

**Date- February 12, 2024**

**BSE Limited**

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Dalal Street  
Mumbai-400 001

**SCRIP Code: 540205**

**Sub: Transcript of Analysts/Investors Call pertaining to the Unaudited Financial Results for the quarter and nine months ended December 31, 2023**

Dear Sir

Further to our letter dated February 02, 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 and nine months ended December 31, 2023 held on Wednesday, February 07, 2024.

The same is also being made available on the Company's website at: [www.adityavision.in](http://www.adityavision.in).

This is for your information and record.

Thanking you

Yours faithfully

**For Aditya Vision Limited**

**Akanksha Arya**  
Company Secretary



“Aditya Vision Limited  
Q3 FY '24 Earnings Conference Call”  
February 07, 2024



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

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

**Moderator:** Ladies and gentlemen, good day and welcome to Aditya Vision Limited Q3 FY24 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Percy Panthaki from IIFL Securities. Thank you and over to you, sir.

**Percy Panthaki:** Hello everyone and welcome to Aditya Vision Limited Earnings Con Call for Q3 and 9-months FY24. We have on the call with us today: Mr. Yashovardhan Sinha, Chairman and Managing Director and Mrs. Yasham Vardhan, Whole-time Director of the company.

As a reminder, this discussion on today's call may include certain forward-looking statements and must be viewed in conjunction with the risks that the company may face. Now I request the management to take us through the company's business and financial highlights post which we can open the floor for Q&A. Thank you and over to you, sir.

**Yashovardhan Sinha:** Thank you, Percy. Good evening, ladies, and gentlemen. Welcome to our Earnings Conference Call for the Q3 and 9-months FY24. Today we'll be discussing our company's financial performance and strategic decisions. Our investor presentation is available on the exchange and we hope you've had a chance to review it.

We are thrilled to report a strong performance in this festive quarter showcasing consistent results across financial metrics. Our revenues grew from INR317.85 crores in Q3 FY23 to INR413.26 crores in Q3 FY24, a growth of 30.02%. Correspondingly, our profit before tax increased by 21.35% year-on-year to INR28.99 crores compared to INR23.89 crores and our profit after tax grew by 13.58% year-on-year basis to INR22.17 crores compared to INR19.52 crores in Q3 FY23.

Our revenue grew from INR1015.96 crores in nine-month FY23 to INR1367.62 crores in nine-month FY24, a growth of over – to be exact 34.61%. Our profit before tax in nine-month FY24 increased by 26.17% year-on-year to INR90.64 crores compared to INR71.84 crores and our profit after tax grew by 20.68% year-on-year to INR69.22 crores compared to INR57.36 crores in 9M FY23. We are glad to inform you that we have already surpassed our full year FY23 revenue and PAT in nine months itself in this financial year.

Before we proceed towards our strategic update, I would like to take a moment to reflect on 25 years journey of Aditya Vision. While we have been listed for seven years now, we

began our journey in the year 1999 with a single store in Bihar. In 2016, we successfully raised INR5.8 crores by getting listed on BSE, a significant milestone that marked our first-ever fundraising effort. Today, our company stands at 138 stores across Bihar, Jharkhand, and Uttar Pradesh, showing a remarkable tenfold expansion since 2016, where we had just 14 stores. Our first fundraise of INR5.8 crores not only propelled our journey to where we are today, but also resulted in a substantial value creation for our shareholders and fortifying our position in the market.

We are happy to announce that our board meeting held on January 30, 2024, has approved a preferential issue of shares of approximately INR282 crores to Capital Group, one of the world's largest foreign institutional investors, demonstrating confidence of marquee investors in our company. This is a significant milestone for our company and marks our second fundraising initiative after the first and only fundraise of INR5.8 crores during the IPO. We believe this fundraiser will strengthen our balance sheet, support our growth for years ahead and help create value for stakeholders. A significant part of the fund raise will be used for working capital requirements, which will in effect reduce our finance costs.

Throughout our journey, we have embraced opportunities and demonstrated resilience during challenging times. With marquee investors on board, we are now steadily progressing towards substantial, sustainable growth. We appreciate the continued support of all stakeholders that has brought us to this point and look forward to the promising future ahead.

As mentioned before, we are at a crucial point in our hyper scaling strategy. Since Q3 was a festive quarter, we put all our efforts and resources in sales promotion and strategically delayed opening of new stores. We opened only two stores in Q3, FY24, one in Uttar Pradesh and one in Jharkhand. In Q4 FY24, the current quarter, so far, we have opened six stores. As of today, we stand at 138 operational stores with 100 stores in Bihar, 22 stores in Jharkhand and 16 stores in Uttar Pradesh. In fact, 100 stores in Bihar is a significant milestone for us. In FY24, we opened 33 stores in 10 months, a significant jump from 26 stores in the whole FY23. Works are in place to open seven more stores in the remaining FY24, taking the store count to 145 stores by the end of FY24, outperforming our initial guidance of 150 stores by FY25.

Further, we have also made significant progress in Uttar Pradesh, which is reflected from an increase in revenue contribution coming from Uttar Pradesh in Q3FY24. In Q3FY24, Bihar contributed the most to our revenue with 84%, followed by Jharkhand and UP, contributing 11% and 5% respectively. This revenue growth is a result of both new store additions and sustained growth from our existing stores. Having hyper scaled this year, we plan to open about 24 stores annually and reach a milestone of 200 stores by the end of FY26. We perceive significant growth opportunities in our focused core markets of Hindi

Heartland. The positive consumer response in the newer market where we have expanded is particularly encouraging for us.

As highlighted earlier, our operating expenses have been on higher side in this financial year due to the rapid addition of stores over the past 12 months. In calendar year 2023, we opened 39 stores, which is more than double of 18 stores opened in calendar year 2022. Presently, 30% of our stores are less than one year old and quite young. As these recently established stores gain momentum and ramp up in line with our other older stores, we expect to see meaningful positive impact on profitability and top line. The same store sales growth for 9-month FY24 stands at 18% and for Q3, 14%.

In the current quarter, we have allocated a provision of INR2 crores for ESOP in accordance with our previous communication. For the entire FY24, a total ESOP provision of INR8 crores is required with another INR2 crores allocated for Q4 FY24. Looking ahead to the next fiscal year, we anticipate a provision of approximately INR2.5 crores for the entire FY25 compared to INR8 crores in this financial year. It is important to note that this is a notional expense impacting the profit and loss statement without any impact on cash flows. We strongly believe that extending ESOPs to our long-term employees will provide a substantial motivational advantage and loyalty which will benefit the company in both short term and long-term.

Lastly, I would like to say that we are committed to broadening our customer base, retailing innovative products, and ensuring exceptional customer experience while maintaining steady financial growth. This commitment propels us to pursue excellence in every facet of our business as we progress in our expansion journey. With this favourable momentum, we maintain a strong belief in our future and our capacity to establish new industry standards.

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

**Yosham Vardhan:**

Thank you. Good evening, ladies, and gentlemen. We are pleased to present the robust financial performance of Q3FY24 and 9-month FY24. Here is the summary of our financial achievements.

In 9-month FY24-

- revenue surged by 34.61%, climbing from INR1,015.96 crores in 9-month FY23 to INR1,367.62 crores in 9-month FY24.
- Gross margins were sustained at 15.50% and EBITDA reached INR129.85 crores.

- PAT exhibited a growth of 20.68%, rising from INR57.36 crores in 9-month FY23 to INR69.22 crores in 9-month FY24.
- SSSG for 9-month FY24 stood at 18%.

In Q3 FY24-

- revenues marked a year-on-year increase of 30.02%, reaching INR413.26 crores propelled by operational expansion and robust SSSG.
- Gross margins stood at 16.54%.
- PBT for the quarter stood at INR28.99 crores with PAT reaching INR22.17 crores.
- EBITDA for the quarter stood at INR43.49 crores and EBITDA margins stood at 10.52%.
- SSSG for Q3 FY24 stood at 14%.
- Our store count stood at 138 stores till date.

We can now open the floor for questions.

**Moderator:** Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Devanshu Bansal from Emkay Global. Please go ahead, sir.

**Devanshu Bansal:** Hi, sir. Thanks for the opportunity and many congratulations on the preferential issue and entry of marquee investor to Aditya Vision. Sir, you sort of alluded to this, that preferential proceeds will be used for supporting the working capital. So, I wanted to check, will this be used for working capital for new stores that are expected to open or we can see some reduction in our existing debt that is already there on our balance sheet?

**Yashovardhan Sinha:** We will be using the funds for working capital for existing as well as future expansion. This is what we are proposing. Initially, it can reduce our debt also, but long term it will be used for the growth capital.

**Devanshu Bansal:** Got it, sir. And we have obviously exceeded expectations on the store addition front. So, can we expect some acceleration in the store additions versus our earlier guidance of 20-25 odd stores with a very good balance sheet? Can we sort of expect an increased addition on the store front?

- Yashovardhan Sinha:** We are proposing to add 25 stores every year. However, as you know, whenever opportunities will be there to expand more, we can go for that. But right now, our strategy is to open 25 stores per year.
- Devanshu Bansal:** Got it, sir. Secondly, there is an increasing noise around unsecured credit by lenders. So, I wanted to check, are you also sort of witnessing any such tightness in terms of EMI dispersals by NBFC partners in our area of operations?
- Yashovardhan Sinha:** No, I don't think so. In fact, it is rapidly increasing in our geography. There is no impact at all.
- Devanshu Bansal:** Got it, sir. And lastly, sir, we have been successful in onboarding of good institutional investors. From here on, if you could sort of address or provide an outlook on further dilution of promoter shareholding, because this is key feedback from investors' perspective. If you could share your thought process from here on, it will be really helpful?
- Yashovardhan Sinha:** We have always said that any dilutions by promoter has been always for strategic requirement for the company. And this will be the strategy going forward.
- Devanshu Bansal:** Got it, sir. Thanks for taking my questions. That's it from me. Thank you so much.
- Yashovardhan Sinha:** Thank you.
- Moderator:** Thank you, sir. The next question is from the line of Himanshu Nayyar from Systematix. Please go ahead.
- Himanshu Nayyar:** Good afternoon, Mr. Sinha and Yosham. Thanks for taking my questions. Firstly, if I look at the 9-month performance, EBITDA margins have come off a little bit. So I just wanted to understand whether it's on account of the product mix change with your home and entertainment solutions revenue coming off and may be mobile is increasing, or on account of the ESOP costs that have come in on any other reason, which explains this dip in margins?
- Yashovardhan Sinha:** I'll say broadly that margins are in line with our guidance, what we have been giving. A slight increase or decrease in margin can be attributed to product mix and other things. So there are all aspects that work in tandem.
- And we are going into newer territories wherever we find that what is good for the company, we do. And ESOP, I have already in fact narrated that ESOP requirement is there for providing in the balance sheet. So that is also impacting, which will not be that much from next financial year.

**Himanshu Nayyar:** Understood. And the second thing which I noticed, I mean looking at the 9-month numbers, that our retail footprint has increased by 36% while the store count by 42%, which essentially means that the average size of incremental stores is slightly lower. So is that a conscious strategy that we are opening slightly more compact stores or it's more a question of what sort of location we are getting in? We are ready to open even smaller size stores?

**Yashovardhan Sinha:** Yes, actually you may be following us, then you will see that we have been opening few smaller stores also. Like what I was telling in last earning call also that we are looking towards sub-divisional headquarters also, which are very rewarding for our business. So this is the reason that we have opened a few, I will not say very small, but smaller than our usual typical store size in these places, which is giving us very good response also.

**Himanshu Nayyar:** Understood. So next would be on the new states. I mean apart from the three current markets that we have, at least for the next couple of years, if you can highlight the new states that we are looking to enter and what would be the timelines if we are looking to do that?

**Yashovardhan Sinha:** In fact, we have already covered around 18 districts in Jharkhand out of total 24 districts. And Bihar, we have already covered 37 districts out of 38 and one is in work in progress. And UP out of 75, we have covered only 12 districts.

So, we have got a lot of strategic places to expand our reach. And we are looking forward to continue. Our overall strategy as you know is to remain in Hindi heartland. So may be in a couple of years, we may be looking at Chhattisgarh also, part of Madhya Pradesh also. These will be our potential areas that we will look to expand.

**Himanshu Nayyar:** Understood. And sir, final question will be on the competition. I mean at least in our core markets, have we seen any significant increase in the Pan India guys or brands opening new stores, which is leading to some increase there or its status quo as far as the top three markets are concerned?

**Yashovardhan Sinha:** I'll say that competition was always there and it remains as I speak. So, competition has been there always. And I think there is plenty of volume growth which takes care of competition. So, competition was always there and people are opening stores, the large format stores are also coming. But we are equally prepared to handle this competition.

**Himanshu Nayyar:** So no undue increase is what you have seen. I mean no significant increase which structurally impacts our growth.

**Yashovardhan Sinha:** No, I don't think so.

**Himanshu Nayyar:** Got it. Great, sir. That will be all from me. Thanks, and all the best.



- Yashovardhan Sinha:** Thank you.
- Moderator:** Thank you, sir. The next question is from the line of Praveen Sahay from Prabhudas Lilladher. Please go ahead.
- Praveen Sahay:** Hi, sir and many congratulations on a very good set of numbers. So, my first question is related to the growth of 30% of growth on the Y-o-Y side. And also, you had added on the Y-o-Y side 40-odd stores, which is quite a 40% odd increase. If you can give some more color on how is the SSG, how is the last year 90, 80 stores have performed in the revenue terms?
- Yashovardhan Sinha:** Our SSG stood at for 9 months it stood at 18%. And for this quarter, it is 14%. And all are contributing. As I said that almost how many stores we have opened, many of our stores have just been opened and they are not even one year old. So we are expecting that these stores are going to ramp up our top line going ahead.
- Praveen Sahay:** Yes. Sir, second thing on UP. In UP, earlier you had guided, you were more keen to expand your stores to the Eastern UP, that is around 15 to 20 odd districts. Now you had already reached to 12-odd districts. So, are you targeting the entire 75 districts of the UP? You also wanted to grow beyond the Eastern side?
- Yashovardhan Sinha:** First of all, we will be looking at the Eastern side of UP, as we have already guided. And going ahead, when we have completed this area and we are present in this area, then of course we'll go beyond, let us say, Central UP like Lucknow, we can go up to Kanpur. So this will remain our strategy of creeping expansion cluster based.
- Praveen Sahay:** Right, sir. And related to the UP only, how is the stores are ramping up? So, if I just look at your 16 stores, you had -- definitely that's -- not even the year time has been added. The store for revenue is still on the lower side. How is the ramping up? Is that the similar way it's going how you had observed in the Bihar stores and the Jharkhand stores, the similar way it's going, ramping up?
- Yashovardhan Sinha:** Whatever we have been guiding that on the very first year, we reached a turnover of INR6 crores, which is double in the second year of operation. We still stick with that guidance. And these stores are doing well. And since 30% of our stores are less than one year old, so naturally we expect that going forward, they are going to give us our requisite top line as well as profitability.
- Praveen Sahay:** Great. Lastly, maybe it's a repetition. How much is the contribution of the financing right now, overall sales?
- Yashovardhan Sinha:** Contribution of financing will be something around 40%.

- Praveen Sahay:** Okay. Great. Thank you for answering my questions. All the best.
- Yashovardhan Sinha:** Thank you.
- Moderator:** Thank you, sir. We take the next question from the line of Percy Panthaki from IIFL Securities. Please go ahead, sir.
- Percy Panthaki:** Hi, sir. Recently you did a fundraise of INR280-odd crores. So, what are your thoughts on the utilization of that? Because you mentioned that your number of store expansion 25-30 per year is what you are targeting. That is something that you can easily sort of do with internal accruers itself. So now that we have got this funding, why not accelerate the store expansion?
- Yashovardhan Sinha:** I'm not saying that we are not going to accelerate our store expansion. What we are guiding is that 25 stores definitely we are going to open. And whatever opportunity we are going to get, we are going to take it. This long-term fund will help us in long-term working capital requirements of the company where we will be fortifying our present position also as well as going forward also.
- Percy Panthaki:** Right. But can you give any kind of guidance at least if not on a one-year, on a three-year basis, how many stores you can open? Because see each store I think including the working capital that needs to go as the starting inventory in the store, I think you would be able to I think do in approximately INR2 crores per store, right?
- So INR280 crores of capital infusion means that almost about 150 stores can be funded through this plus whatever you might do through internal accruers. So, what should we look at if not on a one-year basis, on a three-year basis, what should we look at as your expansion plans?
- Yashovardhan Sinha:** I very comfortably put it that it will be from 75 stores to 100 stores which can go up to 100 stores. And let us say in three years' time, we will be more than 225 stores altogether. So, this is what I can foresee right now.
- Percy Panthaki:** Okay. Second question is that if I look at a store which is of similar size, similar vintage, in similar type of socio-economic micro market, but in different states, then is the store economics different or is it the same?
- Yashovardhan Sinha:** In fact, what do you mean? Which market you are looking at?
- Percy Panthaki:** So, I will give you an example. So, let's say if you look at a store which is in a 5-lakh population town in Bihar and which has a particular kind of clientele around it in terms of their income levels and propensity to buy, etcetera. And the store is three years old.

And if a similar three-year-old store is there in, let's say, Eastern UP or Jharkhand in a 5-lakh town with similar kind of people in the vicinity and similar purchasing power, are you seeing a similar throughput for those stores or is it different?

Because in Bihar, you are much better recognized and people gravitate towards your brand name. But in the other states, maybe it is not so well recognized. So just wanted to understand the difference in the sales throughput for comparable stores across different states.

**Yashovardhan Sinha:** In fact, this was very encouraging for us. Right now, what we say is that we have become the largest retailer in Jharkhand also from Bihar. And how much time it has taken? It has taken just two years from when we have started. In fact, I would say less than two years. We started around March '22. So it is not that difficult for us to go to new markets like Jharkhand or UP, and still we are able to perform better. So this is what I can tell you.

**Percy Panthaki:** You are able to just within two years become a number one and other people, large players like Reliance or Croma, etcetera. They are not able to do that. So what is it that gives you the edge versus the others?

**Yashovardhan Sinha:** I feel that we are present in different geographies as well, apart from being in, let us say, capital of the state or very big, large cities of that state. This is what is differentiating between us and them.

**Percy Panthaki:** Okay. And do you see them also sort of copying your strategy? Because see, despite being in small towns, your margins are high, your return ratios are high, you are growing well. So maybe, how much time does it take for these guys also to realize that going into the small towns is actually quite a beneficial strategy for them?

**Yashovardhan Sinha:** I beg your pardon. What did you say in the last question?

**Percy Panthaki:** So what I was just asking is that after seeing your success in small towns, how much time do you think they will take to react and say, okay, small towns is also a very profitable and fast-growing area, so why should we focus only on the large towns? Let us also focus on the small towns.

**Yashovardhan Sinha:** But Percy, we have got the first-movers advantage. Please try to understand. This is what happened in Bihar also. We have been in Bihar, so all large-format stores, they have come in Bihar. But still, we are doing very well. We are growing at 18% SSG. So, our model of business is not impacted by their presence. This is what I can tell you. Yes, of course, they may like to copy us. They have been copying us for several years.

But still, what difference I always tell our investors is that we are not a corporate style of

retailer. We are a very different type of retailer who mixes with the customers, with the society, with the people there. So this is very different and we make our customers will feel much, much relaxed in coming to our stores and going to visit any other store. So these are two factors through which we have come so far, and I do not think there is any change even now.

**Percy Panthaki:** Okay, sir. That is all from me. Thanks, and all the best.

**Yashovardhan Sinha:** Thank you.

**Moderator:** Thank you. The next question is from the line of Amit Jeswani from Stallion Asset. Please go ahead, sir.

**Amit Jeswani:** Hi, Sinhaji. Good evening. Congratulations on your fund raise. Sinhaji, now we have become net debt free. Our net debt was INR190 crores. With this INR280 crores fundraise, we have become net debt free. And this year, probably, we have done 9 months, we have done INR70 crores PAT. Probably, we will add another INR20 crores next quarter. So about INR90 crores PAT.

And these will be largely free cash flows for us. Because here, we have become debt free, so your interest savings, last year, we paid INR17 crores interest. That will get saved. Next year, there will be INR6.5 crores, like that ESOP cost will be lesser. So just trying to understand, when we think about FY'25, with interest savings, with ESOPs, with large opportunity in UP, how large do you think this UP market will be for us? We are at 20 odd stores now. And you delivered what you promised, north of 140 stores last con call.

So, congratulations on that too. How big, Sinhaji, you think that UP will be? The population is 1.5 times that of Bihar. More than that. 1.8 times that of Bihar. You think, can we do a Bihar with 100 stores in UP?

**Yashovardhan Sinha:** Absolutely. Amitji. In fact, with good growth capital with us, mostly in working capital, we are looking forward to repeating a Bihar in UP, definitely. And I think, going ahead, it's very exciting times are ahead of us. And what you said, definitely, we are in fact looking at UP as another Bihar state. And that population-wise also, culturally also, I would say, we are in the same league.

**Amit Jeswani:** Right. And, sir, this 25-store guidance that you have given for next year, would you say that that will also depend on how we perform in, let's say, Varanasi? Like, UP is already 5% of our revenues. And you entered UP 8, 9 months ago. Right. So, sir, how is it? How is the performance coming, Sinhaji, if you can tell us in UP? And what is, like, our decent stores are doing INR6 crores of revenues, like, out of 22 stores. What would you say that, how many stores in UP, out of the INR6 crores that we estimated, our first-year revenues,

that is getting done?

**Yashovardhan Sinha:** Already, in our 16 store actually, many are very young. I mean, they are hardly 2-3 months old. But whichever store we have already opened in the end of last financial year or beginning of this financial year, we are on course to even exceed that INR6 crores guidance in the very first year guidance. So, I think, it's going well in Varanasi, Amit. We are doing well. And going ahead, we feel that we will do quite well.

And as you can see, the possibilities have increased in UP. We are present in Ayodhya also. Since last, more than 6 months, 7 months, we are present there. So, now we are getting the traction of this new development in Ayodhya. So, the entire region, I think, it is going to grow because of recent development. It will be very good, I think.

**Amit Jeswani:** Mr. Sinhaji, the kind of monopoly that we have created in Bihar, that kind of monopoly, you think, is possible in, is the competition very tough in UP or we are, like in Bihar, there is no number two. We can create that kind of atmosphere. Because as you have seen, no one can beat us in Bihar. Is it possible in UP? Because UP is that main growth driver, sir. And in that, our ROCE will increase very strongly. Because you have opened 40 stores with a lot of hard work this year.

**Yashovardhan Sinha:** So, Amit, we are present in Bihar, number one. And the market share is very good. Gradually, we are already, we have captured around 15%, 16% of the market share in Jharkhand which is less than 2 years, our age is there. And all stores are not opened on a single day. That means that many stores, if you take 50% of the stores, if you open 18 stores, then only 9 stores will be there that have been opened for a year. Or 10 stores that have been opened for a year.

But despite that, we are getting around 12% of our contribution. And we have already become the number one retailer. And we are going to be the number one retailer in Jharkhand also in time to come, also in the future. Because only modern trade people are now coming in bigger cities. So, whatever competition is there, it is there in the bigger cities where enough opportunities are also there.

And we have become a very well-known brand at the same time. So, when you come to UP, there is no such big established player there in Uttar Pradesh. So, exactly what you are saying, that monopoly. Our monopoly in UP, what I expect is that in another couple of years, we will definitely be monopolizing UP also. Because again, modern trade people will come. Usually, they are present in much bigger cities. Again, demand is very good. Demand is going up at a very rapid pace. So that doesn't disturb us.

**Amit Jeswani:** Sir, I was looking at one more data point that in UP, the penetration of consumer finance is lesser than Bihar.

- Yashovardhan Sinha:** Yes.
- Amit Jeswani:** Sir, that data is right, right?
- Yashovardhan Sinha:** Absolutely right. This is what I am trying to say. In fact, when you talk of Aditya Vision so Aditya Vision is known for creating the market also. It is not about we just go somewhere, where it has already got the existing market. We go there and we create the market. This is what is all about Aditya Vision. So, even the retail financiers are there, Amit. They are also very excited because there is less retail financing than Bihar in UP. So, it offers a tremendous scope in UP for ramping up sales.
- Amit Jeswani:** Got it. And sir, I saw a photo of yours on Twitter with the CEO of HDFC. Was it on lines with this that you need lenders with UP? Who is your partner, IDFC and all these four lenders that you have? All four lenders are coming with you in UP also?
- Yashovardhan Sinha:** Yes, all four lenders are coming. And HDFC is also becoming very aggressive. So, they also want to participate with us. And when the CEO was there, when he was in Patna, he wanted to meet me. We had a very fruitful meeting.
- Amit Jeswani:** Got it. Done, sir. Thank you. Thank you, Sinhaji. Best wishes. Keep rocking.
- Yashovardhan Sinha:** Thank you, Amit. I have done what you had asked me in the last earnings call, you remember?
- Amit Jeswani:** Yes, sir. We have to go to a new height. The game is just getting started. Thank you. Congratulations.
- Yashovardhan Sinha:** Thank you very much.
- Moderator:** Thank you, sir. The next question is from the line of Gaurav from Axis Capital. Please go ahead.
- Gaurav:** Thank you for the opportunity, sir. Congratulations on the great performance.
- Yashovardhan Sinha:** Thank you, Gaurav. Please go ahead.
- Gaurav:** Sir, my question is with regards to the general slowdown that we are seeing about consumers. Especially a couple of companies have alluded to the fact that there is some slowdown in the belt of UP and Bihar. However, your numbers don't seem to suggest this same. So, what exactly are you seeing different in the consumer behaviour for these products versus the other staple kind of products that is happening?
- Yashovardhan Sinha:** What I always -- in fact predict is that this is the sector, which is going to flourish more,

whatever be the general economy situation. So, what I foresee is that this will continue to grow. What you said that there is a perception that it will slow down. Then I'll say that maybe because of that only we have grown by 30%. Let that, it become more normal and then we may grow by 35%-40% as well. So, I'll put it optimistically, I'll put it like this.

**Gaurav:** Okay. In terms of your store opening process, what are the key metrics that you generally look while opening a store in any catchment or in any area? Do you see the per capita income of that particular geography? Do you see the total population etcetera? What are the key metrics that you generally look for while opening a store?

**Yashovardhan Sinha:** I've been always telling about this that we foremost see the population. That is our first, in fact, this is the metric. So, population in this side of geography of India is very high. So, it is very less penetrated as well. As a guest -- participant asked me previously that even retail finance is hardly present in entire eastern Uttar Pradesh. So, what we see that we are going to perform very well and I think that is it. What exactly you want to know?

**Gaurav:** Yes, sure. I mean, sir, is it because population again, you said, while population will be a key metric.

**Yashovardhan Sinha:** I told you population will be our first metric. And secondly, we see that how under penetrated that market is, how small like similar store, what is their sizes, how much they are catering to the people. These are the factors through which we select a place to open.

**Gaurav:** Sure. And sir, is there any metric like, for example, if a particular store does a particular level of sales, post which then you decide maybe to open a store in that particular area, maybe say a two or three kilometre far distance. Given that -- so my question in other ways, what is the optimum sale capacity that you think for a store after which you plan to open another store in the same vicinity or geography?

**Yashovardhan Sinha:** We actually -- sales vary from quarter-to-quarter. So, then the best quarter as always been our Q1. So, if we find that every day, let us say every day sale is surpassing INR20 lakhs or INR25 lakhs, then we understand that there is a need to open another store in that area. So, it depends on all what exactly billing is happening at that place and how comfortable our customer may be there or uncomfortable, I would say.

So, this propels us to go for another store. Like in Bihar, this has been happening very rapidly. In fact, Jharkhand also, now it is happening rapidly. Like in places like in Ranchi, Jamshedpur, Dhanbad, we are ramping up with more stores because there is very good sales. In Bihar, we have already done that and we are in the process of doing that.

Wherever we are getting very good sales, and sales which we think that it will -- it will become uncomfortable for our customers to come to our stores, then they go in for another

store. So, this is the way we do.

**Gaurav:** So, sir, is there any average number that you generally see in peak seasons? If you see that in peak seasons, if you cross X number of sales, probably that is the time maybe that you decide to open?

**Yashovardhan Sinha:** That is INR18 to INR24 crores of sales. I'll put it, if you want to know exactly where and when we think about it, then it is INR18 to INR24 crores.

**Gaurav:** Okay, got it sir. Thank you, sir. That's all for me.

**Moderator:** Thank you, sir. The next question is from the line of Onkar from Sri Investments. Please go ahead.

**Onkar:** Hi. I just wanted to know where you think you will achieve a certain level of operating leverage in your business?

**Yashovardhan Sinha:** I could not get your question. Can you repeat it again?

**Onkar:** I was asking at what point of time do you think you will be able to achieve operating leverage with your business?

**Yashovardhan Sinha:** In how much time?

**Onkar:** Yes.

**Yashovardhan Sinha:** We typically say that after three years we have a matured store. After full three years of operations, we consider the store to have matured and then normal SSG in segment.

**Onkar:** Okay, another thing is that you have mentioned that this capital you will be using for long term growth. But if you don't have this kind of capital and even if you want it to grow, so just wanted to know, basically my question is like when you first raised around INR6 crores at the time of IPO, now that you have raised around INR300 crores, so this kind of big amount, what is your long-term plan with this kind of amount apart from working capital? You will be using for debt reduction as well or like how the split is?

**Yashovardhan Sinha:** The purpose is not exactly for debt reduction. Purpose is for having long term capital for long term growth. So we are looking with a perspective of around five years ahead from now, 10 years ahead from now. So we are not people that we go to capital market again and again. So this has been our endeavour that once we have that capital, we will go all out on growth path.

So this is it. We are looking forward towards let us say next five years, where we think that



we will be present in entire Uttar Pradesh, entire Jharkhand, entire Chhattisgarh, and may be entire Madhya Pradesh.

**Onkar:** Okay, so basically this is only for expansion of the new stores and expansion into the new geographies. There won't be any use for capital debt reduction.

**Yashovardhan Sinha:** No, no, there is there. Long term debt will be discharged. This is not very high. It has been given in our notice, EGM notice.

**Onkar:** Yes, but every season...

**Yashovardhan Sinha:** Very small part, a very small part will be used for debt reduction, long term debt reduction.

**Onkar:** Yes, but like every season the debt goes up. So, you will be using some part of that for that purpose as well or it is not the case?

**Yashovardhan Sinha:** Yes, yes, of course, that is the purpose that going forward we should have enough capital, our own enough capital, strengthening our balance sheet, delivering it, and going forward all out for expansion and getting business.

**Onkar:** Okay, another question is that what kind of ROCE and ROE targets you have in your mind for say next three to five years? And another question is on the succession front, what is your strategy on that, those two questions? Thanks.

**Yashovardhan Sinha:** Well, right now I'll give you the answer of second question. Succession is right now we are not thinking about succession plan. I am still there at the helm of the affairs. And first question was?

**Onkar:** What kind of ROE and ROC targets you want to achieve in next three to five years given the growth potential you have?

**Yashovardhan Sinha:** We cannot exactly guide you right now, but it is going to come down slightly. And going forward if you take a look, have an outlook of three to five years, then going forward ROE will be very, very healthy and ROCE will be also healthy as well.

**Onkar:** What you said your ROE and ROCE will be?

**Yashovardhan Sinha:** It will be quite healthy going forward if you take a long-term view of three years onward.

**Onkar:** Okay, all right. Thank you very much. Best of luck.

**Yashovardhan Sinha:** Thank you.

**Moderator:** Thank you, sir. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead, sir.

**Ankush Agrawal:** Hi, sir. Thank you for taking my question. Firstly, last quarter in Q2 our growth was slightly soft because there was a shift of festival sales from Q2 to Q3 this year. But looking at our performance for the Q3, I don't think we have received a lot of benefit in terms of growth because of that shift. So, can you highlight some points like what is happening over here?

**Yashovardhan Sinha:** I think any growth above 30%, we have been guiding 20%-25% growth only. And may be last quarter it was around I think 20% growth had come even in the subdued quarter. So, this quarter 30% growth, I think that it is consummated with whatever brands have grown. Manufacturers are growing by 10%-12%, whereas we have grown by 30%, over 30%. So, I think it is quite okay.

**Ankush Agrawal:** One of the reasons for asking this question was I mean the store addition is quite strong for us. So, I think year-over-year the store growth is around 40%, right?

**Yashovardhan Sinha:** But having said that I have been telling you that these stores are very young in age. Maybe 30 stores, one-third of our stores are less than eight months old, it's like that. So, these stores, they are not contributing from day one. And that too, mostly they have been opened in Q2 and I think Q4 of last year. So, going ahead, these stores are going to perform well. They have already started performing very well and going forward, they will give a good contribution.

**Ankush Agrawal:** Secondly, sir, a clarification on the fundraise and use of it. You mentioned that firstly, you will use it to retire the long-term debt and then it will be used for working capital. But the amount of money that you have raised, I mean, I don't think we will need that money for at least next six months to one year.

We can't use that kind of capital in our working capital for next one-two years. So, initially, would we be paying down our working capital also or we would be keeping our working capital intact and keeping the money in treasury and trying to earn other income? What's the thought process about that?

**Yashovardhan Sinha:** This is very simple. When we are talking about working capital, then working capital comes as a cash credit account for us. So, whatever long-term working capital we will be raising rather, that will be used. Of course, it will reduce the debt also for the time being. But going ahead, for further growth, these funds are going to be used for enhancing and driving rapid growth.

**Ankush Agrawal:** Got it. This was very helpful. Thank you.

- Yashovardhan Sinha:** Thank you.
- Moderator:** Thank you, sir. We take the next question from the line of Devang Patel from Sameeksha Capital. Please go ahead.
- Devang Patel:** Hi, sir. A question on the fundraise. Will you be also open to any acquisition opportunities or that is categorically ruled out?
- Yashovardhan Sinha:** It is categorically ruled out. We are not looking towards any acquisition at the moment.
- Devang Patel:** Good, sir. Secondly, on the inventory side, for Q3, we are on the lighter side. Right now, it's 60-65 days of inventory versus usually in Q3, we see it higher at 80-85 days.
- Is this some one-off or should we expect average inventory to be lower structurally than in the past?
- Yashovardhan Sinha:** I don't think so. It is going to over this range only, whatever we are achieving in Q3.
- Devang Patel:** Fine Sir. That's all from my side. Thank you.
- Yashovardhan Sinha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.
- Devanshu Bansal:** Sir, hi. Thanks for the follow-up opportunity. Sir, I just want to check as in what all investments have, we done from an organization point of view, which prepares us for an accelerated store opening.
- If you could highlight in terms of team investments, tech investments, that will be really helpful.
- Yashovardhan Sinha:** Everything is going on in tandem, Devanshu. Of course, when you ramp up your store opening count or your business, then everything is required and we are investing in every aspect suitably.
- Devanshu Bansal:** Got it, sir. But if you could just articulate in terms of team investments, any software investments that we have done in terms of sourcing, any specific details if you can call out?
- Yashovardhan Sinha:** I will tell you, Devanshu, this is a continuous process. Continuously we are investing in human resources. Continuously we are looking towards more technological non-intervention of manual intervention.

So these are the things we have been doing. It is in a continuous basis. As per our requirement, we will continue to do so.

**Devanshu Bansal:** Lastly, you mentioned proceeds will be used for existing stores as well. So I wanted to check, will this be increased for existing categories like AC/REF or there is scope for adding new categories in our existing stores as well?

**Yashovardhan Sinha:** We are quite open to adding new categories also, provided it justifies our format. So we are quite open to anything. Whatever profitable sector will be there, we will be open to go for that.

**Devanshu Bansal:** Any categories that you have sort of shortlisted or filtered out which can be added, say, in our mature stores in Patna?

**Yashovardhan Sinha:** We have been working on kitchen.

**Devanshu Bansal:** Sorry, sir, I missed you. I couldn't hear you.

**Yashovardhan Sinha:** We have already added kitchen appliances like chimneys, hobs, and other things. We are planning to have separate showroom for these kitchen appliances as well. So these are all in the process of pipeline.

Definitely, we are going to take it up as it comes and where we find it profitable.

**Devanshu Bansal:** Got it, sir. Thank you so much.

**Yashovardhan Sinha:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vivek Gautam from GS Investments. Please go ahead, sir.

**Vivek Gautam:** Sir, congratulations on yet another consistent performance. I would like to highlight your confidence in the company, sir. When at the peak of the COVID time, you went in for a buyback at INR20 after coming out with an IPO four years back. So that shows the confidence in your company and now it's being exemplified by your constant progress. A few queries I have.

So, is the selling of the promoter's stake has been stopped finally or it will keep on coming up? And second thing was about any of the auditor in Patna still managing our show or are we planning to go for a big four auditor, sir? And lastly, one query which many might not have asked but they are having is that some big names in competition in Great Eastern and other places also are finding it difficult to pay even the salaries, sir.

And how come our company is doing so well in the same region of Eastern India? Thank you.

**Yashovardhan Sinha:** On your first point, I have already been communicating that promoter's selling is not on a retail basis. It is very strategic and good for stakeholders only. So, we cannot totally rule out that it will not happen.

But whenever it will happen, it will happen only strategically and for the betterment of the company only. Second, we are very much on the course of appointing one of the top six auditors. Maybe next year we will be doing.

Third, what you said that competitors are not able to give salaries and all that.

**Vivek Gautam:** The name from Great Eastern should not have been named.

**Yashovardhan Sinha:** That was quite surprising for me. So in fact, I asked you. I don't think maybe that the policies of company, this is what I can say.

Your company has been profitable since inception. What you said that your company takes calculated decisions also, strategic decisions also. At times, as you said that before the pandemic, we did a buyback also when there was no liquidity in our shares. So periodically, these things depend on the policies of the company. And whatever you are seeing in Aditya Vision, we are doing fine.

When you said some issue about salaries, we are very much surprised. That is the first thing we do in the first of the month.

**Vivek Gautam:** Generally, I wanted to share because basically same sector. Some companies are doing well, some companies are not doing that well. But anyway, sir, it is a fabulous work you have done since coming out with an IPO in 2016.

And great wealth has been created by you. Keep up the good work, sir. Thanks a lot.

**Yashovardhan Sinha:** Thank you very much for appreciating us.

**Moderator:** Thank you, sir. The next question is from the line of Mayur Bapoadara, an individual investor. Please go ahead, sir.

**Mayur Bapoadara:** Hello, sir. Congratulations for the good set of numbers.

**Yashovardhan Sinha:** Thank you.

**Mayur Bapoadara:** My question was regarding employee benefit expenses for 9-month basis from INR29

crores to INR42 crores incremental. So how much is the proportion of ESOPS in debt?

**Yashovardhan Sinha:** So far, we have provided INR6 crores for ESOPS.

**Mayur Bapodara:** 6 crores for 9 months, right?

**Yashovardhan Sinha:** Yes.

**Mayur Bapodara:** Okay, sir. And another question is when we are planning to list ourselves on NSE also?

**Yashovardhan Sinha:** Maybe in this calendar year.

**Mayur Bapodara:** By 2025, FY25 right?

**Yashovardhan Sinha:** By FY25.

**Mayur Bapodara:** Okay, sir. Thank you. All other questions are answered. Thank you.

**Yashovardhan Sinha:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to 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 agency, Go India Advisor. They will be more than happy to assist you further.

Thank you so much. Take care. All the best to all of you.

**Moderator:** Thank you, sir. On behalf of IIFL Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.