Aditya Vision Ltd

1 February 2024

Spreading tentacles in the Hindi heartland

INITIATING COVERAGE

Sector: Speciality Retail	**Rating: BUY**
CMP: Rs 3,912	**Target Price: Rs 5,070**

Stock Info

Sensex/Nifty	71,752/ 21,725
Bloomberg	AVL IN
Equity shares	12
52-wk High/Low	Rs 3,979/1,251
Face value	Rs10
M-Cap	Rs 47bn/$ 0.57bn
3-m Avg volume	$0.8mn

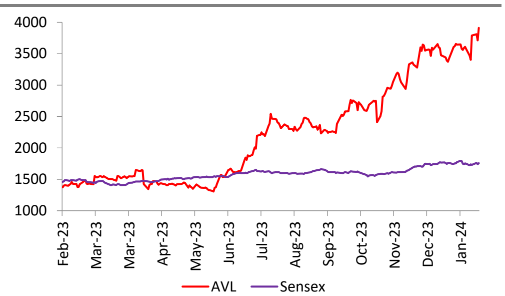
Financial Snapshot (Rs mn)

Y/E Mar	FY24E	FY25E	FY26E
Sales	18,519	23,802	31,128
Adj. PAT	899	1,153	1,525
Adj. EPS (Rs)	74.7	95.9	126.8
PE (x)	52.4	40.8	30.9
EV/EBITDA (x)	25.6	20.6	16.2
P/BV (x)	21.7	14.6	10.1
EV/Sales	2.5	2.0	1.5
RoE (%)	41.5	35.8	32.8
RoCE (%)	35.6	32.3	31.0
NWC (days)	64.1	67.1	67.1
Net gearing (x)	1.2	0.8	0.5

Shareholding pattern (%)

	Dec 23	Sept 23	Jun 23
Promoter	61.2	61.2	67.6
–Pledged	-	-	-
FII	0.5	0.5	0.5
DII	6.6	4.6	0.1
Others	31.7	33.7	31.7

Stock Performance (1-year)



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Aditya Vision Ltd (AVL IN) was incorporated in 1999 as an emerging consumer durables retailer, currently dominates the Bihar market. The company is in the process of replicating its model (wider assortment at competitive prices), effectively backing it with excellent customer service in the underpenetrated markets of the Hindi heartland. It enjoys 50%+ market share in Bihar, is a market leader in Jharkhand (despite having entered this market in FY22) and has made successful in roads into the eastern Uttar Pradesh (UP) market in FY23 (to multiply its addressable market). An aspiring large population, surging electrification in Tier 2 & 3 markets, and availability of easy finance are key factors that drive the strong demand for consumer electronics in the Hindi belt. AVL has attracted 100+ leading durable brands through focus on customer service and shopping experience to create strong brand equity and a loyal first-time customer base. These brands provide it with preferential terms of trade, given the possible premiumization and cross-sell opportunities. An enviable track record of best-in-class store metrics, payback period and zero store closures, despite accelerating footprint expansion, make us sanguine on AVL's execution and business development (BD) capabilities.

At end of FY23, AVL operated 105 stores (138 stores now) with diversified product offerings, exhibiting 10,000+ SKUs (from digital gadgets to home appliances). The company posted 29% CAGR in revenue over FY13-FY23, with gross margin expanding 2.5x from 6.4% to 16%, and PAT margin from 0.6% to 4.9% in FY13 and FY23, respectively, boosted by an improving product mix and operating leverage. Strong store economics and high employee productivity are mainstays that have helped it achieve a break-even of less than 6 months at the store level, with a 3-year payback period. We see AVL increasing its store count to 210 by FY26 and believe it would continue to post double-digit SSSG to generate 33%/34% revenue/PAT CAGR over FY23-26E. Gradual maturing of newly-opened stores would help it in sustaining its RoCE and RoE above 30% levels, despite the aggressive pace of expansion. We initiate coverage on the stock with a BUY rating, and a target price (TP) of Rs 5,070, based on 40x FY26E earnings, implying 21x FY26E EV/EBITDA. AVL trades at a similar valuation to peer, EMI (NOT RATED) despite better return ratios, operating metrics and growth opportunity and other listed retailers as well, with scope for further re-rating, despite its recent outperformance.

Multiple demand drivers in existing and new markets present long growth runway: The significantly lower penetration of large appliances in the key markets of Bihar and Jharkhand is a key reason we believe these markets could continue to outpace the growth rate in Indian industry, fortifying AVL's SSSG. Additionally, rising electrification, accumulated savings, mounting aspirations, easy availability of finance and improved accessibility should aid the steady rise in penetration. The company is looking to replicate its success in eastern UP, followed by entry into Madhya Pradesh, Chhattisgarh, and West Bengal. We expect it to add stores in its existing markets too, especially in fast-growing sub districts, to generate incremental sales from the deep rural hinterlands. In addition, it should drive additional sales from village level loan melas which increase its customer outreach significantly in smaller markets.

Investors are advised to refer disclosures made at the end of the research report.

Multiple competitive moats to help stave off competition and retain revenue and margin trajectories: AVL has created a scalable asset-light and low capex and opex model. Since its OEMs share a large part of the employee, capex and marketing costs, AVL has managed to lower risks and significantly improve the payback period. On account of its first-mover advantage and smart marketing and customer service initiatives, AVL has been able to scale-up the business quite well, which in itself presents an entry barrier for other players in these markets. While margins could come off a bit, considering the change in its product mix to mobiles, we believe the company could offset the same via premiumization in large appliances and through operating leverage, with new stores maturing gradually.

Valuation at a discount to peers, despite superior operating metrics: We expect the company to open at least 35-40 stores per annum, with new stores maturing at historical pace (breakeven in about 6 months), in addition to incremental sales from new distribution and marketing initiatives in the rural markets. Margins however, could come off a bit due to the shift in sales mix towards low-margin mobiles. We have built in revenue/EBITDA/PAT CAGR of 33%/30%/34% over FY23-26E, respectively. Given its strong balance sheet, asset-light expansion strategy and robust cash generation, we expect its best-in-class return ratios to stay steady, which could reduce the valuation gap with leading retail peers in the space. Inability to find good locations for new stores and impact on store metrics due to increased competition and/or weak demand would be key risks to our view and estimates.

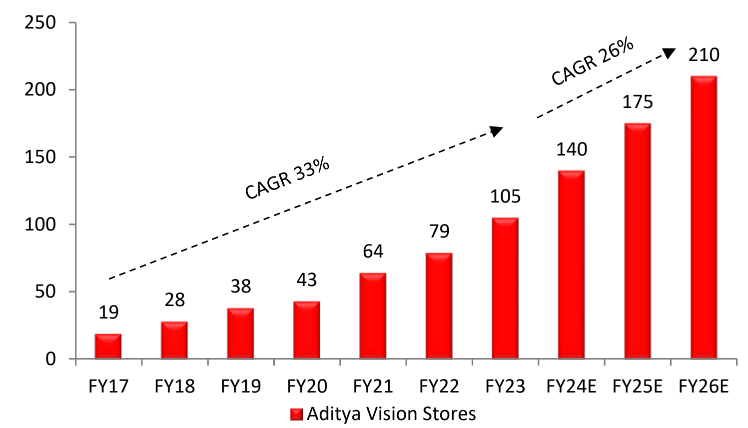
Story in Charts

Exhibit 1: Consumer electronics - penetration (FY19-FY22)

Penetrations	Bihar	Jharkhand	UP	Chhattisgarh	WB	Madhya Pradesh	India
Refrigerators	10%	14%	29%*	23%	25%	24%	38%
AC/Coolers	6%	8%	25%*	43%	5%	37%	24%
Washing Machine	5%	8%	19%*	9%	5%	10%	18%

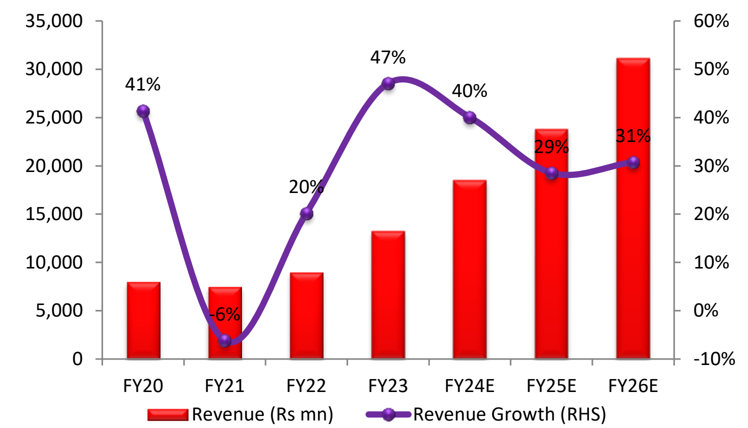
*Note - * indicates lesser penetration in Eastern UP, where AVL is present, Source: National Family Health Survey-5 (2019-21), Stats of India, Company, Systematix Institutional Research*

Exhibit 2: Aggressive store expansion



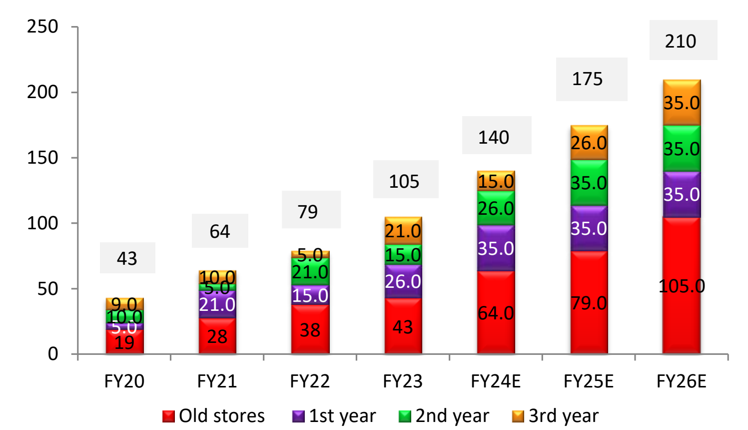
Source: Company, Systematix Institutional Research

Exhibit 3: Strong revenue growth trajectory to continue



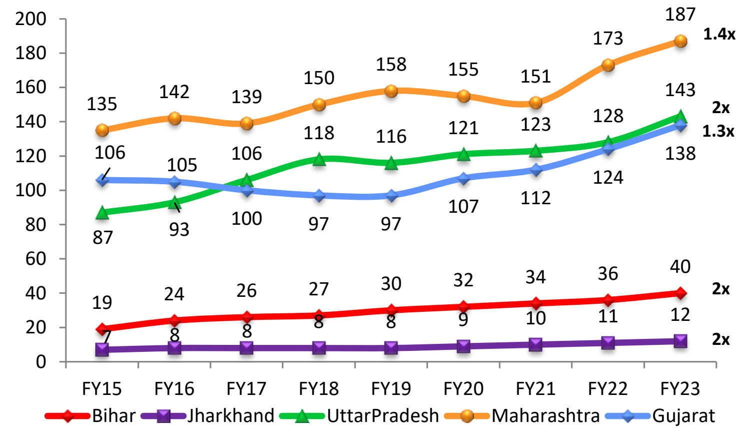
Source: Company, Systematix Institutional Research

Exhibit 4: New stores maturing to drive robust growth



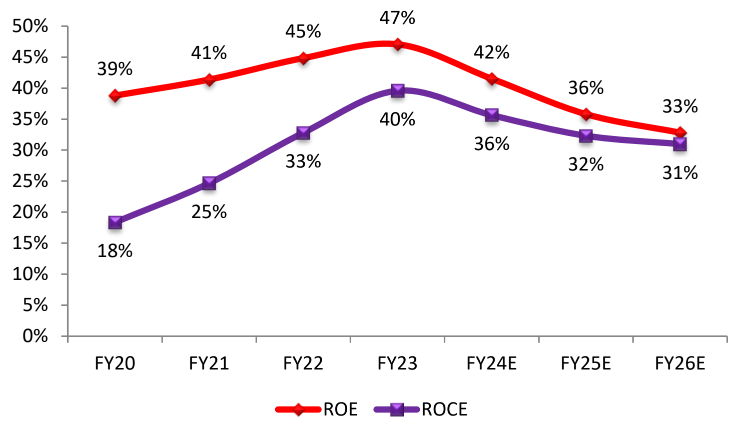
Source: Company, Systematix Institutional Research

Exhibit 5: Rising electricity consumption in Hindi belt (bn units)



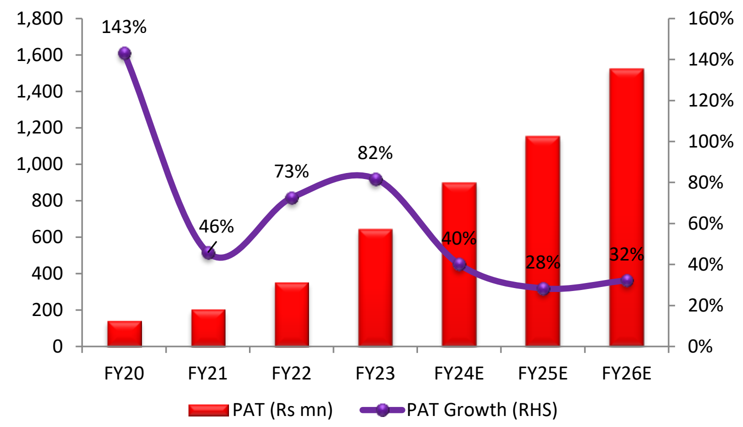
Source: Company, Systematix Institutional Research

Exhibit 6: RoE and RoCE to stay strong



Source: Company, Systematix Institutional Research

Exhibit 7: Strong earnings growth trajectory to continue



Source: Company, Systematix Institutional Research

Capturing share in fast-growing Hindi heartland at a fast pace

AVL is present in Bihar, Jharkhand (started operations in FY22 and eastern UP (started operations in FY23) through its 130 stores (as on 2QFY24)

AVL is quickly spreading its wings in the Hindi heartland, after opening its first store in Bihar in 1999. The scope to expand was limited earlier as tier 2 & 3 cities in Bihar lacked proper electrification. The tier 2 & 3 cities of Bihar underwent a transformative electrification phase post FY14, which is when even AVL began expanding and offering aspirational electronic products to customers. AVL is slowly and steadily expanding its stores in tier 2 & 3 cities of Bihar where larger retail brands are not yet present and is directly competing with small players operating with 400-500sqft area where products are not properly displayed due to space shortage. AVL's stores typically have an average area of 4,000 sq. ft., which allows customers to view the complete product range, features and benefits, enabling the company to close sales with conviction. The company offers a diversified product range comprising 10,000+ products, right from digital gadgets to home appliances. AVL enjoys long-standing relationships with 100+ leading OEM brands. Another big positive about the BD team lies in the fact that there have been no store closures since inception. Strong trust built with customers, larger stores, proper display of products, prompt after-sales service and aspiring first-time buyers from tier 2 & 3 cities, are key growth drivers for AVL, which commands >50% market share in Bihar. After having gained a dominant position in Bihar, AVL entered the Jharkhand region in FY22 and eastern UP in FY23. The Jharkhand stores too are performing well, supported by higher disposable incomes arising from better economic activity in the region, especially in the mining sector. The eastern UP market provides the company growth opportunities akin to the Bihar market, given their cultural and language similarities.

Dominant position in Bihar market, exploring neighboring markets for growth

Dominant position in Bihar – AVL holds 50% market share

Store opening target	
Year	**No of stores**
FY24E	140
FY25E	175
FY26E	210

AVL holds a dominant position in the Bihar market, and currently covers 37 districts out of 38 in the region through its 97 stores; it enjoys >50% market share in this market. Currently, AVL has 130 stores, 97 of which are in Bihar, 20 in Jharkhand and 13 in eastern UP as on 2QFY24. AVL entered the Jharkhand market in FY22 and the eastern UP market in FY23. While it is strengthening its presence in Bihar in an opportunistic manner, the pace at which it is opening stores in the neighboring states of Jharkhand and eastern is much faster. AVL is looking to expand presence in the sub districts of Bihar (as 37 of 38 districts are already covered), Jharkhand, eastern UP, Chhattisgarh and Madhya Pradesh in the medium term.

We expect AVL to open a total of 140 stores by FY24, raising the count to 175 in FY25E and further to 210 stores in FY26E, expanding by 35+ stores on a yearly basis. The company opens larger stores of 5,000-6,000 sq. ft. in bigger cities to cater to the larger customer base there, and normal stores with an average area of 4,000 sq. ft. in other markets. It is also opening stores in few smaller cities in several small sub-districts. It had a total retail footprint of ~5.43 lakh sq. ft as of September 2023.

Exhibit 8: A unique business model

Source: Company Presentation, Systematic Institutional Research

Penetration of large appliances is low in tier 2 & 3 cities - remains an aspirational category for rural consumer

The penetration of large appliances in tier 2 & 3 cities is very low in India, due to various factors like lack of financial credit access, electricity, distribution reach and awareness. Compared to urban cities, non-urban cities have significantly lower penetration, but that gives immense opportunities to existing electronics retailers. Consumers in tier 2 & 3 cities are also getting a lot more aspirational and look to possess consumer appliances to improve their lifestyles. Such aspirations are driving demand, especially for well-known brands in the space. Internet and social media too have played a critical role in bridging the information gap. Consumers in non-urban areas are now better connected to the digital world that helps them to stay updated about new products and understand the specifications and benefits of electronic appliances. The young generation particularly has better exposure, is better connected with social media, and well informed about new products (mobile and other electronic gadgets). Owning electronic appliances has become a symbol of social status among households in non-urban cities. It is seen as a mark of progress and prosperity within the community, motivating consumers to make such purchases. Many consumers in tier 2 & 3 cities are first-time users of electronic appliances. This creates an opportunity for retailers to educate them about the products and their usages, potentially driving revenue. Additional benefits like financial assistance, after sales services by electronics retailers provide a better ecosystem to the consumer.

AVL is present in the Bihar, UP and Jharkhand markets, where the penetration of consumer electronics is extremely low; we believe the company is in the right locations to explore these underpenetrated markets. Bihar, UP, Jharkhand, Chhattisgarh and MP provide attractive market penetration opportunities.

Refrigerators - Household penetration is 10% in Bihar, 14% in Jharkhand and 29% in UP (it is expected to be much lesser in the underdeveloped eastern UP region), which is significantly lower than 38% penetration in India.

Air-conditioners (ACs) / coolers – Household penetration of ACs / coolers is 6% in Bihar, 8% in Jharkhand and 25% in UP, compared with the country average of 24%.

Washing Machines – Household penetration of washing machines is 5% in Bihar, 8% in Jharkhand and 19% in UP, compared to the country's average of 18%.

Exhibit 9: Consumer electronics - penetration (FY19-FY22)

Penetrations	Bihar	Jharkhand	UP	Chhattisgarh	WB	Madhya Pradesh	India
Refrigerators	10%	14%	29%*	23%	25%	24%	38%
AC/Coolers	6%	8%	25%*	43%	5%	37%	24%
Washing Machine	5%	8%	19%*	9%	5%	10%	18%

*Note - * indicates lesser penetration in Eastern UP, where AVL is present, Source: National Family Health Survey-5 (2019-21), Stats of India, Company, Systematix Institutional Research*

The above data indicates that penetration in Bihar, Jharkhand, UP (especially eastern UP) is low, which provides enormous opportunities for AVL to explore these under-penetrated markets for substantial growth, going forward. AVL, with its strong competitive moats such as a) larger stores (4,000-5,000 sq. ft. area), b) presence in less penetrated markets, c) prompt after-sales services, d) increasing financial credit assistance, and e) strong long-term relationships with OEM players, has all the ingredients needed for penetrating these markets deeply and gaining market shares.

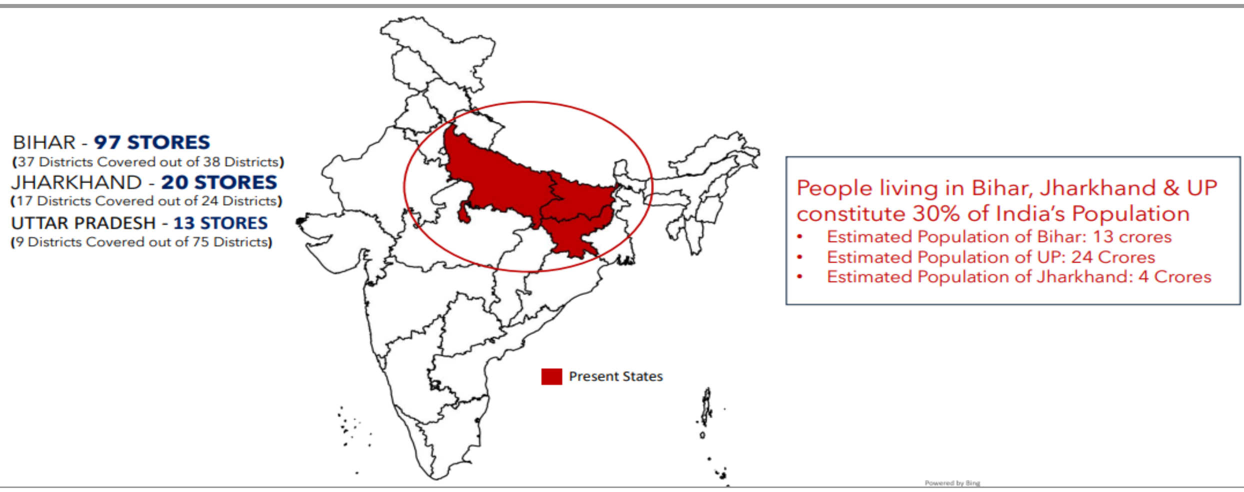
Exhibit 10: Market penetration guided by AVL

	Bihar	Jharkhand	UP	Chhattisgarh	WB	MP
Market Penetration as on FY22	√	√				
Market Penetration as on FY23	√	√	√			
Market Penetration as on FY24E	√	√	√	√		
Market Penetration as on FY25E	√	√	√	√	√	√

Source : Company, Systematix Institutional Research

Factors that have the potential to enhance penetration into tier 2 & 3 cities include: 1) electrification in tier 2 & 3 cities, 2) direct benefit transfer by the government (putting more money directly into rural pockets), 3) improved standard of living of rural people, 4) rising disposable incomes and changing lifestyles, and 5) a widening consumer appliances basket.

Exhibit 11: Dominant position in Bihar, expanding in neighboring states of Jharkhand and UP (as on 2QFY24)



Source: Company, Systematix Institutional Research,

Electrification is driving growth in tier 2 & 3 markets: Government's reforms to deepen and widen the national electricity network through 'Power for All' (linking villages to receive electricity 24x7) in 2020 has triggered the demand for large consumer electronic products across tier 2 & 3 cities over the last decade. Through its electrification reforms it has deepened coverage in rural areas, to achieve last-mile connectivity across India.

We believe AVL is aptly placed to gain from this evolving opportunity, especially in the rural regions. With electrification in place, we believe the population would now use their accumulated savings (paucity of electricity restricted their ability to spend on electronic goods) to purchase consumer durables like washing machine, air-conditioner, television and other electronic products to upgrade their lifestyle.

Direct benefit transfer puts money directly into the pockets of the rural population: The Indian government has a history of providing subsidies to support various aspects of rural development. However, these subsidies often suffered from significant leakage, where a substantial portion (almost 85%) of the funds did not reach the intended beneficiaries. There has been a sea change in this reality over the last decade, as the bank accounts of beneficiaries are now Aadhar-linked for transparency, enabling the government to effectively implement the Direct Benefit Transfer (DBT) program.

Rural spending surged as the money was directly put into the bank accounts of beneficiaries. Government's financial support facilitated savings and left enough amounts in the hands of consumers, enabling them to spend on electronic appliances and luxurious products. As a result, electronic retailers have indirectly also benefited from DBT and helped increase their revenues. We therefore believe the DBT factor has played an imperative role in driving the demand for electronics appliances.

Standard of living of rural people is improving; disposable incomes are rising causing life styles to change

Factors such as rising agricultural incomes, employment opportunities though small-scale industries, agri business and micro enterprise, access to finance services, infrastructure development and DBT benefits have helped improve the standard of living of rural people. This should augur well for the health of the consumer electronics sector, in our view.

Increase in India's per capita income to Rs 1.72 lakh too should accentuate the demand for consumer electronics. The Indian middle class has experienced remarkable growth from 14% in 2005 to 31% in 2021 and is projected to reach 63% by 2047. This significant growth in the middle class population has led to a surge in disposable incomes - the primary driver behind increased spending on household appliances.

India aspiring to acquire a perpetually widening consumer appliances basket

Most rural Indian homes have transformed in the last two decades. In the early days, television was the only conventional consumer electronics appliance being bought. Priorities of most rural families have changed in the last two decades in aspiration for want of a better lifestyle. The rural home maker was liberated from the drudgery of never-ending domestic responsibilities, with the entry of a washing machine in the family, followed by a refrigerator with its benefits of providing cold water and preserving leftovers. Multiple ownership of smartphones (a necessity; versus a single land line earlier) - a multi-functional tool that helped widen relationships, provide access to news, entertainment and economic opportunities. The air-conditioner, however selectively used, enhanced family pride, status and comfort. Television too saw upgradation from flat to high density and then to larger in size. The complement of this consumer electronics basket has created an unprecedented opportunity for retailers – both for servicing first-time consumers and those seeking to upgrade.

FY25 Road Map

- Reinvest cash flow towards store expansion in high RoI regions
- Expand in the sub-district of Bihar, spread across almost all districts of Jharkhand and major districts of eastern UP
- Expand mid and premium products and thus improve per store metrics
- Revenue growth estimated at +30% CAGR over next 3-4 years

As on 2QFY24

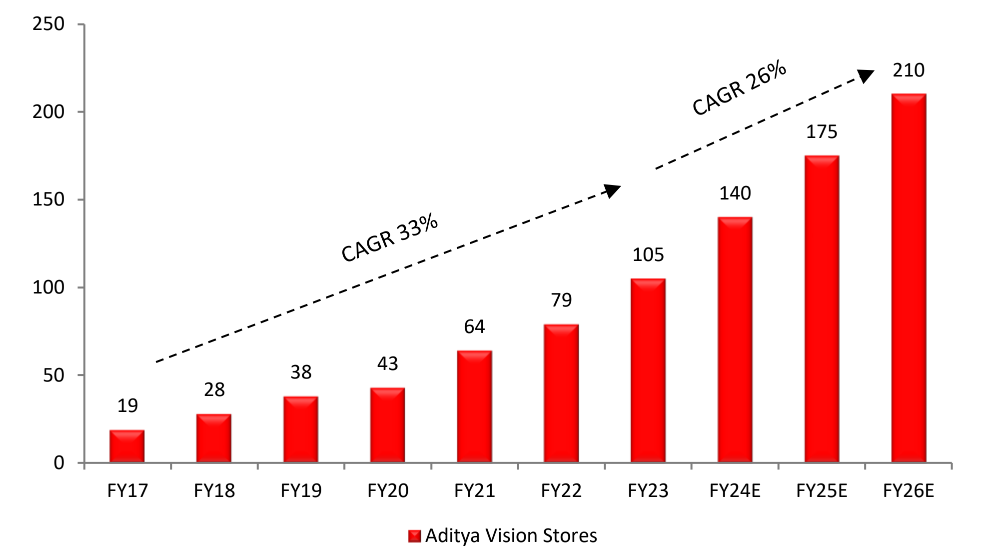
States	No. of stores
Bihar	97
Jharkhand	20
Eastern UP	13

Aggressive store expansion plan

AVL expanded its store count from 19 in FY17 to 105 in FY23, at 33% CAGR. In FY23, the company added 26 stores and expects to add 35 more stores in FY24. The company will likely continue to expand over the next 2-3 years, and beyond as well. We expect the company to open 175 stores by FY25E and 210 stores by FY26E at 26% CAGR over FY23-FY26E, assuming the company adds 35 stores annually. AVL hasn't closed a single store since inception, which gives immense confidence on the management's ability to stay aggressive on store expansions.

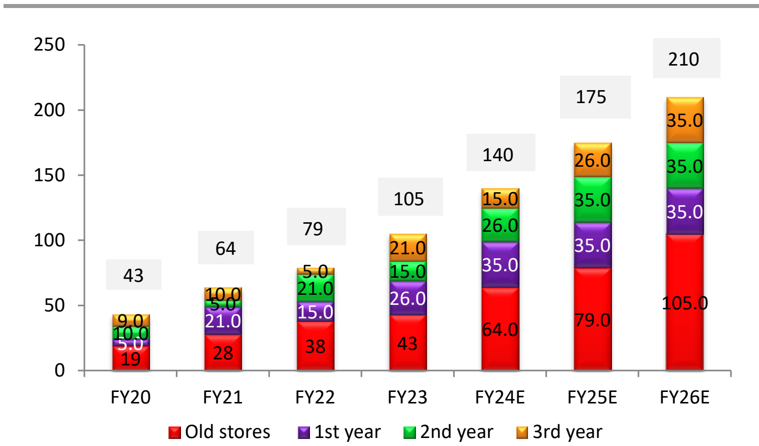
Going forward, management intends to reinvest its cash flow to expand stores across the sub-districts of Bihar (it has covered 37/38 districts), as also spread across almost all the districts of Jharkhand and major districts of eastern UP. As of 2QFY24, the company opened 130 stores with 10 more expected in FY24, 175 by FY25E and 210 by FY26E. AVL plans to open bigger stores measuring 5,000-6,000 sq. ft. in bigger cities to cater to a larger customer base, and normal stores with an average area of 4,000 sq. ft. It expects to add a total retail footprint area of about 5.43 lakh sq. ft.

Exhibit 12: AVL - No. of stores opened



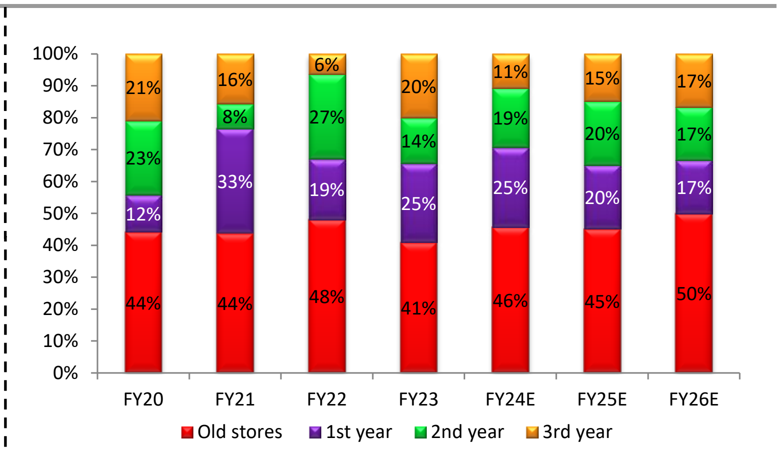
Source: Company, Systematix Institutional Research

Exhibit 13: No. of mature and new stores



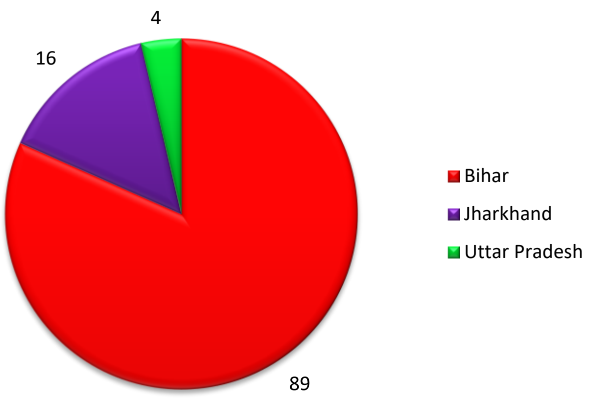
Source: Company, Systematix Institutional Research

Exhibit 14: Share of mature and new stores



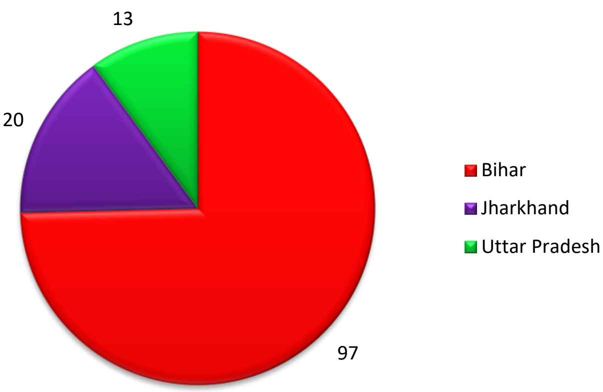
Source: Company, Systematix Institutional Research

Exhibit 15: Geographical presence (FY23)



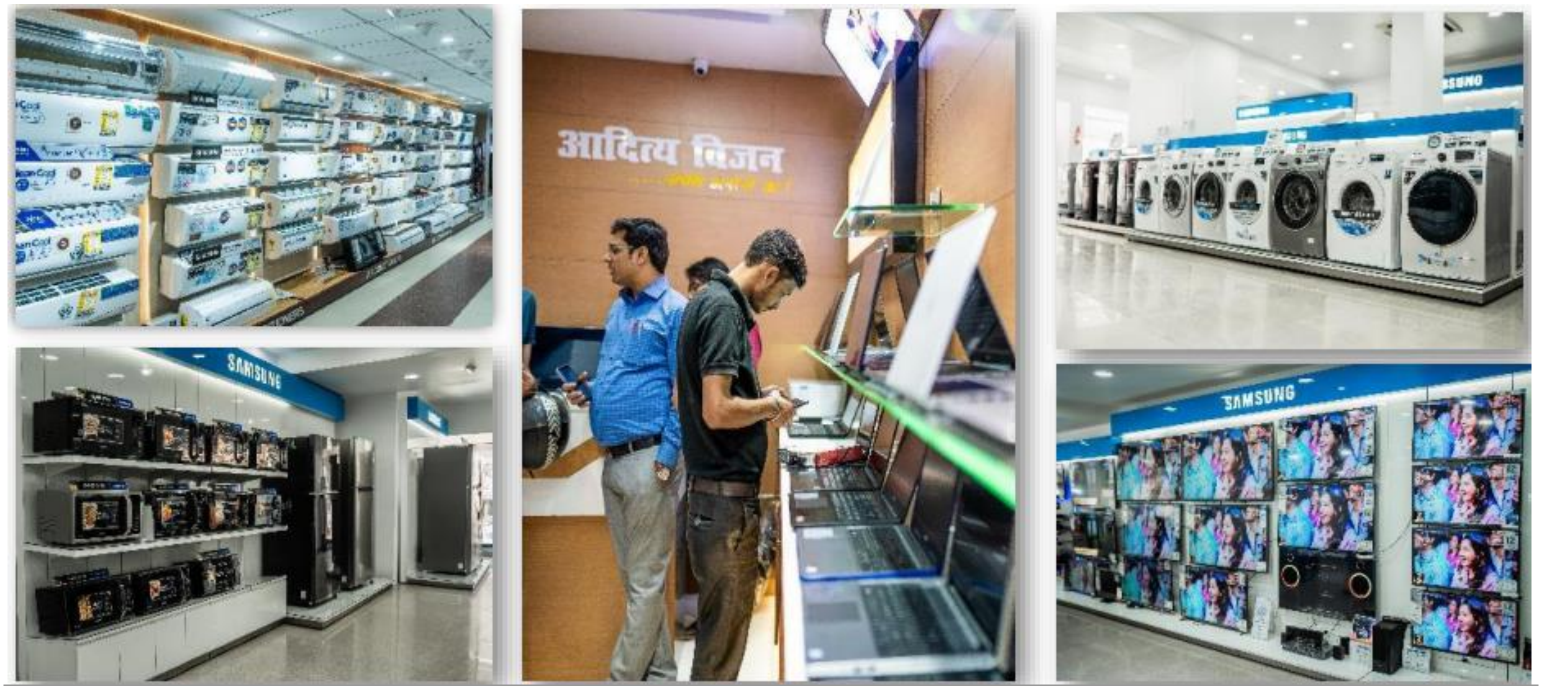
Source: Company, Systematix Institutional Research

Exhibit 16: Geographical presence (as on 2QFY24)



Source: Company, Systematix Institutional Research

Exhibit 17: AVL: Ambience inside the stores



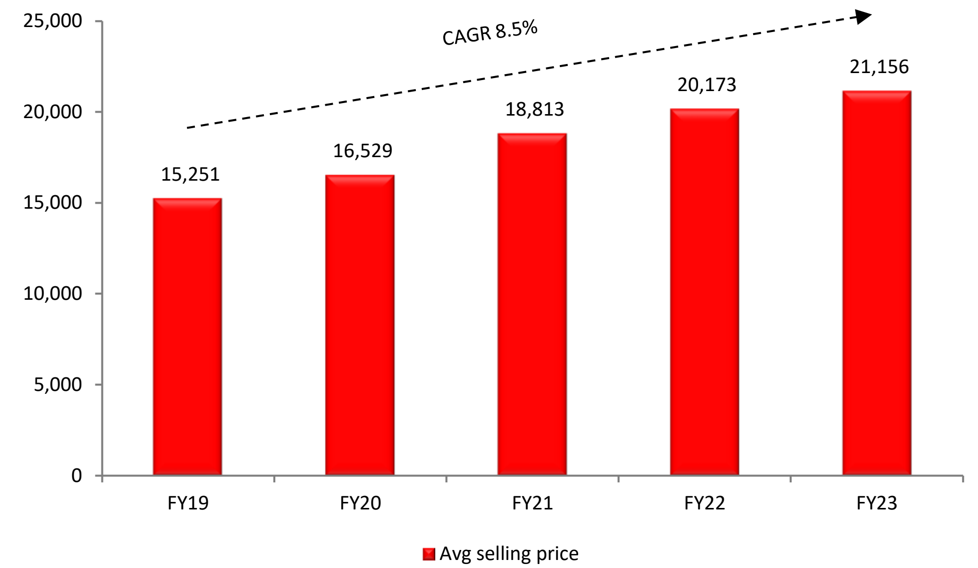
Source: Company Presentation, Systematix Institutional Research

Particulars	FY22	FY23
Revenue (Rs mn)	8,931	13,107
Stores	79	105
Total retail sq. ft (lakh)	3.2	4.3
Average store size	4,000	4,000
Avg selling price	20,173	21,156
Revenue per sqft	33,890	40,000
Avg PBT per sq. ft.	1,500	2,262
SSG (%)	14.5%	38.0%
Bill cuts ('000 in nos.)	429	617
Avg capex / store (Rs mn)	5	
Avg. WC / store (Rs mn)	20	
Avg. store level break even (months)	<6	<6
Payback period (months)	36	36
Gross margin	15.80%	15.96%
Product share		
Home appliances & ent.	71%	69%
Digital gadgets	17%	19%
Others	12%	12%

Stable store economies

AVL had 105 stores as on FY23 (130 stores as on 2QFY24), admeasuring a total area of 4.3 lakh sq. ft, with an average store size of 4,000 sq. ft. generating revenue per sq. ft. of Rs 40,000 per annum. However, it opened some new stores at an average size of 6,000+ sq. ft. The company is currently opening larger stores in big cities and has increased its store count from 19 in FY17 to 105 in FY23, at 33% CAGR. The average selling price at its stores was ~ Rs21,156 in FY23 versus ~Rs15,250 in FY19, as it focused on premiumisation to record SSG of 32% for FY23, led by superior sales post COVID.

Exhibit 18: Average selling price



Source: Company, Systematix Institutional Research

Strict all-round control on expenses: To open new stores, AVL requires a capex of Rs 5mn and Rs 20mn as working capital. The average rent per store is Rs 2 lakh per month. It follows an asset-light model, with a lease period of 9-15 years. The company spends 1% of revenue on advertisement, and its employee cost too is low at the store level, averaging Rs 2lakh per store/month (it employs only 10-12 employees per store, with the rest of the sales staff belonging to OEMs. Usually, OEMs provide about 30 sales people). In FY23, employee cost stood at 3% of sales and has been stable at this level since the last 5-6 years. AVL has better control over miscellaneous expenses, with all expenses paid from the head office.

New stores revenue projection	
1st year	Rs 60mn
2nd year	Rs 120mn
3rd year	Rs 180mn

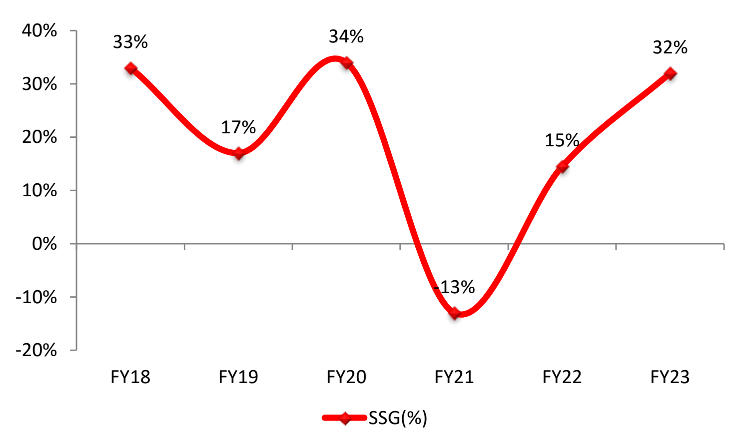
New store cost structure (4000 sq. ft.)	
Rent	Rs 0.2mn
Emp cost	Rs 0.2mn
Misc exp	Rs 0.1mn

New store capex	
Store capex	Rs 5mn
WC capex	Rs 20mn

Revenue seasonality: The company generates the highest revenue (30% contribution) during 1Q, as this period has peak summers and is also the marriage season; 2Q generates the lowest revenue (18% contribution) as the period coincides with monsoons and shraadh (a mourning period for deceased ancestors); 3Q and 4Q contribute steady 28% and 24% to revenues, respectively.

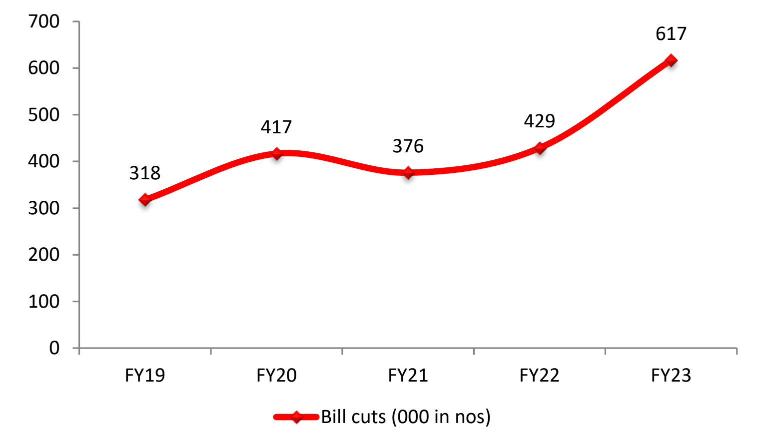
New store performance: AVL typically generates Rs 60mn from its stores in its first year of operations, with second year sales doubling to Rs 120mn, and third year sales rising to Rs 180mn (mature store). Once its store crosses Rs 180mn revenue, AVL comes up with a second store in the vicinity. All of the company's stores are profitable, and the company has never closed any of its stores. Its store break-even is less than 6 months, while the operational break-even is even lower at 2 months, with a payback period of 3 years currently. The company operates from 4 warehouses in Bihar, 2 in Jharkhand and 1 in Varanasi.

Exhibit 19: SSG (%)



Source: Company, Systematix Institutional Research

Exhibit 20: Bill cuts



Source: Company, Systematix Institutional Research

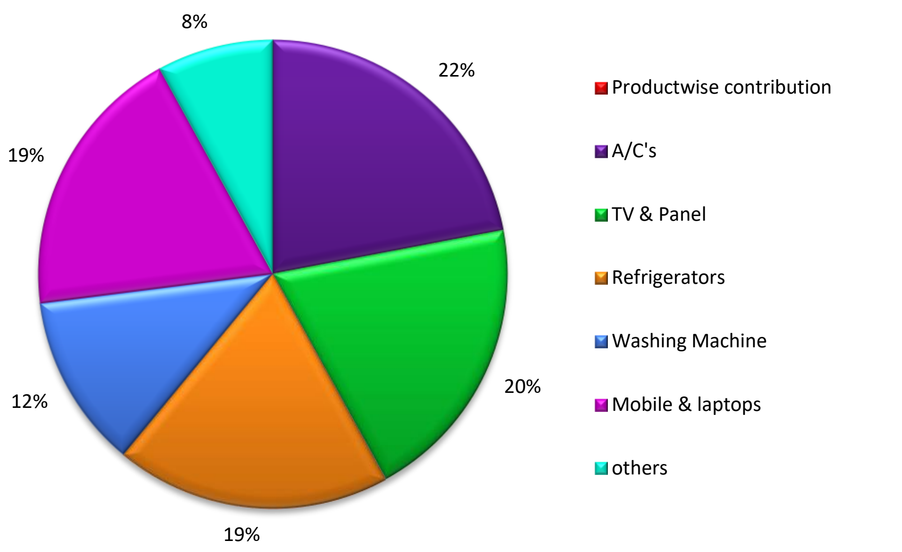
Small store revenue projection	
1st year	Rs 40mn
2nd year	Rs 90mn
3rd year	Rs 120mn

Small format stores: Management plans to open small-format stores in sub districts after covering the major districts in Bihar. Small format stores would be more profitable, as rental expenses of such stores hover at Rs 30,000-Rs 40,000. For small stores, the revenue profile would be Rs 40mn in the 1st year, Rs 90mn in the 2nd year and Rs 120mn in the 3rd year.

Product-wise contribution to revenue: ACs contributed 22%, TVs and panels 20%, refrigerators 19%, washing machines 12%, mobiles & laptops 19% and others 8% to its revenue in FY23. Other sunrise categories are chimneys and hobs. Management has not disclosed the exact product-wise margins, but noted that compressor product contribute the highest and mobiles the least one.

Product-wise revenue contribution	
ACs	22%
TV & panels	20%
Refrigerators	19%
Washing Machines	12%
Mobile & laptops	19%
Others	8%

Exhibit 21: Product-wise contribution



Source: Company, Systematix Institutional Research

Centralized purchasing: The Company carries out a central purchasing strategy to negotiate margins with OEMs, ensuring uniform pricing across states.

Inventory management and liquidation

Short-term borrowings fund all inventory, with a 2-3% cash discount from financiers. Inventory tends to peak during Q4, as Q1 sales is strong due to the summer season. However, FY23 sales bore the impact of unseasonal rains, which impacted AVL's free cash flows, due to the presence of high input tax credits and as there was no liquidation of inventory. OEMs hold the responsibility of clearing and liquidating the inventory; they give sale out support in the form of credit notes, which the company uses against its next purchase.

Exhibit 22: New store projections

Particulars(Rs mn)	1st year	2nd year	3rd year
Revenue	**60**	**120**	**180**
Gross profit	9.6	19.2	28.8
Expenses			
Rent	2.4	2.4	2.4
Employee	2.4	2.4	2.4
Misc exp	1.2	1.2	1.2
Total Exp	6	6	6
EBITDA	3.6	13.2	22.8
Depreciation	0.9	1.8	2.7
EBIT	2.7	11.4	20.1
Capital Employed	25	25	25
Pre-tax ROCE	**11%**	**46%**	**80%**

Source: Company, Systematix Institutional Research

Exhibit 23: Store unit economics at a glance (as on 2QFY24)

Rs 50-60 lacs
Average Capex per Store

130 (Till date)
Outlets in Bihar + Jharkhand + UP

12-15%
Gross Margin Range

Rs 2 - 2.25 crs
Average Working Capital per Store

6 - 8 months
Average Store Level Break Even

3 years
Payback Period

Rs 1.20 cr (in FY23)
Productivity Per Employee

Rs 40,000+
Revenue Per Sq Ft for FY23*

Rs 2,200+
Average PBT per Sq Ft for FY23**

*Source: Company, Systematix Institutional Research, ** PBT is Calculated on Average of Opening & Closing Square Feet for FY23, * For calculation of revenue per square feet, we have considered net revenue of stores operational for atleast12 months as of March 31, 2023.*

Exhibit 24: Common store Economics

(% of Sales)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	
Gross Margin (%)	7%	9%	10%	11%	12%	16%	16%	☑ Gross Margin has increased with scale
Employee Cost	2%	3%	3%	3%	3%	3%	3%	☑ Low store-level employee cost
Rent*	1%	1%	1%	1%	3%	3%	2%	☑ Average rent of Rs 2 lacs p.m/store.
Advertisement & Publicity	1%	1%	1%	1%	1%	1%	1%	☑ Advertisement cost common to all stores across states
Hospitality	0%	0.2%	0.2%	0.1%	0.1%	0.5%	0.4%	☑ Hospitality costs incurred for the launch of stores & customer loyalty programs
Electricity & Power Cost	1%	1%	1%	1%	0%	1%	1%	☑ Efficient power consumption
Misc Other Expenses	2%	2%	1%	1%	1%	2%	1.6%	☑ Control over miscellaneous expenses
Expenses as a % of Revenue	6%	7%	7%	8%	8%	10%	9%	☑ Costs w.r.t. new store opening to rationalize with contributions from new stores
Profit Before Tax	1%	1%	2%	2%	4%	5%	7%	☑ PBT Margin has improved with scale

*Source: Company, Systematix Institutional Research, * represents actual rent paid by the company*

Why would the offline purchase model stay most relevant?

The rural and semi-urban consumer durable & electronics sector in general is protected from sales shifting to online market places. Most of the online shopping in electronics constitutes mobiles & laptop purchases and not large appliances that are voluminous. Offline engagement remains a trusted format in areas where the company is present for various reasons.

1) **Consumer needs advice/sales support:** A consumer in rural Bihar, Jharkhand or Eastern Uttar Pradesh is often puzzled by the choice of brands available; he or she needs advice and hand holding in making a purchase that represents the best value proposition within a given budget. More often than not, consumers turn to the sales attendant for advice to mostly close with an informed decision.

2) **High priced purchase need assurance:** The purchase of a consumer appliance is often the highest-priced purchase made by a family, warranting the need to touch and feel the product before it is purchased. Online purchase on the other hand lacks such assurance.

3) **Consumers avoid online risks:** Most of the company’s customers (from rural and semi-urban India) have never transacted online; even who do so, refrain from spending more than Rs 10,000 on an online purchase, as it presents a perceived risk that can be best countered through off-the-counter purchase.

4) **Consumers prefers to buy from trusted retailers:** Buying from established retail brands like AVL carries an assurance of familiarity marked by someone knowing an employee at the store, enhancing confidence that they will not only get a fair deal, but the product will be serviced with speed in the event it malfunctions.

5) **Purchasing is a family occasion:** While online purchase is an individual response, buying from a store is a family occasion of importance and festivity, involving various members of the family – opinion makers, influencers and those who will pay.

6) **Online purchase is fraught with delivery and refund risks:** Buying online carries a perceived risk of the ordered and delivered product being different, in addition to delays in delivery and installation, refunds and return dispatch. A rural buyer would prefer to circumvent such risks through offline purchase.

Easy financing propels India's consumption cycle

Consumer electronics financing has seen massive transformation over the last two decades, representing a significant shift in the industry. Below, we throw some light on what caused this shift.

Shift from cash payments to installment financing: In the past, consumers were required to pay upfront for consumer electronic products in full, which often meant saving for a long time. However, this model has evolved into installment-based financing, allowing consumers to spread the cost over time. This change has made it more accessible for people to purchase electronics.

Consumer base is expanding: Installment-based financing has made consumer electronics accessible to a broader range of consumers. Previously, it was mainly the urban elite with higher creditworthiness who could afford such products. Now, Know Your Customer (KYC) processes have enabled a more inclusive approach to assessing creditworthiness, making it possible for a wider audience to access financing options.

Reduced defaults: With improved KYC processes and better credit assessment tools, the risk of defaults in consumer financing has decreased. This has made the Indian consumer financing sector more dependable and attractive for both consumers and financial institutions.

Customised products: The availability of extensive financial data analytics has sharpened companies' understanding of consumer preferences. As a result, they can now tailor their products and financing options to specific target groups. Apart from benefiting consumers, such customisation also reduces the risk of lending.

Partnerships with NBFCs: Retailers have shifted from bearing the risk of financing on their own books to forming partnerships with non-banking financial companies (NBFCs). This shift spreads the risk and allows retailers to offer complete down payment options, creating a win-win situation for all parties involved.

Buy Now, Pay Later culture: The shift to installment-based financing has enabled consumers to adopt a 'buy today, pay later' (BNPL) mentality. This has significant driven the purchase of higher-denomination products, particularly consumer durables and electronics. It has also contributed to enhancing lifestyles, as people can now acquire these products sooner.

In summary, the installment-driven financing of consumer electronics has revolutionized the industry by making products more accessible to a wider audience, reducing defaults, and creating customized solutions. This transformation has not only benefited consumers, but has also driven growth in the entire electronics space and Indian consumer financing space.

At present, AVL's payment composition comprises 30% from cash, 30% from card payment and 40% from finance companies. Few of AVL's consumer finance partners are Bajaj Finserv, HDFC Bank, IDFC First bank, Paytm, Pinelabs and HDB Financial services.

Strong consumer trust and prompt after sales service

Focus on customer service and shopping experience are pivots on which AVL has created a strong brand equity and a loyal customer base. The company has drawn interest from more than 100 leading durable brands, as a result. AVL has been focused on providing better services / sales support to customers since inception. The company plays the role of an unbiased consultant of what products would suit a customer the best. It has deepened its after-sales customer service through dedicated customer service engagements and a helpline called 'Aditya Seva'. It addresses customers' issues in the vernacular of their choice, and also facilitates services to customers by redressing grievances through service technicians employed by its brand partners. Further, the company also provides customers the assurance that they are safe in the event any product malfunctions, provided it is bought from AVL, and replaces it immediately.

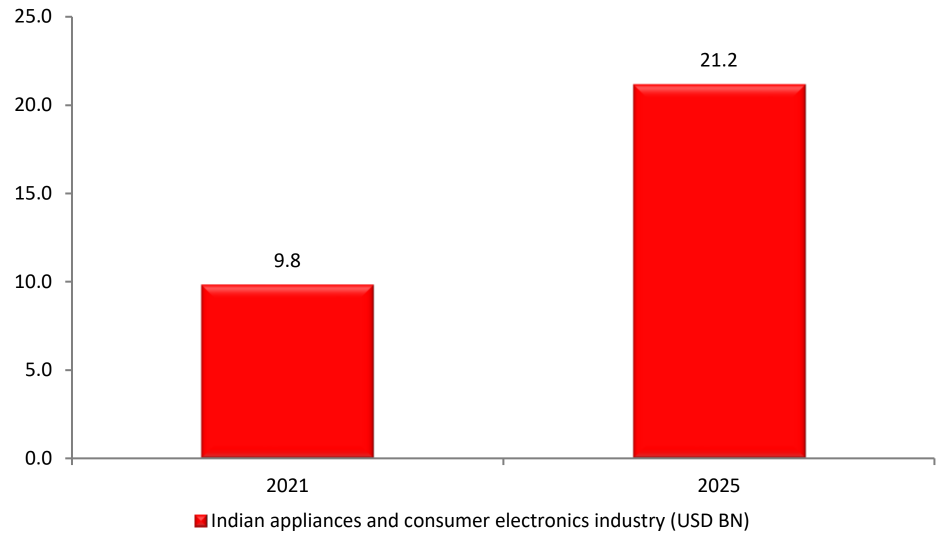
Exhibit 25: AVL's Loan melas have been successful in reaching customers in rural hinterland

Source: Company Presentation, Systematix Institutional Research

Consumer electronics industry in India

India's consumer electronics market is one of the fastest-growing globally, ranking fifth in terms of size. The Indian appliances and consumer electronics industry stood at USD 9.84bn in 2021 and is expected to more than double to USD 21.18bn by 2025. We attribute this growth to rising disposable incomes and technological advancements in the country that have caused a spurt in demand for various consumer durable goods. Further, the consumer electronics sector is expected to witness significant growth due to 1) government's decision to bring the sector under the production-linked incentive (PLI) scheme, and 2) easy credit access.

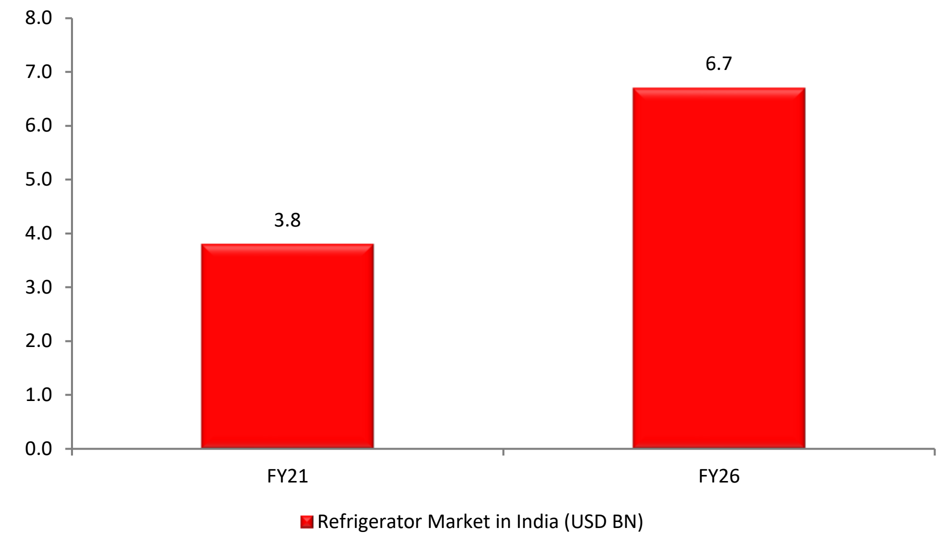
Exhibit 26: The Indian appliances and consumer electronics industry (USD BN)



Source: IBEF, Investindia Company, Systematix Institutional Research

The **refrigerator market in India** is poised to increase USD 6.7bn by FY26 from USD 3.8 bn in FY21 at a CAGR of 9.5%.

Exhibit 27: Refrigerator market in India (USD BN)

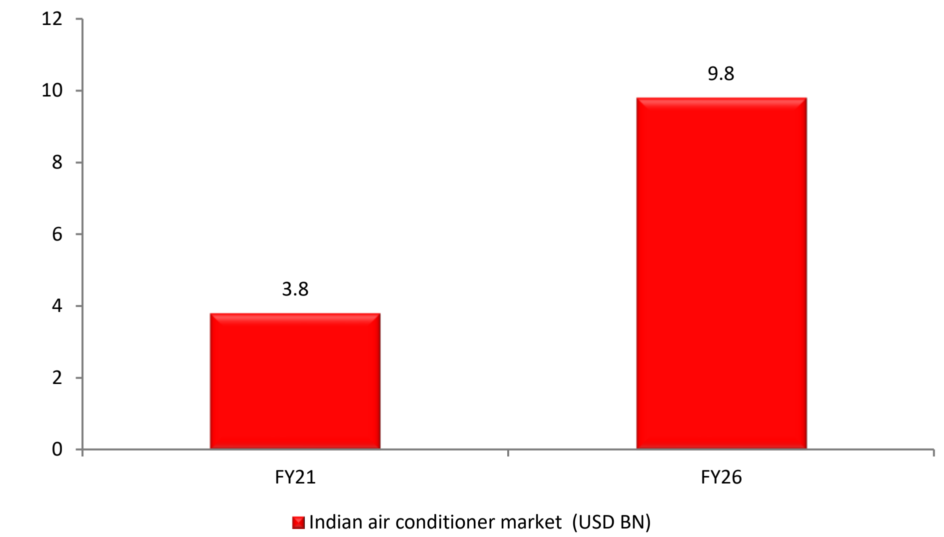


Source: IBEF, Investindia Company, Systematix Institutional Research

The size of India's **television industry** is estimated to reach 30.4mn units in 2026 from~20mn units in 2022.

The Indian **air conditioner market** is expected to increase USD 9.8bn by FY26 from USD 3.8bn in FY21 at a CAGR of 20.8%.

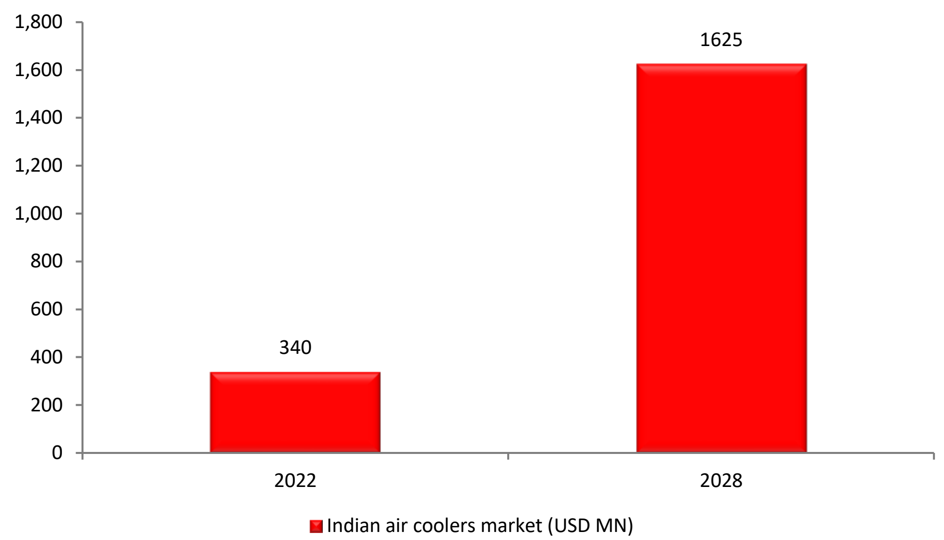
Exhibit 28: Indian air conditioner market (USD BN)



Source: IBEF, Investindia Company, Systematix Institutional Research

In 2022, the Indian **air coolers market** reached a valuation of USD 339mn, expected to grow at 9.04% CAGR to touch USD 1,625mn by 2028.

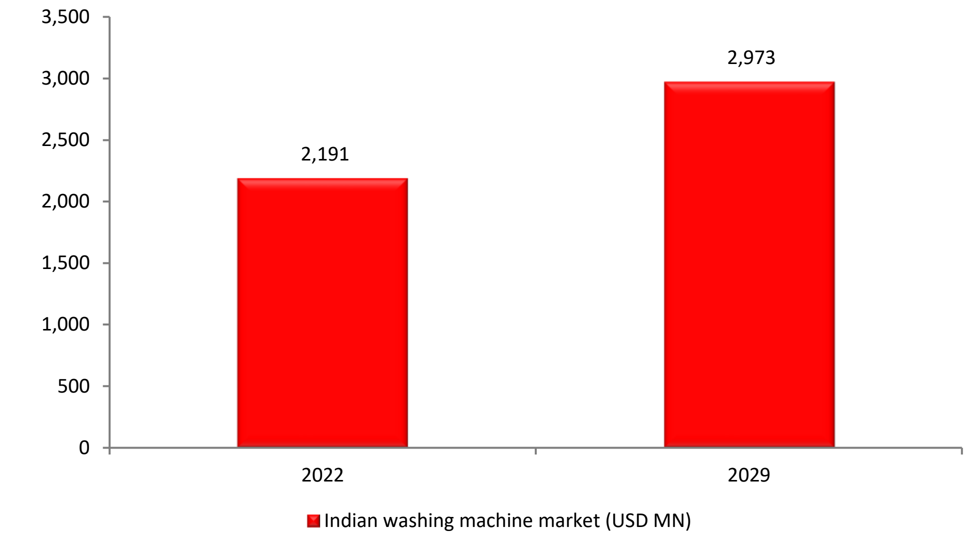
Exhibit 29: Indian air coolers market (USD MN)



Source: IBEF, Investindia Company, Systematix Institutional Research

The Indian **washing machine market** reached a value of USD 2,191mn in 2022, expected to grow at a CAGR of 4.46% to ~USD 2,973mn by 2029.

Exhibit 30: Indian washing machine market (USD MN)



Source: IBEF, Investindia Company, Systematix Institutional Research

In 2022, the **Indian microwave oven market** was valued at USD 243.10mn and is expected to grow at 7.91% CAGR to USD 376mn by 2028.

The **India smartphone market** ended 2022 with 144mn shipments, marking a 10% YoY decline - the lowest level since 2019. Dwindling consumer demand persisted due to high inflation, despite improvements in the supply situation. The average selling price (ASP) reached a record high of USD 224, rising 18% YoY. The entry-level segment (sub-USD 150) contracted to 46% of the market, down from 54% the previous year. Lack of new launches in this segment hindered new smartphone users and limited the overall growth in this market.

India has low penetration in the electronics appliances segment

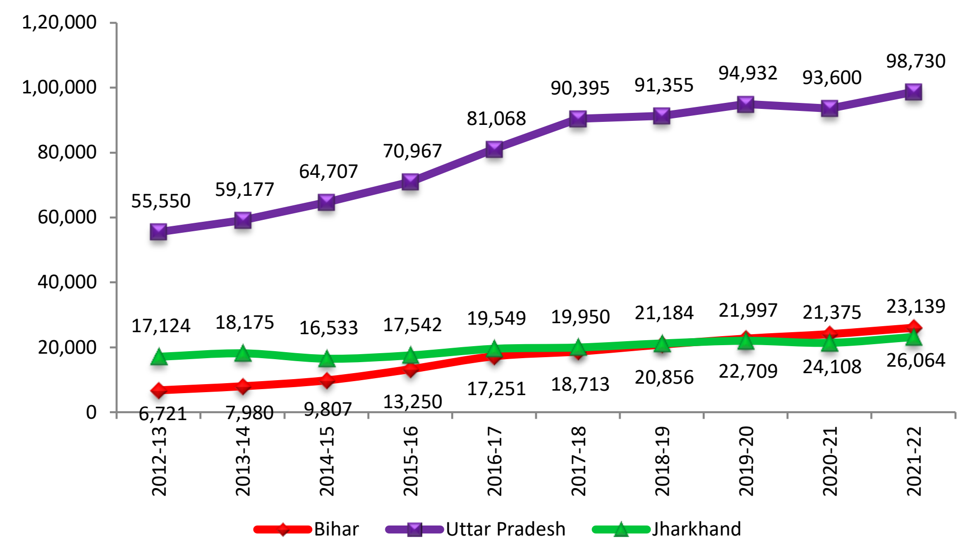
India has lower penetration in the AC, WMs and refrigerator segments compared to the US and China. This implies enough opportunities for electronic appliances makers and retailers, with growth over the long term likely to be driven by the country's 1) favourable demographics, 2) high disposable incomes, 3) technological advancements, 4) changing life styles, and 5) urbanization. Further, support from government through production-linked incentive (PLI) scheme, easy credit access and DBT in rural region will enhance demand for electronic appliances.

Exhibit 31: Penetration comparison between the US, China and India

Penetrations	USA	China	India
AC	90%	60%	5%
Washing Machine	85%	80%	11%
Refrigerators	99%	90%	29%

Source: Company, IEA, IBEF, TV, PR Newswire, Systematix Institutional Research

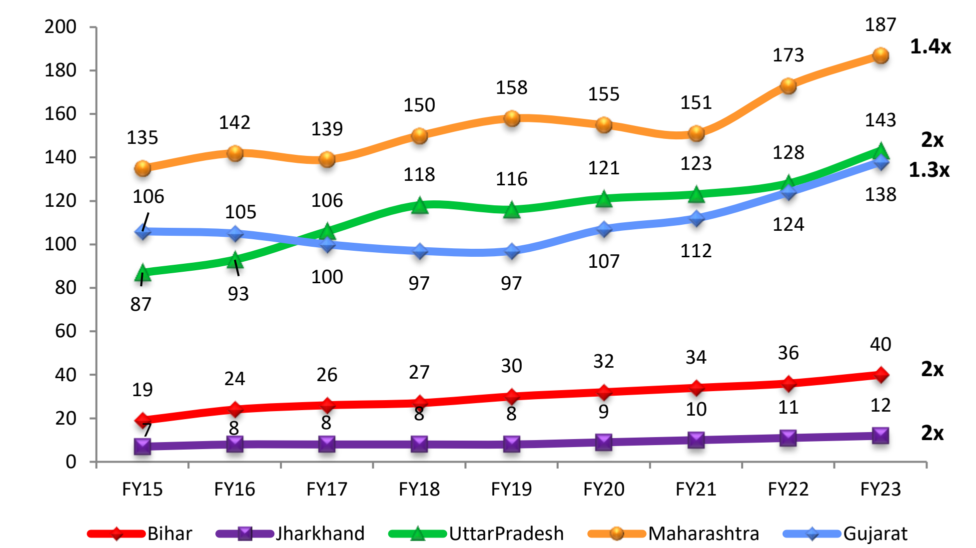
Exhibit 32: Electricity consumption (Gwh) – Bihar, UP and Jharkhand



Source: CEA, Company, Systematix Institutional Research

Electricity consumption, mainly in Bihar, grew at a fast pace from 6,721Gwh in 2012-13 to 26,064Gwh in 2021-22 at 16% CAGR; AVL is a key player in this market. During this period, electricity consumption in the UP region grew at a CAGR of 7%. Better availability of electricity in the rural region led to a surge in the penetration of electrical appliances and electricity consumption.

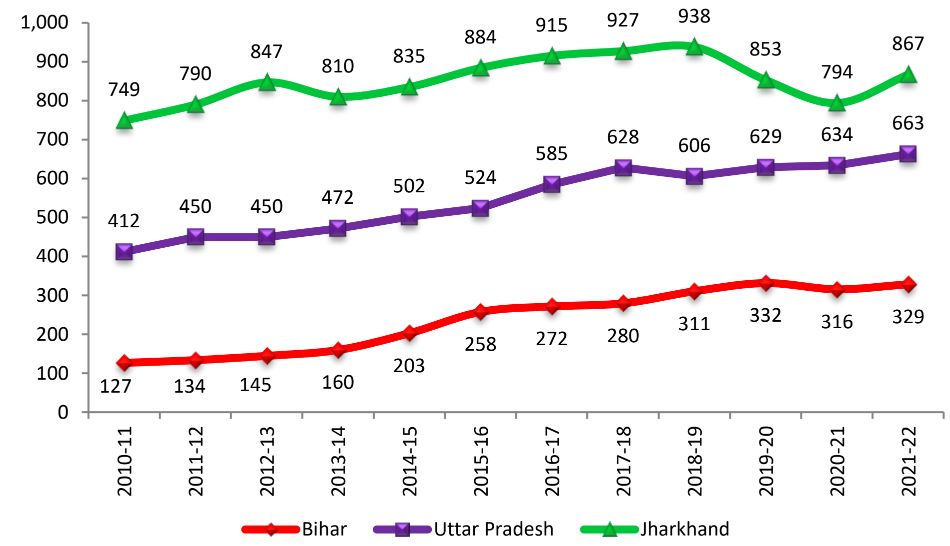
Exhibit 33: Electricity consumption (bn units)



Source: CEA, Company, Systematix Institutional Research

Electricity consumption in the Hindi heartland states has doubled versus other states. Consumption in (refer to the charts above) Bihar grew from 19bn units in FY15 to 40bn units in FY23, at a CAGR of 9.8%. The Jharkhand market too doubled at 7% CAGR, with UP recording 6.4% CAGR.

Exhibit 34: Electricity per capita consumption (Kwh) – Bihar, UP and Jharkhand



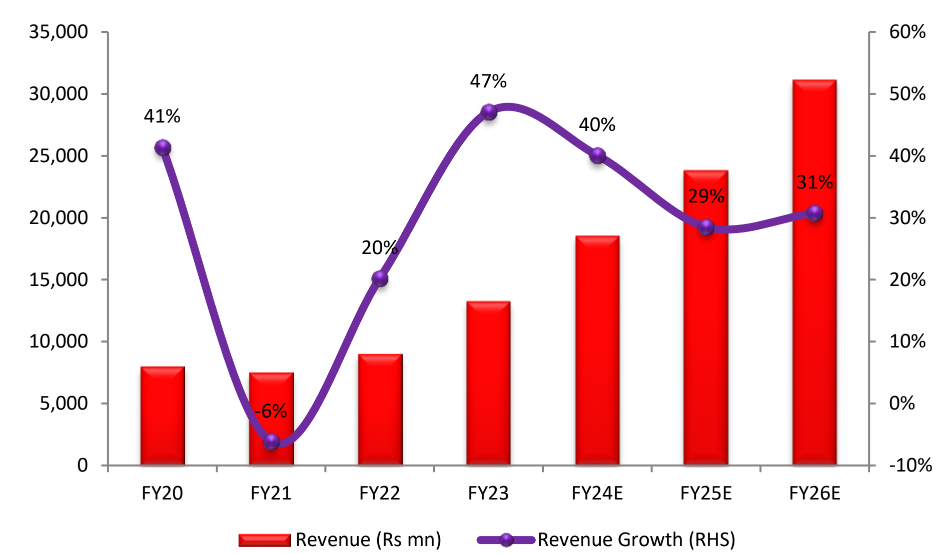
Source: CEA, Company, Systematix Institutional Research

Bihar's per capita consumption of electricity (Kwh) grown at 9% CAGR from 127kwh in 2010-11 to 329 in 2021-22. During this period, the state of UP recorded 4% CAGR in per capita consumption of electricity.

Financial Analysis

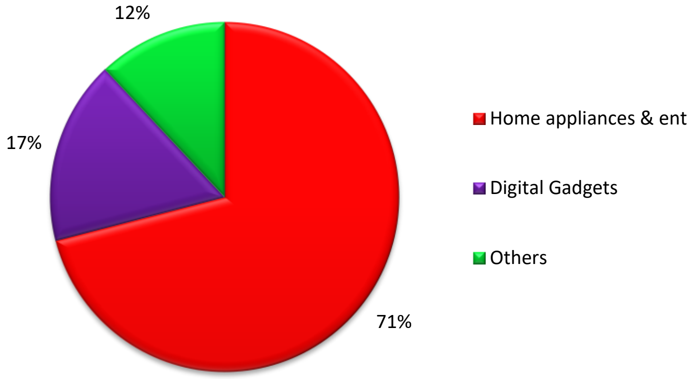
We estimate 33% CAGR in revenue during FY23-FY26E, on the back of aggressive store expansion and strong SSG. Its retail footprint is slated to expand at 26% CAGR to generate average 7% SSG during this period. Further, an increase in average selling price, led by premiumisation, should support EBITDA growth and margin despite the expected deterioration in its sales mix, in favor of mobiles and laptops. We estimate 29.6% CAGR in EBITDA over FY23-26E.

Exhibit 35: Revenue and revenue growth



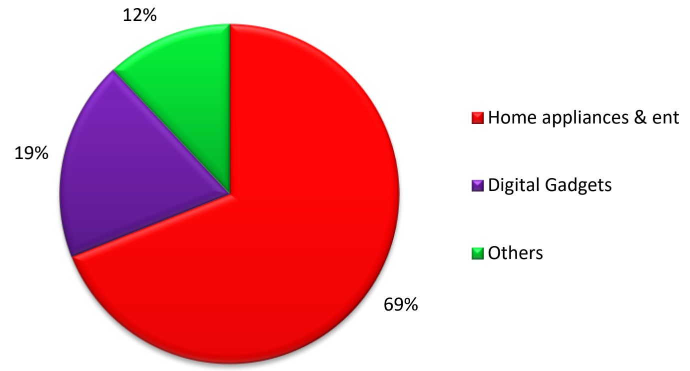
Source: CEA, Company, Systematix Institutional Research

Exhibit 36: Productwise revenue breakup FY22



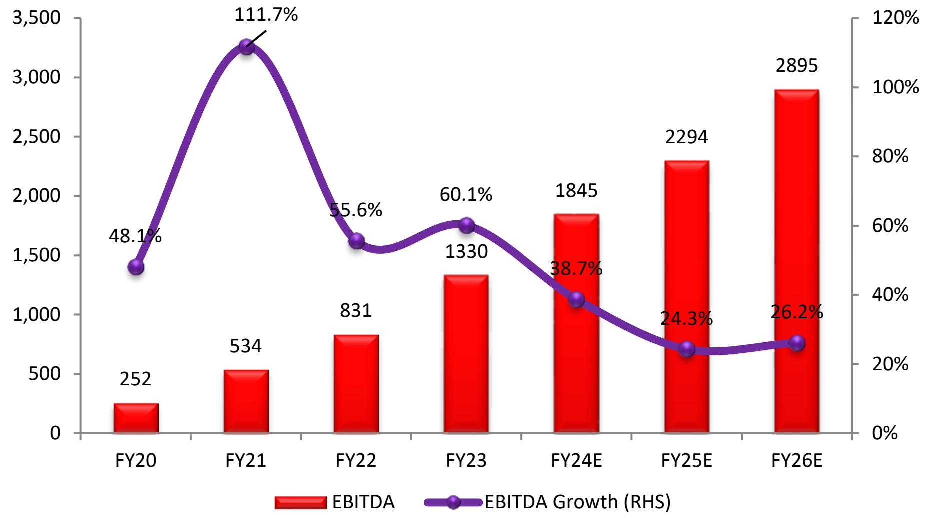
Source: Company, Systematix Institutional Research

Exhibit 37: Productwise revenue breakup FY23



Source: Company, Systematix Institutional Research

Exhibit 38: EBITDA and EBITDA growth trend

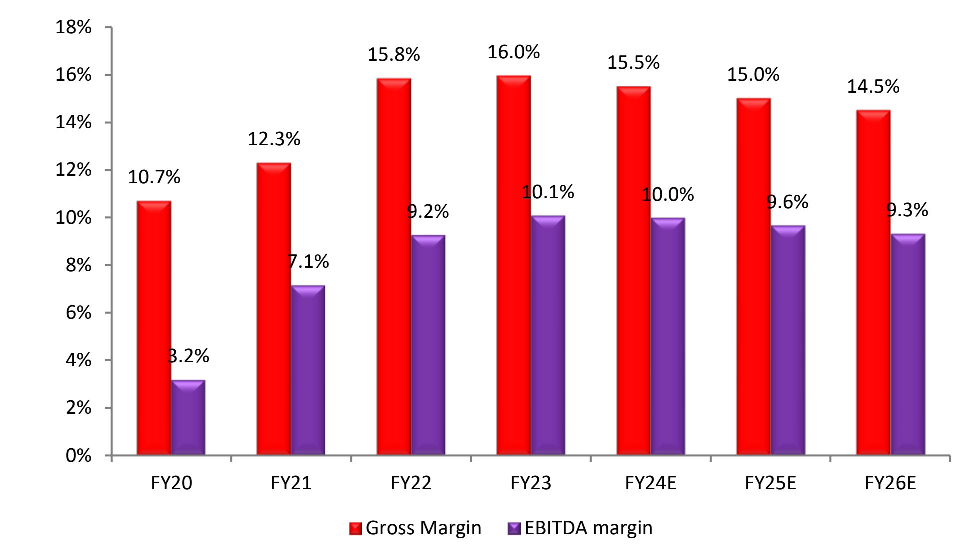


Source: Company, Systematix Institutional Research

Margin profile

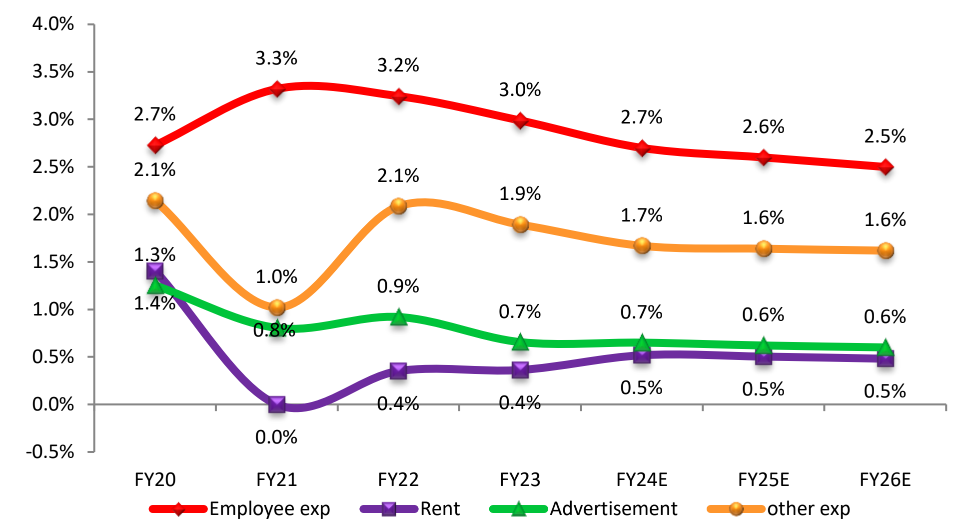
We project 150bps reduction in AVL's gross margin to 14.5% in FY26E over FY23, considering the company has aggressive expansion plans and given the high contribution from low-margin products (mobiles and laptops). This could result in EBITDA margin coming off 80bps to 9.3% during this period, partially offset by operating leverage benefits.

Exhibit 39: Gross and EBITDA Margin



Source: Company, Systematix Institutional Research

Exhibit 40: Employee and other operating expenses

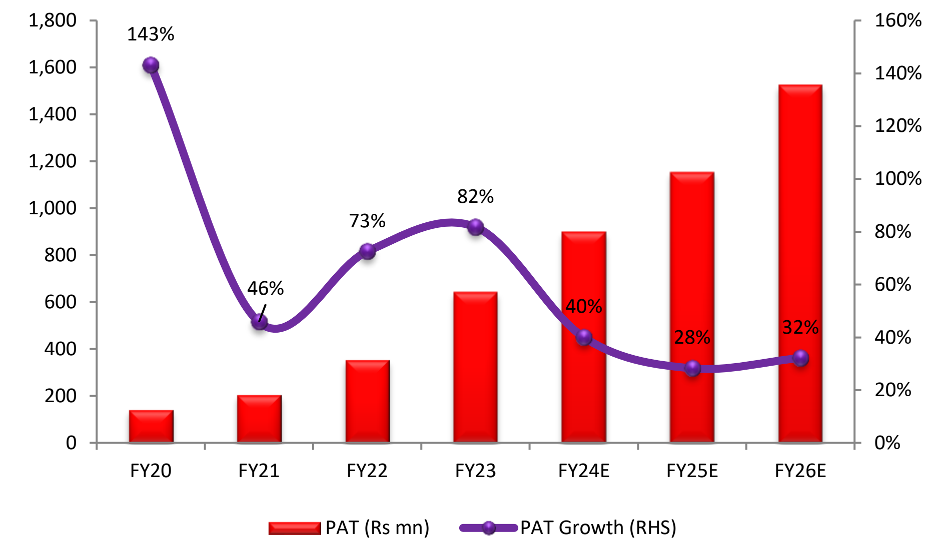


Source: Company, Systematix Institutional Research

Strong earnings growth

AVL's earnings have expanded over the last few years on consistent growth and margin delivery. Its asset-light model has helped in keeping depreciation costs and interest expenses low, thereby driving earnings growth in the past. However, given that the company would be on an expansion mode for the next 2-3 years, we expect depreciation and interest cost to rise in the medium term. We estimate earnings to expand at 34% CAGR over FY23-26E.

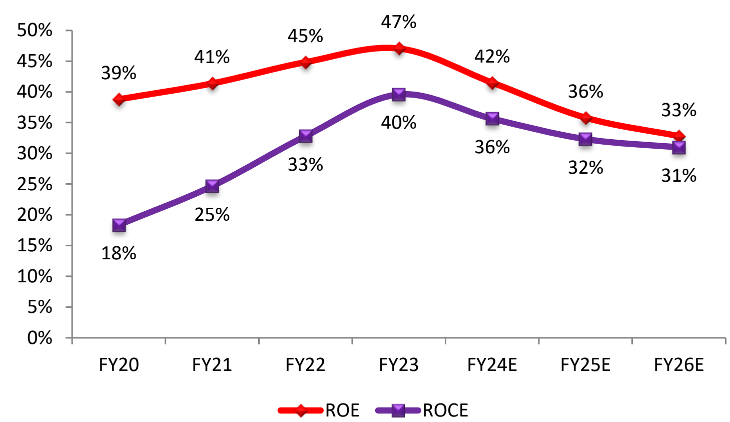
Exhibit 41: PAT and PAT growth



Source: Company, Systematix Institutional Research

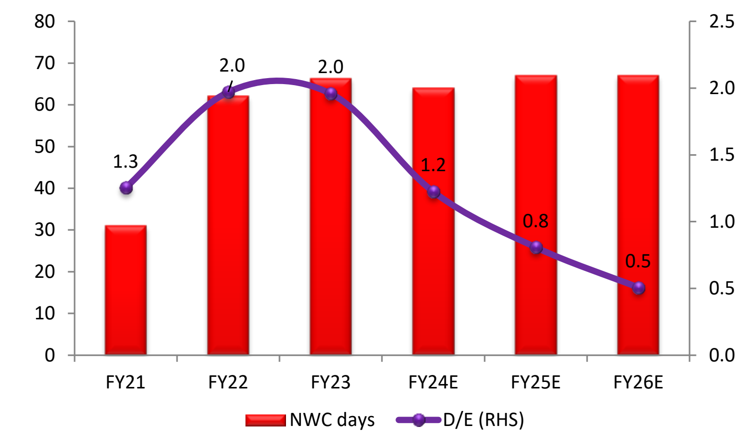
Asset light model, better operating metrics and stable margins have helped it maintain a RoCE at ~40%, which slid during the COVID period. However, aggressive store expansions and higher investments over the next to 2-3 years could taper its RoCE and RoE to 31% and 33%, respectively, in FY26E. Return ratios should start improving post FY26E, as investments would be lower.

Exhibit 42: Return ratios



Source: Company, Systematix Institutional Research

Exhibit 43: Stable working capital days and low debt / equity

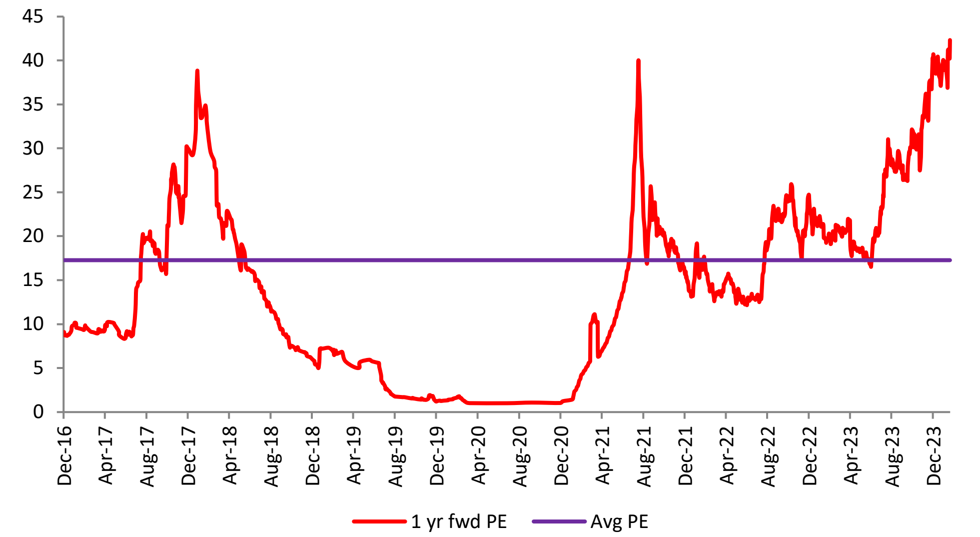


Source: Company, Systematix Institutional Research

Valuation and view

We expect AVL's revenue, EBITDA and PAT to grow at 33%, 29.6% and 33.5% CAGR, respectively. We anticipate footprint to expand at 26% CAGR during this period, with a robust 7% SSG. Aggressive store expansions in Bihar, Jharkhand and eastern UP, in addition to entry into newer markets like MP, Chhattisgarh and WB, would help in boosting AVL's revenue. Gross margin and EBITDA margin are expected to stay range bound at 14-15% and 9%, respectively, with RoE and RoCE forecast at 31% and 33%, respectively, for FY26E. We initiate coverage on AVL with a BUY rating, and a target price of Rs 5,070 valuing the company at 40x FY26E EPS of Rs 127, implying 21x FY26E EV/EBITDA, which we believe is fair for a business with robust growth prospects, best-in-class operating metrics and strong return ratios.

Exhibit 44: Currently trades at 42x one year forward PE



Source: Company, Systematix Institutional Research

Key risks

Increase in rent costs: Retail stores on lease agreements could face significant challenges if rent costs increase.

Inability to get new stores: Inability to get new stores on long-term leases at reasonable rentals could pose a grave risk, which needs to be monitored.

Rise in e-commerce: Growth of e-commerce as a sales channel poses a major challenge to traditional brick-and-mortar stores, which could seriously disrupt AVL's business model.

Higher competition from regional and pan-India players: Intensifying competition from regional and pan-India players like Reliance Digital and Croma could have a bearing on AVL's business.

Increase in raw material (RM) costs: Retail stores normally operate in a low-margin environment, and thus, any surge in RM costs could hamper margins.

Slowdown in discretionary purchases: Inadequate rainfall and irregular agricultural income could impact the sales of electronics appliances and lead to lower revenue per store for AVL.

Peer comparison

Exhibit 45: AVL – ahead of most durable retailers across metrics

Financial summary- Peer comparison				
Particulars	**AVL**	**EMI**	**Croma**	**Vijay sales**
Revenue growth (CAGR FY18-23)	24.20%	18.70%	33.40%	17.00%
EBITDA Margin (FY23)	10.10%	6.40%	-2.50%	7%-8%
PAT Margin (FY23)	3.90%	1.80%	-6.00%	3%-4%
Working capital days	66	59	57	33
ROE% (FY23)	47.1	10.4	NA	52-54
ROCE% (FY23)	39.6	12	NA	22-24
Operational details - Peer comparison				
Particulars	**AVL**	**EMI**	**Croma**	**Vijay sales**
No. of stores	130	124	350+	130+
Store size (sq ft)	4,000	10,000	10,000	10,000
Revenue/store (Rs mn)	150	400-450	450	600
No. of cities	63	46	110+	20+
Area of operations	East	South & North	Pan India	West, North & South
Revenue mix				
Particulars	**AVL**	**EMI**	**Croma**	**Vijay sales**
Consumer durable/Appliances (%)	80	56	40	55
Digital gadgets (%)	20	44	60	45
Online contribution (%)	Nil	0-1%	25%	4-5%

Source: Company, Systematix Institutional Research

Exhibit 46: Valuations – Peer comparison

Company name	CAGR FY23-FY26			ROE				PE			
	Sales	EBITDA	PAT	FY23	FY24E	FY25E	FY26E	FY23	FY24	FY25	FY26
Aditya Vision Ltd	33.0%	29.6%	33.5%	47.1	41.5	35.8	32.8	73.4	52.4	40.8	30.9
Electronics Mart India*	16.1%	25.1%	36.2%	13.8	15.7	20.2	17.6	68.3	47.8	36.3	27.0
V-Mart Ltd	16.4%	19.0%	NA	-0.9	-11.2	3.7	11.7	-535.4	-49.0	178.8	73.2
Trent	32.3%	36.3%	57.1%	15.5	24.0	26.0	26.0	283.7	139.6	103.7	73.2
Avenue Supermarts	20.1%	20.6%	19.5%	16.9	15.4	16.8	17.5	99.2	92.4	72.0	58.1
Whirlpool India*	10.3%	28.6%	32.8%	6.4	7.8	10.7	12.6	78.3	61.0	41.4	33.4
Voltas*	16.0%	27.0%	34.5%	2.5	8.7	12.4	14.1	88.4	70.6	45.2	36.3
JC-Hitachi*	9.0%	NA	NA	-11.7	-10.7	6.4	14.2	-41.4	-48.2	83.3	35.5

*Source: Company, Systematix Institutional Research, * Bloomberg consensus*

About the company

Established in 1999, Aditya Vision Ltd (AVL) started off with a single retail outlet in the heart of Patna. The outlet sold consumer durables & electronics, providing consumers in Bihar with an unprecedented shopping experience and an impeccable after-sales service. After the power situation in Bihar improved in 2014, the company expanded its retail presence to almost all districts. The company spread its tentacles to Jharkhand in FY21-FY22 and to eastern UP in FY22-FY23. It prioritized customer engagement and personalized service and trust. With these initiatives, AVL now accounts for >50% of the consumer electronics market share in Bihar. As on 30 Sept, 2023, AVL had 130 outlets of which, 97 were across Bihar, 20 in Jharkhand and 13 in Uttar Pradesh.

Exhibit 47: AVL's milestones

1999	AV opened its first outlet at a prominent location in Patna
2006	From 1999 to 2005 it operated a single store and initiated expansion in Patna in 2006
2014	Initiated expansion outside Patna to other district headquarters of Bihar
2016	Listed on the Bombay Stock Exchange (BSE) - the first consumer electronics retail company in India to be listed
2021	Scaled up to 75 showrooms in almost all the districts of Bihar
2022	Started expansion in Jharkhand and opened 14 new stores in there
2023	Started expansion in Uttar Pradesh with 8 new stores, taking the total count to 117 stores as on 30 June, 2023

Source: Company, Systematix Institutional Research

Exhibit 48: Key management personnel

Name	Designation	Details
Mr. Yashovardhan Sinha	Chairman & Managing Director	He has more than 25+ years of experience in consumer electronics retail and banking. He is responsible for the overall growth and advancement of the venture as well as key decisions. He has been member of the board since 31 March, 2009 and Managing Director since 16 May 2016.
Mr. Nishant Prabhakar	Whole time director	He has 18 years of experience in the field of consumer electronics retail. He is responsible for the company's operations and in expanding the product base in consumer electronics. He has been member of the board since 1 April, 2005, and a whole time director since 22 September, 2016.
Ms. Yosham Vardhan	Whole time director	She has 9 years of experience in leading law firms advising on Mergers & Acquisitions and Private Equity transactions. She is responsible for developing and executing the company's business strategy as well as Investor Relations.
Ms. Sunita Sinha	Non-executive director	She is responsible for the day-to-day operations of the company and in customer relationship management. She has been on the board since AVL's incorporation.

Source: Company Presentation, Systematix Institutional Research

Exhibit 49: AVL's OEM brands

Source: Company Presentation, Systematix Institutional Research

Exhibit 50: AVL's typical store exterior

Source: Company Presentation, Systematix Institutional Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	**8,991**	**13,222**	**18,519**	**23,802**	**31,128**
Gross profit	1,424	2,110	2,870	3,570	4,514
GP margin (%)	15.8%	16.0%	15.5%	15.0%	14.5%
Operating profit	**831**	**1,330**	**1,845**	**2,294**	**2,895**
OP margin (%)	9.2%	10.1%	10.0%	9.6%	9.3%
Depreciation	161	204	296	354	407
EBIT	670	1,126	1,549	1,939	2,487
Interest expense	253	295	380	434	488
Other income	15	29	32	36	39
Profit before tax	431	860	1,201	1,541	2,039
Taxes	79	218	303	388	514
Tax rate (%)	18.2%	25.4%	25.2%	25.2%	25.2%
Adj. PAT	**353**	**641**	**899**	**1,153**	**1,525**
Exceptional loss	-	-	-	-	-
Net profit	353	641	899	1,153	1,525
EPS	**29.3**	**53.3**	**74.7**	**95.9**	**126.8**

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	120	120	120	120	120
Reserves	667	1,243	2,045	3,102	4,530
Debt	1,565	2,706	2,706	2,706	2,706
Deferred tax liab (net)	(58)	(71)	(71)	(71)	(71)
Other non curt. liabilities	1,176	1,364	2,064	2,664	3,264
Total liabilities	**3,470**	**5,362**	**6,864**	**8,521**	**10,549**
Fixed Asset	391	556	652	732	796
Investments	1	-	-	-	-
Other Non-current Assets	1,398	1,929	2,470	2,874	3,247
Inventories	**2,101**	**2,938**	**4,110**	**5,347**	**6,993**
Sundry debtors	4	1	3	3	4
Cash & equivalents	14	35	55	105	350
Loans and Advances	244	645	645	645	645
Sundry creditors	576	536	863	978	1,279
Other current liabilities	108	207	207	207	207
Total Assets	**3,470**	**5,362**	**6,864**	**8,521**	**10,549**

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBIT	431	860	1,201	1,541	2,039
Depreciation	161	204	296	354	407
Tax paid	(123)	(231)	(303)	(388)	(514)
Working capital Δ	(409)	(950)	(846)	(1,123)	(1,346)
Other operating items	256	293	347	398	449
Operating cashflow	**315**	**176**	**696**	**783**	**1,035**
Capital expenditure	(181)	(299)	(175)	(175)	(175)
Free cash flow	**135**	**(123)**	**521**	**608**	**860**
Equity raised	-	-	-	-	-
Investments					
Debt financing/disposal	295	1,141	-	-	-
Interest Paid	(253)	(295)	(347)	(398)	(449)
Dividends paid	(60)	(72)	(96)	(96)	(96)
Other items	(62)	(86)	(58)	(63)	(70)
Net Δ in cash	**1**	**21**	**20**	**50**	**245**

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY22	FY23	FY24E	FY25E	FY26E
Revenue growth (%)	20.2	47.1	40.1	28.5	30.8
Op profit growth (%)	55.6	60.1	38.7	24.3	26.2
Net profit growth (%)	72.5	81.8	40.1	28.3	32.2
OPM (%)	9.2	10.1	10.0	9.6	9.3
Net profit margin (%)	3.9	4.9	4.9	4.8	4.9
RoCE (%)	32.8	39.6	35.6	32.3	31.0
RoNW (%)	44.8	47.1	41.5	35.8	32.8
EPS (Rs)	29.3	53.3	74.7	95.9	126.8
DPS (Rs)	6.0	7.5	8.0	8.0	8.0
BVPS (Rs)	65.4	113.3	180.0	267.9	386.6
Debtor days	0	0	0	0	0
Inventory days	85	81	81	82	82
Creditor days	23	15	17	15	15
P/E (x)	133.4	73.4	52.4	40.8	30.9
P/B (x)	59.8	34.5	21.7	14.6	10.1
EV/EBITDA (x)	56.8	35.5	25.6	20.6	16.2

Source: Company, Systematix Institutional Research

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