Macfos

Operator: Ladies and gentlemen, good day and welcome to the Macfos Limited Q4 earnings conference call hosted by Hem Securities Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Prabal Maheshwari from Hem Securities Limited. Thank you and over to you, sir.

Prabal Maheshwari – Hem Securities: Thank you, Danish. Very good afternoon, ladies and gentlemen. Thank you for joining Macfos Limited Q4 and full year ended March 31, 2026 earnings call. Joining us on the call today from the management team are Mr. Atul Dumbre, Chairman and Managing Director; Mr. Vinod Prasad, Whole-time Director and CFO; and Mr. Nilesh Kumar, Whole-time Director of Macfos Limited.

We will now commence the call with the opening thoughts from the management, post which we will open the forum for the Q&A session where the management will be glad to respond to any queries that you may have. Before we move to the main call, I would like to read the standard disclaimer. There may be forward-looking statements about the company and its subsidiary, which are based on the belief, opinion, and expectation of the company's management as of the date of this call. The company does not assume any obligation to update these forward-looking statements if those belief, opinion, expectation, or other circumstances changes. These statements are not just guarantees 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, Chairman and Managing Director of Macfos Limited, to take it forward. Over to you, sir.

Management: Thank you. Dear shareholders, we are pleased to share our business progress and financial performance for FY26. This year reflects the steady and focused efforts made across all areas of the organization. During this year, we have achieved a revenue of roughly 312 crores with EBITDA of 39 crores and profit after tax of 25.65 crores.

For a fair comparison, we have excluded a one-time bulk sale of roughly 71 crores, which was done in Q1 FY25. On a like-to-like basis, this represents a strong year-on-year growth of roughly 64-67% in revenue, 103% in EBITDA, and 105% in PAT. These results reinforce our confidence in the strength of our business fundamentals and our execution. With the completion of this financial year, we mark 3 years as a listed entity. We are proud to have sustained our growth trajectory despite global uncertainty. This reflects the resilience of our business model. We would also like to thank you for keeping faith in Robu, and trust me, this is just the start. We have a long way to go together.

Accordingly, we believe that the market opportunity remains strong. The key challenge lies in building capability to effectively capture and serve this demand. Accordingly, we continue to invest in strengthening our capabilities, in enhancing our customer support experience, expanding our product portfolio, upgrading our IT systems, and improving our fulfillment infrastructure.

Report is AI-generated and may contain inaccuracies.

Demand for our products remains robust. We are witnessing increased traction from corporate customers along with encouraging repeat purchases from existing users. This growing trust in Robu reinforces our confidence in the sustainability of our growth. Our expanding product portfolio, competitive pricing, and reliable customer support continue to be key drivers. Additionally, our participation in domestic exhibitions has helped improve brand visibility and enhance more organic, cost-effective marketing.

Our key business indicators, including website and app traffic, order volumes, average order value, and customer retention, continue to show positive trends. Our business is built around two strategic focus areas, which are Robu 1.0 and Robu 2.0. For those who are new here, Robu 1.0 is our electronic distribution business, while Robu 2.0 focuses on developing our own products.

Now, let's talk about them one by one. Robu 1.0 is our core distribution business and it remains the backbone of our company. We are focused on delivering quality technology products at competitive pricing supported by quick delivery and dependable customer service. We continue to work closely with suppliers and invest in systems to improve procurement efficiency and reduce delivery lead times while steadily expanding our product portfolio to strengthen Robu as a one-stop platform.

Robu 2.0 focuses on developing our own products, particularly in the drone segment. Over the past 2 years, it has gained strong momentum while increasing acceptance of our in-house solutions. These capabilities have enabled us to undertake customized development projects including engagement with government and defense organizations. Additionally, we have launched key drone-related products under our proprietary brand, Drone Plus.

We sincerely thank you for your continued trust and support. It inspires us to keep improving, innovating and building a stronger and future-ready Robu. Apart from the regular updates, I would like to clarify some data mismatches in the updated presentation. First, regarding total orders served in H2 FY26: in the presentation, the number is 300,000. It was a typo; the actual number is 2,67,126.

Second is total unique physical visitors, which is on our website and app. Up until last year—FY25—we would download the data from our system, for example for Q1, then Q2, Q3, and Q4, and then add that data up to give annual unique visitors. This year, we changed the methodology and downloaded data from the first quarter to the last quarter of the financial year in one go from our system. However, this has created a mismatch with the quarterly data of FY26.

I will explain how this happened. If you download Q1 data and it shows 100,000 unique customers, and then you download Q2 data and it says 100,000 unique customers, but 20,000 customers who visited us in Q1 also visited in Q2, they are common to both quarters. If you download the data for H1 in one go, it will not be 200,000. It will be 180,000. The system will remove those 20,000 from the overall data.

To avoid any confusion hereafter, what we have decided is that we will continue with the old system where we download the data quarterly and represent the sum of the 4 quarters as annual data. That way everything remains clean and trackable on a quarter-to-quarter basis and year-to-year. This new corrected presentation will be uploaded very soon so that any new shareholder or investor

Report is AI-generated and may contain inaccuracies.

studying our numbers will not have confusion while reviewing the old data. With this, I would like to end my presentation and move on for the Q&A session.

Operator: Thank you. Ladies and gentlemen, we'll begin with the question and answer session. Our first question comes from the line of Kiran D from Table Tree. Please go ahead.

Kiran D – Table Tree: Hi, thank you so much for the opportunity. Many congratulations to the Macfos team for a fantastic set of results yet again. You have outdone yourselves almost every quarter and every year. I have two questions, one clarification and one strategic question. Regarding the clarification: in H2 FY26, the average order value was 6,776 as per the presentation. In Q3, you did 6,000, so that means Q4 is almost 7,300 per order. That is a substantial jump from 6,000 to 7,300 in Q4. Could you elaborate on the reasons for this increase? Is it the nature of customers, the basket, or something else?

Management: So Kiran, to summarize, you are asking why there was a substantial jump in average order value from Q3 to Q4 of this financial year.

Operator: I'm sorry, but the participant has left the queue.

Management: I will just answer this question anyway. In the last quarter of the financial year, we see a lot of B2B and B2G customers who are consuming their year-end budgets. That is why we generally see this jump in the last quarter of the financial year. It is very normal for us.

Operator: Thank you. Next question comes from the line of Swaraj from Perpetual Capital Advisers. Please go ahead.

Swaraj – Perpetual Capital Advisers: Congratulations on a good set of numbers. My question is, are you seeing any increased demand for Raspberry Pi and similar development boards due to AI-led use cases, and how is this trend shaping your product strategy?

Management: Overall, for AI-related products, we have seen a jump, but it is not substantial. If you look at AI currently, more or less it is based on things like ChatGPT, Copilot, or similar applications which are driven in the cloud. Though there is a lot of AI hype, many people are using cloud-based hardware. We may or may not see this converting to local AI. In the future, because of security and other reasons, people would like AI on the edge, meaning they would run AI on their laptops, mobiles, or hardware like Raspberry Pi or similar embedded boards. Everybody in the industry is saying that this trend of running on the edge will grow, but nobody knows for sure yet.

I do not think this will make us shift strategically in any direction because we are already covering the hardware side on the edge. We sell NVIDIA boards, high-end Arduino boards, Raspberry Pi, and other boards which may come into higher demand in the future. So, we really do not need to do any strategic shift.

Swaraj – Perpetual Capital Advisers: Got it. Thank you. Which product categories have been impacted by memory chip shortages, and have you been able to pass on the cost increases or benefit from any inventory gains?

Report is AI-generated and may contain inaccuracies.

Management: Any product with memory—mostly development boards or drone controllers—has been impacted; prices have increased because of memory shortages. Regarding passing gains to customers versus keeping them, as a business, we have to be opportunistic to maximize our profits. However, we also have to keep an eye on what others are selling for and how the international market is reacting. We have some agreements with our suppliers where we may or may not be able to increase prices and profits. It is a balancing act. We don't want to exploit for higher profits, as we have to balance it with competition, customer expectations, and supplier rules.

Swaraj – Perpetual Capital Advisers: Got it. You mentioned new product launches. What are the Arduino products and the ready-to-fly FPV kits, and how has the early market response been for these newly launched proprietary products?

Management: We have seen market adoption. Whenever we launch these products, our expectation is to see some sales in the retail segment and get feedback. We have recently launched car chargers, drone chargers, and an agricultural remote. We also have some ESCs and video transmitters of our own. We are seeing a good initial response for some products and a moderate response for others. The expectation is that the products go to market, we get feedback on features, price, and everything, and we learn along the way. It is progressing on an expected basis.

Swaraj – Perpetual Capital Advisers: Okay, great. You have collaborated with platforms like Raspberry Pi and Arduino to develop SmartNix products. What specific product categories are being built under these partnerships?

Management: This is already public. We are developing educational kits from the school level to the university level, aligned with the syllabuses taught in educational institutions. That is very normal. I do not want to set expectations too high suddenly because we have been doing this with multiple brands since we started. It is a part of the business. We do not expect it to have a substantial impact on our revenues in the short term or long term.

Swaraj – Perpetual Capital Advisers: I saw one product called the Raspberry Pi Neo board. Are these in line with existing products or are these new products being built?

Management: I think there is a misunderstanding about that product. Raspberry Pi is also a silicon company; they make the RP2040 IC and the 2360. We use that IC in our product. As part of Robu 2.0, we have these SmartNix modules, which are approximately 300 modules in our portfolio right now. They are small products starting from 100 or 200 rupees up to 2,000 rupees. One of those modules uses the Raspberry Pi silicon. Whenever you use a Raspberry Pi IC, you can name your product a Raspberry Pi development board. It is not exactly an association with the company; it is just a normal thing. The board sells for 500 to 600 rupees, so it is not something very substantial.

Swaraj – Perpetual Capital Advisers: Got it. Finally, SmartNix products are also being sold on marketplaces like Amazon through players like Robu Krane. I just wanted to know your thoughts on that.

Management: That is a good thing we have planned. It is something we are making in India, and India is a big market. We want it to be sold in as many places as possible so it becomes popular and we get more traction and better branding for SmartNix. That was the point of calling it SmartNix and

Report is AI-generated and may contain inaccuracies.

not "Robu module," so that we can distribute it through other people as well.

Operator: Thank you. Our next question comes from the line of Urmi Shah from Moneywise Capital. Please go ahead.

Urmi Shah – Moneywise Capital: My question is about the previous participant's question regarding Robu 2.0. You mentioned that you have long-term goals for 5-10 years, which is why you are aligning Robu 2.0. What is your goal in terms of revenue share? How much do you expect from proprietary products in the next 3-5 years? What is the order inflow and size?

Management: We are not giving revenue numbers for Robu 2.0 yet because Robu 1.0 itself generates huge revenue. If we start putting too much load on a small child right away, how will he grow up? Currently, the strategic approach for Robu 2.0 is to make our own products, put them in the market, and see which segments provide a good response, which products we can manufacture effectively, and whether we can match price and quality.

We started roughly 2 years ago with segments like drones, modules, and sensors. So far, we have seen the best response for drone products. Responses are coming from both the retail market and from government and military sides. It is still finding its place. We have allocated resources accordingly. Where we see traction, we are becoming more bullish. Major focus areas in Robu 2.0 are drones and SmartNix. SmartNix also has market traction, but because it is more of a commodity, it does not have the sudden jump in traction that drones do; it is growing steadily.

Two years down the line, we have developed roughly 300 SmartNix modules and 5-10 drone products. We have faced challenges with molding, PCB issues, and range, but things are stabilizing now. We see that we can make them and there is good traction. Revenue-wise, we are not aligning it with Robu targets yet because Robu 1.0 is growing very fast. We started Robu 1.0 in 2014, and it took 12 years to get here. If we push Robu 2.0 in terms of percentage revenue proportion, it will be suffocated.

We have mentioned in the slides that it is a 5-10 year goal. When we have a higher share of Robu 2.0 products, it is naturally something we like to talk about because they are our own products made in India. However, making and popularizing your own products is a totally different business dynamic. We are doing that because in the long run, we see that the distribution business might eventually face margin pressure and increased competition. Robu 2.0 products will provide a cushion. If it becomes substantial revenue, we will be very happy, but even if it remains a smaller component, it allows us to control margins better and control the market with our own products. We use the data from Robu 1.0 to know what works. We are on the right track. We track revenue year-on-year, but we are still a bit far from where the split between 1.0 and 2.0 reaches that next level. We will share specific revenue growth numbers when we are comfortable.

Urmi Shah – Moneywise Capital: Regarding margins, you said they are quite healthy now. If you can quantify, even as a ballpark, how much you target?

Management: Regarding margins, we have stated that for Robu 2.0 products, we look for at least 10% extra margin compared to our regular products in terms of gross margins. We have been clear about that. It is just that the revenue proportion compared to the overall business is quite small at

Report is AI-generated and may contain inaccuracies.

this point.

Urmi Shah – Moneywise Capital: Could you tell me what the OEM products are in the Robu range? We added 650 SKUs this time; what are those products and why are we bullish on them?

Management: For Robu 2.0, there are three main pillars: SmartNix, SimplyBuy, and Pro Range. In our Pro Range, we target different segments. For example, in the sensor segment, we added some SKUs. Pro Range is something we have done for 4-5 years, but we became aggressive in the last 2 years. We have added roughly 100-200 sensors. Then there are modules in the Pro Range which we may not manufacture but we take as an OEM.

In terms of 3D printing filaments, we have probably added at least 100 in the last year. Last year, we also focused on drone products through OEM. We added motors, propellers, and frames. We also added tools, measuring instruments, and multimeters. Broadly, these are the 300-400 categories where we added products.

Operator: Thank you. Our next question comes from the line of Parin Gala from Segwan. Please go ahead.

Parin Gala – Segwan: Regarding drones, what exactly have you developed and where do you fit in the defense sector? The sector is very hot with a lot of inquiries and competition. Are you collaborating or engaging directly with the defense industry?

Management: In the drone segment, two years ago we started making our own products. As you said, the sector is hot, and we started receiving inquiries. We started working with defense directly. Currently, we are supplying low-value and low-volume products to them. If you look at drones, they range from 2 kilograms to 400 kilograms. It is a vast array. It is like saying "gun"—for military use, there is a small gun, an AK-47, and then large mountable weapons.

We have focused on one or two exclusives. If we can make those two exclusives well and engage with the military, we will have a sustained long-term system. On one hand, we want to tell the industry that we are doing these things and that direct engagement has started. On the other hand, I don't want you to get too excited. Because "drone" is a hot keyword, if I say it 10 times, I know it will impact the share price, but I want to stick to reality. We have not received substantial revenue there yet. The success is that engagement has happened and products are being supplied in low volumes. For a substantial impact, my forecast is that within the next 2 years, we will either be "in" or "out" of that business. We are trying our best. There is a lot of competition because many people are entering a hot segment.

Operator: Thank you. Our next question comes from the line of Yogesh Bhatia from Sequence Investments. Please go ahead.

Yogesh Bhatia – Sequence Investments: You have grown from a 30 crore topline to a 300 crore topline company in 5-6 years. What is the addressable market for these niche products? What is the Total Addressable Market (TAM) as you see it available for us?

Management: Determining the TAM is a bit tricky for us. Two years ago, there was no massive demand for drones. Two years before that, there was no major demand for AI or IoT. Two years

Report is AI-generated and may contain inaccuracies.

before that, 3D printing was not in high demand. Because we are in new tech, conventional models do not always apply. We have tried to calculate it but not convincingly.

However, there are international companies like Digi-Key, Mouser, Arrow, and Farnell. Digi-Key is doing billions of dollars in revenue. But we cannot say their model is exactly the same as ours. They warehouse and distribute worldwide; we target India as a market. We previously studied their revenues to see what they were doing in India and how it might grow. By 2030, we expect the Indian market to be around 10,000 crores, but there are many "ifs and buts."

Yogesh Bhatia – Sequence Investments: Could you explain the nature of your orders? Are they bulk orders? Are they from educational or research institutions or prototyping?

Management: Our customers are in hobby, education, research, and engineering. The hobby segment is a small revenue segment. In education, we serve schools and engineering colleges. Many trainers who set up labs for schools and colleges are our customers. We provide the equipment for those labs directly to the educational institutions.

Yogesh Bhatia – Sequence Investments: Is 20-30% of sales coming from educational institutions?

Management: We have stopped giving a specific revenue breakup due to competition, but yes, that is one of the customer bases. Then there is research, which includes startups or prototyping in large companies. Finally, there is engineering, which is for production where a customer might need 500 to 2,000 units monthly for their own products. High-volume manufacturing, like chips in a Tata car, are not our customers at this stage. Those high-volume manufacturers work directly with the brands, though they could work with us in the future.

Yogesh Bhatia – Sequence Investments: Do you only sell products you inventory, or do you import as per requirement?

Management: We do both. If we have inventory, we provide it immediately. If there is a requirement with a lead time of 15-30 days, we fulfill those as well.

Yogesh Bhatia – Sequence Investments: How much of your orders are from people who are okay with a 20-day delivery time?

Management: Most orders are served from inventory. Even in our case, "high volume" is 2,000 to 5,000 quantity for a product. Because we have been in business for over a decade, we prefer to keep inventory. That is also the customer's preference. If we don't have it, customers are willing to wait, generally around a month.

Yogesh Bhatia – Sequence Investments: Do you think past growth can be achieved or will it plateau?

Management: I am a realist. I ask myself this question too. We set targets, arrange resources, and achieve them. I believe that eventually, markers for electronics and segments like drones or AI will saturate. But it hasn't happened yet. New trends and technologies emerge, we capture them early, and push for them. I see the electronics market remaining hot for at least the next 2-3 years. Dependency on electronics will only increase. We will see about the plateau when it happens.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. Our next question comes from the line of Rohit Prakash, an individual investor. Please go ahead.

Rohit Prakash – Individual Investor: Amazing performance as always. If we continue to grow this way, we might have to take more debt. Our debt-to-equity ratio is high. Are you comfortable with more debt, or will you need equity?

Management: We are not worried about debt. For the last 10-12 years, we have converted most of our debt into inventory. We sell that inventory to generate revenue. It is a low-risk debt if the business model is understood correctly. We prioritize top-line growth. When we see a segment growing, we look for suppliers and trends, which leads to inventory requirements. Because our fundamentals are strong, we are not afraid of debt. When demand slows, our system automatically compensates because we won't need new inventory or debt.

Our inventory management system is strong. Products that don't move eventually become obsolete without eating up much debt. Correct products at the correct price and time are the key. As long as sales are generating demand, everyone—including our banking partners—is comfortable. We have had the same banking partner for 5 years, and they see the conversion of debt to inventory to revenue.

Rohit Prakash – Individual Investor: Regarding average order value, it has grown strongly. Is this because we are bunching orders, or is the inherent value increasing? Is it sustainable?

Management: There are two sides to it. First, the Indian market is maturing. Startups we served years ago are becoming mid-to-high range companies. Because we caught them early, as their requirements grow, our average order value grows organically. Second, we have expanded our product portfolio. A customer who bought 4 items now buys more because we have added components and instruments. It is like a small grocery store turning into a supermarket; people buy more when more is available. We have also taken strategic efforts to increase order value.

Rohit Prakash – Individual Investor: Since it has been 3 years since listing, are you meeting the requirements for moving to the main board?

Management: When we listed on the SME exchange 3 years ago, we decided we eventually wanted to move to the main board, so we adopted large-company habits like giving quarterly results from day one. While we have taken steps to follow regulations for a main board move, we don't have a specific date in mind. We will announce it publicly when there is an update.

Rohit Prakash – Individual Investor: Regarding margins, a gross margin of 24% is very healthy. Are these sustainable with scale?

Management: We took a conscious effort last year to maintain margin rather than using lower margins as a currency for growth. It worked well. We hope to maintain this, but some factors like competition and product mix are market-driven. If the segments where we have better margins grow faster, our overall margins will improve. As we scale, competition increases, which naturally creates downward pressure on margins. However, Robu 2.0 products offer an advantage where we aim to keep margins as high as possible.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. Our next question comes from Parneet Burmishetty, an individual investor. Please go ahead.

Parneet Burmishetty – Individual Investor: How much are you investing in your own brand products, and what is the expected outlay for the next year?

Management: We are not investing heavily in terms of equipment or inventory compared to our main business. The main investment is in the team we have built. Two years ago, we had 4 people in product development; now we have a team of 25 people across our 3-4 proprietary brands. Another investment is the time and attention given by the leadership team. We treat Robu 2.0 as a separate, respected segment.

Three to four years down the line, we expect this to help us control margins. As I mentioned, we look for 10% higher gross margins on our own brands. If we reach the point where these brands contribute 5% to the overall revenue with a 10% delta in margin, it improves the overall company margin by 0.5%. If those brands contribute 10% of revenue, the overall margin improves by 1%. That plus 1% or 2% at the PAT level makes a big difference in the long run. It also gives us better control over the market and brand loyalty.

Parneet Burmishetty – Individual Investor: Regarding scaling, are you aggressively hiring to grow sales, or relying on the existing team?

Management: When we do our annual budgeting, we try to ensure our manpower and salary component increases at a lower rate than our revenue. If you double your business, you don't need double the manpower. If the average order value increases, you don't need double the packaging staff. One person can handle larger purchase orders. We have optimized this over the last 5 years. We are more conservative with manpower in Robu 1.0 because it is a calculated model, but we are more aggressive with hiring for Robu 2.0 because we want to develop products quickly.

Parneet Burmishetty – Individual Investor: Regarding competition, what is our market share in various segments?

Management: Data for the unorganized market is not easily available, so it is hard to give a market share percentage. The segment has not yet matured in India. In international markets, you can see clear splits between Digi-Key, Mouser, and Arrow. This market will mature in 10 years, and then we will be able to discuss market share properly. For now, it is hard to put a number on it.

Parneet Burmishetty – Individual Investor: How is the market split between online players, unorganized local players, and international players like Mouser?

Management: The positioning is very different. Unorganized local players specialize in very few SKUs. For example, a vendor in Mumbai might have 200 SKUs of only motors. International players like Mouser and Digi-Key play at higher volumes and serve massive manufacturers. Digi-Key has around 3 million products on their website, whereas we have around 1.5 lakh products. We target different segments. There is competition in specific niches—like two or three players in 3D printing or drones—but we don't see any other player covering all the segments we do in the Indian market.

Report is AI-generated and may contain inaccuracies.

Parneet Burmishetty – Individual Investor: Regarding SKU curation, did you add a substantial number this year?

Management: Adding SKUs is part and parcel of our business. We added a large number of components over the last 2 years. To achieve this revenue, we have to add SKUs. As new technology or segments emerge, it leads to SKU addition. We probably added 10,000 to 15,000 SKUs this year.

Operator: Thank you. Our next question comes from the line of Saurabh from One Capital Advisers. Please go ahead.

Saurabh – One Capital Advisers: Regarding warehousing, do we have enough space for current growth, or are we looking at expanding?

Management: We are always looking to expand. A higher number of SKUs and higher shipment volumes require more space. Increasing warehousing and order processing capacity has been part of our targets from day one. We want our capacity to be 30-40% higher than our average processing volume. We assess from time to time when to take the jump to a larger setup. We moved to a larger setup 4 or 5 years ago, but in 2-3 years we maximized it. We don't have a specific new capex plan for a warehouse right now, but it is under assessment.

Saurabh – One Capital Advisers: Monthly visitors were around 723,000 or 891,000 at various points, but the H2 average was lower at 600,000. Was there a decline in January and February?

Management: As I mentioned at the end of the presentation, that visitor data was skewed because of how we calculated unique visitors for the whole year versus summing up the quarters. We changed the methodology, which removed people who were common across multiple quarters from the final count. Our internal growth metrics for visitors are actually great. We will provide the rectified data next week by summing up the quarters to remove this confusion.

Saurabh – One Capital Advisers: How are you optimizing inventory days to transition from debt-funded inventory to internally sustained inventory?

Management: Increasing debt is a function of fast growth. It is unrealistic to expect very fast growth without debt. As long as the inventory rotation system is correct and we are converting it into revenue, we have nothing to worry about. We aim to keep reducing inventory rotation days. Revenue with margin and inventory optimization are our two top-most KPIs.

Saurabh – One Capital Advisers: You mentioned slow-moving inventory increased. What steps are you taking to keep that in check?

Management: When we added the "components" category 2 years ago, I stated that it has higher margins but will result in some higher dead inventory. This was a calculated move. The increase in dead inventory is primarily from that category. If I have to write off 5 crores of inventory after 4 or 5 years, the margins and revenue generated by that category over that time would have already covered it.

Saurabh – One Capital Advisers: What is a normal industry range for slow-moving inventory?

Report is AI-generated and may contain inaccuracies.

Management: It varies vastly. Digi-Key might rotate its inventory once a year, while Mouser does it every 3 or 6 months. It depends on the company. There is no standard industry benchmark.

Saurabh - One Capital Advisers: What proportion of short-term loans and advances relate to advances given to suppliers in FY26?

Management: We generally have to give advances to some suppliers. For international suppliers, most of it is "material in transit." It is not an advance per se. The number fluctuates based on the day you look at it. On March 31, if there is a lot of material in transit that hasn't arrived at the warehouse, that number will be higher. It's just a cycle of arrival and inventory needs.

Operator: Thank you. Our next question is from the line of Chinmay Nema from Prashant Capital. Please go ahead.

Chinmay Nema - Prashant Capital: Since you're not giving the split between B2B and B2C, could you give some directional color on how these segments have grown?

Management: In the long term, B2C will involve higher order volume but lower order value. B2B will involve higher value but fewer customers. The proportion of revenue from B2B will gradually increase until it settles, while the order count from B2C will continue to grow.

Chinmay Nema - Prashant Capital: Working capital days increased by about 20 days compared to last year. Which component is driving this?

Management: I do not have the relevant data on hand for that specific comparison right now. Please reach out via email, and we will reply with the appropriate facts.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Prabal Maheshwari for closing comments. Over to you.

Prabal Maheshwari - Hem Securities: Thank you, Danish. On behalf of Hem Securities Limited, I would like to sincerely thank the Macfos Limited management team for taking the time to join us today and for responding to all the queries in such a detailed and insightful manner. I would also like to thank all the participants for joining this call and for their active participation. With this, I would now like to hand it over to Danish for closing remarks.

Operator: Thank you. On behalf of Hem Securities Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Report is AI-generated and may contain inaccuracies.