

To,
Listing Manager
The National Stock Exchange of India Ltd.,
Exchange Plaza, Plot No: C/1, G Block,
Bandra Kurla Complex- Bandra(E),
Mumbai - 400 051
Symbol: EMIL
Series: EQ
ISIN: INE02YR01019

The Secretary
BSE Limited
PJ Towers
Dalal Streets
Mumbai- 400001

Scrip Code: 543626

Dear Sir/ Madam,

Subject: Disclosure of transcript of Earnings Conference Call for Fourth Quarter ended 31st March 2023 held on 26th May 2023.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the transcript of earnings conference call held on 26th May 2023 to discuss the Audited Financial Results for the Fourth Quarter ended 31st March 2023. The same is available on the website of the Company at.

<https://investors.electronicmartindia.com/earning-call-transcripts-and-investors-presentation>

We request you to take this information on record.

Thanking You,

For and on behalf of **Electronics Mart India Limited**

Rajiv Kumar

Company Secretary and Compliance Officer

Date: 01st June 2023

Place: Hyderabad



“Electronics Mart India Limited Q4 FY23 Earnings Conference Call”

May 26, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 27th May 2023 will prevail.



MANAGEMENT:

MR. KARAN BAJAJ – CEO, ELECTRONICS MART INDIA LIMITED

MR. PREMCHAND DEVARAKONDA – CFO, ELECTRONICS MART INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Electronics Mart India Limited Q4 FY23 Earnings Conference call.

This Conference Call may contain forward-looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bajaj – CEO, Electronics Mart India Limited. Thank you, and over to you.

Karan Bajaj: Good evening, and a very warm welcome to everybody present on the call. Along with me, I have Mr. Premchand Devarakonda – our CFO and Strategic Growth Advisors, our Investor Relationship Advisors.

We have uploaded our “Results and Investor Presentation” for the Quarter and Financial Year 2023 on the Stock Exchange and Company’s website. Hope everyone had a chance to go through the same. FY23 has been a very special year for EMIL as all of you know that we listed the Company on the 17th October 2022 on the Stock Exchange, and it was a very proud moment for all of us at EMIL.

I would once again like to thank the entire investor community for the tremendous support during our IPO. EMIL is the largest player in the Southern region in revenue terms with dominance in Telangana and Andhra Pradesh and is the fourth largest consumer durable and electronic retailer in the country. We have built a long-standing market presence with more than three decades of experience. Our Company is currently associated with more than 100 brands with over 6,000 SKUs and has a long-standing relationship of more than 15 years with a certain number of brands which operate in product categories such as large appliances, mobile phones, small appliances and other categories.

We provide a complete and unique shopping experience to our customers by showcasing a wide range of electronic products under one roof in our multi-brand model and providing a specialized brand experience with our exclusive brand outlets. We work with limited brands, but in a huge volume as compared to other players who have more brands on board, and this gives us a competitive edge and better bargaining power with the top brands versus the top peers. In FY23, we had opened 24 new stores, currently we have 127 stores out of which 114 are multi brand

outlets, and 13 are exclusive brand outlets. Out of the 127 stores, 106 stores are leased, 12 are owned, and 9 are partly owned and partly leased.

As of date, we are present in 41 cities across four states. During the last year, we entered new territories, which are Delhi-NCR and Kerala. We continue to focus on deepening our presence in this region. We operate in before venturing into new markets, which has led us to establish the brand presence in Telangana and Andhra Pradesh markets. This enables the target customers to identify with us on our brand as well as with our product portfolio and aids our understanding of the market segment and the customer demand preferences. We believe that this approach has also enabled us to achieve significant market share and dominance in the market that we are present in. We plan to continue and to deepen our store network in Andhra Pradesh and Telangana and also gradually plan to expand our network in the NCR region.

In pursuing our defined cluster-based approach, we plan to open a further 13 multi-brand outlets in the NCR region, 21 multiple brands outlets in Andhra Pradesh, and 8 multi-brand outlets in the Telangana region and adopt a methodological approach to evaluate and select locations for the new stores by FY25. We believe that our local market knowledge, supply chain efficiencies, and effective inventory management have enabled us to attain higher cost competitiveness and consistent profitability. Our customized product assortment and comprehensive product portfolio enable us to achieve better visibility, brand recognition, deeper market penetration, and increase our customer base. We have 10 large central-located warehousing facilities, which are backed by individual storage areas at store level for varying sizes to cater to individual stores or a group of stores.

Coming to the Q4 Result:

We have delivered a growth of 8% in revenue year-on-year to Rs. 1,328 crores and 25% year-on-year growth for the FY23 period to Rs. 5,446 crores. On account of investments made to open stores in a new geographic that is NCR. The Company has increased investments in brand building and sales and marketing activities, which will help us deepen the market penetration and increase our customer base in this geography as well. To conclude, I would like to say that after having established the leadership position in Andhra Pradesh and Telangana retail electronic market, we have entered Delhi-NCR where we plan to capture significant market shares in the coming years.

In the Southern region, we plan to expand our footprint in places like Vijayawada, Tenali, Guntur, Kurnool, Nellore across Tier 2 and Tier 3 cities in Andhra Pradesh and Telangana. As a cluster based expansion, diversified product portfolio, strategically located logistics warehousing facilities will give us a competitive advantage in this existing regions as well.

With this, I request Mr. Premchand Devarakonda – our CFO to update you on the financial performance. Thank you.

Premchand Devarakonda: Thank you Karan Sir. Good evening and a warm welcome to all the participants. Now I would like to present the "Financial Overview" of our Company for the Year '22-23.

Our total revenue per Q4 of FY23 stood at Rs. 1,328 crores as against Rs. 1,231 crores of Q4 of FY22, which has grown by 8%. For FY23, our revenue stood at Rs. 5,446 crores as against Rs. 4,349 crores of the previous year, and the growth rate has been 25% year-on-year. For FY23, the same-store sales growth rate stood at 17%, and for FY23, approximately 48% of our sales revenue came from large appliances, 38% from mobile, and 14% from small appliances and IT and other products. Out of the total revenue from the sale of products approximately 98% of revenue comes from the retail segment.

The top five brands contributed around 64% of our revenues. EBITDA for Q4 of FY23 stood at Rs. 91 crores as against Rs. 89 crores with a growth of 2%, and for FY23, EBITDA stood at Rs. 336 crores as against Rs. 292 crores of the previous year with the growth of 15% year-on-year. EBITDA margins for Q4 stood at 6.8%, and for the year, they were 6.2%. As mentioned by Karan Sir margins are lower mainly due to increased investment in the marketing and brand-building activities in the new territory which is NCR region. PAT for Q4 FY23 stood at Rs. 36 crores as against Rs. 35 crores, with a growth of 2%. For the Financial Year '23 PAT stood at Rs. 123 crores as against Rs. 104 crores of the previous year, which has a growth of 18% year-on-year.

ROCE and ROE for FY23 stood at 13.7% and 10.4%, respectively. There has been an impact on ROCE and ROE in FY23 due to the addition of stores.

The working capital days as of 31st March. stood at 68 days. The gross debt-to-equity has been at 0.6x, and net debt-to-equity stood at 0.2x.

Our net debt-to-EBITDA stood at 0.87x, and our cash flows from operations before working capital changes for FY23 stood at Rs. 342 crores which match our EBITDA.

With this, I would like to open the floor for questions. Thank you, everyone.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Krishna Kansara from Molecule Ventures PMS. Please go ahead.

Krishna Kansara: So, sir, my first question is on the growth part, so our sales have grown by 8% if we compare it with last year's March quarter, so I wanted to know what has been the reasons for the lack in growth like is there any specific category which is impacting it or is it a region-specific thing?

Karan Bajaj: So, ma'am if you look at the Q4 usually in our state where we predominantly operate out of Telangana and Andhra Pradesh is usually a period where summer starts off and if you look at the two major categories that we deal with our air conditioned, air coolers during that period because for the 20 days in the March of month it was raining here. So, they directly impacted the sales of the category. So, the growth are actually coming from the other categories and that particular category of cooler and air conditioner was probably flattish and a little degrown. So, that is why you would see an impact directly in the revenue number where if that category had played out well the weather would not been a reason for it, we would have definitely grown much higher.

Krishna Kansara: So, you are saying that the impact on AC sales is the reason for this?

Karan Bajaj: If I can just highlight basically what happens when we look at a product mix of that particular month usually, we would look at air conditioners and coolers which contributed to Rs. 234 crores in the last quarter Q4 in last year versus Rs. 195 crores only this year. So, that was a major drop there and this being one of the highest grossing category as well. So, you would see a change there as well. The contribution from this category was not as expected that it would be because it was technically summer period, but it was raining here, that is why we would see a decrease in that category. And it was **(Inaudible) 11.10** first week of April, but then during this quarter we were back again seeing the growth in that category coming back again because the weather played out well for us in the last few weeks.

Krishna Kansara: So, you are saying that the first two months of Q1 have been better than what happened in Q2?

Karan Bajaj: Yes ma'am.

Krishna Kansara: And sir, how much has Delhi NCR contributed in that total sale if you could give us an absolute or a percentage number for this quarter and also for the full year FY23?

Karan Bajaj: Sorry ma'am can you repeat your question I could not hear you clearly.

Krishna Kansara: Sir my question was how much has Delhi contributed to our overall topline in this quarter and also for the full year FY23?

Karan Bajaj: So, ma'am, on an annual basis, it has contributed 137 crores, that was the sale that we generated and on the quarter, it contributed around 52 crores from that region.

Krishna Kansara: And sir how many stores in Delhi have reached breakeven levels?

Karan Bajaj: How many stores in Delhi have reached the breakeven level? That is what the question is.

Krishna Kansara: Yes.

Karan Bajaj: Ma'am, right now, what we look at is we look at operational breakeven in 12 to 14 months. So, those are all on track of reaching that number because few stores are 8 months old, few stores are 6 months old. It is on the trajectory when we look at the monthly average revenue. It is on that path of reaching the threshold in 12 to 14 months that we targeted initially. So, we are on track to do that, ma'am.

Krishna Kansara: And sir recently we have announced that we have changed our store counts in our strategy of shifting to MBOs from EBOs, so we reduced our store count in Delhi NCR from 26 to 18 MBOs so we also cut down on EBOs in Telangana, so I just wanted to know your thought process behind the scene because we are expanding in Delhi NCR currently and so why are we cutting down on the number of stores there?

Karan Bajaj: Ma'am, we are operating 13 stores right now in Delhi with one more EBO getting added there. There will be 13 MBOs and 1 EBO getting operated in this quarter. So, that is the number and with our plan of expanding in Delhi with another 13 to 14 stores that is the plan. The idea is to get the right location at the right price. The idea was to revise this so that we are in line with what we have already signed up in terms of the properties that are getting ready. This year we will be coming up with some more stores. If you can add the fine good properties at the reasonable price or the reasonable rental that we are looking at, we will definitely add up more number of stores there. So, there is no restriction on how many number of stores we will be adding up, but it is just the idea of where we get the right location at the right price so that is more important because we have already signed up 13 locations which are operational, another 6-7 are in the pipeline. So, technically we would be around (+20) stores by the end of FY24. So, in the meantime if this year we add-up more stores, we sign up more stores that will definitely get added up sooner as well. So, there is no restriction on how many stores, but the market that they decided where we got to open the stores that is where we have to find the right property but gets a little difficult to find the right property at the right price that is the only reason.

Krishna Kansara: So, we have not cut down on the number of stores because of any issues in the existing stores it is just like strategic decision from now?

Karan Bajaj: Yes madam. And at the same time, we have started expanding in Andhra, Telangana and if you see the contribution from our country store in Telangana and Andhra Pradesh have actually started performing really well for us. So, going forward our strategy was also to deepen the markets like Vijayawada, Guntur, Nellore, Tenali, Vijayanagar where we are already present either with one store or two stores and those markets also growing so we want to expand because then we can leverage on our marketing, our inventory or logistics and stuff like that. So, if you have existing territory, the cost of operating there becomes much easier and much cheaper than actually venturing into a new city. So, we are expanding parallelly in the new geographies that we are present in NCR as well as with the existing markets in Andhra and Telangana that is where the plan was to expedite the growth in our existing markets as well.

- Krishna Kansara:** And sir just last one question so what was our advertisement spend in this Q4 FY23?
- Karan Bajaj:** Sorry, can you repeat your question?
- Krishna Kansara:** How much would have been our advertisement cost in this quarter?
- Karan Bajaj:** Advertising cost in Q4 ma'am?
- Krishna Kansara:** Yes.
- Karan Bajaj:** Ma'am, it is around 5.30 crores.
- Krishna Kansara:** How much of that would be in Delhi?
- Karan Bajaj:** Delhi was around 2.95 ma'am.
- Moderator:** The next participant is Mehul Desai. Please go ahead.
- Mehul Desai:** So, Karan can you just help me with what is your store addition plan for Telangana, AP and Delhi NCR for FY24?
- Karan Bajaj:** Sir, for FY24 we plan to open around 13 stores in Delhi and out of which approximately 7 are signed up which would include one EBO as well that is due to get launched next month that is LG Exclusive store and around 10 stores in Andhra Pradesh and around the 5 stores in Telangana.
- Mehul Desai:** So, you will have 28 store additions in FY24, right?
- Karan Bajaj:** Yes.
- Mehul Desai:** I just wanted to reconfirm this what was the base quarter the AC cooler sales you said 195 crore in this quarter versus what was the base quarter?
- Karan Bajaj:** I did not get your question sir.
- Mehul Desai:** You said that AC cooler sales were impacted in the quarter and you said 195 crore was the sales in this quarter versus what was the base quarter sales for AC cooler segment?
- Karan Bajaj:** Q4 of '22 was Rs. 234 crores versus Rs. 195 crores this year.
- Mehul Desai:** So, this is the primary reason for your sales for stores I mean the sales moderation....

Karan Bajaj: If I look at other categories like refrigerators, if I look at mobile phones and audio and video category are built in kitchen appliance category, everywhere there is a growth. So, you want as running the numbers also the mobile and laptop category from Rs. 448 crores for that quarter went up to Rs. 539 crores. The panel and the audio division from Rs. 177 crores grew to Rs. 198 crores. Refrigerator business alone from Rs. 127 crores grew to Rs. 133 crores, washing machine from Rs. 97 grew to Rs. 99.7 crores, kitchen appliances from Rs. 51 grew to Rs. 56.5 crore and other categories from Rs. 12.9 crores grew to Rs. 25.4 crores.

Mehul Desai: And the gross margin improvement that we have seen on a sequential basis I think Q3 had some higher cashback and that some issues with that, so that has got corrected, and that is the reason Q4 gross margins are higher sequentially?

Karan Bajaj: After that we realized that what was going wrong in terms of where you could run, go back to the banks and as we were discussing last time also to understand and plug those leakages where some costs that are directly proportional to our sales revenue like credit card charges, cashbacks, NBFC charges and all. So, we tried to plug them in and renegotiated with all these NBFCs banks and all for either giving us a higher commission, reducing our contribution on this cashback offer. So, though we have run those cash back offers and still running those cashback offers, we reduced the contribution to that and renegotiate with the NBFC to increase our margins.

Mehul Desai: And this A&P spends which you said 5.3 crores in this quarter what was the base quarter number I mean Q4 FY22 what was the number?

Karan Bajaj: For mobile phone sir.

Mehul Desai: No, the advertising spend which you said 5.34.

Karan Bajaj: Advertising spend was Rs. 6.3 crores in the last quarter versus Rs. 5.3 crore and so that again is reduced because Hyderabad it was raining. So, March month whenever we start promoting our AC festival season, we have reduced our spend here because it was pouring so there is no point of advertising on doing radio and print heavily during that period for the AC and cooler sales.

Mehul Desai: And lastly on the balance sheet side I see our debt what plan in terms of reduction in debt I mean the borrowing that we have, how do you see that reducing in next two, three years or what is the plan there?

Karan Bajaj: Currently if you see our debt levels are much lower than what they were in Q1 last year majorly because the Rs. 120 crores of working capital got infused from the IPO fund on the first of April. This balance that you look at is on 31st March. So, that is where the first 10 days of April we had infused Rs. 120 crores from the IPO fund that we had raised which was for the working capital requirement for FY24 that automatically got added up and at the same time in terms of getting efficiencies in inventory management and the churns or what we usually do that is where we

have seen efficiencies coming in apart from the long term debt which was straight away for buying out properties in Delhi region apart from that working capital requirements have come down.

Mehul Desai: And lastly on this gross margin side right now we are clocking around 13.8-14, do you think this 14% range should sustain now?

Karan Bajaj: The idea is to sustain this going forward as well and try to improve on wherever the leakages are and try to improve this, in terms of negotiating with the brands that is a daily task that we usually do internally, but at the same time with our expansion that had happened in other regions as well we see higher productivity coming in this financial year. So, we are pretty sure we will have a little more bandwidth to negotiate with brands on a few categories and try to improve that as well.

Moderator: Thank you. Next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir, just a couple of things I wanted to check now I think in the previous calls as well we were kind of looking at maybe 20%, 25% kind of a CAGR going forward, So, because of going slow in NCR is there any change in that?

Karan Bajaj: What happened is when we started securing our properties, this was during right after the COVID period. So, it was much easier to add-on 10, 20 locations that were much easier, but because two to three properties are being constructed as well. So, the market in Delhi-NCR today stands at around 30 big markets where we first wanted to enter before we start experimenting with the peripheries of NCR. So, we shortlisted 13 markets we are on track of doing that. By the end of this year will be completing the top markets so after that is when we plan to secure properties in and around the area that we decided as a Plan B. Once we execute the plan A stores with the first 20, 25 big stores in the market that is when we plan to expand further. So, the plan is still on. There is no changes on the plan of deviating from opening number of stores in Delhi, but right at the current scenario the property prices have prevailed to pre COVID levels or much higher than that. So, getting the right property, negotiating it for a longer lease period is what we are doing and it is taking much more longer than what you should take earlier. So, getting the right location at the right price is more important than just jumping into a market only because of a competitor being present in that market so that is not our strategy. Our strategy to make sure that we get the right location at the right price so we just negotiating. So, every day we keep on negotiating for property and whenever we can close on a good deal we are going ahead with that.

Deepak Poddar: So, what I was also trying to understand does it impact our aspiration of 20% 25% growth over the next two, three-year CAGR?

Karan Bajaj: It will be in the same line only until unless as I told you like some external factors like the weather is impacting something or there are some external factors apart from that we do not foresee anything that will impact our CAGR to be around 20% in the coming years as well.

Deepak Poddar: And in terms of margins I mean what is the aspirational margins that we are looking at I mean you mentioned about the gross margin that through negotiation we would like to improve upon that, so even on the EBITDA margin I think about currently 6.8%, but again we had I think lower branding expenses this quarter, so some insights on the trajectory on the margin front would be helpful?

Karan Bajaj: Sir, the margin also would be in the similar line only so there will be an increase around 0.1, 0.2% kind of number that we would look at gradually also if we you know grow because there are some costs involved especially in the market like Delhi where we are just establishing a shell compared to our existing markets in Andhra and Telangana where people who are brand much easier to establish the store and turn around the store. Initially for the first couple of years that is where we have planned and we are in line with what our investments are going up in that region, but that is because we know the market size is so huge there that even if we reach a certain threshold or a market share there we will definitely turn things around for the Company. So, that is what the idea is. This is more like the investment that we are looking at, but the EBITDA margin would be in the same line, only probably 0.1, 0.2% kind of an increase.

Deepak Poddar: So, aspirationally, I mean 6.5% to 7% EBITDA margin for our kind of business would be a right benchmark, right?

Karan Bajaj: Yes.

Moderator: Thank you. Next question comes from the line of Nirav Vasa from Anand Rathi. Please go ahead.

Nirav Vasa: Would it be possible for you to share the promotion spends that we intend to do in FY24 any number that you have formed up considering the kind of expansion that we are planning in Delhi and other parts?

Karan Bajaj: Sir, FY23 our spend was around 50 odd crores which we were expecting it to be around 59 crores in the FY 24 period that is the number that we are looking at that will be in line with the total revenue that we will generate for the next year as well.

Nirav Vasa: The other question will be pertaining to what was the actual payment that we did in terms of rent in FY23 and what can be that number in 24, can you share that data please?

Karan Bajaj: Yes, one second, sir.

Karan Bajaj: In FY23 it was 80 crore.

Karan Bajaj: FY23 actual rental payout that on the balance divided between the interest and the depreciation cost because of lease liability IndAs-113 adjustment was around 80 odd crores, and for FY24, we would look at increase coming in from new stores as well as the incremental rentals to be around Rs. 85 crores.

Nirav Vasa: Sir, what I was actually asking was out of this Rs. 80 crores how much was cash payment actual payment?

Karan Bajaj: We are telling you the absolute number of rent cost, not what was adjusted in depreciation interest I am telling you the actual rental cost that we pay the year for FY23 the actual rental cost was 80 to 81 crores and for FY24 it is projected to be around 85 crores.

Nirav Vasa: So, this is the actual cash outgo right?

Karan Bajaj: Yes sir.

Nirav Vasa: Would it be possible for you to share the incentive income which was booked in 23?

Karan Bajaj: What is it?

Karan Bajaj: Incentive income for FY23 period was around Rs. 500 crores.

Premchand Devarakonda: Incentive income Nirav, it is Rs. 292 crores versus Rs. 213 crores for FY22.

Nirav Vasa: So, my final question what we are seeing right now is that all the brands in India are expanding their capacities very aggressively and they are fighting very aggressively to gain market share and everything, so in the light of this scenario especially your location three cities has become the hub for the manufacturing of air conditioners, so do you see a strategic advantage based on your core area of Andhra and Telangana and three Cities becoming manufacturing hub, so for the forthcoming summer season do you think you can get additional margin from brands on two counts first is because they are becoming very aggressive for volumes, second is that their factories are very close to your core area of operation any update on that would be a great help?

Karan Bajaj: As you mentioned, the Three City is definitely much closer in terms of our operation region, but right now it is not directly benefiting us probably for the long term we might look at that benefit, but usually the brands do not discriminate or distinguish between the locations that they supply to because usually the cost to them, but gives us an advantage to negotiate better with them in the future. I will definitely utilize this as a strength of ours to negotiate better and take this the recommendation from you.

Moderator: Thank you. Next question comes from the line of Prakash Desai from Desai Investments. Please go ahead.

Prakash Desai: My first question is how many stores are we planning to open in FY24 and can you run us through the store expansion strategy?

Karan Bajaj: Yes sir, on an average year we look at expanding with around 25 stores. That is the target that you usually have organically understanding the markets and growing there on until unless we get some good locations that we can sign up immediately. So, the plan is divided between Telangana, Andhra Pradesh and NCR region. The stores that are already signed up for this region plus the new store that we are adding up would be around 25 to 28 stores for this financial year.

Prakash Desai: And can you guide us CAPEX for this year and the next year and on the CAPEX side would you be using it for buying out properties or leasing them?

Karan Bajaj: The idea is open for both for buying out and leasing out whereas buying we have only signed up for couple of properties that were left which we have already completed the agreement of sale in Delhi, which the handover is yet to come in. Only those properties signed up there is nothing additionally that we have signed up as buying out property. Most of them if you can negotiate like Andhra and Telangana most of the properties we are negotiating for a longer lease at a good rental price. That is where our expansion plan, our expansion plan would be for this region. Delhi is definitely yes if we find a good property we would be looking at an option of buying as well because the rentals are quite high there, but nothing right now apart from Lajpat Nagar and Kalkaji that we had already decided to buy. There is nothing new that will churn up in the next year or so.

Prakash Desai: And one last question can you quantify the revenue run rate in the Delhi market which we have on a monthly basis and secondly with the absolute amount of what is the absolute amount of fixed cost to run the Delhi stores?

Karan Bajaj: There is two metrics to look at this. Right now, because it is a very new geography that we entered, this number of stores operating versus the marketing that we were doing there and you know every month would be very different. If you look at the Diwali month number or the last month number so every month will be little different because Delhi is predominantly an AC and cooler market where cooling products are quite heavy and the whole consumer durable play. That is yet to start because Delhi also to scoring in the last few weeks not at an optimal level of temperature where it would start selling out AC and cooler at a higher number. Once we get a complete churn post this quarter is when we can look at a certain number of average coming forward, but in terms of our strategy of doing a certain threshold of sales in Delhi as a region from day one that is on track. So, it will definitely cross the expectations you will be at par with what an expectation were in Delhi and probably end of this quarter we will be expecting an average sellout going forward because that will create a base for us post the summer season and then we can look at Delhi performing much better than what it is doing today.

Moderator: Thank you. Next question comes on the line of Nehal Jain from SK Securities. Please go ahead.

Nehal Jain: I had a few questions firstly could you throw some light on the marketing initiatives that you would have taken to expand in the NCR and what will be the strategy going ahead?

Karan Bajaj: Ma'am, when we launched in October last year what we have done is we had spent money across different ATL/BTL activities by doing a cash draw that we usually do back home in Hyderabad and Telangana. So, we have done a cash draw, we have done print radio outdoor which was quite heavy with us with celebrity endorsements and influencers and stuff like that was a marketing strategy for Delhi. We want to make sure that because we launched 8 stores together we want to make sure that because this spread of Delhi, the geography spread is quite big. To make sure that everybody is well informed of the launch of the stores in which locations we were launching. So, that was initially done and so August to October that is when we spend the big money on this activity and then post that again this year for summer. We have again planned a Rs. 50,00,000 cash prize draw as an incentive to customers whoever buy and participate in the draw. That is the marketing strategy that we have applied there with definitely printed radio being the most effective medium for that geography.

Nehal Jain: And what should it be going ahead like moving forward?

Karan Bajaj: We will look at so definitely what we did in August during the launch period in October again I mean we launched the other set of stores; it would definitely not get replicated during this coming years because right now our stores are all spread across different months of launch. We would probably do one or two stores at one time rather than doing a block of 4 stores and 8 stores that we did initially. So, going forward, we would look at that being in line with our revenue generation that we would do or more to do with specific days of like 15th August or Raksha Bandhan or Diwali Dussehra. The marketing activities being lined with those big festival days and there will be then organic activities going on parallelly to promote the stores.

Nehal Jain: Sir, regarding the opening of stores is this a change in strategy that we are doing about not opening like stores in clusters all together on the same day?

Karan Bajaj: Ma'am, what happened was August 14 when we launched 8 stores together and 22nd of October when we launched 4 stores together they were all used stores that were getting ready parallelly. So, right now if you look at one of my stores is ready for launch say next month one is ready a month later. So, now we do not want to delay because the brand is recognized that we do not want to delay of the store opening until unless we do a soft launch and then combine two stores to do a official launch for all the stores. So, that could be a strategy worked out there, their store simultaneously ready for launch, or in the span of 15 days here and there then we can plan of opening stores together, but we do not want to hold up stores and delay the launch until unless you know it is not required.

Nehal Jain: Also, could you share the gross margins across various categories?

Karan Bajaj: There are no changes on the gross margins across various categories, it remains in line with what we have done in the past as well. Definitely, air-conditioned air coolers being one of the highest gross margin categories with around 18% and then televisions at the 17% larger appliances at around 17%, 18%, mobile phones at around 9% to 10%, laptops are the lowest around 6% that is more or less the breakup of the gross margin across categories.

Nehal Jain: And my last question could you tell me the SSGR for a mature store and for a one-year-old store?

Karan Bajaj: Ma'am, right now if you look at the FY23 number we are at around 17% SSG, but then if I look at mature stores which are above 5 years, we are sustaining there around 5% to 7% there which are older ones and definitely yes this year going forward you look at the major growth coming in not only from Delhi, but even our Andhra and Telangana stores because they started performing really well because few of them were actually opened during the post COVID period which took a little more time to establish because even in Tier 2 and Tier 3 cities now they started performing really well. So, overall, you would see a much higher churn coming in from the SSG or churn coming in from the existing stores in Andhra and Telangana as well.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Karan Bajaj: I would like to thank all the investors and everybody present on the call today for supporting us and trusting in us and we will definitely make sure that we deliver on what we promised and going forward look at a great year coming ahead and thank you for all your support and we will definitely be in touch and our team and we are always available for any question answers that you have anytime. Thank you.

Moderator: Thank you. On behalf of Electronics Mart India Limited that concludes this conference. Thank you for joining us. You may now disconnect your line.