

**Company Name:** Rashi Peripherals Limited (RP Tech)

**Management Participants:**

Mr. Kapal Suresh Pansari - Managing Director

Mr. Rajesh Goenka - Director and CEO

Mr. Himanshu Kumar Shah - CFO

**11th Annual Valorem Conference Highlights:**

- The company serves as the first point of contact in the distribution and supply chain.
- The total addressable distribution market is estimated at approximately INR 1.2 lakh crore.
- There are no inventory shortages despite incremental demand driven by recent price hikes.
- The Middle East conflict has had minimal impact, as the supply chain remains secure with sourcing from China, Taiwan, and Malaysia.
- Component prices have increased by over 30% in the last three months, reflecting inflationary pressure in the ecosystem.
- The company has collaborated with Elmos Semiconductor SE to develop semiconductor chip designs for integration into Tata Nexon headlights.
- The company also supported the India launch of Oura Ring in March.
- The company hold exclusive product and regional distribution rights with Dell Technologies.
- New product additions involve minimal incremental selling costs, enhancing operating leverage.
- The company aims to sustain a CAGR of over 20% in the coming years.
- The PES segment remains a key focus area, where the company currently holds ~15% market share.
- The semiconductor business is expected to grow at a 40-50% annual rate, supported by a low base.
- Excluding the large deal with NMDC Data Center last year, revenue grew 43% year-on-year, indicating strong underlying momentum.
- Bad debt provisions stand at just 0.01%, reflecting superior recovery metrics compared to NBFCs.

**Key Questions & Answers discussed during the conference:**

- **What is the projected target for your annual growth rate, and how does this align with your expectations for market share in the LIT and PES segments?** We aim to achieve a growth rate of at least 20% CAGR. We expect the LIT segment to remain stable and retain the largest share of the market at over 60%, while we see the PES segment growing from its current 15% market share.

- **How much annual growth is the semiconductor business currently experiencing, and what is its current scale within the overall operations?** Our semiconductor segment is experiencing rapid growth of 40-50% annually. However, this business currently remains relatively small within our overall operations.
- **What are the growth expectations for our larger business bases, and how does the average selling price (ASP) impact the total price of PCs?** We are targeting 15-20% growth even across our larger business bases. As ASP increases, we see the total price of PCs rising by approximately 20%. While there could be some volume decline over the next few quarters, we expect this to be offset by price-led growth.
- **How have we performed in terms of growth when excluding the NMDC Data Centre project, and what are the primary sources of the consistent supply chain?** Excluding the NMDC project, we have grown by 43% YoY. We maintain a steady supply chain from China, Taiwan, and Malaysia, with no significant procurement challenges.
- **Which specific brands are currently leading in terms of growth speed, and what is the expected trend for overall volume growth in the near future?** We see Dell as the fastest-growing brand, followed by HP in second place and ASUS in third. Overall market volume growth is expected to remain relatively flat in the near term.
- **What is the growth capability without the need to raise further funds?** We are capable of scaling up to INR 35,000 crore in revenue without raising additional equity. We continue to use debt for working capital, as it remains the most cost-effective source of funding.
- **What specific new opportunities have we identified for future expansion?** We have identified AI and data centers as key growth opportunities, as nearly 10% of the total setup cost in these areas is attributed to hardware installation.
- **How much of the total market is currently serviced by the distribution ecosystem, and what is the competitive nature of the IT hardware landscape?** The distribution ecosystem caters to 80-90% of the market. The competitive landscape is primarily driven by brands rather than product-based competition.
- **What are the Gross margins for the Personal Enterprise Solutions (PES) and Logistics & IT (LIT) segments?** Our PES segment operates at Gross margin of 3.5-4.5%, while the LIT segment delivers higher margins in the range of 6.5-7.5%.
- **What is the approximate overlap in products and brands between you and your closest competitor, and how does this affect competition?** There is an approximate 20% overlap in products and brands between us and our closest competitor, indicating that most offerings remain differentiated.
- **How has the company benefited from currency depreciation, and what hedging policy do we use to mitigate forex risks?** We benefit from currency depreciation through a partially hedged strategy combined with a pass-through model, allowing us to effectively manage forex-related risks.
- **How does the company plan to utilize its cash flows?** We intend to drive organic growth by reinvesting our cash flows back into the business to support expansion, strengthen operations, and enhance long-term value creation.
- **What is the current trend in the laptop gaming segment?** The laptop gaming segment has grown significantly since COVID time period and now accounts for approximately 50-60% of the total market share of all laptops sold.

- **What has the company developed in the Centre of Excellence at Bengaluru?** In collaboration with Elmos, we have completed the prototype and chip design to be integrated within the Tata Motors Nexon headlight, marking our excellence in the semiconductor design arena.
- **What caused your inventory days to increase over the last quarter?** We include 10-20 days of transit time within our inventory days calculation. This reflects goods in transit that are already part of our working capital cycle, providing a more realistic view of inventory levels.
- **How do the refresh cycles of larger IT companies impact your business?** Larger IT companies have extended their hardware refresh cycles, which can moderate replacement demand in the short term and potentially impact inventory movement and sales velocity.
- **What is your current revenue performance in the Dell Commercial segment, and what exclusive rights do you hold with this brand?** We generated INR 100 crore in revenue in just one month from the Dell Commercial segment. We also benefit from exclusivity on certain AMD notebooks and laptops, along with select regional exclusivity.
- **How does an increase in Average Selling Price (ASP) impact ROCE?** As ASP increases, ROCE improves because operating costs do not rise at the same pace. This leads to better margin expansion and stronger capital efficiency.

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