

February 09, 2026

To,
Listing Operation Department
BSE Limited
P.J. Towers, Dalal Street,
Mumbai – 400001

Listing Compliance Department
The National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block, Bandra-Kurla Complex,
Bandra (E) Mumbai – 400051

Scrip Code: **544119**

Symbol: **RPTECH**

Sub.: Transcript of Earnings Conference Call held on Wednesday, February 04, 2026

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, we submit herewith the transcript of Earnings Conference Call held on Wednesday, February 04, 2026 at 11:00 a.m. (IST) for the Unaudited Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2025.

The same will also be made available on the website of the Company at www.rptechindia.com/investor.

Yours sincerely
FOR RASHI PERIPHERALS LIMITED

Arvind Bajoria
Company Secretary and Compliance Officer

Encl.: As above

Rashi Peripherals Limited

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“Rashi Peripherals Limited
Q3 & 9 Months FY26 Earnings Conference Call”
February 04, 2026



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

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

Moderator: Ladies and gentlemen, good day, and welcome to Rashi Peripherals Limited Q3 and 9 Months FY '26 Earnings Conference Call hosted by Monarch Network 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinay Menon from Monarch Network Capital Limited. Thank you, and over to you, sir.

Vinay Menon: Hi, good morning, everyone and it's a pleasure to host the management of Rashi Peripherals for their Q3 concall. I'd like to introduce the management, we have Mr. Kapal Pansari, the Managing Director of Rashi Peripherals. We have Mr. Rajesh Goenka, the CEO and Mr. Himanshu Shah, the CFO. Now I hand over the call to Mr. Kapal Pansari for his opening remarks. Over to you, sir.

Kapal Pansari: Thank you, Vinay, and good morning to everyone. Thank you for joining us in this conference call to discuss our third quarter and 9 months ended of fiscal year 2026 earnings. Hope you have had a chance to go through our results, press release and investor presentation, which are available on the exchange and our website.

Looking at the global market trends, global demand for personal computing has regained momentum, signalling the start of sustained recovery across both enterprise and consumer segments. During the quarter, shipments grew on account of large-scale enterprise refresh cycles, Windows 10 end of support transition and accelerated adoption of AI-ready devices.

We believe this represents the beginning of multiyear technology upgrade cycle rather than a temporary rebound. India is mirroring this and in many ways, is outperforming this global trend. The domestic PC market delivered one of its strongest quarter ever in this quarter with shipments growing upwards of 10% year-over-year.

The recent union budget has further strengthened this foundation with strong policy push towards electronics manufacturing, semiconductor self-reliance, AI infrastructure and digital capacity creation with an outlay of around INR40,000 crores, which is nearly double than that of the initial outlay of INR22,999 crores.

Higher capital expenditure, targeted incentives for components and semiconductors, support for data center and cloud ecosystems are creating a favorable environment for long-term technology investments and domestic value additions. We believe these measures will structurally increase demand for advanced computing infrastructure across the country.

Against this backdrop, our role is evolving well beyond the traditional ITC distribution. At RP Tech, we see ourselves as a technology adoption enabler, bridging global innovations with India's rapidly expanding digital economy. We are increasing our focus towards demand

creation, taking integrated AI-ready and energy-efficient solutions to underpenetrated geographies by enabling localized access and execution.

This allows us to expand the technology footprint beyond metros and participate in India's next wave of digital adoption. Our increasing penetration into AI solutions, embedded systems and semiconductor linked categories not only strengthens our participation in higher-value opportunities, but also deepen customer engagement.

Today, our pan-India network of distribution serves over 10,000-plus distribution partners across 700-plus locations nationwide, providing unmatched reach, faster fulfilment and localized service capabilities across the length and breadth of the country. In summary, as computing becomes smarter and more AI-centric, we are confident that our solution-led approach, nationwide reach. And strong partner ecosystem positions us very attractively to capitalize on the accelerated technology adoption across India. Our focus remains on sustainable growth, deeper value addition and consistent long-term returns for our stakeholders. With this, I now hand over to Mr. Rajesh Goenka, our CEO of the company. Thank you.

Rajesh Goenka:

Thank you, Kapal. Good morning, everyone. Let me briefly take you through the key operational highlights for the quarter and 9 months ended of the financial year 2026. During the quarter under review, demand conditions remained strong. This was probably one of the best performing third quarter as usually, this quarter is followed by a high Q2 seasonal and there is a major dip.

But this quarter, we witnessed sustained sales momentum, particularly as channel partners stocked inventory ahead of expected price increases and driven by expected component shortages. While the industry is witnessing an uptrend in the IT product prices due to global supply constraints, and dollar appreciation.

We were able to convert these challenges into opportunities and deliver a 43% Y-o-Y revenue growth, which was driven by both price and volume growth, resulting in improved margin, one of the best third quarter's net profit growth of 132% on a Y-o-Y basis. We also continued to expand our product portfolio and market reach during the quarter by introducing new products, new SKUs and further strengthening our distribution partner network.

In addition, we also launched a new branch in Solapur, which is now our 55th branch in India, an unprecedented network of branches, service center and warehouses spread across 55 towns of India, enhancing our regional presence and improving coverage in core markets. Overall, our strong performance during the quarter reflects the robustness of our distribution platform and operating model.

We remain focused on addressing the large and structural opportunity of enabling an adoption and deployment of technology across India by ensuring availability, reach, solutions, training and reliable execution at scale. We will continue to strengthen this platform through disciplined planning and execution to drive consistent and sustainable growth across all our business verticals. Thank you so much, everyone. And now I request our CFO, Mr. Himanshu Shah, to brief you on the financial performance for the period under review. Thank you.

Himanshu Shah:

Thank you, Rajesh, and good morning, everyone. I will now take you through the financial performance for the period under review. Starting with our stand-alone performance for the third quarter of financial year 2026, revenue from operations grew by 47% year-on-year to INR3,895 crores. Profit after tax was INR70 crores, up by 128% year-on-year with PAT margins at 1.81%.

For the 9 months ended financial year 2026, stand-alone revenue from operations increased 6% year-on-year to INR10,966 crores. Profit after tax for the period grew 21% year-on-year to INR185 crores with PAT margins at 1.69%. Moving to our consolidated performance for the third quarter of financial year 2026.

Revenue from operations increased by 43% to INR4,030 crores and PAT for the same period was INR75 crores, registering a growth of 132% year-on-year with PAT margins at 1.85%. For the 9 months ended financial year, consolidated revenue from operations grew 5% year-on-year to INR11,338 crores.

Profit after tax rose to 25% year-on-year to INR196 crores with PAT margins at a healthy percentage of 1.72%. Further, following the notifications of the new Labour Code by the Government of India on 21st November 2025, the company has prudently recognized an incremental impact of over INR4 crores, primarily on account of increased gratuity obligations related to past service costs, higher leave liabilities arising from the revised definition of wages and enhanced employee benefits.

In terms of segmental performance for the period under review, Personal Computing and Enterprise Solutions division contributed 58% of revenues at INR6,572 crores, while LIT, Lifestyle and IT Essentials contributed INR4,767 crores hence amounting to 42%. On cash flows, after periods of outflow in the earlier years, we generated a positive operating cash flow of INR34 crores for year-to-date.

On the working capital front, we continue to maintain tight discipline across key parameters. Inventory days increased marginally to 56 days, primarily to support strong demand and ensure product availability. While remaining well within a well-controlled range, debtor days improved to 47 days from 61 days a year ago.

Reflecting stronger collection and tighter credit monitoring, while creditors days stood at 43 days in line with our balanced approach to vendor management and payment discipline. Consequently, working capital days were at 60 days, remaining stable and well aligned with our operating model.

On the people front, we incurred INR14 crores of ESOP cost year-to-date provisioning, reinforcing our commitment to attracting, retaining and incentivizing key talent, while aligning employee interest with long-term value creation. With this, I would like to hand it back to the 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. Our first question is from the line of Aejas Lakhani from Unifi AMC. Please go ahead.

Aejas Lakhani: Perfect. Team, congratulations on phenomenal execution for the quarter. A couple of questions. Sir, could you first call out what is the percentage of our business that comes from components given that we've seen shortages there? And what is the average price hikes that you're going to see in these components?

Rajesh Goenka: Yes. So we categorize our businesses into LIT and PES. Last year, October, November, December, Q3, our LIT share was 49% and our PES, which is predominantly branded desktops, notebooks and workstations, they were at 51%. However, in the current Q3 of 2025, the PES business has gone up and now it is at 56%. So there is a 5 percentage basis point increase in the PES business in terms of ratio.

And to answer your second point, components, different products are having different price points. There are some products, where there is no price increase at all, especially in products like motherboard. There are some products, where the price increase is between 20% to 30%. And there are some products like the RAM, where the price increase is 2x or even 3x. So it is very varied.

Aejas Lakhani: Understood. And sir, given that the AI infrastructure build-out is one of the primary reasons for chip shortages because the orders are going to hyperscalers and supply is very inflexible. What would that -- what are the implications that would have on our business in the coming year?

Rajesh Goenka: Yes. so far, you are right, 100% that majority of the supplies are going to the hyperscalers and data centers. As a result, regular consumer and commercial supplies are expected to get constrained. But so far, I can tell you that we are not seeing too much of constraint. The only challenge is the prices are going up on a periodic basis. So that is the challenge.

But if -- so far, we have been able to plan inventory in advance. So far, we have been very effectively been able to promote and sell our products at a higher price across the length and breadth of the country to almost 700 towns of India. So as a result of this, we have been able to have this 43% growth on a Y-o-Y basis.

Aejas Lakhani: Understood. Rajesh, could you also I mean, you've spoken about it in the opening comments. Kapal said that you're seeing a good refresh cycle. But my question is that can component shortages really impact the PC refresh cycle? Can it delay the cycle? Because an increase in pricing could have an impact on volumes as well and the entire shortages could become exasperated?

Rajesh Goenka: Yes. So as I said, at this moment, what we are seeing not really the shortages, but it's the prices that are going up. All the products, including notebook prices have gone up by almost 20% to 30%, and there would be further price increase. So because of the budget constraints, there are a lot of corporates, who are expanding their refresh cycle from maybe 2 years to 3 years and from 3 years to 4 years. That is true.

But at the same time, the other corporates who wanted to buy notebook maybe in April or mid of next year, they are also now preponing to buy the products right now to avoid that 10% or

20% further price hike because partial hikes have already happened. So both scenario is happening. Net to net, we see that numbers would remain consistent. But because of higher average selling price, the revenue should be on a positive trend.

Aejas Lakhani: Understood. So sir, basically, if I understand correctly that the laptops market is seeing a massive shortage. There is one leg of price hike that is already embedded in prices today. Another one is coming and companies, which in any ways had a buying pattern, which is getting preponed to earlier purchases and you are benefiting from that entire cyclical uptick?

Rajesh Goenka: Correct. Absolutely. But this is not easy because one is you need to have the appropriate inventory planning, which takes months of planning and execution. And second, as the price rise happens, even if the corporate wants to buy, they have limited budget. So you should have that kind of execution skill at the ground level to be able to deliver. Fortunately, for Rashi Peripherals, with our now 36 years of experience, we have -- I'm not saying expert, but we have mastered that art of planning and execution both.

Aejas Lakhani: Completely agree. And kudos to you and the team for stellar execution in this. Sir, just one follow-up is that, see, since prices are increasing at such rapid rates, you do not foresee some amount of volume impact because of which the net resultant sales could be flattish in FY '27?

Rajesh Goenka: So demand from -- as I said earlier, demand unit-wise, in my view, would be flattish. It may not degrow because India digitization, PC penetration is still very, very low. And the higher selling price will help us to get the revenue. So overall, I am positive. But yes, we need to be alert. We need to plan better. We need to execute better to get this continued success.

Aejas Lakhani: Understood. And sir, given that ASPs are going up, your margins -- the margin band per se that you earn on distribution products will remain the same, but your per unit profitability is what is increasing and rising. Is that understanding correct?

Rajesh Goenka: Absolutely. Absolutely. In distribution, as we always say that margins are normally fixed. So we don't have a loss. We don't have a super margin. But then with the economies of scale plus our efficiency, we are able to get some better margin, which is evident from our Q3 results.

Moderator: Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: I wanted to understand -- sir, can we expect to maintain this momentum in Q4 or a lot of purchases that were supposed to happen in Q4 was preponed to Q3, and that's why we might see a flattish or a muted Q4?

Rajesh Goenka: Yes. So I think we already discussed this. As I said, we are looking for continued unit-wise consistency. And with a little bit further price hike, the revenue will -- should continue to grow positively.

Madhur Rathi: Right. Sir, I also wanted to understand, sir, our working capital cycle and regarding our cash flow from operations. Sir, if I compare to our competitor, Redington, they do working capital turns of close to 10x in a year versus based on our 9-month revenue, we are doing maybe 6x. I

understand that there is a difference between our product to theirs. But so, how do we plan to bridge this gap and turn our cash flow from operations positive because I think working capital is the only driver for that?

Kapal Pansari: See, for our working capital, if you look at Rashi Peripherals business, this is a business, where we have a working capital cycle of anywhere between 50 to 60 days. Comparing with any other peers because of the sales mix, we do not really plan based on competition or peers or the industry. What does IT business supply chain and sales redundancies require based on that, we plan our working capital cycle.

In current times, in fact, working capital cycles with rising prices, expected shortages, we plan to increase the -- and supply chain allocations in such a way that sales redundancies are managed much better than anyone else in the industry. For sure, IT will not be able to compare with the economies and the cycles of working capital of smartphones. So there is no point in comparing between two different set of industries operating at two different working capital cycles.

Madhur Rathi: Sir, I was trying to understand at what level of working capital cycle reduction can we expect to turn positive -- our cash flow from operations positive?

Himanshu Shah: See, defining a level wherein inventories are always held at a forward-looking scenario and the debtors and creditors as far as financial discipline warranted for this industry, net of each other in terms of days in our ecosystem, if we are able to manage our inventories well, which we have been demonstrating for the last two quarters, definitely, the positive cash flows can be achieved.

Madhur Rathi: And sir, just a final question from my end. Sir, if I look at our PAT margins?

Moderator: Sorry to interrupt you, sir, if you have a follow-up question, please rejoin the queue. Thank you.

Madhur Rathi: Sure.

Moderator: Our next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh: Congratulations on the Good execution. Sir, I wanted to understand a question on the margin side. So given Q3 margin of 2.9%, so should we expect '26 to exert margin closer to Q3 level? Or we are expecting to normalize in Q4? And also wanted to understand this ROC remain in the low teens despite margin expansion. So what are aspiration on the ROC side, sir?

Rajesh Goenka: Yes. So currently, business market size trend, average selling price, all 3 are in the similar mode. So our expectation is that it will be the similar trend only. We are not seeing any major variation.

Jyoti Singh: Okay. And on the ROC side, sir?

Himanshu Shah: See, ROC, again, is for our -- managing our working capital components, like where sometimes we have to increase the borrowings for availing early payment incentives from the vendors and all. So ROC has risen quite a bit in last three quarters. And we expect that in next 2 to 3 years' time, we will be able to get back to the pre IPO level.

- Moderator:** Thank you. Our next question comes from the line of Varun Gandhi from Fident Asset Management.
- Varun Gandhi:** Congrats on also getting the credit upgrade this quarter. So from a corporate finance construct, what do you think is the next step after achieving this credit upgrade?
- Himanshu Shah:** Sorry, I didn't get your question. Can you please elaborate?
- Varun Gandhi:** Yes. So we achieved a credit rating upgrade this quarter, right? So from a corporate finance point of view, what's the next step? Are we going to increase our borrowings? Are we going to discount our receivables like Redington does? What's the next step? Just trying to understand the management's thoughts over here?
- Himanshu Shah:** So as I mentioned, managing working capital components efficiently is the key ingredient for our business and profitability profiling. So a credit rating upgrade, which happened in the current year and the borrowing power enhancement you're talking about, which we got it done last quarter?
- Varun Gandhi:** Yes, your credit rating upgrade. So now you can have a lower cost of borrowing, right?
- Himanshu Shah:** Yes. So yes.
- Kapal Pansari:** So let me add to what Himanshu mentioned is that with rating increase, we -- our primary objective was to reduce our cost of borrowing. While distribution business is a working capital driven, so definitely, there is -- the more you flow back or deploy working capital, the capacity for revenue growth increases tremendously.
- In the current times, our objective is to reduce our borrowing cost, maintain the same working capital cycle for the increased revenue portfolio, and that is a challenge that we have taken internally for the organization from a working capital standpoint. So the next steps for credit rating, honestly, there is no answer for next steps. It is always to increase a notch higher from AA minus.
- Himanshu Shah:** So we are already in AA club.
- Kapal Pansari:** AA club. Yes. So AA club, obviously, we want to go to the next step, but it is primarily to reduce our borrowing cost at this point in time.
- Varun Gandhi:** So would we also be factoring our trade receivables in order to increasing our asset turns and decreasing our capital?
- Himanshu Shah:** So definitely, if it adds value to the ROCs and ROEs, definitely we are open to consider those.
- Varun Gandhi:** Any sort of target debt to equity that the management has?
- Himanshu Shah:** Target depends upon the level of components at any given date we are at and then accordingly .

- Varun Gandhi:** Any comfort band, sir, any number, comfort band or any?
- Himanshu Shah:** At this point, not -- we will not be able to give any -- assign any number to it.
- Moderator:** Thank you. Our next question comes from the line of Hitesh Goel from Aurigin Capital. Please go ahead.
- Hitesh Goel:** First of all, a great set of results. Congrats. First, sir, can you tell us about the Dell business, how much was the Dell revenue in this quarter?
- Rajesh Goenka:** Dell was pretty small, insignificant, but we've had a good start and we are hoping that the next quarter and the next year will be really big. Previous quarter was just a start.
- Hitesh Goel:** So it's not meaningful in this quarter in that sense. Is it going to be a decent number from fourth quarter or from FY '27?
- Rajesh Goenka:** Absolutely. In fact, in Q4 also, it will be decent. And next year, it will be substantial.
- Hitesh Goel:** And my second question is on the inventory gains. Did you see any inventory gains because of these price hikes, which is happening?
- Rajesh Goenka:** Inventory gains.
- Hitesh Goel:** Yes, because of inventory, like old inventory was lying in your system and then price hike happened. So that benefit came through in this quarter?
- Rajesh Goenka:** Normally, in distribution, as we've been always maintaining that the margins are more or less fixed. So we cannot have too much of extra margin. But yes, to some extent, we could increase the overall cycle efficiency and also economies of scale advantage, which has helped us to improve our overall margins.
- Hitesh Goel:** And sir, my final question is on this laptop and desktop issue, right? Because what we are hearing from the market is that the new laptops and desktop is a big shortage in supply because of the RAM prices, right? So you are giving a flat volume growth guidance for next year. Is it because you're confident about your supplies already tied up for next 6 months or so because the environment is quite volatile. So I just want to understand your thoughts?
- Rajesh Goenka:** Yes. So the news is all around the corner that supplies will get toned down. And this has been the case since last 5, 6 months already. But we've seen the supplies somehow have been able to manage. So my bigger worry is the price increases and hence, the unaffordability, especially on the B2C consumer side, more than the supply.
- Moderator:** Our next question comes from the line of Miloni Mehta from Monarch Network Capital.
- Miloni Mehta:** Congratulations on great execution. Sir, can you please walk us through the 9-month cash flow performance and also share the expectations of how the cash flows will be by end of the year?

- Himanshu Shah:** See, as I mentioned, the 9 months cash flow was INR34 crores positive at this point of time. And here, what we expect is if we are able to manage our working capital components in the fashion we have done, assigning a number to it will be too early, but ranges can be expected in the same genres.
- Miloni Mehta:** And second question is, sir, in regards to the UAE subsidiary, so what is the rationale behind it and how do we -- hello?
- Himanshu Shah:** Yes.
- Miloni Mehta:** So what is the rationale behind it and like what are the medium-term plans there?
- Rajesh Goenka:** Yes. So as you all know that we already have a Singapore subsidiary from where we are doing business not only to India, but also our - SAARC countries. So as a part of -- one is the need for execution because in SAARC countries, material pickup is normally preferred from either Hong Kong or Dubai. So at this moment, it is more for execution purpose. Once we set up the operations and start expanding, then we'll look at the business angle.
- Miloni Mehta:** And secondly, sir, in terms of like prices increasing these components, what could be the impact once the prices of these RAMs and SSD start softening? Like what kind of impact can it have on our margins and demand overall?
- Rajesh Goenka:** So margin, as I said, not much of an impact to us. But in terms of demand, what we have come to know right now that there is no softening of these prices in the pipeline. But then last 30 years of cycle has always seen that when there something goes up, it goes down as well. So fingers crossed. We hope that prices become stable because stable prices always gives better business and better predictability. So we are hoping for the best that price remains stable rather than going up or down.
- Moderator:** Our next question comes from the line of Amit Agitcha from HG Hawa & Co.
- Amit Agitcha:** Congratulations for a good set of numbers, sir. Sir, my question was related to debt. Like what is the targeted net debt to equity range over the cycle? And what is the current blended cost of borrowing?
- Himanshu Shah:** 0.5 is the debt equity, which currently is there. And we expect looking at the business growth and all, we expect to maintain around that only.
- Amit Agitcha:** And the current blended cost of borrowing?
- Himanshu Shah:** So cost of borrowing is in the range of 7.5% to 8%.
- Amit Agitcha:** And the last question from my side is about competition. Like where does the competition intensity is the most like pricing, credit or service?
- Rajesh Goenka:** Can you repeat your question about competition?

- Amit Agitcha:** Where does the competition intensity is most like pricing or service or credit?
- Rajesh Goenka:** I think we focus more on ourselves. And as I have started saying that one is a very strong business planning, which is done months in advance. And second, because of our geographical reach in 55 towns of India and 700 towns, where we have our customers, our execution, we continue to strengthen those capabilities by way of CRM and even to some extent, AI. And that's our belief will bring us continued success.
- Moderator:** Our next question comes from the line of Gaurav Bhanshali from Augmont Enterprises.
- Gaurav Bhanshali:** So my question was Micron has stopped the crucial consumer brands. So we being the distributors in India, how much will this affect us? And will we take a hit in this?
- Rajesh Goenka:** Yes. So very valid. That's the only little bit concern point that we have since they have declared crucial business as end of life, but they will continue to do Micron business. So yes, we will have a hit in the next financial year because until April, they continue to do supply. Even today, we get -- we are getting constrained supplies with increased prices.
- So next financial year, crucial definitely will be a dent, but we will continue to do Micron business, which is more enterprise class. So we are hoping that this should be able to cover the business loss. If not, we have other backup plan 1, 2, 3 also to cover it. But excellent question, you hit the nail at the right point.
- Gaurav Bhanshali:** And the next question is, sir, with the RAM and SSD prices like basically rocketing 2x, 3x in the last quarter. My question is, has that helped us a lot or that is like edged marginally only?
- Rajesh Goenka:** So it has obviously helped us to improve not only our top line, but bottom line also to some extent.
- Moderator:** Our next question comes from the line of Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** Yes. So I joined the call a bit late. So pardon me if it's already been answered. So just wanted to check one thing now, this 43% growth that we have seen in this quarter. So how much was driven by volume? And what was the price increase growth out of this 43%?
- Rajesh Goenka:** Yes. So more than -- I would say 50% is volume growth and 50% is because of the ASP, which is also supported by the dollar appreciation. So price increase has two parameters. One is the product price increase and second is also the dollar appreciation.
- Deepak Poddar:** And when you say, I mean, in your press release that because of this price hike, a lot of demand was there and people wanted to stock up. So this kind of growth is not repeatable as we go into coming quarters or next year? I mean, how should one look at that going forward?
- Rajesh Goenka:** Yes. So I explained this. So right now, of course, because of the price hike already done and anticipated price hike, our customers are also stocking up the material. But as the message is now spreading to corporates and consumers that there is going to be a further price hike, the

demand also has started pulling up. So now the entire chain has already started. So as a result, we are seeing continuity in business at least for next few quarters.

Deepak Poddar: So next few quarters, you do expect a buoyancy in demand because of further price hike expected basically?

Rajesh Goenka: Exactly. We are not seeing any softness in pricing. There is no indication so far of any softness in the pricing.

Deepak Poddar: And when you say flat volume growth for next year, right, FY '26, so what exactly we are meaning? I mean, is there any range we are talking about in terms of volume growth?

Rajesh Goenka: No, in terms of unit -- and that's our assumption. We are obviously not statistical company. But considering the price hike and unaffordability that could creep in and considering the fact that there could be some supply constraints, we think that unit-wise, it could be flattish for at least next 2 quarters. But with the increased price, the revenue will continue to grow.

Deepak Poddar: Correct. And what is the average price hike? I mean, is it in the range of 20%, 30%? How should one look at that?

Rajesh Goenka: Currently, about 20% price hike has already happened. And next 2 months, similar trend will continue on the hike on the overall product cycle, I mean, from laptop and desktop perspective. Whereas on other components the price hike is already 50%, 100% or even 2x already.

Deepak Poddar: So ideally, even if your FY '27 -- next year, your volume growth is not there, your revenue growth will see -- still be quite good given the realization benefit that you might be getting?

Rajesh Goenka: We are pretty optimistic.

Deepak Poddar: And just one last small thing...

Moderator: Sorry to interrupt you sir, but if you have a follow-up question, please.

Deepak Poddar: Just a small thing, just a small thing. It will take a minute. Sir, when you talk about distribution margin, it is on a percentage basis or it's a fixed spread?

Rajesh Goenka: Normally, it is percentage basis. Sometimes we have an exception depending on the size of the product and the indirect cost involved in it.

Moderator: Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand when -- how do we see our working capital cycle decreasing or cash flow from operations increasing to a positive trend? Because sir, if I see our last 10 years, only two of those years, we have been able to showcase a positive cash flow from operations. So I was trying to understand on that front?

Himanshu Shah: See, cash flow -- working capital cycle optimizing, as explained earlier also that working capital components, we are managing based on the forward-looking business scenarios. And we are trying to optimize those components by keeping the debtors and creditors almost in the range of netting out each other. And inventory definitely is a matter of planning forward-looking.

Now with that, if the working capital cycle, there are scenarios, where the ups and downs come, but the deviation range is a standard range. It does not go beyond a certain point or below a certain point. On either side, this is a standard deviation range. What we feel we are operating at optimum levels of working capital cycle applicable to our kind of product, our kind of business model, our kind of customer mix. and the penetrated infrastructure, which we carry for the distribution.

Defining any range of reduction and all will be to short-term scenario, which may come or go depending upon business scenarios. However, we are open with our analytics that whenever it is required, we control the inventory and when it is required, we hold the inventory for scenarios and current quarter results, you have seen that the optimum utilization has yielded the results.

Madhur Rathi: And sir, on our PAT margin, sir, we have been constantly delivering our PAT margins upwards of our 1.5% range. Sir, so, is this because of the SKU-driven nature of the product that we hold versus some of our competitors that we are able to -- because sir, from our earlier expectations, we have been doing much better. So is it because of that?

And sir, has something changed post-COVID? Because sir, pre-FY '20, our PAT margins were either 1% or less than that. So I'm trying to understand, has something changed that are we able to get better terms with our OEM suppliers or principals because of that we can do higher PAT margins?

Rajesh Goenka: Yes. So our product portfolio is enormous. We have multiple product categories right from CPU memory to a branded PC to AI data center solutions. And second, we have the widest reach by way of 55 branch offices, wherein we are able to sell to a larger breadth of the customers. So a mix of product and reach helps us to get a little bit better margins at times.

Madhur Rathi: Sir, and on the software front and enterprise business, sir, how do we see that those 2 segments scaling up maybe over FY '27 and FY '28?

Rajesh Goenka: Yes. So enterprise business, we have built a very strong ecosystem. We have taken multiple initiatives in the last 3 months as well. So we are buoyant and very optimistic for doing extremely good in the enterprise vertical, especially.

Moderator: Our next question comes from the line of Bhavin Chheda from Enam Holdings.

Bhavin Chheda: Congratulations on excellent set of numbers across both the segments. I missed out on the volume and the price growth. I think what you mentioned was half of over 20% volume growth and over 20% price growth in the top line growth of 43%?

Rajesh Goenka: Absolutely, Bhavin, bhai.

Bhavin Chheda: And now basically, what you're guiding is saying that coming quarters, we will mostly see price benefits and we won't see volume growth on a Y-o-Y basis. Is that the indication? Or it would be different across product segments like PCs, components and all that?

Rajesh Goenka: Yes. So components, there will be, for sure, dip. But again, there, the price increase will offset. In branded side, we expect the unit to be flattish and price increase will be there. So there will be a benefit there. So that's what is our anticipation and expectation based on our knowledge.

Bhavin Chheda: Can desktops will see a volume growth?

Rajesh Goenka: No, desktop, in fact, is in a shortage. So desktop will show a degrowth, but notebooks supply, at least in this current quarter, Q4 is there with increased price, that will be an advantageous assumption.

Kapal Pansari: So just to add to what Rajesh Goenka mentioned, if you compare these replies that Rajesh just mentioned, the volume growth will not happen from Q3 to Q4. Quarter-over-quarter, the supplies remains flat. However, if you compare from year-over-year, there is already an increase in terms of supplies.

So volume growth from year-to-year will continue to be seen for the next two quarters. While quarter-over-quarter, there may not be any growth in terms of volume. In terms of price rise, that is a quarter-over-quarter scenario. That continues to rise. And therefore, we say that affordability is the reason why volume growth may not be sustainable in the current times if the prices continue to grow. So that's why our internal planning and guidance is to maintain the volumes, while prices will give the additional revenue growth. But from a year-over-year perspective, the impact is going to be much larger.

Bhavin Chheda: Yes, that's very interesting and a detailed one. Does this quarter and 9 months had any large project wins? Because I think last year, we had booked almost like INR1,900 crores to INR2,000 crores of that revenue. So that is not there in the current fiscal, right?

Rajesh Goenka: Yes, Bhavin, ji, so that -- I think that's a very pertinent point. I'm happy to share that on a 9 months to 9-month basis, our revenue growth is 5%, but all this growth, even bigger 5% growth is without any project order. So last year, we had almost INR2,000 crores of project order vis-a-vis this year, it is nil.

Primarily, it was by design because the previous order execution was done, but payment collection was delayed. So we just wanted the entire payment along with interest and everything to get collected. That is all done now. So right now, this growth is without the INR2,000 crores of last year project business.

Bhavin Chheda: Great. And last one for Himanshu. If you can share the gross debt and net debt numbers?

Himanshu Shah: Yes. We will share you offline.

Moderator: Our next question comes from the line of Amit Khetan from Laburnum Capital.

Amit Khetan: Can you talk about how you see the pipeline for large deals? And how is the competitive intensity in that space?

Rajesh Goenka: The pipeline is decent, but the execution because from the supply side and because of the price increasing, the execution is far slower. So for example, you pick up a project today and if it is scheduled to be executed after 3 months, generally, what is happening is, one is the supply gets extended beyond 3 months.

And second, there are price hikes also. So from supplier side also nowadays, we are not getting price confirmation valid for 6 months or 9 months because of the price volatility. So as a result of this, the situation is a little bit dynamic. But from a demand perspective, there are many projects in the pipeline.

Amit Khetan: Do we expect some conversions to happen in FY '27?

Rajesh Goenka: Yes, for sure.

Amit Khetan: And secondly, if I look at your base business, excluding the large deals, we've grown by about 24% for the first 9 months, right? Should we expect this run rate to continue for Q4 because your guidance was sort of 15% plus on the base business, but we seem to have done much better?

Rajesh Goenka: Yes. So we hope to continue the similar trend. And our guidance was always 15% to 20%, but because of the price increase shortage and hence, because of a little bit extra stocking, this business has done a little bit more than what we had anticipated, and it should continue in the coming quarter as well.

Moderator: Our next question comes from the line of Deepak from Unifi Capital.

Deepak: Sir, first question, if you can call out how much inventory gain did we book in this quarter? I just want to know the total quantum. And also the price hike benefit that we saw in PES and LIT segment separately?

Rajesh Goenka: Can we take these numbers offline, Deepak, because these are specific numbers, we'll have to work it out and communicate to you.

Deepak: Sure. Okay. Got it. Sir, the second question was around the tertiary demand. See, you have seen demand growth at your end, but I just wanted to understand, is it also translating for the channel as well? Is the end consumer also being able to afford these prices and hence this is not just stocking up of inventory at the channel level and the end customer not being able to buy?

Rajesh Goenka: Very, very appropriate point. So Q3, you are right, it was more inventory piling up at the channel level. But however, now the price increase implementation has already happened. And now virtually every consumer -- potential consumer and corporate knows of this impending price hike. So if they were to buy in March to -- before the year-end, they are now preparing -- preponing the purchases. So we have seen -- January onwards, we have seen good tertiary sales across all product segments.

- Deepak:** Sir, given this affordability challenge that our channel partners also would be facing, do you expect your debtor days to go up? And also because of your procurement challenges, your inventory cycle to go up? Just wanted some color on that. And how is competition behaving on both credit to the channel and stocking up of inventory?
- Rajesh Goenka:** Yes. So this is a balance that we have to drive, and that's where our core competency is on play. So far, we have been very successful for inventory planning and even execution. All our eyes are on. There is a potential risk of having excess inventory or there is a potential challenge of lengthened debtors. But all our eyes are on it. Our ecosystem, we are monitoring on a daily basis. We are confident of being continued momentum.
- Deepak:** Sure. Any sense of the competition here? How is competition tackling this debtor -- the working capital part? And do you see that you could benefit out of this?
- Rajesh Goenka:** I will not be able to comment about the competition, but I can only highlight that apple-to-apple comparison with competition cannot happen because we are a pure ICT value-added distributor. We promote and sell only IT products, not smartphones and software and other businesses.
- Deepak:** Sure. Understood. Sir, last question you mentioned.
- Moderator:** Sorry to interrupt you, sir, but if you have a follow-up question, please rejoin the queue. Thank you. Our next question comes from the line of Dhruvish Pujara from Premji Invest.
- Dhruvish Pujara:** Sir, I have one question. I want to know how does the power dynamics work in -- between the OEM and the distributor in a rising price environment, right? So there is clearly money on the table on a per unit basis. So what stops the OEM from taking that share by like reducing the gross margin by 100 bps or something like that? So that's the question?
- Kapal Pansari:** See, this industry does not have power dynamics between OEM and distribution. In fact, distribution partners are an extended arms of all OEMs. We work hand-in-hand in terms of market mapping, product alignment and technology transitions over a period of time. The terms of trade is not quarterly or monthly negotiable.
- They are long-term contracts and sustained over years of our operations. So it does not mean that we -- opportunistically, there are negotiations in terms of price or margins or in terms of any other credit costs. What only discussion happens in case of very large opportunities, where economies of scale is very high and competitive scenario between two OEMs is extremely high.
- We participate jointly to evaluate deal-based and ROE-based operations. And that is very rare. Till date, in FY '26, we do not have any such transactions that we've executed. Obviously, Rajesh mentioned about large deals. That will have its implication at some point in time. But on a regular distribution day-to-day basis, that does not occur at all.
- Dhruvish Pujara:** So what are the typical renegotiation intervals?

Kapal Pansari: Normally, renegotiation does not happen. But if you are asking me to pinpoint a number, then I would say yearly.

Moderator: Our next question comes from the line of Sankaranarayanan from itthough PMS.

Sankaranarayanan: Yes, sir. So I've joined this call lately. Pardon me if this question has already been answered by any of our participants. So my question is more on the demand side. So in your talks with the OEM, so what kind of incentives or discounts or volume discounts provided by your OEM? Because since if this price increase will be continuous in the upcoming quarters, let's say, from an OEM perspective, will they be able to take some of the cost in order to retain the volume demand? Or how should we think about it, sir?

Rajesh Goenka: Currently, in this price increase and limited supply scenario, the question of discounts do not appear at all. What will only appear what we work with the OEM partners is to give consumer offers like 0 interest EMI so that it becomes more affordable to the consumers. Beyond that, in the current scenario, there is no discussion. The entire discussion is the price will go up by another 7%, 8% next month and again, 5% next month. So that's the only discussion right now we are having because of the global shortage and uptrend.

Sankaranarayanan: And if you were to compare the current scenario with what was happening during COVID period, so how do you compare in terms of -- because during that time as well, there was a supply issue and there was a good demand as well. So we were able to fully absorb by the end consumer and all the distribution players are able to gain good return metrics and margin during that time. So if you have to compare between those two scenarios, how do you view the current situation?

Rajesh Goenka: I think both situations were extremely different. In COVID situation, the demand was very, very high. I mean it was almost 2x. And sitting at home, everyone wanted to buy whatever was available. So it was a mad scramble to get the products. Right now, in this current scenario, there is no scramble to get the products, but we are anticipating shortage and price rise.

So therefore, in Q3, there was no surge in demand. But now Q4, we are seeing that consumers and corporates have started identifying that, yes, if I buy after 2 months, I may have to pay another 10% or 15%. So they have started procuring. So there is no surge in demand as such. So it's both extreme situation. The resultant is, of course, similar.

Sankaranarayanan: And maybe in the upcoming fiscal year as well, we will be able to achieve this kind of growth because of price increase and not due to volume-led demand?

Rajesh Goenka: Absolutely. I mentioned the same earlier.

Moderator: Our next question comes from the line of Aasim from DAM Capital.

Aasim: Sir, I just wanted some more understanding on the volume growth comment that you made some time back. So I understand Q-o-Q volume may be flat for a couple of quarters. But I thought I heard Y-o-Y, there will still be growth, at least in the quarters ahead. So does that mean supply is better now versus the same quarters last year or is it just the preponing bit that you actually

wanted to highlight, hence, volume growth might be better on a Y-o-Y basis, for say, Q4 and maybe Q1?

Rajesh Goenka: Yes. Y-o-Y, for example, Q4 to Q4, the quantity unit-wise will continue to grow because that planning has already been done and these plannings are done almost 6 months in advance. So for at least next 1 to 2 quarters, unit will continue to grow. Subsequently, units will start getting flattish. And that's where the higher selling price will start playing a bigger role.

Aasim: But still, it would be the end consumer demand or rather end demand getting preponed into the earlier quarters because of price rise. That would have been the reason why you have planned for volumes so that there will be a Y-o-Y growth for at least two quarters and then

Rajesh Goenka: Yes. That is one in any case, but in any case because of our GDP growth, because of our economy, because of our digital implementation, because of our low PC penetration, in any case, 8% to 10% Y-o-Y growth was anticipated. So basis that, we have already planned those numbers.

Aasim: No, I mean, these 8% to 10% would be like a long-term CAGR basis. But in the current environment, maybe we'll have to -- I mean, maybe this quarter was a super normal quarter in volumes, then things might come off a bit, then maybe a couple of quarters, you must see negative volumes, whatever you can cover from price rises will be the only factor. So I just -- I mean, I was just trying to understand the Y-o-Y bit. But I take your point. That's it from my side. Sorry, were you making a point?

Rajesh Goenka: No. Thank you I said.

Aasim: Okay, sure.

Moderator: Thank you. Our next question comes from the line of SB Bhaiya an Individual Investor. Please go ahead.

SB Bhaiya: Thank you for the opportunity, sir. All my questions have been answered. So there are no further questions to be asked. Thank you very much.

Management: Thank you so much.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

Kapal Pansari: I would like to thank you all for joining the call today and I hope we were able to address all your queries. If you have any further questions, you can reach out to our IR partners at Valorem Advisors. Thank you for participating in the call again. We look forward to presenting you next quarter, our Q4 results very eagerly. Thank you so much.

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