To,

Listing Manager,
The National Stock Exchange of India Ltd.,
(Through NEAPS)
Symbol: EMIL
Series: EQ
ISIN: INE02YR01019

The Secretary,
BSE Limited,
(Through BSE Listing Centre)
Scrip Code: 543626

Dear Sir/ Madam,

Subject: Disclosure of transcript of Earnings Conference Call for Third Quarter and Nine Months ended 31st December 2023 held on 07th February 2024.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the transcript of the earnings conference call held on Wednesday, 07th February 2024, to discuss the Unaudited Financial Results for the Third Quarter and Nine Months ended on 31st December 2023. The same is available on the website of the Company at the below-mentioned link:

https://investors.electronicsmartindia.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

Digitally signed by RAJIV KUMAR
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Date: 2024.02.12 18:43:48 +05'30'

Rajiv Kumar
Company Secretary and Compliance Officer

Date: 12th February 2024
Place: Hyderabad

"Electronics Mart India Limited's Q3 & 9M FY'24 Earnings Conference Call"

February 07, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th February 2024 will prevail

MANAGEMENT:
MR. KARAN BAJAJ, CHIEF EXECUTIVE OFFICER, ELECTRONICS MART INDIA LIMITED
MR. PREMCHAND DEVARAKONDA – CHIEF FINANCIAL OFFICER, ELECTRONICS MART INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Electronics Mart India Limited Q3 & 9M FY'24 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company, which are based on the opinions and expectations of the Company as on the date of this call. These statements are not the 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bajaj. Thank you and over to you, sir.

Karan Bajaj: Thank you very much. Good evening, and a very warm welcome to everybody present on the call.

Along with me, I have our CFO – Mr. Premchand Devarakonda, and Strategic Growth Advisors, our Investor Relations Advisors.

We have uploaded our "Results" and "Investor Presentation" for the Quarter and Nine Months on the stock exchange and the Company's website. Hope everyone had a chance to go through the same.

To begin with the update on the store opening front in Q3 FY'24, we opened seven MBOs; out of this, four MBOs opened in Andhra Pradesh, two opened in Telangana, and one specialized MBO Kitchen Story in Delhi NCR.

Our Company is currently associated with more than 100 electronic brands with over 8,000 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, IT category, and others.

In nine months of FY'24, we have opened 21 stores. Our store count at the end of December 2023 stands at 147 stores, 134 stores of which are MBOs, and 13 are EBOs; out of 147 stores, 125 stores are leased, 11 are owned, and 11 are partly owned and partly leased stores. As on date, we are present in 58 cities across four states.

Coming to Q3, we have delivered robust growth of 21% in revenue year-on-year at Rs.1,789 crores and 16% year-on-year for the nine months FY'24 at Rs.4,791 crores.

Our EBITDA for Q3 FY'24 stood at Rs.115 crores, and for the nine months FY'24, it stood at Rs.342 crores. EBITDA margins stood at 6.4% for Q3 FY'24 and 7.1% for the nine months FY'24. Our SSG for the quarter stood at 13.4%, and for the nine-month, FY'24 stood at 10.1%.

We are concentrating on strengthening our position in the areas where we currently operate before exploring newer markets. This strategy has allowed us to establish our brand in the markets of Telangana, Andhra Pradesh, and Delhi NCR. This is not only helping our customers to those regions to connect with our brands, but also to familiarize them with our range of products. It enhances our understanding of the market and the preferences of our customers.

Our future plans involve further expanding our store network in Andhra Pradesh, Telangana. Additionally, we aim to gradually extend our presence to the NCR region as well.

Following our focused strategy expansion based on defined clusters, our knowledge in local market dynamics, efficient supply chain management and strategic inventory control have contributed significantly to achieving cost competitiveness and consistent profitability. The customizations of a product assortment and maintenance of a comprehensive portfolio play a pivotal role in securing enhanced visibility, brand recognition, deeper market penetration and an expanding customer base.

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 the Company:

Our revenue from operations for Q3 of FY'24 stood at Rs.1,789 crores as against Rs.1,482 crores, with a growth of 21% year-on-year. For the nine months of FY'24, our revenue stood at Rs.4,971 crores as against Rs.4,118 crores, which has a growth of 16% year-on-year.

EBITDA for Q3 of FY'24 stood at Rs.115 crores as against Rs.73 crores, a growth of 58% year-on-year, and for the nine months FY'24 EBITDA stood at Rs.342 crores as against Rs.245 crores with a growth of 39% year-on-year. EBITDA margins for Q3 FY'24 stood at 6.4% and for the nine months of FY'24 stood at 7.1%.

PAT for Q3 FY'24 stood at Rs.46 crores as against Rs.22 crores, has a growth of 109% year-on-year and for the nine months FY'24 PAT stood at Rs.143 crores as against Rs.87 crores with a growth of 65% year-on-year.

ROC and ROE on an annualized basis for the nine months of FY'24 stood at 20.6% and 14.4% respectively.

The working capital days as on 31st December '23 stood at 53 days. The gross debt-to-equity as on 31st December '23 were 0.33x and net debt-to-equity were 0.26x, and our net debt-to-EBITDA stood at 0.77x.

Our cash flow from operations for the nine months of FY'24 stood at Rs.312 crores. For the nine months of FY'24, same-store growth rate stood at 10.3%.

For this nine-month period, about 44% of our revenue came from large appliances, 42% from mobile and 14% from small appliances, IT and others. In Q3 FY'24, around 99% of our revenues came from the retail segment. And the top five brands contributed around 60% of our revenue. With this brief presentation, I open the floor for questions and answers.

Moderator: We will now begin the question-and-answer session. We have a first question from the line of Shrinjana from RatnaTraya Capital. Please go ahead.

Shrinjana: So, my question was on the gross margin side. There is some expansion on the gross margin even if we see a year-on-year, 1% sort of center. And in terms of mix if we see, the mix change has not favorable particularly. So, can you explain that a little bit what would -?

Karan Bajaj: Can you repeat your second part of the question please? I could not get that.

Shrinjana: So I was just asking on the gross margin front. The gross margin has expanded year-on-year basis from 13%-odd to 14.2%. And in terms of mix, the change in the mix is not in favorable, right, because the own share has increased. So, can you explain that a bit?

Karan Bajaj: See, the two things are here. As you correctly said, the gross margins have increased. So, even if you look at the previous quarter, the gross margin was a little high compared to this particular quarter. There are two major quarters that have better gross margins that usually we have seen in the past. But now what has happened is because we've improved a lot of other product categories, which deliver at a higher margin, so blended margin overall would look better. I would say it would remain in the similar range, going forward as well. But definitely since the time in the last couple of years, we've worked really hard to make sure that the product mix is optimized. We emphasize more on margins and make sure that our gross margin levels increase. That is what we've done and that is what you see the delivery today happening because of that region, the work that we've done in the last couple of years to make sure that our gross margins from about 13.7% to 13.8% increased to over 14.1% to 14.5%. So that is what we had worked toward. And the second question for the product mix would definitely be the mobile phone as the category is increasing, but at the same time, what we've done is, we've tried extracting more on accessory business, be it tampered, chargers, cables; we're adding up those categories as well, audio categories, headphones, along with mobile phones as an attachment. Usually, when you attach stuff that particular category along with mobile phones, you would definitely see an increase in margins there as well. So, all that put together helped us increase our gross margin even though the product mix got a little vary towards mobile phones in the last quarter as well.

Shrinjana: Just one more follow-up on this. So, in the last call, I think you mentioned that there is some accounting change also wherein the incentives that we were earlier recognizing as a part of the sale now in the bill value itself, we are getting the deduction there, so that gets subtracted from the cost. So is that also affecting the margins in the business?

Karan Bajaj: If I say in another way, what was happening is not from the sale but from the purchase that we should take in now it comes in invoicing are not as a separate credit, not that we used to get, you would see a little dip in the incentive income that we would be receiving in the last few quarters because now most of the brands we are trying to push them to invoices everything in the bill itself, so that the other operating incomes become a little lesser, that was the plan, and so the cash flows also get better. So that was the whole plan, but we're trying, but a lot of brands because we've been working with them for so long and the same accounting practice, it's very difficult to change them now. So, the major component still remains on invoicing, but there are a lot of other schemes like sell-in and sell-out, cash discounts, price drop schemes, defective schemes, marketing, and everything comes post-sell-out, yes, post-sale support for us.

Moderator: The next question is from the line of Sanika from Sapphire Capital. Please go ahead.

Sanika: In the previous call, we had given a margin guidance of 6.7% to 7% going forward and this quarter we can see a slight dip in the margin. So, is it because Q3 is seasonally weak or something, and going forward can we expect to come back on track to 6.7% to 7% kind of margin?

Karan Bajaj: This quarter is a little heavy. If you talk about the EBITDA margins going a little down compared to the previous quarter, that definitely would be there because we went a little aggressive on our marketing strategy that we had planned, there were other costs like business promotional would be little higher and directly proportionate to the business that we would do and this being a festive period, all retailers in the market is a little more aggressive in terms of discounting and in terms of promotions and all. That is where we had to put it on the line and the same way. So that is why you would see that 0.2- 0.3% difference in that number. But, I would say things going forward also would look similar. And this being the largest quarter for us in terms of revenue also, we had to make sure that our marketing spends are higher especially in Delhi. So, subsequently in Delhi, we spend around 5.5 crores additionally than our budgeted number for the cost of marketing being higher compared to the regions that we operate in AP, Telangana, and Hyderabad. So, you would see definitely a dip, but again it is in line with the gross margin that we expected and expense that we would bear for that particular quarter looking at the revenue that we generated.

Sanika: So, going forward, we can expect to come back to our stated guidance, right?

Karan Bajaj: What happened is like this coming quarter Jan-Feb-March like for example last year, our marketing spend would be similar for example, but then this year if the summer starts a little early in this region, then we would need to expand our marketing budget. Like last year, the marketing budget got split into two quarters, majorly because Dussehra and Navratri started in September. Our marketing budget got split between two quarters in Q2 and Q3 for a festival period whereas this year it was strictly only in one quarter. You would see that impact of the cost going up for few things. Same thing with summer this year like Jan-Feb-March, right now it is a little cooler in Delhi and North region. Our spending is next to zero there. But if you look at probably next 15-20 days we start the summer period here and according to the sales growth, we would look at expanding and promoting with cash back offers and marketing and all of that. So then it is more like a seasonality of a business that would come in, and then definitely then there would be a little less or a higher number in the Q1 of next financial year. It is more of seasonality, but we would remain in the same range and it would all depend on what the sellout is and what the revenue that we're generating on the floor on a daily basis.

Sanika: For the next 2-3 years, what kind of revenue potential are we looking and what are our expansion strategy?

Karan Bajaj: Our expansion strategy would be to open around anywhere between 25 to 30 stores comfortably. We've already identified a lot of stores in the existing markets that we are operating today. Like for the first nine months of this year, we've opened 21 stores. Last quarter itself, we opened seven stores, and there are another seven to 10 stores that in pipeline to open up in the fourth quarter. So, this year count, we would be upwards of 35 stores that will be launching and kind of a similar number in the next couple of years, that's the plan. But most importantly, we don't attribute our growth coming in from the newer stores. For example, last quarter on a growth of almost Rs.300 crores, the contribution coming in from the seven stores that we opened in Q3 was hardly Rs.10-11 crores, rest of the growth came in from the existing stores. Usually, we would attribute the store growth in the next couple of years to the new store that we opened in the last 12 months of that particular year. So that is what we look at. And #2 would be, we would look at a very comfortable number of 15%, 18% kind of growth coming in for the next few years. Until and unless there is a new technology product that comes in or a new change in technology that helps us grow better. But what we see in the next couple of years is that the product or the technologies will remain the same. So that is where we would see this kind of growth coming in from the existing stores.

Moderator: The next question is from the line of Krishna from Capitalmind. Please go ahead.

Krishna: We can say that operating leverage is kicking in slowly. So, I have a couple of questions. I'll start with the first one. Sir, generally, what is the number of months if we take for the new store to break even on operating front?

Karan Bajaj: Krishna, there are two things here. The existing market that we are operating is Hyderabad, AP and, Telangana, the brand is recognized, right? Here, we will look at a 10 to 12 months kind of a breakeven period, whereas the new markets that we're operating, like in Delhi NCR today, from the first total, what today we are at, we've seen the projected numbers to go around 18 to 20 months and that is what we're delivering today. Once we establish, the brand is more recognized, the more number of stores, so we keep adding after that, then it will come on to a similar level that we would expect in our existing geography. But right now in Delhi NCR region, it would be around 18 to 20 months, and AP, Telangana region would be around 12 months.

Krishna: Sir, my second question is that you said the current number of stores in the north cluster is generating around 0.2% EBITDA margin, but you are expecting that to slowly move to the current 7% range which the South cluster is managed to get it. So, any timeline you have it, sir, I mean, the current 20 stores which we have in the NCR, when can we see the margins to go from current to 0.2 to around 7%?

Karan Bajaj: Krishna, these stores have been operational for around 14 months. We have another 7-8 months of breather for these stores to grow. Right now, we are quite confident because last quarter also it was a similar number. Last time, we missed on the summer period in Delhi because it was cold there, and started pouring a little early. So, summer went for a toss last year, especially the cooling products, where we have the highest margins. This year, we're expecting that to be in line with our expectation of sell-out for ACs and air coolers, that will settle a little more higher margins. I think we would like to give it another 6-8 months for it to develop further and come up to the same level as what we're operating back home in Hyderabad.

Krishna: I just have two more questions, sir. So one is that, so I can see that we are slowly getting our presence in Kerala. So, is that our next region of growth in Kerala?

Karan Bajaj: No, Krishna. Kerala was just an acquisition for the existing business of Hecker, the kitchen business that we have, taken over from them. There's no other plans we would be opening a multi-brand stores right now there. We are concentrating only on Delhi NCR and AP, Telangana region.

Krishna: So, you said that the majority of the growth will come from the existing store, because the new stores will have some time to mature and they have been doing the same-store sales growth upwards of 13%/ 14% which is really healthy. So, do you think we can sustain this same-store sales growth about 12%/ 13% for the next 2-3 years?

Karan Bajaj: Krishna, I hope we sustain that kind of a number, but then see, like this year it definitely helped us with the 5G rollout, ACs went up, 5G rollout was good, last year in television the world cup did really well. So a lot of categories, audio picked up, accessories picked up, a lot of categories apart from the core business also picked up and started doing very well. So, we're also concentrating on those businesses to develop in the existing time from the existing stores. But because the stores are at a very high base anyway, it becomes very difficult for it to keep sustaining at that level. But at a 10% growth is what we're quite comfortable we try to achieve that number at least going forward.

Moderator: The next question is from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: My question is on the Delhi market. If I look at the EBITDA margin performance probably for the first half, you said like you have done somewhere around 0.4% kind of EBITDA margin, which currently for the nine months it's close to around 0.2%. So obviously indicating that there have been some losses into Q3 and probably if you look at this was seasonally in terms of festive season, it was a heavy quarter for the Delhi stores. So though the store say a revenue growth seems on the higher side at 60%, but do you feel like it was somewhat below our expectation and probably the scale was benign and accordingly we face challenges in terms of EBITDA?

Karan Bajaj: Definitely, yes. As you said very correctly, if I look at the blended EBITDA margin that we delivered this quarter, particularly for the first nine-months comes out to 0.2% would look a little lower than the last quarter is because we had generated revenues of around Rs.55 crores last quarter versus 83 crores this quarter, the top line definitely was higher, but then at the same time, we spend over Rs.5.5 crores on advertising which was not attributed in Q2. So, if I look at that number, it is around 4%, which is a very big number. So we could have added more stores which are in the pipeline. Once the stores are going to come in, probably next Q3, if we look at it, we will have a similar marketing budget, but with double the number of stores available there for us to sell. It is more like an investment that we're doing right now to make sure that the brand is recognized and the stores that are in the pipeline that we are opening in the next couple of months or also, they sell out really well at the beginning. So, it was a strategic move. We could save a little more money here and there and make this number look better. But our strategy was a little different; we are looking at a long-term strategy for Delhi. So Delhi has to be given 2-3 years for it to grow in addition right now. So, this is an investment that has gone through. And we are quite happy actually with the performance that we've done in Delhi.

Manoj Gori: So, in the medium term, probably from FY'25 or FY'26 point of view, looking at the complete Delhi operations or the north market, how do we see margins moving up, probably any aspirational targets that you have set or probably given that you would be having a strong visibility on the overall markets, where do you see this margins moving probably from two years, three years like not any specific number if you can highlight but at least some trajectory, whether it could be towards mid-single digit, anything on that?

Karan Bajaj: Right now, if I look at the existing market, we are hovering around 7%. And if I start comparing that because the productivity per store year on an average is upwards of 60, 70 crores in Hyderabad city, 40 crores in the Telangana market, and 32 crores in the Andhra Pradesh market. So what happens is that if I calculate the cost of running the store's expenses, rentals, manpower, electricity, and all that put together versus Delhi as a market, the cost of running all these stores is a little expensive there. So, if you look at the actual number there, I would not expect it to reach 7% mark immediately in the next 10 months, 12 months or 14 months, but it definitely would be upwards of what it is today. And what would happen is that even if these existing 13 stores that we operate today or 12 multi kind of one exclusive brand outlet, even if they become profitable in the next 10-12 months and start giving out a higher number of EBITDA, what would happen is the newer stores will pull down these numbers, because we need for the next couple of years, our plan is to add 20 stores, 14 in the pipeline, six open up in the next 45 days and then an additional of another 10 stores in FY'25-26 as well. When we keep on adding up these stores, the total of 40 stores operates 35 to 40 will be in operational in next three years, there will definitely be a downside coming in from the newer stores that we open up until and unless business stabilize. For the next couple of years, we're not worried about this number. So, what we're looking at this EBITDA at least to be positive for us, that itself is good enough for us to sell through in Delhi as the market. So that's the plan for now.

Manoj Gori: If we look at probably on the future expansion plans into North market, so just to understand from a return profile point of view, are we looking to buy properties, anything we have identified so far or we will continue to work on the lease model?

Karan Bajaj: Sir, majorly it's going to be on the lease model itself because right now, say our expansion is happening at the periphery like Najafgarh, Burari, Nangloi, few areas outside Gurgaon. So, those areas definitely would be a rental model only. But as I said on previous calls, also the clusters where the competition is quite big or where the clusters are at a certain size where we feel that, say if it is the cluster where Reliance or any other local partner put together is doing 100, 200 crores as turnover, those kind of places we would like to buy properties because that is where the competition is going to be in intensive in the future and the markets are going to keep growing. For a smaller cluster, we're not interested to buy. Only in bigger clusters which are upwards of 100 - 200 crores, that is where we would look at buying out. But right now, major expansion of buying out in the major pocket of Delhi has been completed like, Lajpat Nagar, Janakpuri, Pitampura, Rajouri Garden. We completed only one or two locations in Gurgaon or less right now. But at the same time, we're not able to find a property. So probably once we do it, we might buy out those properties if required, but apart from that, there's no major plan of buying out properties in Delhi.

Manoj Gori: If I look at the Indian home appliances space and probably the categories in which you are present into, so normally what we expect is like these categories are likely to grow into double digits in volume terms. Now, when I look at probably not guidance but the aspirational target of SSG of close to around 10%, so obviously that goes well with the category growth rates, but also on the other hand, you do agree that there has been a shift happening from general trade to large organized players. So that should actually lead to higher SSG numbers on a sustainable basis. Correct me if I'm wrong or probably I'm missing something on the understanding part.

Karan Bajaj: You are absolutely right in terms of the market moving and shifting from the general trade to organized trade. But then two things. It depends on the particular category, like mobile phones, definitely yes, are moving from general to larger format sources majorly. But when you consider consumer durables, especially in modern or developed cities, already 90%-plus share is with the organized retailer. It's only limited shares is with a general trade partner for consumer durable specifically. Again, kitchen appliance is the category in the general trade market today, talking about mixies, geysers, and all that kind of category still with general trades very predominant in that category. If you are talking about Tier 2, Tier 3 towns, if you're talking about underdeveloped markets or cities which are just about to grow now or a state like Odisha, Goa, these kinds of places, or if I talk about East completely apart from Kolkata as one city, all these are driven by general trade players or even upwards of Punjab and Jammu Kashmir, Haryana that few of the belts there, is all driven by general trade market but the market that we've been operating predominantly majorly say in AP, Telangana are all majorly organized in market. So I would not say that the consumer durables growth there would be coming in from majorly or we would have to grow a little more higher. But mobile phones actually shift, you can see, because mobile phones are now shifted upwards of Rs.20,000. 30,000. So that kind of sales of phone, people would not want to go to a small mom-and-pop store. They would like to go to a bigger format store, experience the device, check on the financing options there, see all the other offers, cashback, and stuff like that, and then particularly buy from a bigger store and not from a smaller store in that category at least.

Moderator: The next question is from the line of Miyush Gandhi from Cognizant Capital. Please go ahead.

Miyush Gandhi: I just wanted to understand the free cash flow that we have reported for nine months seems to be a very big number. So, does this go down in Q4 before we fill the inventory for the AC business?

Karan Bajaj: Definitely, in Q4, we've already started stacking up a lot of inventory for air conditioners and we're seeing a little favor of summer falling in place in this region at least. So by the end of Q4, you will definitely see a similar number that you saw last year at the end of 31st March or probably a little higher but in the same line only because ACs and cooler need to be picked up and kept as inventory available with us. We will see definitely a decline in the cash flows there and increase in the inventory levels during that period. And Prem sir, our CFO, would like to add something to this.

Premchand Devarakonda: Sir, normally, what happens at the end of the season, you can see the free cash flows will be on the higher side. But at the beginning of the season, it will definitely go down. That is the scenario.

Miyush Gandhi: But I was just trying to figure out was that given that this year our margins are much better than last year, do we end up in a free cash flow positive situation or do you still feel we'll still be negative?

Premchand Devarakonda: Definitely, it will be positive.

Miyush Gandhi: Karan, I just wanted your perspective. The general understanding in the market, at least from the FMCG side of the industry, is that there's a slowdown in the rural areas. We also have substantial operations in rural areas. So what is your sense -- is that K shape recovery, something which you're also observing or it's not true for the consumer durables space?

Karan Bajaj: We have not felt that in the last six months, or we have not seen that the consumption has been reduced or we don't see that effect in the stores there. Definitely, yes, the tier two stores that we opened majority in the last two quarters only for us to judge also and tell them because the base is zero there for us and we started operations, so definitely we would see a growth coming in those stores month-on-month. But probably if I tell you an example of where we've been operating in Tier 2, Tier 3 towns for the last four or five years few of them, even they are growing and there's a demand especially for premium products increasing in those sectors there. So, talking about 85 and 75 in televisions, talking about side-by-side theaters or rapid devices or high end mobile phones, there definitely we see an increase. So, we don't see a slowdown there at all. So that momentum is quite positive for us even in Tier 2 and Tier 3 towns.

Miyush Gandhi: Correct me if I'm wrong. You mentioned 35 stores for '25 financial year, is that the number we should look for, or that's a little higher?

Karan Bajaj: Like this year, we already opened 21 stores in the first nine months and then another out of which seven were in the last quarter, we will end up opening another seven to 10 stores in the next 45 days, out of which few of them we opened last week as well. So, 30 - 35-plus is very comfortable, and we'll open. We've already identified, and the paperwork is done, so there are already 10 stores in the pipeline that we will open up in the next financial year because they're getting ready. They won't be opening up before 31st of March. So that's why we know that out of that 10, 12 stores we will open up next year which are already signed up for and then another 20-plus locations is what we've identified across Delhi NCR and AP, Telangana. So, we are quite confident that we very comfortably will end up opening 30-plus stores in the next financial year as well.

Miyush Gandhi: So, 35 stores we're talking about this financial year, I mean, because we were at 21, we said 7-odd are ready and then we would reach to 28 and then you're saying another seven will get opened, so 14 stores in this quarter itself, is that right?

Karan Bajaj: No, no. 21 stores, we opened in the first nine months of the year, out of which seven we opened last quarter itself.

Miyush Gandhi: Around 28-odd stores in this financial year '24 and 30-odd stores or 30-plus stores in the next financial year, would that be a fair understanding?

Karan Bajaj: Yes.

Miyush Gandhi: In the last couple of quarters, we had actually disclosed this revenue from sale of these warranties and guarantees offered by third-parties. Would it be possible for you to share in this quarter how has that number moved because that was kind of adding ?

Karan Bajaj: I'll take it offline with you because I don't know the exact number right now because we have increased our sales for other categories that would include the actual warranty, accessories, audio and beyond. So that overall put together quarter-to-quarter almost increase of around 24, 25 crores, out of which you could attribute say 50% of it towards extended warranty and 50% of it towards the other category.

Moderator: The next question is from the line of Rajvi Shah from Bright Securities. Please go ahead.

Rajvi Shah: I just had a couple of questions. The first one is, can you shed some light on the product mix this quarter, as many festivals were there?

Karan Bajaj: So the mobile mix was around 40%, appliances were around 44%, and the other categories were around 14% of small appliances and 19% in the other category. So that was the major split this quarter. So there was a decrease in the large appliance category and an increase in mobile as a category and IT. Large appliances, televisions grew, whereas refrigerators and washing machines were more or less flat only this quarter. The ACs went up though in that category, but the volume of that product category in refrigerators and washing machines were more or less flat. Air conditioners were the maximum growth if you look at Q3 versus Q3; so air conditioners grew by almost 50%.

Rajvi Shah: What guidance can you give on the future revenue growth?

Karan Bajaj: So, guidance for the revenue would be in same line that we've been delivering in the past probably a little more. I would not say we're not going to go a little more aggressive because the majority of stores coming in the next few years would be in the Delhi-NCR region. So, the market size is big there though, but it will take a little more time to establish those stores and make sure that they reach a certain threshold that we expect them to be at. For the next couple of years, we would be in the same line. We would not go aggressive in terms of the number, but because of the store expansion, the contribution from the store to develop over a period of 12, 14 months and we start delivering as the expected numbers would be there. So we would be in line with what we're doing right now and for the next couple of years as well, that is the strategy.

Moderator: The next question is from the line of Dolly Choudhary from Niveshaay Investment Advisors. Please go ahead.

Dolly Choudhary: I just had one question. So like as we know NCR is a big market for the Company, but at the same time, I think it's very competitive also. So, I just wanted to know what specifically Company is doing to attain the market share there?

Karan Bajaj: I would say that is our business secret. So, I would not like to disclose. but actually, on a serious note, say, it is a technology product that we're selling, right? Most importantly, you got to sell a product category that is prevalent in the market today, the brands that are prevalent, customers come in for an experience, that is what we try to improve. So right now, we spend a lot of money in our back end, in our front end, store experience, product categorization, add up new product categories, bring everything under one roof, give a better regional experience. So that way not only we are competing with our offline peers, but even competing with the online space as well. That is really important. After-sales service, your team on the floor, everything makes a lot of difference when you want to compete against your competition. And price is not just one factor maybe if you ask me. We never consider price to be a major factor in differentiation. I think the product mix, the brand that we deal with the new category that we've launched and growing in those products fronts giving out a best service to the customer, that is all put together is what makes a lot of difference.

Dolly Choudhary: So like overall, we're targeting on customer experience?

Karan Bajaj: Yes, Not only that, but in terms of marketing now, we started spending a little more on say Google ads, a little more on YouTube, a little more on digital than the predominant print media that we used to do. So we try experimenting with that as well quarter-to-quarter. We're doing a lot of events like last week just finished the Comic Con Event, where we attracted a lot of people, over 80,000 walk-ins were there for that event where there were youth between 18 to 24 years of age who are pure gamers. So we could increase our gaming laptop as a category. So, it's smaller events, but we are trying to strategize individually for every category. Like for kitchen appliances, we're doing events for cookery shows and stuff like that. For every category, we want to emphasize our depth of product displays that we have, conducting individual events apart from regular prints or radios that we've been historically doing.

Moderator: The next question is from the line of Pooja Kamdar from GeeCee Securities. Please go ahead.

Pooja Kamdar: So, have we encountered more sales through credit facility on YoY basis and what percentage of revenue is it?

Karan Bajaj: Not much of a change, like probably hardly a difference of 1%, 2% increase in the credit card sales, whereas NBFC still remains the highest contributor. The second would be a credit card. The third would be wallets and cash. So, NBFC still is the prevalent category for us.

Moderator: That was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Karan Bajaj: I would like to thank all of you for joining into the call. I hope that we were able to answer all your questions and for any further queries you may get in touch with our team or SGA and we'll be happy to address all your queries. Thank you once again.

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