

Date- August 05, 2024

BSE Limited

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Sub: Transcript of Analysts/Investors Call pertaining to the Unaudited Financial Results for the quarter ended June 30, 2024

Dear Sir

Further to our letter dated July 23, 2024, please find attached herewith a copy of the transcript of the Analysts/Investors Call on the Unaudited Financial Results of the Company "Aditya Vision Limited" for the quarter ended June 30, 2024 held on Monday, July 29, 2024.

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

This is for your information and record.

Yours faithfully

For Aditya Vision Limited

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**Akanksha Arya
Company Secretary**



“Aditya Vision Limited Conference Call Q1 FY 2025
Earnings Conference Call”

July 29, 2024



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

MODERATOR: **MR. PERCY PANTHAKI– IIFL SECURITIES LIMITED**

Moderator:Ladies and gentlemen, good day, and welcome to the Aditya Vision Limited Q1 FY '25 Results Conference Call, hosted by IIFL Securities Limited.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Percy PanthakifromIIFL Securities Limited. Thank you and over to you, sir.

Percy Panthaki: Hi. Good evening, everyone. It is our pleasure to host the Management of Aditya Vision Limited for its Q1 FY '25 conference Call.

On the call with uswe have Mr. Yashovardhan Sinha – Chairman and Managing Directorand Ms. Yosham Vardhan, Whole-Time Director.

I will hand over the call to the Managementso that they can take you through the Results, and then there'll be a Q&A. Thank you and over to you.

Yashovardhan Sinha: Thank you, Percy. Good evening, ladies and gentlemen. Welcome to our earnings conference call for Q1 FY '25.

Today, we will be discussing our company's financial performance and strategic updates during the quarter. Our investor presentation has been uploaded on the screen and we hope you had the chance to review it.

Aditya Vision has once again delivered an exceptionally strong performance in this quarter, marking a significant milestone in our journey. The quarter witnessed a significant uptick in consumer spending, particularly driven by the summer season. During this period, the summer season led to a significant increase in the sale of compressor products such as ACs, air cooler, refrigerators and commercial refrigerators. As we all know, Q1 is our strongest quarter where we see huge demand for summer products such as ACs and other cooling products.

Before the start of Q1 FY '25we anticipated strong sale, and we were fully prepared and stocked up for the quarter demand. Due to stocking high inventory of compressor products at the right time, Q1 has seen an exceptional revenue growth of 39%. Sale of air conditioners grew by 56% Y-o-Y.

As mentioned in our previous earnings call, our inventory remains highest on March 31st, every financial year, 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 considerable decrease in inventory

levels by approximately Rs.66 crores, that is from Rs. 433 crores as on March 31, 2024, to Rs.367 crores as of June 30, 2024.

Our operational revenue increased by 39% Y-o-Y to Rs.889 crores compared to Rs.641 crores in Q1 FY '24. In line with our revenues, our PAT increased by 42% Y-o-Y to Rs.53 crores compared to Rs.37 crores in Q1 FY '24. Bihar contributed the most to our top line with 81%, Jharkhand and UP contributing 11% and 8%, respectively. Our SSG for this quarter stood at 21%. This strong growth was fueled by consistent growth from matured stores, increased contributions from the new stores reaching maturity, and efficient inventory management. Operating leverage improved as our PAT growth this quarter has surpassed our revenue growth.

During the quarter, we have hit the 150th mark of the store opening with over 105 stores in Bihar covering all districts, 25 stores in Jharkhand covering 20 out of 24 districts, and 20 stores in UP with just over one year of operation, covering 14 out of 75 districts. We added five new stores in Q1 FY '25 and our store count as on 30th June, '24, stood at 150 stores.

The recent fund raise has been utilized by the company, and as on date the company enjoys a net debt free status. The finance cost includes interest cost of Rs. 2.1 crores as well as lease liabilities in interest owing to application of IndAS 116, which has gone up significantly due to the rapid store expense in the past one year.

In Q1, even after stocking significant number of air conditioners as on March 31, 2024, there was a stock shortage in all parts of India, especially East and Northwest summer approaches relatively later. To ensure healthy level of air conditioner inventory, we are constantly buying compressor products which led to utilization of our cash credit facilities with the bank to some extent.

Overall, we had an exceptional quarter and would like to emphasize that the growth of the consumer durable and electronic market in under-penetrated region of India represents a significant opportunity for us, as well for our OEMs. As rural income continues to rise and infrastructure improves, the penetration of consumer durables is expected to further deepen, driving sustained growth in the sector. The increasing disposable income, aspiration living, easy financing options are leading to significant growth in the sector.

Our focus remains on expanding our retail footprints. We will continue to identify and enter new markets in Hindi Heartland that offer growth potential to cater to evolving consumer preferences. We remain focused to our creeping cluster approach of expanding from Eastern UP to Central UP this financial year. We are fully on track to add 25 to 30 stores in the current year and target to reach at 200 stores by FY '26. We are confident in our ability to sustain this momentum and deliver long term value creation for all stakeholders.

Together, we will navigate challenges and seize the opportunities to propel Aditya Vision to new height of success.

I will now hand over the floor to Ms. Yosham Vardhan to provide an overview of the financial highlights for the quarter. Over to you, Yosham.

Yosham Vardhan: Thank you. Good evening, ladies and gentlemen. We are pleased to present the strong financial performance of Q1 FY '25, and here is a summary of the same:

In quarter one FY '25, revenue surged at a Y-o-Y increase of 39%, reaching Rs.889 crores in Q1 FY '25 compared to Rs. 641 crore in Q1 FY '24.

There is a slight increase in gross margin at 15.2% compared to last year Q1 gross margin which stood at 15.1%. EBITDA for this quarter stood at Rs. 85 crores. We maintained EBITDA margin at 9.6%. PAT for the quarter stood at Rs. 53 crores, up by 42% Y-o-Y, compared to Rs. 37 crores in quarter one FY '24. EPS for the quarter stood at Rs.41.07.

Our store count stands at 150 stores at the end of this quarter, with 105 stores in Bihar, 25 stores in Jharkhand, and 20 stores in Uttar Pradesh. SSG for Q1 FY '25 stood at 21%. Inventories stood at Rs. 367 crores as of June 30th, 2024, decreased from Rs. 433 crores as of 31st March 2024.

Now, we can open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Congratulations on a very strong quarter and normalization of inventory levels. Sir, my first question is on gross margin. The media reports sort of suggested that there was shortage of compressor products, and the discounting was also relatively lower. However, on a Y-o-Y basis, when we see our gross margin, though there is an improvement, it is relatively on a lesser side. So, just if you could throw some light on this, sir.

Yashovardhan Sinha: Devanshu, actually we are moving in new territories rapidly. So, moving in new territories restricts our option of making more margins. And we are quite comfortable at the current level of margin. So, we try to maintain this margin even in newer territory. So, this is the reason we have got good sales from UP also as you will find that already has started contributing 8% of our sales in just one year existence. So, I think this is the reason. And, let us not profiteer because of shortage.

Devanshu Bansal: And second half, I guess, there are some incentives related to whatever good amount of sales that we have done, so those should flow in second half, right sir?

Yashovardhan Sinha: No, we take the provisions in the quarter itself. So, that will not flow in the next quarter. Whatever we will be doing next quarter it will come in next quarter.

Devanshu Bansal: And I was seeing our PPT, gradually over the last two quarters there has been some increase in working capital per store as well as CAPEX per store. Is this largely attributable to inflation or there are some new category additions also that we have done?

- Yashovardhan Sinha:** No, sir. This is largely attributable to inflation directly. Because as you will find even this pollution norms and other things have kicked in for generators, so prices of generators have gone up, inflation is there of course. So, this is the reason for CAPEX going up. And in working capital also we are facing that the air conditioner prices have gone up by 10% to 15% across board, it is there for even refrigerators also. So, this is the reason of raising that guidance.
- Devanshu Bansal:** Got it. Last question from my end. The other expenses have almost doubled on a sequential basis. What is the reason for this? Is there some one-off in this, your thoughts on this, please?
- Yashovardhan Sinha:** There is nothing one-off in this, Devanshu. So, actually when you are growing, when you have doubled the sale also, more than doubled your sale from last quarter, then operating expenses are bound to go up because your credit and other expenses group, your power expenses actually group. Similarly, employee expenses also group because of incentive and all.
- Devanshu Bansal:** I get that, sir, but I just wanted to sort of put more attention to this because our revenues have doubled, but that should flow into our EBITDA margins as well, right, because there must be some operating leverage. Last year we did about Rs. 640 crores, this time around we did closer to Rs. 900 crores, but our EBITDA margins have actually dipped by about 30 basis points. So, my question was more from that.
- Yashovardhan Sinha:** You can attribute it only because of expansion, freshly opened so many stores are there. So, in fact, it is a very slight dip, I do not think that there is a significant dip in margin.
- Moderator:** Thank you. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.
- Percy Panthaki:** Sir, my question is also on the gross margin. So, what I have seen is that in Q1 FY '23 as well as in Q1 FY '24, the margin in Q1 is lower than what it is in the full year at a gross margin level. And I am surprised to see this because we have always held that compressor products are actually higher gross margin products. And this quarter we had a very good percentage of compressor product sales. So, the gross margin in Q1, why is it actually not higher than the full year basis for the last two years? And is there any change in trend expected this year?
- Yashovardhan Sinha:** In fact what I told you before also, in the previous conference call, gross margin actually, of course compressor products they give you more volume, more topline. But today is a very competitive market and it has been there, there is, not that that we are working in a non-competitive environment. Secondly, we are moving to new places in Uttar Pradesh or in Jharkhand, where we have to in fact maintain our base at that level at which you are mentioning. When a big party comes in other town, other competitors, they also lower their prices too. So, this is the reason we do not focus on gross margin that much. And since there is very high sale starts kicking in, so this is the reason the gross margin will remain like this only.
- Percy Panthaki:** Understood. And just wanted to understand at what level of sales or what level of sales growth do we see operating leverage kicking in? See, what is happening is that your sales per store is continuously going up, right, whereas your cost per store will go up, but should not go up at the

same rate. So, for example, whether you are selling five units of AC a day or seven units of AC a day, your electricity cost in the store should remain more or less constant. Similarly, your rental will remain more or less constant. So, as your sales per store is going up, why are we not seeing any operating leverage in the EBITDA margin?

Yashovardhan Sinha: We have been giving you guidance that our EBITDA margin will remain like that, from 8% to 10% we have been giving guidance. And I think that is a good and comfortable level for the company to work in.

Percy Panthaki: Yes, sir, agree. So, you have exactly come, I mean, your guidance has been bang-on and not to say that there is any deviation versus expectation. But just trying to understand the underlying mathematics here, as to why we are not getting operating leverage, or do you think we are getting it and then we want to invest it in lower prices. And therefore, the gross margin we will see a slight dip and the EBITDA margin will be maintained because of operating leverage. Is that how it will play out?

Yashovardhan Sinha: See, what happens that if you are not taking into account when we are expanding, at the same time we are expanding also in newer places. So, let us say advertisement cost, it will go up at that place, when we are going in very recently. So, that will add operating expenses. Otherwise also we bring so many schemes for customers like giving gifts or something when we are opening a new store. And when you open new store you have got many events lined up. So, these are the factors, this is the reason it will not go up significantly from this level.

Percy Panthaki: Understood. And lastly, sir, any idea when you would consider opening up a new state? So, we are in UP, Jharkhand and Bihar, when do you think we should be expecting venturing into any of the neighboring new states?

Yashovardhan Sinha: Percy, think of UP, we have just in fact hardly covered 14 districts out of more than perhaps 70. So, there is huge potential in UP. And as we have been guiding that we will not enter into metros or otherwise, we are going to come to the periphery of metros. So, right now we are in the process of crowding Central UP. And after crowding Central UP we have to go further; we will move towards the western part. So, right now we have not decided to enter into any other state, but we are always in fact mulling that whatever good territory is there we should be present.

Moderator: Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: Namaskar, Sinha sahib. First thing that I wanted to check was, how has been your experience with Uttar Pradesh? Though it is relatively a shorter period in which we made a foray, what has been your experience? What are the new insights that Uttar Pradesh experience has given to you in your business model? And what are the insights of our success in Bihar have not been able to so far work in Uttar Pradesh? In other words, new insights from Uttar Pradesh and new revelations about Bihar itself, which has been our very successful territory so far.

- Yashovardhan Sinha:** I will put it by that Uttar Pradesh is almost similar to Bihar, what we have found, but it is more crowded across by population also. And there are many players also present in Uttar Pradesh, local players who are basically distributors but operating as retailers also. We have taken the market by storm definitely, because already now our contribution of UP has jumped to 8% of our turnover in the very first year. And in the first year in which we are continuously opening new stores, in fact many of the stores are not even three months old. This is what we are expecting that we will be doing very well in Uttar Pradesh so far whatever results we have got. And Uttar Pradesh is in the process of in fact a great transformation. So, that also looks quite viable for us and our business going forward.
- Bharat Shah:** And any ideas which have been a very operational part of business model so far and which have worked really well in Bihar, but you have not seen it working with the same kind of pattern in Uttar Pradesh so far? Anything which you have not been able to replicate in Uttar Pradesh what you have successfully done in Bihar?
- Yashovardhan Sinha:** Actually, the major difference is in ASP also, average selling price also because it's lower in Uttar Pradesh compared to Bihar. And the second difference I will say is that Bihar is not driven by distributors. Whereas in the UP retail is driven by distributors, so this is the one major difference. And finance is also not that much, penetration of retail finance is also lower in UP than Bihar.
- Bharat Shah:** Okay. And therefore, should I presume that whatever we have done in Uttar Pradesh so far has met with our expectations or exceeded? Or are there concerns in terms of how the experiment is unfolding into the newer states?
- Yashovardhan Sinha:** Actually, we are very much happy and in fact it has exceeded our expectations. And in fact, we are very excited to open more and more stores there. Because we are finding that, as I told you, the distributor driven market is always selling lower ASP product. Whereas we at Aditya Vision, we can tell you that we have got 60% share of 5-star AC among our entire sale of AC, which is the highest in India. If you find from OEMs also, nowhere in India they sell their contribution of 5-star ACs with 60% in overall sales, whereas we are doing it here in Bihar. And this is what we are bringing in UP also. So, we are , trying to enhance the ASP, and retail also we are taking along with us, retail financing also. So, I think the future is looking quite good and exciting.
- Bharat Shah:** Which means clearly we are not destined to be one state wonder which is Bihar? Clearly our territory is expected to be larger and expanding.
- Yashovardhan Sinha:** Yes. Bharat bhai, in fact, we will be going in entire Hindi Heartland soon, slowly, steadily. Jharkhand has been doing very well already contributing 12% of our sales, which is not as densely populated as Uttar Pradesh or Bihar. But still we have become the leading retailer, biggest retailer in the entire Jharkhand state. We are expecting to in fact do the same in UP also over the next one to two years.
- Bharat Shah:** Then last questions, Sinha sir. One of the key reasons as I have understood so far behind Aditya Vision's success has been nimble footed decision making, entrepreneurial culture, and ability to,

despite being a smaller players than likes of Jio and others, yet we have remained on the right note, both in terms of our growth as well as profitability because of the institutionalization of an entrepreneurial culture of the firm. Do you worry that these ability to maintain that key success sector intake as we moving to newer geographies and if the size happens, we also make it a bit more satiated or satisfied. And therefore, that entrepreneurial culture, which is the key reason behind the success, as I have understood, can be affected?

Yashovardhan Sinha: I do not think that Bharat Bhai, it is going to affect us or our vision or our sales is going to get some wrong. The reason being that, as I told you, all the time I have been telling our stakeholders that we believe that the Hindi Heartland is the biggest story right now in India. Where the penetrations of our products, what we deal is lowest amongst all and as you must have seen from the budget, so much of the money is going to come to Bihar. So, again, Bihar will be highly here. UP has not done well for the ruling party, so believe that they are going to invest more and bring some more schemes to UP. So, I think this entire Hindi Heartland, which will comprise later on Madhya Pradesh and Chhattisgarh also, and borders of Bihar, West Bengal, so I think it is going to continue the same way because the entire Hindi Heartland behaves the same, largely.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Sir, I just have one question, in the states that we are, what is the store opening potential?

Yashovardhan Sinha: In which state you mean to say?

Pritesh Chheda: In UP, Jharkhand, Bihar, that we are what is the share of the potential, the count possible as on date that you can see?

Yashovardhan Sinha: We are looking forward to opening more stores in Bihar in cities like in fact Purnia, and big cities like Purnia, Motihari, Arrah. These are very big cities where we only have one branch and which are doing very well. So, we are now in the process of putting up another store in these places wherever the sale is quite high. And secondly, we have to cover a lot of ground and still lot of ground in Jharkhand also because Jharkhand has been doing well. We are going for a second store in Deogarh also, Deogarh has done exceedingly well. Similarly, when we see Uttar Pradesh there's a lot of potential because if we concentrate on let us say Varanasi, we have already opened six store there, in fact, seven stores are in Varanasi. Such a huge, big market. And if you see Lucknow, then the potential goes up to even 15 to 20 stores in Lucknow, it is of that size. So, there are a lot of opportunities and there also wherever we will be doing very well in district headquarters, in future we will start thinking of opening another store there to cater the needs of the customer. So, I think there is a lot of potentiality right now available for opening a store.

Pritesh Chheda: Have we expanded our horizon beyond Eastern UP in UP?

Yashovardhan Sinha: Yes, we are looking towards the Central UP right now in this financial year. We will be providing Central UP right now and then we will further move towards the west.

- Pritesh Chheda:** So, if you just take Eastern UP, plus Bihar, plus Jharkhand and Chhattisgarh, if you just take these states and Eastern UP, the total store count that is possible in your business potential will be how much? You are at 150 today, where you can go up to?
- Yashovardhan Sinha:** We have given the guidance that definitely in FY '26 we will be 200-plus stores. And we will be expanding, let us say, over 25 -30 store every year. And still, I think overall if you will see, long time horizon, we will be opening around 500 stores, it is very much achievable.
- Pritesh Chheda:** And my last question is, what is the progress on those smaller format stores which you are thinking putting between two districts? In a smaller 1 lakhtype smaller town, so what is the progress there? Have we put anything and what is the progress?
- Yashovardhan Sinha:** These stores are doing very well, let me tell you first of all this, that these stores are doing very well and we are still in process of opening few stores. But because we are getting very good business in UP also, so we are concentrating on UP market as well at the same time. So, these are all doing well, and we are always assessing the market potential for these places.
- Moderator:** Thank you. The next question is from the line of Srinidhi Karlekar from HSBC. Please go ahead.
- Srinidhi Karlekar:** Sir, may I ask how has been the growth rate for non-compressor products? And have you seen some improvement in the growth rate of non-compressor product in this quarter versus the previous quarter?
- Yashovardhan Sinha:** See, 15% growth is there for non-compressor products also.
- Srinidhi Karlekar:** And has that improved versus last quarter?
- Yashovardhan Sinha:** Yes, it has increased.
- Srinidhi Karlekar:** Second question is, sir, are you seeing consumer financing companies become stricter in lending these consumer durable loans?
- Yashovardhan Sinha:** I do not think it has come to any level which is hurting us or hurting our business. It is not like that. It is part of India where the recoveries are good, and so retail finances are doing whatever they were doing before.
- Srinidhi Karlekar:** And the last one is, also can you elaborate how much has been the price increases that have happened in recent months for the compressor products? And do you see this can impact the demand because of the pricing increases?
- Yashovardhan Sinha:** Actually, we do not think that the price is going to impact the demand, because I have been telling that the penetration is very, very low. In fact, around 3% of penetration is there and people prefer buying goods, what I said that, we are selling, 60% of ACs which are 5-star. So, in fact the people, despite trying to invest in those products, so we do not think that the price hike is going to dampen the demand.

- Srinidhi Karlekar:** And sir, can you elaborate how much has been the price increases, for example, refrigerator and AC in recent few months?
- Yashovardhan Sinha:** It's not like that, when there was a huge shortage of new product then at that time it was just around 10%.
- Srinidhi Karlekar:** And has that continued? Or they have corrected?
- Yashovardhan Sinha:** No, it is continuing. It was also because of higher copper prices and all that.
- Moderator:** Thank you. The next question is on the line of Chirag from RatnaTraya Capital. Please go ahead.
- Chirag Fialoke:** **Good Evening sir,** Congratulations on a very strong set of numbers and the continued execution. Three quick questions, Sinha sir. Can you help us with the number within other expenses? I am sure there is some expense for the buy and win, the program that we run, or marketing related expenses. Could you broadly not exactly carve out what that was in June '23 and what was in June '24 quarter, so the same quarter last year and this quarter, just that number?
- Yashovardhan Sinha:** That is near to that only, it's not any abnormal figure.
- Chirag Fialoke:** But it would have increased a lot more from last year, right sir? I am just trying to understand that Rs. 30 crores increase that we have in other expenses, how much of that is attributable directly to marketing costs or marketing expenses?
- Yashovardhan Sinha:** Some 20%.
- Chirag Fialoke:** So, 20% of Rs. 30 crores, so Rs. 6 crores-odd you are saying is attributed to marketing, is that correct?
- Yashovardhan Sinha:** Yes, that will be something like that.
- Chirag Fialoke:** Okay, maybe I can take that offline also. The second question sir I want to understand is, typically we talk about Rs. 6 crores sales in the first year, Rs. 12 crores in 2 year, and Rs. 18 crores and so on for the third year for full year of operations. All the new stores that we have had, are they broadly operating in the same format? Is there any update or any change from this general guidance?
- Yashovardhan Sinha:** No, broadly they are doing the same what we have been guiding. In fact, they are doing much better also.
- Chirag Fialoke:** Okay, some of the earlier stores are doing better than this?
- Yashovardhan Sinha:** Yes. None of these stores are doing worse than what we have guided. But many stores are doing better than what we have guided.

Chirag Fialoke: And the last question I had was on the finance component of sales, for this quarter what was the proportion of sales that was done through sort of some kind of financing, either through a partner or otherwise?

Yashovardhan Sinha: Around 44%.

Chirag Fialoke: I have one suggestion, Sinha sir, if that's okay I will make it, and if it's possible. Sinha sir, I understand you have been saying that there has been operating leverage also, and I guess a couple of participants on the call have also asked this question, though that is not showing up right now because we have certain operating losses also from the new stores, right? They are just ramping up, they're doing good sales but still it takes time to sort of for them to be able to get there. So, at any point in time if you can just carve out what kind of operating losses we are seeing or investments we are seeing in new businesses every quarter, that would be helpful for everyone participating to understand that operating leverage in the rest of the stores is paying out.

Yashovardhan Sinha: We cannot give you guidance on that because all stores will behave differently. So, it's not that they are doing consistent in giving us any branches, giving operating losses. There are many branches who are doing much better since inception. So, that will not be possible for me to give you that.

Chirag Fialoke: Not guidance, Sinha sir. I just want to know, if it's possible, I understand it's difficult, no problem. But basically, for this quarter what was the cumulative loss from new stores? So, that one can understand that if that loss would have not been there then the profit would have been that much higher, other expenses would have been that much lower or something in that tune for us to understand that operating leverage is actually paying out on the old stores. Which obviously it would be, right, I mean, old store same store sales growth is coming at 20%, they will be doing phenomenally well in terms of operating leverage, is that correct?

Yashovardhan Sinha: What you are saying is correct, but giving any figure for that, that will not be possible for me.

Moderator: Thank you. The next question is from the line of Rohan Mehta from Ficom Family Office. Please go ahead.

Rohan Mehta: Thank you so much for taking my question and many congratulations on a great set of number. So, in the past, sir, we have had plans for testing the markets of Chhattisgarh and Madhya Pradesh. So, on that specific point, what is your right to win in the competitive landscape of these two states? And who are your main competitors here? And what sort of edge do you have over them? That's my first question.

Yashovardhan Sinha: Sir, you are only asking for Chhattisgarh and Madhya Pradesh?

Rohan Mehta: Yes.

Yashovardhan Sinha: Actually, we are what I told you that in this financial year we are going to expand Central Uttar Pradesh.

- Rohan Mehta:** So, my question was, in these two states, sir, Chhattisgarh and Madhya Pradesh, what is your right-to-win? And who are your main competitors over here? And what is your edge?
- Yashovardhan Sinha:** Actually, we have not explored those markets, but as per our policy of expansion we will definitely, not in this finance year, maybe in next finance years we will foray into those areas. And there are regional competition is everywhere there, it's not that it's not present in UP or Bihar or in Jharkhand. But then our presence, our brand building exercise, our expertise in retailing, this is the way we will win heart with our buyers. So, that does not matter, that will not make any difference to us. What I am trying to tell you is that it's not Reliance Digital or Croma or other big groups, they are not present in these markets. In these markets all the big retailers are present, but still, we are doing well. So, why we should bother about competition in Chhattisgarh or Madhya Pradesh, rather our policy is to look towards in Hindi Heartland.
- Rohan Mehta:** And just a follow-up question on that. Have you, sir, done any study to assess the brand recall for Aditya Vision in newer markets? This is inclusive of your strategy to expand in Central UP? So, basically what support are the OEMs offering you in this regard? And how are they encouraging you to enter into newer states?
- Yashovardhan Sinha:** Regarding your first question, actually what we know about our survey is that 85% of buyers are again coming back to Aditya Vision. The recall value is as high as 85% for the buyers. And we are a household name in Bihar, and we have very quickly in the last two and a half years have become a very big name in Jharkhand, which is fully reflected by the sales and all, in such a short period of time. So, brand recall is very good.
- Moderator:** Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Thank you for the opportunity and congratulations on a great set of numbers. So, I just wanted to understand the UP market a little better. You mentioned earlier that the ASP in UP is slightly lower than in Bihar. And since it is a new market that we are entering, we are also being slightly competitive, which is why we are not seeing the gross margin expansion or operating levers playing out. So, are these stores matching our Bihar stores in terms of payback period or breakeven? Or will that now change a little bit as the number of UP stores increase?
- Yashovardhan Sinha:** I think that they will be the same, because it's not that actually we try to increase the ASP through our innovative marketing strategy, like display of premium products and all that. It's not that ASP becomes high and by chance it does not happen. In fact, you have to do that through marketing effort for that purpose. So, when we enter UP, we found that ASP was low there. But right now we have been maintaining our ASP there also in UP.
- Alisha Mahawla:** So, we will still be able to achieve a three-year payback period on the newer stores that are opening in UP also?
- Yashovardhan Sinha:** Yes, certainly, I think that is achievable.

- Alisha Mahawla:** And just one last question, what is the ESOP cost for the quarter and expected for the full year?
- Yashovardhan Sinha:** ESOP cost is around Rs. 50 lakhs.
- Alisha Mahawla:** For the quarter, and for the full year?
- Yashovardhan Sinha:** It will be Rs. 2 crores.
- Alisha Mahawla:** Then the jump in employee expenses ex of ESOP is very high on Y-o-Y basis. What would the reason for that be?
- Yashovardhan Sinha:** The reason for that is that they have done exceedingly well, our employees have won so many schemes, and they will get very good incentives. So, this is the reason of the employee cost. New branches have been added, so you require more staff also, when sale is very high you require temporary staff also at many places, so this is the reason.
- Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Sir, just one question. Can you share the gross debt and gross cash number for the quarter end Q1?
- Yashovardhan Sinha:** Gross debt, there is no gross debt I suppose.
- Ankush Agrawal:** And how much is the cash?
- Yashovardhan Sinha:** On the books I will say cash is around Rs. 10 crores will be there, Rs. 3 crores cash, and the bank balance will be around Rs. 8 crores to Rs. 10 crores.
- Ankush Agrawal:** So, you are saying about Rs. 10 crores, 15 crores cash and no debt?
- Yashovardhan Sinha:** Yes, no debt. The debt is in the form of when we go for buying aggressively, then we have to utilize the working capital, which is temporary in nature.
- Ankush Agrawal:** But sir broadly, I mean, that means you have used the entire cash that you have raised recently? Given the kind of quarter that we had, we would have gotten a lot of cash as well. So, ideally the cash balance should be higher?
- Yashovardhan Sinha:** What makes you think like that?
- Ankush Agrawal:** Because I think at the end of last quarter Q4, we had about Rs. 300 crores of cash and about Rs. 125 crores of debt, right?
- Yashovardhan Sinha:** That is kept in form of fixed deposit.
- Ankush Agrawal:** So, how much would be that, sir?

- Yashovardhan Sinha:** How much?
- Ankush Agrawal:** How much would be that, like including the fixed deposit, how much would be the total cash?
- Yashovardhan Sinha:** It will be a little over Rs. 100 crores.
- Moderator:** Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.
- Onkar Ghugardare:** My question was regarding the planned NSE listing. Now you have approved it, what would be the approximate timeline for all process and when could we see the listing?
- Yashovardhan Sinha:** I think we will be applying after the AGM and after split, because there has to be a gap of 30 days between the two record dates, so we are expecting we will be approaching them by end of August.
- Onkar Ghugardare:** So, by end of August you would be listed on NSE?
- Yashovardhan Sinha:** No, we will apply for that, and subsequently we will get listed, maybe in one month time or something.
- Onkar Ghugardare:** So, what is the conversation with your team regarding this? How much time it takes generally?
- Yashovardhan Sinha:** Around one month, this is what we have been told.
- Onkar Ghugardare:** Another question is on so far this season, was it as per your expectation, below expectation, more than expectation?
- Yashovardhan Sinha:** It was a normal season, I would say. We will put it like that it should be warm in summer, so that was it, there was not much disturbance in the quarter one.
- Onkar Ghugardare:** It was a normal quarter, no one-off on any side, no surprises?
- Yashovardhan Sinha:** I think it was a normal quarter, yes.
- Onkar Ghugardare:** One more question is on the product mix. So, in the next two, three years, in your PPT you have mentioned that you would be gradually moving towards high margin products. So, can you talk more about that, what kind of products these are and how much they can contribute in the next two or three years?
- Yashovardhan Sinha:** We do not guide in that way that we will be focusing on that. Actually, market is like that, and what happens is that everybody knows that the margins are higher in the appliances and the other products rather than in IT or mobility. So, this is the fact. And we did not guide that we will be focusing towards that, only on the higher margin products. Actually, everything becomes a basket of categories and so that entire basket gives us that return.

- Onkar Ghugardare:** So, basically what would be the product mix say two, three years down the line, it would remain the same, as it is, or there would be a change?
- Yashovardhan Sinha:** We are expecting a gradual increase of IT and mobility related products, and it will be gradual.
- Onkar Ghugardare:** You are saying that you will be gradually moving towards IT related products?
- Yashovardhan Sinha:** No, we will not be moving. What I am saying that what we have seen in the market, so we are giving you the guidance that it will be increasing gradually.
- Onkar Ghugardare:** Can the fundraise which you have done, can you just give the bifurcation how you have deployed that cash?
- Yashovardhan Sinha:** It has been used as per whatever we have given in guidance, that has been used. You can go through monitoring agency report.
- Onkar Ghugardare:** The entire capital has been used for working capital requirement for this season?
- Yashovardhan Sinha:** The amount what we had earmarked for working capital, it has been used for working capital.
- Onkar Ghugardare:** Growth as well, right, that's what I am asking. So, apart from working capital what you have used it for?
- Yashovardhan Sinha:** We have used only Rs. 8 crores for general corporate purposes, which we still have not utilized it fully.
- Moderator:** Thank you. The next question is on the line of Devanshu Bansal from Emkay Global. Please go ahead.
- Devanshu Bansal:** I just wanted to come back to this other expense that has been there. Sorry for extending on this. Sir, last year for full year our other expense as a percentage of sales were about 3.1%, this time around it is 3.3%. And typically for full year FY '25, they should remain in the range of 3% because if we extrapolate this Rs. 29 crores, Rs. 30 crores that we have done in Q1 for the next three quarters, that number will be significantly higher. So, just wanted your views on that.
- Yashovardhan Sinha:** No, it will come down. The operating expenses directly related to sales, the top line. So, whatever if sale is like that, if you expect sales of Q1 for rest of the year then let it be like that the operating expenses. So, actually it is directly related to sales.
- Devanshu Bansal:** So, entire expense is variable, there's nothing like fixed component in this, right?
- Yashovardhan Sinha:** No, there's nothing because the rent is not there, the salaries are not there, interest is not there. All variable expenses are there in other expenses.
- Devanshu Bansal:** And secondly, from a base perspective, last time around we indicated --

- Yashovardhan Sinha:** Otherwise also you will have to understand one more thing, I think that which is haunting you. Actually, in fact when your sales are going up, so your credit card commission also goes up, your financing cost also goes up. So, these are all there in operating expenses.
- Devanshu Bansal:** Sir, I wanted to check on the base for the September quarter, which is the ongoing quarter. Last time around I remember that July was a weak month for us, right, because June was very strong. So, how have been the trends for Q2? As in, are they in line with what we have delivered in Q1?
- Yashovardhan Sinha:** So, far it is very encouraging.
- Moderator:** Thank you. The next question is from the line of Aryan Oswal from Finterest Capital. Please go ahead.
- Aryan Oswal:** Sir, congratulations on the good quarter. Sir my question was that, previously you mentioned that your focus is to conquer Central and Western UP, but now you mentioned that you are planning to foray into Chhattisgarh and MP markets by the next financial year. So, sir, does this mean that we will be able to conquer Western and Central UP by this financial year? And if not, can you please guide us precisely on our plans for the next three to five years?
- Yashovardhan Sinha:** Three to five years will be a very long period, but still, I can give you guidance up to FY '27, for next three years. This financial year we will be operating and expanding in UP only, in Central UP, in this financial year. It's a very huge state, Uttar Pradesh, so we will be fully occupied capturing around the Central UP. And by next year we will be going towards the Western UP, as well as exploring the newer areas like Madhya Pradesh or Chhattisgarh.
- Moderator:** Thank you. The next question is from the line of Nitin Gupta, who's an individual investor. Please go ahead.
- Nitin Gupta:** Actually most of my questions are answered. I have one suggestion with respect to the reporting of some of the details, like SSG growth, bill cuts, ASP. So, those things in the quarterly results are not included. So, is it possible to include them?
- Yashovardhan Sinha:** But it is there in the investor presentation? We do it half yearly. The policy of the company is to give half yearly figures. Quarterly, we are updating the financials.
- Nitin Gupta:** That's what I what I was saying if it is possible?
- Yashovardhan Sinha:** No, we will be only doing it half yearly because that will give a good proper, in fact reflect a proper picture of financials and others MIS.
- Nitin Gupta:** I mean, I am asking like, do we do the sales only via stores that we have opened or are we present online also?
- Yashovardhan Sinha:** No, we are not present online.
- Nitin Gupta:** And any such plans in future or not?

- Yashovardhan Sinha:** No, not as of now.
- Nitin Gupta:** The same store sales growth has been indicated to be around 20% I think for this quarter. So, can you divide it into the volume and the valuable?
- Yashovardhan Sinha:** No, that we cannot.
- Moderator:** Thank you. The next question is from the line of Anshuman Srivastav, who's an individual investor. Please go ahead.
- Anshuman Srivastav:** Sir, last year we had store count growth of approximately 40%. We are saying that we had the same store sales growth of approximately 21%. We have other expense growth of roughly 50% for Q1 FY '25 over Q1 FY '24, and there was also a surge in demand from compressor products in the economy. Yet in our Q1 of FY '25 we had a sales growth of only 39%. This is first question.
- Second question is, we have Aditya Suraksha insurance policy for the customers, how is that performing? And how much deposit have we been able to generate through it? And what is the profitability of that insurance policy?
- Yashovardhan Sinha:** That we cannot give you right now. We cannot give you that figure that how much has come from Aditya Suraksha? And what was your first question?
- Anshuman Srivastav:** About the same.
- Yashovardhan Sinha:** It's very correct, if we have grown by 39% and around 20%, 21% has come from same store sales, we have got out of around Rs. 900 crores we have got around 18% from new stores.
- Anshuman Srivastav:** From new stores we got only 18%?
- Yashovardhan Sinha:** Yes. Same store sales growth had been at 21% and we have grown by 39%. So, the gap between 39% and 21%, 18% has come from the new stores.
- Anshuman Srivastav:** So, 40% stores contributed only 18% because they were new stores, but they will contribute more going ahead?
- Yashovardhan Sinha:** Yes, maybe stores are only one month old or two months or three months old, yes.
- Anshuman Srivastav:** No, for the Q1 they should have been larger. Because for the entire Q1, all of these stores were available, but these stores are very recent, so they did not contribute there.
- Yashovardhan Sinha:** It's not that we have been opening stores and it goes in the same way. I think we have done well in that.
- Anshuman Srivastav:** And for Q1 we opened only five stores, what is the target of opening stores for the rest of the year?

Yashovardhan Sinha: We have given our guidance, we will be opening around 25 -30 stores in this financial year.

Anshuman Srivastav: And final question is, just which is also --

Moderator: Sorry to interrupt. Due to time constraints, that was the last question for the day. I now hand the conference over to the management for closing comments.

Yashovardhan Sinha: We trust that we have addressed all your inquiries to your satisfaction. If you have any remaining unanswered questions, please do not hesitate to contact our Investor Relations agencyGo India Advisors. They will be more than happy to assist you further. Thank you so much. Goodbye.

Moderator: On behalf of IIFLSecurities Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.