

**Dated: 04/11/2025**

To,  
The General Manager  
DCS-CRD  
(Corporate Relationship Department)  
BSE Ltd.  
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BSE SCRIP Code: ROBU | 543787

**Subject: Transcript of post-results Conference Call held on 31.10.2025.**

Pursuant to Regulations 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please find enclosed herewith the transcript of the Earnings Conference Call held on 31<sup>st</sup> October 2025 in relation to the financial results for the quarter and half year ended 30<sup>th</sup> September 2025 (H1 & FY 2025-26).

Kindly take the same on record.

Thanking you.

Yours faithfully,

**For Macfos Limited**

CS DCG(ICSI) SAGAR GULHANE  
COMPANY SECRETARY AND COMPLIANCE OFFICER  
MEM. NO. 67610



“MACFOS Limited  
H1 FY '26 Earnings Conference Call”  
October 31, 2025



**MANAGEMENT:** **MR. ATUL DUMBRE – CHAIRMAN AND MANAGING  
DIRECTOR – MACFOS LIMITED  
MR. BINOD PRASAD – WHOLE-TIME DIRECTOR AND  
CHIEF FINANCIAL OFFICER – MACFOS LIMITED  
MR. NILESHKUMAR CHAVHAN – WHOLE TIME  
DIRECTOR – MACFOS LIMITED**

**MODERATOR:** **MS. BHUMIKA MAHESHWARI – HEM SECURITIES  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to MACFOS Limited H1 FY '26 Earnings Conference Call, hosted by Hem Securities. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Bhumika Maheshwari from Hem Securities. Thank you, and over to you.

**Bhumika Maheshwari:** Thank you, Samar. Very good afternoon, ladies and gentlemen. Thank you for joining MACFOS Limited's quarter and half year ended 30th September 2025 Earnings Call. Joining us on the call today from the management team are Mr. Atul Dumbre, Chairman and Managing Director; Mr. Binod Prasad, Whole Time Director and CFO; and Mr. Nileshkumar, Whole-Time Director of MACFOS Limited.

We will now commence the call with the opening thoughts from the management, post which we will open this forum for the Q&A session where management will be glad to respond to any queries that you may have.

Before we go on to the main call, I would like to read the standard disclaimer. There may be forward-looking statements about the company and the subsidiaries, which are based on the belief, opinion and expectation of the company's management on the date of this call. The company does not assume any obligation to update their forward-looking statements if those beliefs, opinions, expectations or other circumstances should change.

These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict. Consequently, listeners should not place any undue reliance on such forward-looking statements.

With this, I hand over the call to Mr. Atul Dumbre sir, Chairman and Managing Director of MACFOS Limited, to take it forward. Over to you, sir.

**Atul Dumbre:** Thank you, ma'am. Hello, everyone. Thank you for sparing your valuable time to join and listen to this call. We are very pleased to present our financial results for the first half of financial year '25-'26. These results reflect steady and strong progress we continue to make across key areas of our business. During this first half of the year, your company has recorded a total revenue of roughly INR129 crores with EBITDA margin of roughly INR15.5 crores and a PAT of roughly INR10.2 crores.

To make a fair comparison, excluding our one-time bulk orders that we have had during the '24-'25 first half, which were around INR71 crores, if we exclude those orders, our revenue has grown by an impressive 71% year-on-year. Compared to quarter 1 of financial year '25-'26, our PAT has declined marginally by 1% -- about 1%. This is primarily due to temporary factors. One is the promotional offers that we did during Independence Day sales and the salary revision following our July appraisal cycle.

We continue to see strong and growing demand for our products. Notably, we are witnessing an increased traction from our corporate customers and also seeing encouraging repeat purchase orders from our existing customer base. This growing trust reaffirms our optimism about sustained demand for future in our offering. This is also reflected in our average order value, which is higher by 27% compared to half year last year and half year this year.

A key driver of our growth remains our well curated expanding product portfolio, which is supported by competitive pricing and strong customer support. During this H1, we have added over 20,000 new products, which is -- which has significantly broadened our product portfolio and strengthened Robu's position as a comprehensive and preferred platform for our customers.

In addition to our digital marketing initiatives, we have actively participated in several domestic exhibitions. These efforts have enhanced our brand visibility, strengthened our market presence and allowed us to explore more organic and cost-effective marketing channels.

To support our growth, we are proactively strengthening our IT infrastructure, enhancing order fulfilment capacity, speed and improving intra- and inter-warehouse management systems. Our core business indicators such as traffic on our website and application, total orders that we served, average order value and customer retention, all show continuous strong growth and encouraging trends.

Looking ahead, our key strategic roadmap continues to be guided by Robu 1.0 and Robu 2.0. These are our two key strategic pillars for future. Robu 1.0 represents our core electronics distribution business. And here, our focus remains on offering high technology products at competitive prices, supported by responsive customer support service and minimum lead times.

We are deepening our supplier partnerships and investing in our IT infrastructure to improve procurement efficiency and shorten delivery times. The continued expansion of our SKU base also reflects our commitment to making Robu.in a comprehensive and reliable platform in our segment.

Of course, Robu 2.0 focuses on building and scaling our proprietary product ranges with special focus on drone category. Over the past two years, this area has gained a very strong momentum with growing acceptance of our in-house developed products. We have successfully supplied drones to a few defense establishments in this H1.

While volumes are still modest, the response has been truly encouraging. We are also conducting trials and working in collaboration with these units aimed at developing indigenous products and solutions for the future.

I thank you for your continued trust and support. As we always say, we always consider our shareholders as our partner. And your continued support always inspired us to keep pushing forward to build a stronger, more innovative and future-ready. I again thank you for your valuable time and my presentation is over for today. Ma'am, over to you.

**Moderator:**

Thank you. We will now begin the question-and-answers session. The first question is from the line of Praneeet as an Individual Investor.

**Praneet:** So I was wondering in terms of trying to understand the overall electronics industry in terms of kitting. I understand we are just a supplier at this point of time. But are you also planning on looking into kitting as an idea because then you can increase the average order value by a lot more, right? So I was wondering your remarks on that.

**Atul Dumbre:** Praneet, your voice was a bit breaking. Could you please repeat the question?

**Praneet:** Am I audible now?

**Atul Dumbre:** Yes, yes, you're audible, but it was a bit shaky. So I missed some words in between.

**Praneet:** Okay. So I was trying to understand the electronics industry, and I realize that kitting is a large factor, right? So, first, there are suppliers like you, then there's...

**Atul Dumbre:** What is large factor? What is large factor?

**Praneet:** No, kitting. Kitting as an aspect of the overall electronics industry.

**Atul Dumbre:** Kitting is large factor. Okay. Okay.

**Praneet:** Trying to understand. So, right now, we're just a supplier, right? Are we planning on also going into kitting as an aspect of it because as these EMS companies tend to get bigger, kitting can be an option for them? So how are you seeing the overall industry dynamic in India for that? And how does Robu want to participate or not participate in it as a strategy?

**Atul Dumbre:** What do you mean by kitting? I just want to get more clarity on your question.

**Praneet:** So like getting these components. So whenever, let's say, hypothetically, you need a PCB, there's usually the specific components that these companies tend to kit together and just send it out, right? So something like that.

**Atul Dumbre:** Okay. So I got your question, Praneet. Sorry for just getting clarity 2, 3 times maybe. But overall electronics industry, as you rightly said, that there are these contract manufacturers who also play a key role in electronics industry. And in our understanding, it's not kitting, but the phrase that we use is what is the availability that you have. So if we are doing -- if we are having, let's say, 100,000 discrete components on our website and some manufacturers have a board, PCB board, what is the fulfilment ratio for that board? Is it 70%, 80%, 90%. What is it?

And I think a lot of decisions by those contract manufacturers are governed by this factor also because they prefer to buy from maybe one or two, at least one player who is having most of their components. So we, of course, want to be part of this industry. And with that in mind, I think around a year or 1.5 years ago, we have started aggressively adding the discrete components.

You can see that in our presentations or in our -- in the data that we released that we have been increasing a few thousand components every quarter. That is mostly these discrete components. And when we have enough, enough hopefully or enough number of SKUs on our warehousing

stock, I think this will certainly play role. We have already seen some positive signs of having the SKUs.

We also have launched a BOM tool because the discrete components like there are sometimes 100, 200 SKUs on your one simple board. We have recently launched a BOM tool, which will help you upload an Excel and get the bulk availability and price by including extra rather than one to one. So, yes, so we are looking at this industry right now, not much, but we have plans to support the contract manufacture.

**Praneet:**

Understood. And another question is regarding the overall industry. I understand that Robu has a proprietary select -- great vast selection. On top of that, you in terms of inbound orders, you have a great website, which tends to cater to most things where others do not. But the thing is at the end of the day, there are many, many component suppliers like you similar in the industry. I agree with it, smaller SKU count. But the thing is I was wondering how do you plan to position yourself?

And how is the overall market developing? Because as these contract manufacturing -- as electronics industry develops in the country, there's a chance of everyone also participating in it. So how does Robu see its position in this? Because with many suppliers, what ends up happening is if they are B2B, especially, they tend to squeeze on the margins. That's my opinion on -- like I think that's how it works.

So I was wondering how does the management see the overall industry because there are so many players. And how does it see itself going forward in terms of growing revenues because they are much bigger players than Robu also in the market.

**Atul Dumbre:**

Yes. So looking in the future, there is no doubt that any industry, let's forget about electronics industry, any industry that you name, where there is honey, there will be honey bees. So the more and more electronics industry go and this distribution and other businesses go, there will be more and more players. And it will result in what generally result, a little bit lower margins into these bulk orders.

But the overall size is also huge. The overall size will also become huge. It's already a big industry, and it will keep on continuously growing. And we already have taken note of that, and we are trying to build our own brands. We're also trying to build Robu 2.0.

So that, let's say, five years down the line, even if you have 1.0 business, huge in terms of the total revenue we will add slightly lower margins because of huge orders or whatever competition we have. We're still able to pluck in those margin gaps with the activities that we have already started maybe two years back or maybe this year. So, yes, that's the simple answer for this.

**Praneet:**

Understood. Would you be able to give an idea on like split of revenues between Robu 1.0 and Robu 2.0?

**Atul Dumbre:**

Right now, we are not giving any split of revenues because Robu 2.0 is still just a kit. We have started like if you see what we are saying to investors maybe last year or even this year earlier that we are just -- like we have started two, three segments, and we are just making products

listing our website or selling in the market and see what is the response, what is our technical stand, how much acceptance we are getting.

So now we see that, for drone segment specifically, we have seen a lot of traction. So now we are focusing on that segment. And I think it's a long-term play. So there will be a time when we'll have to focus on -- more on revenues. So right now, the focus is more on building the products and generating market acceptance.

**Praneet:**

So I was wondering like more to understand the report card between Robu 1.0 and Robu 2.0. So what are the factors that went well for Robu 2.0 for this quarter to understand a better perspective because as a company has been making a strategic shift in terms of growing just from one aspect to other aspects. I think as an investor, I would like to understand like how it is working out and what worked out for the quarter -- for the first half and what didn't work out so far. So I was just wondering about that sense.

**Atul Dumbre:**

Yes. So, the fundamental of why we are doing Robu 2.0, why we are focusing, I already gave you the answer for the future, we are banking on that. And we consider ourselves as a tech company. So we want to do this stuff, which will have better moat and have our own products and so on and so forth.

Secondly, on quarter-to-quarter basis, I think it's really hard to just something like Robu 2.0, where we are launching the products, developing the products, putting a lot of efforts in developing, putting them in market, getting the market feedback and going forward.

So, in a nutshell, if you ask me, when we started Robu 2.0, we were doing products in two, three segments, like sensors, some controller boards, some drone products. Now I think more of our focus is on drone products, our own drone products because we see a lot of traction to that segment for market.

And I think that is the crux of where we have reached in Robu 2.0. So from starting just building the products and getting the market response to now more or less focusing on one sector or being bullish in one sector is something that is the crux of how far we have done in Robu 2.0.

**Praneet:**

Understood. So I try to understand the overall gross margin figures because I noticed that it's remaining around 25% barring the first half of '25 where you did the bulk order. So, I was wondering, as you grow larger, you also acknowledge the fact that you might need to compress a little bit of a margin as the orders grow bigger.

So I was wondering with the inclusion of Robu 2.0, do you expect this 25% figure to maintain as you grow? Or do you expect it to expand beyond this despite the down -- margin compression you might receive from larger orders?

**Atul Dumbre:**

We at least want to maintain the figure. That is always our first priority. And if and when we get a better response for Robu 2.0 and we start selling higher percentages when we -- I mean, if you are looking down the line four, five years. When we evaluate how much percentage of total business is 1.0 and 2.0, nobody knows at this point.

So, yes, it will totally depend on how much of the success or the overall revenue we are able to generate with 2.0 and not only that, what is that compared to the total growth of Robu 1.0, and that is really hard to predict right now.

So the more Robu 2.0 growth, of course, it will help us in terms of margin, but that is not the only factor, our own brands, also some of the small service business that we are doing. Those are also the factors. We are also trying to do certain activities on our Robu 1.0 business where we will be able to preserve the margins or increase the margins by 1% here and there.

So, increase of margin will be dependent on Robu 2.1, 2.0 products and the market response overall revenue that we'll be able to generate longer. Maintaining part, it's overall 1.0, 2.0, both we want to just -- I mean, at least we want to maintain.

**Praneet:**

Got it. So could you also list out like what are the specific factors you're doing at this point of time that is helping you going to maintain because you just mentioned that you're doing specific like the small service business or the other thing you just mentioned. Could you list out those things? What is helping you in terms of maintaining the gross margin?

**Atul Dumbre:**

Robu 2.0 is obviously one of the major things. But if you just remove Robu 2.0 and focus on Robu 1.0, one is always our IT infrastructure development. We want to do as much as of the work automatically, autonomously. We have our own ERP. We have our own other IT softwares which we keep on developing month-on-month. We have a small team in-house. That is one of the reasons.

Second is, I mean, it can be summarized in one word efficiency. So through our IT infrastructure system. Second is major chunk is our warehousing. So maintaining lower inventory, maintaining better inventory, having the more efficient warehouse operations even to the level where what is the cost of packaging and shipping one order. If we can reduce that by so and so it will be more efficient.

Third segment is always supply chain. So we are always thinking of how we can get better prices by increasing a bit of volume or having better relationships with our suppliers and how we can squeeze some efficiency out of that. So these three areas, supply chain, our warehousing operations and IT infrastructure, I think these are the key factors where the focus to increase efficiency in Robu 1.0.

Also, there is this factor of having higher and repeat orders of our corporate customers because though on margin side, they look smaller, but the volumes are really encouraging. So that side of getting more business from them and align more with them is also one of the factors.

**Praneet:**

Understood. But you mentioned that you're spending a lot on IT but so is employee cost also growing? I understand with the scaling you're doing, employee costs tend to grow. But could you give a forecast on where do you think this might stabilize in the overall picture?

**Atul Dumbre:**

So, generally, our appraisal cycle is in July. So from August, September -- sorry, July, August, September -- from month of July, we have increased salary. But that salary is going to stay for



the next year. It's not going to increase for the whole year now. So I think it happens and then we reap the benefit of that whatever the -- throughout the year.

So when you see the -- we have been doing this every year now. So it's not muted. And you'll see it settle down by the next year, we'll have the figures, because revenue is growing, our profits are growing accordingly. And the percentage -- the important thing is what is the percentage of the employee salary in total revenue that we have. So that we always have our eye on. And year-on-year, we keep on reducing it a bit by bit.

**Praneet:** Okay. Understood. So you're not expecting it to grow the workforce. I'm just trying to understand because it went from...

**Atul Dumbre:** No, no. We're not expecting it to grow like that. It's done for this year. Now next year we will see. Praneet? Hello?

**Moderator:** Yes, sir, his line is disconnected. Thank you. The next question is from the line of Kiran from TableTree Capital.

**Kiran:** Congratulations on a great set of results. A few bunch of questions, Atul. Really impressive how the website visitors keep going year-on-year and orders served. So the average order value is very intriguing, Atul. We have had a 27% jump. I'm just looking at H1 to H1, right? 27% jump even if I look at '25 -- FY '25 average, it's 25% jump. So what has changed in this H1? What drew -- I mean, was there like some one-time order which drew up the -- which grew the average order value? Or is it the product combination that has gone up? What is happening there?

**Atul Dumbre:** So it is a combination of two, three things. One is the products -- it's always a factor of what products people are purchasing and what segments are doing better for us and not so good for us in this particular H1 or quarter. Second is we have seen that repeat and corporate customers are buying higher volumes. So that is also an impact on average order value. So I think these are two key parameters that increases our average order value.

**Kiran:** Got it. And follow-up then is, do you think around this value, it will stabilize or it will come down back to INR4,600 like we did in FY '25. So I just wanted to get that average order value rate.

**Atul Dumbre:** To be very honest, it's always a very complex question whether the average order value will grow because when you are looking at 100,000-plus SKUs by now, it's just very, very complex. However, we have some -- I mean we have some factors under our control. So we always try to keep on pushing the more to add to cart. We always try to keep on pushing the B2B customers, which are growing day by day. So there are certain factors which we can control, we focus on them. But yes, to -- I mean, I just don't want to blindly say that we grow on this and not that. So it's an honest answer.

So there are some factors under our control. We keep on pushing them, but the product mix and customer receive -- if we receive a lot of new customers. In a way, it's a good thing, but the average order value is going to go down if we receive a lot of new customers to our component segment or new customers online. So, yes, that's the honest answer for that.

**Kiran:** Got it. I mean the reason -- the only reason I ask Atul is volume into pricing is how we generally understand everything. It has jumped by 37% and average order value by 27%. So that's the 70% growth.

**Atul Dumbre:** Yes.

**Kiran:** Got it. Okay. Okay. So that's the first question. Second question, Atul, we've had a very steep increase in the number of SKUs, right? You were at 50,000 sometime H1 last year, we jumped to 71,000, and now we are at 1,00,000. How many of these SKUs, like 100,000 SKUs, do you truly see offtake? Like is it 20% of the SKUs that you truly see a large offtake? Or is it all 100,000 SKUs? I'm just trying to understand because tomorrow, like by March, maybe you'll say I have 2,00,000 SKUs. I, as an investor, don't understand what that means.

**Atul Dumbre:** Yes. So I get your question. This is the question, I think, that we get almost every call. But, yes. So, the number of SKUs is not directly proportional to the revenue that we do or the company's grow. It depends on what sector. So, for example, if we have -- some are high-value products. So if I'm adding a product which is like selling price of INR10,000, INR20,000 and even 100 SKU of that and compare that to a product of selling price a few rupees, INR5, INR10, INR50 and adding thousands of that. So it's almost the same when it comes to revenue terms.

However, we have been consistently saying that this current SKU growth is because we are focusing on the component segment, which has very small, small components with a smaller size. But to have a complete portfolio, you have to add at least around 100,000 SKUs and then see. So I think that phase for us is almost over. We have created a base portfolio. And here on this aggressive number, at least in terms of new added SKUs, you may or may not have. It depends on how our revenues and how the mix of that component is working for us.

However, that will not signify that, hey, Robu has stopped growing. So even if you add a few hundred SKUs, new segment or new brand, which is doing -- which is having a higher price, sales price, it will still mean the same for us. So we never look at SKU. We just always target some growth each year. And for that, then we do segment-wise, whatever segment we feel best. And in that segment, whatever growth I'm expecting. And for that, whatever is needed to be done.

So for INR1 crores revenue growth in that segment, if I have to add 5,000 SKU or 50 SKU, it doesn't matter to me. I mean that is not our primary intent. Our primary intent is total growth of INR5 crores, let's say, for example, then INR1 crores growth from each segment. Then this segment, INR1 crores, okay, only 50 SKU, if I add new brand, I'll get it.

From this segment, if I add maybe 20,000 SKUs or 10,000 SKUs, I'll get it. So that's the top-down approach. It's -- I mean, of course, we should keep on adding SKUs, but the number, it's not that directly proportional to the growth and revenue.

**Kiran:** Yes. Understood. Understood. Last couple of questions, Atul.

**Atul Dumbre:** Yes, yes, please.

- Kiran:** In previous calls as well, you said we'll try to grow at 50% CAGR and 8% to 10% PAT margin. I know we have grown by 70% in H1. I'm assuming there's no one-time order and everything else in this. Do you continue to maintain -- we'll continue to grow at 50% over the next couple of years with 8% to 10% PAT margin?
- Atul Dumbre:** Yes, we have always said this that we are confident about our historic growth and we'll be able to maintain that growth. If you look at this quarter, some products, I mean, they are outstanding and they are -- to be very honest, they are slightly even -- slightly above even our expectations. So we just don't like to put a number to it. But, yes, in all honesty, we are still very confident about our historic growth. And next two to three years, we believe that we'll be able to continue on a similar growth path.
- This H1, the numbers are even above our expectations. I mean we have worked for it, but two, three things have -- two, three of our decisions have fallen in the right case in the same H1 to have this happen. We are happy with this. But yes, the historic growth, we are confident that we will continue.
- Kiran:** Got it. So there's no onetime order like...
- Atul Dumbre:** No, onetime orders in these numbers. Because from day one, we were very clear -- I mean, we are honest company. I keep on saying this. We are an honest company, we are honest founders. And even if you look at our results or the public level document and calls, we always said that there were onetime orders.
- We don't want -- we didn't want our investors to get too excited because it was the truth. And we knew eventually that it will come down to this point where we'll not -- we may or may not have goes the situation back there, but there will be times when we don't have those orders. So, it's best to be honest and that takes you a long way.
- Again, I'm saying that it's even above our expectation, what we are expecting because two or three of the decisions that we took, they all paid out in the same H1 and it was really good H1 for us. However, we don't expect this to continue as well, But our historic growth, yes, definitely yes, over the next two, three years.
- Kiran:** Got it. PAT margins, Atul, 8% to 10%?
- Atul Dumbre:** PAT margins also, we want to take -- we want to maintain around 8%. That's our target. So we always have a gross margin.
- Kiran:** Okay. Sorry, go on, Atul.
- Atul Dumbre:** Yes. So we always want to maintain around 8%. And our thinking process is very simple. We always take our gross margin. We have four, five of our top expenses and we just want to keep them under control in terms of percentage of our gross margins or total revenue. I mean that's the simple thinking process that we follow. And we just keep our PAT margins at the top. So this is the PAT that I have to maintain. So this is the money that I have to fit everything else in percentage. And then that is what we keep on driving.

- Kiran:** Got it. Last question. Main board listing, I know you can't list the main board till March 2026 because of whatever regulations. Are you guys in the process to kind of apply for main board movement or not really?
- Atul Dumbre:** So, yes, we know that till March we cannot, I mean that's out there and open that we have to wait for three years. And even all situations, we have discussed this topic, but we have never discussed this in detail. I mean, what are the pros, what are the cons and whether we should do it now because we are just becoming eligible. We can do it every time after that. So it's not on the table right now. Let's see how it goes.
- Kiran:** Okay, sure. Thanks. I will join back in a queue.
- Moderator:** Thank you. The next question is from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.
- Swaraj Mehta:** Hi, thank you for the opportunity and congratulations on a great set of numbers. One book keeping question. Advance to suppliers was in short-term loans and advances was about INR12 crores in FY '25. So I just wanted to understand why do we have to pay advances and how much was it in second half FY '26 -- first half FY '26?
- Atul Dumbre:** Okay. So the advances first half of '26 is INR27 crores. And it's not actually the advance. So a lot of our business is distribution, which is when we pay to suppliers and then the material is shipped to us, most of that is international. So when the material is shipped via air, it takes certain time, it's shipped via sea route, it takes certain time.
- And there are -- sometimes there are some production limitations. So when the material is getting shipped, there is some delay in that production time also. So, yes -- so we are not actually paying advanced charge. We are mostly paying to -- I mean the advances that you see mostly are the material in transit is simple way to consider that.
- Swaraj Mehta:** Got it. And could you share a bit more about the typical customer profile for Robu like are you seeing higher traction from educational institutions, start-ups or corporate clients and how has it evolved over the last few years as the business has scaled?
- Atul Dumbre:** So, fortunately, our business is a very good mix of different customers. So I mean the classification that you gave, so there are educational institutes, there are government institutes, there are corporate customers. There are some customers who are paying online without GST. There are some customers who are paying online with GST. So we know that they are some start-up or small companies.
- So if you want me to share the split of everything as a general rule of thumb, we have stopped sharing those splits. But in a trend basis, we have seen our business from corporate customers that is -- so there are overall two sales teams. One is the online sales channel and second is our corporate sales team, which do sales with our selected corporate customers. So that second part of the business we have seen growing from 10% since last four, five years.

And also, even in our online orders, we have seen more and more customers coming up with GST numbers. So it signifies that there is a strong growth of the new companies, small companies who are placing small orders and we have a pool of customers there who can -- I mean, eventually, some of them will grow and will have bigger orders with us, which our corporate sales team can handle. So this is the overall trend that we see.

**Swaraj Mehta:**

Okay. And within start-ups, what kind of start-ups do you usually need this and whom do you provide Robu products for drones?

**Atul Dumbre:**

So we are -- as of today, I think we are doing some 40,000, 45,000 orders a month. So it's really hard to pinpoint individual customer or individual category even for us. So we have start-ups from all the categories that you can take. I mean just imagine we are serving 600,000 orders a year this year. So, it's a big pool, and it's almost like a universe where you can see a start-up from.

So if you see India's start-up portfolio and if you see that there are start-ups from medical, start-ups from automobile, maybe IoT, machine learning, from drone, from industrial automation, health care. So that same pool will be reflected in around similar percentage in our database because it's big database.

And if you're talking about drones, that is one of our strong segments since we have started early in that, like if you talk about components or automation or others, there were some convention there before Robu like we have in one of the first in India to start the drone segment. So a lot of drone companies started doing business in India, startups, you will see a lot buying with us. I'll not say that every company is doing business is buying in bulk, some in small, medium volume, some volumes, yes, mix like that.

**Swaraj Mehta:**

Okay. And so how -- what initiatives are we taking in to increase the average order value and bring in more recurring customers?

**Atul Dumbre:**

Yes. So for average order value, we are generally focusing on adding new products because adding new products gives more opportunity to sell to the same customers, new products to same customers gives us more opportunity. So becoming more comprehensive is always a part of increasing our average order value.

Then increasing our corporate customer portfolio because those are the customers who generally buy in bulk, higher volumes, those are industrial customers. So that is one of the things that we do. Then there are some other initiatives that we do that having a better service so that if a customer buys something and he knows that something like Amazon.

If you buy from Amazon, you are almost stuck to Amazon because you know that it's way better than service. So, there are three, four things that we do generally. So I would say increasing number of products, increasing number of corporate customers, having a getting a better service from Robu side. So these are two, three things that we do.

**Swaraj Mehta:**

Okay. One last question. What product categories were the top performers during this period?

- Atul Dumbre:** That is something that we have stopped sharing publicly because we believe that is something that is a competitive advantage for us that we know which categories are doing well and then we can plan in advance compared to other people to strongly build those categories. And by the time everybody knows, we already have good strong presence in the category.
- Swaraj Mehta:** Okay. I will get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Swechha Jain from Whitestone Financial Advisors Private Limited. Please go ahead.
- Swechha Jain:** Thank you for giving this opportunity. Sir, I have a couple of questions. Sir, my first question is, I know you're not giving the revenue under Robu 1 and Robu 2, but would you be able to give us the volumes that you did in Robu 1, Robu 2 and the margins for this quarter in Robu 1 and Robu 2, would that be possible?
- Atul Dumbre:** No, we are -- I mean we don't have plans to give that. We said last time, I think that the Robu 2.0 volumes are insignificant. I think less than 5% of our total revenue. So that is the number that we have given. So majority of the revenue is from Robu 1.0. And to understand how Robu 2.0 is doing, we understand that investors are very excited there and trying to figure out what Robu 2.0 is doing.
- So in Robu 2.0, we have been launching new products consistently. I think right now, we have around 300-plus products in Robu 2.0, which is developed products developed by us. I'm not probably even talking about the pro range brand products which are OEM. Our own developed products, we have more than 300 plus. And we have now almost focused on the -- like majority of our efforts in Robu 2.0.
- They are focused on one category, which is drone because we have seen a good traction in that. Other than that, if you're talking about margins, so our gross margins are in the level of 25%. When we are doing Robu 2.0, our margins are in the range of 10% plus at least, so around 35% plus. So that's the gross margin that we are doing right now.
- And I think as I always say, the Robu 2.0 is just a case. So we don't really want to burden it with the expectations or targets of revenue. Right now, the focus is to build strong fundamentals, develop new products, put them in the market, get the traction from customers and see what -- where we can go more aggressive day by day, month by month, quarter by quarter, looking at market response.
- And eventually, we will -- some of the products will hit and we are hoping that those products when we focus on a long-term period of 4 years, 5 years or almost 5 to 10 years, will become one of the key building blocks of Robu as a company, giving us competitive advantage, good margins. And the result of that, we are seeing, we have this quarter or this H1 only, we have done some defense military orders.
- Again, volumes are maybe moderate or modest reason to state. But that signifies that we have built products which can be used there. Those are all Robu 2.0 products. And we see -- we are

going try out with some 2-wheelers. So we see that this is a good opportunity for us. This wouldn't have been there we wouldn't have started two years ago.

And not even in my wildest dreams, I would have predicted that, okay, these kind of products will go in the kind of applications and we see a good response from these kind of defense establishment. So, yes, I think we are taking things as they come for Robu 2.0.

**Swachha Jain:** Right. So, sir, just a follow-up. Sir, in the drones, if you could just help us understand what type of typical drones are we making? What would be the typical applications and the type of drones that are we making, whom are we typically competing? I'm so sure there would be other competitors. And what kind of competition are we facing from Chinese players or unorganized sector in this? And then in Robu 2.0, at some point in time, are we also looking to servicing drones then?

**Atul Dumbre:** Okay. So we are actually not making any drones as of now, I mean, not for the general customers per se. We are focusing on building some of the drone parts and products with the proprietary technology of our own. And the drones that we are doing for some military/ defense applications, I think we are even not in a position to disclose the details there. I mean for obvious reasons.

But yes, whatever we can say, I mean, we are not doing anything for the general market, if you're talking about drones, we are doing parts. We are developing technologies that can be used both military and civil applications. But some drones that we have built for military, we, I think we cannot share the details over here. I hope you understood this.

**Swachha Jain:** Yes, of course. So, at any point in time, then do we plan to get into making drones for the general consumer, I mean, for any other users or industry?

**Atul Dumbre:** Not right now. Right now, the part is simple that we are making our own technology. So we believe that it's best time right now to build the technology in the different drone parts that we know the market really well. We know the customer. We know the suppliers. We know the gaps in the India market.

And with the situation that is -- I mean, you know how the world dynamics are playing right now. So we see some -- we hope that there are some good opportunities that we'll get in future. So we are just focusing on building the technology right now and there is no plan to make a complete drone possible as of now.

**Swachha Jain:** Okay. And sir, would you be able -- okay, you wouldn't be able to give us the revenue split, right, between Robu 1.0 and Robu 2.0, right?

**Atul Dumbre:** No, I mean, we won't be able to -- we don't believe that if you just want to take a number, it's less than 5% is miniscule. I better say even around less than 2% if you want to ask me for our own developed products.

**Swachha Jain:** Okay. And sir, just last question. Do we have any active order book like do we work on an order book basis?

- Atul Dumbre:** No, we don't have any active order book right now. We are doing some trials, and we have some orders with the defense establishment. However, I just don't want to get investors excited with that, because the volumes are really, really modest right now. So even if we get those orders, it will be like not a big business. If something like that happens, I mean, we will share that with the market right away.
- Swechha Jain:** Okay. Okay. Really appreciate it.
- Moderator:** The next question is from the line of Rohit Prakash from Marshmellow Capital.
- Rohit Prakash:** Always nice to participate in a con calls and thank you for all the detailed answers. I just wanted to hear more on the supplier advances and debt. I mean, this is the largest that has been a percentage of a balance sheet. Could you give us, sir, your thoughts on? And I believe last year when the debt increased, it was against this one-off order where you had a fixed receivables coming.
- And this one, I believe, is against inventory which you are procuring and it has to be sold through a large number of orders, which you are expecting over the next six months probably. So could you give us an idea of debt in general and how you're ready to go and how do you think of inventory and debt and the risk around that?
- Atul Dumbre:** Yes. So I think last -- I mean I'm not really -- I don't have the numbers in front of me for the last H1, so I'll not comment on those. But this year, I mean, the amount that you see in advance that I think is generally we are building up for the -- if you see our historical trend, the H2 of the year, we do more business compared to H1.
- So with the supply chain, with lead time and delivery of suppliers, we are always building our inventory for that part of the year. And I think that is the point that you are trying to make that when you see a higher number of inventory. And I mean higher number of inventory incoming and then to buy that metal, we, of course, need to have some money.
- How long we want to go ahead with that, it's a simple calculation. I mean as long as I'm confident that I'll be able to sell those products at a certain profit margin, I'll be able to get certain margins out of those. Why not whatever -- I mean that's the business that we have, right?
- So, as long as we are confident it will result into the revenues and the profitability in future. We will try to go and get the depth as possible. I mean we don't really think of that as a liability. We think of that as an asset. As long as we are confident we are managing that well, I think, that's really an asset for us.
- Rohit Prakash:** So, I mean, with the increase in SKUs in the inventory, like the historical 4 times inventory turns that we were used to maintaining that, the whole inventory should rotate 4 times in a year. Are we confident of that continuing with the increased of SKUs in inventory also?
- Atul Dumbre:** Yes. Even today, if you look at our inventory rotation cycles, it's, I think, 4.5 times a year. So, yes, around 4 times, we are confident.



- Rohit Prakash:** Understood. And so, I think till recently we had equity capital which we raised in a year or so back and that is what we were using for funding the inventory and now we're using that. So, till what, I mean, how do you think of debt as a percentage of the balance sheet or as a percentage of the equity? What number are we comfortable or how do you look at the maximum debt that you're willing to take? Is there any thoughts around that?
- Atul Dumbre:** Rohitji, to be very frank with you, we really don't have that number. I mean, our business perspective is always if I need to buy, let's say, INR10 crores worth of inventory of XYZ products, am I confident that I'll be able to move that product in a certain price point in the market?
- So, I'll tell you, this H1 we had an opportunity to buy one particular product in like INR4 crores, INR5 crores worth of money. We have to invest in that product. But we were very confident that we are getting a certain discount if we buy that value and we will be able to move that product quickly in the market.
- So, we invested and as a result of that, we see that it has reflected in the inventory -- reflected in the revenues and it was at a good margin. So, the decisions that we take are totally like this, that if I see the opportunity to move the revenue up and I'm confident that it will, then we'll do that. I mean, we'll do that.
- So, I mean, generally what happens is we don't get an opportunity that, suddenly we have to go for maybe INR100 crores extra debt. I mean, that's outrageous. It will never happen. So, it is generally in tune of the overall revenue that we are doing. And we just take the decision as and when required. So, our main focus is on increasing revenue and with profitability. So, for that, whatever debt is required, I mean, if we are willing, we are confident that we'll be able to pay to banks and still make margins. Why not?
- Rohit Prakash:** Understood. And my last question is on something you answered earlier. So, with time, what is happening is Robu is increasing the scale of operations, which will result in better pricing as compared to other competition for us, from our principles. In addition to that, we are increasing the number of SKUs widely also.
- So, we want to become more and more of a one-stop solution where we get the widest range of products at the cheapest possible price in the shortest possible time. Even we are moving more and more and more strongly in that direction. I'm guessing even kit-based products should not attract customers, right? So, how is -- I mean, what is the -- why would a customer even try some new website or company or how would a new competition compete against Robu? It's something that will be interesting to hear from you.
- Atul Dumbre:** Rohitji, I'm sorry, but I didn't get your question.
- Rohit Prakash:** What is the value proposition a new guy or a upstart -- new start-up in your space can offer that you can't offer with the range of products you have, the pricing you have which should be the best?

**Atul Dumbre:**

Yes. I get your point now. So, yes, that's the whole point, because the number of products we have, like there are multiple USPs that we think that we have been building for last four years, five years. So, number one will be the product portfolio that we have. Somebody asked a question about the contract manufacturers.

So, they at least require 60%, 70% of the products from one supplier for PCB. And if they don't have that, then even the price -- question of price is irrelevant for them. They don't want to go and buy small, small products from different 60, 70 people.

If you're talking about maybe something like a drone customer, he's not interested in just buying drone motors. He wants a solution where all the products on the drone, if not all majority of the products on the drone are paid by a supplier. So, having a good product portfolio is one of the USPs that we have.

Second is I think Robu's reach and trust of customers that we have built through the technical support or the overall support that we give. Third is building efficiency in our operations because in this distribution business, the more efficient you are, harder it becomes for other players to compete with you.

Our efficiency comes from efficient supply chain, efficient warehouse operation and efficient IT infrastructure. It's not built in a day. It's not even built in a year or two years. We have been consistently putting focus on that for the last 10 years, and now I can confidently say that we are in a position where these systems are really working in favor with us. I mean, if you don't really have a good ERP system, forget about adding even 5,000 SKUs. This will become a nightmare for you.

So, yes, having a different -- having a good product reach, good branding, customer support, having the good tech to build efficiency in your operations, I think, those are the USPs that we have. And we believe that they will help us in global future. And we are not living in a daydream. We know as the total size of market will grow, there will be some competition and there will be some pressure on our markets.

So we are actively trying to build in moves for us which will help us to retain that 1%, 2% extra margin. I mean, that is what it will boil down to. How we can protect that, like, 1% or 2% of extra margin, that will be under pressure with the competition for a bulk order for us to be able to grow. So, yes, we are confident that we'll be maintaining this.

And at the end of the day, I think, we always look up to somebody like Amazon. I mean, what is Amazon if you just look at them as a nutshell? They're just buying a product for somebody and just, not even buying, they're just a platform who is selling the products. They don't have any competitive advantage if you look at them as that way.

But when you look -- when you see how they build customer support and how they control the market immediately, it's absolutely amazing. So if somebody who is not even having their own inventory and asking people to sell on a platform is doing that, why we can't do this? We are absolutely amazed by the power of Amazon. Even if you are able to pull out 10%, 20% of that, we are good enough.

- Rohit Prakash:** And one last question on the inventory again. So we mentioned about 4 time to 4.5 times inventory turns. Would that include the material in transit which is in customer advances that we talked about or is it excluding that number?
- Atul Dumbre:** I think that's the inventory in our warehouse. So when we -- historically when we, so it's excluding that. So when we talk about the rotation, it's inventory in our warehouse. And as an investor...
- Rohit Prakash:** Yes.
- Atul Dumbre:** I want you guys to understand that the inventory in transit, that is also a function of the, nowadays more and more material we are importing. So the inherent transit time for that is more. So that I think I have been mentioning since last two calls I said that this will happen, but it's okay. We also get some advantage in pricing, because of volumes, logistic costs are less. So give or take it becomes null and void or slightly advantageous for us.
- Moderator:** The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP.
- Parikshit Kabra:** Hi. Thank you for the opportunity and congratulations on a great set of numbers. I'm actually going to ask a very generic question. I've been listening to the conversation. I don't miss something, but I'm just trying to understand what is going right for you guys, right? Of course, you guys are increasing your number of SKUs, but I'm also guessing that, like, there are certain set of customers that are working out well for you.
- Is it still the remains the smaller tail end customers that are able to penetrate more or are you getting more market share with larger customers or where is the growth coming from? What are the main drivers of it? What are you thinking is working out for you? That's what I'm trying to understand.
- Atul Dumbre:** Parikshitji, I think, it is not a simple question. It's an enchanted question. It's very hard question to answer. So, but, yes, in a nutshell, I think, the simplest answer to this question will be we have planted a seed 10 years ago and we have nurtured it. We have worked hard protecting it and it is resulting into what we see today.
- Along with that, we are extremely fortunate. I mean, I will not take all the credit. We are extremely fortunate to be in the right industry and at the right time. If you look at India's overall paradigm, electronics industry paradigm, so if you go back 10 years and then 5 years and then today, you'll see a consistent growth in this industry.
- I mean the government policies of making in India, overall growth of electronics. 10 years ago, your car was mechanical. Now it's all electric. 10 years ago, there were hardly any start-ups. Now there are thousands -- I mean, if not hundreds of thousands start-ups around us.
- So this being in the right industry at the right time has played in our favor. And I think it will be in our favor because we believe next 10 years are India's 10 years at least for, you know, the growth in the electronics industry, okay? So, I think that is one of the important factor.

And second is that when there was very less number of people or less start-up. I mean when we started, Amazon was not even active in the Indian industry when we started our e-com. So we were early movers in that. We have got advantage of that. And then we have worked hard.

We have added new products, new segments on our websites consistently. And we have just done the basics right. So water is, I think, the river is flowing fast, that is electronic industry, and we are just managing to steer our boat well. That should be the answer.

**Parikshit Kabra:** Thank you for that. Just a nuance I'm trying to build is that currently, the growth, is there a particular type of customer or a particular type of category of goods? I know you're not giving category-wise, and I'm not asking for that. But from a customer segment-wise, at least, is there a particular set of customers that are resonating with you well?

**Atul Dumbre:** Yes. If not one customer, but I'll say a particular category. So we have seen for the last 5 years, strong growth from the industrial customer side, B2B customer side. That is something that is helping us. Secondly, if you are asking about the segment, I don't think there is one segment because no -- not one of our segment is having more than 25% revenue share in our overall business.

So that way, we are very fortunate to have a mix of good segments to have a mix of a vast variety of customers, products and segments, even suppliers, so that, you know, we get the benefit of not being dependent on some customer or some supplier or some segment. But yes, we can say that growth has been partially fueled by the industrial customers that we are able to associate with and increase the overall order value and increase the overall revenue.

**Parikshit Kabra:** All right. Thank you so much.

**Atul Dumbre:** Yes. Thank you, Parikshit ji.

**Moderator:** Thank you. The next question is from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.

**Swaraj Mehta:** Hello. Hi. One on the other expenses side, that has been an uptrends in the last four quarters. And so what have been the factors contributing to this? And how do we see it going forward? And what were the advertisement expenses for this first half?

**Atul Dumbre:** Hello, Swaraj ji. I think Binod will be in a better position to answer this question.

**Binod Prasad:** Swaraj, on other expenses side, there are many factors which have increased. So, first, as we had mentioned, first component was salary. We had recently appraisal of salary. So that's one thing which has increased. Second is the marketing. And third may be related to IT services that we take from outside. So these are three major things on other expenses side, which have gone up.

**Swaraj Mehta:** And how do we see it going forward? Is it going to remain in this range?

**Atul Dumbre:** So, Swaraj ji, the thing is that mainly, I think the salary and the expenses will grow year-on-year. I mean, as you know, based on business, we need more people. Marketing, as I said, we always know that we want to maintain certain gross margin and then we want to maintain profit.

So our marketing is bound to the maximum limit of our revenue. So we don't want to go about certain percentage of our revenue in marketing. That is the internal policy.

So you'll see marketing growing as the revenue grows, but we will never cross the marketing budget by a certain percent. That is something that we closely look at. I mean for all the expenses. So the revenue -- the salary of employees in this percent, marketing in this expense. So other key expenses, two or three other key expenses are there in this percent we have to pay. That way it gives us better control over the gross margin -- sorry, the net PAT level that we land up with.

So we don't really worry much as long as it is into that certain percentage area. So it might go 25 basis points up in a certain quarter. It might go down 25 basis in a certain quarter. If you talk about last year, we have been spending some extra marketing budget in the exhibitions that we are attending. We are almost attending exhibitions every month now. I mean, even today, our team is attending exhibition in Delhi.

So -- but we see -- we have seen some good results of that. We have got some good industrial customers. We have seen some good brand visibility, more authentic traffic. So, yes, even after doing that, we are still in that -- under that percentage range where we want to maintain it.

**Swaraj Mehta:** Okay. Got it. And majorly variable expenses would be advertisement and package and delivery only? And that will go in line with revenue?

**Atul Dumbre:** Yes, it should be around that.

**Swaraj Mehta:** Okay. And last year, the bulk order which we had, can you provide more details on the nature of the order? So what were the products involved in it and whether it was from private or a government customer?

**Atul Dumbre:** We have avoided providing details for that, I mean, publicly for that. And anyway, I think it is relevant now because we have stopped -- we are almost certain that we will not receive those bulk orders again. So it has become irrelevant anyway.

**Swaraj Mehta:** Sorry, I could not hear you. Can you repeat?

**Atul Dumbre:** Yes. I said that even when we are receiving those bulk orders, we have avoided providing details for those bulk orders like who customer and what kind of products. And I think sitting where we are sitting right now, we are very sure that we are not going to receive these kind of bulk orders in future, in the distant future, at least, no. So this thing has become irrelevant for us. We are now talking the revenue without bulk orders anyway.

**Swaraj Mehta:** Okay, got it. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Manav Vijay from MV Investments. Please go ahead.

**Manav Vijay:** Yes, thank you very much, sir, for giving me the opportunity. Sir, I want to understand your Robu 2.0 slightly better. So, is it possible for you to enumerate what kind of capex plans do you have for this segment for next 2, 3 years, if you can elaborate?

And second, when you say that you want to manufacture compared to the trading that you are doing as of now in Robu 1.0, so can you elaborate more as to what you mean by manufacturing? So how many steps you are taking, let's say, going back in terms of backward integration?

**Atul Dumbre:**

Okay. So I don't know exactly what do you mean when you say backward integration, but I'll try to answer your question based on earlier question that you asked. So, one is, right now, we are investing more in developing teams who will do the design and development of new products.

So right now on table, at least there is no question of the new capex in machineries or some big investment like that in factories because we are just getting started. We don't have much of the revenue. Just to give you an idea, if you look at a simple PCB, we have some modules which looks like a PCB and some components on it. So we are getting the PCB manufactured from outside.

We are also getting the components manufactured -- I mean, the components soldered on it, tested and everything from outside as on today. Why? Because the volumes are such that it is more convenient for us, more economical for us to do that. In future, we have to outline our volume increases. I'll have to maybe think about at least having some machines to solder the components in-house.

Now how much those machines will cost, how much that infrastructure will be needed, I don't know as of now. It depends totally on how much -- how many products I'm selling. And at that volume, is it really more economical or efficient to get that done in-house or not. But as a principle, our key focus is always more on creating IP, developing our products, having the software IP or having the hardware design IP around our own product, the brand IP around our own products.

That is the crux of the Robu 2.0 where our IP will give us margin. Because I have margins, even if I have to lose 2% over the manufacturing -- outsourcing the manufacturing to somebody in Pune or somebody, I'll be more than happy to do it because it gives you more flexibility to do more IP -- higher IP activities in-house.

**Manav Vijay:**

Okay. And so as of now, the focus is on actually developing the team, which will do the design and the development part. As of now, currently the focus is not on manufacturing at all. As you move along, as the volumes will develop, so then you might put machines on the ground?

**Atul Dumbre:**

Yes, absolutely, Manav ji. You got it right.

**Manav Vijay:**

Okay. And maybe -- sir, maybe let's say, my question could be wrong. So let's say, compared to the already, let's say, established manufacturers from where you are sourcing your parts as of now. So when you develop your own design and you get them manufactured, let's say, even if, let's say, within India, the overall costing of that product under Robu 2.0 turns out to be lower than what you purchased under Robu 1.0. Is that correct?

**Atul Dumbre:** First of all, Manav ji, the understanding of what products we make in Robu 2.0 is very important. We are never trying to replace the product by any manufacturer that is -- that we are already working with. We are always trying to find the gaps in the market and fulfil those gaps.

For example, when we say we are actually developing some of the products that are required for drones. Now there is a huge demand for made in India drone components for obvious reasons. I mean there you don't really have to think much about these other manufacturers developing and or for the different people.

Secondly, if you talk about some of the modules and sensors we are making, there are some Chinese vendors who have very cheap products, but the quality is not so good. There are some players from the European market or American market, they have a really good product quality, but they are too pricey because of the manpower and related costs.

So we believe there is a gap in the market for Indian brand who is making the modules. And it can be reasonably priced in between where we will have a competitive advantage once we develop a brand of our own. So things like that, we try to find out in Robu 2.0 and develop accordingly.

**Manav Vijay:** Okay. Sir, this is really helpful. I wish you all the best. Thank you very much.

**Atul Dumbre:** Thank you Manav ji.

**Moderator:** Thank you. The next question is from the line of Chinmay Nema from Prescient Capital. Please go ahead.

**Chinmay Nema:** Good afternoon, sir. I have two questions. My first question is that my understanding is that the categories like drones and learning kids, these are pretty fragmented in the sense that you won't find the same product across different websites. So, typically, when a customer is coming to Robu, do they look at the assortment that is there on your website and then choose from whatever is there or do they come with some specification in mind and if that product is available, they would buy it from you or otherwise go on a different website?

**Atul Dumbre:** Okay, Chinmay. So the thing is that customer always has -- I mean, it's not always, I would say, but more often than not, customers have their end application in mind with this product. okay, I want to get so and so things done. So I want to measure the distance. So how much of distance I want to measure, maybe 10 meter, okay, what is the accuracy, 10 meter plus/minus 10 centimeter.

And then they will explore their options. Okay, I have these five sensors. This sensor is because accuracy is 1 centimeter. This sensor is cheap because the accuracy is so and so. Then what is the compatibility with my devices. And then they'll figure out what fits the best to their requirement. So they're always thinking to get some job done. And we have noticed that they are less brand sensitive.

However, as the field matures, then there will be two -- top two, three suppliers who -- or top two, three brands who kind of become known in the market for their cost and quality or used by

many people. So people know that, okay, these are the brands that generally work. Sometimes customers preferred those brands. But it's always secondary to their application.

So, first, my application, I don't -I prefer this brand because I heard about this brand. But if my application is not sorted with that brand product, I'll go with any other brand. It's not much of a brand affinity that we see.

**Chinmay Nema:** Got it. So, for example, like on the other side of the spectrum, products like development boards, so Arduino, Raspberry Pi right, these are like pretty standard products across -- available across many websites. So do these flow fast on your platform or do they not sell well, if you could give some color on this?

**Atul Dumbre:** Yes. You rightly mentioned about development boards and Arduino and Raspberry Pi being popular today. We started working with these brands Raspberry Pi maybe eight years ago, Arduino six years ago. We drive a lot of volumes for this brand and then it gives a certain price and disadvantage.

So that is about customer behavior, I still say even Raspberry Pi being a very popular brand, customer is never thinking that, okay, let me buy Raspberry Pi. He always say that, okay, I want to do -- on my machine, I want to have a small development board, which will help me to run this particular display and to do some image detection using some camera. Then he will figure out what is the best solution for that.

Since it is initial case, I need to have a good product with certain warranty and something. Then he might choose from Arduino or Raspberry Pi or maybe NVIDIA Jetson board today or maybe some one, two more manufacturers. He will have slightly more affinity towards Raspberry Pi because he has -- he knows the brand. But if he sees INR8,000 worth of Raspberry Pi and the same functionality on INR5,000 from other brand product, which is decent giving in one-year warranty. I'm pretty sure he'll go with the INR5,000 product.

**Chinmay Nema:** Okay, sure. And lastly, I'm not sure if I missed this. Could you give EBITDA level guidance, margin guidance?

**Atul Dumbre:** So we generally avoid giving any future guidance, but we are confident to maintain the EBITDA level margins. I mean if you look at last H1 and this H1, they are almost similar, give or take 1%. So on PAT level, we are always trying to maintain around that 8% margins. EBITDA level mix of products and the quarter and yearly level, I'm pretty confident that we'll be going in the smooth 1% or 2% gap. But yes, our main target is always on the PAT level.

**Chinmay Nema:** Sure. Thank you. That's it from my side.

**Atul Dumbre:** Okay. Thank you.

**Moderator:** Thank you. Due to time constraint, this was the last question for today's conference. I now hand the conference over to Bhumika Maheshwari for closing comments. Thank you, and over to you, ma'am.



**Bhumika Maheshwari:**

Thank you, Samar. On behalf of Hem Securities Limited, I would like to thank MACFOS team for giving time and responding to all the queries in a very detailed manner. I would like to thank all the participants for joining this call. Now I would like to hand it over to Samar for closing remarks.

**Moderator:**

On behalf of Hem Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.