

**Date- May 31, 2024**

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400 001

**SCRIP Code: 540205**

**Sub: Transcript of Analysts/Investors Call pertaining to the Audited Financial Results for the quarter and year ended March 31, 2024**

Dear Sir

Further to our letter dated May 21, 2024, please find attached herewith a copy of the transcript of the Analysts/Investors Call on the Audited Financial Results of the Company "Aditya Vision Limited" for the quarter and year ended March 31, 2024 held on Friday, May 24, 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.

Yours faithfully

**For Aditya Vision Limited**

AKANKSHA  
ARYA

Digitally signed by  
AKANKSHA ARYA  
Date: 2024.05.31 15:03:34  
+05'30'

**Akanksha Arya**  
**Company Secretary**



# “Aditya Vision Limited Q4 FY-24 Earnings Conference Call”

**May 24, 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 Q4 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 “\*” then “0” 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:** Hi everyone, it’s our pleasure to host Mr. Yashovardhan Sinha – Chairman and Managing Director and Mrs. Yasham Vardhan – Whole-time Director of Aditya Vision Limited.

They will take you through the Results for the Quarter and the full year and then we will open for Q&A. So, over to you sir.

**Yashovardhan Sinha:** Thank you. Percy. Good evening ladies and gentlemen. Welcome to our Earnings Conference Call for the Q4 and FY24.

Today, we will be discussing our Company's Financial Performance and Strategic Decision. Our investor presentation is available on the exchange and we hope you have had a chance to review it.

Before we delve deeper into FY24 financial performance, I would like to briefly touch upon the strategic update of this quarter, as well as major highlights of FY24 and our vision going forward.

FY24 has been a milestone year for Aditya Vision. This year, we completed 25 years of our existence. We began our journey in year 1999 with just one store in Patna, Bihar. We haven't looked back since. Today we have hit a century of stores in Bihar, with presence in all districts providing exceptional consumer experience. We have now solidified our presence in Jharkhand in two years and have started making a mark in Uttar Pradesh within one year of operation. We were the first consumer electronics retailer in India to be listed on the stock exchange in the year 2016. We raised just 5.8 crores in IPO. Our expansion to almost 145 stores were through funds raised during IPO and our sustained internal accruals. We knew our dreams were ambitious., but we were confident in our abilities and vision of catering to the consumer needs in under penetrated Hindi heartland of India.

25 years of Aditya Vision is a testament of not just our upward growth trajectory but also substantial wealth creation for all our stakeholders. To commemorate the Company’s 25th year of existence, as a token of gratitude, the management declared a special dividend as an interim dividend of 51% or Rs.5.10 on face value of Rs.10 each as per equity share for FY23-24. I am happy to announce that today our Board of Directors have recommended a final dividend of Rs.9 per equity share for FY24.

We are pleased to report that our performance has remained consistent in FY24, demonstrating robust results across various financial indicators.

FY24 has been another standout year for us, our revenue in FY24 surged by 32% reaching Rs.1743 crores from Rs.1322 crores in FY23. Our PAT increased by 20% to INR 77.07 crores in FY24 compared to INR 64.14 crores in FY23. We have almost doubled our revenue in the past two financial years. This exceptional performance highlights our deep understanding of the region we operate in and unwavering focus on driving sustainable and profitable growth.

Our revenue grew from Rs.306.27 crore in Q4 FY23 to Rs.375.67 crores in Q4 24 a growth of 23%. Our PAT in Q4 FY24 grew by 16% year-on-year basis to Rs.7.85 crore compared to Rs.6.78 crores in Q4 FY23. Q4 FY24 experienced good growth despite challenges owing to extended winters this year.

For the entire FY24, a total provision of INR 8 crore was made for ESOP granted to our employees which had an impact on P&L. We strongly believe extending ESOPs to our long-term employees will provide a substantial value creation in both short-term and long term for the Company.

During FY24, the Company for this expansion has entered into many new and long-term leases, which along with existing leases has resulted in a net charge of INR 8 crores in the PL due to application of IndAS 116 lease accounting principles. These impact will eventually reverse in the future period and does not have any impact on our cash flows. As you are all aware, our business has an element of seasonality with Q1 being traditionally very strong due to growth in demand of ACs, refrigerator, room coolers and other refrigeration products. As such as part of our business strategy, we adopt an aggressive inventory acquisition approach to avoid stock out situations. We start stocking inventory especially compressor products from the beginning of Q4 itself to be well prepared for a sudden summer season demand for our next year Q1.

Also, at the financial year end we get very good deals from OEMs which we are confident to easily liquidate is just the beginning of Q1. Consequently, our inventory remains at the highest level at March end and stood at Rs.433 crore. However, the average inventory for this financial year through the fourth quarter end stood at Rs.316 crores only. In Q4 FY24, Bihar contributed the most our revenue with 83% followed by Jharkhand and UP contributing 11% and 6% respectively. In entire FY24 Bihar contributed 86% followed by Jharkhand contributing 10% and UP contributing 4%.

Our SSSG for Q4 FY24 stood at 6% and for entire FY24 stood at 15%. Our strategic expansion efforts resulted in the opening of more than 1.5x new stores this year as compared to the previous year. We opened 40 new stores this financial year compared to 26 stores opened in last financial year. Our store count as of 31st March 24 stood at 145 stores with about 30% of our stores being less than a year old. We added 13 new stores in Q4 FY24 alone. As on date our store count is 148, where we are present with 105 stores in all districts of Bihar, 24 stores in Jharkhand and in

20 out of 24 districts and 19 stores in UP in 14 out of 75 districts. Now we are present in all together 72 districts in the Hindi heartland.

As you all are aware, we recently raised growth capital to the tune of Rs.282 crores from Capital Group, one of the world's largest FII. This is our first fund raise after our IPO in 2016. This fund raise has primarily been utilized toward repayment of debt, working capital requirements and other general corporate purposes of the Company. Consequently, we have become a net debt-free Company.

Lastly, with look to the future we are excited about the opportunities that lie ahead in the thriving Indian retail industry. The world is now looking at India for its growth and we are excited about the potential opportunities lying ahead. With our focus on providing superior consumer experience, increased customer satisfaction and geographical imprint, Aditya Vision is well-positioned to consolidate its position as the go to destination for consumer electronics in the underpenetrated Hindi heartland of India.

With each step forward, we remain committed to setting new industry benchmarks and delivering superior value to our stakeholders.

I will now hand over the floor to Mrs. Yosham Vardhan to provide an Overview of the Financial Highlights for the Quarter.

**Yosham Vardhan:**

Thank you sir. Good afternoon, ladies and gentlemen. We are pleased to present the robust financial performance of Q4 FY24 and FY24.

Here is a summary of our financial achievements:

In FY24 revenue surged by 32% to Rs.1743.29 crore in FY24. Gross margin stood at 15.9% and EBITDA reached Rs.167.49 crores. PAT executed a growth of 20% to Rs.77.07 crores in FY24. SSSG for FY24 stood at 15%.

In Q4 FY24 revenues marked a Y-o-Y increase of 23% reaching Rs.375.67 crores. Gross margins were efficiently maintained as 17.4%. EBITDA for the quarter stood at Rs.37.63 crores, EBITDA margin stood at 10%. PAT for the quarter stood at Rs.7.85 crores up 16% Y-o-Y. SSSG for quarter four FY24 stood at 6%. ESOP provision for the quarter stood at Rs.2 crores. However, it is important to note that this is a notional expense impacting the profit and loss statement without any impact on cash flows.

We can now open the floor for questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Devanshu Bansal from Emkay Global Financial Services Limited. Please go ahead.

- Devanshu Bansal:** Thanks for the opportunity and congratulations on a healthy network expansion and good SSSG performance for full year FY24. Sir, I just wanted to check your thoughts on the demand trends for the ongoing quarter, Q1 is typically the biggest quarter for us and there is significant heat waves that have been there across regions this time around. So, if you could just throw some light on the current demand trends in the areas we operate, will be very helpful.
- Yashovardhan Sinha:** Demand has been very good in the initial month of April. May has also initially done well. But lately there has been rains and all that in various parts of this region. But we expect that we will be doing well.
- Devanshu Bansal:** Got it sir. And in UP we are currently at 19 stores. So, just if you could share some thoughts because this has been the first season for this geography, are we on track, are we doing better if you could throw some light on our network in UP as well?
- Yashovardhan Sinha:** Already, in fact UP is contributing around 6% of sale in last two quarter as I have already spoken. So, we are just hardly one year old there, it's just a little over one year. So, we are doing very well and we will continue to do very well in UP by expansion.
- Devanshu Bansal:** Right. Sir on gross margins I wanted to ask if the performance has been very good for full year FY24 despite our mix sort of moving from the home entertainment category towards digital and others mix. So, what are the key drivers for this sustained gross margins if you could throw some light on that?
- Yashovardhan Sinha:** Actually most of our revenue comes from the large appliances. So, this is very important and others also contribute, they also carry very good margin when we call top of other products like home appliances, kitchen appliances, small appliances. So, our contribution of mobiles and IT is just over 20% A little over 20%, so that is around 21%. So, this is the key driver because as, we are concentrate more on our large appliances market and other products which carry more margin.
- Devanshu Bansal:** Got it sir. And last question from my end. This 150 odd crore of working capital during the year, is this in anticipation of a strong summer or we have also introduced some new categories at our stores. So, if you can help us understand that?
- Yashovardhan Sinha:** You mean to ask me that high level of inventory at March end?
- Devanshu Bansal:** Yes, ma'am, I want to ask.
- Yashovardhan Sinha:** I just elaborated in my earning call, but anyway, typically March end, in fact just summer starts by March end. So, we are always looking towards the stock out situation later in the period, let's say April end or March end. So, typically, we have to have stock in air conditioner and other compressor products as well as air coolers which are very bulky in nature. So, we have to store them. And in fact, this has been the trend right throughout our financial. And I also told you that average inventory, if we will look at the average inventory of our Company, then it is just 300

odd crore. So, year-end we will have to carry because of good deals in immediate very good season, jumps in. So, these are the factors.

**Devanshu Bansal:** Got it sir. I just wanted to ask if there has been introduction of new categories also at our store?

**Yashovardhan Sinha:** No, new categories has been added. Nothing new.

**Devanshu Bansal:** Got it sir, very helpful. Thanks for taking my question sir.

**Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset Private Limited. Please go ahead.

**Arpit Shah:** I had a couple of questions. I will list down all my questions first. Now wanted to understand when will our NSE listing will happen because we have crossed a certain net worth requirement. So, when can the NSE listing can happen? What are our plans to hire a big four auditor for our audit for FY25-26? What the ESOP cost will look like for FY25 given that you have already spent around 8 crores in FY24? And how the summer of Q1 looking like since some of the brands have already reported 60% 70% kind of growth rate for the month of April and May. And given the kind of store opening that you have already done like about 40 odd stores opened in last year. So, are we ready to see a big, big jump in Q1 FY25, like can we see that magical four digit number for Q1 FY25 as we are aspiring to do and one, this bookkeeping question Q4 FY24 we saw a very big jump in finance cost. Can you please allude what has happened over there?

**Yashovardhan Sinha:** What was your last question? finance cost?

**Arpit Shah:** Finance cost in Q4 FY24?

**Yashovardhan Sinha:** Okay. Coming to first question about NSE listing, in this quarter or maximum by next quarter we will be definitely getting listed in NSE. BDO from Big Six, they are already doing our IndAS 116 computation. And we are finding out ways how to onboard them as I told you earlier also it is under consideration of the management. ESOP this year, cost of ESOP will be 1.5 crores on our PL and finance charges were higher due to the fact that we were utilizing full credit limit as I told you, we want to keep a high level of inventory comprising of the compressors products and air coolers, so this was the reason.

**Arpit Shah:** What you think about the summer of Q1?

**Yashovardhan Sinha:** I beg your pardon?

**Arpit Shah:** What do you think about the summer of Q1 FY25, how is the quantity?

**Yashovardhan Sinha:** April has been extremely well; the beginning of May was also good. But lately in last leg of May in fact it has started raining in many parts of Bihar, Jharkhand. But overall we think that we will be doing quite well in Q1.

- Arpit Shah:** You think that you can touch the magical four digit number in Q1 FY25?
- Yashovardhan Sinha:** We always try for the same thing but, we cannot comment that at this moment.
- Arpit Shah:** Got it, got it. Best of luck, thank you so much.
- Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.
- Pritesh Chheda:** Thank you for the opportunity, sir. Sir, the UP stores which have been opened in the last one year at what system level sales have they opened at annualized, if you have to give some annualized color and what are they opening at, what is the?
- Yashovardhan Sinha:** Sir can you speak louder please?
- Pritesh Chheda:** I said sir the UP stores at what system level sales are they opening at. And what is the performance so far in these UP stores that you opened?
- Yashovardhan Sinha:** UP is doing well, we said that we had very good entry in UP and we are doing well there.
- Pritesh Chheda:** So, are they opening at higher than your usual stores that they open, or they are opening at equal in the year one?
- Yashovardhan Sinha:** They are doing basically similar performance is there.
- Pritesh Chheda:** Okay. And my other question is sir, since the last two years we have been on aggressive store expansion. So, the cash flow has obviously been utilized for creating inventory for your new stores. When will you reach a situation where your cash flows will be higher than the store expansions that you do?
- Yashovardhan Sinha:** I think by next year we will be having this situation definitely, if not in half year, in H1 '25, we will definitely be at that level in this financial year, current financial year.
- Pritesh Chheda:** So, what is your now the store expansion plans for '25 and '26?
- Yashovardhan Sinha:** 25 and 26, actually we are now gradually moving towards Central UP, where there is a very big opportunity lying ahead. Apart from that, we are now getting our second stores opened in various towns in Jharkhand also where we are doing very well. So, we are taking that opportunity also. Similarly, in financial year 25-26 we will be going to Chhattisgarh and Madhya Pradesh also.
- Pritesh Chheda:** So, then you continue to add what number of stores per annum?
- Yashovardhan Sinha:** We are looking to add around 25 to 30 stores per year.



- Pritesh Chheda:** So, if you add 30 stores per year, which is 3 crore for your inventory at the year end and plus 1 crore for the store. So, you will end up using about 120 crores of cash flow in creating these 30 stores?
- Yashovardhan Sinha:** Yes, that means that will be the investment, yes.
- Pritesh Chheda:** So, till the time you do 30 then there is an cash flow surplus because see last year you did 40 stores, so, your whole entire cash flow went into creation of these stores?
- Yashovardhan Sinha:** But in my opinion cash flows are there that is internal accrual which we must use for the expansion itself.
- Pritesh Chheda:** Okay. So, your plan is now to enter Central UP, interiors of Jharkhand, Chhattisgarh do you have a presence or you don't have a presence today?
- Yashovardhan Sinha:** No, we don't have any presence in Chhattisgarh.
- Pritesh Chheda:** Okay, so Chhattisgarh and MP becomes a newer states of entry?
- Yashovardhan Sinha:** Yes, these will be maybe in 25-26 we are going to take up.
- Pritesh Chheda:** So, which means we will actually see continued cash flow utilization for store expansions for the next three, four, five years?
- Yashovardhan Sinha:** I think so, because if we have free cash flow then why shouldn't we reinvest in the business this is what we have done over the past so many years. And that is the reason we are where we are right now. So, there is no point keeping cash that way, the cash flows should be utilized for growth and expansion.
- Pritesh Chheda:** Ok, Ok sir. Thank you very much sir and all the best sir.
- Moderator:** Thank you. The next question is from the line of Mr. Percy Panthaki from IIFL Securities Limited. Please go ahead.
- Percy Panthaki:** Hi sir, Just continuing the earlier question. So, since you mentioned that whatever store expansion targets that you have, you will be able to fund it through internal accruals, what will be the use of the 280 crore primary infusion from Capital Group, will that just keep lying on the balance sheet?
- Yashovardhan Sinha:** No, that will not be lying in the balance sheet actually, it is also our working capital right now also, it is mostly the money is for the working capital. So, apart from that, it will make our Company very robust financially. And going ahead, our expansion can be faster.

- Percy Panthaki:** Right. So, as of 31st March, what is the net debt or the net cash that you are sitting at including when I am saying net, take all types of borrowing, whether it is for working capital or for long term, whatever it is everything?
- Yashovardhan Sinha:** It is just almost around 8, 9 crores net debt. And if you strictly compare only debt to cash lying in the books.
- Percy Panthaki:** Correct, understood. Secondly, just if you can give some realistic guidance on your gross margin, because you have done around 16% gross margin, but your PPT gives a guidance of 13 to 15 going ahead. So, if I take a midpoint of that, that's 14, so the 200 basis points difference, it will also transfer to the EBITDA line. So, how should investors and analysts realistically sort of forecast your financial, should we actually be taking a 200 bps decline in the EBITDA margin in FY25 and 26, or you are just sort of erring on the side of caution and you think it is very much more likely that the EBITDA margins that you are doing currently will sort of continue in the foreseeable future?
- Yashovardhan Sinha:** What exactly happens that, when you are entering into new territories, and when you are expanding in newer states, you just really don't know what you are going to face. And secondly, share of IT products and mobility is bound to increase in time to come. So, we take these things into account to make our projections for the investors, that going ahead, we will have this type of, we can have this type of margin. But actually, when you are entering a new territory, how would you know what type of players are there, how they are going to behave, how your competition is going to do there. So, we definitely, we are slightly protecting the margin. Percy, the main thing you will have to understand that when you let us say when we were in Bihar, so we were knowing that Bihar market, Bihar competitor, how they sell, how we sell and everything is clear about Bihar. Then you enter into Jharkhand, you face new dealers, new competition, then again it behaves differently there it may, but right now, till now we have been managing our gross margins very well.
- Percy Panthaki:** Sir, right now you are in three states sir, UP, Bihar and Jharkhand as of now, so the gross margin.
- Yashovardhan Sinha:** One second Percy, I will tell you. UP has just contributed 6% of overall sales. So, it will be too early for us to say anything that we have done, we will be getting that margin in UP also.
- Percy Panthaki:** No, my question is slightly different. It is not even at EBITDA level, I am saying for these three states as it stands right now, would you say that the gross margin is roughly the same across these three states or is it different?
- Yashovardhan Sinha:** I will not divulge exactly what margin we are having state wise. But, I can only tell you this that it does differ.
- Percy Panthaki:** Okay, it differs. Okay understood. And you mentioned that the mobile percentage might go up and that might affect the margin which is very true, but then the benefits should also come in terms of accelerated top line, would that be right to understand because mobile is a high value

item, it takes up very little space in your store. And if that percentage is increasing, then it should have a tailwind on your sales per store?

**Yashovardhan Sinha:** Actually, Percy if we want to increase our sales, it is very easy for us to increase our sales while selling mobile because, as you know mobile business you don't have any dearth of sales. But as you said, if we compromise on our margin, then the sale from mobile can grow rapidly and in fact, can drive our top line as well. But then as I told you that we are very conscious about our margins, and our financial so we do not focus on unremunerative sales.

**Percy Panthaki:** Sure, my question was only in light of the fact that you mentioned that the mobile percentage would go up. And that might have a slight dampening effect on EBITDA. And therefore I just asked that whether it would be offset by sort of tailwind on the sales per store.

**Yashovardhan Sinha:** But margin won't get affected Percy, if your top line grows, but if you are taking lower margins, then overall margin is going to de-grow. Top line may grow but margins will come down.

**Percy Panthaki:** Ok, Ok sir, thank you understood sir, that all from my side.

**Moderator:** Thank you. The next question is from the line of Himanshu Nayyar from Systematix Institutional Equity. Please go ahead.

**Himanshu Nayyar:** Hi good afternoon and congratulations on good performance. So, my first question would be on the same store sales growth, wanted your comments on the premiumization trends that you are witnessing currently, do you think going forward your SSSG will be driven more by a higher ASP, as people might buy more premium products or buy a higher number of units sold, if you can comment on the composition of your SSSG and the guidance from that?

**Yashovardhan Sinha:** Our SSSG last year was 15% and the quarter was 6%. And traditionally, you will see our financials, you will find that traditionally Q4 is always having lower SSSG, and 15%, I think is a quite healthy SSSG for our stores.

**Himanshu Nayyar:** So, sir that's what, is that 15% driven more by higher ASP of the product, or by more number of volumes?

**Yashovardhan Sinha:** Coming to ASP, actually our ASP is also going up by 5% year-over-year. So, which is, currently, right now it is 22,150 to be exact. So, the ASP is growing almost 5% year-over-year. So, ASP is also a factor, yes.

**Himanshu Nayyar:** Got it. Sir secondly, on this recent reports of so many areas facing power cuts and power deficit, not sure about how the situation is in your markets. But if that becomes an issue, do you think that can impact incremental demand in any manner, for the next couple of years or so or not really?

- Yashovardhan Sinha:** I may not be able to comment on this because right now we are not facing anything as such. But what happens in future that can be anybody's guess. But right now, it's not a problem, electricity is there. And it is normal as it was before.
- Himanshu Nayyar:** And sir finally, just one clarification on the inventory side, if we look at there has been a massive increase in the number of stores that automatically would have led to this increase in inventory. And if I look at the percentage change, it broadly looks similar the change in either number of stores and the increase in inventory. So, is this inventory buildup in line with past trends or there is some excess that you have done for this season, basically, I wanted to understand if there is a change in the average inventory per store that you have at this time of the year?
- Yashovardhan Sinha:** Of course, at this time of year there is a huge change from average inventory, as I told you average inventory for entire Company is around 330 odd crore whereas at March end it is around 430 crore odd crore. So, of course, every brand, in fact carries an AC, separately AC's, refrigerator, air coolers, right now commercial refrigeration is also doing very well, in which deep fridges and all that. So, these have to be taken in advance, stocked up, then only you can sell it because otherwise going into Q1, it makes very difficult for you to take choices product from the OEMs.
- Himanshu Nayyar:** Yes, sir I understand that. My question was more whether that average inventory per store this March, is it higher than the average inventory per store last month, same time because this would be a seasonal thing?
- Yashovardhan Sinha:** Yes, with a slightly more than earlier years. The reason being that when we knew that summer had come early in South, and there was a huge demand of ACs in South then we took a decision that maybe there will be a stock out situation very quickly. So, we were a little slightly heavy on inventory this year.
- Himanshu Nayyar:** Understood, understood sir. That's all for me sir. I'll get back in the que. Thanks, and All the best.
- Moderator:** Thank you. The next question is from the line Shrinidhi from HSBC. Please go ahead.
- Shrinidhi:** Hi, thank you for the opportunity, Sir just one understanding of the business. So, when you deal with the brand, in a very high commodity inflationary environment, which could be the case few months down the lines given copper is rising. So, do you get to maintain gross margin or do you get to retain absolute gross profit per unit sold?
- Yashovardhan Sinha:** I could not get your question?
- Shrinidhi:** Since the prices of product goes up, so you get to maintain the gross margin or you look for gross profit, like absolute Rs.2000 per unit of AC. How do you deal in general, is it gross profit?
- Yashovardhan Sinha:** No, we always believe in gross margins.

- Shrinidhi:** Okay, understood. And second sir how much of your business comes from the consumer finance and how much that ratio had changed over last one year?
- Yashovardhan Sinha:** Last one year it has changed by over 300 bps, 400 bps, right now it stands at around 41% of our total business.
- Shrinidhi:** And last month sir if I may?
- Yashovardhan Sinha:** Last year it was around 35% in total.
- Shrinidhi:** Okay, 35 has gone to 40. And sir last one is, do you have a service revenue stream or it will be predominantly product sales as of now?
- Yashovardhan Sinha:** It's product sale only but service we sell extended warranties. So, that is for the service. Plus in fact these retail financiers also, they in fact give us service charges and all that.
- Shrinidhi:** And sir one consumer finance related question I forgot to ask is, who really bears the subvention cost in most of our cases or it's the sharing between you and the brands?
- Yashovardhan Sinha:** No, mostly it is brand. They approve the retail financiers, and subvention is borne by the manufacturer.
- Shrinidhi:** Thank you for answering my question and all the very best sir.
- Moderator:** Thank you. The next question is from the line of Rakesh Wadhvani from Monarch AIF. Please go ahead.
- Rakesh Wadhvani:** Hello sir, thank you so much for this opportunity, congratulations for good set of numbers and fund raise part. Sir, my first question if you go to the product mix you can see the 66% from the consumer part large appliances. Just wanted to know what is the gross margin each product category if you can give us broader number?
- Yashovardhan Sinha:** This I don't think we will be able to divulge this. So, actually, this is the entire mix which makes the difference.
- Rakesh Wadhvani:** So, the point I am coming because we have communicated in the past, in the high consumer durables space gross margins are higher and in the digital mobile and your laptop space gross margins are lower.
- Yashovardhan Sinha:** Yes, you are right. This we have already, we have been saying and entire industry knows that gross margin in mobility, in IT product is much lower than consumer durables, large appliances.
- Rakesh Wadhvani:** No, but in our share of consumer durable is coming down, but gross margin is increasing. So, my question is that, are we getting some very good margin from other categories?

- Yashovardhan Sinha:** No, I will say that our gross margin is stable not increasing, our gross margin is stable last two, three years. So, we have been able to maintain our gross margins. And it's not because of increase in margin, but rather, we are also focusing towards services related products also like we sell insurance also for the products.
- Rakesh Wadhvani:** Sir it's related to that only, if you look at, you talked about the gross margin remaining constant or the same range in the last three, four quarters, but I am looking at longer horizon like two, three years. So, if we look at gross margin in FY21, FY22, FY23 they have jumped from 12% to 16% as on FY24. So, just want to know what has changed in that period?
- Yashovardhan Sinha:** Yes, there was a change when it was 12%, our turnover was only Rs.500 crores and margin what we are giving when we reached around Rs.1000 crores. So, this is what is there in this type of retail, more sale top line will come, more margins will be coming to you through manufacturers.
- Rakesh Wadhvani:** So, sir if we expand further the margins crossed, there's a further room for improvement also in gross margin?
- Yashovardhan Sinha:** No, again now, competition is also coming in everywhere. So, we will not say that by increasing our top line from this, this is the threshold on top line I will say, if you are doing more than Rs.1000 or Rs.1500 crores, your margins will be taken care of by manufacturers also.
- Rakesh Wadhvani:** Okay. Sir one last question from my side, what is the rent per square feet as on end of 24, rent per square feet?
- Yashovardhan Sinha:** Per square feet rent we have not calculated.
- Rakesh Wadhvani:** Ok, Ok, fine sir, thank you, and best wishes sir.
- Moderator:** Thank you. 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 on the performance during the quarter, you did mention that there was extended winter during the quarter. But what is also true is that the summer onset has been early this quarter compared to last year. One of the large national retailers have also commented that the kind of sales that has done in April 1st week was seen in March this week. But that doesn't seem to be playing out well for us. If we look into (inaudible) that has we have reported during the quarter, plus the store count we have continued to increase at a higher pace. But that is not translating to the kind of growth that one could expect in the last two quarters. So, we wanted to understand, is there anything else that has been playing out maybe say some of the new stores that we are adding in the new states, they are not scaling up as fast as we would have expected, or maybe the stores that we are adding in Bihar, between the districts that you had alluded to some time back, that is cannibalizing some of our sales from the existing stores if you can highlight something else from that?

- Yashovardhan Sinha:** I don't think that, actually you are comparing with other geographies to us. In fact, March there was a very extended winter in this part of geography, very extended. So, it went up to, let's say 24th, 25th of March. So, but it was very hot outside these territories where we were operating in. So, this was the reason we built up inventory also in anticipation that companies will get exhausted of inventory. And as far as what you are saying that sale is not, you will have to understand that 30% of our stores are less than one years old, 30%. So, they are gradually coming up and giving us the sale. And last quarter sale was muted because of what I said that, sale of ACs were very less in this part of geography.
- Ankush Agrawal:** Secondly, sir on the finance cost and the other expenses, they have seen sequential quite a big jump. The finance cost specifically given the fact that we had paid down a lot of our debt during the quarter but still finance cost has jumped literally doubled from Q3.
- Yashovardhan Sinha:** No, actually you are slightly mistaken. Our funds what we raised, it was utilized by end of the quarter, very end maybe on 27th or 28th of March. So, there is no impact of that in finance cost. And as I told you that we have been building our inventory from the beginning of the quarter so the interest cost was high. Operating profit when you open new stores, then operating cost is going to go up.
- Ankush Agrawal:** Okay. Lastly sir, just something on the book keeping so if I looked at this quarter tax rate is as high as 50% we have seen something similar last year also within, so the initial we thought that the tax rate is lower and then Q4 we have a higher tax rate. So, wanted to understand this kind of inconsistency in accounting. This is the background that earlier also we had some issues wherein the accounting was not consistent, but we fixed a lot of it but still there are a few things that seems to be inconsistent. So, wanted your thoughts on, why is it still happening like why can't we accelerate our push towards getting a much larger auditor like a big four, why are we trying to delay it?
- Yashovardhan Sinha:** How auditors are concerned with it, I do not think so because we were consistent, this year our tax has been consistent. And I don't think there was any deviation on that part.
- Ankush Agrawal:** But tax rate is 50%, something similar paid out last year also when Q4 taxes was 50% But in the rest quarter it was lower at 20%, 18%?
- Yashovardhan Sinha:** I am not talking about that financial year, I am talking about this current financial year, for what we are talking about that is FY24, it has been consistent.
- Ankush Agrawal:** Okay, I will take it offline, current quarter the tax rate is 50% for some reason, but that is not clear.
- Yashovardhan Sinha:** What percent you are saying?
- Ankush Agrawal:** The tax rate of the current quarter is like 50%.

- Yashovardhan Sinha:** 50
- Ankush Agrawal:** Yes, 50.
- Moderator:** Thank you. The next question is from Percy Panthaki from IIFL Securities Limited. Please go ahead.
- Percy Panthaki:** Sir, what systems are in place for GST implementation considering the recent issues with the GST, there was some search in UP and so on?
- Yashovardhan Sinha:** In fact it was, we have already explained that it was lifted the very next day because I do not know what confusion was there with the GST department there in UP. But actually, as I said that we start building up our inventory for summer season. So, we have had seven temporary godowns, which were not listed in our place of business at that time, because we had one month's time as per GST law. So, this was the only thing they could find out when they made their searches. So, apart from that, I don't think there was any problem. So, next day, when in fact we applied also for listing these godown temporary, they were temporary godowns, exclusively for let us say March & April. So, that was all. Next day we represented and everything was corrected.
- Percy Panthaki:** Understood. Just a couple of other questions one is, what would be the tax rate we should use for the full year FY25?
- Yashovardhan Sinha:** Tax rate, when we apply IndAS 116 then tax rate goes up. So, if you will see entire financial year 24, we are being 2 crore in fact over and above whatever tax rate is applicable to us which is 25.17%. So, when we are dealing in lease business, lease premises and doing your business there primarily, then initially this surge goes up, in fact provision for IndAS, charge for IndAS and even tax rate also, but going forward gradually this starts coming down and in fact it will come down and that will have a positive impact on the balance sheet.
- Percy Panthaki:** Right. So, in the P&L your tax line if I divide it by your PBT line as reported in the P&L which is post IndAS, what is the percentage for FY25 tax divided by PBT?
- Yashovardhan Sinha:** Tax rate?
- Percy Panthaki:** Yes.
- Yashovardhan Sinha:** Tax rate actually 2 crore is the difference so it will be something around tax rate will be, we can calculate it by, tax will be 28.90 and goes up to 27.1% almost.
- Percy Panthaki:** Okay got it sir. And lastly again this has been asked earlier but any timeline that you can give in terms of auditor appointment, one of the big four, big five auditor appointment, any timelines on that?



- Yashovardhan Sinha:** Right now, I cannot give you any timeline. But we are definitely mulling it. One more thing since you asked about the tax in fact I was looking at the financials. In fact what happens that, there was a loss on sale of assets reported in this operating expenses, so deferred tax was added to it and so because of deferred tax, the tax rate went up to 8%, the previous participant was asking me and actual current tax was only 6.12%, overall 6.12 crores only.
- Percy Panthaki:** Ok, Ok Got it.
- Moderator:** Thank you. The next question is from the line of Amit Jeswani from Stallion Asset Private Limited. Please go ahead.
- Amit Jeswani:** My first question is about, how many leases have we signed already for FY25, like if lease which are signed, but we have not open stores?
- Yashovardhan Sinha:** It is 14 in numbers.
- Amit Jeswani:** Got it. Second, question Sinhaji is about that we have opened 40 stores new last year and around 6 crore would be our first year revenue and around 240 crores of new revenue we will get from East?
- Yashovardhan Sinha:** Yes, very right. We do get 5 to 6 crore revenue in first year which goes to 9 to 12 crores in next year. So, it's right.
- Amit Jeswani:** So, that is already happening right, 6 crores in UP for the new stores?
- Yashovardhan Sinha:** Yes.
- Amit Jeswani:** Got it. And you were saying there is difference of margin in different states so are the margins low in other states or high?
- Yashovardhan Sinha:** It depends on the competition and who are our competitors and who are the peers so it depends on that plus state wise it varies but I won't say that very significantly but small variation is there.
- Amit Jeswani:** Got it. If 22% revenue growth is not our DNA it's been very weak for last two, three quarters, our revenue growth, is anything changing because our DNA is 30%, 40%?
- Yashovardhan Sinha:** How you are saying all this. In Q3 it was more than 30%, in Q4 as I said it was due to extended winters, as it got extended till late March. So, because of that compressor sale was affected.
- Amit Jeswani:** Last year, how much compressor did you sell in this season, last summer would it be like India sold 90 lakh and you sold 1 lakh?
- Yashovardhan Sinha:** Yes, it was more than 1 lakh.

- Amit Jeswani:** Okay. And would it be right to say because if India's growth is 70% then our growth will be more than 70% this quarter and we will be able to do 2 lakhs?
- Yashovardhan Sinha:** No, saying this will be too premature Amit. We always give a lower guidance, so that is certain period where your sale jumps like that, its not at a uniform level that type of growth comes in, but we did very well in April and in fact in the beginning of May also. Slightly lower right now because of rains and all that, some unseasonal rains have come, but we think that overall this quarter will be good.
- Amit Jeswani:** Got it. Good as in 40% good, 50% good or 60% good?
- Yashovardhan Sinha:** We can't say that right now, we still have a month to go so we can't say anything.
- Amit Jeswani:** Got it, but our focus remains that we will keep expanding 30 stores, is broadly 20% store growth and new geographies you said in Madhya Pradesh, you think, you will be able to finish entire UP this year itself?
- Yashovardhan Sinha:** No, not at all. So, this is why I said we can think in 25-26. Right now in this current financial year, there is so much of opportunity in UP, we have to explore in UP currently.
- Amit Jeswani:** So, in UP you might have figured out that how much stores you want to be, we are assuming 19 stores, it can be 50, 60 store because we will go to a new state without finishing UP or we will do the major expansion in UP and then move to new state?
- Yashovardhan Sinha:** We will go beyond Lucknow towards Kanpur and later we will think of it. It's a very vast area right now. And when you ask me that whether we will open these many stores there then what actually happens, like if you open a store anywhere and it does well then you think that particular town or city needs another store also. So, you will not like to lose that opportunity as well. So, there are 75 districts in whole UP. We are present in 14 districts currently, so we do have huge scope there.
- Amit Jeswani:** Because that is the reason that you raised the money also to get into newer territories.
- Yashovardhan Sinha:** Yes.
- Amit Jeswani:** Do you change that 30 store, your guidance was a conservative guidance. And we will be able to achieve higher than that?
- Amit Jeswani:** 30 is also good. 30 is not bad, but I am just saying that do you think we can do faster in UP?
- Yashovardhan Sinha:** Last time we performed more than our guidance, but we want to fortify our presence also. So, adding all this we are giving a guidance of 30 stores in this financial year.
- Amit Jeswani:** Got it, Got it sir, thank you and good luck and best wishes for your summer season.

**Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

**Devanshu Bansal:** Thank you for follow-up question. Just one question. Last year, June was I guess, a bit heavy there was some delayed or postponement in sales during last season. Do you think the base is high for June and for you also, it is more normal and the growth that we are seeing in April, May can continue in June also?

**Yashovardhan Sinha:** No, this is very difficult to say right now Devanshu, actually yes, base has been very high in June last year. But it all depends on the season. Even last year also, season was quite hot. June was good for us. So, it's very, I cannot predict that but yes, base was high definitely.

**Devanshu Bansal:** Ok sir, thank you sir, that's all I want to ask.

**Moderator:** Thank you. Ladies and gentleman we will take this as the last question and I will 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 question, please don't hesitate to contact our investor relations agency, Go India Advisor, they will be more than happy to assist you further. Thank you very much for participating in this earnings call. Thank you very much.

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