

Date- August 16, 2023BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001**SCRIP Code: 540205****Sub:- Intimation of Revision in Ratings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

Dear Sir(s)

Pursuant to Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that CRISIL Ratings vide its letter dated August 16, 2023 has given its credit rating for the enhanced bank facilities of the Company.

Please find below the details of revision in ratings for the Company:

Name of the Company	Credit Rating Agency	Type of Credit rating	Amount (Rs. in crore)	Existing Rating	Revised Rating
Aditya Vision Limited	CRISIL Ratings	Long Term Rating	75 (Enhanced from Rs. 35 crores)	CRISIL BBB+/Stable	CRISIL A-/Stable

The report from the credit rating agency covering the rationale for revision in credit rating is enclosed.

This is for your information and record.

Thanking you

Yours faithfully

For Aditya Vision Limited**Akanksha Arya**
Company Secretary

Aditya Vision Limited

Rating upgraded to 'CRISIL A- / Stable'; rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.75 Crore (Enhanced from Rs.35 Crore)
Long Term Rating	CRISIL A-/Stable (Upgraded from 'CRISIL BBB+ / Stable')

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has upgraded its rating on the long-term bank facilities of Aditya Vision Limited (AVL) to '**CRISIL A-/Stable**' from '**CRISIL BBB+/Stable**'.

The upgrade reflects strengthening market position as reflected in healthy revenue of Rs 641 crore in Q1 fiscal 2024 (Rs 439 crore in Q1 fiscal 2023) and Rs 1322 crore for fiscal 2023 (Rs 899 crore in fiscal 2022). The 47% revenue growth on-year in fiscal 2023 is driven by wider outlet coverage with AVL opening 41 stores in 2 fiscals through March 31, 2023 and another 12 stores in Q1 fiscal 2024. AVL entered Jharkhand in fiscal 2022 and eastern UP in fiscal 2023.

As on June 30, 2023, AVL has 117 stores of which 91 stores are in Bihar addressing more than 50% market in the state, 18 stores in Jharkhand and 8 stores in eastern UP. Going forward also company is expected to benefit from underpenetrated markets sustaining its market position.

Operating margin improved to 10% in fiscal 2023 (9% in fiscal 2022) and sustained at 10% in Q1 fiscal 2024 on account of efficiencies from increase in volumes. Hence, improved scale of operations has strengthened company's cash flow adequacy and provide necessary financial flexibility.

The rating reflects extensive experience of the promoter in the electronics retail industry, established market position and sound operating efficiency. These strengths are partially offset by moderate financial risk profile and working capital cycle and exposure to intense competition in consumer durable retailing segment.

Key Rating Drivers & Detailed Description

Strengths:

Extensive experience of the promoter and established market position: Business operations are managed by Mr. Yashovardhan Sinha having about 4 decades experience in the industry. The over two-decade-long experience of the promoter in the electronics retail industry, his strong understanding of market dynamics, healthy relationships with brand partners and ability to connect with the local population, has enabled steady ramp up in scale of operations as reflected in 3-year revenue CAGR of 18% through fiscal 2023. With strong network of 117 customer touchpoints as on June 30, 2023 across 3 states, increasing retail footprint to 4.3 lac sq ft in fiscal 2023 from 3.2 lac sq ft in earlier fiscal and strategic addition of new stores leading to steady improve in market share is a key monitorable.

Sound operating efficiency: Operating efficiency is marked by steady improvement in operating margins to 10% in fiscal 2023 from 6% in fiscal 2021 as reflected in healthy return on capital employed

(RoCE) of about 27-37% during 3 fiscals through March 31, 2023, aided by economies of scale and an experienced management. AVL has registered healthy same store sales (SSS) growth of 38% in fiscal 2023 and 15% in fiscal 2022, in line with pre-covid levels. Moreover, revenue per sq ft has also improved from Rs 34,000 in fiscal 2022 to Rs 40,000 in fiscal 2023. With improving scale, prudent working capital management is critical for sustenance of healthy operating metrics over the medium term.

Weaknesses:

Moderate financial risk profile and working capital cycle: Networth of Rs 136 crore as on March 31, 2023 (estimated at Rs 174 crore as on June 30, 2023) support capital structure, yielding gearing and total outside liabilities to total networth (TOL/TNW) ratios of 1.99 times and 3.48 times, respectively for fiscal 2023. External borrowings largely comprise of working capital utilization and creditors for purchase of inventory ahead of peak summer sales which commence in Q1. This is also reflected in inventory of ~90 days as on March 31, 2023 against ~60 days during the year. Debt protection metrics were adequate with interest coverage and net cash accruals to adjusted debt (NCA/AD) ratios of 4.5 times and 0.3 time respectively as on March 31, 2023. With increase in scale of operations, prudent working capital management is critical as external borrowings to fund incremental inventory purchases increase over the medium term.

Exposure to intense competition in consumer durable retailing segment:

The consumer durables and mobiles industry estimated at Rs 2,130 billion marked by organized retail penetration of around 55% in fiscal 2023. That said, the vertical gained popularity on account of the housing boom, easy access to funding, increasing disposable incomes, changing lifestyle and growing nuclearization. Hence, with increasing market size, AVL faces competition from the emergence of other retail chains and aggressive pricing policies to penetrate the markets. Going forward, company's ability to withstand competition amid economic headwinds is critical for sustenance of market position and operating efficiencies and will remain a key rating sensitivity factor.

Liquidity: Adequate

Net cash accruals expected to be around Rs 80-85 crore per fiscal is sufficient against repayment obligation of Rs 7-12 crore over the medium term, with surplus funds deployed to meet working capital requirement. 12-month average bank limit utilization was around 70% through June 2023. Other liquid funds and deposits of over Rs 6.75 crore as on March 31, 2023 cushion liquidity. Current ratio was also adequate around 1.1 times as on March 31, 2023. AVL declared final dividend of Rs 7.5 per share i.e Rs 9.02 crore payout in fiscal 2024.

Outlook Stable

CRISIL Ratings believe that AVLs strong market position, their healthy relationship with brand partners and well-monitored after-sales services should support business risk profile over the medium term.

Rating Sensitivity factors

Upward factors:

- Rise in business size with substantial increase in scale of operations and lower sustainability risk leading to sizeable liquidity build up.
- Improvement in capital structure yielding TOL/TNW of less than 2 times.

Downward factors:

- Faces stiff competition leading to fall in revenue and operating margins falling below 5-6%
- Large debt-funded capital expenditure, dividend payout and/or substantial increase in outside liability weakening financial flexibility.

About the Company

Incorporated in 1999, AVL is managed by Mr Yashovardhan Sinha. The Bihar based company is engaged in retailing of consumer durables and operates through multi-brand retail showrooms, named 'Aditya Vision' across Bihar, Jharkhand and eastern UP.

Key Financial Indicators

As on/for the period ended March 31	Unit	2023	2022
Operating income	Rs crore	1322.23	899.13
Reported profit after tax	Rs crore	64.14	35.28
PAT margin	%	4.85	3.92
Adjusted debt/Adjusted networkth	Times	1.99	1.99
Interest coverage	Times	4.51	3.28

Status of non cooperation with previous CRA: Not applicable

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	35	NA	CRISIL A- /Stable
NA	Cash Credit	NA	NA	NA	40	NA	CRISIL A- /Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	75.0	CRISIL A- /Stable	05-01-23	CRISIL BBB+/Stable		--	13-12-21	CRISIL BBB/Positive		--	Suspended

All amounts are in Rs.Cr.

Annexure – Details of Bank Lenders/Facilities

Facility	Amount (Rs. Crore)	Name of Lender	Rating
Cash Credit	35	Axis Bank Limited	CRISIL A- /Stable
Cash Credit	40	ICICI Bank Limited	CRISIL A- /Stable

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