electronicsbazaar.com

August 05, 2026

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, C-1, Block G, Bandra
Kurla Complex, Bandra (E), Mumbai 400051
NSE Symbol - EBGNG

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
Scrip Code – 544455

Sub: Transcript of Earnings Call with Analysts / Investors pertaining to the Financial Results of the Company for the quarter ended June 30, 2026 - Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith is the transcript of the Earnings call with Analysts / Investors held on July 30, 2026, post declaration of the Financial Results for the quarter ended June 30, 2026.

The same has also been disseminated on the website of the Company.

We request you to kindly take the above on records.

FOR GNG ELECTRONICS LIMITED

SARITA TUFANI VISHWAKARMA
Digitally signed by SARITA TUFANI VISHWAKARMA
Date: 2026.08.05 11:09:13 +05'30'

Sarita Vishwakarma
Company Secretary & Compliance officer
Membership No. A59547

"GNG Electronics Limited
Q1 FY27 Earnings Conference Call"
July 30, 2026

MANAGEMENT:	**MR. SHARAD KHANDELWAL – FOUNDER AND MANAGING DIRECTOR – GNG ELECTRONICS LIMITED** **MR. AJAY PANCHOLI – DIRECTOR – GNG ELECTRONICS LIMITED** **MR. RAAKESH JHUNJHUNWALA – CHIEF FINANCIAL OFFICER –GNG ELECTRONICS LIMITED**
MODERATOR:	**MR. AVINASH KARUMANCHI – MOTILAL OSWAL**

Moderator: Good evening, everyone and welcome to the Q1 FY27 Earnings Call for GNG Electronics Limited. We will begin the call with the opening remarks from the management after which we will have the forum open for the interactive Q&A session. I must remind you that this conference call may include forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantee for the future performance and involve risks and uncertainties that are difficult to predict.

I now hand over the conference to Mr. Avinash Karumanchi from Motilal Oswal for the introduction. Thank you and over to you, sir.

Avinash Karumanchi: Thank you team. Good evening, everyone. On behalf of Motilal Oswal Financial Services, I welcome you to the First Quarter FY27 Earnings Call of GNG Electronics Limited. Joining us on the call today are Mr. Sharad Khandelwal, Founder and Managing Director, Mr. Ajay Pancholi, Director, Mr. Raakesh Jhunjhunwala, CFO, and Mr. Rohit Agarwal, Strategy and IR. Now I hand over the call to Sharad ji for his opening remarks. Thank you and over to you, sir.

Sharad Khandelwal: Good evening and thank you everyone. I welcome you all to the Q1 FY27 Earnings Call of GNG Electronics Limited. Before I begin, let me say that today marks a special milestone for all of us. Exactly 1 year ago today, GNG Electronics began its journey as a publicly listed company. It has been an extraordinary year and I want to sincerely thank our shareholders, investors, colleagues, customers, and partners for believing in our vision. Trust is never given permanently, it must be earned every single day. That's a responsibility we take very seriously.

The world has changed remarkably over the last few years. In technology, change has never waited for anyone. But every so often, there comes a moment when the changes are not temporary, they are structural, they reshape industries, they redefine markets, and they create opportunities for those prepared to see them.

I believe we are living through one of those moments today. Artificial intelligence is transforming computing, supply chains are being reshaped, the economics of owning a computer are changing rapidly. Around the world, businesses, students, governments, and families still need access to reliable computing, but they are increasingly asking a different question. They are no longer asking "Does it have to be new?", They are asking "Does it work well?", "Can I trust it?", "does it create value?"

That question lies at the heart of everything we do at Electronics Bazaar and I believe it is why our business has never been more relevant than it is today. Let me take you through our Q1 performance highlights, the industry developments, and the strategic progress we have made before handing over to Raakesh ji for the financial details.

We delivered another strong set of results. Revenue grew 32% year-on-year to INR412.5 crores, supported by healthy demand across India and our international markets, particularly the United States, Europe, and the Middle East. Gross margin expanded to 24.65%, improving by 329 basis points over last year and 542 basis points over the previous quarter.

These numbers matter, but what gives me even greater confidence is what lies behind them. They reflect a business that is becoming stronger, more efficient, and more relevant with every passing quarter. We have started the year comfortably ahead of our FY27 guidance and Raakesh ji will take you through the financial details in a few minutes.

The world of technology is changing before our eyes. Over the last few quarters, we have spoken about three powerful trends the rise of artificial intelligence, the growing shortage of critical components, and the increasing cost of new computers. Those trends have not only continued, they have become even stronger.

Memory prices have risen a further 5% to 10% in the last quarter alone. 8GB DDR5 now stands at $126 and 16GB DDR5 at $231 as of June 30th. Since October 2025, these prices have more than doubled[1]. The situation has only intensified further. Effect of price increase in new PCs has further started to catch up. Price of an entry-level 8GB RAM and 512GB SSD laptop has further risen from INR40,000 to INR48,000.

IDC continues to revise its outlook downward for new PCs. As previously highlighted, IDC now projects global PC shipments to decline 11.3% for full year 2026 with conditions expected to worsen in the second half, driving a 20% year-on-year decline in that period alone. Excluding the growth that would otherwise have materialized, this translates to a unit decline of ~30 million in just two quarters, making the impact considerably more significant and visible.

The primary driver remains the persistent memory shortage for which no meaningful relief is expected before end of 2027. As new devices become increasingly unaffordable, more and more consumers and enterprises are turning to Electronics Bazaar's premium refurbished devices with proven warranty.

But I also want to address something directly. Even in a scenario where memory prices were to correct someday, our business proposition remains fully relevant and growing. The refurbished PC market is growing rapidly not just because of supply constraints in new devices, but because of a fundamental shift in how people think about value, reliability, and sustainability in technology. There was a time when buyers were hesitant about refurbished computers and I am happy to report that we have made it easier and more comfortable for people to buy our premium refurbished computers, a product that consistently delivers on its promise, a warranty that gives real peace of mind, and a buying experience that builds user confidence.

AI is accelerating computing demand across every sector. What is changing is not the need for computing, it is where that demand is being met. In mature markets, the pattern is well established. In automotive, used car sales are more than twice new car sales. In smartphones, refurbished has grown from a niche to a meaningful share of global shipments.

The PC market is following a similar trajectory and we have been able to make the market more organized not only in India, but in international markets too by offering our premium refurbished computers through our global distribution network.

[1] The prices of DDR memory has actually increased nearly fivefold, as clarified by the management later during the conference call.

Now, let me put the India opportunity in perspective. India has approximately 1 billion mobile phone users. The installed base of personal computers in this country is approximately 55 to 60 million, a fraction of mobile market size. Think about that for a moment. A billion people carrying a mobile phone, but do not own a laptop. That gap is the single largest untapped computing opportunity in the world and Electronics Bazaar is uniquely positioned to address it.

Look at it from another angle. You cannot imagine modern education without a computer today and yet, India has approximately 300 million students, Africa has a student population of close to 250 million, and most of them still do not have access to one. A smartphone can do many things, but it cannot replace a laptop when a student needs to write code, complete an assignment, or prepare for an examination. As new laptop prices have risen sharply, this gap has only widened. The opportunity we see is not just in India, it extends across Africa, other developing markets where the dynamic is very similar, a large, young, digitally aspirational population that needs reliable, affordable computing. Electronics Bazaar is built to serve exactly this need. For us, this is as much a purpose as it is an opportunity. Let me also add in good measure, this requirement is not only in developing economies, it is as much relevant in developed countries as well because the students across the world, they need a high-powered computer thanks to AI and other computing needs.

But the good part is the opportunity is wide, diverse, and far-ranging. The business sector requires a premium refurbished computer as much as a student. Businesses face constant pressure to manage technology costs while staying competitive. A premium refurbished device from Electronics Bazaar that works like new, looks like new, and comes with a credible 1 to 3-year warranty is precisely what they need.

Let me now talk about our channel to give better coverage and distribution reach around the world. I genuinely believe it is the most important strategic and difficult to replicate asset we have built. Our strength lies in our diversity, our customer segments, geographies, and channels, and the breadth creates high barriers to entry.

This quarter, we held dealer meets across India - Surat, Chennai, Pune, Mumbai, Lucknow, Delhi, and Nagpur. The response was overwhelming. The turnout and the quality of conversations at every single meet exceeded our expectations. We have launched ‘EB Elite program’ for further channel engagement and we are also doing ‘Chai Pe Charcha’ in various cities across the country to engage with our channel.

Our channel partners are our biggest pillar of growth. They are deeply invested in the Electronics Bazaar proposition and they are increasingly championing it in their own markets.

I also made personal visits this quarter to Chennai, Kolkata, Dehradun, Nice in France, Amsterdam, and New York. And what I saw on the ground was very encouraging. The confidence our channel partners have in our vision, the acceptance of our 3-year replacement warranty in India and 1-year in international markets, the growing trust in premium refurbished as a category, it is all coming together. What excites me most is that our partners are not just selling Electronics Bazaar, they share our ambition. They believe this market can grow 4 to 5 times over the coming years and they are investing in that belief alongside us.

We continue to actively work on strengthening our global distribution network by onboarding distributors across key international markets.

People often ask what makes Electronics Bazaar difficult to replicate?

The answer is simple. It's not one capability or advantage, it is three:

1. Deep sourcing relationships,

2. In-house refurbishment capabilities,

3. A very strong global distribution network built over many years of effort and credibility built over decades.

These three strengths reinforce each other and create a very good compounding business model.

Underpinning all of this is a product that is earning trust globally, a premium refurbished device that works like new, looks like new and comes with a 1 to 3-year credible and reliable warranty. It is what gives an enterprise IT manager the confidence to deploy our devices, it is what gives a student's parent the confidence to buy one, and it is what gives our channel partner the confidence to champion us in their markets.

A few updates on the company. As of end of Q1 FY27, Electronics Bazaar supplies to 49 countries, up from 46 at the end of FY26. Customer touchpoints have grown to 5,130 and our supplier base now stands at 773, reflecting deeper and more diversified sourcing across geographies. Our teammates, our biggest asset, have grown to 2,420 as of June 2026, up from 2,148, reflecting continued investment in production, sales, and customer support.

Finally, as I look ahead, I am more confident than ever before where Electronics Bazaar is headed. The growing acceptance of premium refurbished and opportunities in both business and education segments make our business model more relevant, useful, and compelling by the day. We will continue to stay close to our customers, execute with discipline, and build the capabilities that will make Electronics Bazaar the world's most trusted name in premium refurbished computing.

Thank you. I now hand over to Raakesh ji for the financial details.

Raakesh Jhunjhunwala: Thank you Sharad ji, and good evening, everyone. Let me walk you through the financial performance for Q1 FY27. Consolidated revenue for the quarter stood at INR412.5 crores, representing a year-on-year growth of 32%. As Sharad ji mentioned, this was driven by sustained demand momentum across our domestic and international markets, particularly the United States, Europe, and Middle East.

Gross profit for the quarter stood at INR101.6 crores, with gross margin expanding to 24.65%, an improvement of 329 basis points year-on-year and 542 basis points sequentially. This improvement reflects better procurement and improved realization across markets.

EBITDA for the quarter stood at INR52.8 crores, with EBITDA margin at 12.8%, an improvement of 156 basis points year-on-year compared to 11.3% in Q1 FY26.

Profit after tax for the quarter stood at INR28.9 crores, a growth of 56% year-on-year. PAT margin expanded to 7%, compared to 5.9% in Q1 FY26, an improvement of 108 basis points year-on-year.

Overall, Q1 FY27 has been a strong start to the year with healthy revenue growth, meaningful margin expansion at the gross and EBITDA level, and a PAT that has grown significantly year-on-year. We are comfortably ahead of our full year FY27 guidance, and we remain focused on continuing to deliver profitable, sustainable growth. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chirag Jain from Emkay Global. Please proceed.

Chirag Jain: Yes, good evening everyone and congratulations on very strong performance. So, my first question would be if you can share some of the operating parameter details like the number of units that we did in the fourth quarter was 2,41,000 and obviously the split between laptops and other categories, if you can share for the first quarter and like-to-like performance on a year-on-year basis?

Moderator: Sir, your voice is breaking sir, unable to hear.

Ajay Pancholi: Okay, am I clear now.

Chirag Jain: Yeah, sir. Now much better.

Moderator: Sorry to interrupt sir. Ajay sir your voice is not clear. I will reconnect you.

Ajay Pancholi: Yes, I am audible clear.

Chirag Jain: Yes, sir now much better.

Ajay Pancholi: Okay, thank you. Just to repeat, total number of laptops is 1,08,000 and desktops and others is 42,000. And in terms of total revenue proportion, it is 81% realization from laptops and balance from others. Also, at the same point of time, I would also want to give another operational parameter in terms of our revenue breakup or the geographies from which the revenue is coming in this quarter.

36% is out of India, 12% is from Middle East, US and Europe together account for 47%, US being 24% and Europe being 23%, and others is about 5%. So, you see a huge improvement in the geographic mix as well, more moving to developed economies and of course, India has also continued to grow.

Chirag Jain: Noted. Thank you. Sir, also if you can share update on the working capital cycle and probably the debt associated with that?

Ajay Pancholi: Yeah. So, in terms of net debt that we had at the end of last quarter, the net debt, the working capital employed is almost similar, the same size of working capital, but in terms of net debt, the net debt has increased by about INR100-odd crores. This number was about INR399 crores or almost rounding off to INR400 crores at the end of March '26. This has gone to INR406 crores. And in terms of overall capital employed, it is about, it is marginally gone down from where it was at the end of March '26.

Chirag Jain: Okay. And just last thing, in terms of profitability, the standalone operations seems to have done better than the overseas operation, which is console minus standalone is what we calculate as. Typically, the overseas operations has been more profitable compared to India operations. So any thoughts over here? Is it sort of a one-off or maybe a sort of a structural thing, something to worry about over here? Thank you.

Ajay Pancholi: Yeah. No, it is more of acceptability, more deeper penetration. So I do not think directionally there is any difference in terms of realization. Realizations will continue to be better off in the overseas market relative to India. And wherever we see deeper opportunities, we have been able to mine those opportunities better in different geographies and India has also started playing well in the ecosystem.

Chirag Jain: Okay, thank you so much. That's it from my side.

Sharad Khandelwal: This is Sharad. Also, I would like to mention few things. Due to our deeper penetration in all the markets, we are actually facing negligible competition and that is allowing us to price our products better. I have personally visited, as I mentioned in my opening remarks, lot of markets, visited lot of customers, and done Zoom calls with our key customers around the country and the world.

And the acceptance is increasing and acceptance is more structural and people are paying well for the quality and the service that is associated with the product. So these all factors put together and overall reach that we are able to penetrate, and the journey continues because we have just scratched the surface. We have a long way to cover in this area. But the improvement in margin is obviously visible

Chirag Jain: Understood. Thank you so much, sir. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Shrenik Mehta from Indo Alps Wealth. Please proceed.

Shrenik Mehta: Hi, am I audible?

Moderator: Yes, you are audible.

Shrenik Mehta: Okay. So broadly a question around the India margin versus the global margins. So we see that the consolidated margins are around 24.6% this quarter, which is up almost 329 basis points year-on-year, and also sequentially 542 basis points. Yet, the India standalone margins was only 21%, which implies that, the overall overseas subsidiaries ran close to 30%.

So here in this quarter, your consolidated revenue fell almost 37% India quarter-on-quarter. The India entity actually built INR75 crores of inventory while the group net drewdown to INR38 crores. So can you split the consolidated gross margin lift into geography mix shifting towards higher gross margin US, UAE entities and seasonally soft India quarter versus, the genuinely same geography improvement?

And as India volume accelerates through the Redington channel, what blended gross margin would you actually underwrite for the year?

Ajay Pancholi: I would say you have done the breakup directionally correct. 21% being the gross margin in India and international going to almost touching 30% in the quarter, right And see, the acceptability of the product is increasing and getting deeper both in India as well as in the international markets.

The point to elaborate over here is, if you notice my earlier comment, geographic spread international has widened in the US and Europe, being almost 47% of the total. I want to refrain from giving any specific guidance in terms of what margin will come from deeper penetration in India because we are pan-India. We are not saying differential margin coming in different states, etcetera.

The product is getting well accepted and as Sharad ji mentioned, we are on the ground, we are having a good pulse across India and also targeting key geographies which are enriching internationally as well.

So I think it will be fair for you to assume that you should look at it in terms of an overall guidance number as to directionally which side we are going and we are working well on the directional side and that is resonating from what we've delivered in India as well as on the international business in this quarter.

Shrenik Mehta: Okay. And that's how much, can you reiterate that once, please?

Ajay Pancholi: Could you repeat what was the question?

Shrenik Mehta: No, I was just asking if you could reiterate your directional target once again, please, here?

Ajay Pancholi: In terms of guidance, you are referring to for the full year?

Shrenik Mehta: Yeah.

Ajay Pancholi: Sharad ji, would you want to address that?

Sharad Khandelwal: Yeah. So two things I would like to, before I give guidance, let me tell you that our products, we are moving away from our product being commoditized and trust is a huge margin lever that is available to us, so you can imagine where we can go because, frankly, we are finding negligible competition in the areas and customers that we deal with and we are trying to expand that reach.

Moving away from our product being commoditized is a huge, huge margin lever. In terms of specific guidance, we would like to revise our revenue guidance from earlier 25% to 30% and at the PAT level margin growth, we would like to increase it from 0.5% to 0.75% -1%.

Shrenik Mehta: Okay, thank you so much.

Sharad Khandelwal: And we would like to be, the idea is that we are always conservative in our approach. It is better to under promise and over deliver rather than do the reverse. So our idea and hallmark has always been the same, as you would have observed in the past.

Shrenik Mehta: Yeah. Okay, thank you.

Moderator: Thank you. The next question is from the line of Sunil Jain from Nirmal Bang Securities. Please proceed.

Sunil Jain: Yeah, thanks for taking my question and congratulations on good number. My question relate to volume growth. The volume growth is around 18%, am I correct, combined?

Ajay Pancholi: That's right.

Sunil Jain: Okay. And the balance growth we are getting is on account of realization. So, in that, how much is because of geographical mix or product mix, and how much price increase which we had taken?

Ajay Pancholi: So in terms of the overall unit numbers, you are right. It is about 18% and the overall growth being 32%. And while we say this, I think there is enough emphasis that we resonated in our earlier calls as well that focus is continuing to grow to be on volume growth as well as value growth.

So a large part of the value realization is on account of deeper penetration across markets in India as well as widening and going deeper in US and Europe. So it would be fair to say that it is coming across the ecosystem and it's not specifically coming from any specific limited geography or limited area.

So endeavor, as Sharad ji mentioned, it is no longer being positioned as a commoditized product, it's being positioned as a service proposition and that is being accepted well and we are seeing the fruits of that convergence.

Sharad Khandelwal: Sunil ji, also I would like to add here one thing is there is a ASP expansion is on account of two things: one is product mix and the gross margin expansion, both.

Sunil Jain: Yeah. My question comes from the point that we are seeing cost inflation and because of that the price inflation is also happening. And the inventory holding for the company is quite substantial. So, was there any inventory gain which we are getting because of this?

Sharad Khandelwal: Absolutely. See, we have been keeping, as I mentioned in last two earnings call, strategic inventory because of the price increases, we have to buy ahead of the price increase cycle. And that is helping us. That is helping in increasing the gross margin, that is also helping us increasing our penetration and sales.

So yes, absolutely, this is the reality as of today because the prices continue to rise. Dispositions will become scarce and hence will have to keep higher inventory. So keeping higher inventory has been advantageous to us.

Sunil Jain: So you said that this quarter again you had seen memory prices increasing by around 10%. So, how you look at this trend now? Are they reaching to a higher level or still this process can still continue for some more time?

Sharad Khandelwal: Sir, the memory price rose by 10% this quarter, and I actually made an error in my opening remark, they have not doubled since October, they have gone up by five times. Now, how much they will go further, meaning the experts have differing opinion. It is not coming down, it is not coming down to the old level. What I hear from lot of experts is that it will continue to rise 5% to 10% every quarter.

And it is not just the memory, it is the processor, SSD, and memory is fundamental to any technological device that we use, not only just AI, but even the smart watches, health devices, everywhere memory is being used. Now, it may go further, but I would like to address another thing which is more fundamental. The business is not memory dependent, we are not riding a wave. We are building the infra for a market that will be very, very large.

Sunil Jain: Yes.

Sharad Khandelwal: So yes, these are tailwinds that are available to us, but the headroom was always available to us even when we came with our IPO. So the market opportunity is immense, but current situation is definitely helpful.

Sunil Jain: And one strategic question, like you are in B2B. Have you any thought of whether you can venture into B2C as well, or some thought on that?

Sharad Khandelwal: Yeah. So sir see, we get better appreciation of quality, consistency, and warranty when we deal in B2B when business and education are our ultimate customers. B2C, by definition, requires lot of investments and there's lot of price elasticity.

All three brands like Dell, HP, and Lenovo, and you can see their market cap, and that's a reflection of their focus on the business and Dell has very strong focus on business, enterprise, and education segment.

See, I believe never say never. We can engage with retailers if we find that that our proposition is getting properly displayed there, and we are able to get the margin that we want. In the current situation, we continue to focus on B2B segment because the opportunity is very large and long. We have huge runway ahead of us even in this segment.

Sunil Jain: Yeah, great. Just a data question if you can give me. What's the inventory at the end of the Q1, if possible?

Ajay Pancholi: Yeah, the inventory at the end of Q1 is about INR700-odd crores. This has gone down, this has gone down from about INR740-odd crores at the end of the year.

Sunil Jain: Okay. Great, sir. Thank you very much and all the best for the future.

Ajay Pancholi: Thanks. Just before the next question, I would want I would want to address another operational highlight in terms of ASPs, which I missed and which would be possibly in some questions as well.

So, in terms of ASPs, in terms of laptops during the quarter, we have an ASP of about INR30,763. If you were to compare this to the corresponding quarter, it is about it was about INR27,500. And if you were to look at this in terms of the previous quarter, it was INR30,000. So, there's been about 12% increase in the realization on a year-over-year basis and a almost a 2.5% over sequential quarter basis.

The same if you were to look from desktops and others perspective, this number is about INR19,300-odd in comparison to almost INR17,500 a year back. So that's a 10% better realization or and from a sequential quarter perspective, this number has moved from INR19,090 to INR19,326, which is about 1.5% better. On an overall basis, 12%.

Yeah, may bethe next question, please.

Moderator: Thank you. The next question is from the line of Shreyansh from Equentis Wealth Advisors. Please proceed.

Shreyansh: Yeah, thank you for the opportunity. Most of the questions have been answered. Just a bit on the other expenses side, I see that has jumped more than 65% Y-o-Y compared to your other operating profit or. So just wanted to understand what is leading to this higher jump in other expenses for this quarter and the other part would be what would be the tax rate that we should assume for this year, effective tax rate going forward for FY27?

Ajay Pancholi: So coming to the second question first, the tax rate you should assume on a similar basis at between 10% to 12% for the full year on a consol basis Yeah. And on your question on the other expenses, this number has gone is increased by about 68% as you rightly observed.

But also, this is on account of, I think what we are also doing is there's a lot of incentivization that is going on for better realization and better sales. So, that is also leading to that aspect and I don't think there's any significant cause of concern or area to highlight as to what has led to any specific number out over there. So, it is directionally okay, is what I would say.

Shreyansh: Fair enough, got it. Thank you. I think that's it from my end.

Moderator: Thank you. The next question is from the line of Paras Chheda from Purpleone Vertex Ventures. Please proceed.

Paras Chheda: Yes, sir, for this opportunity and good evening to you. Sir, just one thing, with this recent Middle East disruptions again that has taken up, is our UAE refurbishment facility or logistics of freight cost anyway impacted again? I know that over the last con call, you had said we were okay with it, but just reconfirming that?

Sharad Khandelwal: Yeah, so Sharad here. There is no disruption at all in our UAE facilties, all our facilities are up and running and the shipments are also going. Shipments are through air and there is no disruption at all. And you may have noticed for last one to two months whatever skirmishes or attacks have happened, nothing has happened on the UAE soil.

UAE remains insulated from the current Middle East situation. But obviously the situation is not ideal, but the government of UAE has managed situation very well. Around 500 missiles and 2,000 drones have been fired upon UAE, but we see no visible damage anywhere. So, they manage it very well. The interception rate was very high and that has allowed commerce to function. The employee count has in fact risen and the shipments are going as usual.

Paras Chheda: Understood, sir. Thank you so much on that. And sir, just can you quantify your targets for, and I know inventory is a strategic advantage to us at this point in time, but generally, do you have any specific target for inventory days, receivable days, and cash conversion cycle over the next one to two years? Just any steps for improving the operating cash flow basically?

Sharad Khandelwal: No, fair enough. The situation is very evolving and current situation demands that we take the call, demanded by situation and strategy. The business by design is procurement heavy, because our procurements cannot be linear.

We buy from large corporates and when they dispose of the assets, we, when we buy that, it gives us lot of distinct advantages There's a need to keep large range of finished stock to be able to service our Indian and overseas customers instantly. This has a very positive impact on our gross margin.

Now again, in terms of inventory, the inventory needs to be broken up for raw material, semi-finished, and finished inventory and we have to keep a good amount of 30 to 40 days of finished inventory as well, because the essence of the business is that we are able to supply our customers, and these are business and education customers, the instant delivery of one single model, which is very good moat that we have. We do not find people doing that. And if we are able to do that, we get price advantages and that converts in better margin. But it is obviously procurement heavy. So on one hand is fiscal prudence, on another hand is reality of business. We have to strike a balance between these two.

Also, in our business, we don't have any fixed capital worth talking about, there are no machinery involved, there are no other things, so the business is working capital heavy. That said, our job is to drive efficiency and we are working towards that. And we will continue to manage working capital prudently.

But at the same time, when the business requirement demands that there is a good, huge opportunity and huge margin associated with that, I think it makes sense to take that call.

Paras Kheda: Understood sir.

Sharad Khandelwal: Like, I'll just try to give you an example. We have recently got an opportunity from a very large, it will not be right for me to name the bank, but from a very large bank of the US and that is around 60,000 good desktops of a higher generation coming at very good price. Now, if you take that inventory, we get margin upside, huge margins.

But if you decline that inventory, obviously, or if you buy not the full thing, then we don't have control of the material and if you buy the lesser quantity, the margin gets limited. And also very important is the timing of the sales, because the prices are on upward trend, so we need to be mindful of that.

Paras Kheda: Right. So, what you are saying is inventory is also one of the strategic levers to enhancing your margins basically?

Sharad Khandelwal: Absolutely, absolutely. We do believe that. We buy from banks, we buy from leasing companies, we need control of the inventory, as well as that's on the procurement side. And from the sales side, our customer in Australia bought some 3,000 laptops from us one shot, because only we had the inventory. And if only we have the inventory, you can imagine that only we have the pricing power at that time.

We are moving away from our product being commoditized and obviously, this is not just having the inventory, other things associated is the quality of the product looks like new, works like new, and with our warranty. So trust element is a is very, very important. Trust and other strategic decisions, they are both are huge margin levers.

Paras Kheda: Right, sir. Sir, what contribution do you expect from, Redington, Supertron, Ingram over the next 12 months to 18 months?

Sharad Khandelwal: It's not correct for me to do that, but they are respected companies and we are working with them. Their business contribution is significant and obviously increasing our reach. See, we work with the city distributors, local distributors, as well as three large national distributors and Redington is number one in India, Ingram is number two, and Supertron is also I think number fifth.

So, and also a very important point to note that it speaks volumes that these large distributors have, we're privileged to work with them because of the trust that we have, our three- three and half decades of business experience as well as the credibility that we carry. It's difficult for any large distributor to sell refurbished product of any guy because their credibility is also there. I would refrain from giving the exact contribution, but yes, overall our pie should increase and their share should be significant.

Paras Kheda: Right. Sir, and just last query my end, and this is, one of little critical one for me to understand. You said that, one of the key factors for improving your margins is also the realization, and it's not a commodity sale, and trust is a big factor driving enhancement of margin. So, what I wanted to understand is eventually at some point, your refurbished laptop prices will be benchmarked to the, new laptop prices at some point in time.

So, you have a little bit of, that room that is available to, us in our business. Now, of course, trust helps you, achieve sales, but to enhance your margins in terms of realization aren't we really, sir, you know, sort of in some way or the other connected to the new laptop prices effectively and therefore capped also by certain percentage of the new laptop prices?

Sharad Khandelwal: So, I appreciate you for asking this question. Currently, we are pegging our product, we are around 30%, right? When you compare that with phone or car market, the refurbished phone or refurbished car, they are like 50% of a new phone or new car. Now, if I have to increase this 30% to 35%, you can imagine the margin expansion happens by 17% add that to our current margin.

I'm not giving the guidance, but please understand it in the right perspective. We have as the trust keeps on growing, as we keep on doing the better job, which we intend to, we can bring it from 30% to 50%. Obviously, it won't go beyond, I'm not saying it will go beyond 50%, but even if it goes to 50%, you can do the math better than me.

Paras Kheda: Understood, sir. So, that's how you're driven in terms of margins and that kind of room may be there, I mean, of course, in other industries, but that's one of the factors that influences. Thanks, thanks a lot.

Sharad Khandelwal: Yes, absolutely. And also, the procurement remains lumpy, because we have to buy the right product and the right opportunity, it's not another industry where we can make our procurement or purchases linear. As much as we want to, it is difficult to achieve. But we are mindful of that,yeah.

Paras Kheda: Yeah, eventually sourcing has a limit to enhancing margin, but I would think that if you can enhance your realizations, I mean, other than of course the volume, that...

Sharad Khandelwal: Both ways. No, so both ways. So you are right. So, as you go more deep, like my colleagues yesterday were in Colombia, right? They had cracked a very good deal, from a bank there. Now, these are market gaps there.

So, there is opportunity to enhance margin on the procurement side because the kind of services that we give, the data safety, the other sustainability goal, and ability to buy entire lot in one shot, that's another thing. So, that's a margin lever.

But obviously, on the front-end side, the sales is a huge margin lever as we keep enhancing our proposition as more and more trust develops, your ability to command price becomes more and that is win-win for everyone.

Paras Kheda: Do you see yourself, becoming one of the Dell or the, HPs of the refurbished laptops five years down the line or 10 years down the line?

Sharad Khandelwal: I don't want to compare. They are big guys. I just want to say that we very humbly, we want to become may God make us best and most trusted global refurbished brand, that's all I would like to say. I would not compare myself with any anyone, they are big people.

Paras Kheda: Fair enough, sir. Thank you so much, sir.

Moderator: Thank you. Thank you. The next question is from the line of Avinash Karumanchi from Motilal Oswal. Please proceed.

Avinash Karumanchi: Good evening, sir. Congratulations on good set of numbers. So, my first question is regarding the procurement. So, as you said, the prices of the refurbished laptops are going up, new laptops are going up. So, are you facing any challenges in procurement, one regarding the ASP, and two, since the new laptops are going up, so the earlier guys who are discarding a laptop earlier at a two years or three years lifetime, now they would like to extend it for one more year because the cost of procuring a new laptop also goes up for them. So, are you facing any kind of challenges in procuring?

Sharad Khandelwal: Yes, both are correct, actually. But see, the prices of the used or the disposition laptops are trailing. They are not happening in tandem. So, obviously, in such situation, when we are privy to information and knowledge, when we buy before, it helps us.

Second, obviously, companies are, there are two things happening: company might defer their purchases, or the leases might get extended. Will it make the disposition overall pie lower, absolutely, yes. Again, in such situation, it is prudent and wise for us to increase the buying partners as well as to buy in advance, right? And we have to pre-empt such situation, and we are doing it.

Avinash Karumanchi: If you can give a rough indication of how much the procurement prices have gone up in the last one year? ASPs have gone up by 12%-13% in the last one year, if I look at it. So, how much would your procurements have gone up?

Sharad Khandelwal: See, we have been able to procure, thanks to our reach, at almost at the similar prices that is getting reflected. More goodness should be seen in the coming quarters. But we are able to secure material at the old prices because of our contracts and because of all the associated services that we are able to offer to our vendors.

Avinash Karumanchi: Okay, okay. So, it's safe to assume that at least for this next couple of quarters, you are not going to see any challenges in procurement?

Sharad Khandelwal: No, we are well positioned to address and accept these challenges and to handle the situation. We will keep the inventory and that's why we have to keep higher inventories.

Avinash Karumanchi: Okay, okay, got it. And second thing is regarding opex. If I look at the employee cost and other expenses, they're continuously running ahead of the revenue for the last many years. I know that we are expanding into multiple geographies, adding new partners, but when should we be able to see a operating leverage on that?

Sharad Khandelwal: See, we are on the expansion path and we have to invest in employees in both on the management side, marketing, as well as production. And it takes some time for our production people to come up the curve. So, we have to hire in advance and because this is a niche industry, we have to train them, they go through the training curve, and then their productivity increases.

So, we have to hire people in advance and obviously, marketing and other expenses are happening. As you would have seen, we are doing channel meets, we are doing other meets to expand our proposition. These all things put together have positive impact on gross margin.

Current situation demands that we beef up our organization in all the categories so that we remain organizationally strong to take advantage of the industry that we are in, and with or without the memory price tailwinds. So, that is the requirement and our marketing is definitely helping us in amplifying our reach to the right segment that we want, that is B2B segment.

Avinash Karumanchi: Okay, okay. So, these should run ahead of the revenue at least for the next couple of years in that case?

Sharad Khandelwal: I won't say that. They won't rise in proportion. See, meaning the operating leverage will obviously kick in very soon. But yes, currently, you have to make your idea visible, you have to make your products visible, you have to do channel meets, you have to do Chai Pe Charcha, you have to do small meets in Dallas, Amsterdam and other places wherever required, because we don't have any other parallel.

So, you understand, we have this disadvantage of no peer comparison. So, we have to amplify and publicize our reach. That's why these are being done at this point in time.

Avinash Karumanchi: Okay, okay, got it. And second thing is a small clarification. So, I know that your guidance is 25% and you beat the guidance by a significant margin and also raised the guidance. But if I look at it, the growth has decelerated in the last compared to the last two quarters. Last two quarters you have gone up by 40-odd percent and now the growth has decelerated to 30%. So, is this a seasonal effect or how should we look into it?

Sharad Khandelwal: See, this is a low seasonality quarter. First quarter is usually a low seasonality quarter, but yeah, see, again, I would say that we would rather be conservative and give conservative guidance. Yeah.

Avinash Karumanchi: Okay. No, my question is generally that we have built up the inventory in the anticipation of price increases, and the growth is slowing down. So, would it be straining the balance sheet going forward? That's what I'm trying to look at it?

Sharad Khandelwal: No, I don't think growth will slow down. I think that answers your question.

Avinash Karumanchi: Okay, okay. Thank you sir.

Sharad Khandelwal: While we give conservative guidance, my and my colleague's job remains to accelerate the growth, both on top-line and bottom-line side.

Avinash Karumanchi: Got it, got it sir. Thank you. I'll join the queue.

Moderator: Thank you. As there are no further questions from the participants, I hand over the conference to Mr. Sharad Khandelwal, sir, for closing comments. Over to you, sir.

Sharad Khandelwal: Thank you. Thank youeveryone for joining this call. We really appreciate your time. I would like to say the category is real, the opportunity is large, and we are just getting started. Quality at an accessible price is not a niche proposition, it's a universal one. And I think if I say this, better product, better price, better warranty, the math is simple and you can imagine what it can collectively achieve for us.

Thank you all, thank you for joining this call. Really appreciate your time and really appreciate your support.

Moderator: Thank you. On behalf of Motilal Oswal Financial Service Limited and GNG Electronics Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.