honors of 2024 awarded as raising the bar award for the initiatives and in the e-waste collections that we have done in the year.

To begin, Rashi Peripherals has grown in Q4 2023-2024 in revenue by 33% and in FY24 grew overall by 17.3%. It continues to deliver a significant growing number in the industry.
To give you a background about the PC industry in the country, India market in 2023, de-grew by about 6 to 7%. Another important factor within this PC industry while the overall there has been a de-growth, desktop market continue to grow post COVID after the work from home and learn from home with schools and offices opening up the refresh of desktop PCs has been higher. This drives overall market with 75% contributed by notebooks and 25% by desktops.

Consumer notebook market also had witnessed 3 consecutive growth quarters year over year which shows a recovery sign for PC industry post Covid's downfall that had happened after offices and schools started opening up again. I hand over to Rajesh Goenka - CEO of Rashi Peripherals, to discuss about the highlights and initiatives at Rashi Peripherals.

Rajesh Goenka: Thank you Kapal. Continuing at what Kapal shared, I repeat that Q4 to Q4, we grew at 32.9% and FY23 versus 24, we grew a consistent of 17.35. This is in line with our plan and as always, I tell this event to my team what we promis we must deliver so what we promised is what we delivered. Another highlight is that currently Rashi peripherals, we have 60 brands distribution portfolio, a basket of 60 brands, some of the new brands that we have added in the last one year noticeable are ViewSonic, Alcatel-Lucent, Numeric, Afox, JBL business expansion, Philips expansion and American Megatrends. So, these are the some brands that we have added in last one year resulting in total portfolio of 60 brands.

We've also added in the last year TP-link surveillance business, which is a new product line. Rashi Peripherals was never there in the surveillance industry, which you know, the surveillance market is increasing by leaps and bounds so we have entered this market via our existing relationship of TP-link networking devices. Another very noticeable and moment of pride was our win, our largest ever single order worth 1510 crores, which we won from NMDC Data Center Private Limited, which is also popularly called as Yotta. This is the India's first and largest artificial intelligence cloud data center. This order we won in the last financial year, but the execution is happening in the current financial year and very soon we will see the light and the data center operation.

And last but not the least, we continue to be environmental friendly so all our 50 branches are e-waste collection center and therefore we have collected substantial amount of e-waste which we eventually send for recycling. So, I think these were some of the highlights of FY24.

Now coming to plan for FY24-25, some of the initiatives that we have taken, I would like to highlight in this forum the top five, the 1st is we continue to expand our value addition in the embedded space. Embedded space is also called as semiconductor business which is very unique business to Rashi Peripherals where we have a separate team and vertical and what we have done, we are doing this year is very unique thing is we are setting up our own laboratory for embedded business where we can live demo the products and solutions so this embedded lab, the first ever in India will be set up in Bangalore.

2nd, we have initiated our separate vertical which we call it as LOEM Make in India vertical. As you know in India, Make in India is on full fledge more and more manufacturing of PC and PC related equipment's are being done in India. That means the demand or consumption also, is going to be there in India, so we want to focus it separately as a vertical. So that's one new vertical that we are setting up in this year.

The third vertical we want to set up is the visual display. As you know visual size, the screen size, the sharpness is increasing day by day. Our yes, few years back we were just using a 16-inch monitor. Now we are using a 22- or 27-inch monitor. On the highways we see display airports, we see large displays. That business is pretty big and that is why we have we've got into a separate vertical for visual display business and currently we already have LG, ViewSonic and some other brands where we have already started the business.

Last but not the least, Rashi peripherals continues to penetrate deeper into the country and we currently are more than 700 towns already covered. We will continue to expand and as a part of this initiative to further get it deeper into the country beyond 700 towns beyond 9500 customers and get new products to our potential customers, we are organizing a seminar come training program in 51 to 100th town of India. So, we are excluding the top 50 towns of India and we are going to have roadshows starting from 51 to 100 towns of India and all these initiatives that I mentioned cannot be measured and cannot be effectively implemented, unless we have a very strong digital base within the organization so while we run on SAP HANA but now this year we are going to empower all our 450 salespeople by CRM, which is also provided by SAP. So, all our sales people on their palm or on their smartphone will have all the data information, visit tracking live. So, these are the 4-5 quick things on top of the priority that we are launching in the current financial year, which will enable to sustain and maintain our growth momentum. With this background, I transfer the call to Himanshu Shah who is our CFO for financial.

Himanshu Shah: Good evening, investor, family members and friends. This is CFO from Rashi peripherals, Himanshu Shah. I would like to take you through the financial highlights as already mentioned by Kapal ji - Managing Director, I would like to mention that revenue for financial year 23-24. Financials grew by 17.35%. EBITDA grew by 18.71% and PAT has grown by 16.8%. Very importantly, working capital days for our business, they have remained in the same range of 54 days around and we have been able to maintain ROCE of 13.39% as against the last year's ROCE of 14.21 %. And ROE, because of this equity raise at the end of the financial year has been at 12.79%.

This is on consolidated basis and EPS which is again important element of our P&L statement has grown by 5-6% on the increased equity basis. With this, I would like to hand over to Kapal Pansari ji for closing remarks before we move on to Question and answer.

Kapal Pansari: Thank you, Himanshu. While Himanshu has highlighted our FY numbers, I also would like to highlight our Q4 financial numbers that has grown by 33% on quarter four to quarter four. EBITDA countries to grow similarly at about 28.8 percent and PAT has grown by 96.9%. There is an exceptional item even if we consider without the exceptional items, the PAT has grown by 41% in the quarter four year over year. The way to look at this market is that one last year, despite the Growth, Rashi Peripherals continued to grow and strengthen its position in the IT space.

Both the initiatives that Rajesh mentioned that Make in India, the opportunities that it will present, embedded focus will pivot Rashi peripherals into new verticals and new approach towards business segments. Apart from this, in 2024 all the OEMs will have a range and host of products which will enable AI based computation and devices. That will also drive higher ASP and growth for the overall PC industry. Microsoft has announced Copilot plus PCs which will be equipped and capable to independently execute complex AI algorithms. While these two things happen, there will be a transformation in the way PCs were sold and PCs have will be used in the coming times. Not only in 2024, even in 2025, it is expected that Windows refresh will happen there by commercial segment going for higher refresh cycle to keep up with the technology adoption.

All these factors will result in higher growth opportunities for us and for the distribution industry for the PC market. This will also include or it will evolve various different GTM strategies to cater to such demand, to cater to such customers looking for higher productivity out of PC investments. We are constantly working to better our working capital cycles and improve economies of scale to be efficiently capture the growth segment. The only thing that we are very consciously working on is on our inventory cycles though the inventory cycles have remained at the constant level, we believe that they are on the higher side and there is further scope to improve.

However, on a running model in Q4, we've seen a correction of inventory days by 5% on a year-to-year basis. Last but not the least, our credit rating in the month of March from Crisil improved from A to A+ with a positive outlook. Based on our FY numbers, we hope that Crisil will further evaluate us to improve this further. This will help our overall cost of finance to optimize and improve in this FY24-25. Thank you everyone. We can open the forum for more questions answered from our family members.

Moderator: The first question is from the line of Aditya Bansal from the Family Office. Please go ahead. Mr. Aditya, your line has been unmuted. Please go ahead with your question.

Aditya Bansal: Mr. Pansari, my question is to you. Any sales guidance, do you have for financial year 25? And what is your horizon operating profit? Currently your operating profit margin is around 2 to 3%. So, do you envisage to increase your operating profit margin anyhow, because this is something which is a bit low, so do you have any plans, any plans as in private labels or something where you can increase your profit margins?

Kapal Pansari: So, Aditya, our operating profits that is in line with our overall and generalized operating structure. Distribution industry is quite mature and is governed in certain margin range and we continue to operate within them. There is a scope to improve this from the point of view of inventory and working capital cycles, which will give us higher efficiency resulting in better ROE and ROCE.

Aditya Bansal: Any chance of starting with any private labels or something which will boost up the operating profit margins?

Kapal Pansari: Yeah. So currently as of today, with the existing business products portfolio that we have, we already have good growth, sustained growth so we do not have any plans of private label as on today.

Aditya Bansal: And any forward sales guidance we have for FY25?

Himanshu Shah: Our long term CAGR has been 20% in the past and we continue to grow by double digit as promised. We continue to deliver that which has been delivered in 24 also.

Aditya Bansal: OK, that would be all. Thank you.

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

Aejas Lakhani: Yeah. Hi, team. Congratulations on the numbers. Could you just quantify firstly Kapal that what led to this significant growth in you know in in revenues this quarter? And a follow-on question to that is, OpEx is also slightly on the higher side. So, could you comment a little bit on that and the tax rate is on the slightly lower side so, if you could comment on these three.

Kapal Pansari: Yeah. So, I'll first cover the business side. So, to answer your question on the growth, Q4 to Q4, the growth looks very high because last year, Q4 business was down whereas this Q4 the business is normalized. So that is why you can see there is a major growth, but what is important to note is that while the entire PC Tam of PC industry , de-grew last year by 6.6% but Rashi Peripherals overall has grown by 17%. So that also means that we have added new brands and products, new verticals and we have gained some share.

Himanshu Shah: On your point that our OpEx has grown is because there is a provision on, so reduction in tax rate, what you asked it's impact of DTA provision created on the share issue expenses which are allowable over a period of five years. So, this is first year we have been able to claim 20% of that. On OpEx front, I would say that our interest cost only has gone up in terms of employee cost percentages to revenue has been improved so is the other miscellaneous expenses. So only the interest cost which has gone by more than 23% is something which is getting reflected in the results.

Aejas Lakhani: Got it. Sir, I was referring to the other expenses which have gone up to 45 crores versus 36 crores last quarter. So that was one. And also, could you also explain what is the exceptional income that you have had it denotes to account stated that there is a business agreement for that you have entered into for the sale. So, could you just explain that bit a little more?

Himanshu Shah: Yeah. So, the exceptional item, let me explain first. It is a non-compete agreement you know to give up on business and not to compete in future by one of subsidiary, it is insignificant subsidiary constituting only 0.5% of our total revenue. They have entered into a non-compete agreement not to you know pursue a particular business and they have got a non-compete fee for that to tune of the number mentioned in the P&L exception item since this is of non-repetitive nature, we have classified it as exception item. And accordingly, is getting reflected in our consolidated financials.

Aejas Lakhani: Got it and Sir, could you comment on that other expenses which has gone up to 45 versus 36 last QoQ?

Kapal Pansari: Yeah. Other expenses on year-on-year basis.

Aejas Lakhani: No, Sir. I'm talking quarter on quarter basis, the increase.

Himanshu Shah: Quarter on quarter basis increases the major increase, the biggest increase I would like to attribute to advertisement expenses which has gone up in this quarter wherein you know the campaigns, the quantum of campaigns executed were more than as compared to the previous quarter. Secondly, if you see Forex. So secondly, the Forex quarter 4 of 22-23, we had a Forex gain and quarter 4 of 23-24 there is a Forex loss.

Aejas Lakhani: Got it, Sir. That's fine. Kapal, could you just call out or Rajesh ji, if you could call out how the enterprise segment is doing for us, what is the revenue that we've achieved in this year and also how is the semiconductor vertical doing for us. What is the revenue? How are you thinking about growth in enterprise and semiconductors?

Kapal Pansari: Yeah, very good question. And that's my favorite topic. So, enterprise business which is semi matured since we are doing this business for last four years, so last year we had approximately 70% growth only in the enterprise business and in the coming year, we continue to maintain that momentum. On the embedded business which is our newer baby, we are just setting up the base and of course, we have a very small base right now but even in terms of size, we had almost 92% growth on a YoY basis But these both the businesses the base we think is still small. So, the growth percentage will continue to be very high in near future.

Aejas Lakhani: Got it. You know, I want to understand that you know you are, you've spoken about deepening the market which is going from town no. 51 to 100, so that's wonderful to hear. Could you comment a little bit more about, you know, what will be the cost associated with this strategy? Is it going to be, I mean, what's the game plan or you know plan of action here? Is it that you're going to find distributors in 51 to 100 or you're going to create them, how are you going to sort of expand that pool?

Kapal Pansari: Yeah, so basically, Rashi Peripheral's DNA is non metro cities while we are very strong in Metro cities but non-metro continues to play a bigger role for us and I want to reclarify that Rashi peripherals today has 51 city presence in India and from these 51 city branches we are covering 700 plus towns on direct billing. So, when I mentioned the roadshow seminar and training program that we are going to do is from 51 to 100 cities basically the objective is to retrain the 51 to 700 towns where we are already supplying, but to go beyond 700 towns and these smaller towns with due respects to them, the growth percentage is very high and the cost of doing a training program is relatively far lower. You can imagine a simple hotel cost in Mumbai versus a hotel cost in say, Agartala or any other small town of India. So cost is not very high. It is only the effort and more importantly these 51 to 100 towns that we have chosen, Rashi Peripherals we do not have our own infrastructure of branches.

Aejas Lakhani: Got it. So, Sir, is it going to be again, you know, you're going to try and educate the distributor there or a dealer there and that's how the market formation will take place in these cities, right?

Kapal Pansari: Absolutely. So, what happens in smaller towns and cities typically, these are retailers-cum-dealers. It's a very flat structure. So, there are only one set of dealers and retailers and then there are some exclusive brand stores. So, we get them on all of them on board and we educate them to upsell, one and 2nd, currently they may be doing two or three products or brands. We train them to do multiple products and brands so that the stickiness of their customer is higher and that's our endeavor.

Aejas Lakhani: Got it. So, could you speak about the large 1500 crore order on the data centers that you have won? What is it that you will be doing here, anything on the margins, ROCEs you know, do you expect? How come you have won this order, it didn't go to other distributors, a little more color on the same.

Kapal Pansari: Yeah. So, as you all know that the Government of India has mandated now data localization, right so as part of this initiative, there are a lot of data centers coming up in India in collaboration of various vendors and even in collaboration with NVIDIA. So, this is India's first and largest AI cloud data center that is coming up. And since we have been working with Asus since last 25 years and since we have been working with NVIDIA for many many years our products and solutions were optimum and we could win the deal against very stiff competition. So, this basically the servers are going to be manufactured and supplied by Asus which will have 70% plus component supplied by NVIDIA GPUs. And as far as margins are concerned, in large projects, obviously margins are always constrained so I would only say at this stage that the margin for large projects will be normalized.

Aejas Lakhani: Got it. Sir, you mentioned that you know, you looked at the surveillance you you've tied up with TP links for surveillance and that was a pocket that you were missing as well as visual displays. Could these be like significant growth areas for us, again, smaller babies that you can sort of go faster. Are these meaningful opportunities?

Kapal Pansari: So, to understand the market for first and foremost, surveillance market is few thousand crores market already in India, one and this market is rapidly growing. Needless to say, that surveillance is required now even at our homes to or SMB or Soho or enterprise or even in the city. So, this market, one is the size existing is already big and it is ever expanding. Similarly for visual also the market size has is just, I would say again in 3 digit more than thousand crores. But then this also is exploding. You see in Mumbai the entire highway flooded with digital signage, airports, all are automobiles everywhere. So, both these markets one they already have a meaningful size, but more importantly, the growth of this market is going to be expansion in coming years and that's where our focus is.

Aejas Lakhani: Got it, Sir and Sir, could you just give that in this year, what was the cut between PES and LIT? And from a revenue share perspective?

Kapal Pansari: Yeah. Good question. Just give me a minute. Its 47 percent is LIT and 53 percent is PES.

Aejas Lakhani: And so, what was the same in FY23 if you can quantify, please?

Kapal Pansari: Currently I don't have that exact data.

Aejas Lakhani: No problem, Sir. All right, Sir. Thank you so much. And wish you and the team the best.

Moderator: The next question is from the line of Drashti Shah from Think wise wealth. Please go ahead.

Drashti Shah: Hello, Sir. Thank you for the opportunity. Sir, our gross margins have declined quarter on quarter and also year on year our gross margins have come off. So, if you could help us like what's happening over there and is it to do with the mix change or is there anything else that we should read into? Thanks.

Himanshu Shah: So, our gross margins have come down from 5.7 to 5.35%. It's a combination of product mix and the, you know, sales cycles and product mix so the range normally what we give and the margins are in that range only this movement is, you know, most obvious when the mix shifts a little bit here or there.

Drashti Shah: And Sir, should we expect this to go further down next year because the data center revenue would kick in? How should we think about it going forward?

Himanshu Shah: Normally we give an outlook of around 5% margins, which prevails in the industry, which is a standardized matured industry and even the associated risks are well fine defined.

Kapal Pansari: So, Drashti, on the large deals like these data centers, there could be some variations happening on the gross margins' perspective. However, this is a factor, these transactions are a factor of both credit that we receive from our principal, the credit that we give to our customer and the inventory holding cycle. The way this will work is that there will be in such orders, we do not hold inventory on our books. So usually, it is a working capital cycle where there is only debtors and creditors are involved, thereby overall calculation perspective it is an effect on ROCE rather than on any effect on the gross margins or EBITDA margins. So, the right way will not give you the right picture. The growing margins are declining margins and impact on the business, but from a ROCE & ROE perspective, it will sustain and grow.

Drashti Shah: Understood Sir. And Sir, the entire data center revenue execution in the next year or it will spill over two years?

Kapal Pansari: So, this current order that I have mentioned will get executed within this FY25.

Drashti Shah: Understood, Sir. Thank you so much. That's all from me.

Moderator: The next question is from the line of Avi Agarwal from Arihant Capital Markets Limited. Please go ahead.

Avi Agarwal: Hi, thanks for taking my question. So, I wanted to ask, I was trying to calculate the EBITDA and as for my calculation, the EBITDA was coming around 670 million and even if I take the EBITDA margin of 2.4% on the revenue, it comes to around 720 million. So, I wanted to know if I was missing something.

Himanshu Shah: We're talking about quarter?

Avi Agarwal: Yeah. The quarter EBITDA, the consolidated quarter EBITDA. My calculation it comes to 670 million and even if I take your EBITDA margin on the operating revenue, it comes to 720 million. So, am I missing something or?

Himanshu Shah: Actually, we analyze EBITDA on an annualized basis, which is which gives more meaningful trends and results. However, the quarter four 23 like it is 649 versus 837 for the quarter, which is 28% up.

Avi Agarwal: No agreed Sir, agreed. But I was unable to get to the 837 number. As per my calculation, it is 679.81 million and even if I take your EBITDA margin on the operating revenue, it comes to 720 million.

Himanshu Shah: Can we take these calculations offline? Because I need to get it how what you are adding and what we are calculating. We need to reconcile. So, can we take it offline?

Avi Agarwal: OK, Sir. No issues. Thanks a lot. I'll get in touch with you.

Moderator: The next follow up question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.

Aejas Lakhani: Yeah, Himanshu ji, I just want to ask you one follow up. There is the cash sitting on the books is about 145 crores and the total debt outstanding is 686 so I wanted to just understand, I mean why we not use the cash to power down debt so that we can re level up when the cycle allows us?

Himanshu Shah: So, like major part of this was the IPO money, which was lying in the IPO account, more than 50 crores. We received major collections in the last you know day of the month that also is getting reflected.

Aejas Lakhani: Got it, Sir. So, 75 crores from the IPO proceeds is still not been used to power down debt.

Himanshu Shah: 50 crores.

Aejas Lakhani: 50 crores OK. And the rest is something you received at your end?

Himanshu Shah: Yeah. Which was utilized on 1st of April.

Aejas Lakhani: OK. So, the debt would have come down even further, now.

Himanshu Shah: Yeah, yeah yeah.

Aejas Lakhani: OK, so what would be debt levels today?

Himanshu Shah: In the range of 600s.

Aejas Lakhani: Got it, Sir. OK. Thanks so much. Sir, do you see any increase in working capital or you know Kapal in the initial part of the call mentioned that there's scope for further reduction there. So, could you just speak a little bit about that?

Kapal Pansari: So Aejas, average inventory days for us are, Himanshu, what is the average inventory days that we are reporting?

Himanshu Shah: 54-55

Kapal Pansari: Right. So Aejas, this was a similar inventory levels that we had in, in the year of FY23. Usually, our average inventory cycle ranges between 45 to 50 days. We were hoping that this comes down further, but it has not come down and we are consciously working towards how do we bring this down. Now the working that we do, it is a combination of our expected growth in the coming quarter and annual year because of which our buyings are higher. Therefore, the levels of inventory remained higher. Now ideally this should remain between 45 to 50 days. So, we are hoping that this will come down, but it is a time and growth all this function put together it is some, it is a mystery that what we will end up with.

Aejas Lakhani: Got it. Got it. So, there is scope to, you know better inventory turns and figure, OK and Kapal just one last thing is you did not address about 30-40 thousand crores of the hardware market which was these you know laptop solutions, enterprise software, you know, cybersecurity, etc. So, any, anything on this front, any new development on this front?

Kapal Pansari: So, I think it is the currently as I have shared in this current financial year, our focus is more on one is expanding our existing business, which includes embedded and enterprise and 2nd our new initiatives of visual display and LOEM. We hear we hear your feedback and that is there at the back of mind. But at the same time, you must appreciate that we cannot do everything at one time. We'll have to strategically plan.

Aejas Lakhani: Absolutely all the best, Sir. Thanks so. Much thank you.

Moderator: The next question is from the line of Nehal Gupta, an individual investor. Please go ahead.

Nehal Gupta: Hi, Sir. Good evening. Congratulations on good set of numbers. So, I just have a question on the financial performance like in the sense like how do you plan to you know, even it out in, in, in short term financial performance compared it with the long-term strategic goals or whatever future goals that we have, how do we play in tandem in terms of financials.

Kapal Pansari: Sorry, but could you be more specific in your question?

Nehal Gupta: Here, alright, in the context of market volatility and economic uncertainties, as per our future plans, how do we plan to balance short term financial performance with long term strategic goals?

Kapal Pansari: So, I would like to answer in in the form that the opportunities that are present to us. Last year, despite the market de-growth, Rashi Peripherals continued to grow at a healthy higher double, higher double-digit number at about 17.3%. With the IPO, with the public listing the capital that we raised for about 750 crores, 700 crores incremental capacity has been created. Most of this has gone into a working capital cycle purposes. Thereby our debt equity ratio falling from 1.5 times to 0.44 times. Assuming that there is a, there is a one to one and healthy ratio of debt equity ratio, we have a further capacity of about 700 to 800 crores to infuse in terms of revenue cycles. With our working capital cycles pegged at are about 54 days to 55 days, that means we can do about 6 to 7 cycles in the year. With this 700 to 800 if you multiply by six to seven times, that's about incrementally 4000 to 5000 crores of revenue immediate opportunity of growth. So, from a short-term perspective, the cash flows are adequate to cater to the higher growth trajectory that we have an opportunity. The 2nd way to look at it is that look at the size of the IT industry in the distribution space. The industry is around 1,00,000 to 1.2 lakh crores based on various media reports that you will look at and we are just about 10-11 thousand crores of revenue in that we have achieved in FY24 that means we have about 9 to 10-11% of market share. So even if the market continues to grow, which industry predicts will grow anywhere between higher single digit to lower double digit. We will try to grow faster than the market with the available cash flow, with the growth opportunity in the market, with the governments initiatives are digitizing across sectors. The startup ecosystem, or any new disruptive business cycles that are incubating are using some form of technology to adapt, to evolve. Therefore, the use of technology is going to be higher and higher in the coming times. Even in the education segment, the classrooms are becoming digital. The businesses are becoming digital. Therefore, digital absorption, cloud computing demand, data center demands, all fronts, there is ample and enough growth. Therefore, we have to be very picky, we have to be very strategic at opportunities that we garner to maintain this growth higher than the market growth.

Nehal Gupta: All right. All right, Sir. Thank you. Thank you for those insights. That is all from me and wish you the very best.

Moderator: The next question is from the line of Prateek Poddar from Bandhan Mutual Fund. Please go ahead.

Prateek Poddar: Yeah, Hi sir, just couple of questions. One is you talked about ASP increase with embedded and AI being the future, right, new products getting more of AI embedded products to the new products. The question was what kind of ASP increase did you see because of that from a on a like to like basis that's Question no. 1.

Kapal Pansari: Yeah. So, the on the ASP increase, the answer is very simple. As the economy increase as the affordability increases and more and more digitization happens, the demand for better performance, laptops, accessories keeps on increasing and more importantly now with laptops getting into the AI space, I think this year's double-digit percentage of laptops will be all AI enabled which automatically will result in demand for AI, laptops, desktops and related accessories. As a result, the ASP will increase. If you are asking me a specific question, what would be the percentage ASP increase. I cannot tell you but our gut feeling is that it should be high single digit ASP increase in the products on an average basis.

Prateek Poddar: And sir your margins on a percentage basis remains the same, right? Even on these new products which have a higher ASP?

Kapal Pansari: Yeah. Margin percentage remains same. You're right.

Prateek Poddar: OK. So, like to like basis your profitability on these new AI enabled products will increase right because it will set up, it will start replacing. I mean there will be a replacement demand which will come in which will get to place by these higher ASP products where you have a higher margin. That's a fair understanding, right?

Kapal Pansari: Yeah, correct.

Prateek Poddar: OK, got it. So, the second question is and maybe this is hypothetical. In case, let's say overnight the rupee depreciates by 10%, how should I think about your profitability in that case? Is it that the inventory which is sitting on the payables is there where you will take a Forex loss and the new pricing will get reset? How should I think about forex impact on your business?

Kapal Pansari: Yeah, so very good question. The way our business works is that we buy inventory on credit from all our suppliers. So usually what happens is that we have about 50-55 days of inventory, we get about 45 days of credit from all our suppliers on an open credit. So that means whatever we've imported at an exchange, we have a 45 days credit and window before they become due for payments. As the Forex continues to be volatile and hypothetically if this depreciates, Rupee depreciates significantly, the inventory gets repriced according to the current exchange fluctuation rate give you an example. Currently if the exchange is at 83.3, our exchange cost factor is higher than that. It is not very high. It is marginally higher. So, which covers the exchange risk. If the depreciation goes up, that means the value of our products accordingly correct apart from this.

Prateek Poddar: So basically, it's an offset, right? Maybe if the timing is right for the quarter, you are in there, but eventually it will offset each other.

Kapal Pansari: Correct the second option. The second thing that we also do is about 20 to 50% of our overall dollar exchange, we do forward booking as well from time to time which also gives us a natural hedging and safety towards the sudden rupee depreciation that could have come.

I would like to add a small thing to it. Technically this forex impact we have to show as per IndAS in other expenses category for accounting purposes. And the other part which Kapal ji you mentioned gets reflected in the revenue where we pass on the pricing impact.

Prateek Poddar: Yeah, that's correct. That's fairly understood. So last question on the data center path, I don't know, I got logged out. Did you talk about the opportunity side on the data center side for the next couple of years in terms of your addressable opportunity?

Kapal Pansari: Yeah. So, I said that the data center AI Cloud data center installations and implementation have just started, so Sky is the limit but it was this was the 1st order that was finalized in India and we won this. There are some more projects under discussion but it is too early to comment when and how and who will get this because there is equal competition across on these large projects.

Prateek Poddar: So, this competition is fragmented or is limited to 2-3 players?

Kapal Pansari: Yeah. So, it's the entire ICT industry if you really see it's not fragmented, there are maximum five to six players across all product categories. So similar is even in the data center space.

Prateek Poddar: Thank you so much and all the best.

Moderator: The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: Yeah. Congrats to the management team for the strong growth in the quarter. So, one question in the currency quarterly revenues, what part of the revenue was from this data center contract?

Kapal Pansari: Yeah. So currently data center revenue was negligible in the FY24, but as I mentioned earlier, we picked out the order last, but execution will happen in FY25.

Bhavin Chheda: So, this 1500 crore order which we mentioned in the presentation, nothing was booked in the quarter?

Kapal Pansari: No. The booking will be done in the current financial year, FY25.

Bhavin Chheda: There was nothing much in the Q4?

Kapal Pansari: No, not for the data center.

Bhavin Chheda: Ok ok. And what would be the capital expenditure plan for the 25?

Kapal Pansari: Sorry I didn't get the question.

Bhavin Chheda: How much will be normal capital expenditure in FY25?

Kapal Pansari: Your voice is not very clear. How much is capital expenditure in FY25, I think.

Himanshu Shah: Ours is not a capital interest. Ours is not a capital expenditure side. Buying some few leasehold developments, which may, you know, happen because of the volumes increase or something like that otherwise we don't see any much of capital investment.

Bhavin Chheda: OK. Thanks.

Moderator: Thank you, ladies and gentlemen, due to time constraints, that was the last question. And I'll hand the conference over to Mr. Kapal Pansari for closing comment.

Kapal Pansari: Dear Rashi family members, thank you for participating in our annual earnings call. We are very excited to begin this journey with all of you in FY2025 and we look forward to growing and participating and learning from all of you based on the questions that you asked and your guidance towards the growth. We are at a time in India where digital economy is scaling at an unprecedented rate. India is at the focal point for all our technology partners and are looking at India for the future of their growth as well. We are confident that the position that we are in, we will be able to grab higher growth than the market growth and thereby better productivity and delivering technology to the masses of the country. Thank you very 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. Thank you.