

November 10, 2025

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 Conference Call with Analysts / Investors pertaining to the Unaudited Financial Results of the Company for the quarter ended September 30, 2025- 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 Conference call with Analysts / Investors held on November 04, 2025, post declaration of the Unaudited Financial Results for the quarter ended September 30, 2025.

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 Vishwakarma
Company Secretary & Compliance officer
Membership No. A59547

GNG Electronics Limited

(Formerly known as GNG Electronics Private Limited)

CIN: L72900MH2006PLC165194

415, Hubtown Solaris, N. S. Phadke Marg, Opp. Saiwadi Telli Galli, Andheri (East), Mumbai - 400 069, Maharashtra, India.

www.electronicsbazaar.com | Email Id: compliance@electronicsbazaar.com



“GNG Electronics Limited Q2 & H1 FY'26 Earnings Conference Call”

November 04, 2025



MANAGEMENT: **MR. SHARAD KHANDELWAL – FOUNDER AND
MANAGING DIRECTOR, GNG ELECTRONICS LIMITED
MR. AJAY PANCHOLI – DIRECTOR, GNG
ELECTRONICS LIMITED
MR. RAKESH JHUNJHUNWALA – CHIEF FINANCIAL
OFFICER, GNG ELECTRONICS LIMITED**

MODERATOR: **MS. SAVLI MANGLE – ADFACTORS IR**

Moderator: Ladies and gentlemen, good day, and welcome to the GNG Electronics Limited Q2 and H1 FY'26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone.

I now hand the conference over to Ms. Savli Mangle from Adfactors IR. Thank you, and over to you, Ms. Savli.

Savli Mangle: Thank you, Rutuja. Good evening, everyone. And welcome to the Q2 and H1 FY'26 Earnings Call of GNG Electronics Limited.

Today we have with us Mr. Sharad Khandelwal – Founder and Managing Director, Mr. Ajay Pancholi – Director, Mr. Rakesh Jhunjhunwala – Chief Financial Officer and the Adfactors team.

We will begin the call with an “Opening Remarks” from the Management, after which we will open the forum for an interactive Q&A session.

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. The statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

Having said that, I now hand over to Mr. Sharad Khandelwal – Founder and Managing Director of GNG Electronics, for his opening remarks. Thank you, and over to you, sir.

Sharad Khandelwal: Good evening, everyone, and welcome to GNG Electronics Q2 FY'26 Earnings Call.

It is a pleasure to be speaking with all of you today, our shareholders, partners, and colleagues at a time when both our company and our industry are undergoing profound transformation. Over the past few quarters, we have seen GNG evolve from being a fast-growing refurbisher to become a technology enabler, powering a more intelligent, sustainable, and inclusive digital world.

This quarter is particularly significant. It marks our first full reporting period as a listed company. I want to begin by expressing my gratitude to our investors for their confidence, to our customers for their trust, and to our colleagues across geographies for their relentless drive. Our journey is built on a simple but powerful belief, that access to cutting-edge technology shouldn't be limited by cost or constrained by availability.

We are living through a remarkable moment in computing history. Artificial intelligence is no longer a distant future. It is here reshaping how people learn, create, and work. But as demand

for smarter, faster, AI-enabled system surges, the world is also confronting new challenges, chip shortages, sustainability imperatives, and widening digital divides.

GNG's global business model built around refurbishment, renewal, and circular efficiency stands right at the intersection of these forces. We are enabling access to intelligence, not just devices; progress, not just performance.

As I often say at GNG, we don't just measure growth in numbers, but in the impact we create. Every refurbished system we deliver means more people empowered, more resources conserved, and more innovation made possible.

Over the next few minutes, we will walk you through how we have delivered another strong quarter of growth, expanded margins, and continue to build resilience into our business model. You will also hear how we are positioning GNG Electronics to lead the new chapter of the AI-driven computing cycle responsibly, inclusively and profitably, and how we have been able to build our brand equity of Electronics bazaar in India and around the world, including developed economies.

Let's start with AI:

At GNG, we believe the next wave of growth will be shaped by how technology moves closer to the user - not just in the cloud, but on every desk in every enterprise. Our laptops and computing devices are becoming the access points of intelligence, powered by edge AI, sustainable design, and seamless connectivity.

Now for 50 years, technology was all about calculating and computing. But now we are evolving into machines that help us think and are thinking for us. And what are these models creating? They are creating intelligence.

As AI continues to expand into business and governments around the world, the opportunity ahead for us is massive. As case in point, AI is now driving nearly 45% of U.S. GDP growth and analysts project that by 2030, AI will add over USD \$15 trillion to the global economy, pushing global GDP towards USD \$150 trillion. Customers are hungry to understand AI and they need to deploy intelligence at scale at very affordable prices, offering immense opportunity for us.

Our strength lies in how we operate through efficient global sourcing of high-end systems and a deeply engineered refurbishment process that restores these devices to enterprise-grade performance. By refurbishing laptops to precise quality standards, we enable individuals, startups, institutions, and enterprises to access AI-ready systems at a fraction of original cost with 1-3 years of credible and proven warranty without compromising reliability and performance.

In a global economy, moving towards intelligent, sustainable technology, GNG stands at a unique intersection where AI capability meets circular efficiency. We are transforming how

technology is sourced, renewed, and delivered, turning what was once excess and unusable asset into a catalyst for progress. Our purpose is clear, to make AI-enabled computing attainable for all, while building a future that values innovation, access, and responsibility in equal measure.

As artificial intelligence reshapes the global technology landscape, it is triggering one of the largest surges in computing demand the world has ever seen. The early stages of AI adoption are just the beginning, and the models we see today, while impressive, represent just the foundation, with each wave of innovation taking us further.

In this new era, the laptop has evolved from being a personal productivity device to becoming the primary interface through which millions of professionals, students, and creators engage with intelligent systems. This shift has transformed computing from a utility into an enabler of imagination, collaboration, and productivity, redefining how people learn, create, and work.

Electronics Bazaar is the core enabler of the next global technology cycle driven by AI, and at GNG Electronics, we see AI as a value multiplier, not just an automation tool, but a catalyst for redesigning core business processes. Our next-generation laptops are built to empower this transformation, enabling businesses to unlock AI-driven insights, streamline workflows, and elevate productivity across every function.

The demand for high-performance AI-ready laptops is accelerating rapidly across sectors. As the computing world shifts from a cloud-only model to a world of “AI everywhere”, laptops are emerging as the foundation of this intelligent revolution -personal, portable, and powerful, they are no longer just devices;they are the engines of AI productivity.

However, this explosion in adoption coincides with an equally critical challenge :The world is entering a period of supply constraints. Global semiconductor shortages, power bottlenecks in data centers, and a heavy concentration of chip manufacturing capacity have all begun to strain the availability of new devices. Bain's 2025 analysis warns of an impending AI chip crunch as hyperscalers, governments and enterprises compete for the same finite pool of advanced processors.

In such an environment, where demand is soaring and supply is tightening, GNG Electronics finds itself in a uniquely advantageous position. Our business model, centered around the refurbishment and reconfiguration of high-end laptops, offers an agile and sustainable solution to this market imbalance. By sourcing, renewing, and upgrading premium laptops, GNG can deliver enterprise-grade performance without depending on new chip production cycles. Refurbished laptops optimized for AI workloads and enhanced memory, storage, and GPU capabilities can meet the needs of modern users at a fraction of the cost and time required for new manufacturing.

This approach not only addresses the immediate supply constraints, but also aligns with global priorities around sustainability and the circular economy. As industries and governments alike focus on responsible consumption and reducing e-waste, GNG stands at the intersection of

innovation and necessity. By providing AI-ready refurbished laptops, the company ensures that the benefits of artificial intelligence remain accessible, affordable, and sustainable, even as the global tech ecosystem grapples with supply side challenges.

While traditional OEMs struggle with constrained supply chains, GNG Electronics bridges the gap between global demand and responsible production. From the AI PC that you can hold in your hand, to enterprise-scale deployments, the world is going to need a whole lot more compute, storage, and networking, which is exactly where GNG can contribute. AI is driving an era of intelligent computing, and GNG Electronics is ensuring that access to this intelligence remains open and inclusive, powering the AI revolution, one refurbished laptop at a time.

As AI adoption continues to accelerate across businesses, education, and creative industries, GNG Electronics is poised to become a critical enabler of this transformation. Its expertise in delivering premium, performance-optimized laptops will allow organizations to scale their AI ambitions without being constrained by hardware shortages. Through this, GNG is not merely responding to technological change, it is helping define a new responsible model for growth in the AI economy, one where intelligence and sustainability power progress together.

Now I would like to talk about our brand, Electronics Bazaar:

Over the last few years, GNG Electronics Limited has embarked on a focused journey to build Electronics Bazaar into a global brand-led enterprise. This evolution reflects the company's growing maturity, self-sufficiency, and commitment to long-term value creation through a unified identity.

As we have expanded internationally, we have consciously strengthened our brand ecosystem, integrating procurement, refurbishment, quality control, and after-sales service under a single framework. By consolidating these core functions, we ensure higher process efficiency, consistent quality, and full ownership across the value chain, marking a significant milestone in our journey towards becoming a globally recognized leader in sustainable technology solutions.

Our proprietary brand, **Electronics Bazaar**, enjoys strong credibility, brand pull, and global demand across multiple markets, i.e., in more than 40 countries. Given our proven operational capabilities and growing customer trust, channelizing resources toward our own brand, synonymous with reliability, credibility, and value, it is a natural progression.

Refurbished ICT devices, with standardized and like-new looks, performance, and credible warranty, is a global category creation pioneered by us. Through this evolution, Electronics Bazaar has assumed a central role in customer engagement. Leading with our own brand identity allows us to capture more value internally, improve margins, and deliver a seamless, consistent experience to customers globally.

This ensures superior efficiency, faster turnaround, streamlined workflows, and complete process control and empowering our teams with full ownership of quality and output. With a

proven in-house system, managing refurbishment and service quality, Electronics Bazaar embodies world-class standards. Guided by our “long-tail to long-tail” philosophy, which diversifies both supply and demand, expanding our proprietary brand, reach, enhances resilience, scalability, and profitability.

Today, Electronics Bazaar stands as a trusted global brand in the refurbished ICT sector, combining quality, efficiency, and sustainability. Through our fully integrated value chain, spanning procurement, refurbishment, and distribution, we deliver consistent value at every stage. Guided by our principle of “Buy Better, Refurbish Better, Sell Better”, our scalable multi-country business model serves primarily B2B customers and resellers by offering:

1. Consistent and reliable product supply,
2. Like-new functional and aesthetic quality,
3. Comprehensive replacement warranties.

With sales diversified across 40 countries, we are well-protected from region-specific risks. Our strong independent sales and distribution network minimizes dependency on any single partner or customer, ensuring direct engagement, stable margins and sustained long-term value creation. Electronics Bazaar is now a symbol of operational excellence, sustainability and leadership in the global circular technology economy.

I will now hand over to our CFO – Rakeshji, who will take you through half yearly performance of the company. Thank you very much.

Ajay Pancholi:

Hi. Good evening, everyone. Happy to share our half yearly results. GNG Electronics has delivered another quarter of strong performance, reinforcing its leadership in the high-end refurbished ICT devices segment and sustaining its growth momentum through the first half of FY'26.

During the quarter, revenue has grown to Rs. 4,399 million, marking a 41% sequential increase over Q1 FY'26 and a 25% rise Y-o-Y, driven by higher throughput, strong institutional demand and continued expansion across both domestic and international markets, particularly the Middle East and the U.S.

For the first half of FY'26, consolidated revenue has reached Rs. 7,522 million, representing approximately 24% Y-o-Y growth, reflecting the company's ability to scale consistently across geographies and customer segments.

Gross margin for Q2 FY'26 stood at 19.9%, compared with 14.5% in Q2 FY'25, reflecting 37% Y-o-Y margin growth, while H1 gross margin averaged 20.5% versus 16.9% in H1 FY'25, underscoring significant margin expansion.

EBITDA for Q2 FY'26 rose to Rs. 467.81 million, translating into a margin of 10.63% versus 10.17% in Q2 FY'25, while H1 EBITDA stood at Rs. 819 million with a margin of 10.9% versus 10.4% in H1 FY'25 highlighting strong operating leverage and structural cost efficiency.

Profit after tax for Q2 FY'26 stood at Rs. 326 million, with a PAT margin of 7.4%, up from Rs. 230 million which was 6.5% in Q2 FY'25, reflecting 42% Y-o-Y growth in PAT. For the first half year, PAT totaled to Rs. 512 million, translating to a 6.8% margin, against Rs. 352 million, reflecting 45% Y-o-Y growth, demonstrating steady profitability and strong earnings.

Together, Q2 FY'26 and H1 FY'26 performance reflecting GNG's consistent execution, the company continues to benefit from its asset-light model, positioning it well for sustained growth and profitability in the second half of the year.

Moderator: Shall we start with the question-and-answer session?

Sharad Khandelwal: Yes, sure.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: So, my first question is on the inventory. So, want to understand what is the total percentage of inventory which is aged beyond one year to understand the saleability of the products as the inventory gets older?

Ajay Pancholi: So, to answer your question, we have no inventory which is more than one year old, which essentially answers that there is no old running stock that we carry on our books. So, as we have emphasized over the period of last couple of quarters or last quarter as well as this, we continue to have a robust monitoring of inventory in terms of what we buy and what we sell. So, always the focus is to buy products that have a good turnaround time in terms of market acceptability. And that is clearly what we have been able to achieve over the years. And that is also reflective of the fact that we have had no history of inventory write-offs.

Hiten Boricha: And sir, also if you can throw some comments on receivable, which has increased from Rs. 67-odd crores to Rs. 175 crores this year?

Ajay Pancholi: So, as you would imagine, our business is a working capital-intensive business. We compete with brands as well or companies that sell new products as well. And the requirement of this business is that we need to support our channel with credit. So, the typical credit period that we offer is pretty much in line with what is offered by typical businesses, and which is in the range of somewhere between 30 to 35-odd days. And we see receivables on similar lines.

And again, I would like to emphasize on the same breath the way we have full control over our inventory. We are also very mindful and meticulous in terms of to whom we sell. This is also demonstrated by the fact that, again, we have had no history of bad debts. Receivables are well

managed. And we necessarily need to support our channels in terms of enhancing our product acceptability in newer markets, newer geographies. And at the same point of time, we have been able to consistently maintain our receivables without any hiccups in terms of any write-offs or anything of that nature.

Hiten Boricha: Sir, my second question is on the warranty side. So, we provide warranty on our products. So, if you can share the total warranty liability which is reflected in our balance sheet.

Ajay Pancholi: So, I would like to highlight that our warranty, it is a three-year warranty for all products that we sell in India. And for our global sales, the sales that happens out of India, the warranty is a one-year period.

Now, it is important to highlight that while we have introduced the three-year warranty about a year ago. and why did we offer the three-year warranty on the domestic side as well is to ensure that we have good acceptability of our product in the market. We have had a good trajectory in terms of our product quality and output. And that is demonstrated by the fact that we enhanced our warranty from one year to three years, primarily because we really saw that the products were working well, well accepted. And also from a history perspective, the warranty incidence that was coming in was about 2%- 2.1% of our sales volume.

Having said that, given we have not outsourced warranty as a proposition to any third party, our costs of servicing this warranty is extremely low in the 10 to 12-odd basis points. And hence, we are currently taking it entirely to our P&L. We do not see incremental warranty costs also as we keep on scaling up. We expect it to be on similar lines in terms of the cost. So, hence, we are not taking it. We have not had a provisioning mechanism for now. But maybe in the longer run, we will think of instituting that in due course.

Hiten Boricha: Sir, my last question is on the finance cost. So, our debt has come down from...

Ajay Pancholi: Maybe if you could come back in the queue, that would be appropriate. Two questions at a time, please, if you don't mind.

Hiten Boricha: I will be back in the queue.

Moderator: The next question is from the line of Abhi Mevawala from Okane Capital. Please go ahead.

Abhi Mevawala: So, you mentioned that around Rs. 220 crores of debt in last con call you paid, and around Rs. 100 crores you will be paying in few days. So, still there are around Rs. 205 CR on balance sheet. So, what is the reason behind this?

Ajay Pancholi: Sorry, would you repeat your question?

Abhi Mevawala: So, basically, in last con call, you said that around Rs. 220 CR of debt you already paid, and in few days, you said that around Rs. 100 CR of UAE debt, you will be paid. But still, on balance sheet, there is a Rs. 205 CR of debt.

Ajay Pancholi: So, let me address that. So, let me give you an overall perspective of what the debt situation is. In terms of net debt as on 31st March, our gross debt was about Rs. 447-odd crores and net debt of about Rs. 390-odd crores.

What has happened in the last quarter is yes, we have consummated our IPO. The net debt position as of 30th September is a total of Rs. 158 crores. This duly factors in all the repayments that we had envisaged by way of the IPO, which is Rs. 220-odd crores of working capital debt repayment in India, as well as the incremental debt that we had in the UAE subsidiary as well. So, those repayments have also happened.

As I mentioned, the net debt is at about Rs. 158 crores. That is purely working capital debt that is continuing on the books. So, the use of proceeds have been addressed towards the objective that the funds had been raised.

Abhi Mevawala: And sir, any additional funding is required for future growth or this fund is sufficient for two to three years' growth?

Ajay Pancholi: Yes. So, as we see, the current equity base is pretty much robust and will take care of our future growth. And the equity base also provides us with reasonable headroom for any opportunities that come our way going forward. So, we do not see the need for any incremental equity raise in the near to medium term future. That having said, the headroom that will be available as opportunities keep on coming our way will be sufficient for us to address and in an opportune manner take those opportunities with the headroom that is available from the debt headroom.

Abhi Mevawala: And the last question. I want to know about competition in the market. Are there any competition in terms of better pricing to suppliers that supplier shifting to other players? Anything like that?

Sharad Khandelwal: This is Sharad. Can you repeat your question, please?

Abhi Mevawala: So, I am asking that is there any competition in the market like peers give better pricing to your suppliers like that and they are shifting to other players?

Sharad Khandelwal: No, no, not that way. See, number one, we are international. We are now selling in 42 countries. We are selling in Europe around 18-odd countries. We are selling in Middle East and we are selling in the U.S. as well as obviously in India. So, the competitions what we face are regional, but what we are doing equal-to-new product with performance and very credible warranty and responsive warranty is making us stand out separately.

Our proposition, which is more like a service than a product, is gaining more acceptance day-by-day and which will have obviously positive impact on profitability as we move along. This

business is very, very supply chain oriented. We have global supply chain, and we can procure products in one territory and sell in another territory. This advantage at this point of time, no one in the world is having.

We are not encountering any competition as such, but yes, there is regional competition. More and more people are accepting refurbished products now by Electronics Bazaar. That proposition is gaining acceptance, more so with warranty, with equal performance. The product goes in unique packaging. The product gets its due respect. And more and more people who are heretofore selling brand new product, whether it is in Miami or Frankfurt or in Middle East or India, are selling products refurbished by us. Even the big distributors, in due course of time, will update you, are now aligning with us, so that they want to sell our product. It is not easy to buy refurbished products from anyone. It is not easy to sell refurbished products of anyone.

Moderator: The next question is from the line of Paras Chheda from Purpleone Vertex Ventures. Please go ahead.

Paras Chheda: And two queries, sir. Sir, you had last time on the last con call mentioned that the impact of the U.S. tariffs is probably not going to be there on our company and we are in a better place. Do you continue to still feel that going forward, there is not going to be any impact on the tariffs front? That is number one.

And secondly, do you have any guidance? I presume that the guidance for this year, FY'26, probably of northwards of 20% is probably holding for now. Do you have any updated guidance for FY '27 as of now? These are the two questions for now.

Sharad Khandelwal: Thank you, Paras. Nice to hear you back again. With respect to U.S. tariffs, the impact is still not there and we don't anticipate it to come. There are a number of reasons for that. As I mentioned, that 8471 HSN, which relates to computers, which we primarily deal in, does not attract any custom tariff in America, including the baseline tariff of 10%.

Only except when the product is China-produced, there also recently the duty has come down from 20% to 10%. But that doesn't also impact us because we procure products from the U.S., refurbish and sell back to the U.S. market. So, our tariff impact is only on the value addition part, which is \$15. So, 10% on that is very, very miniscule number.

Number four is because the tariff impact both brand new and refurbished equally, the delta of both this delta gap remains.

And this number five, the UAE facility and India's facility that brings the cost and skill set advantage, they are simply not there in the developed economies. Our proposition remains strong. And we are not impacted by U.S. tariff at all. And we don't anticipate that in the near future.

With respect to guidance, the guidance that we gave in our previous call, 20%-25% top-line growth and 75 bps margin improvement, that still holds because we want to lean on the side of caution.

With respect to '26-'27, let's wait for the next earning call. Maybe we will be better placed. And the idea is to remain more conservative. But I can tell you one thing is that it is possible and we are endeavoring in that direction. The credible warranty, the quality and credibility that we have been able to offer and which is finding a lot of acceptance will be able to drive margins for us.

Moderator: The next question is from the line of Kunal Mehta from Sunidhi Securities and Finance. Please go ahead.

Kunal Mehta: So, my question is that in this quarter or even in this half-year result, we saw 24%, 25% growth Y-o-Y and gross profit grew about 71% on a consolidated level, but the EBITDA just grew 41%. So, even though our gross margin improved by about 500 bps, our EBITDA did not see major improvement. Can you highlight why the gross margin grew this much, and why EBITDA did not grow and what are the peak EBITDA levels that we can expect going ahead?

Ajay Pancholi: So, in terms of EBITDA margin guidance, we have been able to enhance our gross margins on account of our ability to procure better and sell better, right? Having said that, in terms of trajectory, where do we expect the EBITDA margins to span? Last year, you would have seen our EBITDA margins were in the, I think, about 9-odd percent ballpark range.

Now, that was for the full year. This year, we are expecting the EBITDA margins at north of 10% plus. We anticipate to keep on enhancing our margins by, as Sharadji mentioned, by about 75-odd basis points. And this will get reflected as we continue to grow and the product is more acceptable in the market.

Also importantly, it is worth highlighting that, in terms of margins is, in this last quarter and the first half, there has been a lot of investments that we have put in place in terms of talent and people. So, we are really gearing up in terms to take up the opportunity. And that is what, if you look at our employee cost, that's really come up a bit. And that's really reflective of the fact that we have added talent. We have scaled up from about 1,100 odd people last year, 1143 at the same time last year to about 1,500 odd people.

Also important to highlight that the sales and marketing function, which is one of the core aspects, that has also been enhanced from about 90-odd members to go to about 150-plus. So, despite these temporary increases, the cost discipline remains evident and the expense ratios are around range bound. Operating leverage will kick in, and that is really how we see the EBITDA margin and the operating margins kicking up as we move forward.

Kunal Mehta: Sir, the other expenses have almost grown by 176% like Y-o-Y. So, what are the warranty expense that has been in the P&L, what are the other major expense line items in other expenses?

- Ajay Pancholi:** So, yes, in other expenses, the major line items pertain to, I would say, the logistics cost, marketing and travel and hiring costs and so on and so forth. So, if you really look at the key costs, as I mentioned, just to emphasize, there is a lot of investments that we have done, which is also a lot of the travel, the marketing, etc., we have hired people across in the Middle East and in the U.S. as well as in India. That really is reflective of the other costs also moving up. And we definitely see these investments to really give us the fruits as we go and invite on the opportunities as they come our way.
- Kunal Mehta:** Sir, my second question is, I think in the opening comments, sir spoke about AI automation. So, what kind of automation are we bringing in our capacity lines or the refurbishment lines? And how much is our total capacity, if you can mention that as well, for refurbishment?
- Sharad Khandelwal:** See AI, I mentioned as the AI is changing the world as we see it today because AI is coming in every walk of life and that AI comment I have reserved for my closing comment also. What I meant by AI is that we are making products ready for use by as enterprise-led AI to be used. AI is really changing the world we live in. It is changing how we study, how we work, and how we do our business.
- And similarly, that is increasing the demand for high-end computers. For us, that is a massive opportunity because it leads us to enterprise-grade hardware, the server, workstation. The comments I have reserved for my closing remarks, and I will touch upon at that point of time.
- We are seeing more and more demand for high-end computing. And we are seeing more and more demand for the computers with high-end processors and high-end memory and high-end SSDs. So, that is changing. And that kind of product, affordable and credible, both, as a refurbished product, is really, really putting us in a very, very strong position and very advantageous position.
- In terms of our capacity, since we are now requiring more space because of enterprise-grade computers and servers and all this, we are taking more space, which I'll elaborate on later. But at this point of time, our current capacity globally is north of 120,000 units a month.
- Kunal Mehta:** I will jump back in the queue for more questions.
- Moderator:** The next question is from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.
- Sunil Jain:** Sir, first question is, if I see your results, last year, second half, our margin came off. EBITDA margin declined from 10.4% to 7.8%. So, is there, in the last quarter, you might have to incur higher expenses and the margin come off? Basically, the margin decline in the fourth quarter was higher as compared to other quarter.
- Ajay Pancholi:** So, the EBITDA margins are higher only in the last quarter as well, in the second half of last year. That is what you are referring to, right?

- Sunil Jain:** Yes, second quarter.
- Ajay Pancholi:** So, in the first six months, of current financial year, our EBITDA margins are 10.9% and corresponding half-year ended September 24 is at about 10.4%. So, there is a 60 basis point EBITDA margin improvement.
- Sunil Jain:** I will take back the question. My calculation was indicating that you got 7.8% margin in second half of the last year. Sorry, I will take that offline. Are you sharing volume figure also in this quarter?
- Ajay Pancholi:** Yes, we will share the volume numbers as well. So, broadly, you want to know the volume numbers now? I am happy to take you through that.
- Sunil Jain:** Yes.
- Ajay Pancholi:** So, the volumes that we have achieved in the first half is about 302,000 odd units in total. Also important to highlight that in terms of breakup of revenue between laptops and other devices, it is about 80%-20% odd in terms of value terms. This was in corresponding half-year in FY'24, this was at 75% and 25%. Also importantly, in terms of number of units perspective, laptops have been at 72% as against 28% for others. So, there is a better realization that is demonstrative of the revenue numbers from laptops. So, that is broadly in terms of the laptops and others.
- As Sharadji mentioned, it is important, I would just want to draw your attention. From a capacity perspective, 120,000 units a month. So, you can do the math. First half, we have done about 3 lakh units. So, from an opportunity perspective, you can envisage as to which direction we are heading.
- Sunil Jain:** And any expansion plan you can talk about?
- Ajay Pancholi:** I think Sharadji mentioned that already, right. So, we will continue our growth journey as capacity. I think it is reflective of the fact that what capacities we can cater to and what we are gearing towards. And this would definitely entail the investments that we have done in terms of people, sales and marketing, incremental space arrangements in various geographies, etc that we are envisaging, that will all add to capacity and capability enhancements.
- Moderator:** The next question is from the line of Chandresh Malpani from Niveshaay. Please go ahead.
- Chandresh Malpani:** So, sir, my first question is regarding the India versus the outside sales. Can you give the bifurcation between that?
- Ajay Pancholi:** Yes, sure. So, in India, we had a revenue of about Rs. 296-odd crores in the first half. So, almost about 300 and as against a total of Rs. 752 crores.
- Chandresh Malpani:** And sir, one more I want to understand from you is that the refurbishment versus the new laptop.

- Sharad Khandelwal:** Let me mention that India contributed 39.47% of our revenue, Middle East 32.24%, other including Europe is 13.79%, primarily Europe, and the U.S. constitutes around 14.50% of our revenue. Yes, you were asking something.
- Chandresh Malpani:** That was helpful. Thank you, sir. And sir, second question is on the, like, one thing which we could understand is the refurbishment, refurbished laptops available at, like, let's say, one-third of the new laptop cost. So, in these current scenarios where tariff and rare earth thing is also happening, so are we seeing that arbitrage going more towards the refurbishment laptops and so the volume should pick up? Are you seeing any signs of that?
- Sharad Khandelwal:** Yes, so refurbished as a value proposition is becoming stronger by the day. And tariff and all these situations make the proposition even more stronger because people require high-end computers for AI and other users, companies and individuals alike. At one third of the prices, more and more acceptability is happening. More and more people are open to using refurbished devices and more and more people are open to selling their existing assets when they get comfort around pricing and the privacy, when somebody offers them good price. And offering good price is a function how you refurbish and how you sell.
- So, you are right. The tariff and other uncertainties, they lead to people reducing their Capex. And hence the overall refurbished as a segment is growing. As a tariff related also, but even otherwise, tariff or no tariff, refurbished product, refurbished computer devices will obviously increase their share within overall computing. And high-end computing means more refurbished products at affordable prices. And we would like to be very, very prominent and very strong globally to take advantage of this impending demand surge.
- Chandresh Malpani:** And sir, one last question. Like you mentioned about the debtor days, about 30 to 35, which is as per the industry standard. But can you help me understand basically the mix of our sales where we are directly selling to B2B corporate, and we are also certified refurbisher for two of the largest brands. So, what ideal mix are you targeting in terms of having the better return ratios here on?
- Sharad Khandelwal:** See, 30 to 45 days of debtor days is a reality in the computer business. Because what we are competing with, not with much with refurbished sellers, we are competing with the brand-new sellers. So, at that point of time, to make the proposition relevant and affordable and attractive, we have to offer similar credit terms to our customers. And our customers are either business customers or people who sell to businesses. So, we can't be uncompetitive in any way when we approach them. So, I think the debtor days will remain within this range in the foreseeable future.
- Chandresh Malpani:** And sir, just one last question. This quarter, we didn't see the entire positive impact of the debt saving, right? And we can further expect this interest cost to go down.
- Ajay Pancholi:** Yes, so as you rightly observed, we essentially got access to the equity raise only towards the beginning of the month of August. And part of it was immediately repaid at the beginning of August and part of it towards a month or 45 days later, once we got the RBI approvals for the

remittance of fund. So, you are right. So, to that extent, we have not got the significant part of the interest cost savings that one would have envisaged.

As you rightly observed that we have not had the benefit of the equity money for a significant or the most significant part of the last first half. So, at best, we would have had the benefit of maybe a month or so of interest cost savings. So, we are likely to see the saving of interest cost on account of the funds being available. So, we are anticipating somewhere around, I would say, about Rs. 10-12 crores, of savings in the second half on an entire basis. So, you should factor in that. I am giving a ballpark range.

As I said, that we will continue to focus on opportunities. The need for working capital is what the business will significantly be driven on. And that having said, discipline is the key, whether it is in terms of inventory or debtors, and that is what we continue to focus on and maintain. Interest cost savings will definitely help us enhance our bottom lines in the second half.

Moderator: The next question is from the line of Astha from KDA Advisors. Please go ahead.

Astha: So, my first question is around the official partners that are the HP and Lenovo in India. So, does that mean that whenever these brands run an exchange program, then the used laptops come to us? Or are we the only partners with them? And are we also partnered with Dell and other brands?

Sharad Khandelwal: See, with respect to brand partnership, they are more like a credential to us. It does not reflect dependence on them for our business. We are independent in our sourcing and independent on our sales. The buybacks and all that we run in conjunction with brands as well as separately. And all the products that we sell, warranty serviced by us. So, 97% of revenue is now directly contributed by Electronics Bazaar as a brand, right? And 100% of revenue is backed by Electronics Bazaar's comprehensive warranty cover, reinforcing our customer trust and brand reliability.

We can sell, all the brands, Dell, HP, Lenovo, Apple, because there is a right-to-repair framework, there is a right-to-repair act. And there is a global push towards sustainability and climate agenda. More so, the cost-saving and all these things, they make the proposition even more relevant.

Astha: But as far as since you said there is more push to sustainability, I want to understand that do we have official partnership with large enterprises as their electronic disposal partners?

Sharad Khandelwal: Yes, we have. We work with large enterprises in India as well as the global markets. And we take back their assets, refurbish them and sell them. So, we deal with one of the largest leasing companies in India, second largest software company in India. We deal with consulting companies in India. We deal with leasing companies around the world, in the U.S., Europe.

We also deal with U.S. Justice Department for disposition. We deal with the biggest ITADs- Iron Mountain in the U.S. We buy from them, and we refurbish and sell also to them. Different products, not the same, obviously. So, we have tie-ups with them and this continues to grow through our U.S. office where we are increasing our presence. We have a good set of talent now there So, we are tying up with more and more corporates because we are able to offer them better price and we are able to meet their sustainability and privacy goals.

So, COP28, the Climate Operating Plan also mandates, it gives a good push towards refurbishment. Reuse is the best form of recycling. So, refurbishment is a central piece. So, that also gives a good push. And that is why the companies are also realizing that for the climate, they have to dispose off assets responsibly and they are able to realize value through us. So, obviously when they sell it to recycler center, they don't get much. But when they sell to us, where we made sustainability and privacy goals also and offer them fair prices, so it is a win-win for them, win-win for everyone.

- Moderator:** The next question is from the line of Ankur Gulati from Genuity Capital. Please go ahead.
- Ankur Gulati:** Sir, is there a seasonality in our business where second half is higher revenue or anything of that sort?
- Ajay Pancholi:** Yes, of course. The second half is, as we have mentioned, and we continue to maintain, the second half is always better than the first half on account of various things, year-end closing, fiscal closing, calendar closing in India as well as globally as well. So, definitely the second half is way superior in terms of revenue and projection going forward.
- Ankur Gulati:** So, in the last three years, what is on average H2, H1 ratio of revenue?
- Sharad Khandelwal:** So, just to highlight, we have mentioned this in our last con call as well. Broadly, the first half constitutes to about 40% to 43% odd in terms of the proportion. And we anticipate this to remain somewhere in a similar trajectory ballpark. And it is directionally the same year-over-year.
- Ankur Gulati:** And sir, last thing on the recycling or refurbishment, is there any EPR benefits going to us?
- Ajay Pancholi :** Yes, we are still evaluating that. We have not factored any of the potential EPR benefits coming into our P&L. But that is incremental work that we need to do to take the benefit of the same.
- Ankur Gulati:** But based on your understanding, you are eligible for it if you file for it, right?
- Ajay Pancholi :** Yes.
- Moderator:** The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

Parikshit Kabra: My first question is on the current assets. They have risen drastically this quarter by almost Rs. 60 crores. What is the reason for that? Other current assets.

Ajay Pancholi: So, other current assets basically include advance to vendors. And a significant part of that almost Rs. 100 crores is towards advance to vendors. As we see larger opportunities of purchases, and typical of our business, we have to pay the money in advance and thereafter collect the product from various facilities of the vendors. And the balance part of it is Rs.17 - odd crores is the GST part of it, but broadly it is advance to vendors.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Ajay Pancholi: Thank you. I will just add one more operating metrics out over here, which I missed earlier in terms of unit dynamics. So, the ASPs that we have been able to achieve in the first half is, as I anticipated, better than the corresponding first half. Our ASPs on laptops has increased from about Rs. 25,800-odd to about Rs. 26,800-odd in India. And internationally also, it's improved from about Rs. 27,500 to Rs. 28,500. The similar thing applies on our non-laptop versions as well, which is, again, an enhancement of, on an average, about 2% to 3% odd on an overall basis.

On that note, I will request Sharadji to address with closing remarks.

Sharad Khandelwal: Thank you, Ajay. I would like to make closing remarks. In conclusion, I would like to state that our customer touch points have increased 4,515 from 4,157. And we now supply to 42 countries, up from 38 earlier, including three new markets in Europe and South Africa. Our supplier base has grown to 601 from 557. Total employee strength has increased from 1,194 to 1,500. And our sales and marketing team has expanded from 96 to 157. Leadership hiring continues across functions and geographies to support our next phase of growth.

Secondly, approximately 97% of our revenue is now directly contributed by Electronics Bazaar as a brand, and 100% of our revenue is backed by Electronics Bazaar's comprehensive warranty cover, reinforcing our customer's trust and brand reliability. As the computing landscape shifts towards AI-driven performance and data-intensive workloads, GNG Electronics is expanding its global operating base to capture the next wave of opportunity.

This marks the beginning of our entry into infrastructure level refurbishment, a natural progression from our leadership in laptop and ICT devices. It will enable us to deliver AI-ready computing systems, server storages, and high-end desktops at affordable and sustainable cost points for global enterprises.

AI is not just a technology trend. It is a way of life, a way of business, and a way of learning. The rise of Large Language Models (LLMs), demand affordable, customized, and premium refurbished computing systems. Refurbished laptops will play a crucial role in driving the global AI boom, enabling digital adoption at scale.

Furthermore, with data privacy shaping the next frontier of innovation, we are entering the era of personal AI, a new class of AI system, that process and learn locally on personal devices, as already highlighted by Qualcomm. In this evolution, devices and device ownership becomes even more critical, reinforcing the centrality of refurbished computing in the AI era.

To achieve these strategic goals, the company has preemptively secured long-term spaces across India, Mumbai, primarily, UAE, and the United States, which will serve as high-capacity refurbishment and testing centers for advanced computing systems, including servers, data centers, hardware, and enterprise-grade IT infrastructure.

This expansion aligns with our asset-light model, not requiring heavy Capex, and positions GNG electronics at the heart of world's emerging AI hardware ecosystem. By building ahead of the curve, GNG is not merely expanding its footprint, it is establishing the physical backbone of its evolution from a leading refurbisher to key enabler of the global AI hardware revolution.

Thank you all for participating in the meeting.

Moderator:

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