Date: 02/12/2024

To,
The Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra(E),
Mumbai- 400 051

NSE SYMBOL : FONEBOX, ISIN : INE0Q4701019

SUB.: Disclosure of Transcript of H1 FY 2024-25 Earnings Call held on November 28, 2024.

Dear Sir,

With reference to our letter dated 15th November, 2024, wherein we had given you an advance intimation of the upcoming Analyst or Institutional Investor Meeting in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company had conducted Fonebox's H1 FY 2024-25 Earnings Call with Several Investors / Analysts on 28th November, 2024 at 4:30 P.M. (IST) onwards with respect to the Unaudited Financial Results of the Company for the First Half Year ended 30th September, 2024 and weblink of the Audio Recording of the said Earnings Call was submitted vide our letter dated 28th November, 2024.

The Transcript of the aforesaid Fonebox's H1 FY 2024-25 Earnings Call with Several Investors / Analysts is enclosed herein and is also available on the Company's website and can be accessed at:

https://fonebook.cdn.betanet.in/fonebook/wp-content/uploads/2024/12/Transcript-28.11.24.pdf

Please note that no unpublished price sensitive information was shared/discussed in the aforesaid Earnings Call.

You are requested to kindly take the above information on your record.

For, Fonebox Retail Limited

Charmi Vansh Shah
Digitally signed by Charmi Vansh Shah
Date: 2024.12.02 17:54:36 +05'30'

FONEBOX RETAIL LIMITED HEAD OFFICE AHMEDABAD

Charmi Shah
Company Secretary
Membership No: A61029

FONEBOX RETAIL LIMITED

"H1 FY 2024-25 Analyst/Investor Earnings Conference Call"

MANAGEMENT:

MR. MANISH PATEL	**-**	**DIRECTOR AND CHAIRMAN – FONEBOX RETAIL LIMITED**
MR. JIGAR DESAI	**-**	**PROMOTER – FONEBOX RETAIL LIMITED**
MR. HARSH KOTAK	**-**	**PROMOTER – FONEBOX RETAIL LIMITED**
MR. PARTH DESAI	**-**	**DIRECTOR AND CHIEF FINANCIAL OFFICER – FONEBOX RETAIL LIMITED**
MRS. CHARMI SHAH	**-**	**COMPANY SECRETARY AND COMPLIANCE OFFICER – FONEBOX RETAIL LIMITED**

Moderator: Good day, ladies and gentlemen, and welcome to the Fonebox Retail limited earnings call. All participants are currently muted. We'll open the floor for questions. After the presentation concludes. Please note that the conference is being recorded. From Fonebox Retail Limited, today we have with us Mr. Manish Patel Chairman and Executive Director, Mr. Jigar Desai and Mr. Harsh Kotak promoters.

I now hand over the meeting to Mr. Harsh Kotak. Thank you, and over to you, Sir.

Harsh Kotak: Yeah, thank you so much. So first, I think I'll take you to the one small presentation about the company with some financials go through and then we will continue the Q & A session so please confirm me once when you are able to see my screen. I hope it is visible to everyone.

Moderator: Yes, sir, it is visible.

Harsh Kotak: I will quickly go through about the Fonebox Retail Limited.
So, on the journey side, if we say the Fonebox Retail Limited, which we have established in 2021. The headquarter is in Ahmedabad, Gujarat right now, and Fonebox Retail Limited is presently a very prominent player in a retail, multiple and mobile stores. The Company was originally founded as a private limited company, and then we have transitioned the company into a public limited company in 2023 and it is being listed to the National Stock Exchange in February 2024.

On the business overview. I'm covering a little quickly. That Fonebox Retail limited has started dealing in mobile phones mainly, and later on added led TV, Air Conditioner, Smart gadgets, accessories, and laptops right now.

On the expansion which already has been done, and some are the plans which are on the track right now in Gujarat and Maharashtra. Presently Fonebox Retail Limited has 169 active stores and 14 is in upcoming within this year in Gujarat, and in Maharashtra 16 stores are already functioning and 9 are upcoming.

Yes. This is Power BI. We have implemented in our organizations in last year and this basically has saved us from an illogical inventory management. We wanted to optimize our inventory level on the best performance to the store wise if we could say so. After implementing this power Bi, we have integrated our present POS along with the power bi to streamline our purchase order management to streamline the sales data analysis, which is like what store is being doing last year? and the same store is doing this year comparison. So, end number of analysis are there in the in this system. Active store analysis is there. The best thing about this software is optimizing the inventory level, that which inventory or which color, model, SKU and variant where it should placed, that the system is showing us the automated data so that help us in taking a decision more faster and accurately.

On the industry overview. Right now retail smartphone market in India, basically is nearly around 45 billion dollar. And it is continue being growing every year by 8 to 10% till at least 2029. We have seen this kind of growth in other developed country as well. And same is happening in India right now. The major reasons about this that people are now more in into an increasing the adoption of a smartphone. That keypad or feature phone users are now shifting to the smartphone, and the new generation, which is a 1st time mobile user is already wanted to use the smartphone from day one. Other one is 5G technology, we have seen the transition from 2G to 3G, 3G To 4G and now from 4G To 5G. In all this transition we have seen that the transition from 4G to 5G is the fastest ever till now. Many of customers are changing their mobile phone from 4G To 5G on a very frequently right now. The pricing is being more affordable only because India is the biggest smartphone market right now after the China and due to which every brand wants to be have their greater market share, and affordable pricing. And as we all know, that India has one of the largest population right now in the world, in India average age is 28 years, which are the tech savvy customers. So these are basic overview. Some bullet points of the about the mobile phone detail industry.

Some market landscape. I would also like to cover that. There are online marketplaces like Amazon, Flipkart, and some official brand stores which are selling a good amount of phones right now. Also, a physical retail is being increasing since last 2 years. If we see quarter on quarter data online versus physical retail as near to equivalent before 6 quarters. But since last 6 quarter, if we see the data physical retail is being increasing every day. Telecom partners, like the other countries can increase the business. Airtel has tried twice, and I think Jio will going to try next year, probably with some smartphone brands.

On the position of Fonebox Retail Limited in the product range side. We sell all the branded smartphone, like Apple Samsung, Vivo Xiaomi along with the consumer durables of all the brands like Air Conditioners, laptops and Smart TVs.

We run our business with the 2 models. The one is COCO stores where Fonebox invest 100% money and operating a store which is company owned company operated kind of, and another model is FOCO model, where franchisee own some part, but the operation has been handled by the company itself. So we run on a 2 different models.

As we discussed, we deal in phone accessories, consumer electronics, gadgets, tech accessories and home electronics and related service, like, we sell the service, we sell the Acs, TV and with that we provide the installation services also. We have after sales services related team with take care of insurance and extended warranty services. There's an additional service and to be very honest, it's a quite more profit-making services which we are selling.

About the timeline of a company, we've established a company in 2021 by acquiring 11 mobile stores, which is named “My Mobile” based in Surat and later on we have acquired “HK Retail” the brand name is Fonebook, which is Ahmedabad based store chain. So, in 2022 we have achieved some good amount of turnover for the 1st year. So, we understand that acquisition and new store opening will be the key for future. We have kept on acquiring a “Mom and Pop Store”, which weren’t want it to continue in the business, and we are increasing our footprints like in Central Gujarat and South Gujarat. In 2023 we decided to go public. In 2023, we have completed all our documentation and went for an IPO in 2024, we went to a public listing, and this year also we have started expanding into the nearest state, which is Maharashtra. This is our internal sop, where we research a market. Wherever we wanted to open stores like in Maharashtra, we foresee good number of opportunities, very growing market per capita, income is quite high. So, we have chosen the 1st state, which is Maharashtra to expand.

We assess the customer. We understand the buying behaviour of the specific geography and based on it, we place our product placement. Some markets, where we need to kept our premium phone inventory high and other affordable market where we need to kept below 15,000 - 20,000 models on the Part of the inventory management and that's how we run our retail operations. And once the all is done, there is a customer services that about the payment method they wanted to pay in cash, or they wanted to pay through an affordable pricing to avail Emi services, which is a No Cost Emi. So this is a basic sales process which every retail company has. These are our target market. Actually, that we call a tech savvy customer, which is a young customer. They know the what is technology is ongoing. So that's what our target market is. young professional, which is already a tech savvy, which is linked with each other and families we would like to connect, just because if we connect with one family, we will get at least 3 to 4 customers from a specific family. As we discussed business model 34 stores are directly Company Owned Company Operated stores right now, and 150 stores are being franchisee owned, but the operation under Fonebox management. some awards and achievements we have received so far from Samsung, in S24, we have become the best performer in the region, some of achievements. I'm showing on the screen you right now.

We are increasing our revenue by 17% from H1 - 24 to H1 – 25. on the income side which is minus, which is just nothing. But and income tax refund. Is there the interest this time we have got a faster refund, so less interest. We have earned nothing else than that. So total income we have grown by 70%. Total expense. Yes, it's been grown by 18%. So we are expanding ourselves so definitely, the some expenses will be there. But we have seen the growth when expenses are completely managed equally. On the EBI&T part, we have been flat last year H1 versus this year H1. Depreciation is a little higher comparatively and EBI&T is again nearly flat. But we have decreased our finance cost this year, so finance cost as a robust, decreasing from 93%. Our PBT has increased compared to last H1-24, which is 10%. The income rises, tax also rises and we have increased the PET by 11%.

On the balance sheet part equity capital remains the same. Last year versus this year's reserve we have increased by more than 10%. Reserves of the Company had increased. Let’s have a quick go through the Balance Sheet and then after we move to Q & A session. We increased the 17% into a revenue expense management despite having the total expenses also grown equivalent to the revenue and the finance cost, as I have discussed already, that notable 33% reduction is there into a finance cost in the profit after tax, the PET we have grown by 11%. There are some brand partnerships we are doing, and number of brands nearly 70-80 brands we are working with. Robust financing partnership which results in affordable Emi schemes to our customers.

These is our team, Mr. Manish Patel, who is the founder, promoter, and chairman, executive director of a company who has an experience of more than 17 years into restaurant business, in retail distribution industries and retail consumer industries. Mr. Amit Kumar Patel, who is a founder, promoter, and managing director, has a more than 8 plus years of experience in restaurant and retail distribution sectors. Mr. Jigar Desai, who is a promoter, comes from a very professional background with more than 16 plus years of experience in retail distribution industry. Mr. Parth Desai, who is a promoter executive director and CFO who is mainly looking after financials affairs of the company. So that's all from my side, from the FONEBOX sides. Thank you. Everyone.

Moderator: Thank you, Sir. We will now begin the question-and-answer session. Please raise your hand to ask your question.

Aditya Jain: Hello!

Moderator: Hello!

Aditya Jain: Yeah. Can I ask a question here?

Moderator: Yes, sir, please go ahead.

Aditya Jain: Yeah. Thank you. Thank you so much for the presentation. So, my question is related to the borrowing part. So last year we had a borrowing of rupees 18 lakh in FY-24. In September-24 it rose to 2.3 cr. Right in September 24, as on date, but with if we see the interest on the on those borrowings, FY-24 clocked 58 lakh, but in September-24 it clocked 2.25 lakh. So is there any finance cost that we have not booked, or something which is mismatching. Is there any mismatch with respect to the borrowing that we have.

Harsh Kotak: So, I'll tell you what our borrowing includes. So we are selling phones on EMI's, We sell our phone first, and after 7, 8 days we received a payment from a specific NBFC bank. So now they have recently started one services that they are giving advance money. For example. there is a Bajaj finance, they give us one crore rupees in advance. We need to reimburse those money by selling phones on the Bajaj finance, which will cost us on 0 interest. We have some specific days to recover it. For example, if Bajaj finance has given us a 1 crore rupees for next 30 days on a 0 interest, where we need to sell phones on the Bajaj finance to recover that one crore rupees. And if we fail to achieve one crore rupees let say completed 80 lakh rupees only in 30 days, rest 20 lakhs we have to return to the Bajaj finance on last day. So this is what the capital which we are getting without any cost of interest.

So that's what basically increased nothing else than that and when you see a finance cost part. So why? Why, it has been decreased as compared to last year? So, till last year, any finance company like NBFCs Like Bajaj finance, IDFC finance, they were not giving any kind of incentives and they are taking a cost from us to sell the products to the customers on their EMI's. By this year they have started and introduced some incentive programs. They are giving us a target to achieve. If we achieve, they give us an incentive. So on the cost side, we are giving some cost to the finance companies to avail those services for our customers. But when we achieve those target the cost comes little lesser, just because the brand is giving us an incentive also. So that's the reason there is a quite lesser finance cost this in this H1-25.

Aditya Jain: Okay? So that means you are getting an interest Free loan kind of amount. That's okay?

Harsh Kotak: Relies on the inventory optimization by cash and carry and avail more amount of incentive.

Aditya Jain: Alright! Alright and, sir, one more question with respect to PAT. So this year the PAT remains flat with, if we compare to the last H1 so is what's the reason?

Harsh Kotak: From H1-24 to H1-25, it is grown by 11%.

Aditya Jain: Okay.

Harsh Kotak: From H1 that is grown by 11% from H2. If we see it, it becomes a flat, so I'll tell you the reason H1 is a basically from April to September month and H2 is from October to March month. All the bigger festival for consumer side. It is falling in H2. If we see H1-24 versus H1-25 in the PAT, we have grown by 11%. But last year H2-24 versus H1-25, we are nearly flat, and the profit ratio is always 45%-55%. Usually, it becomes like this for any retail brand, which 45% profit falls into H1 and 55% profit falls into H2.

Aditya Jain: Okay, so, sir, what is your target any guidance on that for this financial year? FY-25. In terms of PAT.

Harsh Kotak: Here. this year we were nearly targeting around 4 Crore Rupees.

Aditya Jain: Okay, all right. This is it from my side. Thank you.

Harsh Kotak: Yeah. Thanks.

Moderator: We'll take the next question from Mr. Agam.

Aagam Shah: Hello! Everyone myself. Agam, Sir 1st of all, appreciate for 11% growth in PAT so well done, guys. Second thing. I just want to ask that. I, source of IDC international development global they have clearly mentioned that in report they have predicted 7.2% growth in over my mobile segment, right? And you predict that 8 to 10% in our market segment year on year up to 2,029. So whether it is justifiable, we can achieve that 8 to 10%.

Harsh Kotak: See, I'll tell you why we believe we can achieve this. So, the 1st thing is, IDC is predicting 7.2% growth year on year. But when you see, that market is getting changed, that people are now shifting from mom-and-pop stores, a small retail stores to brands retail stores, this is shifting has been happening. The moment new generations, if a father wants to buy a phone, usually their children decide where to go and how to spend, and which model a father should buy. So the young people are now are a decision makers from where to buy and what to buy. So, there will be, there will be a 7.2% growth of industry overall. But as we have already shown that last year even the IDC is predicted 8% growth of the business year on year, and we have grown by 17%. So yes, IDC is predicting overall countries growth. But we know that by opening a brand store or providing a good environment store we can at least be more, 2-3- 4% more than the IDC predictions.

Aagam Shah: I got your pointers just I want to ask that. Is there any strategy for trading? Young people like you have any build strategy like, buy one get an offer?

Harsh Kotak: So every calendar year, we decide about marketing activities, that what we will going to be covering next year, so 2024, when we are about to close our marketing activity plan. We have added one more thing this year to attract the young people that we have created a college activities to attract the young people. Again the new model is getting launched, we will launching with the permission of big colleges, to attract the young people. So this new activity which we are adding in 2025 marketing plan.

Aagam Shah: So this is all to AI Router. May, I am right, you are a strategy through in a college for me. You have to show them. AI, how AI work in education?

Harsh Kotak: Kind of use of AI use of chat GPT. How not to be in a trap with the cyber fraud. When we spread the education with the name of FONEBOX, people will gain more trust. The young people will get more trust that we should go here. This people is educating also, not only selling the phones.

Aagam Shah: Okay, actually, I had one more question. The new report we published by IDC, they clearly mentioned that the premium segment like Apple 15 or 14, Samsung, S24, like series. They are grown by 22% premium. And yes the second thing you will show in the middle premium segment, like, 25 to 45,000 mobile phone. So they are just going 6-7%. So is there you have any planning for? buying S24, or either apples or Samsung premium brand first, then other competitor, or you have any strong contact, or under tender pass for other meetings, you will receive more product like other than?

Harsh Kotak: So there are some advantages. Yeah, yeah, yeah.

Aagam Shah: One more question, that.

Harsh Kotak: I'm just noting down your question. Yeah.

Aagam Shah: Yeah, there's a more increasing device course. And china now constantly exporting their mobile phone to our Indian. So is there any plans for importing from China, or rather we have on based on our Indian manufacturing.

Harsh Kotak: No, no, it will be completely relied on the Indian manufacturing only, but when you, import a finished good right this entire channel is work on a distribution management method. We cannot import directly. If we import directly, it will cost us more open to any other. The reason is, you know, the Stat. You know the finished goods stamp duty. You know the finished good import duty, and all these are comparatively more high if we make a production India, so it's a distribution model. However, we wish, we cannot import from China and sell the goods without any proper channel plan. We need to go on a distribution plan only. There is no any plan to import any phones from China, and sell here, or import from any other company. Now India is becoming a biggest manufacturing hub, also slow and steadily. The factory is increasing. Every brand is now being a make in India. If we see, Apple has started their entire production last year in India this year they have started a pro max series also manufactured in India. Samsung is 100% make in India. Xiaomi has been 100% making oppo vivo all the brands are now dependent on the 100% making India. If they don't want. If they don't become a maker in India, they won't survive because of the duties are comparatively much more higher on the finished good compared to the CBT parts. That's all.

The one thing I have answered from your China side. The second thing which you said, the premiumization, as IDC is already saying, the market will be going to grow by 7 7.5% year on year. But premiumization is happening every year like more than 30,000 or more than 40,000 segment will have a more grown compared to the below 30,000 phones. So yes, there is a science also, there is a human mentality also, if somebody is using a phone worth rupee 25,000 today 99% of a people will not going to downgrade the model. They will not going to buy a 20,000 phone when they are upgrading. Why, it is called upgrading, because you will always be going to spend much more higher when any country has a good amount of penetration of a smartphone and now India has a good amount of penetration of smartphone. So, people are changing their phones. When they change, they go to the more premium side. When the average India price was nearly around 11,000 12,000. At that time new users were coming, new people are experiencing the products now. They have made a good amount of experience. Now they are upgrading themselves into the high-end products. We have a good amount of market share in upcoming time. And the second part you have discussed about this talk part. All the brands have a separate RTM's. RTM's means they call it a retail trades. Apple or Samsung, so the one RTM is their exclusive store. The second RTM is a retail chains like us. We are there and some other people are there in other States. 3rd is their mom and pop stores, which is a small single stores. So, obviously they are giving a priority on the stock allotment to the retail chain store and the exclusive stores. Since last 2 years we have seen that they are giving more priority to the retail chain stores or the multi-brand stores compared to the exclusive stores and there is a reason behind it. So what they are saying that if there is a Samsung or Apple expensive store, we give stocks to a specific store. Customer is coming by seeing a board of Apple seeing a board of Samsung. That's the Samsung and Apple customer is already. But if we give good amount of stocks to a multi-brand outlet, our market share can be increased, because at the multi-brand outlet all the all kind of customers are coming, customers coming for Oppo, also open for vivo, Xiaomi. There is a chance this customer might get converted. The customer came with a mind to buy a vivo and might get converted to the Samsung so they can increase their market share. That's how since last 2 years all these brands have allocated more amount of units to the retail chain multiple outlets.

Aagam Shah: Okay, thank you. Second thing is, there is any prediction? 1st of all, my question. Sorry for interrupting. Second thing. Mumbai is right now, more fast growing in a fast growing city in our India. So don't you think people are coming at a retail place rather than on online buying. Because you know about the e-commerce growing up, a big 1 billion days are continuously. Sales are coming on.

Harsh Kotak: People are doing so. As I told earlier, that since last 6 quarter this, online sales is kept on decreasing, there is a reason behind it. So the 1st reason is this, both of e-commerce company is in now under a profit, pressures. Even if it is an Amazon or Flipkart, both are under a profit pressure. Right now. Earlier, these brands were used to work on 1% margin. The brand is giving only 1%. And these people are selling phones. With a very competitive price and profit pressure, their minimum ask has also increased. And that's the reason the brands have started focusing on the mainline retail stores like retail chain stores because they don't want it. The brands don't want it to be dependent on a 1 or 2 player across the nations. They wanted the dependency on the 100 of peoples. That's the reason that online is kept on increasing. Yes, quick commerce will going to be increase that for sure, and that is increasing and we are into a discussion with some of quick commerce to get listed, our products.

Aagam Shah: Okay. But don't you think they are buying from our retail or distribution? They, directly they have their contacts market, they directly buy from manufacturing, as you said in India.

Harsh Kotak: Manufacturers in the mobile line. Manufacturers will not going to list their things on the e-commerce, on the quick commerce part, as in 2018 there was some agreements happen, or there was some mutual understanding happened between the brands and between the retailers, and during the 2018 big 1 billion days when every retailer has stopped selling a specific models of a specific brands. But brands if we see on the mobile phone side no brands is directly entering into a quick commerce part in some part of Northern India like Gurga and Delhi. Some part iPhone is there on quick commerce right now, and their reseller, their exclusive store. Unicorn is selling, apple is not directly selling. So these people are not getting involved directly into the quick commerce. They will run their entire project through some retailers. FONEBOX has a stores in Gujarat only, or in some part of Maharashtra. Yes, FONEBOX can be listed on the quick commerce platform to sell their products.

Aagam Shah: Okay. I got your point second thing, why don't you be expand our business in Rajasthan or Madhya Pradesh? They are also niche market for us. Like Gujarat, we have all. also we have Gujarat and Maharashtra. So I think that Rajasthan or So what is the reason behind it?

Harsh Kotak: Yeah. First, we have expanded ourself in Gujarat. For any business, marketing or advertisement is the must. So now, when we doing a marketing or promotions in Gujarat, this, basically cost us very less compared to in Maharashtra, because we have a good amount of footprint in Gujarat State. If we give a print ads or a paper ads kind of things, so the amount of footfall which we received on our stores is, cost us very less. First, we think we need to open our footprint first, and later on we need to work on a marketing. If we open Rajasthan immediately this will lead to a loss to opening any new state. There are end Number of equations we do on the back-end side. What? What are? what will be our cost? How we will run the model, etc…! Will it be a cost effective or not? So we have seen that Maharashtra has the highest disposal income right now. We have chosen Maharashtra first. Maharashtra, except Mumbai, 1st rest of Maharashtra, which we call, like Pune, Aurangabad, Kolhapur, Vidarba, Nagpur and all there we will expand first. Once we have a good amount of footprint in Maharashtra. Presently we have only 16 stores live, and Maharashtra at least we can open at least 100 stores. That's a good potential over there. So once we will end up with the Maharashtra. Then we will open some new states.

Aagam Shah: Okay! So the just last question. So we have any prediction for 25, or 26 like, we have growth. We have some prediction like, we have profit like this paid are growing like this. So we can value our Ips, and then we can value our price. You know.

Harsh Kotak: We are nearly projecting revenue around 700 crores with the PAT of at least 8 crore rupees, this is what our target is. There is a reason behind it. We recently we have incremented a good amount of our commercials with the brands in this year. So this will impact us very well on our balance sheet by 2026.

Aagam Shah: Okay, so thank you so much, once for giving us an answer for right time. So it will give me a trust on our company. Thank you. Thank you so much sir.

Harsh Kotak: Thank you. Thank you.

Moderator: We'll take the next question from Mr. Dheeraj.

Moderator: Mr. Kushal, you can ask your question.

Kushal: Sure, thanks for having this call here. Has there been a slowdown in our growth strategy? Because last time we had a discussion Our plan was to do roughly, 8 crore profit this year itself, and also I'm seeing last 2, 3 years, We were growing at roughly 100% in ‘23, we grow at roughly 50% in ‘24. So why has growth slow, you know, slowed so much for us now. We are going only at 17.

Harsh Kotak: Oh, yes, on the cost side, we have increased the little amount of expenses into the other state first, like we have seen that other competitions are going into the other State without setting up any proper infrastructures like their manpower management or the proper organization structure, or their warehousing cost, and all. So earlier, this was not in our thought to invest all this money, or to have an expense of all this money, but we have seen that other retail chains are getting failed without opening a proper infrastructure, so that some expenses has laid us on this year. so only because of it. We are showing a little lesser PAT compared to what we have expected.

Kushal: Sir, on the top line growth side, our growth is only 17% this half year. Last full year it was around 52%. So 17% I was assuming is your same store sales growth. And there would Be…

Harsh Kotak: Out of 17%, if we split at 11% is the same store growth.

Kushal: Okay.

Kushal: So some expensive. There hasn't been a high growth.

Harsh Kotak: No, because the stores will take a little time to get matured Okay.

Kushal: Understood, sir, what is our store Count? guidance for the next 2 years? FY, 25, FY, 26.

Harsh Kotak: To be to be very honest. We are more now into a revenue side that to increment the revenue instead of targeting the number of stores right? Because if we, set a target of number of stores, this will leads to a an unwanted expenses. So our 1st target is to increment the revenue. If we feel that store or a location will give us a good amount of revenue, good amount of profit, then only we will open the stores over there, so there is no hurry on the store count. We are not committing anything on that part, that we will open 250 new stores next year, or 300 stores next year. No, this is not in our plan. Our plan is to increase the revenue 1st from the same store, and by expanding some good stores which can lead us each store profit.

Kushal: Understood. So this year, what is our top line and bottom line guidance? And for the next year, what is our top next year? I think you already said 700.

Harsh Kotak: Yeah, yeah.

Kushal: 778 crore right next year.

Harsh Kotak: So we have split. We have split 2 years to be honest. In 2024 we have thought that there are. We have implemented some sops when we have incorporated the company, but in 24, we believe that we can, grow with this present sop. But we cannot run fast with the present sops or the present structure of working. So, in 24, we did so many corrections in the system, in the sop, in the purchase order side, inventory management side. '24 is the year where we wanted to structurize ourself. So if we run tomorrow, we will not going to be fall. So '24, we did all the structures to be done, and 25, our core focus will be only sales because we have set up all the things on the back-end side. Automated purchase orders are there, automated Inventory management are there, automated targets management are there. So now this year 2025, we have only one thing to focus, which is a per square feet per store revenue, and we are also introducing a per person revenue this year.

Kushal: Understood, sir. Just wanted to know this year revenue guidance then, and profit guidance for this year. I think you said 4 Crore.

Harsh Kotak: Sorry your voice, is broken. Sorry I have not heard it.

Kushal: Can you hear me now? Is it? Is it audible?

Harsh Kotak: Yeah, yeah.

Kushal: I was saying, what is our revenue target for this year? FY '25.

Harsh Kotak: Revenue target for this year FY. 25. Our revenue target is 400 plus at least. If we calculate with tax it will nearly around so it is without tax. We are seeing on the balance sheet part on the Tax. With the tax it will lead around 464-470 crore.

Kushal: And, sir, how will your EBITDA margin increase? Going forward? I mean, when you have more sales, you can negotiate more any guidance on that.

Harsh Kotak: Is sort of probably this year. H1 '25. We are 25. When 25 started our 1st focus for this year is to increase, to lower our COGS. Part, right? How we can more negotiate with the brand, how we can get a good amount of margin. if we increase at least 1% of margin from some side, from some of the brands. It will also lead us in a good impact on the balance sheet part. So I'm seeing on the some of the brands like Samsung, Vivo and Xiaomi. We are successful this year to increment our margin, and for rest of the brands, we are working closely to increase our margin.

Kushal: So you are saying next year we might see slightly higher. EBITDA margins also. Right.

Harsh Kotak: Yes, this way. This year we have already implemented in 3 brands we already successful to negotiation with the 3 brands, which is Samsung, Vivo and Xiaomi. Oppo and Oneplus is under discussion. That management is discussing day to day with these brands on negotiating on the margin part also.

Kushal: Fair enough, thank you.

Harsh Kotak: Thank you.

Moderator: Do we have any other question?

Kushal: I have more questions. If there are no other questions I can.

Moderator: Sir. Please go ahead.

Kushal: Sure. Thank you. geographic expansion and COCO and FOCO split going forward, I mean. Let's say, if we open 10 stores, how much will be franchisee, and how much will be company owned in the coming year?

Harsh Kotak: 3 will be company owned, and 7 will be Franchisee. Own company operated.

Kushal: Understood. So yes, are growth will be asset like growth, because these will be franchise.

Harsh Kotak: Yeah, because we have invented this model only because with the less investment company is getting good amount of profit on another model. But we also need to open COCO stores. So there will count will be 70-30, like, 70% count will be a FOCO stores and 30% count will be a COCO store. But if we see into a detail on the revenue side, it will be a 50 50, we want at least more than 50% contribution should be come from the company on company operated stores. If this comes, we will be assuring more success. We will get the more success to negotiating with the brand side. The count should be 70-30 and the revenue should be 50-50.

Kushal: And our geographic expansion plan is right now in Maharashtra and Gujarat only.

Harsh Kotak: Gujarat. We have almost covered some of the districts we which we have not covered. There we will open and Maharashtra is still blank for us. We have opened only 16 stores and opportunities are there. So 2025, you are more focus will be on Maharashtra only. And when, after Maharashtra, the state which we will open mostly Madhya Pradesh before Rajasthan.

Kushal: And, sir, in your franchisee expansion, how does it work? I mean, if I'm operating a mobile store based out of let's say, Maharashtra. Do you acquire existing mobile stores in your franchise? Franchisee owned.

Harsh Kotak: No, no. existing stores we acquire, there will be a new expansion. There will be a new store, new location where we open.

Kushal: Okay, I was under impression that existing store will convert into your brand because they will get higher margin.

Harsh Kotak: No, no, this will happen so brands are restricting on the same part. Brands doesn't allow it, because Brand has also a cost. There is a mom and Pop store where any brands margin cost is 6%. If it has been acquired with the FONEBOX Their margin cost will increase. So the brand is not allowed this. And also we don't want it to do this on the same location. Multiple reasons. if we ask the franchisee partner to renovate the store based on FONEBOX, they would say, No, it is okay. Blah blah kind of things. So we always want a new investment when the new investment come, the new seriousness also comes together. So we would like to open at the new place new locations only, not into the converting any existing stores. Converting existing stores will not be a profitable for us also.

Kushal: Got it, Sir. Thank you. Thank you for your time.

Harsh Kotak: Thanks, thanks.

Moderator: Thank you, sir. Now I would like to hand over the conference to Mr. Harsh for the closing comments.

Harsh Kotak: Thank you. It was a great, great interaction. We with all of you, with all your questions the one thing which is good is that we also understand that in which direction we have to work, how investor sees the company. So it was a great interaction with all of you. Thank you. Thank you so much for to having on a call. Thank you, everybody.

Moderator: On behalf of Fonebox Retail, Limited. I thank you all for joining us, and you may now disconnect from the meeting.

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