To,

Listing Manager,	The Secretary,
The National Stock Exchange of India Ltd.,	BSE Limited,
(Through NEAPS)	(Through BSE Listing Centre)
Symbol: EMIL	**Scrip Code: 543626**
Series: EQ	
ISIN: INE02YR01019	

Dear Sir/Madam,

Subject: Disclosure of transcript of Earnings Conference Call for the First Quarter ended 30th June 2026 held on 07th August 2026.

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 Friday, 07th August 2026, at 04:00 P.M. IST to discuss the Un-Audited Financial Results for the First Quarter ended 30th June 2026. The same is also available on the website of the Company at the below-mentioned link:

https://investors.electronicsmartindia.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 Digitally signed by RAJIV KUMAR Date: 2026.08.11 16:29:14 +05'30'

Rajiv Kumar
Company Secretary and Compliance Officer

Date: 11th August 2026
Place: Hyderabad

"Electronics Mart India Limited

Q1 FY27 Earnings Conference Call"

August 07, 2026

MANAGEMENT: MR. KARAN BAJAJ – CHIEF EXECUTIVE OFFICER – ELECTRONICS MART INDIA LIMITED
MR. PREMCHAND DEVARAKONDA – CHIEF FINANCIAL OFFICER – ELECTRONICS MART INDIA LIMITED
STRATEGY GROWTH ADVISORS -- INVESTOR RELATIONSHIP ADVISORS – ELECTRONICS MART INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Electronics Mart India Limited Q1 FY '27 Earnings Conference Call. Before we begin the conference, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as of 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Karan Bajaj, Chief Executive Officer from Electronics Mart India Limited. 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 Mr. Premchand Devarakonda, our Chief Financial Officer; and SGA, our Investor Relationship Advisers.

We have uploaded our results, press release and investor presentation for the quarter end 30th June 2026 on the stock exchanges and the company's website. I hope everyone had the opportunity to go through the same.

I am delighted to share that Q1 FY27 has been our strongest quarter to date with all the key metrics moving decisively in the right direction. Revenue grew by 39% to INR 2,419 crores. EBITDA increased by 118% to INR 239 crores and at a 9.9% margin. The PAT grew by 458% to INR 121 crores. This is the highest ever quarterly profit, and I want to spend the next few minutes walking you through what drove this performance and where we go from here.

Let me start with the season itself. The summer of 2026 has been good for us. Air conditioners had their best quarter yet, both in terms of volume and value. As demand stayed strong right through the quarter, footfalls in our stores were consistent and healthy through the quarter and conversions held up well even as we saw customers trading up within the category.

Our inventory planning going into the season with a calibrated mix of carry-forward and new models meant we were well stocked to capture this demand as it came and this discipline is reflected directly in the numbers this quarter. It is worth noting that a strong AC season does more than just add up to the top line for the quarter; it also brings in a wave of new customers into our ecosystem, many of whom we expect to return for large appliances and mobile phones later in this year. And that is a dynamic we will be watching closely as we move through FY27.

Moving to category performance. More broadly, large appliances remained our largest contributor at 48% of revenue with AC leading, supported by continued traction in washing machine and refrigerators. Mobile phones contributed 39% to our revenue mix. Same-store sales growth for the quarter came at 34.2%, and this is one of the standout numbers in this quarter.

It tells us two things. Our existing stores are maturing well and demand in our core markets remain exceptionally strong. Breaking this down further, our core South market has picked up in a very significant way. Andhra Pradesh alone grew revenue 62% year-on-year with an SSG of 49.1%, while our Telangana up-country market grew at 48% with an SSG of 40%, and even our large established Hyderabad city base grew by 34% with an SSG of 32.3%.

For a market we have operated in for over over four decades, to see this kind of reacceleration is a strong validation of EMIL, the brand and how our stores are resonating with customers. Overall, our South cluster delivered 40% revenue growth for the quarter and continues to operate at scale, profitable engine at 10.9% EBITDA margin.

I'm equally pleased to report that our North cluster has turned a corner this quarter. Revenue in the North grew 29% year-on-year and EBITDA margin improved to a record 4.9%, meaningfully ahead of where we were even a couple of quarters ago. As more of our North stores gain vintage and scale, we expect store productivity and margins here to continue trending towards the South cluster benchmark.

This brings me to the theme that I think is central to understand our margin trajectory going forward: the performance of our non-mature stores. As of this quarter, we operate 96 stores that are over 4 years old and 131 stores that are less than 4 years old. Our mature stores are already operating at an EBITDA margin of 11.2%.

But what is encouraging is that our non-mature stores delivered an 8.1% margin this quarter, a meaningful step-up and proof that these stores are picking up pace faster than we had originally modeled. With a significant part of our network still in these early stages, we see this as a genuine source of embedded built-in margin improvement for the company over the next few years.

Looking ahead, we are preparing to enter West Bengal, which is the next step in our cluster-based expansion strategy. We have studied this market closely, and we see meaningful headroom for organized retail here, much as we saw when we first entered the North a few years ago.

Consistent with how we have approached every new cluster, we will enter deliberately, build density before we build our stake of size and let the unit economics guide the pace of our expansion.

For the remainder of FY27, our priorities remain clear and unchanged. First, working capital efficiencies, we will continue to tighten our inventory and cash conversion cycle to better demand forecasting and technology-led replenishment.

Second, disciplined expansion. We will deepen our presence in existing clusters, including the North and our upcoming entry into the West Bengal, while being selective about where and how fast we grow. And third, and perhaps most important, the customer experience that has underpinned EMIL's growth for over 4 decades. Whether it is our in-store product experience or conservative selling approaches or the trust we have built with our brand partners, this remains the foundation on which everything else we do is built.

With that, I will now request Mr. Premchand Devarakonda, our CFO, to take you through the detailed financial performance of the quarter. Thank you.

Premchand Devarakonda: Thank you, Karan sir, and good evening, everyone. Let me take you through our financial performance for the quarter -- for the Q1 FY27. Revenue from operations stood at INR 2,419 crores compared to INR 1,739 crores in Q1 FY26, registering a robust 39% Y-o-Y growth.

Gross profit increased to INR 417 crores from INR 253 crores of Q1 FY26, reflecting a strong 65% growth. Gross margins expanded significantly to 17.2% compared to 14.6% in the corresponding quarter of last year. EBITDA stood at INR 239 crores compared to INR110 crores in Q1 FY26, delivering an impressive 118% growth. Consequently, EBITDA margins improved to 9.9% from 6.3% a year ago.

Profit after tax improved to INR 121 crores, which was INR 22 crores in Q1 FY26, translating into a 458% Y-o-Y increase. Our SSSG remains exceptionally strong at 34.2%, reflecting healthy underlying consumer demand and effective execution across our network. The South cluster delivered 40% revenue growth with EBITDA margin of 10.9% and the North cluster recorded 29% revenue growth and achieved an EBITDA margin of 4.9%.

Working capital days reduced sharply to 42 days as of June 2026 compared to 73 days as of March 2026. This was driven by tight working capital management and strong seasonal sellout throughout the quarter. During the quarter, pre-Ind AS operating cash flows and post-Ind AS cash flows were INR 631 crores and INR 671 crores, respectively.

I'm also pleased to highlight that, by end of this quarter, we could bring down the working capital borrowings to INR 97 crores, which stood at INR 658 crores at the beginning of the quarter. Return on capital employed stood at 20.1% on TTM basis and return on equity stood at 11.9% on a TTM basis.

With this brief presentation, I open the floor for questions. Thank you.

Moderator: We have our first question from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Many congratulations on great set of numbers. Karan, I wanted to understand this quarter also comes on a weak base, right? So if you could just help us better understand as in what are you targeting for the full year across maybe North and South clusters? That would help us better appreciate your performance, right? So what's your view there for the full year FY '27?

Karan Bajaj: So sir, in terms of revenue, we want to be a little conservative on the number. But looking at Q1 FY27 going forward for us and how things are moving forward in terms of the demand in the market, we feel that the festive period in Q3 FY27 also is going to be quite good for us. So on an overall number, we can look at a good 18% to 20% kind of revenue growth. That should be very easily achievable. So that is what we have in mind.

And plus our operations in Bengal also will start definitely with a few lesser stores by the end of Q3 FY27 or the beginning of Q1 FY28, we'll have more stores coming up in Bengal as well. So I think we'll have some flavor of Bengal adding up by the year-end as well.

Devanshu Bansal: Very encouraging. Secondly, sir, this gross profit margin has inched up significantly. So I wanted to understand such in our business profile that we are in, this is a really great margin, right? So is there any direct sourcing that we are sort of engaging in now versus, say, by our distributors now? So what has actually led to -- what are the key drivers of this gross margin improvement for you?

Karan Bajaj: Sir one, majorly summer season cooling products definitely have a higher gross margin. If you see quarters where cooling product dependency has gone up and the mix of large appliances majorly is coming through from cooling product categories, that is where you will see a blended gross margin being higher, number one.

And number two, a few categories like laptops and mobile also actually gave us a little more better gross margin than our comparative quarters. It's because when the pricing was going up, we were able to buy stocks at a lower price and then play on that price margin game, the price increase game and take that as an advantage. But that is a temporary upside. Probably till the time the market is a little volatile in terms of price increase and stuff like that, we might take that advantage. But not necessarily that it's going to be a permanent increase in the price.

But what remains at a good level is gross margin across the cooling product category, especially air conditioners and refrigerators. And with the volumes going up in that category, definitely, we will see an improvement in gross margins.

Devanshu Bansal: So you are indicating that some of this 260 basis points is maybe just because of some benefit for the near term that you are enjoying, right? So maybe for the full year, if you could highlight, is 16%, 16.5% doable from a gross margin perspective for you this year?

Premchand Devarakonda: Sir, I would like to add one more thing here. See, we should compare the gross margins of Q1 of FY25 because the base quarter was one of the bad quarters. So that's why if you compare that, there is no substantial growth. Definitely, there is about 100 bps up in the current quarter. And that was mainly contributed by the cooling product sales as well as the price escalation advantage we got in IT products. So, if the similar trend continues, I think that can be achieved in the next year first quarter as well.

Devanshu Bansal: Okay. So can you provide some outlook for full year, sir, as in what should be the target from a gross margin perspective?

Premchand Devarakonda: It will be about 15% to 15.5%.

Devanshu Bansal: Okay. Okay. And sir, last question from my end. Mobiles, etc, because of increase in chips prices, have seen very strong, healthy sort of growth in the prices, as you have also mentioned. So was that reflective in our growth? Because why I'm asking because our mobile mix actually went down, right? So from 40% to 39%. So are we expecting that benefit to sort of materialize in the coming quarters? So what explains a lower growth in mobile?

Karan Bajaj: Now if you look at -- as Premchand was referring to Q1 FY25, if you look at the number there also, the product mix remains similar. So usually in the cooling product category quarter, where sales of ACs and refrigerators increase, you'll see less in mobiles. But now Q2 FY27, Q3 FY27 the ones you'll see next, that will be, but by the end of the year, you will see a similar product mix change, 1 or 2% plus or minus only.

Devanshu Bansal: Okay. Karan, did we enjoy this price benefit for the full quarter is what I wanted to understand from mobile category perspective?

Karan Bajaj: It was periodic. It was not across all brands, not across all SKUs, not across all the 90 days of the quarter. Sometimes Apple's went up, sometimes Vivo's went down, sometimes Oppo's became available. So, we kept getting someone's advantage or another.

Devanshu Bansal: So more sort of laptops in coming quarters, right? So some more benefit may come.

Karan Bajaj: Yes, yes, yes.

Moderator: We have our next question from the line of Aditya Bhartia from Investec.

Aditya Bhartia: Karan, my first question is that we have obviously had very strong revenue growth. Would you have any sense on how the broader market is likely to have grown in Hyderabad, Andhra Pradesh and NCR region?

Is it that some of these product categories themselves grew at a very fast pace, especially ACs, given the season in Hyderabad and AP? Or is there a market share gain also that we would have enjoyed in first quarter?

Karan Bajaj: So Aditya, both the things here. So especially markets like NCR, which were quite new, the base was less. Even Andhra Pradesh, where we've opened up a lot of new stores last year, which are yet to get matured. There we have definitely gained a lot of market share. So you would see an upside coming in from the market gain share as well, whereas if you see in existing markets, then there, if you compare to the last year the base itself for air conditioners and a lot of other cooling products was less. So, there we got the advantage of that.

But said that, this time South outperformed than any other cluster in the country. Especially Tamil Nadu was the number one market. So Tamil Nadu actually grew in terms of cooling product category more than AP and Telangana also this year. So that itself was a very big number coming in from Tamil Nadu. if you see then West was comparatively a little slower, North was negative.

So if you see, because our base was less, so last year if I tell you for the first 6 months of the year we did around 20,000-odd units of air conditioners, this year we did around 26,000, 27,000 units with a similar number of store count. But since our base was less we could have gained that market share. But the other smaller players who in last year or 2 years ago in 2024 who performed numbers, their share has dropped significantly.

And now we are seeing a trend of unorganized players moving out and organized players taking over. Not only me but all other the bigger ones: Vijay Sales, Croma, Reliance and others are also doing really good there.

Aditya Bhartia: Understood. And this particular quarter, we are seeing exceptional growth mainly from -- also from markets which are fairly mature for us. And in that context, should we assume that this quarter was -- I mean, a lot of things really came together in this particular quarter. And therefore, sustaining this performance is going to be a little difficult?

Karan Bajaj: So now -- see, if you look at the trend going on, we don't see any external factors affecting the growth coming through. But definitely, if you're comparing this number to last year, then because of a bad summer, you would definitely see a very good growth coming in. But we were even comparing this number to 2024, 2025 year as well, whereas we would see definitely upside, especially with a lot of new stores in the AP, Telangana cluster that we opened up have started performing really well.

So that definitely gives you confidence that things are going to look better in the coming times, because we started gaining market share there, not only across cooling products, but even in panels, in mobile phones, laptops, other categories as well.

So it is going to be a mix of all products going forward because cooling products might contribute only in 1 major quarter in a year, but all 3 other quarters would depend on the product mix coming in from other categories as well. So the focus is there. All individual teams are on ground working, making sure that the profitability is sustained, the growth is there, all stores perform, and that is what you would see a result like this.

Aditya Bhartia: Perfect. That's great to hear, sir.

Karan Bajaj: Thank you, Aditya.

Aditya Bhartia: My last question is -- just one more thing. My last question is that, are you seeing any challenges on the volume side for categories like mobile phones and IT hardware, laptops, etc, because of memory chip shortages or brand owners are able to manage it quite well?

Karan Bajaj: So definitely, we would be given a heads-up in terms of, if there is going to be a shortage. So that is how we preplan our purchases, making sure that there are no stock-outs at the store level. So probably a few products, few categories, we might have to -- few brands there, we might have to stock up a little more than on average that we would do. Instead of stocking up to 30 days, we might stock up to 50, 60 days also, but for few SKUs, not across all categories.

Aditya Bhartia: Understood. Perfect sir. That's very clear. Thank you.

Karan Bajaj: Thanks Aditya.

Moderator: Thank you. We have our next question from the line of Rupesh Tatiya from Longequity Partners. Please go ahead.

Rupesh Tatiya: Yeah. Hi, Karan, congratulations on fantastic set of results. So I am looking at post Ind AS EBITDA margins and last several years, they have been between 6% and 7%, given such a strong start to the year and mature stores, I think, moved from 83 in Q4 to 96. And I think I'm sure they will improve through the year. So is it now fair to model that we will have EBITDA margins between, let's say, 8% and 9% this year?

Premchand Devarakonda: Post-Ind AS?

Rupesh Tatiya: Post-Ind AS. I'm asking post-Ind AS, yes.

Premchand Devarakonda: It will be too optimistic. 9% means too optimistic. Around 8% that's a -- I mean 7.5% to 8% is easily achievable, looking at the current trend.

Rupesh Tatiya: Okay. That's good to know. And finance cost, I think now our gross debt is what, INR300 crores. So any number would you like to guide for FY27 on the interest cost?

Premchand Devarakonda: See, that interest cost has multiple components. It includes the interest on lease liabilities, sir.

Rupesh Tatiya: Yes. But I mean, can you -- INR150 crores, sorry, INR150 crores last year. This year will be INR130 crores -- INR120 crores, INR130 crores?

Premchand Devarakonda: No, it will be in the same range like last year. I mean about INR10 crores will be less. It will be less by at least INR10 crores.

Rupesh Tatiya: Okay. And second question, Karan, why SSG for Delhi NCR circuit is low? Is it to do something with the product mix? What's going on there?

Karan Bajaj: Yeah. So Rupesh ji if you see, so Delhi actually didn't perform this year for air conditioners and the cooling products. So if you see, cooling products between refrigerators, air conditioners and air coolers, all three and very negligible market de-grew, the entire North market was actually minus than 2024 as well if I look at the bigger cluster in 2024.

So though we had a small base, so we could see that up-sell coming through with our stores, but overall market was minus for North. So North didn't perform well this year. So if we saw that performance you'd have seen a SSG as, I mean like a higher than what South would had done. So because the base is less, but now if you look at the trajectory, our SSG, say, for this month also, it is quite in line with what we have planned to achieve there.

Rupesh Tatiya: Perfect. And what is the store opening target for Kolkata this year?

Karan Bajaj: Kolkata, hopefully, we should be operational around Diwali.

Rupesh Tatiya: Sir, how many stores are we planning to open?

Karan Bajaj: 5 stores will be operational by Diwali. And by 31st of March, by end of Q4 FY27, we should be operational by 10 to 12 stores.

Rupesh Tatiya: Okay. Thank you. I have more questions, but I will come in queue.

Karan Bajaj: Thank you, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Manoj Gori from Equirus Capital. Please go ahead.

Manoj Gori: Yeah, hi. Thanks for the opportunity and congratulations on a good set of numbers. Karan, my question would be on the overall guidance that you have been offering, probably 18% to 20%, because if you look at the price increases have been very significant across product categories. And plus if you look at there were some favorable base also of last year and you are already being very optimistic on the underlying demand environment.

Plus when I look at there are anticipations that there would be further price hike, probably during the month of August and September before festive season starts on mobile phones and on laptops and which should also boost your margins as you said it benefited in Q1. So just wanted to understand in detail, probably where is the gap here and probably is your guidance too conservative? That's what I want to understand on the first part.

Karan Bajaj: Hello Manoj ji, when we look at the growth between value and volume both, we've been seeing a significant growth in volume as well, not necessarily the growth is only coming from value. But this is only, I think, to a very high extent, in categories like mobile and laptops is where we would see a price increase -- drastic price increase.

But in terms of televisions, refrigerators, washing machines, even air conditioners, we've seen a single-digit price hike, not more than that, because the dependency on the manufacturing cost or the raw material, those categories was not affected much compared to what shortage we saw in chipsets for mobile phones and laptops.

So if you look there then definitely yes. And then number two, the biggest advantage that we had was that we, anyway were a premium seller. So we were already playing in a certain ASP, whereas a lot of other partners could not take advantage of this who were always selling entry level or had smaller store footprints or were not in premium selling categories, they were affected more there, where they could not take advantage of this price hike or increase their sales drastically.

Manoj Gori: Okay. And second, I just want to understand, suppose if the prices are going up, so one thing is we will always ensure that the gross margin level we probably try to maintain or improve. Is that understanding correct?

Karan Bajaj: Correct.

Manoj Gori: Because that will affect your return profile also positively, because your incremental investments will be only to the extent of cost of goods or probably to the extent of price increases, but the rest of the investment being stable, your return ratios are also likely to improve. So is that understanding correct?

Karan Bajaj: Yes, sir. It is a mix of that and even a mix of the performance that we've got from all the other stores that we opened up in clusters like in AP and Telangana, especially in up-country market, where we've gained a lot of market share as well.

So it is a mix of everything, not necessarily that the SSG is driving only through the growth in value, but even the volume growth in those clusters have been significantly higher, where we took advantage of gaining market share because we did a lot of initiatives on ground for marketing. So we're trying to do a lot of local activities, targeting our audience in those local clusters and not just doing a general -- generic ad across the major cities.

Manoj Gori: Correct. And lastly, to Premchand sir, if you can guide on the capex front specifically, probably for West Bengal, what would be the capex? And how should we look at the company level also?

Karan Bajaj: So, sir, we plan to open around 25-30 stores in existing geographies as well as in Bengal for that matter. So, the capex that we plan to invest would be in the lines of around INR 100-odd crores for the upcoming stores, plus or minus INR 5 crores, INR 10 crores because as quickly as the store gets built or if it's built before 31st March, you know, so that way and another INR 50-odd crores would be the investment that would go through in buying out properties in Kolkata.

In the next two years we will be buying around 11 odd properties whose transaction might happen in Q1 FY28, Q2 FY28 depending on how soon the buildings would be ready for us. But that would be the complete outflow. So we plan to open around 30 odd stores in Kolkata itself and then by the next financial year we would then plan to expand into Darjeeling, Siliguri and neighboring places there.

Manoj Gori: Okay. But this will be all through internal accruals?

Karan Bajaj: Absolutely.

Manoj Gori: Thank you and wish you all the best.

Karan Bajaj: Thank you, Manoj ji.

Moderator: Thank you. We have our next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Am I audible sir?

Karan Bajaj: Yes, sir.

Deepak Poddar: Okay. Thank you very much for this opportunity sir and many congratulations on a good set of numbers.

Karan Bajaj: Thank you, sir.

Deepak Poddar: So just wanted to understand, first of all, clarification. When you say post-Ind AS EBITDA margin, I mean, this is as in reported basis, right?

Karan Bajaj: Yes, sir.

Deepak Poddar: Okay, great. And secondly, I mean, in terms of store opening plans, everything is our own stores? I mean it's our own -- I mean, we are not into franchisee route, right?

Karan Bajaj: No, sir. So they're all company-owned company-operated stores only. So no franchisee model at all. So we lease out the properties and then we only make them and operate them.

Deepak Poddar: Okay. So any thought process there? I mean, in case you want to grow it faster, I mean, this would be a good asset-light model. So any thought process we are putting there?

Karan Bajaj: So sir, we do definitely have a lot of internal discussions on various models available out there. But especially to our industry, we've not seen -- for us, mobiles and all, definitely we have a lot of players doing the franchisee opportunity, which is out there. But for our large format stores with the brands that we deal with and the categories that we are in, right now, we've not seen any significant players becoming big in this. Some of them tried, even the bigger ones have tried, but they've all shut stores.

So we don't want to rush into it until and unless we are confident. And then we're definitely open in discussing it. But right now, we don't see a great opportunity by franchising our company stores.

Deepak Poddar: Okay. Okay. I mean -- so but we are still kind of open to it in case you get good opportunities, right?

Karan Bajaj: No, always, always. Why be rigid? We are quite flexible.

Deepak Poddar: Okay, okay, okay. I got it. That would be it from my side. Wish you all the best.

Karan Bajaj: Thank you, Deepakji

Moderator: Thank you. We have our next question from the line of Akhil Parekh from 360 ONE Capital. Please go ahead.

Akhil Parekh: Yeah. Thanks for the opportunity and many congratulations to the entire EMIL team for solid performance. My first question is on the bill cuts versus ASP growth, right? While we understand the memory chip prices have risen sharply, probably 4x, 5x over the last 1 year and hence, the prices of mobile, laptops have also increased.

However, if I look at, our ASP growth is just 2% basically while the bill cuts have grown 36%. So 2 parts to my first question. One is, is it fair to assume the SSG growth is largely because of better footfall and better volumes as against the ASP increase basically, and hence, the margin improvement again is largely to do with the better volumes and less to do with the ASP? That's my first question.

Karan Bajaj: Yeah. So, Akhilji, you're absolutely right. So we were the ASP increased only in limited categories. But if you see broadly there has been significant volume growth. That's why you would see an increase in bill cuts along with a lot of new initiatives that we've taken on floor like our audio products, which are low in value but high in volume, our accessory products like screen guards, headphones, a lot of categories that we've launched recently and have started doing quite well for us.

So that is why right now you'll see more number of bill cuts compared to the average ticket price or the ASPs going up there directly. So I think it is a mix of everything and higher footfall, definitely, yes. And as I mentioned earlier also, the cluster that we were operating in, in the southern cluster where we opened a lot of stores in the past in smaller towns, finally, we got the fruit of the seed that we graped in those places, especially in Andhra.

If you see Andhra's number, Andhra has almost grown by 57%, especially air conditioners have grown at a much higher number. And there, the product mix would be a little lower there. Mobile would be around 27%, 28% compared to 39% on an overall balance sheet level. So those places actually outperform in terms of large appliance product category sales.

Akhil Parekh: Great. Very good to hear that. Second, you mentioned that we have gained market shares, right, across certain pockets. Any quantifiable number you have, like how much of market share gains would have happened for us at least in core geographies?

Karan Bajaj: So the least -- I would be able to tell you is the least existing clusters, maybe the least that we've grown outside Hyderabad would be at around 4%, the least in any of the market, and highest would be around 12%. These, I'm talking about smaller towns. So there, 12% gain, you're fighting with mom-and-pop stores, so it's much easier to gain compared to a city like Vijayawada or Visakhapatnam.

Akhil Parekh: So market share gain is between 4% to 12% depending on geography to geography?

Karan Bajaj: Yes, yes, yes.

Akhil Parekh: Okay. Great. And sir, third and last question, right? I mean our Q1 FY27 numbers are very good. Our pre-Ind AS operating cash flows, if I look at it, it's almost INR600 crores plus, right? And our debt is now negligible, and we will still generate substantial operating cash flows for the remainder of FY27.

What are some of the internal checks and balances, right, to make sure we don't squander the advantage now we have got probably after a lot of hard work in this quarter? How do we ensure that our capital allocation will remain prudent for next few years at least? That's my last question.

Karan Bajaj: Okay. So sir, CFO would like to answer that question, sir.

Premchand Devarakonda: Sir, if you look at our short-term debt, they have come down drastically. See, what we did like instead of looking for rapid expansion, what we did, we reduced the debt. So thereby, we will be saving the interest cost substantially. So that is one part.

And second part, we are able to fund our expansion projects, whatever the 25 stores we are planning to add in the current year, all those investments were made out of our internal accruals and the cash flow position as of now, very comfortable. And our current inventory levels are sufficient to cater to the needs over the next couple of months. So we are sitting on good inventory level and also our debt is at the lowest.

Akhil Parekh: So it means we'll not go very aggressive in terms of store expansion. We'll maintain our regular...

Karan Bajaj: Yes. So no inorganic expansion, no rapid expansion. It will be all calculated. We might see...Sir, we've been studying a lot of other new geographies apart from Bengal as well. So given an opportunity, probably we might start up something new in Q4 FY27 or the beginning of Q1 FY28 next year. But nothing before that, no -- we want to stabilize as -- we are quite conservative in terms of the store performance, making sure that stores are profitable. So we would -- instead of 20, we might open 25. That's all the difference that it will make. But 20 will not become 100.

That is -- we're actually very calculated in terms of the markets that we open and the geography that we're looking at. And then definitely, we would like to take advantage of any missing pockets in our existing clusters like in Delhi NCR or AP and Telangana because that is where we want to establish ourselves, deep dive strongly because all the setup, the logistics, the infrastructure, the marketing, everything is set.

So three probably it would come to -- it would be our advantage to expand in that existing cluster. So any given opportunity in those markets, definitely, we will jump into that quicker than any of the new markets.

Akhil Parekh: And you mentioned 30 stores for Kolkata, right? That is what the number you said for next...

Karan Bajaj: The next 24 months, 30 stores you can consider.

Akhil Parekh: Okay. For next 2 years, it will be total 30 stores?

Karan Bajaj: Yes.

Akhil Parekh: Great, great. Fantastic. And best wishes for coming quarters. Thank you so much.

Karan Bajaj: Thank you very much.

Moderator: Thank you. We have our next question from the line of Zaki Nasser from Nasser Investments. Please go ahead.

Zaki Nasser: Sir, I think congratulations on a phenomenal quarter. I think it is better than what any of us expected. And Bengal being a very exciting territory as of now, do you think that in a decently tailwind year and with things being on our side, would it be possible to cross the psychological mark of INR10,000 crores this year, sir?

Karan Bajaj: Zaki sir, I hope I wish it would happen. You pray that it happens for us like that. But we're trying hard, but we would like to give a very comfortable number of 18% - 20% that we can achieve. And over that then because, see, now, like, season went very well in Q1 FY27. The same thing with Q4 FY27. So, if I compare Q4, that would be Jan, Feb, March in this FY27. If that also supports us, then definitely, we will cross that mark of 20% as well.

But it all depends on seasonality, all depends on how soon the market picks up for us, the product mix because there is no new technology coming up. It is just an upgrade cycle. It is the new buyers, the penetration has to increase in few categories. But the category that we've tried on the side is like audio accessories, built-in appliances, but that would not move the needle much because those are small categories right now and contribute very little.

A contribution of INR50 crores-INR100 crores will come from them. But it will not move the needle at INR10,000 crores number. But depending on how quarters move on, then we'll have a better picture. But Q4 FY27, again, stays quite important in terms of summer. The sooner the summer starts, the better it is for us.

Zaki Nasser: And, Karanji, coming to a slightly macro kind of a question, do you think the curve between the online and the physical store has at last bottomed out and people are coming back to the physical store from the online model?

Karan Bajaj: So, sir, now if we categorize that, I feel a certain category of or ASP of products selling in our industry, definitely is still quite strong enough online, like when you're talking about INR1,000 headphone, INR500 product, or a charger, a cable, those kinds of product categories are quite relevant online.

But when you're talking about a core product category like built-in side-by-side, front loading or 75-inch or 65-inch television or if you're talking about a INR1 lakh soundbar. All these categories are nowhere close to what offline is selling today, not only me, but any mom-and-pop store would outperform the online in these categories.

Zaki Nasser: And sir, before looking at Bengal as a territory, you would have done some maths. So, would you think that Bengal can become -- between Telangana side and your Delhi market? Do you think Bengal can overtake the North market very fast?

Karan Bajaj: Sir, North cluster is much bigger in terms of value and volume both. But Bengal would be for us, what we are anticipating is that compared to North, irrespective of the volume target that we've got, but I feel that the turnaround or the payback period would be sooner here compared to what we're seeing in the North for us.

Zaki Nasser: But Bengal is a rather raw market as of now, sir, I mean the penetration, and I mean, if you can have good experience stores over there, I think it will be a faster-than-expected kind of ramp-up for you?

Karan Bajaj: Definitely. That is what we're anticipating. But in terms of cluster in terms of the state size itself, it is 1/3 the size of NCR region, so just by going by the numbers on the books.

Zaki Nasser: Let's at least aim for the INR10,000 crores mark, Sir

Karan Bajaj: Thank you, Zaki sir.

Moderator: We have our next question from the line of Ankit Kedia from PhillipCapital. Please go ahead.

Ankit Kedia: Sir, first question on the stores opening. So, ex of Kolkata, the stores opening will hardly be 10, 12 stores in Andhra, Telangana and in the NCR market. So especially in the South market, do you see that broadly most of the stores are open there now, very little store penetration can happen in the next 2 to 3 years?

Karan Bajaj: Ankit, now if you look at cities like Amaravati, Guntur, Vijayawada, Visakhapatnam and even Hyderabad for that matter, the peripheries keep growing, right? since it is such a big state so you can open 15 to 20 shops there every year. It is such a big comfortable market. But now because we are rationing out between 25, 30 stores a year, making sure that cash flows are all deployed correctly

We don't overburden ourselves with capex, so looking at all those rationales, we are making sure that we selectively open stores where the market demand is there, where the markets are big, where the markets are growing or in the market where we don't have a store at all. That kind of rationale, and then we move ahead in opening stores. And if we feel that there is a demand of opening 30 stores, we'll open 30 stores.

Ankit Kedia: Sure. But even in the NCR market, you see opportunity being low? There also we should be high single digits...?

Karan Bajaj: Yes, yes, yes. NCR is a long way to go, sir. NCR is a long way to go. We just started. There's a long way to go in NCR. And we've got big plans for NCR going forward as well. And you would see that improvement coming quarter-on-quarter, probably one bad quarter, one good quarter.

But we know how the Delhi trends are moving towards, how the market is shaping up. So, Delhi is a market, we're not looking at a quarter-on-quarter number. We're looking at a long-term play for Delhi as a city. And we are quite confident in how we're shaping up there.

Ankit Kedia: Sure. So next, as you guided for Kolkata market, 30 stores in next 18 to 24 months, in the NCR market, similarly in FY27-FY28, how many stores can come in?

Karan Bajaj: So, we're looking at anywhere between 8 to 10 stores. Two are opening this week only. One in Saket and one in Gurgaon, 3 to 4 stores are getting constructed as we talk. So, we'll comfortably come up with 8 to 10 stores this financial year or probably a little higher if we find good properties.

Ankit Kedia: So, 12 will be Kolkata or West Bengal, 10 will be in NCR. So, South will only be 2 or 3 stores this year?

Karan Bajaj: 5 stores.

Ankit Kedia: Understood. Sir, my second question is on the price increases. Do we have still low-cost inventory in the system for us, be it for laptops, mobile handsets? And in this quarter, how much was the low-cost inventory of ACs? Because a lot of the companies took price increases in Q4 FY26, and we would be sitting on some of the inventory of unsold inventory last year, which would have aided our margins as well, so if you can just help with the inventory numbers, which could help gross margin expansion in Q2 FY27 as well and specifically AC margin, if you can just share?

Karan Bajaj: Ankitji, sorry, but -- your question is really apt and quite detailed, but unfortunately, it is a mix of an ongoing process. So, we buy old, new, buy stocks at less price, sell it at a higher price. That is an ongoing process. But telling out this exact number is going to be a little difficult.

But in terms of AC, I can tell you that whatever we're carrying from the last year, we replenished the stocks with newer stocks starting from January this year with the new BEE rating. So that was a mix in that one product category, which was a little higher with older stocks, with liquidity started getting liquidated by April, May.

But apart from that, everything is fresh now. Everything is new. And even if we get that older pricing, we're talking about 100 to 200 laptops. That is the quantity and we get old price, utilize that for benefit in terms of price gain. But then eventually, you have to keep buying with the new ones. So, it is always a cycle, ongoing cycle. But there is no internal data available right now with us where we can actually give you the correct numbers on this.

Ankit Kedia: The reason I was asking is will the gross margins normalize from Q2 FY27 onwards or they should still be at elevated levels, given the cost advantage we have with inventory?

Karan Bajaj: Sir, if you compare it with Q1, because of the cooling products category, it will look inflated and higher. You can compare it with Q1 to Q1, Q2 to Q2. But if you compare it with Q2 this year, Q2, the numbers would look better.

Ankit Kedia: Understood. Understood. Cool sir. Thank you so much and all the best sir.

Moderator: Thank you. Ankit sir.

Karan Bajaj: Thank you.

Moderator: Thank you. We have our next question from the line of Harshit Sachdeva from Columbus Capital. Please go ahead.

Harshit Sachdeva: Hi, sir. Am I audible?

Moderator: Yes, sir.

Harshit Sachdeva: Hi, congratulations on a really good set of numbers, sir. How do you look at payback periods in terms of the new stores across geographies, I mean, capex, opex and in terms of months as well? Or like what is the target sales that you look at for any store to become profitable and what levels?

Karan Bajaj: Okay. So sir, now because the company is established in South, we've been deeply penetrated in markets here, we would look at a payback period of around under 10 to 11 months here in this cluster in South, and this number up north would be around 16 to 18 months. And in terms of breakeven, South, we would look at 30 to 40 days and, say, under around a month. And up North, it would be around 2-2.5 months that we would look at this number.

In terms of the capex, the opex that we look at, we spend around INR 2,500 a square feet on an average in terms of capex. So, on a 10,000 square feet average store size, we spent around INR 2.5 crores of capex and then another INR 2-odd crores of inventory there. And depending on the store size, plus or minus INR 10 lakh, INR 20 lakh of high-end inventory. So this is the broader math that we do. And then we make sure that the revenue that we would generate, we would try to keep the cost -- the opex, say, in terms of rental under 3% initially till the time the store doesn't get matured or doesn't get productive.

So we don't take up a store which are 5%, 7%, 10% revenue cost of the rental, nor -- same thing with our manpower, try to keep it under 1%, marketing under 1%. So, all the store operational costs initially, we try to benchmark it under 8% to 9% or maximum 10%, depending on which cluster we open the store in. So that is the number that we initially look at and then try to increase the productivity from those stores in year one, year two and year three and then taper it down to at least a 10%, 12% SSG growth from year three onwards.

Harshit Sachdeva: Okay. Understood. Thank you so much for the detail. Sir, second question is on how do you go about deciding shelf space? I mean I ask this in the sense that, AC alone you see 15-20 brands both on the lower end or as you go higher up as well, I mean, how do you decide which brands to push for or sell more versus more visible to the customer side? Is it based on margins or any incentives from the brands or the distributors? And how do you go about it?

Karan Bajaj: So Harshit sir, if you actually look at us, what we do is we only do pull brands. So, we don't do push brands at all. We don't do private labelling, white labelling at all in our stores. So, every category with us would have the top 80%, 90% market share leader brands with us. So, every category would have three or four brands, not more than that, except air conditioners because there is different brands that have a certain market share.

So, we have eight brands in air conditioners. All other brands, all other categories, we have not more than three or four brands. So, the top television, we've got only LG, Samsung and Sony majorly, doing -- contributing 95%, 97% of our revenue in that category. So, we decide the top brands in terms -- of and it is irrespective of what margins we want, but at least we try to maintain a certain gross margin level in those categories.

But apart from that, we see there is -- a certain product category has a certain demand or the brand has a certain demand in certain cluster or a geography, then we try to introduce those brands at the store.

Harshit Sachdeva: Okay, cool. Thank you so much.

Karan Bajaj: Thank you.

Moderator: Thank you. Ladies and gentlemen, that would be the last question of the day, and I now hand the conference over to the management for closing comments.

Karan Bajaj: I would like to thank you all for joining the call. I hope we were able to answer all your questions. And for any other further queries, you may get in touch with us or the SGA team, and we will be happy to address all your queries. Thank you once again.

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