

Date- July 28, 2023

BSE Limited

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SCRIP Code: 540205

Sub: Transcript of Analysts/Investors Call pertaining to the Unaudited Financial Results for the quarter ended June 30, 2023

Dear Sir

Further to our letter dated July 21, 2023, please find attached herewith a copy of the transcript of the Analysts/Investors Call on the Standalone Unaudited Financial Results of Aditya Vision Limited for the quarter ended June 30, 2023 held on Monday, July 24, 2023.

The same is also being made available on the Company's website at: www.adityavision.in.

This is for your information and record.

Thanking you

Yours faithfully

For Aditya Vision Limited

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**Akanksha Arya
Company Secretary**



“Aditya Vision Limited Q1 FY24 Earnings Conference Call”

July 24, 2023



MANAGEMENT: MR. YASHOVARDHAN SINHA – CHAIRMAN & MANAGING DIRECTOR, ADITYA VISION LIMITED
Ms. YOSHAM VARDHAN – WHOLE-TIME DIRECTOR, ADITYA VISION LIMITED

MODERATOR: MR. NIKHIL SHETTY – NUVAMA PROFESSIONAL CLIENT GROUP



Aditya Vision Limited
July 24, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY24 Earnings Conference Call of Aditya Vision Limited hosted by Nuvama Professional Client Group.

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 now hand the conference over to Mr. Nikhil Shetty from Nuvama Group. Thank you and over to you.

Nikhil Shetty: Thank you. Good day, everyone. On behalf of Nuvama Professional Client Group, I welcome you all to Q1 FY24 Earning Conference Call of Aditya Vision Limited. So, we take this opportunity to thank Management of Aditya Vision for giving us the opportunity to host this post earning conference call.

From the Management, we have with us today, Mr. Yashovardhan Sinha -- Chairman and Managing Director; Mrs. Yosham Vardhan -- Whole-Time Director.

I now hand over the call to the management to share highlights of the results, post which we will open the floor for question-and-answer session. Thank you. And over to you, Sinha ji.

Yashovardhan Sinha: Good evening, ladies and gentlemen. We are pleased to welcome you all to our Earning Concall for Q1 FY24 highlighting the “Financial Performance and Strategic Decisions” made by the Company.

We are thrilled to announce the exceptional growth in revenue and profit, which are a testament to the hard work and dedication of our team, unwavering support from our suppliers as well as the loyalty of our valued customers. Throughout this period, we have remained committed to achieving sustainable growth while maintaining transparency and good governance.

Our “Investor Presentation” has been uploaded on the exchange and we hope that you have had the opportunity to review it.

Our Company, Aditya Vision Limited, had a very strong quarter across all financial parameters in spite of an unfavorable environment. As you all are aware, this year summer season witnessed unseasonal rains during most part of April and May. In fact, it started in March last financial year only and continued through April and May, which impacted demand for the compressor products. However, June experienced normal summer, which led to a robust recovery and resulted in our highest ever quarterly revenue. Despite unseasonal rain affecting the peak summer season, we were able to achieve this remarkable growth.

Our operational revenue increased by 46.23% YoY to Rs.641.23 crores compared to Rs.438.51 crores in Q1 FY23. In line with our revenue, PBT increased by 47.12% YoY to 49.33 crores compared to Rs.33.53 crores and our PAT increased by 41.26% YoY to Rs.37.42 crores compared to Rs.26.49 crores in Q1 FY23. Bihar contributed the most to our top line with nearly 88%, Jharkhand and UP contributing 10% and 2% respectively. UP, in fact, we have just started in March itself.

So, this strong growth was fueled by the rise in scale of operations, increased contributions from our new stores, reaching maturity as well as prudent inventory management. As stated in our inaugural earning call, there remains seasonality in our business and hence it cannot be comparable sequentially quarter-over-quarter.

As mentioned in our inaugural Earning Call, our inventory remains highest on March 31st, 2023, due to strategic reasons where we adopt an aggressive inventory acquisition approach to be well prepared for peak summer sales and to avoid stock-out situations of compressor products. At the end of this quarter, there is a decrease in inventory level by approximately Rs.33 crores, that is from Rs.293 crores as on March 31, 2023, to it is Rs.260 crores as on June 30, 2023, leading to an optimal level of inventory. As a result, the net debt of the Company reduced by Rs.93 crores to Rs.91.79 crores as on June 30, 2023, compared to Rs.185.40 crores as at March 31, 2023. This was possible due to reduction in the level of inventory, profits and consumption of accrued input tax credits.

During the quarter, the Company continued its momentum in store expansion and opened 12 new store showrooms, out of which five are in Bihar, two in Jharkhand and five in Uttar Pradesh. The total store count as of today stands at 117 stores. We are at a stage of hyper scaling where our Company has opened 24 new showrooms in the last six months. Keeping up with this momentum, we now aim to open 8 to 12 more new stores in next three months before festive season perhaps surpassing our initial target of 125 stores, which was to be opened in entire fiscal financial year '24. In FY23, we executed our expansion plans in Jharkhand and entered Uttar Pradesh. Building on our success of being the largest electronic retailer in the underpenetrated markets of Bihar, we replicated this strategy and further ventured into the untapped markets of Hindi's heartland states.

As a result, while we have entered Jharkhand in FY22, we have already established ourselves as the largest consumer electronic retailer in Jharkhand. The overwhelming response from our new customer in this state brings us great satisfaction and further ignites our drive to continue expanding.

In March '23, we expanded our operations in Uttar Pradesh and have eight operational stores in UP as on date. Our efforts in Uttar Pradesh are gaining momentum and we are fully dedicated to broadening our customer base while delivering innovative products, exceptional customer experiences and consistent growth. Our team shares a strong commitment to creating value for our customers, investors, suppliers, employees and all other stakeholders. This commitment

drives us to strive for excellence in all aspects of our business as we move forward with our expansions yearly.

Further, I'm delighted to inform you all that our Company has entered the BSE top 1000 list of companies by market cap as on 31st March '23 and stood at 763rd position.

As per Reg. 17 of SEBI LODR Regulations 2015, there is a requirement for top 1000 listed entities by market cap to have at least one independent woman Director. In view of fulfilling this requirement, it gives me great pleasure to extend a warm welcome to, CA Apeksha Agiwal, who joins our board as Non-Executive Independent Director. She's an immensely qualified practicing Chartered Accountant and a Member of ICAI.

Lastly, our Company had an outstanding quarter as can be seen from our exceptional results. In quarter Q1 FY24, we have already achieved nearly half of our revenues for the entire financial year '23. Continuing on this positive momentum, we remain confident of our future and in our ability to set new benchmarks.

I would now like to hand over the floor to Mrs. Yosham Vardhan to provide an overview of the financial highlights for the quarter. Over to you Yosham.

Yosham Vardhan:

Thank you, Sir. Good afternoon, ladies and gentlemen. We are thrilled to present the strong financial performance of Q1 FY24. Here is an overview of our financial results.

- In Q1 FY24, our revenue experienced a YoY increase by 46.23% and reached Rs.641.23 crores resulting from the increase in the scale of operation.
- We successfully maintained gross margin above 15% driven by an optimal product mix.
- The profit after tax for the quarter increased by 47.12% and reached Rs.49.33 crores and profit after tax for the quarter increased by 41.26% and reached Rs.37.42 crores, primarily driven by prudent financial management and growth strategy.
- EBITDA for the quarter increased by 40.6% and reached Rs.63.30 crores. As previously mentioned, our store count reached 117 in Q1 FY24. We opened 12 new showrooms in this quarter; five new stores in Bihar, two stores in Jharkhand and five stores in Uttar Pradesh.

We can now open the floor for questions.

Moderator:

We will now begin the question-and-answer session. We have our first question from the line of Saurabh Mehta from East Lane Capital. Please go ahead.

Saurabh Mehta:

Hi Sir! Congratulations on the very strong results. I have three, four questions for you today. Firstly, wanted to understand the potential of stores in the three states we operate and the three states we plan to venture out over the next five, seven years. If you could give a broad idea state wise. The second question is like the Hindi heartland in the eastern region we are

operating out of, if you can give some demand drivers for us, is an increased income, better availability of electricity, because the outlook we get from the OEMs is slightly on the negative side in terms of end markets. So, just wanted to gauge how we are seeing the growth. So, the third question is on the gross and EBITDA margins. How to think about those especially in terms of the changes in the mix of our sales? And the last question was wanted some perspective on the SSG for mature and new stores?

Yashovardhan Sinha: What was the first question?

Saurabh Mehta: So, the first question was wanted to understand the potential of the stores we could open over the next 5-7 years in the six states. The three states we are already in, Bihar, Jharkhand and UP and the next three states MP, Chhattisgarh and West Bengal. Like what is the broad basically potential we see we could reach to?

Yashovardhan Sinha: In fact, we have already guided that we intend to open 25 stores in every coming year. So, our initial guidance was we would have reached 125 stores by this end of this financial year and 150 stores by financial year '25. This is our guidance. As far as state is concerned, we'll be opening another 10 to 12 stores in Jharkhand and major store expansion will be of course in eastern Uttar Pradesh where we intend to open another 25 stores altogether. Going forward what you ask that in next three to five years if we move to Chhattisgarh and western parts of West Bengal, we will be looking for around 15 stores in Chhattisgarh and another 10 to 12 stores on the bordering areas of West Bengal.

Saurabh Mehta: If you could give some idea in terms of what are the demand drivers in these states sir?

Yashovardhan Sinha: The biggest demand driver as you said is that there is a major thrust of electrification is going on in this part of India and there is definitely improvement of power situation. Secondly, we find that there is a steady increase in disposable income of consumers. Third will be in fact penetration of retail finances to remotest of places. And since now after Aadhar card, KYC is very, very easy for even a person from a rural area, so it's very easy to obtain the retail finance. This of course it just boosts our bill cut size also and affordability also. So, these are some big growth drivers, not to forget that this is the least penetrated geography of the entire India in terms of consumer durable.

Saurabh Mehta: If you could talk about gross margin and EBITDA margin. You clearly give a guidance in your presentation of 13% to 15%. But wanted to see how the sales mix increasingly like if we have higher share of mobile phone sales in future, would it change it...so how to just look at the margins more qualitatively?

Yashovardhan Sinha: Actually it all depends. We understand that there is a lesser margin in mobile and IT products and all. But we have been giving you guidance from 12% to 15%, which will be definitely our gross margin and we are always striving very hard to maintain it at around 15% and we are very much pretty confident to maintain anything between 13% to 15%.

- Saurabh Mehta:** Lastly like how to think about SSG for mature stores versus new stores?
- Yashovardhan Sinha:** In fact our SSG was quite strong in this Q1. Overall SSG was 28% and since we have added so many stores... 24 stores have been newly added. So, SSG is pretty I think very, very strong.
- Saurabh Mehta:** Sir, just wanted to get a sense like when we open a store and we probably assume in three years the store will be a mature store, so what should be the SSG going forward after the stores becomes mature?
- Yashovardhan Sinha:** In fact historically we have been finding that even our growth story was quite slow, we were slowly growing, but even for our mature stores, our SSG remained above 15%... it varies from 15% to 20%. And for very matured stores it is 10% to 15%.
- Moderator:** We have our next question from the line of Praveen Sahay from Prabhudas Lilladher. Please go ahead.
- Praveen Sahay:** My first question is if you can give me the last year FY24 or first quarter FY24 contribution from the Bihar and the Jharkhand?
- Yashovardhan Sinha:** In fact, Q1'24 10% revenue came from Jharkhand and 88% revenue came from Bihar and since we had just started in UP, it is 2%.
- Praveen Sahay:** No, sir, I was asking about the last year same quarter. So, Q1 FY23 and also for full year FY23 if you can give me these.
- Yashovardhan Sinha:** Last year Jharkhand was not there, so it was much less negligible. It only came from Bihar.
- Praveen Sahay:** Second thing is on the SSG. So, if I look at the store addition from last year same quarter 88 stores, now reached 117 and that gives me around 33% of uptick. So, fair to assume that out of 46, 33 is the new store addition and the rest is from same store sales growth? The number you are giving up for 28% of SSG looks very high. So, that's why I just wanted to understand.
- Yashovardhan Sinha:** Our growth is 47% and 28% is our same-store sales growth.
- Praveen Sahay:** Next question is related to the Jharkhand. As you had mentioned you become the largest retailer in the Jharkhand with the 18 stores only. So, there is no competition as such?
- Yashovardhan Sinha:** This is what we have been saying. There is no organized retail chain there except Reliance Digital and Croma. So, we are the largest retail chain in Jharkhand right now.
- Praveen Sahay:** With the 18 stores, you become the largest? Okay, great. Second question is related to the other expenses which has increased significantly. Can you give some color on that?

- Yashovardhan Sinha:** It includes in fact other expenses. Since we are opening new stores, so plenty of travelling is required, rent expenses have gone up you can find. So, even when you have a very good sale, then your other expenses also goes up... like miscellaneous expenses goes up or finance charges goes up...so finance charge in the sense, I mean DBD charges from retail finances that comes up, freight also goes up. So, these are the charges which will be elevated only due to rise in sale.
- Praveen Sahay:** The last question sir, from my side is contribution of the financing. So, how in the east three states in your stores contribution from the financing?
- Yashovardhan Sinha:** Right now almost 40% of our sale comes from retail finances.
- Praveen Sahay:** So, that's there in Bihar and the similar story for other two states as well where you've started just now?
- Yashovardhan Sinha:** Not very similar I'll say, but there is some similarity.
- Moderator:** We have the next question from the line of Pritesh Chheda from Lucky Investments. Please go ahead.
- Pritesh Chheda:** Sir, I have two questions. One, when you refer to a matured store, what kind of revenue per square feet or revenue per store you usually is that matured store at, if you could help us to understand? And you gave the store count in terms of expansion... that you added 12 stores in Q1. It would be nice if you could tell us what is the square feet expansion that happened in Q1FY24 and what is the square feet expansion that you are looking in FY24 as a whole on a base number whichever you want to give for FY23?
- Yashovardhan Sinha::** Effectively, we count our store as matured when they give us a sale of between 12 to 18 crores. Typically, these are the stores matured which we find now and in the next same-store sale goes for these matured ones will be at around 15% to 20%.
- Pritesh Chheda:** So, when they are growing at 10% to 15%, then why do you call it as matured at 12% to 18%?
- Yashovardhan Sinha:** 15% to 20% I said are matured stores which are just almost three years old. SSG is between 15%, 20%. So, we call it matured because otherwise these stores will be going up by let us say 100% every year... if it starts from 12%, it will become 9%, 12% in three-years. So, that growth will not be sustainable going forward for that high number. Secondly, you asked about the square feet figure. This figure we will be giving half yearly only.
- Pritesh Chheda:** Lastly, sir, initially you had 25 stores addition in FY24. Will that change considering that you've opened 12 stores in the first quarter?
- Yashovardhan Sinha:** Yes, we may improve upon it. We'll be preparing ourselves for the festive season right throughout this Q2. So, festive season will be the Q3. So, we don't do expansion work during

that quarter because we have a lot of work to do in festive season as there will be a big such spike in sales. So, Q3 remains very low on our expansion. So, we have been targeting that we should open another 8 to 12 stores before festive season and then we are going to start from December January onward on new stores.

Moderator: We have the next question from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.

Renjith Sivaram: On SSG stores growth of 27%, is there any particular category which led to this growth because seasonality of some of these air conditioners and air coolers will be in this quarter, is that the reason that we were able to show this 27% growth?

Yashovardhan Sinha: Yes, of course. All compressor products have given us a very good spike in sales.

Renjith Sivaram: So, probably then next quarter onwards that might kind of normalize, right?

Yashovardhan Sinha: Yes, it normalizes. In fact current quarter, we'll be focusing more on washing machines, dryer, water purifiers, TV, microwave, laptop and all new launches of mobiles. So, this is the quarter where we focus on these products and Q1 always remains extremely the best quarter in entire financial year.

Renjith Sivaram: For the full year, what kind of SSG growth can we look at, what's your assessment?

Yashovardhan Sinha: It's very difficult for me to give guidance after Q1 result. I think it will be better if you ask me this question after the first half year.

Moderator: We have our next question from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Sir, I just wanted to understand a little bit more on the growth that we have seen during the quarter. Everyone in the industry know that April and May were pretty bad for the consumer durable industry as such. So, can you give me a split of what kind of growth you saw during April and May and what kind of growth you saw during June that led to such a big quarter for you?

Yashovardhan Sinha: We had a growth of around 15%, 20% during those two dull months April and May, and there was a huge surge of pent-up demand also because of lesser growth in two quarters and it was really very pretty bad situation; temperature was up 30 deg. all the time. But June contributed the most and that is how this growth has gone up.

Ankush Agrawal: If you say that 15%, 20% growth was seen in April and May, that means June would probably more like 70%, 80% kind of growth for us to achieve this like 46% kind of number?

Yashovardhan Sinha: Yes, you can assume that.

- Moderator:** We have our next question from the line of Vivek Gautam from GS Investment. Please go ahead.
- Vivek Gautam:** So, just wanted to know except for our Company most of the other electronic retailers have been facing a very tough time and even though retailers which are operating in the Eastern region... Kolkata-based Company and the things they are also in loss I believe. So, how come we are able to come out best in that besides the geography, what have been the other factors, sir?
- Yashovardhan Sinha:** This is what I have been telling all throughout that this is the least penetrated market in entire India and this is the reason why we are operating in Hindi heartland. You are very much correct. In fact, even the OEMs were under tremendous pressure in this quarter, but we did very well during this period because we can say very safely that our locations were very good, so well selected, our choice of states are good, so this is all I can say, yes, our policies were very nice.
- Vivek Gautam:** And now we are coming into UP wherein in the competition level I believe is much more than what we were having especially in the tier 2, 3 towns of Bihar, for example, Value Plus retail chain is there in UP and how is the competition intensity in UP and how we plan to tackle it?
- Yashovardhan Sinha:** We don't think that there will be much competition as far as Aditya Vision is concerned because as you know that we have got a very different way of infact marketing and sales strategy and we are very confident that we are going to have the same type of result what we have been getting in past.
- Vivek Gautam:** And coming to our valuations I believe on the market cap to sales basis if we compare our retail store with the other retail companies like Metro, Ethos, Campus, we are still very cheap sir and what can be done to increase valuation because the numbers are quite good and we are sort of performing very well and NSE Listing I believe you can help us out in that manner and more in this concall which you are doing and Analysts meets also helping us out, what's your plan, NSE listing and other things, sir, how can visibility and valuation improve, sir?
- Yashovardhan Sinha:** It is getting better and better I suppose Vivek. In fact, we are looking forward to ourselves listed in NSE very early next financial year. And I think gradually market is digesting the fact that the Company from Bihar is doing so well. It is quite difficult for the market to understand this. But gradually I think valuations are built to catch up.
- Vivek Gautam:** You're very correct, sir. I remember your listing ceremony when Mr. Ajay Thakur was very proud of the fact that first time a Company from his hometown of Patna is being listed and that was really a great experience, he would be a very happy person today. And yes, the doubt is there coming from the SME background, coming from Bihar, lot of doubt was created but yes you will have to put in lot of work and IR I believe also have to put a lot of good work to increase the visibility and the things. And last thing is, is the power distribution now in Bihar

under the private hand, sir. So, that load shedding is also less. Is that helping us out in our region of operation sir?

Yashovardhan Sinha: Yes, because of technology, newer meters and so many computerizations, which has come down. So, power cut in urban areas is totally negligible. So, this has led to improvement in the entire infrastructure also. And still it is controlled by the companies, but the companies are owned by government only.

Vivek Gautam: Yes, but because in the case of private distribution in select region in UP, for example in Agra and Greater Noida, the power trip is almost there. But yes, in the UPPCL region still situation remains the same more or less as older time. Bihar, I believe is the franchise distribution is happening, private players are involved in the distribution. So, their situation is helping us out and -

Yashovardhan Sinha:: No, no private distributors is there in Bihar. Initially they were experimenting by giving it to some private players, but now they have taken it back.

Moderator: We have our next question from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.

Akshat Mehta: Sir, I had a couple of questions for the Company. One thing I want to understand is that since you opened so many stores for the last six months and there is a good chance that you open many stores, can you guide us what is the format of stores that have been opened, like are there more large format stores, are there more small format stores, what is the kind of stores that you opened in both?

Yashovardhan Sinha: Out of 24 stores we have opened, 8 stores are small format stores and rest 16 are all large format stores.

Akshat Mehta: And going forward also we plan to open more larger stores or smaller stores?

Yashovardhan Sinha: More large format stores will come up. What we were doing is that there was some gaps between district headquarters and we tried to fulfill those gaps because distance was quite large. It was a very large, populated district. So, we'll be opening 5-6 more small format stores to fill that gap where business is good, which we come to know because of financing activity in those areas.

Akshat Mehta: I want to add between different states that you have Bihar, Jharkhand, UP, is there any difference in terms of margins or the CAPEX that you require for a store or working capital in those economics, is there any difference?

Yashovardhan Sinha: It's not very significant. It is all similar.

- Akshat Mehta:** Next I want to ask is You said expenses that there has been Rs.2 crore of ESOP expenses that have been included in employee cost. So, can you give some details about the employee stock options plan that you come out with and going forward what will be the ESOP number that will be coming in our results?
- Yashovardhan Sinha:** We will be providing total of Rs.2 crores per quarter in this financial year. Impact of ESOP will be negligible from next year onwards and these ESOPs have been given at a micro level staff also. In fact we have given ESOP to even cashiers, very old guards, warehouse keepers, each and every branch manager has got ESOP. So, we have distributed it very well and I think that these are the things which has propelled our growth also because at the micro level everybody is working as it is their own Company. So, this is a notional expense which is credited to share premium account only, so no cash goes out of the Company.
- Akshat Mehta:** One more accounting question is, can you give me the cash and bank balance at the end of the quarter, if you have that number?
- Yashovardhan Sinha:** We have got cash and cash equivalent around Rs.7.5 crores and deposits in banks will be around Rs.82 crores.
- Moderator:** We have our next question from the line of Krisha Kansara from Molecule Ventures PMS. Please go ahead.
- Krishna Kansara:** First question is regarding segmental numbers. So, if you could give us a break up as to how much of your sales is being generated from let's say AC versus TV and vs other categories. And also because we generated 46% YoY growth in this quarter. So, I wanted to know which particular category contributed to this quarter growth?
- Yashovardhan Sinha:** My answer to your first question is we do not share such information because it becomes competitive for other OEMs because they start to in fact pressure us to give that type of share in their counter also.
- Krishna Kansara:** Sir, my second question was related to this 46% YoY growth which we reported in this quarter, so which particular category -?
- Yashovardhan Sinha:** Actually compressors have contributed to a large extent, in fact room ACs, refrigerators, air coolers and all compressor products, even commercial refrigerators contributed largely for this turnover.
- Krishna Kansara:** What was the advertisement expense in this quarter?
- Yashovardhan Sinha:** In fact, it is around Rs.3.05 crores and it includes hospitality also.
- Krishna Kansara:** Do you see this coming down in the near future once you establish your presence in newer geographies like UP and Jharkhand?

- Yashovardhan Sinha:** We don't want to bring it down. We will be sticking between 1% and 1.25% of our sales in marketing and advertisement expenses.
- Krishna Kansara:** If you could break down the advertisement expense, so how much was specifically spent for Uttar Pradesh?
- Yashovardhan Sinha:** We cannot break it because when we go for print media advertisement or for digital media advertisement as well, it is in fact all our stores are covered through a single newspaper, so it will be very difficult for us to point out that this expenditure was made only for Uttar Pradesh. We can tell you that around what expenses we in fact incur for opening new stores which is around Rs. 2 to 5 lakhs per branch for one year or six months whenever you find that it is now enough.
- Krishna Kansara:** You mentioned that April and May were weaker footfall. So, I just wanted to know the current status on the demand part. So, are you seeing any slowdown in the consumer demand side because this quarter we reported a very good growth number. So, I just wanted to understand is this is geography-specific or other players in other geographies are also realizing this kind of strong demand?
- Yashovardhan Sinha:** It was difficult for me to comment on other players, but demand was very strong in the geography where we are operating. So, this geography has done extremely well. And even though two months were very sluggish according to us, but still June quarter, we took care of almost the entire quarter. And right now demand is quite good now. But during rainy season, monsoons of course it becomes sluggish, but I think demand is good.
- Moderator:** We have our next question from the line of Amit Jeswani from Stallion Asset. Please go ahead.
- Amit Jeswani:** Now your net debt is down to Rs.90 crores. Is 140 stores possible this year after pressing the accelerator? Because Sinha Ji, opportunities are there and you have the execution capability to make it large? Do you think Sinha Ji this year itself will be able to touch 140 stores?
- Yashovardhan Sinha:** Surely Amit Ji we will do 140.
- Amit Jeswani:** Sinha Ji I have one more question to you. So 140 stores done, in Jharkhand we have done about Rs.65 crores this quarter. We have opened 18 stores in Jharkhand and net-net we have spent Rs. 45 crores as per Rs. 2.5 crores per store. Because your ROICs are very large in Jharkhand in the first year itself. Is UP also getting same traction because we are accelerating in UP now, what do you think?
- Yashovardhan Sinha:** We have to think in that way Amit Ji that Q1 is the biggest quarter for us and from 18 stores of Jharkhand most of the stores were almost three to six months old so we can expect better results from coming quarter from these new opened stores. In UP, we have done fairly well in Q1. I do not see any reason not to do well there but we will have to wait for one to two quarters for that.

- Amit Jeswani:** So, do you think we can open 25 stores in UP as well because you always talk about clustered approach and if we have to make the cluster then we have to open 15-20 stores there very quickly there.
- Yashovardhan Sinha:** 15-20 stores we will get before end of this fiscal. I said total 25 stores in UP we will do. Eight we have already opened. and another 6-7 is WIP. I think it will be possible for us by end of this financial year we'll be opening 25 in eastern UP.
- Moderator:** We have a next question from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** So, actually just circling back on SSG, you were saying that the store matures in 3 years and the SSG you're currently saying, 28%, this is all only for mature stores that we're giving that have completed three years?
- Yashovardhan Sinha:** No, no, no I've never said that. In fact, 28% came from those stores which were operating last year also and that addition was from the new stores.
- Alisha Mahawla:** Can we break this number down into how much is the new store are growing at and how much are the mature stores at?
- Yashovardhan Sinha:** I can give you this figure, if you take 28% as SSG growth, rest around 19% has come from the new stores, 46% is overall growth, so 16% and plus 2%, 18% growth comes from newer stores.
- Alisha Mahawla:** What I'm asking is of this 28% if you can give a break up of how much have completed three years, what is their growth rate and for one to three years, what are they growing at?
- Yashovardhan Sinha:** This figure I may not be able to give you.
- Alisha Mahawla:** Just a little bit on the competitive intensity and you have touched upon this and we understand that Bihar is very underpenetrated and this is the kind of SSG growth we're doing and the power situation is easing up, disposable income is increasing. Are we seeing more focused strategies from other organized players or are we witnessing slightly more competitive intensity in the newer geography of UP because the opportunity exists, looking at your growth and sure other people are also realizing?
- Yashovardhan Sinha:** I never said that competition is not there. Competition from modern trade, partners are there, like Reliance Retail, Reliance Digital, Croma is there at several locations and a few small retail chains are also there Great Eastern from Kolkata they are also present in Bihar, Patna and Jharkhand and one big retail chain, Value Plus is also there. But I don't think that any retail chain like ours is expanding anywhere like us.

- Alisha Mahawla:** As these players also become aggressive in our home markets, do you see that as a risk to our gross margins, which currently are expanding very nicely?
- Yashovardhan Sinha:** We have never failed. In fact, we are not new here, we have been operating since last 8, 10 years. I don't think there is any fear of any competition or margin or anything and these are negotiated with OEMs in such a way that you will retain those margins.
- Alisha Mahawla:** Are we experiencing in UP also these kind of margins that we are getting in OEMs what we're currently doing in Bihar and Jharkhand?
- Yashovardhan Sinha:** There are so many marketing strategies which we put in place, first of all whenever you go to a new place, these are marketing strategies, how you place your product price wise, category wise, there are so many things many, many places that don't have all the brands whereas we are having all the brands. So, these are the competitive advantages Aditya Vision is having vis-à-vis any other competitor.
- Alisha Mahawla:** So, these gross margins are sustainable as we grow even in UP?
- Yashovardhan Sinha:** Definitely it is sustainable. In fact, if we compare from last Q1 to this Q1, our gross margin has gone up slightly.
- Alisha Mahawla:** Any impact that we're witnessing on the growth because this year doesn't have an extended Saawan after very, very long, so are we expecting that to impact in growth over the next one or two quarters? I was under the belief that maybe some of the demand for consumer durables may take a backseat during this period and hence I thought I'll have it validated.
- Yashovardhan Sinha:** No. I've been saying all along that there is a very high demand for these products in this area and I don't think that it is going to be impacted. If you have a good monsoon, then obviously your Q3 will be very good, your festive season will become very good after a good monsoon and in fact that impact we see in Q4 after a good monsoon. So, I think things are going pretty well except for what disturbance we got in April and May, I don't think there is any other problem.
- Moderator:** We have a next question from the line of Anshuman Srivastav, an individual investor. Please go ahead.
- Anshuman Srivastav:** I have four questions. First is when are we going to open stores in other states outside of UP, Bihar, and Jharkhand? And second is in management's experience offline or online which one is more effective with respect to marketing? What are we doing with respect to online marketing? Third, how our market share is holding up? And fourth one is over the last three years dividend payout is getting reduced so what would be the dividend payout ratio this year?
- Yashovardhan Sinha:** To answer your first question we will target Chhattisgarh after UP because UP itself is a very big market. Eastern UP's population is equals to Bihar so the area which we are targeting is a

very big area so we are seeing a very big opportunity there just like Bihar. So we will target that and then we will target Chhattisgarh which is the Hindi belt and it is near Bihar and Jharkhand and there is a lot of similarities out there. And as I have told you earlier that border of West Bengal which is adjacent to Bihar and Jharkhand there are some big towns so we would definitely go there but after going to Chhattisgarh. This will be our strategy. After that we will think about Madhya Pradesh. Our total story is of Hindi Heartland. So we will go there. As far as offline and online is concerned, it is a mix when you do advertisement and marketing and online obviously you have social media platforms, campaigning is there and on TV also we do advertisement. We hire influencers as well. These are all done online. And in offline since it is Hindi Heartland we target Hindi newspapers for the market. Whether it is Jharkhand, UP, Bihar newspapers are all common so we get a common package and there we do marketing accordingly. And you asked about market share, we have been gaining market share. You can see it from JFK figures so when the latest figures come then we will come to know but according to the feedback we get from the manufacturer we have consolidated our market share and gained the market. And your fourth point regarding the dividend payout is that your Company is expanding so aggressively that we need to conserve the cash because we need the CAPEX and working capital and we have to take care of the debt as well. Many of the analysts get upset if we take the debt. We are not raising any capital so if we don't capital raise then we have to keep our internal accruals intact. Going forward once the expansion will get slow down we will take care of increasing the dividend payout as well.

- Anshuman Srivastav:** So, we are going to Chhattisgarh this year or next year?
- Yashovardhan Sinha:** We are definitely not going to Chhattisgarh this year. Next year we are planning to go.
- Moderator:** We have our next question from the line of Akshat Mehta from Sameeksha Capital. Please go ahead.
- Akshat Mehta:** I just wanted to ask you that could you give us a comparative figures of inventory between us and our competitors? And what would be the improvement there?
- Yashovardhan Sinha:** Every company has a different policy. If you are doing a business you cannot be bookish with regards to the inventory. For the business you have to be very quick and you have to take very fast decision that how much inventory you should have at any point of time and at what value you are buying it. So, these are the factors which influence us for inventory. The policy will be differ company-to-company that is why the margins are different from company-to-company and our policy is to do the inventory optimization rather than doing the inventory management.
- Akshat Mehta:** This year you intend to keep the same level of inventory?
- Yashovardhan Sinha:** We have already brought down the inventory. This quarter the inventory is below Rs. 33 crores so the results have been good because we have managed the inventory well as we kept the high inventory of compressor products which would have been very difficult to procure. These products get out of stock very quickly.

- Moderator:** We have a next question from the line of Avinash Baskar, an individual investor. Please go ahead.
- Avinash Baskar:** My question is first to understand what is Aditya Vision's positioning, so why do people or customers buy from us? Is it because it's the lowest cost or is it for better service or more like trust that has been built over the years so just want to understand that?
- Yashovardhan Sinha:** It is mix of all of whatever you have said... it is all mix of these things, like over years people trust us, our tagline is "*Sambandh Bharose Ka* .Our endeavor is right from top to bottom is that we have to keep our customers happy. We offer extensive customer service help desk which is totally dedicated to customers and we facilitate service from manufacturers to our customers. So, there are so many things. Otherwise also we have got certain loyalty programs which are very popular and more so, staffs are so dedicated that they are giving good experience to customers all around wherever we are going.
- Avinash Baskar:** In terms of pricing, would you tell that, let's say in the Bihar market, would we be like the lowest cost provider of AC or it is probably not like that?
- Yashovardhan Sinha:** We are of course very competitive, then only we are in fact growing at such a pace.
- Avinash Baskar:** And just one more trying to understand the basic question, your gross margin has gone up steadily from 7% to 15%. So, is that a function of better procurement because of scale or is it like premiumization or something else?
- Yashovardhan Sinha:** I've been telling this whenever you reach a threshold of sale, margins will definitely go up by the manufacturers and I hope you are understanding it. Let us say we are a 100 crore Company; our margins will be different. When we are 500 crores, will be totally different , we are 1,000 crores,it will be again different. And so gross margin will keep on increasing in line with your expenses. Because when you are expanding, you are taking those brands to smaller towns, cities and all that. So, they compensate you for that also. So, this is the reason.
- Avinash Baskar:** Before your store comes right, what is the profile of the customer, is it like their first time first ever time AC is being installed in their house, those are the kind of customers who are the maximum? And let's say before Aditya Vision enters their life, do they buy it from any other place , what is like their competitor or whom do they buy it from before you guys come in?
- Yashovardhan Sinha:** We are quite old by that way. We have been operating since 1999.So, we find that most of the showrooms are closed now which were running at that time. You can name any store which is older than you, then there is only one store in Patna. So, repeat customers are very much. That is the reason sale is going so much, roughly around 70% customers will be repeat customers, 30% of customers will be new customers. And wherever we are opening our branch at newer places, that customer is totally new to us and are additions.



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Moderator: As there are no further questions, I would now like to hand over the call to Mr. Yashovardhan Sinha for closing comments. Over to you Sir.

Yashovardhan Sinha: We trust that we have addressed all your enquiries to your satisfaction. If you have any remaining unanswered questions, please don't hesitate to contact our Investor Relations agency, Go India Advisors. They will be more than happy to assist you further. Thank you so very much and look forward to meet you again. Thank you and bye-bye.

Moderator: On behalf of Nuvama Group, that concludes this conference. Thank you for joining us and you may now disconnect your lines.