

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 the Fourth Quarter and Financial Year ended 31<sup>st</sup> March 2025 held on 20<sup>th</sup> May 2025.**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held on Tuesday, 20<sup>th</sup> May 2025, at 04:00 P.M. IST to discuss the Audited Financial Results for the Fourth Quarter and Financial Year ended 31<sup>st</sup> March 2025. The same is also available on the website of the Company at the below-mentioned link:

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

We request that you take this information on record.

Thanking You,  
For and on behalf of **Electronics Mart India Limited**

**Rajiv Kumar**  
Company Secretary and Compliance Officer

Date: 27<sup>th</sup> May 2025  
Place: Hyderabad



**“Electronics Mart India Limited  
Q4 & FY'25 Earnings Conference Call”  
May 20, 2025**



**E&OE** - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 20<sup>th</sup> May 2025 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 the Q4 FY25 Earnings Conference Call of Electronics Mart India Limited.

Before we begin, a short disclaimer:

This Conference Call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on 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 “\*” then “0” on your touchtone phone. I now hand the conference over to Mr. Karan Bajaj – CEO of Electronics Mart India Limited. Thank you. And over to you, sir.

**Karan Bajaj:** Thank you. Good evening and a very warm welcome to everybody present on the call. Along with me, I have Mr. Premchand Devarakonda, our Chief Financial Officer.

We have uploaded our “Results” and “Investor Presentation” for the Quarter and Full Year ended FY25 on the stock exchanges and the Company's website. Hope everyone had a chance to go through the same.

Despite the challenging environment, during FY25, our revenue stood at Rs.6,965 crores a growth of 11%, EBITDA stood at Rs.451 crores with EBITDA margin of 6.6%, pre-IndAS adjustment margins stood at 4.7%.

We continue to invest in long-term growth by expanding our retail footprint. Over the course of the year, we added 44 new stores. This rapid pace of expansion, while critical for strengthening our market presence led to a higher operating cost. Since the new stores are still in the early stages of ramp up and have not yet stabilized, they have not contributed meaningfully to our revenue but have added to our fixed costs. As a result, this expansion impacted our EBITDA and EBITDA margins weighing over low profitability of the year. That said, we view this investment beginning to strength our long-term growth trajectory. As the newly added stores ramp up and start to stabilize over the coming quarters, we expect a gradual improvement in their throughput and contribution to overall revenue. With scale and maturity, the unit economics of these stores should normalize, leading to better cost absorption and improved operating leverage. This, in turn, is expected to support a recovery in margins and rebound and overall profitability.

Let me touch upon “Category-Specific Performance for the Year”:

Large Appliances contributed to our biggest revenue driver, contributing approximately 45.4% to our total revenue in FY25 with a year-on-year growth of 12%. This growth was primarily led by strong demand for cooling products, especially air conditioners.

Our second largest category, Mobile Phones contributed 42% to our total revenue and is now witnessing more stable growth, currently tracking at around 11%.

Moving on the regional store addition:

During FY25, we opened 18 multi-brand stores in Telangana, 18 in Andhra Pradesh and eight in the National Capital Region. With these additions, we reach a significant milestone of 200 stores in FY25. This network comprises of 189 stores of multi-brand, 11 exclusive brand outlets spread across 82 cities in four states. In the NCR region alone, we now operate 29 stores.

India's economic outlook remains optimistic, with projected GDP growth in the range of approximately 6.2% to 6.8% for the upcoming fiscal year. This anticipated growth is supported by increased government capital spending and the rebound in demand driven by premiumization, alongside favorable demographic trends and expanding consumer financing. Despite global uncertainty, these factors provide a strong foundation for sustained economic momentum. Further, the union budget of 2025 has provided significant personal income tax relief by raising the taxable income threshold, effectively putting an estimated 1 lakh crores back into the hands of the middle class. This increase in disposable income is expected to boost consumer spending, especially in the consumer durable sector. With greater purchasing power, households are likely to upgrade or purchase new home appliances and electronics, driving overall demand growth.

Looking ahead to the “Upcoming Financial Year”:

We plan to open around 25 to 30 stores in this financial year of FY26. Our strategy focuses on optimizing supply chain operations and improving inventory management to sustain cost competitiveness. Additionally, we will expand our presence in the targeted geographies and strengthen our footprint in the existing markets while continuing to build and nurture partnership with leading brands.

With this, I request “Mr. Premchand Devarakonda – our CFO to Update you on the Financial Performances.” Thank you.

**P Devarakonda:**

Thank you, Karan, sir. Good evening and a warm welcome to all the participants.

Let me begin with the “Q4 FY25 Financial Overview”:

Our revenues for the quarter stood at Rs.1,719 crores as against Rs.1,525 crores in Q4 FY24, a growth of 13% year-on-year. EBITDA for Q4 FY25 stood at Rs.114 crores as against Rs.108 crores, a growth of 6% year-on-year. EBITDA margin for Q4 FY25 stood at 6.6%. Pre-IndAS EBITDA for Q4 FY25 stood at Rs.80 crores with a margin of 4.7%. PAT for Q4 FY25 stood at Rs.32 crores as against Rs.41 crores. Like-to-like sales growth for Q4 FY25 was 1.5%.

Moving on to “FY25 Financials”:

Our revenues for FY25 stood at Rs.6,965 crores as against Rs.6,285 crores in FY24, a growth of 11% year-on-year. EBITDA for FY25 stood at Rs.451 crores, which was flat on a year-on-year basis. EBITDA margin for FY25 stood at 6.5%. Pre-IndAS EBITDA for FY25 stood at Rs.326 crores with a margin of 4.7%. PAT for FY25 stood at Rs.161 crores as against Rs.184 crores of the previous year. For FY25 the like-to-like growth rate stood at 6.1%. ROCE and ROE for FY25 stood at 13.2% and 10.5% respectively. The working capital days as on 31st March 2025 stood at 80-days. The gross and net debt-to-equity stood at 0.66x and our net debt-to-EBITDA stood at 2.1x. Pre-IndAS cash flows from operations stood at Rs.56 crores.

With this, I open the floor for questions and answers. Thank you, everyone.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from the line of Manoj Gori from Equirus. Please go ahead.

**Manoj Gori:** Sir, I have two questions. One, if you can give some outlook, because obviously what we are hearing at the ground level, there have been rains across the country especially in the May and obviously there was some impact in the southern markets during the month of April, so probably how should we look at Q1 and probably how should this translate into inventory levels and probably should we see any more pricing pressure to liquidate this inventory, so probably brief outlook on Q1 and how we should look at things from Q2 onwards?

**Karan Bajaj:** Hi, good evening, Manoj ji. As the whole country is witnessing rainfalls at different times of the day, especially South across the region here, this month has been a little muted in terms of the cooling product sale but overall inventory that we would have usually during this period is in line so there is no stress on the inventory and same thing with the pricing pressure. So, there is no pressure per se or there will be no further discounting or extra additional discounting for liquidating these stocks. So instead of ending up the season by June where we'll be left off with some inventory, probably it will continue for another two months or so till August probably for air conditioners. Apart from that, the cooling products in refrigerators and air coolers, both are under control. So that we've already



corrected it only a little additional inventory for air conditioners will be carried forward for a couple of months. But that also is of no stress. It is a very nominal addition to it. Plus, we've added 40 plus stores and new stores are opened up this quarter also. In line with what expansion would be the inventory levels for that particular category. So not much of a stress and not much of this thing. But definitely yes, this summer didn't pan out the way usually you would expect because it started pouring quite early. And, once the cooling product category gets affected by rains or other external factors, then it becomes quite a difficult task to sell around that period, but no worries, everything is optimistic and positive now.

**Manoj Gori:**

Correct, correct. Thanks. My second question would be on Hyderabad and Delhi NCR. So, Hyderabad if we look at in the presentation, we have mentioned like the SSSG has been marginally negative... close to flattish during FY25. So probably how we are looking to arrest this decline, the demand environment to remain so weak that, at least in the near term, there might be some pressure on Hyderabad and probably somewhere later we can expect some revival, if you can throw some light because obviously Hyderabad, if I'm not wrong, we will be close to around 65% of our total revenues?

**Karan Bajaj:**

Correct. if you see for the last few quarters, Hyderabad was flattish or a little negative, but last quarter actually if you see the absolute business value that we generated out of Hyderabad was positive by 4%. So, we are up across categories if you see. Definitely the AC cooling products also did very well in the month of January and February. But overall number I think Hyderabad is doing good. So, no complaints on Hyderabad. In fact, we are opening a few more stores as we move forward. So that should be good enough for us and we would see a positive growth coming forward as well, except the cooling product categories, which definitely because of monsoon got affected a little bit, but the outlook across other categories also looks positive. So, there is no stress there as well. So, I think overall Hyderabad should shape up and start performing really well.

**Manoj Gori:**

Thanks. And sir, lastly on Delhi NCR, so like last year we were looking for somewhere around breakeven by exit of FY24, and this year if you look at probably we have been very close to the breakeven mark for the full year with Delhi NCR. So, do you see that this progress is in line with expectations or probably there has been some delay, how should we look at Delhi NCR in FY26, if you can throw some light over there?

**Karan Bajaj:**

Delhi is in line with our expectation, and I would say the turnaround that we did in such a short period was remarkable by the team. So, I think we're doing quite a great job there compared to a lot of our peers operating out of that market. Definitely, yes, we are short in terms of the stores, we're expanding there with 29 stores right now, we're further adding a few more stores this year as well, so there will be six to eight stores addition, we just opened up in Janakpuri last weekend, so that performed really well again. And I think the overall number should be good for Delhi and '26-27 should also be a great

year for us in that coming period for that region. We're quite happy with the things are performing. And definitely it is a huge capital investment that we did. So the depreciation costs or your finance costs were a little higher compared to the other regions that we operate in, but the gross margin level that we would expect for that region or throughput that we would expect for that per store is in line with what we targeted for this year.

**Manoj Gori:** EBITDA probably from hereon should move in the northward trajectory?

**Karan Bajaj:** Absolutely, absolutely.

**Moderator:** The next question is from the line of Percy from IIFL Securities. Please go ahead.

**Percy:** Hi, sir. Just wanted to look at your CAPEX. You've done about Rs.350 crores of CAPEX this year. If I look at the 40 stores which have been opened and roughly at let's say Rs.3,000 per square feet CAPEX for the lease stores, that would come to somewhere around Rs.80 crores to Rs.100 crores of CAPEX, which means around Rs.250 crores of CAPEX has gone into the land and building for the stores that you have purchased. So, can you give some idea first of all whether this calculation is correct? Secondly, where this Rs.250 crores has been spent, in which locations and given that our debt is now close to Rs.1,000 crores, is this the same strategy that we want to adopt going into the future? It's a very capital-heavy strategy of expansion especially at a time when the EBITDA margins have gone down and the CAPEX has gone up. It puts a lot of pressure on the sort of cash flows and the balance sheet, both, of the Company.

**Karan Bajaj:** Hi, Percy. Your numbers, the calculation more or less is correct apart from the CAPEX for buying out properties, there was a CAPEX done for the stores for the 45-plus stores in the stores that are in pipeline now. But yes, we invested big on buying out properties and these were properties which were already given advances of the pipeline properties majorly in Delhi, where we had already given advances and the registrations happened in this financial year. And this was as per the plan itself. So the strategy was to buy out these properties and we are quite happy with the position that we are in today. In terms of the borrowing that we have on books which is approximately around Rs.983 crores, out of which the loan for property is Rs. 230 crores to Rs. 240 crores and rest is working capital which is in line with our seasonal purchase that we do usually and right now currently we are standing on that position which is much lesser to what it was on 31st March, because we liquidated inventory. So, everything got accumulated and then we sold out the stocks and all. So, I think we are in line with that. So, it is not much of a stress there now. Today, the current position is also much, so our current levels are from Rs.679 crores of working capital loan, it is at Rs.450 crores. So that also is reduced by almost Rs.220-odd crores, Rs.230 crores. So, it is a part and parcel of our growth strategy where we wanted to acquire these properties, pay out advances to our vendors and play the game. So, I think we are quite comfortable with that. Twice a year during Dussehra, Diwali also you will

see this working capital requirement going up because we added 44 new stores, which has displays, inventories, backup and especially the stores which we have opened in Tier-3. Tier-4 town there we have to keep the stocks in the warehouse. So, I think overall put together the number is under control and even the debt levels are under control where we are standing today. The term loan amount of the temporary properties for Delhi eventually will come down in a couple of years. So that is where the plan is.

**Percy:** So just two follow-ups on this. This year where have we bought these stores. I think six stores you have bought, right? So, is it all North India? Secondly, is this the same kind of strategy we will follow in future where we might like spend Rs.150 crores to Rs.200 crores on buying the stores every year?

**Karan Bajaj:** No, if you see all these investments has happened in Delhi, Gurgaon, NCR regions where we have bought the properties. Apart from that, any other cluster that now we expand to, it will be not this aggressive in terms of property. So that is the plan because that will get divided between a lot of long-term lease agreements that we will be doing. But strategically, Delhi is where we wanted to invest and buying out real estate as well to secure a long-term strategy. But other cities and other geography that we will be expanding after the next couple of quarters, that will be majorly on the lease agreements.

**Percy:** So even in Delhi if you are expanding, there will be only lease now, no purchase, is it?

**Karan Bajaj:** Majority yes, majority of the prime location that we wanted to buy out, all of that we have already bought just the stores are yet to open. Apart from that, majority of the places are periphery that we will be expanding into NCR also would be majorly on lease only.

**Percy:** Got it. Second question, can you just give some idea on what is the kind of EBITDA margin pre-IndAS that you are expecting for the North India Cluster in FY26?

**P Devarakonda:** We are expecting it to be around 3.5% this year looking at the trend.

**Percy:** Okay, understood. And also wanted to understand about your margins. This year you mentioned were 4.7%, right, or was it this quarter?

**Karan Bajaj:** Sorry?

**Percy:** Your pre-IndAS margin overall as a Company was 4.7%. That was for this year or for this quarter?

**P Devarakonda:** This is for the year.



- Percy:** It's for the year, right? So, see, basically we used to do somewhere closer to 5.3%, 5.5% kind of margins. So, it has come down maybe 50, 60 basis points from that. So, one is what are the factors -
- Karan Bajaj:** There's a better recovery in Quarter 4 than Quarter 2 and Quarter 3.
- Percy:** Got it. Got it. So, at a full year level, what are the drivers which push down the margin and going ahead if the margin is going to improve from here, what will be the drivers for that expansion?
- Karan Bajaj:** Sir, there are the reasons I think are more organic, with the business structure, with a lot of other competition scenarios. Fundamental changes are not there. So, there's no change in product mix between larger appliances, mobile, low margin product categories remain the same, there not much of a change there. But I think going forward what we used to do earlier it will remain the same way. So, there will be that change of 0.2%, 0.3% not more than that, balance we will definitely try to improve it like we did in Quarter 4 as well. But apart from that I do not see any fundamental flaw or any other reason for it to change from here on.
- Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.
- Devanshu Bansal:** You did mention that there is no margin risk from liquidation perspective. However, based on our understanding there are significant incentives that we get on meeting the targets, right? So now that the category sales have been impacted and the brands are also under a good amount of pressure, do you see some chance of margin loss in the current year because of that? I wanted to check on that.
- Karan Bajaj:** Most of our contracts that we have with our respective vendors for our incentive income are directly not linked to our targets. So a few of them are, but those are all fulfilled. So, it is not that they are not fulfilled, like seasonal product categories like cooler, AC on that target is not applicable, it's majorly for television and mobile phones and all which we sell throughout the year. What happens is not necessarily at this period, but anytime of our journey whenever we get stuck, it is usually the timelines are increased. If it's a quarter scheme then they give us an additional 15, 20 days or a month to fulfill and complete those schemes. So usually, we don't see a loss of that incentive income. Historically also we've never seen a loss on incentive income. So going forward also it is not a big number, but at the same time it is all protected. So, there's nothing there that we would lose out at the end of the year.
- Devanshu Bansal:** Understand, sir. Karan, from your PPT, I also notice that there are few brands in your top five which are seeing relatively muted growth trends versus the overall growth of the Company. And my understanding is that we have historically and strategically worked with a limited set of brands across

category. So, can you help us understand why those top five brands are sort of seeing muted trends, and which are the categories that these sort of brands are catering to?

**Karan Bajaj:**

Sir, these are majorly the brands of mobiles and in mobile if you see actually the volumes have gone up but the ASPs have dropped. So, if you see Apple. My average of Apple is dropped by 10% from last year to this year, for example, but the volume has grown. So, if you see that their ASPs that has dropped a little bit so because of that the total contribution on this brand is being muted. Otherwise if you see the Apple historically, like Samsung mobile is there and Samsung overall is there, and in televisions LG and Samsung are there, there you would see that the ASPs have dropped down, the volumes are up positive by 18%, but because of ASP the total contribution of this brand has not increased much.

**Devanshu Bansal:**

Karan sir, I'm speaking specifically for brand-II and brand-V. Even if we see three-year CAGR perspective, these brands are flattish, right? So ASP could be a one year YoY growth. But even if we see from a three-year CAGR perspective brand-II and brand-V have not seen any material growth, right? So, I was checking for these two brands specifically.

**Karan Bajaj:**

So basically it is a mix of everything. So like for example, brand-II would have appliances, would have larger appliances, would have televisions, air conditioners, washing machines, ref. in all the categories if you would see prices are muted over the last two to three years or their ASPs have not increased especially out of these top 5 brand, 2 brands which are television heavy brands, so the brands which are heavy-television brands their prices have dropped by 15% to 16% year-on-year.

**Devanshu Bansal:**

There is one brand-3 which is continuously doing well. Which category would this be catering to?

**Karan Bajaj:**

Specific mobile brand

**Moderator:**

Thank you. The next question is from the line of Rajiv Bharati from Nuvama Wealth. Please go ahead.

**Rajiv Bharati:**

Yes. Good afternoon, sir. Thanks for the opportunity. So with regard to Slide #9 where you've shown SSSGs for the quarter and full year, the universe which you use for quarter and full year is different, is it, let's say for Delhi NCR, for example, you have reported for the quarter 33.8% SSSG, right and for the full year, it's 50%, the stores which you consider in SSSG calculations are different.

**P Devarakonda:**

Can you repeat the question once again?

**Rajiv Bharati:**

The question is the 33.8% number for Delhi NCR, that SSSG and the full year SSSG 50%. So the stores which you consider for this calculation, are they different? Why I'm asking this because YTD

number till nine months SSSG for the Delhi was 22.4% which let's say for the Quarter 4 it has added 33.8% further, but the cumulative number has gone to 50%. So, I mean it is only possible if -

**P Devarakonda:** If we calculate this SSSG we consider only those tools which were operational throughout the year in the last year. if a store is fully operational throughout the year, only those stores will be considered for the purpose of calculating SSSG.

**Rajiv Bharati:** I get it, but I'm saying the universe which you use for quarterly and full year are they different?

**Karan Bajaj:** Number of stores used for Quarter 4 and full year are different.

**P Devarakonda:** In that we consider only two stores which were operational throughout the year in the previous year.

**Karan Bajaj:** So, sir, just to elaborate on your question in FY25, the 50% number that you see for SSSG will have more number of stores, which was operational throughout the year for delivering a 50% SSSG. We had some additions of stores there, whereas Quarter 4 FY25 would have a few stores from Gurgaon cluster which was not added in that number, in 33.8%.

**Moderator:** Thank you. The next question is from the line of Yash Sonthalia from Fidelis Public. Please go ahead.

**Yash Sonthalia:** Hi, team. Thanks for taking my question. I have two macro questions. First, you already alluded on the uncertain rains on demand and inventory. But can you please help me out with the region like how it is impacting the inventory and demand in the South and specifically in North?

**Karan Bajaj:** Right. Actually, in South summer started little as early as March second week and we usually end up by May second week. So, we are at closure of our summer season. So, we usually preempt our sales and then the throughput and then the whole purchase and management of inventory. But the advantage that we had this year again was that summer were still a little more stronger in Delhi. So, we moved out all inventory up North rather than buying few stocks there, we moved our inventory from down South. So usually by end of June when we exit, we usually have a certain number of inventory left with us by the end of season. This year because of uncertain rains and all, we might end up with little more inventory which we will liquidate in couple of months. So that is part and parcel of how this category specially cooling products would pan out. So that is how it is. But there is no pile up on inventory in the North as well. So whatever North requires will suffice from south rather than buying new stocks up North. That is how we would liquidate and manage inventory for the next couple of months here.

**Yash Sonthalia:** Understood. So, no discounting also expected in North also, right?

- Karan Bajaj:** Not required.
- Yash Sonthalia:** My second question is like you have grown pretty well in Andhra Pradesh and Telangana, SSG in Andhra Pradesh is also 5%. But when I look other consumer facing companies, specifically to Andhra Pradesh and Telangana, they have not been very well in Q4. So, what's your read on the market and how we have outperformed in other categories?
- Karan Bajaj:** So how we outperform other retailers would be? Majorly that our expansion that happened in the last 20, 24 months, most of our stores are yet to get matured. So, if you see the store that we are adding up in Andhra also in Tier-3, Tier-4 markets versus what we're doing here as well in the current quarter, the stores are yet to mature, markets are very new for us as well. So you would definitely see the throughput of the stores in our country, both in Telangana and Andhra, outperforming and performing really well for the next couple of years, because the stores that we added in the last 20, 24 months versus last year, this year, are all newer markets for us as well, which we expect the throughput to be much higher there. So it is much easier to look at a better SSSG, look at grasping higher market share in those regions because the product mix that we would have or the range that we have compared to competition with the mom and pop store or unorganized retail players become much easier to compete with them in these pockets.
- Yash Sonthalia:** Understood. And just any outlook why there is an overall slowdown specifically in these two states and what's your outlook for the upcoming 12 to 24 months?
- Karan Bajaj:** Like this particular quarter that we are in, I would say that the cooling sale would be a little muted because majorly of the weather and no other reason because you are selling other product categories, the bigger days or the festive days are doing good, so you see that momentum coming through, like Ugadi was the biggest last festival that we faced in Andhra Pradesh that is exceptionally great. So, you definitely see a demand there. It is not that the demand is slowing down. But yes, any change in weather or seasonal product categories that would definitely change the whole game for you in that particular region. But overall, we are still optimistic in that region for the growth to coming in this year as well.
- Moderator:** Thank you. The next question is from the line of Rupesh Tatiya from Intellisense Capital. Please go ahead.
- Rupesh Tatiya:** My first question is out of the 200 stores you have, how many are mature and how many are still not mature?
- Karan Bajaj:** Out of this 200, we have opened the 44 stores this year only so it will take another 12-15 months for this stores to get mature. Other than that, around 155-156 stores which are there out of which around

50 stores which are getting completed this year are under the 24-36 months maturation period. You could say that 50% of a store out of 200 stores are under 24 months.

**Rupesh Tatiya:**

Okay. So that is one. This 104 number of stores you have given for Telangana, can you split that between Hyderabad and up country Telangana?

**Karan Bajaj:**

Totally in Hyderabad city we have around 72 stores and around 40-odd stores are in up country market of Telangana. This would include MBOs and EBOs both.

**Rupesh Tatiya:**

Okay, I see. So I think to an earlier participant, Karan, you said that in Hyderabad in Q4 there was a 4% growth and now you expect Hyderabad city market to do well but ASPs drop 5% to 10% every year. So did I hear that right? And can you maybe expand on that a little bit?

**Karan Bajaj:**

Sir, like Quarter 2 and Quarter 3 in FY25 were little negative for our cluster in Hyderabad because that is the largest cluster for us. So if that cluster doesn't perform or doesn't become 2%, 3% positive for us, then you see that whole impact on the balance sheet or the P&L. But the last quarter was good; so Jan, Feb, March did quite well, especially February started performing quite well for cooling products. Here in the South summer season starts a little early that's why you would see a change in the cooling products selling better during a certain period. Right now say for example the monsoon is already set-in. So usually the monsoon set-in in the next month onwards, will set a month early. So you would see a little impact there as well for cooling products selling during Quarter 1 a higher number. And then apart from that, what happens is that our technology category, especially in the premium category that we are in or the brands that we deal with, what happens is that every year there would be a change in the pricing. So ours would be more like a depreciating asset where new technology comes in, goes a little bigger and then the pricing the subsequent year would come down for that particular product categories especially say like 75 inch, 85 inch, 98 inches television, 98 inches was sold at say Rs.10 lakhs last year, now selling at Rs.8 lakhs this year for example. Always with more volume coming in through a high end premium categories the pricing from the manufacturers would keep coming down on that and pose that major manufacturing hubs have now started in India especially for iPhones, for example, or a lot of these AC companies. So, you would not see a price increase in air conditioners for the last three years now. So usually when the ASPs don't go up, you need to suffice it with a major growth in the volume, and if the volume becomes single digit growth, then you will not see a complete category grow at the level where value, volume together would help you give you higher value growth overall. That's it.

**Rupesh Tatiya:**

Is it fair to assume that Hyderabad will continue to do like this for the next two years --around Rs.4,000 crores, Rs.4,200 crores range?



- Karan Bajaj:** No, no, it will be definitely much bigger than that because we will be adding up new stores here, new category started performing quite well here. So overall sentiment is positive. So that is where we would emphasize more. The sentiment, which was a little poor last year, that sentiment has become positive and we would see that changing in the coming quarters.
- Rupesh Tatiya:** So, what you are saying is higher volume growth will make up for the ASP degrowth in Hyderabad and can expect 5% to 10% growth?
- Karan Bajaj:** Correct, correct, correct.
- Rupesh Tatiya:** Another question structurally, I mean at least I thought that the NCR market has a better gross margin because of the higher AC sales. Obviously, the competition is more. So, over the next two years do you see gross margin growing from whatever 13.2% to let's say 15%, 15.5%?
- Karan Bajaj:** Not really, Rupesh. So usually GP would remain in a similar range because the competitive scenario there for air conditioners is very different than any other part of the country. So, in fact the other AC dealers make the least margin there compared to what other LFRs or retailers would make because it is a very heavy distribution-driven product category there up North. So, every category would play out differently, but we don't expect that number to jump or be over that 15%, 16% range. It will be in line with what we do back home in Hyderabad.
- Moderator:** Thank you. The next question is from the line of Sakshi Parap from Parap Capital. Please go ahead.
- Sakshi Parap:** Hi, thanks for the opportunity. Can you provide some color within categories in terms of volume growth and value growth in terms of refrigerators, ACs?
- Karan Bajaj:** Sure. So, for the whole of FY25, the major categories that we deal is the mobile phones, it was up by 10% in terms of value. First, I'll go through the value numbers with you so that will become easier. And air conditioners were up by 34%, 35%, televisions categories up by 5.5%. Refrigerators and washing machines, both around 4%, 4.5% and kitchen appliances built in and all put together was around 11%. So that was the major growth that came in last year.
- Sakshi Parap:** Okay. And this new pilot of Charcoal project, can you explain that?
- Karan Bajaj:** Yes, there is a new venture that we have partnered with Sussanne Khan as a primary principal designer there. So basically the tie up is that we do sell our categories like we are into audio automation, networking, cinema, televisions, built-in appliances for their projects and they would end up designing in furniture would be from their side. So that is a collaboration that we've done and local our local partner here again also would be Gauri Khan for this particular region and Sussanne

Khan would be a principal partner there. So they design, they take the contract, they supply the furniture and then we supply the other goods of product categories that we are into. So that's a collaboration, a turnkey project for a customer becomes one-stop solution. That was the whole idea of doing that.

**Sakshi Parap:** And lastly, we only witnessed a positive EBITDA during Q1 FY25 and the rest of the quarters we've been negative. So when can we expect to stabilize?

**Karan Bajaj:** I think in the coming time, definitely that will also shape up well. But then said that cooling product categories is what drove last year majorly if you see because that was the maximum growth that came in, in FY25 Q1, whereas this year, that being a little muted because of the monsoons. So overall number you see that that will also perform in the next quarter, we will definitely see that number going up from next quarter onwards.

**Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

**Devanshu Bansal:** Hi, thanks for the follow up. Karan, in line with the previous question, can you provide the volume growth across categories? You provided the value growth. What has been the volume growth?

**Karan Bajaj:** Right. I think I'll ask Vishal. He'll share the details with you after the call.

**Devanshu Bansal:** Sure. The reason why I was asking, as you indicated that there has been muted sort of increase in size in FY25.

**Karan Bajaj:** It's going to be higher than what numbers I gave you because automatically as I told you, the AC didn't go up much, right? So the volume growth is going to be much higher than the number that I quoted for value growth.

**Devanshu Bansal:** No, that's fair. I wanted to check what's the expectation of realization growth in FY26. So based on the technology changes that you are noticing across categories, so what's the expectation for ASP increase or realization growth for FY26?

**Karan Bajaj:** So definitely it is going to be much better than what we did in FY25 because FY25 that was one of the years where we saw a few quarters didn't perform the way we expected it to be like specially Quarter 2 and Quarter 3. But going forward irrespective of how this summer season is going to pan out, we are quite optimistic and quite confident for the plans that we have for the category that we're expanding into, the store performance, especially up North and in the Tier-3-4 towns that we're

expanding now in AP and Telangana. So I think it gives us a quite an optimistic approach to the whole number going forward.

**Devanshu Bansal:** No. So Karan, I'm asking only specifically for the ASP or bill size, right? So you said that there has been some decline in prices of product, right? So specifically based on the technology changes that are expected to be done in FY26, what's your sense from a pricing perspective as well as realization perspective, what kind of growth can we see?

**Karan Bajaj:** Price, definitely, yes. This year especially going post Quarter 2 to Quarter 3, definitely large appliances and air conditioners would definitely see an upside or ASP going up for sure. So that is there because the discussions are already on, the pricing is going a little up. So that will definitely help us take the ASPs much higher than what it is today, which was more or less flat for the last couple of years. And as you said, newer technology additions to product categories like refrigerators, washing machines, especially ACs are coming with AI as a technology for example. So all of those features are coming up, will definitely take up the ASPs up and automatically help us increase the value in that product category.

**Devanshu Bansal:** Any ballpark sense as in what we can sort of built in -?

**Karan Bajaj:** Not really, sir. I think manufacturers will help you better with that answer.

**Moderator:** Thank you. The next question is from the line of Akhil Parekh from B&K Securities. Please go ahead.

**Akhil Parekh:** I just have one question. This is regarding the Hydra regulation implemented by Telangana government over the last year or so. I don't think it's coincidental because we are seeing quite a few listed brands, especially retailers who have been impacted in Hyderabad and Telangana if anything has to do with this regulation of government basically, and how do we see it going forward?

**Karan Bajaj:** Right. So Hydra, I don't know much about it because it has majorly do with real estate as a category, but it was mainly meant for illegal structures in and around the water bodies, which anyway was prohibited. So for safety measures they've taken that action. And I think it's a good action, because tomorrow any uncertainty or something goes bad or the floods in the city, these properties would be under danger. So I think it's a good initiative by the government to take it forward. But there is no loss to properties which are authorized or legal properties, right? So it is for illegal construction in and around water bodies.

**Akhil Parekh:** But has it slowed down the progress in terms of retail footprint expansion?

- Karan Bajaj:** Not really. I know a lot of builders doing projects in and around that area have got affected, but not majorly anything do with our industry or our category.
- Moderator:** Thank you. As that was the last question for the day, I now hand the conference over to the management for closing comments. Over to you, sir.
- Karan Bajaj:** Thank you. I would like to thank you all for joining into the call. I hope that we were able to answer all your questions. And for any other queries you may get in touch with our SGA, our Investor Relations Advisor, and we will be happy to address all your queries. Thank you.
- Moderator:** Thank you. On behalf of Electronics Mart India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.