November 13, 2026

To,

Listing Operation Department
BSE Limited
Phiroze Jeejebhoy Towers
Dalal Street, Mumbai- 400001

Scrip Code: **544119**

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 - 400051

Symbol: **RPTECH**

Sub.: Transcript of Analysts/ Investor Earnings Call held on Friday, November 6, 2026

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 Earnings Call held on Friday, November 6, 2026 at 10:00 a.m. (IST) for the Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended September 30, 2026.

The above announcement is also being made available on the website of the Company at https://rptechindia.com/investor#investor-corner.

You are requested to take the same on record.

Thank you.

FOR **RASHI PERIPHERALS LIMITED**

ARVIND BAJORIA

Arvind Bajoria
Company Secretary and Compliance Officer

Encl.: As above

“Rashi Peripherals Limited

Q2 FY27 Earnings Conference Call”

November 06, 2026

MANAGEMENT: **MR. KAPAL PANSARI – MANAGING DIRECTOR – RASHI PERIPHERALS LIMITED**
MR. RAJESH GOENKA – DIRECTOR AND CHIEF EXECUTIVE OFFICER – RASHI PERIPHERALS LIMITED
MR. HIMANSHU SHAH – CHIEF FINANCIAL OFFICER – RASHI PERIPHERALS LIMITED

MODERATOR: **MR. VINAY MENON – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Rashi Peripherals Q2 FY27 Conference Call hosted by Monarch Networth Capital 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Vinay Menon. Thank you, and over to you, sir.

Vinay Menon: Thank you. Good morning, everyone. Today on the call, we have Mr. Kapal Pansari, Managing Director and Promoter of the company; Mr. Rajesh Goenka, Director and CEO; and Mr. Himanshu Shah, CFO of the company.

I hand over the call to you, sir. Thank you.

Kapal Pansari: Hi. Good morning. Good morning, everyone, and welcome to Rashi Peripherals' Earnings Call for the Second Quarter and First Half of Financial Year 2026-'27. Thank you for joining us. I will cover 3 things this morning.

What we are seeing in the market, how we performed and most importantly, what kind of company we are building and why we believe it is different. In the first part of the market, India has held up better than most. IDC reported that India's PC market grew by about 12% in the April to June quarter, led by commercial, education and small business demand and also by premium and AI-capable notebooks.

We should be clear eyed though part of the strength reflects channel partner buying ahead of future price increase and higher prices are now affecting consumer affordability. We expect commercial and enterprise demand to be steadier part of the market in the second half, and we are managing inventory and credit accordingly.

The second part of our performance, on a consolidated basis, revenue for the second quarter grew by about 48.8% year-on-year with PAT and EBITDA margins more than doubled. For half year, revenue grew by 54.5% with EBITDA and PAT margin trends doubling. Our CFO will share more details in the later part of the call.

To put that in perspective, in the first 6 months, we have earned more than 80% of our profits we earned in the whole of last year. The quality of that profit matters as much as its size. Gross margins improved by close to 100 basis points in the quarter. So, the expansion is coming from mix and pricing discipline, not only operating leverage.

Annualized returns on capital employed and return on equity were both close to 23% for the quarter and highest since our listing. And working capital days also improved to 55 for the half from 61 a year ago. I also want to be direct about 2 numbers you will see in our balance sheet. Operating cash flows for the half was negative and debt to equity rose to 0.76 -- net debt to equity rose to 0.76x. Both reflect deliberate choice.

We built inventory to secure supply in a constrained market and to committed enterprise and AI projects. We also funded VDA acquisition through this route. Converting the cash inventory into cash in the second half is a priority, and we will report on our progress next quarter.

On the third piece, what makes Rashi different is now the question that I think most of long-term investors are interested. First, we are an Indian company by choice. All of our capital, management attention and network are focused on one market, the market with longest runway in technology adoption.

We carry no geopolitical drag from distant geographies and every rupee we invest goes where our customers are. Second, our profits grow faster than our revenue. This quarter, profit grew to roughly 2.5x the rate of revenue, and this is a trend, not a single quarter.

In a business often described as low margins, we have built margin profile that we believe is among the strongest in Indian technology distribution. The third part, we choose depth and breadth in tandem. We work with 89 global brands, each of whom we can be genuinely meaningful for.

Our branch head structure keeps decision close to the customer and our 57 branches, 50 service centers and 728 locations reach deep into Tier 2 and Tier 3 India, where penetration is lowest and growth is highest.

Fourth, we are building engineering capability, not only resale capacity. In semiconductors, our field application engineers work with manufacturers at the design stage, so the components we supply are designed into their products for the years. Our joint venture with Restar Corporation adds Japanese design expertise and a dedicated engineering team in India. That is a capability a few distributors have in India.

And the last, fifth, we are now one platform with 3 engines. We distribute through our core ITC business. We integrate through our VDA solutions in which we have acquired a 67% stake, bringing system integration, cybersecurity, cloud and managed services.

And we enable through our embedded and semiconductor business. Each engine draws on the same channel relationship and customer access, which means a larger share of each customer's technology spend at higher value without a proportionate increase in acquisition cost.

Lastly, our priorities for second half are clear: convert inventory to cash and bring working capital back towards our historical levels, integrate VDA carefully and retain its people and client, build the leadership and engineering team for semiconductor joint venture. This will keep growing our core faster than the market while protecting margin and credit quality. We remain cautious on consumer demand and disciplined on credit.

As a closing note, we will continue to give investors a clear and balanced view of both opportunity and challenges. With India's digital infrastructure expanding and demand for AI, cloud and semiconductor growing, we are focused on sustaining growth while improving the

quality and breadth of our earnings. Our aim is to build on this quarter's record performance and continue Rashi's evolution into a trusted integrated technology solution partner.

With this, I would like to hand it over to Mr. Rajesh Goenka, our CEO, who will take you through the key operational highlights for second quarter and first half of FY27. Thank you.

Rajesh Goenka: Thank you, Kapal. First of all, I would like to wish Dhanteras and Deepavali. Let me now get into the details. During the period under review, which is Q2 and H1, we continue to strengthen our core ICT distribution business while expanding our new growth engines.

Our focus remains on solution selling, deeper customer engagement and very importantly, increasing the wallet share across our 10,280 channel partner ecosystem, which is spread across 728 towns of India. We also continue our transition towards an integrated technology solutions provider, building across ICT distribution, managed services and embedded and semiconductor solutions.

We expanded our enterprise technology capabilities through the acquisition of VDA Infosolutions. VDA's expertise across enterprise IT, cloud infrastructure, cybersecurity, system integration and managed IT services will support our move towards higher-value solution-led offerings and create opportunities to deepen customer relationships.

We also formalized the joint venture with Japan-based Restar Corporation to establish a dedicated semiconductor and embedded solutions business. The partnership combines their technology expertise with our distribution network and customer relationship and will develop local design and engineering capabilities, talent transfer and technical services for the Indian market.

We also conducted artificial intelligence bootcamps across 6 metro cities, and we had overwhelming participation of almost 150 customers at each location, helping enterprise partners and customers to build AI capabilities in the accelerated computing, AI workstations and enterprise AI workloads.

Along these initiatives, we continue to expand our branch operations and strengthen pan-India reach and the last-mile access, particularly in the Tier 3 and Tier 4 towns of India, which are also the emerging commercial hubs. We remain focused on product availability, supply chain efficiency, deeper engagement with our OEMs and our channel partners. And it's our endeavor to continuously strive to achieve continuous improvement on this.

With this, I would wish all of our investors a happy Deepavali. Thank you, everyone, and I would now request our CFO, Mr. Himanshu Shah, to brief on the financial performance about the company.

Himanshu Shah: Thank you, Rajesh, and good morning and festival greetings to everyone. I'll now take you through the financial performance for the period under review. We delivered our highest ever profits for both quarter 2 and H1 FY27 on a stand-alone and consolidated basis, reflecting strong

growth across our businesses and continued progress in building a broader technology solution platform.

On a stand-alone basis, revenue from operations for the quarter grew by 42% year-on-year to INR5,708 crores. EBITDA increased significantly 96% year-on-year to INR196 crores, with margins expanding 95 basis points to 3.44%. PAT rose exceptionally by 172% year-on-year to INR153 crores with PAT margins improving 128 basis points to 2.68%.

For the first half of financial year '27, stand-alone revenue from operations grew by 49% on a year-on-year basis to INR10,540 crores. EBITDA reached to INR345 crores, reflecting a robust growth of 71% on a Y-o-Y basis, with margins improving 42 basis points to 3.28%. PAT grew significantly by 117% year-on-year to INR250 crores and PAT margins expanded 74 basis points to 2.37%.

On a consolidated basis, revenue from operations for the quarter grew by 49% year-on-year to INR6,185 crores. EBITDA increased significantly by 112% year-on-year to INR220 crores, with margins expanding 106 basis points to 3.56%. PAT grew exceptionally by 121% year-on-year to INR131 crores, while PAT margins improved 69 basis points to 2.1%.

For the first half of the financial year 2027, consolidated revenue from operations increased by 55% year-on-year to INR11,287 crores. EBITDA reached to INR375 crores, reflecting a strong growth of 81% year-on-year with margins improving 49 basis points to 3.33%. PAT increased by 95% on a year-on-year basis to INR235 crores and PAT margins expanded 43% to 2.08%.

We also improved our working capital efficiency during the period. Working capital days improved to 55 days from 61 days. Debtors days reduced to 43 from 46 and creditors days increased to 48 from 44.

With this, I would like to hand it back to moderator and open up for question-and-answer session. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and answer-session. The first question is from the line of Hitesh Goel from Origin Capital.

Hitesh Goel: Sir, 2 questions. First, related to this inventory buildup in this quarter. So, you said that consumer demand is softening. So, why have you built such a strong inventory in this quarter? Second question is on the QIP provision. So, it's a big dilution on current market cap around 15%. So, is it related to acquisition? Or is it business related? Can you give us some sense on that?

Rajesh Goenka: Yes, Hitesh. So, I will answer the first question about the inventory buildup. While because of the continued price rise, there is a possible contraction in the consumer market. But the commercial market continues to grow very strong, which is almost 70% of India's total ICT market. So, in short, the impact so far is miniscule.

That's point number one. Second, the major reason is because of the Deepavali season change. Last year, if you remember, the Deepavali in 2025 was around 20th of October. And this year, it is on 8th of November. So, therefore, the cycle -- entire cycle, there is a delay of 1 month.

And that is the reason we had to build the inventory towards end of September and entire October. While saying so, the sales have been good in October, very good in October, and it continues to happen in the current week as well. So, there is no worry on the inventory front as such.

Kapal Pansari: So. With regards to the QIP, yes, you're absolutely right that this QIP preparation is a little -- we are doing as an advanced preparation for growth engine. When you're continuing to grow at about 40% to 50%, 60% quarter -- year-over-year every quarter, this will require, at some point in time, growth capital in terms of building capacity.

Now this -- having said this, it is only a preparation. And in case we do not need this growth capital, we probably may not do a QIP at all. But as a practice, we do not want to be constrained with capital when the growth opportunity presents to us in the coming times.

Hitesh Goel: Just a clarification there. So, previously, I think management had said that if we reach a INR25,000 crores turnover at current levels, we don't need any capital. So, that holds, right? And you're already at that level now in terms of quarterly revenue. So, this INR900 crores basically will reach what kind of turnover in terms of what kind of turnover you can achieve if you raise kind of funds?

Kapal Pansari: Yes. So, good question, Hitesh. I think the principle remains the same. With every capital that we raise and managing a 1:1 debt-equity ratio, this will give us an incremental deployment capacity of about INR1,800 crores to INR2,000 crores of deployable capital.

With 6x to 7x of working capital cycles, this will -- about INR12,000 crores to INR15,000 crores of additional revenue is sustained -- will sustain on an immediate basis. Now the entire growth is not going to come in 1 year.

Hitesh Goel: I got it. Sir, just a suggestion there. So, I think it would be prudent to do it in a calibrated manner rather than putting a INR900 crores number with a 15% dilution. That is not looked at very well by the market because, I mean, we understand the capital needs, but could have been done in a calibrated manner. That's my suggestion.

Kapal Pansari: Your feedback very well noted, Hitesh. Thank you for your note.

Moderator: The next question is from the line of Tanay Desai from 11H Advisors LLP.

Tanay Desai: **Good Morning and thank you for the opportunity.**We continue to remain long-term investors. The question for management is twofold. One is, what will be the sustainable EBITDA margin by FY29, FY30 once the full capex utilization is complete for the INR900 crores raise, if at all, you choose to raise?

Second question, which all investors are looking forward to hearing is the macroeconomic landscape view, especially the AI trade that is currently unwinding in the western part of the world. How does that affect our company? And what will be the dependency on AI-related products over the next 3 to 4 years? If the management can give a guidance on the mix in the next 3 to 4 years, that would be very helpful.

Himanshu Shah: Tanay, on the first question of sustainable EBITDA margin for the period, you mentioned '29 and '30. I would like to say that around 2.75% EBITDA margin is a safe bet to consider for such long-term horizons. Second question, I...

Rajesh Goenka: Yes. Tanay, on your question about the macroeconomics of this business. So, first and foremost, as we all know that in India, overall economy is doing pretty well, and we are hoping that it will continue to do well.

Second, digitization across all the sectors of business, education continues very aggressively, which helps our business. Third, all third-party reports indicate that India conservatively industry will continue to grow at least in early double digit or 10% to 12% on unit-wise.

Fourth, the price rise, although it has slowed down, but it is expected to continue to some extent. So, all these macro conditions are favorable to our business. However, we are not limiting our focus only on macro things.

We have simultaneously done the acquisition of VDA. We have simultaneously done the joint venture with Restar Corporation. And all these businesses, even in the first quarter, have started already booming.

And last but not the least is about the AI. I would say that while South Korea and Japan and other countries, there has been some collapse even today on AI front, India, that way, we are all -- we play very safe.

So, AI usage or implementation in India is at a very, very nascent stage. So, since we are already not into that volume, the probability of any crash is very remote, and we see good opportunity even on AI front in India for at least next 2 to 3 years.

So, overall, looks very promising, our ICT business, plus the parallel actions that we have taken to cover up any mishap, if any, which also indirectly helps us to have an accelerated growth, which is evident from our H1 to H1 growth. If you see we have almost 50% growth on a Y-o-Y basis without doing any major project business. Yes, Tanay?

Tanay Desai: I think last bookkeeping question would be the interest cost estimate given the new debt levels for maybe FY28, if not beyond. That would be all from my side?

Himanshu Shah: So, interest cost estimate, like H1 has given the trends. And since it includes the interest cost on the acquisition debt also, which we opt in. So, we give guidance of the interest cost remaining in the same range.

Tanay Desai: Thank you. And we truly appreciate the promoter sentiment as well given the stake increase. We hope that the trend continues, and we hope the company continues to do well over the next 3 to 4 years?

Rajesh Goenka: Absolutely, we will together.

Moderator: The next question is from the line of Karan Kamdar from Choice Institutional Research.

Karan Kamdar: Happy Diwali, everyone, and congrats on a great set of numbers. Sir, if you could explain how the business grew this quarter in terms of volume, price as well as VDA, that would be helpful.

Rajesh Goenka: Could I get your name, please?

Karan Kamdar: Karan Kamdar.

Rajesh Goenka: Karan, so if you ask me very discretely, our 50% growth can be very simply dissected in 30% growth has come from the price increase, which is the trend. 10% to 11% has come from the volume increase, which is the unit increase and 10% has come from new businesses.

So, that's the broad breakup of our growth engine. However, to your question about VDA, we've just added Q2 revenue of VDA, which is at this moment, very small, less than about 2% only. So, it's not very significant at this moment.

Karan Kamdar: On an EBITDA level, sir?

Himanshu Shah: EBITDA level, the new initiatives are adding around 6 bps because it is first quarter only. Like 1 month only. That's why.

Karan Kamdar: Okay. 1 month only. Got it. What is -- sir, where do we see fastest growth coming in outside of the traditional business, semiconductor or system integration? And what prospects and plans do we have for expanding system integration?

Rajesh Goenka: Can you repeat your question? The voice was not very clear.

Karan Kamdar: Sorry about that. I hope I'm audible now. So, the question was where do you see fastest growth coming in, in terms of contribution to EBITDA, VDA or the semiconductor business? And what are your plans for expanding the semiconductor business?

Rajesh Goenka: Yes. So, as I mentioned, the VDA business was only added in Q2, and semiconductor, we just had 1 month. Going forward, we will have the full quarters and entire H2 will be there. We plan that they should contribute to more than 10% of our top line. And bottom line anyway is more than 2x. So, that also will get added. And next financial year, both these businesses will make a major positive impact on our revenue, margins and EBITDA numbers.

Moderator: The next question is from the line of Aejas Lakhani from Unifi AMC.

Aejas Lakhani: Congrats on a strong set. I have 3 questions. Question number one is, again, this is a fairly seasonally strong quarter for us. And given the outline that you mentioned that VDA was just mentioned for 1 month. I'm trying to understand the margin resilience, to be very honest.

How much of this is value led? How much of this is volume led in terms of the growth that you have seen? And this -- I'm trying to really understand how you're able to squeeze out so much margin. So, it's a little surprising for me. So, can I just request you to respond on this, and I'll come back with the subsequent 2.

Rajesh Goenka: So, your question is about the margin resilience, right?

Aejas Lakhani: So, partly, yes, it's a seasonally strong quarter. I'm trying to understand that ex of VDA, how are you able to get these kind of margins? That's point number one. And is this margin performance been more because -- is it more value-led because you've had -- the pricing has been increasing and you've been able to retain some of that? I'm just trying to understand the semantics behind it, sir?

Rajesh Goenka: Yes. So, basically, there are 3 factors. One is the overall demand continues to be strong. Second, pricing, as I said, already contributes 30% of our growth. So, when the demand is high and the pricing continues to be higher, then there is less blood bath in the market and that there is a chance to earn a little bit more margin.

Second, for Rashi Peripherals, as we all know that more than 35%, 37% of the business is non-PC, predominantly accessories, peripherals, CPUs, motherboards, hard drives. All these places, we always have an opportunity to earn some extra margin.

So, with our strong network across 57 branches, with our team structure and the KPIs, which are defined also on the margins, we are able to garner some extra margin across these product categories. And to answer your point for future -- near future, is it sustainable? My answer is definitely yes.

Aejas Lakhani: Understood. Second, sir, we've read about Restar and your joint venture there. But if you could -- and the website is fairly there, so we're able to scroll through the products, etc. But could you speak a little bit about how -- because it's a large entity with large revenues, probably amongst the largest in the world.

So, I'm just trying to get a sense that what does that JV really bring for you on the table? Who are their constituents? Will you be exclusive for them? More color and more depth and more perspective again on Restar?

Rajesh Goenka: Absolutely, Aejas. So, Restar Corporation, it's a Japanese distribution -- semiconductor distribution company. It's a $4 billion Japanese conglomerate. They are like us only, but they are focused only on semiconductor business and more focused on design and supply both. We have had this joint venture with them to pick up the market opportunity in India, which is currently distribution -- semiconductor distribution market opportunity in India is currently estimated at about INR25,000 crores.

So, together, we want to get a share of this market. What are we going to get from Restar when we do the JV? There are 3 very clear identified things. First and foremost is the products that they are distributing in Japan. 2 very big Japanese brands have already come under our fold.

And starting this month, we are going to distribute those brands. So, that is the one. So, our basket of products have already started increasing. Second, Restar has very strong design capabilities. They have 200 engineers in Tokyo.

So, we also want to develop similar design capabilities in our Bangalore laboratory under their guidance. So, they are also deputing one engineer in Bangalore to train and develop a design center.

And third is equally important is today, for Rashi Peripherals, our semiconductor-based business, we don't have a single Japanese manufacturer as a customer in India. Example is Maruti or Daikin. There are so many Japanese manufacturers. By virtue of having a JV, the first level of discussions have already started.

And even in this month, we are meeting 5 Japanese manufacturers in India. So, all these also now potentially will become our customer. So, in short, first, we are getting new products and lines offering. Second, we are getting design capabilities. And third, we will be able to penetrate to the Japanese manufacturers in India. So, these are the 3 core things that we are looking from the JV.

Aejas Lakhani: Understood. And Rajesh-ji, a follow-up on that. So, is it that these new product OEMs who are core to Restar globally. Does that mean you have exclusivity with them? Is it possible to call out some of their -- who are these OEMs?

Who are -- where you have the exclusivity? Have they already got distribution partners in India? Is this a new -- are you a new distribution partner through this JV or is it exclusive? Could you call out a little more color on this?

Rajesh Goenka: Yes. Aejas, since it is not yet formalized, I cannot announce the names, but I can say that 2 names is there on virtually every Indian -- it's a Japanese manufacturer. And to clarify to that, it necessarily may not be exclusive. There could be some Japanese distributor already serving in India directly or indirectly. It could be a mix of exclusive and nonexclusive both.

Aejas Lakhani: Understood. So, then, sir, if there are Japanese distributors who are already distributing those company products and we are also entering the same domain, are you seeing it as a market expansion opportunity and the market is underserved by these distributors? What is it that sort of you will be able to bring -- you have distribution muscle and reach, which I understand? So, what does it enable really?

Rajesh Goenka: So, first and foremost, in our assessment, their market reach currently is only 10% of the overall opportunity. So, 90% is not catered to. Second, they majorly do only dollar billing either from Japan or Singapore or Hong Kong.

Third, with our reach, with our technical expertise locally spread about 57 cities of India, we can do local support, we can do local design, we can do local billing, we can do post-sale support. All these things we bring on the table. So, that is the bigger opportunity. And as I said, 90% is unserved, which we can do it. And that's the opportunity for us.

Aejas Lakhani: Understood. And typically, what are the margins in this segment? Is it better than company-level margins materially? And how do you see the revenue scale up...

Rajesh Goenka: Broadly, it is 2x on margin front. As far as top line is concerned, last year -- last financial year, Rashi alone in semiconductor, we did about $20 million of business. What I can say right now is in just first 6 months of the year, we have done 2x of the last year number. So, this -- entire this financial year, we are hoping to do 3x to 4x of last year financial numbers. So, that's the trajectory of business that we have currently.

Aejas Lakhani: Understood. Himanshu-ji, I have a follow-up here...

Moderator: Sir, sorry to interrupt. Would you please join back? The next question is from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Firstly, I wanted to understand how should I look at the pricing scenario of our products? Sir, do we expect any price correction since there is a lot of talks regarding this AI bubble boosting and probably the demand for chips and storage should get better than what it is right now. So, in that scenario, how should we look at our business, if you can help us understand?

Rajesh Goenka: Yes. So, Madhur, if you see, as I have already mentioned, first 6 months of the year, our growth, 30% is attributed to the price increase. However, H2, the growth, what I anticipate would be about 10% to maximum 15% will get attributed to price increase. So, that's the broad number indication I can give you.

In the product categories, DRAM, particularly, which is the core reason for price elevation, the forecast is that it will continue to grow even at least in next 1 year, although I see SK Hynix and Samsung stock prices already dropping, but the trend that we are told is going to be only increasing. On the flash and hard drive storage, the prices have more or less now flattened. So, on an average, in H2, we still expect 10% to 15% price increase.

Madhur Rathi: Got it. And sir, the second question was on our debt to equity. Sir, we were always the -- like post listing that we would like to keep it 1:1. So, how should I look at going forward since the working capital requirement of our business has increased due to these price increases? And till the time maybe the fundraise comes, where should we expect that? Would we like to lever our balance sheet further or how should we look at the debt to equity?

Himanshu Shah: Yes. So, debt equity, as we have maintained that we would like to go up to 1:1, barring opportunities where ROCE makes sense or not for the temporary phase. Otherwise, on broader scenario, it will be 1:1 only. Currently, the 0.76, which is there net debt to equity, that is -- that includes the acquisition debt also. So, that much you can take as incremental.

Kapal Pansari: To add to you, Madhur, it's a very simple outlook to fund the growth, either by way of acquisition or by way of the general distribution growth. There are 3 pillars of growth strategies that we've clearly outlined, right? There's a core distribution engine. There's a semiconductor segment and the other one is managed services and enterprise infrastructure-related services on the IT piece. To fund all these 3 things, we will use internal accruals.

We have large debtors on our books to factor. And the third one is further capital raise if required. So, depending on the situation and the time, whatever is the prudent for the economics and the financials of the organization, we will take that call.

Madhur Rathi: Got it. And sir, just one final question from mine. Sir, how are the enterprise deals on the data center front panning out? Have we -- so where are we -- are we in discussions or do we expect some major deals in the pipeline? That was from me.

Rajesh Goenka: Yes. So, being the first mover in the AI data center space, we are there in almost every project. But at this moment, while we speak, in last 1 year, we have not -- we have chosen not to go aggressive in that segment because we already have 50% sustained growth for last almost so many quarters.

And needless to say that these are large-sized projects where the exposure values are also big and the ROIs are also less. So, considering our 50% growth, we have right now stayed away from these projects, but we are stay put. As and when need comes, we can always jump and start winning the orders because we have a very strong credential in this sector.

Moderator: The next question is from the line of Jagruti from Clockvine Capital.

Jagruti: My questions have already been answered.

Moderator: The next question is from the line of Dheeraj Kumar Reddy from AlphaSqr.

Dheeraj Kumar Reddy: My question is, basically, if you're saying that next second half, we will have like a 10% to 15% price benefit and 10% from new initiatives and 10% from the volume. I'm just trying to understand now the company seems to get into an orbit of where I think the growth rates probably can be beyond 30% for the next couple of years. Is that assumption true or like are we missing out something here?

Rajesh Goenka: It's very difficult to estimate for next year and next to next year because price trends are volatile, and we are seeing price flattening already. But what we are saying is on the macroeconomics, overall, Indian economy continues to grow strong. Digitization continues to go strong. Education continues to be strong. Businesses are thriving.

All these continue to drive the demand for PC, PC-related accessories and the entire ecosystem. So, in India, next few years, we very clearly see that opportunity will only keep on accelerating. And with Rashi Peripherals' continued improvement in penetration beyond 57 towns of India and 700 towns of India billing, all this we are ready technically to grab those opportunities. So, I think that is a better answer to your question, Dheeraj.

Dheeraj Kumar Reddy: Understood, sir. And my second question is basically our new business, which is enterprise and semiconductor because on a lower base and also you seem to be very optimistic on the growth. I just wanted to understand how large these businesses can become probably in the next 2 years? And what are the fundamental business -- I mean, drivers for this growth?

Rajesh Goenka: So, enterprise business, the opportunity is very huge. It all depends how much we want to pick up and at what cost. I think someone already asked -- I think Madhur already asked me that on the AI data center, what are we doing. To the best of my estimates, last one quarter itself, more than INR20,000 crores of orders have been placed. But there, we chose not to play a very active role because our growth was already at 50%.

So, -- and overall opportunity size already is very high. It's how much we want to take. But broadly speaking, from Rashi perspective, this year and next year, we want to be -- around 20% business should come from enterprise so that our existing business strength that is there, that does not get defocused and does not get liquidated.

So, we want to keep on strengthening our key strengths of businesses that we have developed in the last 35 years and keep on adding building blocks like enterprise, like semiconductor. So, enterprise, I think next year should be about 20%. And semiconductor is just the start with the JV, but it will be a substantial in terms of top line and more importantly, on the bottom line as well.

Moderator: The next question is from the line of Vinay Menon from Monarch Networth Limited.

Vinay Menon: A couple of questions. Intangibles on the books have increased in the balance sheet. This is attributable to the VDA acquisition? And how are we expecting to treat this now over the next few years?

Himanshu Shah: So, the intangibles, which have been increased, yes, part of this is on VDA acquisition, which is in the consol balance sheet. And as far as treatment of these are concerned, these have different components out of it in terms of customer know-how and goodwill. So, goodwill is almost not more than 20% of the total intangibles. And it will be treated in line with the accounting principles and income tax rules, which are applicable.

Vinay Menon: Okay. Secondly, on the AI PC, sir, how is the outlook? Are we seeing some pickup in that segment? And we are expecting some new launches in H2 from most of the large OEMs in association with NVIDIA. So, what are the expectations for those launches?

Rajesh Goenka: So, for India perspective, since we have a very small base on AI, on the commercial application and also the enterprise and data center applications. So, there are a lot of projects announced and they are at a various stage of finalization. So, at least next 1 to 2 years, we see the opportunity is very, very big. It's up to us now to define basis our capacity of finances and ROCE calculations. But opportunity is very high for next 2 years, for sure.

Vinay Menon: Okay. Okay. And you gave an outlook on -- in terms of volumes, in terms of prices, you said that there will be 10% to 15% more in H2. How would you categorize how volumes will grow in H2? And if you can divide between enterprise and consumer, that would be helpful.

Rajesh Goenka: Yes. So, the conservative forecast for H2 will be that consumer business, there will be a degrowth in terms of unit-wise. Commercial business could be flat or positive. My sense is it is going to be positive because January, February, March is a corporate quarter, especially year-end budgets are there, depreciation is there. So, overall, unit-wise, H2, it should be flattish.

However, for Rashi Peripherals, we continue to expand into new product lines, new vendors, new customers and new territories or towns, I would say. Apart from this, VDA and Restar JV will also add value to our top line and bottom line. So, we see a sustained growth engine in H2 as well.

Vinay Menon: Okay. And one last question. A lot of people are looking at ASPs and are kind of worried that whenever the supply issue goes off, the ASPs might fall and maybe that will impact our revenues negatively. So, being in the industry for so long, and I'm sure you must have seen trends like this, has there ever been price cuts which have come and maybe impacted growth from a distribution angle for us?

Rajesh Goenka: Yes. So, post COVID -- COVID situation was something similar, where there was a shortage and price went up. And post-COVID, the prices dropped by 10% to 15%. So, for a year, there was some flip across the market. But from a distribution perspective, it does not make too much of a difference because in distribution, you continue to expand into new products, new territories, new customers, new cities.

So, those gaps normally get covered. I honestly do not remember post-COVID, we grew, I think, by 7%, whereas the market degrew by about 15%. So, because we are into distribution business, we are able to cover from other business opportunities that are there.

Kapal Pansari: And additionally, Vinay, please remember that we're building semiconductor and the services portfolio, enterprise services portfolio. These will bring resilience to our overall growth, considering the lower penetration that they exist in the market. So, the upside is much larger to offset any such reverse trend that happens in the distribution space.

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

Bhavin Chheda: Congrats for excellent result to the entire team. Sir, just on the few numbers, post this VDA consolidation from this quarter, this would be the new depreciation run rate of INR12 crores per quarter as well as the employee cost, what I'm seeing around INR70 crores, INR71 crores, or what will be the new run rate?

Himanshu Shah: Yes. So, INR12 crores per quarter will be including the amortization of the intangibles. So, you can take that as depreciation post consolidation. And employee cost, definitely, this is first quarter and all the employee cost, which has come in is on the normal run rate basis.

Bhavin Chheda: So, this includes the VDA employees cost, which has...

Himanshu Shah: Yes, yes.

Bhavin Chheda: And in that INR7 crores is the ESOP amortization there?

Himanshu Shah: ESOP is INR3.8 crores.

Bhavin Chheda: INR3.8 crores this quarter?

Himanshu Shah: Yes.

Bhavin Chheda: Okay. Okay. And the other thing I heard for the -- basically second half numbers, basically, you said that as compared to second half last year, still the prices are around 14%, 15% higher than last year. So, that's a growth cushion in next year, plus there would be some volume growth or even assuming flattish volumes, right?

Rajesh Goenka: Yes, Bhavin Bhai. I think overall, 10% to 15% price rise will give us this additional business. Second, while the volumes may at worst remain flattish or positive, that is there. But however, for Rashi Peripherals, our continued expansion into new product lines, latest brands, new territories, all this will give us additional business. And then VDA and Restar also will give us accelerated business.

Apart from this, the enterprise and data center business opportunities are already existing on the table. The first H1, we decided not to play an active role. In H2, if required, we can always play an active role because we have a very strong credential. So, all this put together, we are very confident of maintaining the good run rate in H2 as well.

Bhavin Chheda: Sure. And on the gross borrowings level, it was INR1,968 crores as we -- obviously, the inventory has increased following strong business momentum and second half, there will be inventory unwinding also. So, in terms of gross and net debt levels, should we consider this as a peak level? Or we still will need extra borrowings?

Himanshu Shah: So, September quarter reaches a peak in terms of revenue, so is the borrowings, and this includes the acquisition debt also.

Bhavin Chheda: Sure.

Himanshu Shah: Definitely, it tapers down a little bit with the quarters which differ in size in terms of seasonality of business.

Moderator: The next question is from the line of Akshay Chiraniya, an Individual Investor. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Kapal Pansari: Thank you for all your questions and your time this morning. As we welcome Diwali, I wanted to extend my warmest wishes to you and your family. This season reminds us that shared

purpose, strong relationship and optimism for the future light the way forward. I'm deeply grateful for your trust, partnership and collaboration. They have made this year both meaningful and successful for us.

The opportunities ahead are extraordinary. Together, we will keep advancing innovations and creating new possibilities and meaningful impact around India. I look forward to what we will achieve in this year to come. Wishing you a very happy Diwali filled with peace, prosperity and happiness. We remain conscious about consumer demand, disciplined on credit and confident on the opportunity in the future.

Many thanks to our shareholders, brands and channel partners, our bankers and our colleagues. We look forward to speaking to you again next quarter. Thank you.

Rajesh Goenka: Thank you, and happy Diwali to all of us.

Moderator: Thank you very much. On behalf of Monarch Networth Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.