

INVESTMENT PRESENTATION

ADITYA VISION

RETAIL SERIES 2: ELECTRIFYING THE HINDI HEARTLAND

21ST SEPTEMBER 2023

MARKET CAP: INR 27 BILLION

आदित्य विजन JENGA I.P.



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EXECUTIVE SUMMARY

- The past few years have been promising for India's economy, with rapid economic growth, improved access to consumer financing, further investments in its infrastructure (PMAY-U) and broader economic modernisation
- While its equity markets trades at fairly expensive multiples, we believe there are still pockets of long-term opportunities with one being **Aditya Vision**, a consumer electronics physical retailer focused on **India's Hindi Heartland region**
- Founded in 1999, Aditya Vision has over **110+ stores** with a **50%+ market share** in its core market, **Bihar, India** and has expanded rapidly into new markets like **Uttar Pradesh** and **Jharkhand**
- Aditya Vision has organically grown revenue (**29% CAGR**) and operating profits (**54% CAGR**) over the past 10 years due to its focus on low prices & range, customer service (**Aditya Seva & Surakhsa**) and strong relationships with OEMs
- Aditya Vision has never closed a single store and has championed the "**creeping cluster retail approach**". While the arrival and growth of Reliance Digital and Amazon is inevitable, we believe its brand, store positioning and growth and customer knowledge creates some competitive advantages over pure-play e-commerce players and national retailers
- Aditya Vision trades at a rich forward multiple of **30x earnings**. However, we believe its long term potential of **above 25% net income growth** driven by continued store growth and entry into **Chhattisgarh and West Bengal** justifies its high multiples

We see an upside of 74% (17% IRR) to 2027 FY



INDIAN CONSUMER ELECTRONICS

—— **\$36 BILLION MARKET WITH 10% PROJECTED CAGR**

The Indian consumer durables and electronics market is valued at \$36 billion and is expected to grow by 10% CAGR over the next 5 years

—— **ONLINE SALES REPRESENTS 11% OF TOTAL SALES**

India's e-commerce has been a significant growth driver and is estimated to represent 11% of total consumer electronics revenue in 2023

—— **VOLUME PER PERSON OF 0.58/PERSON**

The global average is 1.08 pieces per person, whereas in India, the average is 0.58 pieces per person, almost half the global average

—— **\$3.7 BILLION IN FOREIGN DIRECT INVESTMENT (FDI)**

Between 2000 and 2022, the Indian electronics goods market attracted \$3.7 billion in FDI inflows and is expected to benefit under the production-linked incentive (PLI) and easier access to credit



KEY ELECTRONICS PRODUCTS

CONNECTED TVS - \$3.3 BILLION

The connected TV market is estimated to grow by 6.2% CAGR from \$3.3 billion to \$4.5 billion by 2027

REFRIGERATORS - \$3.4 BILLION

The domestic refrigerator market was valued at \$3.4 billion in 2022 and is expected to reach \$5.3 billion by 2031 (9.1% CAGR)

ROOM AIR CONDITIONERS - \$2 BILLION

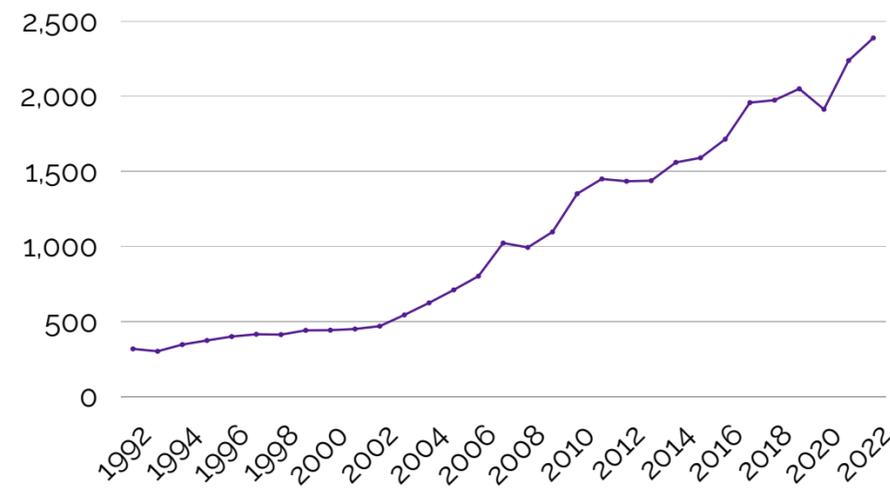
Sales of air conditioners reached \$2 billion in 2022 and is projected to grow by 14% CAGR between 2022 - 2027 (\$3.8 billion)

WASHING MACHINES - \$1.2 BILLION

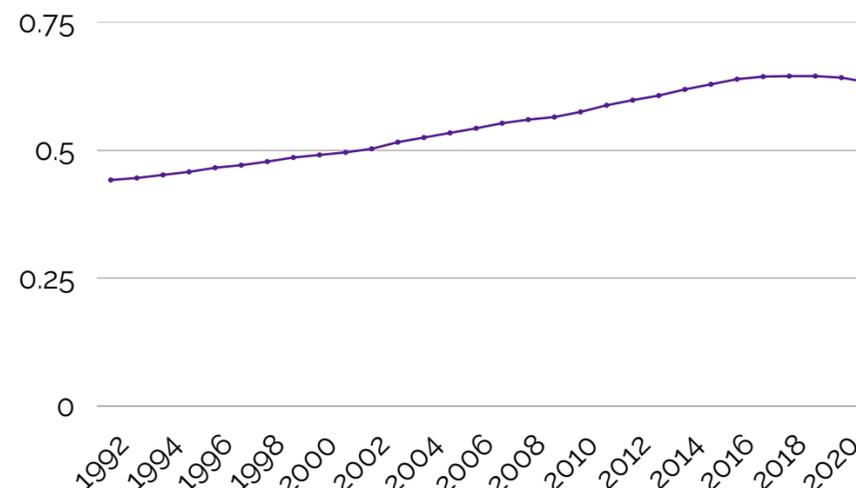
The washing machine market is projected to grow by 9% CAGR from 2022 (\$1.2 billion) to 2027 (\$1.9 billion)

AN INDIAN MACROECONOMIC PERSPECTIVE

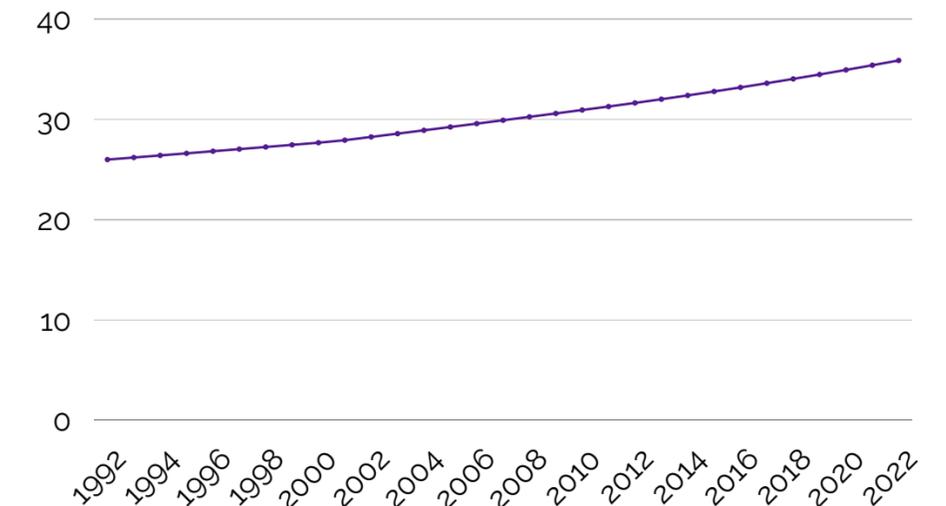
GDP per capita



Human Development Index

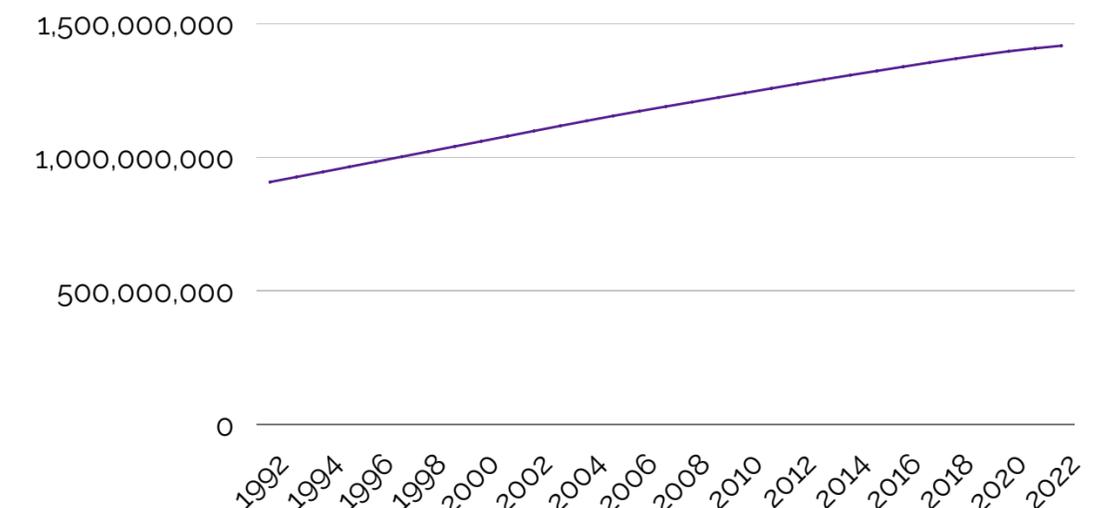


Urban population (as % of population)



- **GDP per Capita:** While India has the 5th largest economy, its GDP per capita ranks 139th, growing 5.2% CAGR over the past decade. Only China and Vietnam grew faster among the more populous countries
- **Human Development Index:** While there has been much investment in infrastructure, health and education, India has fallen on the HDI and is currently ranked 132nd, from 116th 20 years ago
- **Urban Population:** Although India is currently the most populous country in the world, 2/3rds of its population still live in rural areas - Uttar Pradesh, Bihar, West Bengal and Maharashtra are the four most populous states

Population



INDIA'S RETAIL MARKET GROWTH DRIVERS

- 01

CHANGING DEMOGRAPHICS

High birth rates, rising urbanisation and improving rural connectivity
- 02

RISING PER CAPITA INCOME

Increased affordability, growth in rural income and multiple ownership of consumer products
- 03

IMPROVING POWER SITUATION

Increased investments and higher focus on rural electrification, boosting electronic demand
- 04

CHANGING LIFESTYLES AND PERCEPTION

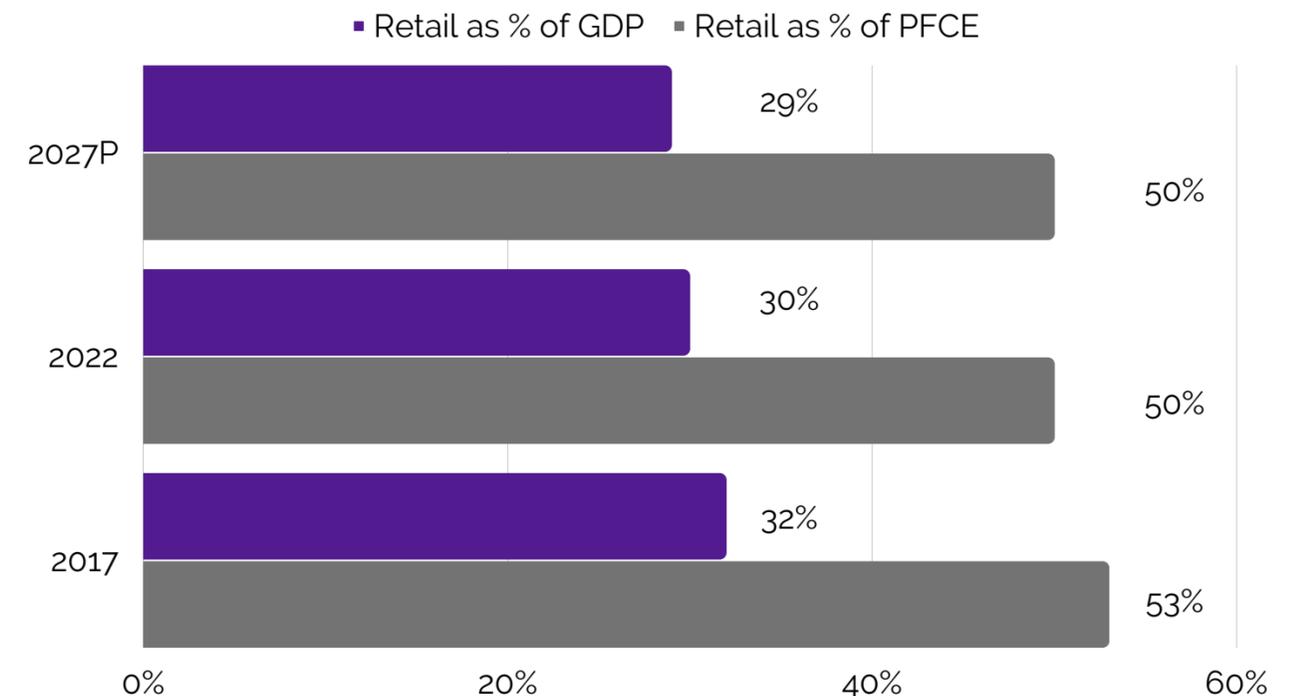
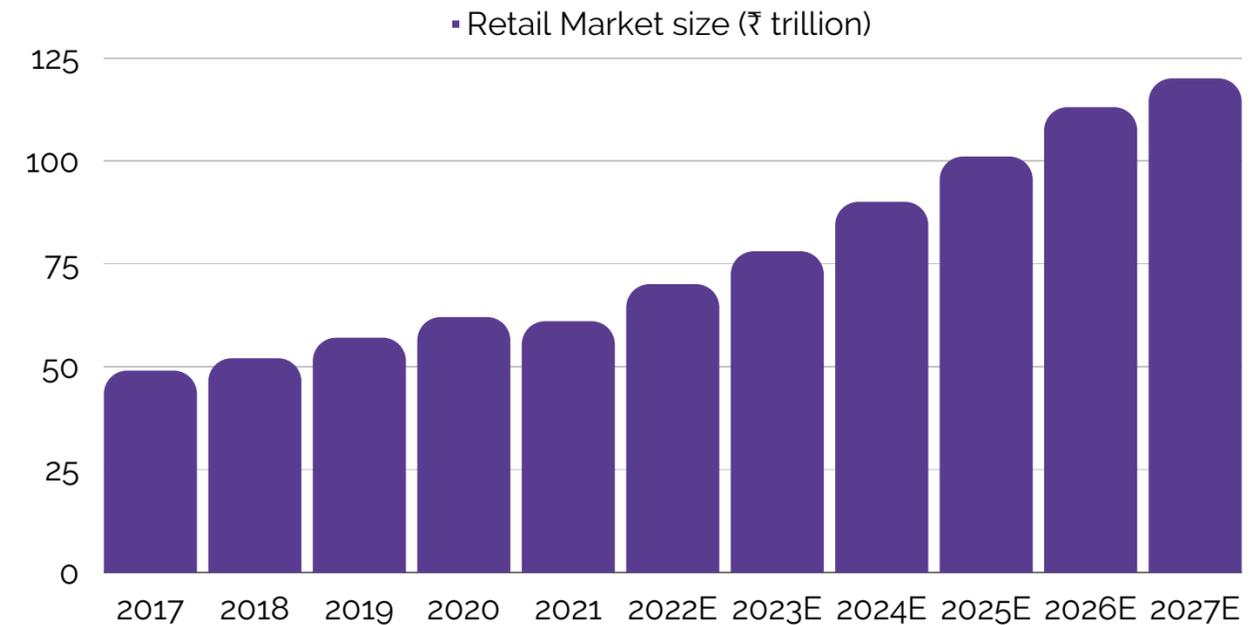
Change in perception from luxury items to utility items (ACs), increased number of women working
- 05

GROWTH OF SALES CHANNELS

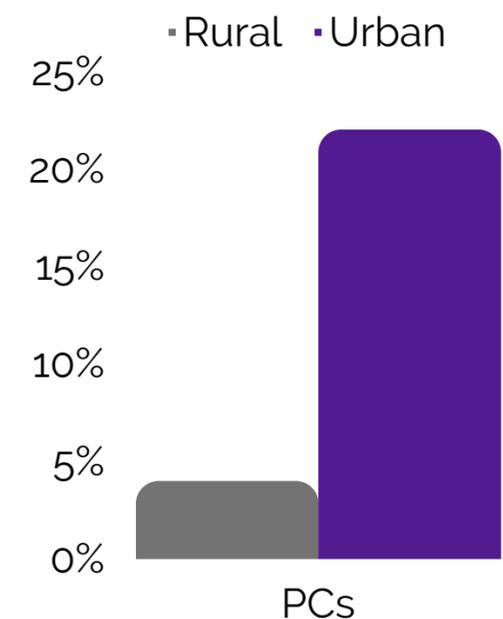
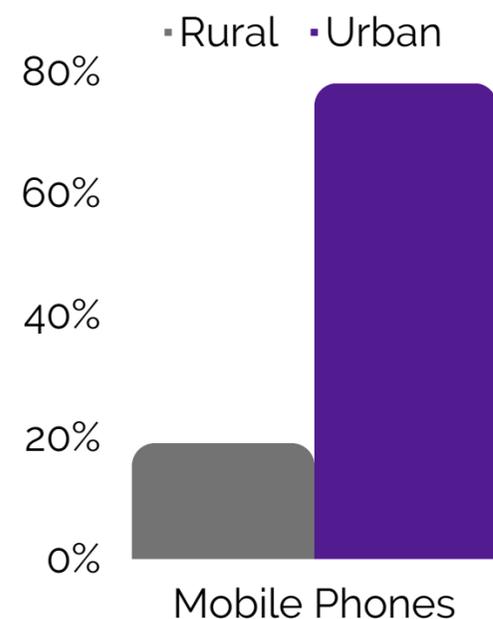
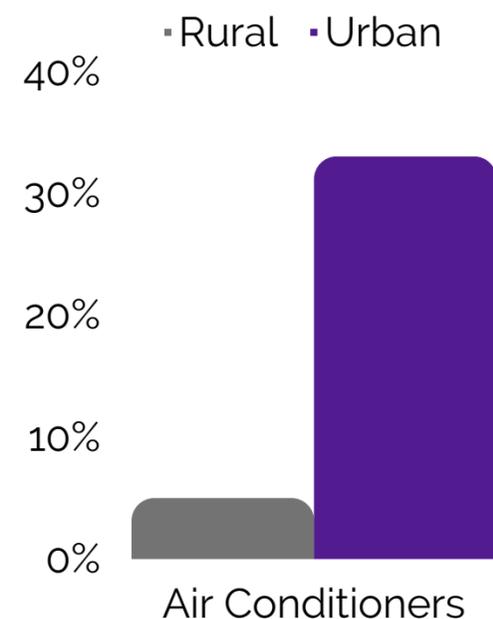
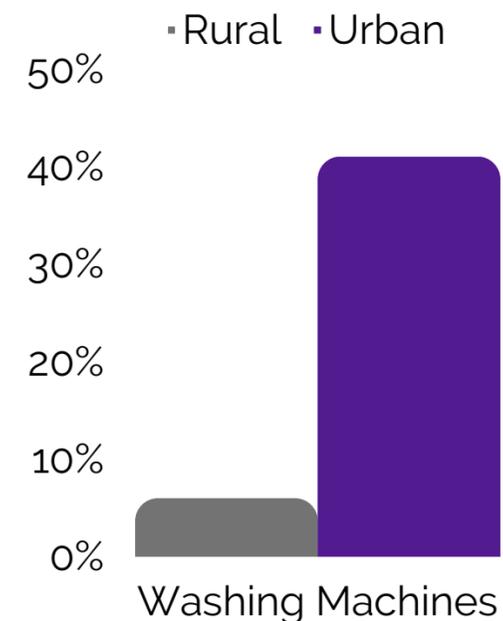
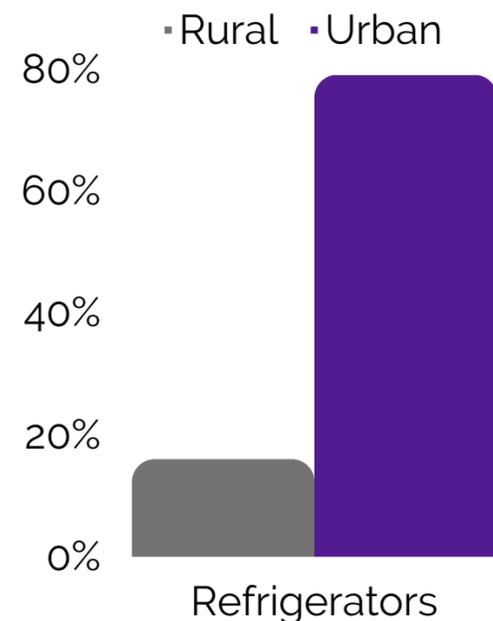
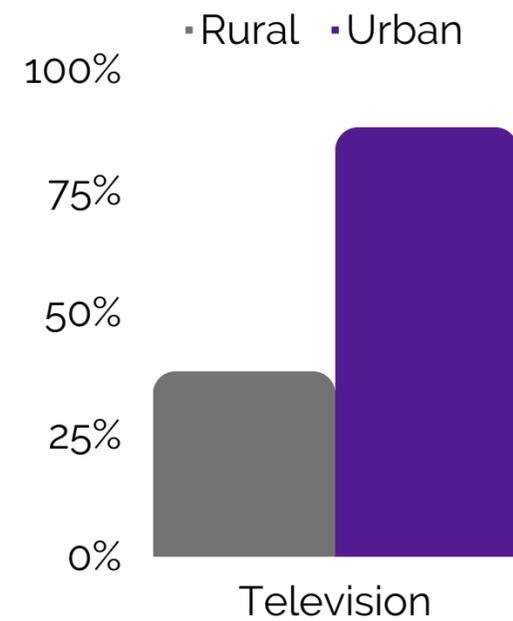
Growth of e-commerce, larger and organised retailers with omni-sales channels and better visibility
- 06

MULTIPLE FINANCING OPTIONS

Availability of 0% financing, entry of Non-Banking Financial Companies, increased finance penetration



RURAL VERSUS URBAN ELECTRONICS PENETRATION



Jenga's analysis

- The consumer electronics penetration in India is low relative to other emerging markets; only 21% of Indian households have washing machines compared to 66% in Brazil
- The penetration in rural areas is significantly lower than in urban regions, roughly 1:5 across major electronic products (left)
- Only 14% of the Indian population own a personal computer compared to 59% in China and 44% in Brazil
- We view this positively from a forward growth lens given the low penetration, rising incomes, improved availability of financing options and broader progress in internet connectivity alongside infrastructure

THE EVOLUTION OF ORGANISED RETAILING



ORGANISED RETAIL - 10% SHARE



UNORGANISED RETAIL - 90% SHARE

	Pre-1990	1990 - 2005	2005-2015	2015-2022
Total retail market size	₹2 trillion (1990)	₹13 trillion (2005)	₹39 trillion (2015)	₹70 trillion (2022)
Organised retail penetration	Negligible	4%	8.5%	10%
Formats	Speciality stores	Supermarkets, hypermarkets, department stores	Vertical wise speciality stores	Vertical wise speciality stores, e-commerce
Penetration of malls	Negligible	Moderate	High	High
Evolution	Dominant presence of domestic and regional players	International players such as Nike enter	Entry of large corporate houses such as Reliance, Tata and Amazon	Entry of organised players into online format
FDI	No	Yes	Yes	Yes
Competition	Negligible	Moderate	High	High

FUTURE CHALLENGES FOR ORGANISED RETAILERS

01

INTENSIFYING COMPETITION

FDI limit increased from 49% to 100%, which intensifies competition from foreign players (Walmart - Flipkart)

02

INCREASING LEASE RENTALS

In urban cities, lease rental averages 7% of total revenue. Fixed cost nature exposes retailers to downturns

03

AGGRESSIVE EXPANSION

Large store expansion can impact operating margins. Overlapping of store locations intensifies competition

04

INVENTORY MANAGEMENT

Several retailers have been forced to shut down or downscale due to piling inventories

05

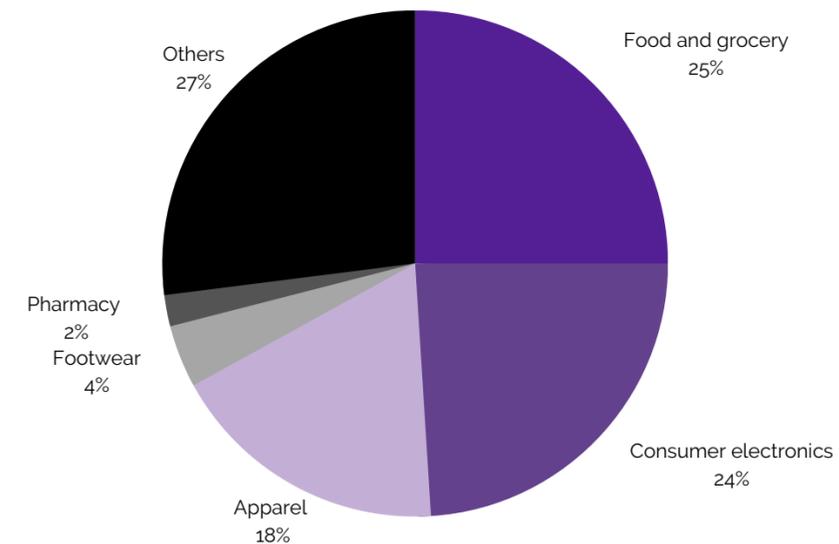
REGULATORY CHALLENGES

Restrictive zoning laws and rent controls impact real estate. Essential Commodities Act restricts expansion

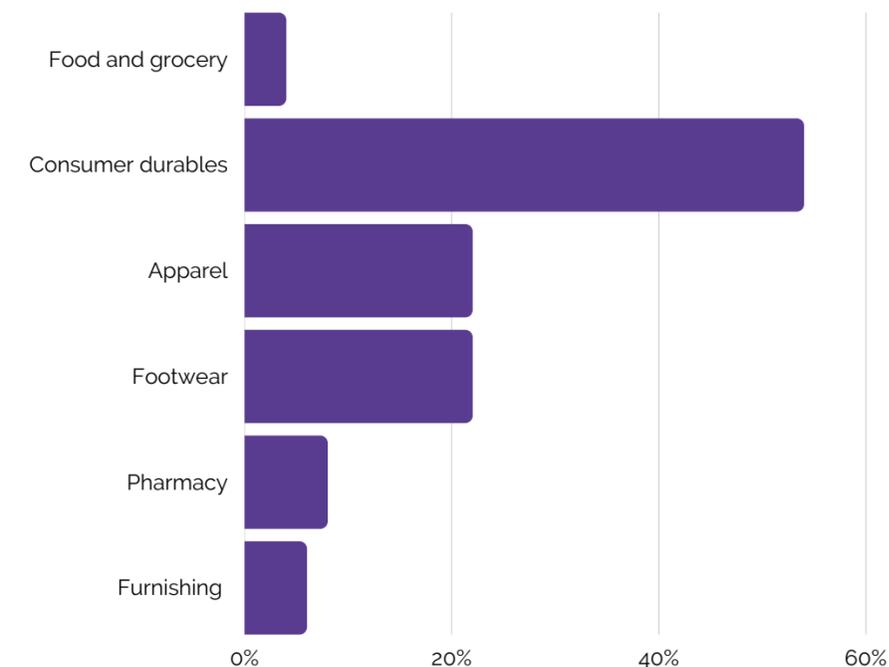
06

EXPOSURE TO ECONOMIC DOWNTURN

Retail growth is dependent on macroeconomic indicators such as inflation, interest rates and incomes



Share of organised retailing by product



Organised retail penetration in each sub-product

ADITYA VISION

Aditya Vision is an Indian-based consumer electronics retailer founded in 1999 by Yashovardhan Sinha. Aditya Vision started with a single store in Patna, Bihar and now operates over 110+ stores in the Hindi Heartland region, Northeast India with over 100 suppliers and 10,000 available products.



THE FOUNDER'S STORY

Prior to founding Aditya Vision (1999), **Yashovardhan Sinha**, a first generation entrepreneur, worked in the Punjab National Bank (from 1981) till his voluntary retirement in 2008.

During its initial years (**1999-2006**), Aditya Vision was run as a family business with a single store on **Bailey Road, Patna, Bihar**. He also founded Aditya Consumer Marketing Limited, a listed group which holds interests in the restaurant and supermarket industries.

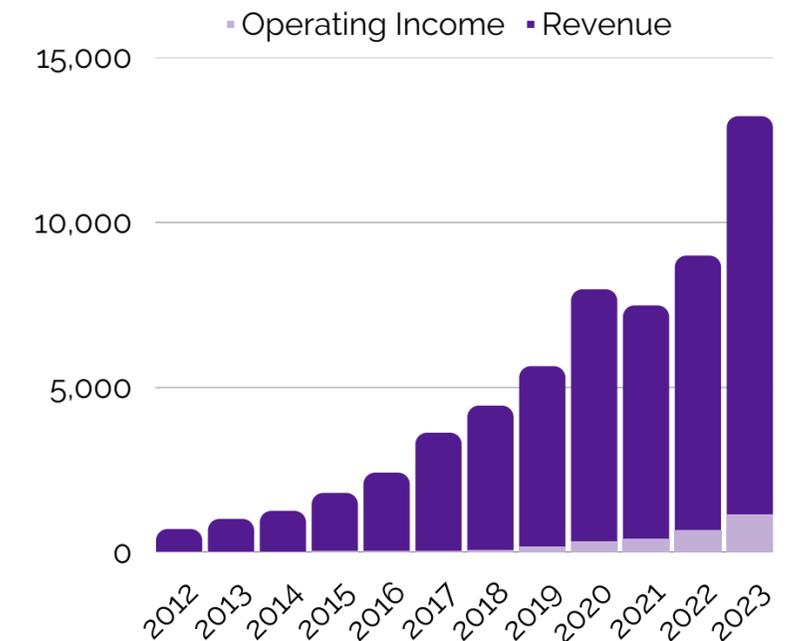
From day one, Aditya Vision maintained retailer relationships with leading consumer electronic brands like Samsung and LG, among others, and focused on connecting these OEMs with consumers in very difficult to access states with dense populations like **Bihar**.

He took a contrarian approach in scaling the business from its store position to the growth model Aditya Vision employed in later years.

With the increased investments into the power sector, he realised it would boost demand for appliances like refrigerators and air conditioners (from first time buyers) and began preparing Aditya Vision for this expansion with a concentration on larger electronic items.

In 2016, he listed Aditya Vision and currently maintains a **51% ownership** stake alongside holdings held by his wife and daughters who are also involved in the business.

Source: Company website, annual report and presentations

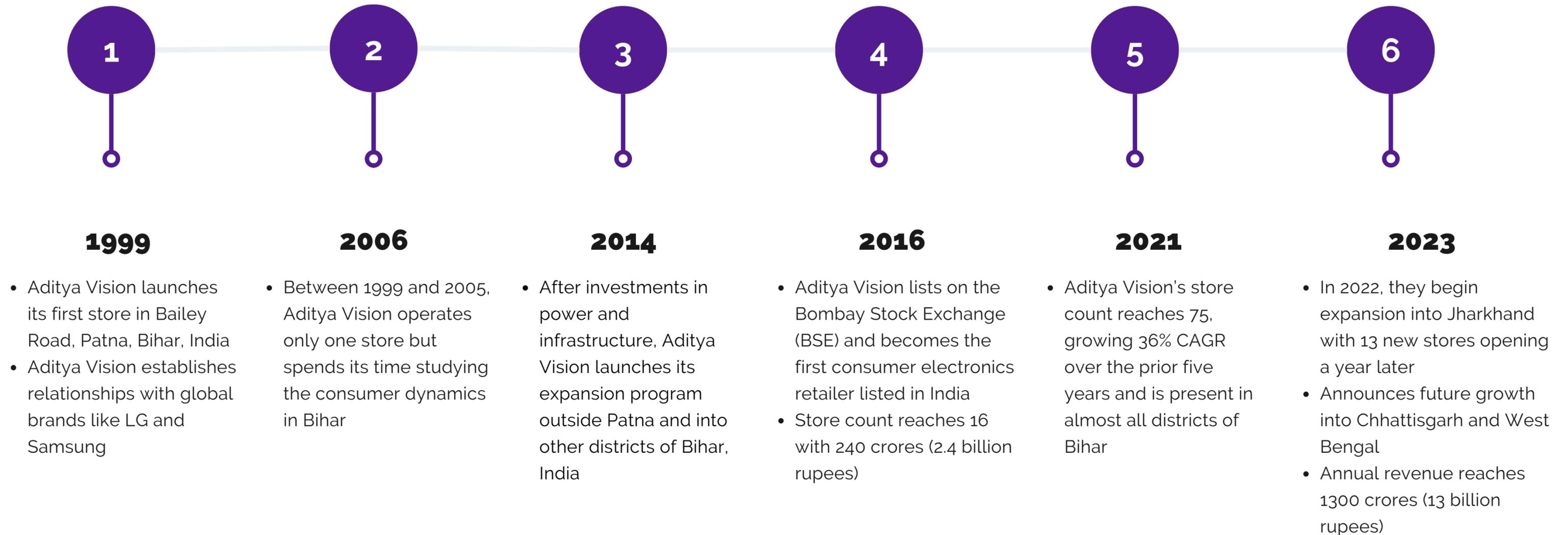


Revenue and EBIT 10-year growth



Yashovardhan Sinha during a BSE India presentation

ADITYA VISION TIMELINE





KEY NUMBERS



10 YR REVENUE CAGR - 29%

A pure organic growth story driven by increased store count, higher SKUs and double-digit same-store sales



10 YR EBIT CAGR - 54%

Cost discipline, minimal marketing and advertising costs and strong relationship with suppliers



2023 FY EBIT MARGIN - 8.5%

Benefits of economies of scale, limited competition and a focus on profitability



INTEREST BEARING DEBT/CAPITAL - 48%

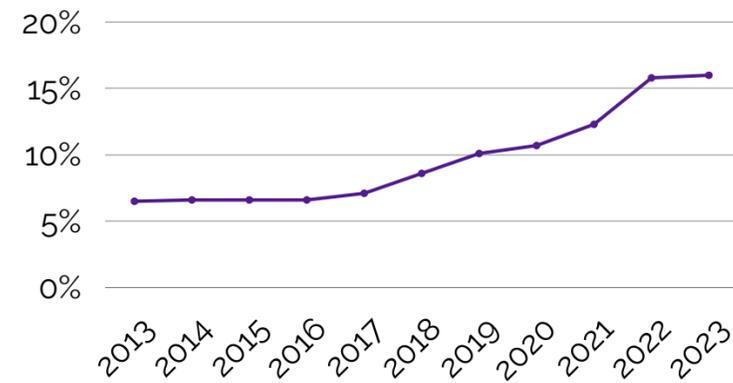
Growth is funded only from IPO proceeds and additional debt funding. CRISIL Rating of A-/Stable



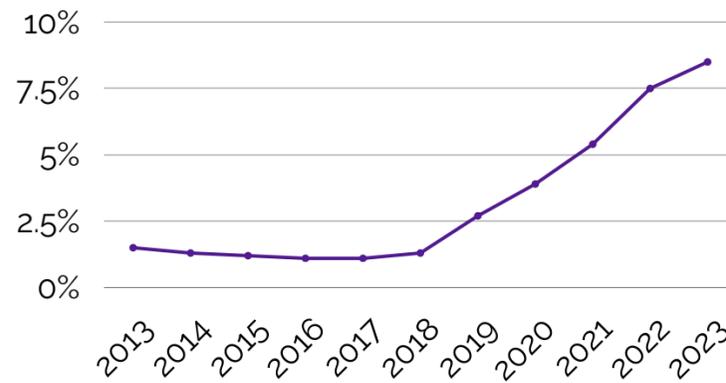
Forward P/E - 30x

Rich multiple but undervalued relative to growth prospects over the long term (5 years)

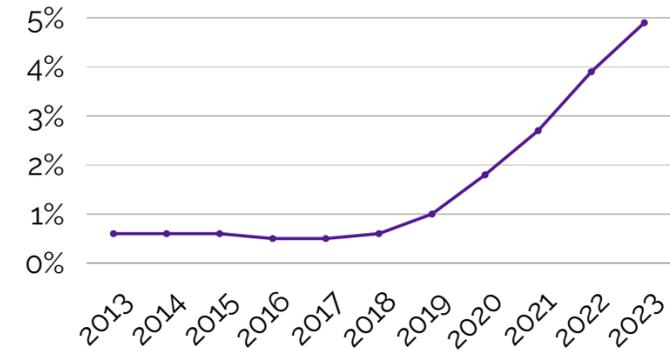
GROWTH AND PROFITABILITY



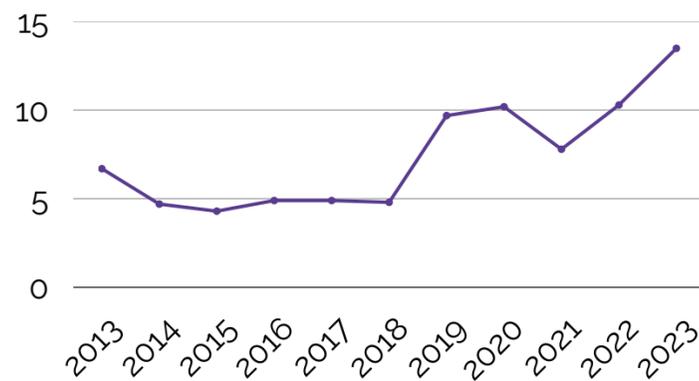
Gross margin



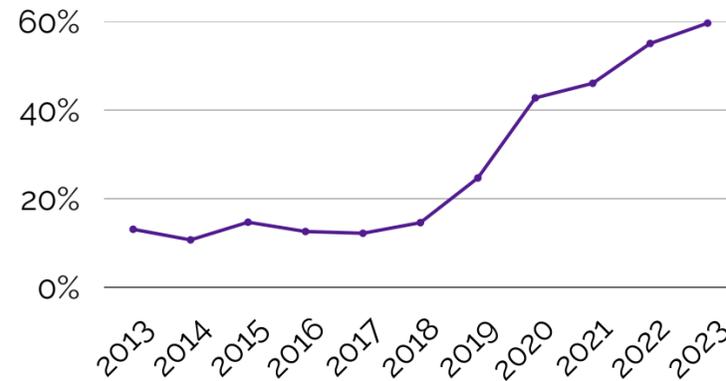
EBIT margin



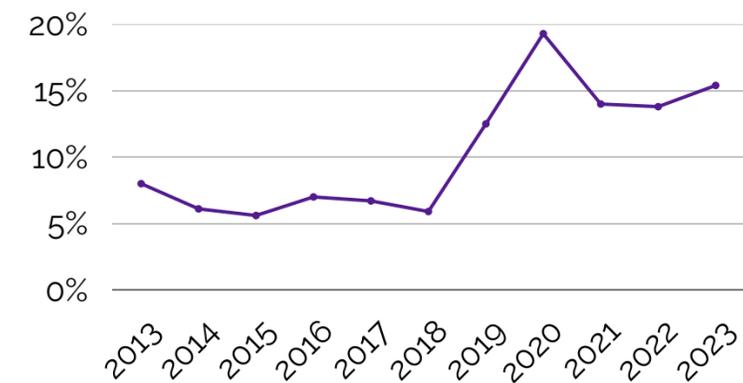
Net income margin



Return on assets



Return on equity



Return on capital

- Consistent increase in gross margins while EBIT and Net Income margins began inflecting after 2017 thanks to cost savings gained with scale and investments in its operations
- Aditya Vision has one of the best return on equity and capital among all globally listed consumer electronics retailers

WHY THEY ACHIEVED THIS

—— **FOCUS ON UNDERSERVED COMMUNITIES**

Aditya Vision has exclusively focused on serving communities in the Hindi Heartland (Hindi Belt). The region has a population of 625 million people, and states like Bihar are operationally more challenging to manage for organised retailers due to much lower incomes, less infrastructure, higher crime rates and less stability

—— **CUSTOMER FOCUS - LOW PRICES, FAST INSTALLATION AND GREAT AFTER SALES SERVICE**

Aditya Vision has invested heavily in ensuring it understands what customers want, from low prices to customer support (Aditya Seva). Aditya Vision has over 10,000 SKUs across its stores with over 100 electronics partners, and its asset-lighter model allows the company to offer low prices relative to its peers

—— **PRUDENT CAPITAL ALLOCATION WITH A CREEPING CLUSTER APPROACH**

Management is cost-conscious and prudent in approaching store operations and growth. Management has focused on a creeping cluster approach, where they prefer to grow into new selective communities after overall market research rather than targeting a nationwide growth model

FOCUS ON UNDERSERVED STATES



BIHAR

GDP Per cap: \$661 (lowest state)

Population: 127 million

HDI: 0.571 (lowest state)

No of Aditya Vision stores: 91 stores



UTTAR PRADESH

GDP Per cap: \$1,007 (2nd lowest state)

Population: 236 million

HDI: 0.592 (3rd lowest state)

No of Aditya stores: 8 stores



JHARKHAND

GDP Per cap: \$1,107 (3rd lowest state)

Population: 39 million

HDI: 0.589 (2nd lowest state)

No of Aditya Vision stores: 18 stores

- Aditya Vision currently operates in the 3 Indian states with the lowest GDP per capita and HDI values
- These 3 states have historically also had the highest crime, poverty and illiteracy rates and the lowest FDI and infrastructure investments
- A combination of these factors has made all three states economically unattractive for larger retail operators and consumer electronics companies operating directly (D2C)
- As a result, electronics penetration is very low and by focusing on these underserved states, Aditya Vision, as a sole retailer, solves a key issue for local consumers

BIHAR - CASE STUDY

Bihar worst performer in NITI Ayog's SDG India Index for second consecutive year

Piyush Tripathi / TNN / Jun 3, 2021, 20:47 IST

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Bihar India's Poorest State, Begins to Turn Around

March 10, 2010

This page in: English



OVERVIEW

March 10, 2010 - The state of Bihar in India is home to some of the country's poorest people. But a new reform effort by the Bihar government, backed by World Bank funding and technical support, has helped it improve public finance management and direct the proceeds to getting more children into schools, to immunizing its people, and to fighting corruption. Reducing poverty and accelerating growth in the state are likely to have national implications, particularly in helping India reach the Millennium Development Goals.

RELATED

WORLD BANK
IN: Bihar DPL

World Bank Report: Bihar - Towa Strategy

India
South Asia
Education
Gender
Health

Bihar accounts for 6 out of 10 Indian cities worst air pollution

While the temperature is dipping across most of the country, the Air Quality Index continues to remain above severe in most of the cities



UP, Bihar the worst affected by reverse migration of workers

3 min read • 23 Jun 2020, 05:53 AM IST

Anuja, Gyan Varma

As many as 63 of the 116 districts selected under Garib Kalyan Rojgar Abhiyaan are from these two states
Statistics show that 32 of 38 districts in Bihar and 31 out of 75 districts in UP are covered by GKRA

Bihar has the most illiterate people in India, but spends the least per elementary school student

There is a crisis in the state's primary education system.

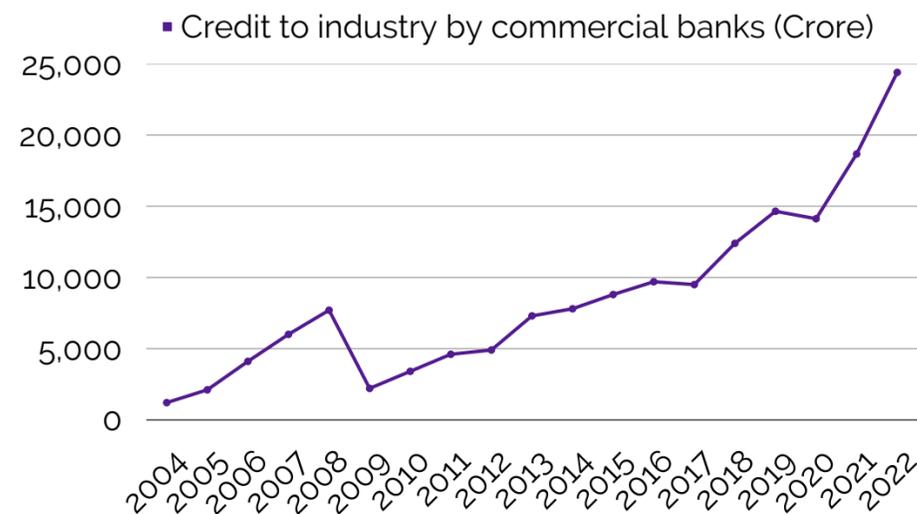
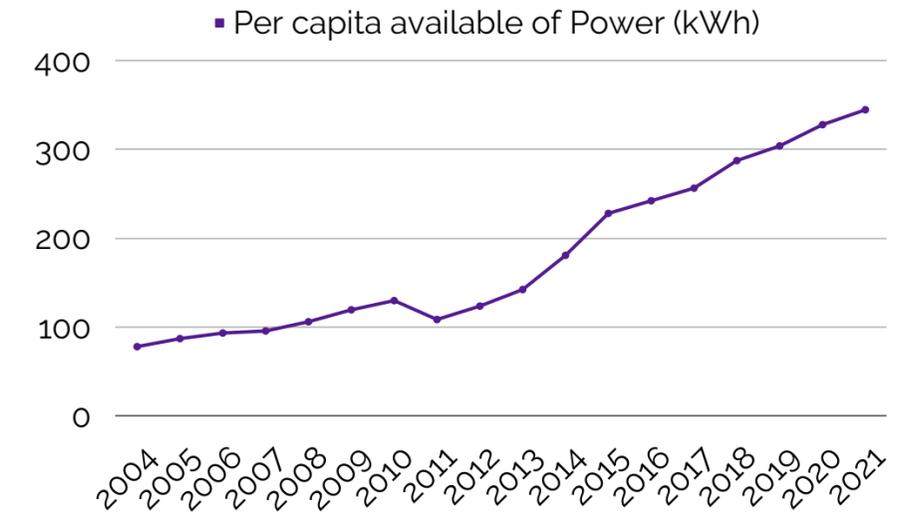
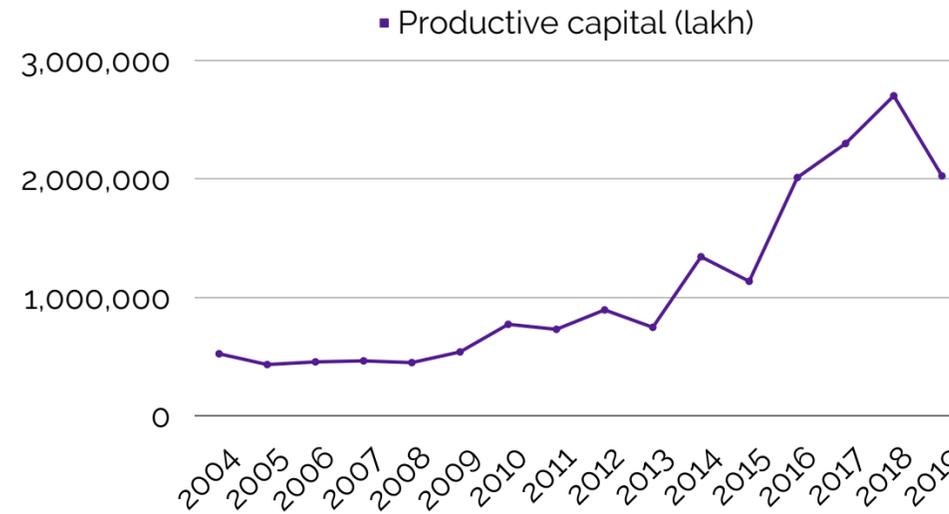
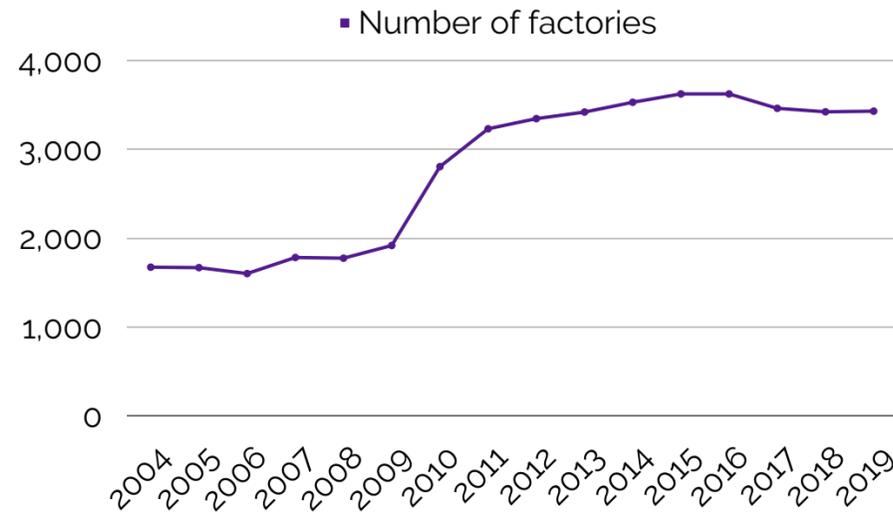
Khushboo Balani, Indiaspend.com

Jan 06, 2017 · 09:30 pm



- Our conversations with local managers portray Bihar as a state not many would currently want to live in given the higher crime rates and lower economic development
- A Google search of Bihar presents articles with pessimistic headlines such as "worst air pollution", "poorest state" and "worst in nutrition"

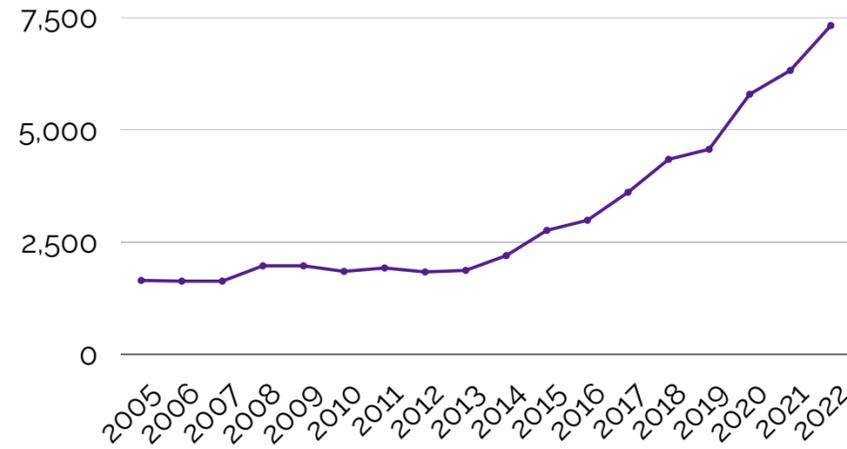
BIHAR - ECONOMIC GROWTH PERSPECTIVE



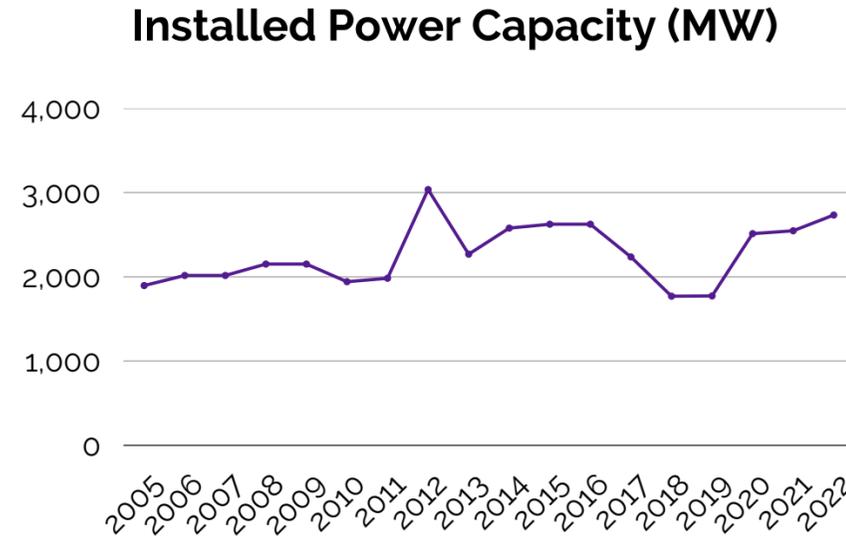
Jenga's assessment

- While Bihar is still India's poorest state, there have been a few policy shifts with a more significant focus on expanding its economic capacity and productivity
- In recent years, Bihar's GDP has grown faster than India overall. In 2022 FY, Bihar. grew its GDP by 15% versus 9% in India overall
- One of the less discussed factors in Bihar's recent growth has been the exponential increase in credit access by commercial banks to businesses and consumers (left)

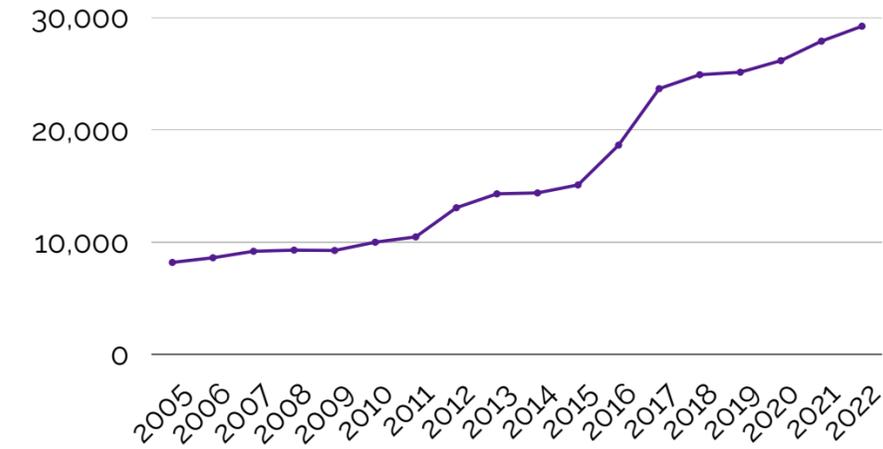
ADITYA VISION'S STATES - ENERGY INFLECTION



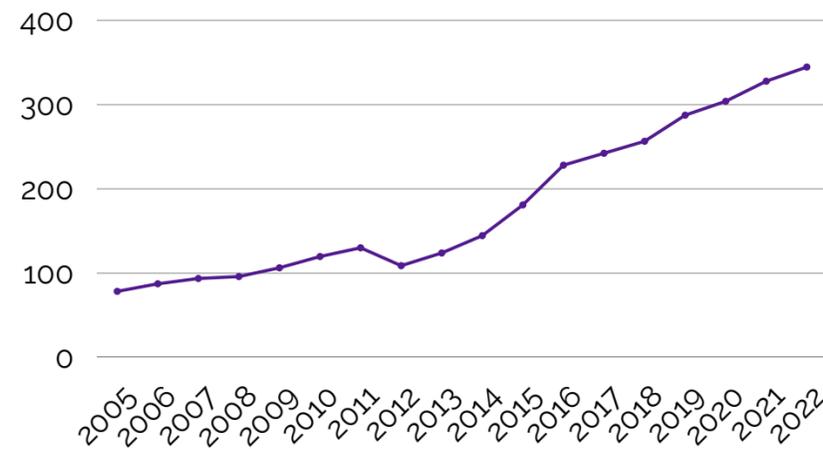
BIHAR



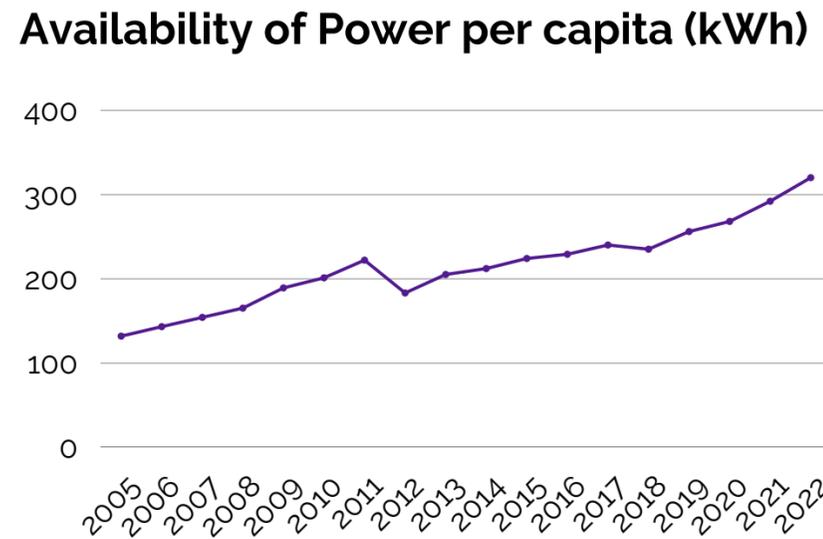
JHARKHAND



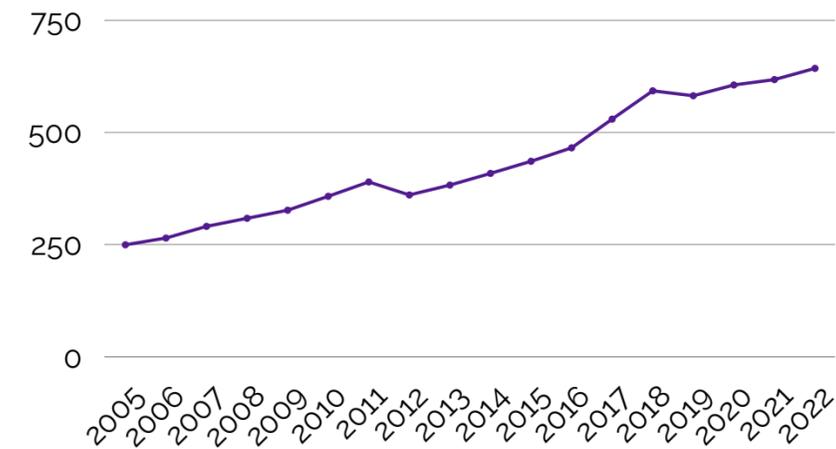
UTTAR PRADESH



BIHAR



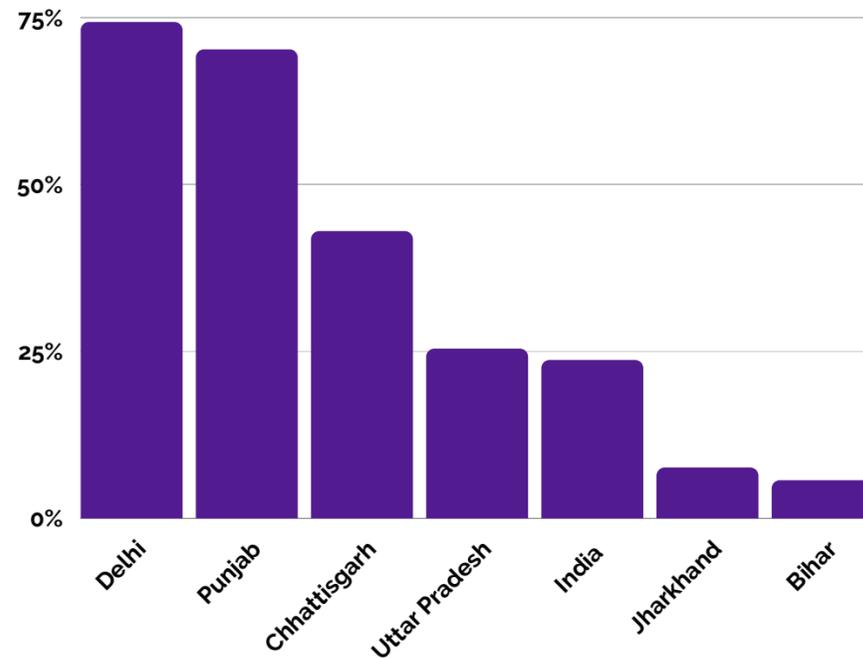
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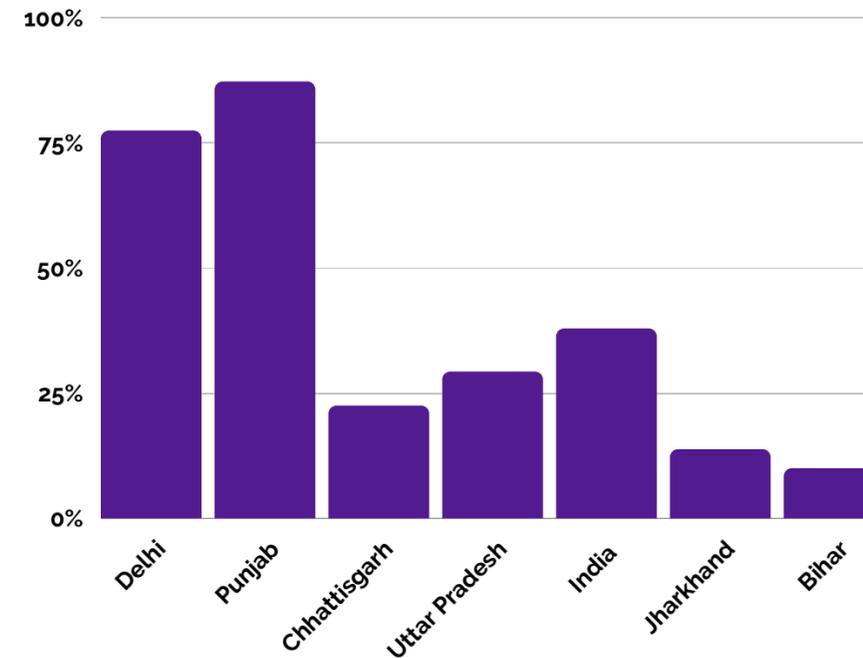
UTTAR PRADESH

Source: Reserve Bank of India

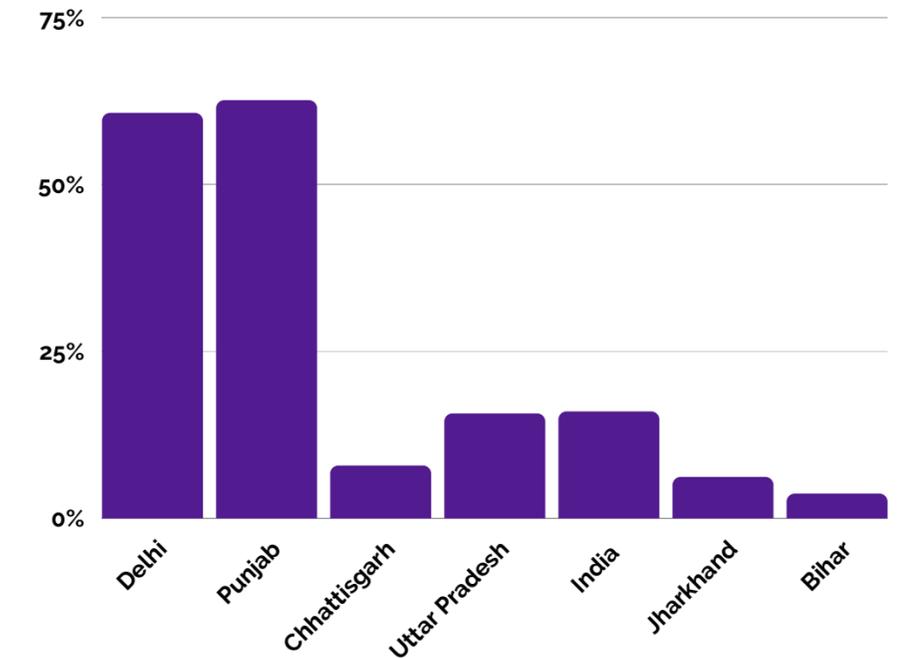
BIHAR - ELECTRONICS PENETRATION IN PERSPECTIVE



Percentage of Households with an Air Conditioner or cooler



Percentage of Households with a Refrigerator



Percentage of Households who own a Television, Refrigerator and Washing machine

- To further understand the scale of how Aditya Vision's markets are underserved, we compared Bihar, Jharkhand and Uttar Pradesh's electronic penetration with India and other major states in household appliance penetration.
- Only 5.7% of households in Bihar own an air conditioner or cooler, much lower than the Indian average of 23.7% (left)
- If we assess the percentage of households with a television, refrigerator and washing machine (all 3), Jharkhand (6.2%) and Bihar (3.7%) rank well below India's average of 16% while Uttar Pradesh is marginally lower at 15.7%
- The low penetration shows that any improved economic development has the potential to open up first time buyers to products sold at Aditya Vision showrooms

PRODUCT BREAKDOWN



HOME APPLIANCES & ENTERTAINMENT (69% OF SALES)

- These include products like dishwashers, refrigerators, air conditioners, televisions and vacuum cleaners
- While Aditya Vision doesn't share specific product information or breakdowns, we estimate refrigerators and air conditioners represent >50% of this category and is largely purchased by first time buyers who have lengthier replacement cycles



DIGITAL GADGETS (19% OF SALES)

- These include products such as smart watches, Bluetooth speakers, laptops, smartphones and tablets
- Electronic brands like Sony, Samsung and LG extend their core home products with gadgets across Aditya Vision stores. This segment has a shorter replacement cycle than home appliances and thus more recurring in nature



OTHERS (12% OF SALES)

- These include products such as grooming kits (shavers, hair dryers, hair straighteners, irons) and trimmers
- This segment complements Aditya Vision's suppliers, including Philips and Bajaj. Sales in the 'Others' category are more recurring but also face more competition from other (unorganised) electronic retailers

CUSTOMER FOCUS (RANGE)



Aditya Vision partners with over 100 suppliers, with around 80 being Original Equipment Manufacturers (OEMs). They've maintained and invested in relationships with global electronic companies like Sony, Samsung and Philips for several years and continue to expand their SKUs.

Financing remains one of the benefits of purchasing electronics from organised retail and Aditya Vision has 7 financing partners, including the likes of HDFC Bank, Bajaj Finserv and IDFC First Bank.

100+ SUPPLIERS

Aditya Vision has over 100+ supplier partners with 80% of products coming directly from OEMs

10,000+ SKUs

Aditya Vision offers over 10,000 products across its showrooms and e-commerce website, which is attractive for its relationships with OEMs

7 FINANCE PARTNERS

35% of product sales are financed via Aditya Vision's partners, such as Bajaj Finserv, HDFC Bank and Paytm

HOME APPLIANCE RANGE - SPOTLIGHT



Hitachi 1.5Ton (2021)
₹29,990



LG Microwave
₹16,799



Samsung 13 Dishwasher
₹40,990



Forbes Wet & Dry vacuum
₹9,990



Samsung Spacemax
₹182,100



Whirlpool 1.5Ton (2020)
₹35,990



Samsung Microwave 28
₹16,600



Bosch 13 Dishwasher
₹44,490



Eureka Canister vacuum
₹10,490



Icemagic Powercool
₹16,000

CUSTOMER PRICES AND PRODUCT AVAILABILITY

	Aditya Vision	Amazon India	Croma	Flipkart	Jio Mart	Reliance Digital
Air conditioner						
HITACHI 2 Ton 5 Star	61,990	Out of stock	56,490	Out of stock	58,990	58,990
Panasonic ZU 1.5 Ton 5 Star	53,990	54,990	46,990 (Not deliverable)	Out of stock	54,990 (Not deliverable)	54,990
Godrej 1.5 Ton 3 Star Inverter	38,990	35,750 (Not available)	Not available	39,900 (Not deliverable)	32,490 (Not deliverable)	36,990
Lloyd 1.5 Ton 3 Star Inverter	40,990	41,000 (2 weeks)	40,990 (Not deliverable)	40,990 (Not deliverable)	38,990	35,490
Television						
Sony Bravia 164 cm	256,490	275,490	170,990	259,990 (Not deliverable)	289,990	275,490
Lloyd 146cm (58 Inches) Ultra HD	49,990	32,999	Not available	49,990	Not available	Not available
Samsung (43 Inch) HD Smart LED	38,000	26,990	35,990 (Sold out)	34,379 (sold out)	28,990 (Not deliverable)	28,990
LG (48 Inches) 4K Ultra HD Smart OLED	154,990	99,990	Not available	94,890	101,990 (Not deliverable)	101,990 (Not deliverable)
Refrigerator						
LG 687 L Frost Free Side-by-Side	96,490	Not available	91,990 (Not deliverable)	104,990	90,990	90,990
Panasonic 584 L with Inverter	61,490	71,990	Not available	72,860 (Not deliverable)	Not available	Not available
Samsung 394 L 2 Star Frost Free Double Door	43,900	35,490	40,294 (Not available)	40,999	49,190	47,490
Godrej Ref EDGEPRO 205C 23 TDF RZ PR	20,400	Unavailable	15,225 (Not deliverable)	17,500	Not available	17,990 (Not deliverable)

Jenga's assessment

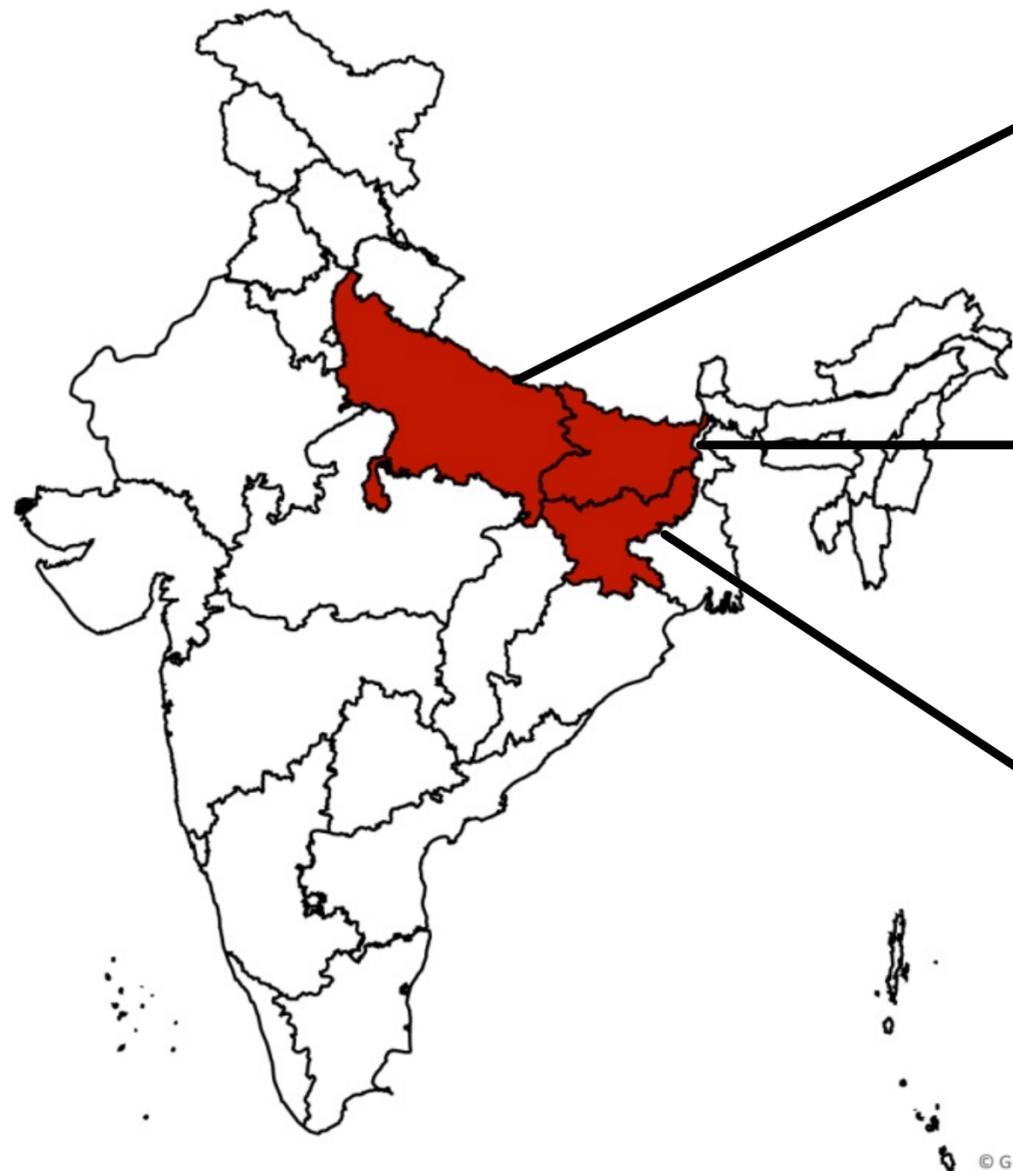
- We selected 12 electronic products from three categories (Air Conditioners, Televisions and Refrigerators)
- We included a randomised postcode in Patna, Bihar to determine if a product could be delivered by the retailer
- The products were then compared to some of India's leading consumer electronics players, such as Amazon India, Croma and Jio Mart
- We then focused our analysis on two areas - lowest prices and product availability
- While Aditya Vision's prices were among the lower quartile in some categories, we noticed peers such as Reliance Digital and Amazon India often offered lower prices in categories such as Televisions and ACs.
- From a product availability lens, Aditya Vision performed very well, as peers such as Croma and Jio Mart sometimes couldn't deliver to Patna, Bihar

ADITYA VISION STORE ANALYSIS



- Aditya Vision stores have an average size of 4,000 square foot
- We estimate 80-85% of store inventory are TVs, washing machines, air conditioners and refrigerators, which has a slightly different format from most stores where mobile gadgets and smaller appliances represent a larger share of store inventory
- The average store has about 10-12 Aditya Vision employees, with an additional 10-12 from the OEMs
- We estimate Aditya Vision stores make an average revenue per square foot of ₹40,000
- Some stores offer a Price Match Guarantee, where Aditya Vision will match the price of what a competitor quotes after a customer purchases a product (within 7 days)

STORE LOCATION



Uttar Pradesh (8 stores)

- Operating in the state since 2023
- Present in just eastern cities such as Varanasi and Faizabad (5 districts)

Bihar (91 stores)

- Operating in the state since 1999
- Present in almost all districts (37 of 38 districts)

Jharkhand (18 stores)

- Operating in the state since 2022
- Present in 15 of 24 districts

Key Facts

- Aditya Vision is the largest consumer electronics retailer in Bihar, with a 50%+ market share in the state
- Despite only entering Jharkhand in FY 2022, Aditya Vision is currently the state's market leader
- Bihar benefits from lower employee costs, rent and competition, although its customer base has much lower incomes
- Uttar Pradesh, on the other hand, has higher employee costs, rent and competition but benefits from higher disposable income
- Aditya Vision has focused on eastern Uttar Pradesh, where the customer base and demographics are similar to Bihar

STORE LOCATION - PATNA (CASE STUDY)



Jenga's assessment

- We identified over 25+ stores in Bihar's capital city, Patna
- Aditya Vision's first store in 1999 was located in Patna Bailey Road (Taramandal)
- Patna is Aditya Vision's most concentrated city across all states. One reason contributing to this is Patna's economy and development, which represents 27% of Bihar's GDP despite being less than 3% of the state's total population
- In Patna, one can notice Aditya Vision's creeping cluster store growth model where it prioritises one area at a time rather than growing everywhere at once



Rajeev Nagar Rd



Zero Mile Rd

STORE ECONOMICS

Aditya Vision's Store Economics					
₹ million	Year 1	Year 2	Year 3	Year 4	Steady state
Revenue	76.0	95.8	119.7	137.7	160.0
COGS	71.4	87.1	107.7	119.8	136.0
Gross Profit	4.6	8.6	12.0	17.9	24.0
Employee Cost	1.5	2.4	3.6	4.1	4.8
Rent	1.5	1.9	2.4	2.8	3.2
Advertising & Marketing	0.8	1.0	1.2	1.4	1.6
Electricity Costs	0.7	0.9	1.1	1.2	1.4
Other Expenses	1.4	1.5	1.9	2.2	2.6
Adj. Operating Profits	-1.3	1.0	1.8	6.2	10.4
Adj. operational margin	-1.7%	1.0%	1.5%	4.5%	6.5%

- We estimate that in year 1, the average Aditya Vision store earns ₹ 70 - 80 million with the potential to grow same-store sales above >20% CAGR from year 2 - 5
- At the micro level, revenue is dependent on the effectiveness of the area store manager and employees, incentives and product mix
- Gross margins generally range between 12-15%, which has trended up from 6-8% pre-2018
- 80% of inventory comes directly from OEMs such as LG and Samsung
- We assume 10-12 staff (1 store manager, 3 assistants, 3 floor managers, 2 cashiers) for employee costs. Sales staff come directly from OEMs (expensed by the OEM)
- Advertising and marketing costs are very low relative to peers due to location (low electronic penetration), store model and limited competitors
- Operating profit margins (EBIT) will generally grow from -1.7% to 6.5% by year 5+. Stores break even by months 7-9 and the payback period is 3 years

AFTER SALES CUSTOMER SUPPORT (ADITYA SEVA)



Aditya Vision is one of the few Indian consumer electronics retailers with its dedicated customer service and helpline (Aditya Seva)

01

CALL

Contact the Aditya Seva team on +91 9955555544

02

REGISTER

Register your issue with a service executive (20-22 people work in the call centre)

03

RESOLUTION

Connect with a service expert (staff from OEM) until the issue is resolved via Capture CRM software

EXTENDED WARRANTY PROGRAM (ADITYA SURAKSHA)

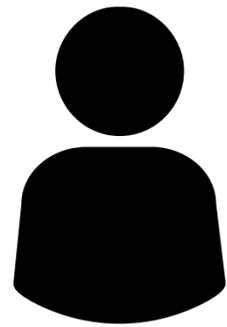


आदित्य सुरक्षा
Plan starts only at
₹161*

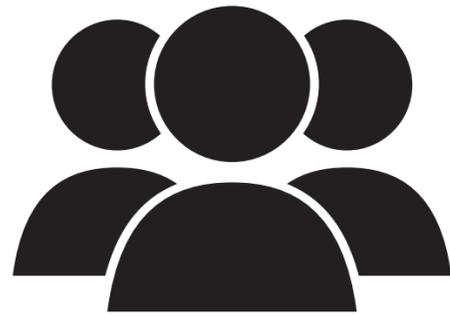
Aditya Suraksha is an extended warranty program created by Aditya Vision in addition to the standard warranty on new items with plans starting from ₹ 161

- **FREE PICK UP AND DELIVERY**
Customers who purchase an extended warranty can receive free pick-ups of items selected for repairs
- **ELECTRONIC REPAIR**
For any brands purchased via Aditya Vision, they connect customers directly with OEM maintenance staff that will repair faulty products
- **REPLACEMENT GUARANTEE**
For products purchased with manufacturing flaws or operational issues, Aditya Vision will guarantee a replacement within a few days. This has earned goodwill from many customers

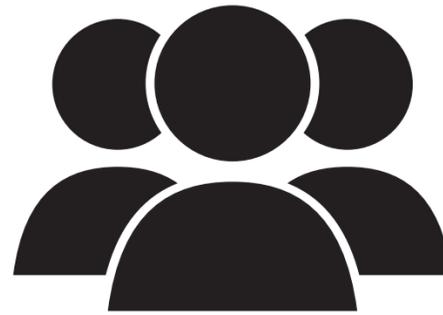
STORE EMPLOYEE MODEL



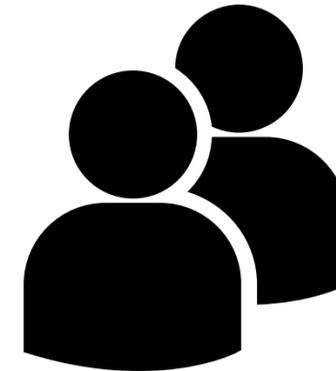
**1 Store Manager
(SM)**



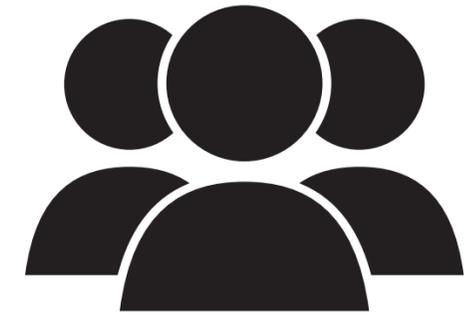
**3 Assistant
SM's**



**3 Floor
Managers**



2 Cashiers

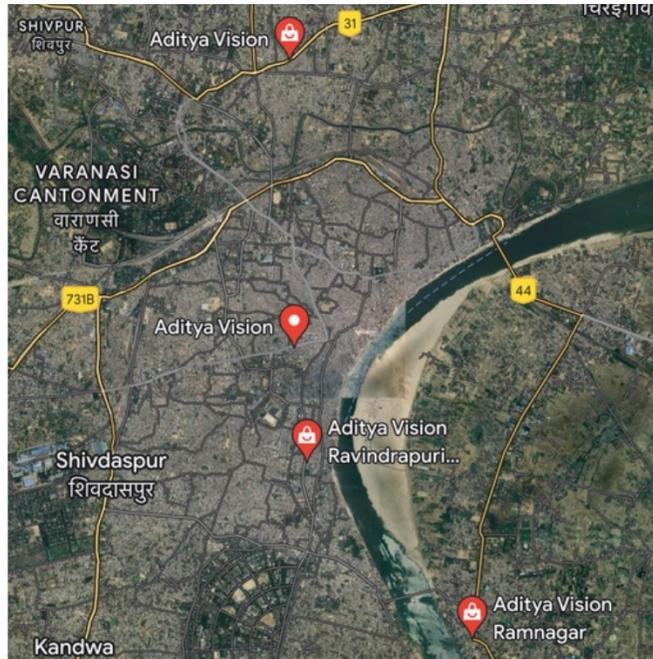


**3 Sales and
Utilities**

- On average, each Aditya Vision store will have 10-12 Aditya Vision employees
- Employees undergo a 20-day training program and a final test in preparation for working at the Aditya Vision store (includes cashiers and sales staff)
- Store Managers typically have a decade plus experience in electronics retail and sometimes come from larger retailers such as Reliance Digital
- Each store has an additional 10-12 staff appointed from OEMs such as Samsung and LG and are paid by the OEMs rather than from the Aditya Vision corporate office
- We estimate employee wages cost around 1.6 million rupees (3% of sales) per store



CREEPING CLUSTER APPROACH (UTTAR PRADESH)



4 of 8 Aditya Vision (Uttar Pradesh)



Before (Ramnagar store)



After (Ramnagar store)

- Aditya Vision store location growth model is the creeping cluster model where a retailer concentrates on a particular region with more stores before advancing to new areas, rather than growing everywhere at once
- This model is best exemplified in its recent (2023) expansion into Uttar Pradesh, with a core focus on the eastern region of the state near Bihar
- Uttar Pradesh is one of the most densely populated states in India, with 828 people per square kilometre, which makes this particular growth model more appropriate given its population density
- We also noticed that all its stores in Uttar Pradesh have an Indian bank branch within a 30-second walk from the store
- Overall, it's clear that Aditya Vision exercise a lot of thought in its store location, positioning and growth, which explains why they have never closed a single store since its inception (1999)

SUPPLY CHAIN

AWARDS AND RECOGNITION



STORE WAREHOUSES

Aditya Vision's stores act as its logistics warehouse, which enables faster delivery and installation for the end user while also being a fulfilment centre for deliveries in an omnichannel model



CASH AND CARRY MODEL

The cash and carry model limits the initial upfront payment required by Aditya Vision and only purchases goods when needed, typically delivered in 7-10 days from the OEM



ABSENCE OF PRIVATE LABEL

Aditya Vision doesn't operate or sell private label products, which provides an equal footing among all its OEM suppliers



DECLINING INVENTORY TURNOVER

Aditya Vision has achieved significant improvements in its inventory turnover which has declined from 10x (2018) to 4x (2023)

MARKETING AND ADVERTISING - TV CAMPAIGNS



Jenga's assessment

- As a 100% B2C company, examining its approach to marketing and advertising is vital to understanding its growth and communication strategy with end consumers
- Marketing and advertising represent only 0.7% of total revenue, much lower than the industry average, growing only by 4.9% between 2022 and 2023 FY
- Aditya Vision has historically focused on growing its brand and publicity by word of mouth
- In more recent years, Aditya Vision launched TV campaigns (above) with a storytelling lens centred around life events one may purchase electronics for, such as weddings (middle), employment promotions (right) or stories that drive sales, such as hot summers with air conditioners (left)
- Aditya Vision also has a significant following across its social media platforms, but we suspect these touch points are less impactful than offline marketing and advertising channels such as showroom signs, billboards, etc, given the relatively low social media penetration and screen time in these states

PROMOTIONS - ADITYA VISION BUY & WIN

RECOGNITION



- Aditya Vision hosts its buy and win program every year where it rewards customers who purchased items from its stores during the year
- To participate, customers simply visit an Aditya Vision store and register their participation for the year

- The Aditya Vision Buy and Win promo has grown into one of Bihar's largest company-run festivals and is streamed online by thousands of viewers
- Last year, over 900 motorcycles, 135 cars and 2 houses were given away to lucky winners across Bihar and Jharkhand

BRAND LOYALTY



- By hosting these annual events and promotions, Aditya Vision can grow its brand recognition and customer loyalty with local communities and build further goodwill with stakeholders
- We believe this approach to marketing and advertising provides Aditya Vision with a low-cost method of growing its brand and boosting its store footfall

OUTREACH



CUSTOMERS PERSPECTIVE - 4.4/5.0 GOOGLE REVIEWS

The screenshot displays a grid of Google Reviews for Aditya Vision. The reviews are organized into three columns. The first column shows reviews from Aditya Raj, Rupesh Shankar, Kapil Gupta, and Vivek Kumar Singh. The second column shows reviews from Ashutosh Choudhary, Avinash Raj, Kaushal Kumar, and Aayush. The third column shows reviews from Santosh Kumar, Harleen Kaur, Manoj Kumar, and Ravindra Yadav. Each review includes the reviewer's name, profile picture, star rating, date, and text. Some reviews include photos of the store or products. A 'Sort by' section at the bottom left of the grid shows options for 'Most relevant', 'Newest', 'Highest', and 'Lowest'.

ADITYA RAJ Local Guide · 50 reviews · 54 photos
★★★★★ 2 months ago
Easy to get every electronic Home items in cheapest Rate . May be recommended for better service

Ashutosh Choudhary Local Guide · 93 reviews · 766 photos
★★★★★ a year ago
Nice store for all electronic item.

Santosh Kumar Local Guide · 216 reviews · 255 photos
★★★★★ 3 months ago
Poor management. No one is there to show the products. Rates are high. Unprofessional behaviour. I recommend to visit the company's official showroom to buy the products. I went to buy Samsung's Hot and cool refrigerator. At Kankarbagh branch they told 40000 and Bailey road branch 44000 as last price. they also differ in prices at different branches. I suggest Aditya vision to improve its services and increase the no of staffs. Staffs are not available there to demonstrate the products

rupesh shankar Local Guide · 64 reviews
★★★★★ 2 weeks ago NEW
Has variety of products. Well trained and groomed staff to understand your needs and requirements. The service is good. Has all sorts of payment options.

avinash raj 7 reviews · 1 photo
★★★★★ 5 months ago
Quick Service staff behaviour is nice Specially Mr Riyaz

Harleen Kaur Local Guide · 47 reviews · 79 photos
★★★★★ 5 months ago
We went first time here and faced a bad experience. But the staff cooperated and helped us out. Other than one bad experience, everything was good and we got so many coupons for the lucky draw. They give one coupon for every 10k of your purchase and they have annual lucky draw concept and give the prizes to the winners. I like this concept of them. I hope we will never face any challenge in future as the bad experience was due to some miscommunication between the staff. I would like to explore more things here and will continue shopping from them...

kapil gupta 19 reviews
★★★★★ a month ago
It's a great store and sales person mr omkar is really great to deal with. To surprise the store has given good discounts in a nice manner and make us feel obliged.

Kaushal Kumar Local Guide · 243 reviews · 347 photos
★★★★★ 4 months ago
This place provide good product and best offer for visiting customer. Electronic products

Manoj Kumar Local Guide · 30 reviews · 10 photos
★★★★★ 11 months ago
Full of Unprofessional staff. They try to sell the products on price higher than prevailing in market for same product. They are over priced and will show you aggression if you compare their price from online platform.

VIVEK KUMAR SINGH Local Guide · 29 reviews · 360 photos
★★★★★ 2 weeks ago NEW
Yes, here you can find a large variety of electronic products like TVs, Irons, washing machines, mixer grinders, Laptops, mobiles, ACs etc. You can get these products on reasonable price and on EMI's too. EMI is provided by leading companies like HDFC, Bajaj Finance etc. They provide delivery at minimum cost. They also provide their own warranty and support services. They have their stores at multiple places. The staff members nice. They also have different schemes on various occasions like Durga Pooja, Independence day, Deepawali etc. They also provide scratch cards and if you are lucky , you win.

Aayush Local Guide · 40 reviews · 68 photos
★★★★★ 7 months ago
I went here yesterday to shop a washing machine for my mother. As we entered i saw a lot of electronics items such as TVs , washing machine, AC, cooler and other items. This outlet has a lot of electronics on the display and has a big Godown in Rajabajar from where the actual product is delivered to your address.
There were a lot of options for semi and fully automatic washing machines. Different top load and front load washing machines were available. We bought a semi automatic Whirlpool washing machine which had a price tag of 16k, and offer price wash 14.7k and then the manager knew my dad so they discounted it to 13.8k and then we finalize the price on 13k . So it was a good deal for us.
There were a lot of options for fully automatic washing machine which starts from 21k.
They also give luck coupons and there are a lot of prizes. Hope I win😄😄
Do visit the place.

Ravindra Yadav Local Guide · 2 reviews · 54 photos
★★★★★ 5 months ago
Very nice show room for electronic items.

Jenga's assessment

- We examined several websites, including Google and Facebook, to gain a deeper perspective on customer reviews
- We excluded suspected reviews via our algorithms to ensure our data was as reliable as possible
- Aditya Vision generally scored well on product quality and service, but most negative reviews came from after-sales situations and specific staff behaviour
- Customers also flagged having sales staff directly from OEMs as a positive in Aditya Vision stores
- We noticed specific complaints on pricing relative to online peers. Customers often visit several electronics stores before reaching a conclusion on big item purchases, i.e. Air conditioners, and flagged higher prices
- We believe this could potentially mean more pricing discounts as competition in Aditya Vision's states increases

COMPETITION (GLOBAL LISTED ELECTRONICS RETAIL)

Company Name	EBIT Margin (%)	ROC (%)	Debt/Capital (%)	Rev, 5 Yr CAGR (%)	EBIT, 5 Yr CAGR (%)	EV/EBIT (x)	P/LTM EPS (x)	Forward P/E (x)
Electronics Mart India Limited (NSEI:EMIL)	4.87	8.14	54.7	18.6	14.2	24.1	36.1	31.0
Aditya Vision Limited (BSE:540205)	8.46	21.3	75.4	21.0	82.8	24.2	36.1	-
Com7 (SET:COM7)	6.33	19.4	55.3	21.0	35.2	19.6	24.0	20.3
FPT Digital Retail (HOSE:FRT)	0.676	2.0	70.3	16.9	(12.8)	74.4	NM	125.1
United Electronics (SASE:4003)	7.38	10.0	62.1	7.41	22.3	15.9	16.6	14.8
JB Hi-Fi Limited (ASX:JBH)	7.98	24.3	31.6	7.03	16.9	7.26	9.77	13.5
Nojima Corporation (TSE:7419)	4.63	8.84	33.0	5.52	11.7	2.82	6.43	-
K's Holdings (TSE:8282)	3.56	4.86	22.2	1.28	(3.83)	12.4	14.8	13.0
Fnac Darty SA (ENXTPA:FNAC)	2.24	3.13	61.5	1.14	(8.62)	13.6	NM	6.38
EDION Corporation (TSE:2730)	2.49	4.39	20.4	0.662	1.77	10.8	16.4	13.3
Best Buy Co., Inc. (NYSE:BBY)	3.88	15.6	58.7	0.55	(2.84)	10.3	11.9	10.6
Joshin Denki Co. (TSE:8173)	2.01	3.5	34.8	0.469	(4.08)	13.7	13.8	-
Currys plc (LSE:CURY)	1.66	2.76	43.0	(2.02)	(15.7)	11.8	NM	7.07

Jenga's assessment

- We evaluated 14 globally listed electronics retailers under the GICS sub-sector
- We selected key operating and valuation metrics quality -> growth -> valuation (left to right)
- Aditya Vision was the best-performing company in EBIT margins, revenue 5-year CAGR and EBIT 5-year CAGR
- Aditya Vision, however had the highest debt/capital ratio and traded at the highest EV/EBIT and P/E ratio
- At first glance, it shows the market might be aware of Aditya Vision's fundamental strength

COMPETITION (INDIAN ELECTRONICS RETAILERS)

	Reliance Retail	Croma	Vijay Sales	EMIL	Sathya	Sargam	Girias	Aditya Vision	Adishwar	Viveks
Revenue (CAGR 16-21)	48.3%	12.7%	N/A	17.9%	15.6%	11%	5.3%	25.5%	-7.6%	-20.3%
Revenue (₹ bn)	1,316.9	53.5	36.7	32	9.9	9.2	7.8	7.5	2.6	1.7
Type (National/Regional)	National	National	National	Regional (South)	Regional (South)	Regional (North)	Regional (South)	Regional (East)	Regional (South)	Regional (South)
Number of stores	300	195	121	105	157	15	104	70	70	34
Revenue per store (₹ mn)	N/A	274	303	305	61	N/A	75	107	36	50
Employee cost (% of sales)	0.9%	5.1%	3.4%	1.9%	4.2%	3.1%	5.6%	3.3%	7.7%	0.056
EBITDA margin	6.1%	0.8%	7.4%	6.4%	3%	2.8%	3.3%	5.6%	4.2%	0.8%
Net income margin	3.5%	-3.8%	4.1%	1.8%	1.7%	0.7%	1.3%	3.3%	0.2%	-5.2%
ROCE	31.8%	3.4%	N/A	23.9%	21%	16.1%	9.7%	26%	5.2%	-18.1%

Jenga's assessment

- We evaluated the ten largest electronics retailers and sorted them by their FY 2021 revenue, descending order (left-right - Reliance retail being the largest)
- The top three players (Reliance Retail, Croma and Vijay Sales) are national players present in several states
- We also included key financial figures such as EBITDA margin, ROCE and employee cost as a percentage of sales
- From our analysis, we believe the competition in East India is less intense, which partially explains Aditya Vision's relatively higher margins
- Aditya Vision is among the fastest-growing electronic retailers, and we estimate they are now among the 5 largest players in the country

COMPETITION FACTORS



PRICE AND RANGE

Given the commodity nature of electronics retailing, retailers predominantly compete on the price of products sold and the range of products offered



CUSTOMER AWARENESS

To grow revenue, electronic retailers have to invest in marketing and advertising and connect further with customers who have a range of options from OEM stores to direct competitors



STORE AND SALES EXPERIENCE

Given the low online sales penetration, providing a quality store experience to customers remains a critical competitive advantage for electronic retailers



AFTER SALES SUPPORT

The rise of financing options and online customer care has increased post-sales customer touch points and retailers need to provide competitive offerings from logistics to extended warranties



Reliance Digital is the market leader



A Vijay Sales store in India

COMPETITION (LISTED) - ELECTRONICS MART INDIA



Founded in 1980 as M/s Bajaj Electronics, Electronics Mart India (EMIL) is India's 4th largest and South India's largest electronics retailer. EMIL operates a multi-brand retail model

EMIL has 139 stores with an average size of 9678 sq. ft per store across 8 states (50 cities) in India. EMI achieved ₹54 billion in its last FY and 2,200+ employees

₹54 BILLION (139 STORES)

Electronics Mart India is the 4th largest player and largest electronics retailer in South India

6 BRANDS

EMIL's flagship brand is Bajaj Electronics, but has also launched more niche sub-brands such as Audio & Beyond in home cinema

6000+ SKU's

EMIL's stores average 9,500+ sq. ft with over 6,000 SKU's across 70+ electronic brands

COMPETITOR SPOTLIGHT - ELECTRONICS MART INDIA

S

STRENGTHS

- Umbrella of brands such as Bajaj Electronics, iQ, Easy Kitchens etc
- EMIL's stores are physically larger with a higher footfall, supporting its unit economics

W

WEAKNESSES

- Weaker profit margin relative to Aditya Vision due to asset-heavier store model
- Larger store segment of less profitable products such as mobile phones

O

OPPORTUNITIES

- Its scale (₹54 billion revenue) provides further growth opportunities with consumer financing
- Electronics Mart has a unique market-leading positioning in South India

T

THREATS

- EMIL operates in more developed states which keeps stores exposed to e-commerce disruption and players like Reliance Digital

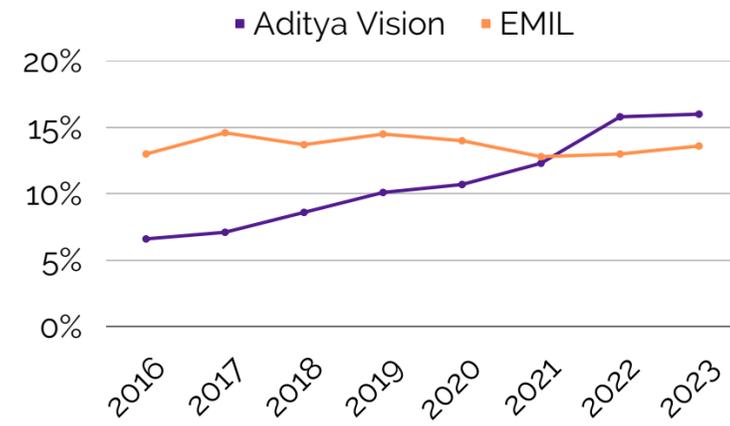


A Bajaj Electronics Store

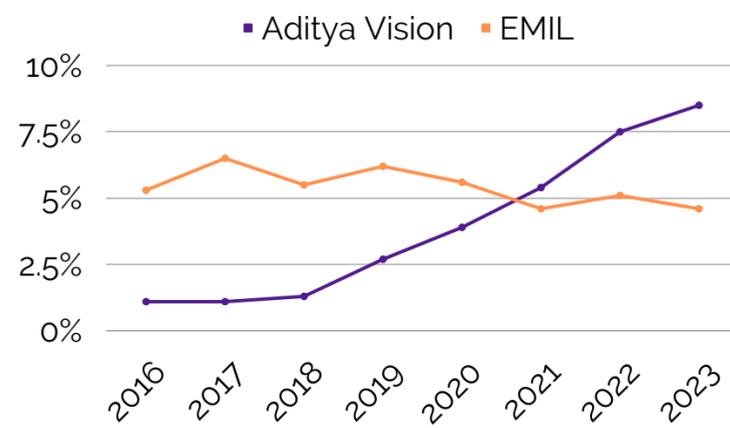


An Electronics Mart store

ELECTRONICS MART INDIA VERSUS ADITYA VISION



Gross margin



EBIT margin

	2020 FY	2021 FY	2022 FY	2023 FY
Stores				
Aditya Vision	48	70	79	105
EMIL	71	93	103	127
Average Store Size (Sq ft)				
Aditya Vision	4,750	4,414	4,106	4,000*
EMIL	10,704	10,108	10,097	9,622
Revenue/Sq Ft				
Aditya Vision	34,955	24,207	33,890	40,000*
EMIL	37,912	31,167	38,010	40,974*
Revenue/store				
Aditya Vision	16.6	10.7	11.4	12.5
EMIL	44.7	34.4	42.2	42.9
Same store sales growth				
Aditya Vision	34%	-13%	15%	38%
EMIL	-1%	-10%	23%	17%

Jenga's assessment

- We compared EMIL and Aditya Vision on key single-store metrics such as revenue per store, same-store sales growth (left) and key profitability margins (gross and EBIT margins)
- EMIL's average store (9,622 Sq ft) is more than double the average size of Aditya Vision (est. 4,000 Sq ft)
- EMIL also performed better on revenue per Sq ft, although, Aditya Vision has now caught up to the 40,000 Sq ft mark
- EMIL historically had a better operational performance relative to Aditya Vision (pre-2021)
- Aditya Vision stores have a larger proportion of higher ticket items (est. 70% - refrigerators, washing machines and televisions) versus EMIL (48%)
- As a result of the sales mix, Aditya Vision should operate at higher gross margins

MANAGEMENT AND TEAM

After a few years of running a single store in Patna, Bihar, Yashovardhan Sinha and the rest of the management team decided to transition Aditya Vision to a multi-store format and initially focused solely on Patna before branching into other districts in Bihar

Management have faced several challenges over the years and being listed since 2016, we have been able to understand how they cope and manage these challenges.

For example, given the growth of e-commerce players like Amazon and national retailers like Reliance Digital and Vijay sales, most might have been tempted to quickly rush to market with new stores everywhere as well as investments in e-commerce capabilities.

Aditya Vision has taken a contrarian yet market research-backed approach with store growth and format and we are particularly impressed with how focused they have been over the years from the fully organic growth model to providing additional services like **Aditya Seva**.

Yashovardhan Sinha's wife, Sunita Sinha and two daughters, Rashi Vardhan and Yosham Vardham, are also involved in the day-to-day management of Aditya Vision. Each has a position on the board of directors, along with individual stakes in the company.



INSIDER SHARES - 68%

Directors and executive officers own more than 2/3rds of outstanding shares



ORGANIC GROWTH

Aditya Vision's management is consistent with its 100% organic growth approach to building the business



NEGLIGIBLE ATTRITION

Attrition at the senior level at Aditya Vision has been negligible and its board of directors has been fairly consistent over the years

PROMOTER TEAM



Yashovardhan Sinha

- Yashovardhan Sinha is the chairman and managing director of Aditya Vision and is responsible for the overall growth and key decisions of the company
- He has a wealth of experience in the financial services industry and worked at Punjab National Bank for over 20 years



Nishant Prabhakar

- Nishant Prabhakar is a whole time director and supports overseeing the company's operations and the expansion of its consumer electronics product portfolio
- He has been a member of the board since 2005



Sunita Sinha

- Sunita Sinha is a non-executive director and holds key responsibilities in overseeing the day-to-day operations and managing customer relationships
- She has been a member of the board since inception and has been integral to past achievements

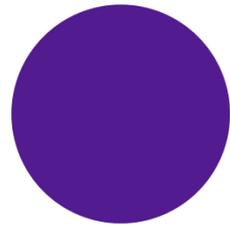


Yosham Vardhan

- Yosham Vardhan is the director of strategy & corporate planning and works across sales and procurement divisions
- She previously worked as a corporate lawyer in M&A and private equity

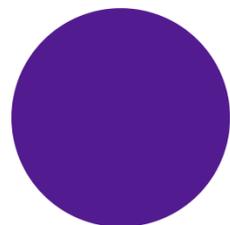
FUTURE GROWTH

STORE GROWTH



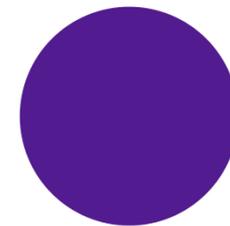
Aditya Vision has the potential to add 20-25 stores per year over the next 4 years across all its operating states

SKU GROWTH



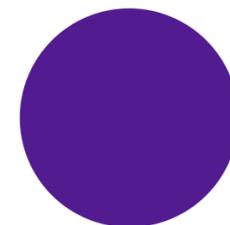
As incomes in Aditya Vision's states grow, we believe this opens the opportunity for more premium and higher value items, which might lead to even better gross margins

GEOGRAPHIC EXPANSION



Aditya Vision will expand into more districts in Uttar Pradesh for FY 2024 and has the potential to open new stores in states like Chhattisgarh and West Bengal later in FY 2025 and FY 2026

ONLINE CHANNELS



Although we believe online sales will remain a small percentage of sales for the near term, improved online awareness via its website and social media can increase online sales while also boosting footfall in stores

POTENTIAL GROWTH STATES OVERVIEW



GDP Per cap: \$1,699

Population: 102 million

Refrigerator penetration: 25.1%

Washing Machine penetration: 5.1%



GDP Per cap: \$1609

Population: 32 million

Refrigerator penetration: 22.5%

Washing Machine penetration: 9.2%



GDP Per cap: \$1,690

Population: 85 million

Refrigerator penetration: 23.7%

Washing Machine penetration: 10%

- Aditya Vision have identified West Bengal, Chhattisgarh and Madhya Pradesh as its next states for store expansion
- Due to higher rent costs and competition, Aditya Vision will likely avoid operating in metropolitan cities like Kolkata (West Bengal) for the initial years
- West Bengal has the largest population (100 million+) and still has a significant proportion of its people without key home appliances such as washing machines (5.1% penetration) and AC/Cooler (5% penetration)

FINANCIALS BREAKDOWN - INCOME STATEMENT (INR)

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
Revenue	4,439.4	5,636.5	7,969.8	7,479.9	8,991.2	13,222.3
Cost Of Goods Sold	4,058.6	5,066.4	7,117.4	6,561.1	7,567.0	11,112.4
Gross Profit	380.8	570.2	852.4	918.8	1,424.2	2,109.9
Selling General & Admin Exp.	310.3	400.0	600.3	385.0	593.5	780.1
Depreciation & Amort.	13.3	15.5	20.1	128.2	160.6	204.2
Other Operating Expense/(Income)			(78.5)			
Operating Income	57.1	154.7	310.5	405.6	670.0	1,125.6
Net Interest Inc./Exp.	15.9	68.3	123.2	151.8	238.7	266.5
Other Unusual Items				19.5		
EBT Incl. Unusual Items	41.4	86.4	187.4	273.3	431.4	859.9
Income Tax Expense	13.5	28.7	47.2	68.8	78.6	218.5
Net Income	27.8	57.6	140.2	204.5	352.8	641.4

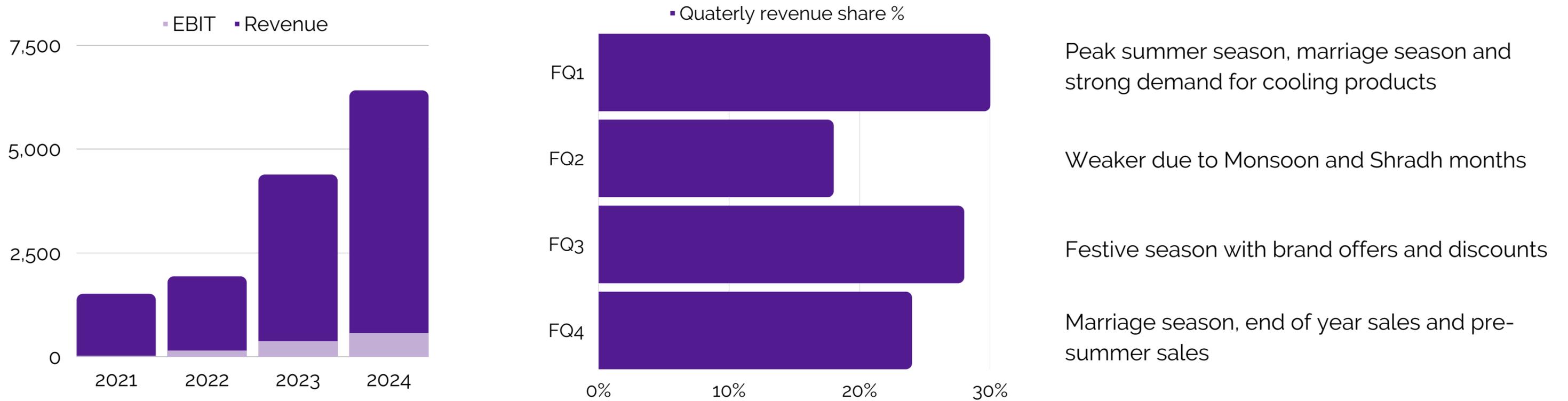


- Revenue growth is driven entirely organically by store growth, higher SKUs and price increases
- Same-store sales growth averaged 18% between 2018 FY and 2023 FY
- The number of stores increased from 28 (2018 FY) to 105 (2023 FY), 30% CAGR



- Both gross margins and EBIT margins inflected higher during the past 5 years as stores became more profitable
- Ind AS 116 impact on depreciation expense (FY 2020 to FY 2021)
- Tax rate of 25%
- Net income margin increased from 0.6% in FY 2018 to 4.9% in FY 2023

Q1 FY 2024 IN REVIEW



Q1 Revenue and EBIT

- Electronics sales are quite cyclical, with Apr-Jun (FQ1) and Oct-Dec (FQ3) seeing stronger sales due to the marriage season, end of year sales and summer months' impact on cooling products. Operating and net profit margins are also highest during both quarters
- Revenue in FQ1 has compounded by 61.8% (3 yr CAGR) while EBIT has grown by 166% (3 yr CAGR). In 2024 FQ1, revenue and EBIT increased 46.2% and 52.3%, respectively, YoY

FINANCIALS BREAKDOWN - BALANCE SHEET

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
ASSETS						
Cash And Equivalents	156.1	142.5	159.2	222.5	13.7	35.2
Short Term Investments	-	-	-	-	6.0	284.3
Total Cash & ST Investments	156.1	142.5	159.2	222.5	19.6	319.5
Accounts Receivable	3.0	3.0	2.8	3.7	3.9	15
Notes Receivable	19.2	91.9	410.6	7.2	87.8	95.6
Total Receivables	22.2	94.9	413.4	10.9	91.7	97.1
Inventory	396.3	735.1	1,842.8	1,966.1	2,101.2	2,938.0
Other Current Assets	124.3	31.9	-	381.2	150.4	264.6
Total Current Assets	698.9	1,004.4	2,415.4	2,580.8	2,363.0	3,619.3
Gross Property, Plant & Equipment	170.0	206.3	281.3	1,395.3	1,634.1	2,059.7
Accumulated Depreciation	(36.8)	(51.9)	(72.0)	(94.8)	(130.7)	(149.8)
Net Property, Plant & Equipment	133.2	154.4	209.3	1,300.5	1,503.4	1,909.9
Long-term Investments	1.0	1.0	1.3	1.3	268.7	532.4
Deferred Tax Assets, LT	-	-	-	-	58.1	70.7
Deferred Charges, LT	3.1	2.3	1.5	0.8	-	-
Other Long-Term Assets	-	-	-	17.6	18.5	43.3
Total Assets	836.2	1,162.0	2,627.5	3,900.9	4,211.7	6,175.5



- Cash & ST investments as a percentage of total assets have decreased over the years, driven by higher interest payments, the introduction of dividend payments from 2020 and acceleration in inventory purchases



- A sharp increase in inventory as a proportion of sales and current assets
- Inventory management and turnover remain key operational risk



- A significant proportion of the gross carrying amount are air conditioner and furniture purchases in stores
- Ind AS 116 impact on accounting for leases brought contracts to balance sheet (2021 FY)



- No goodwill reflecting organic growth story since inception

FINANCIALS BREAKDOWN - BALANCE SHEET (2)

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
LIABILITIES						
Accounts Payable	120.7	253.4	1,396.4	1,333.5	575.7	536.1
Accrued Exp.	4.1	8.6	16.6	13.7	17.7	37.4
Short-term Borrowings	426.3	567.4	698.0	739.2	1,402.1	2,402.3
Curr. Port. of LT Debt	-	-	-	15.4	24.8	115.1
Curr. Port. of Leases	-	-	-	58.9	77.0	109.6
Curr. Income Taxes Payable	11.5	27.3	45.3	81.8	6.3	27.4
Other Current Liabilities	2.6	2.2	3.3	13.7	6.9	32.7
Total Current Liabilities	565.2	858.8	2,159.5	2,256.2	2,110.6	3,260.7
Long-Term Debt	56.8	30.9	62.2	87.4	137.8	188.2
Long-Term Leases	-	-	-	1,076.5	1,176.4	1,363.7
Def. Tax Liability, Non-Curr.	7.1	8.5	10.4	(13.4)	-	-
Other Non-Current Liabilities	2.1	2.1	2.1	-	-	-
Total Liabilities	631.1	900.3	2,234.2	3,406.7	3,424.8	4,812.6
Common Stock	141.1	141.1	141.1	120.3	120.3	120.3
Retained Earnings	63.9	120.7	252.2	374.0	666.6	1,235.9
Comprehensive Inc. and Other	-	-	-	-	-	6.7
Total Equity	205.0	261.8	393.3	494.2	786.9	1,362.9



- Short-term borrowings include cash credit from Axis, HDFC, ICICI and Federal Banks
- Retail financing of 459 million from Bajaj Finance
- Short-term borrowing is predominately secured by directors of Aditya Vision

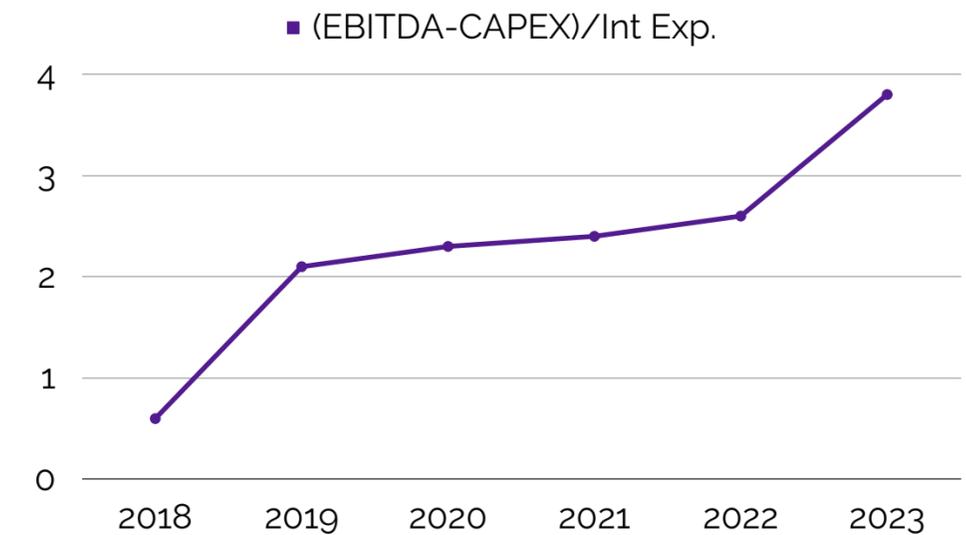
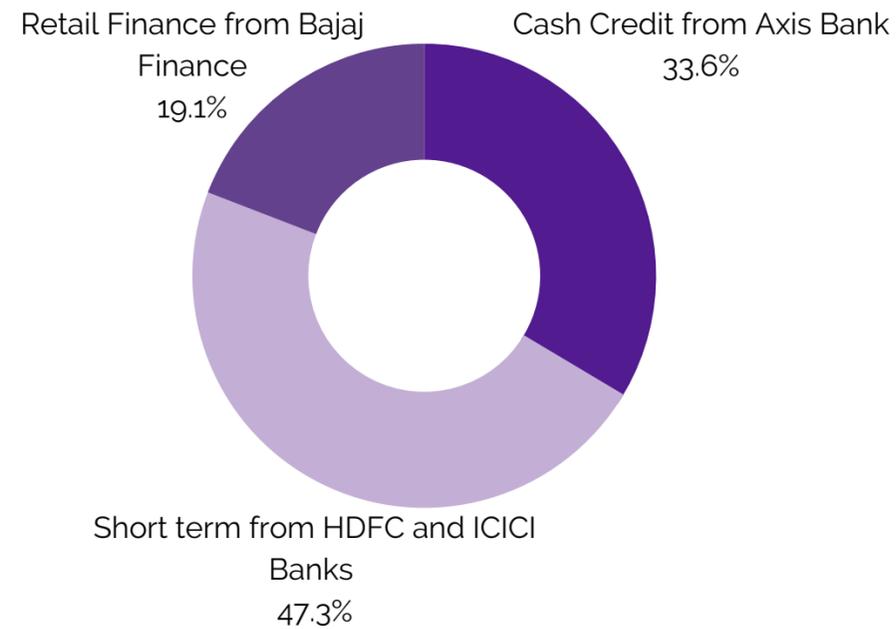
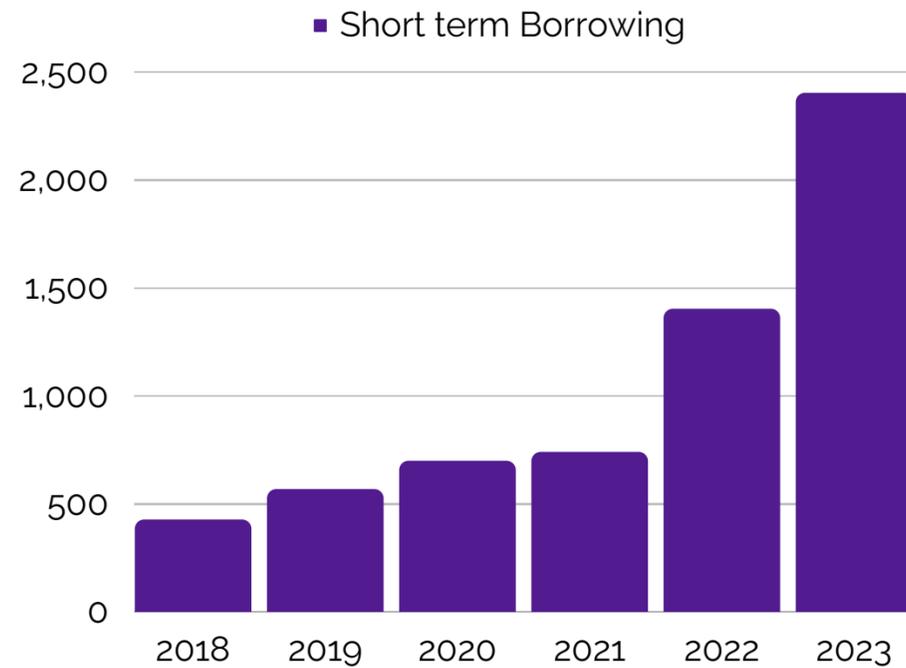


- Non-current borrowings fully secured with 8-9% interest rate, payable in 36-60 months
- 1/6 of the total debt are for vehicles from HDFC Bank



- Significant growth in retained earnings, reflecting improved profitability and performance of each store

DEBT IN FOCUS - BALANCE SHEET



Jenga's assessment

- A larger proportion of Aditya Vision's balance sheet loans are short term which poses some liquidity questions in the near term
- 89% of all long-term borrowings are in variable rates (8-9% in 2022 FY). A 1% increase in rates leads to a ₹24.1 million rise in interest expense
- EBITDA-CAPEX has grown faster than interest expenses (right), which provides more short term liquidity for Aditya Vision

FINANCIALS BREAKDOWN - CASH FLOW STATEMENT

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
Net Income	27.8	57.6	140.2	204.5	352.8	641.4
Depreciation & Amort.	13.3	15.5	20.1	128.2	160.6	204.2
Other Amortization	0.8	0.8	0.8	0.8	0.8	-
(Gain) Loss From Sale Of Assets	-	-	-	-	-	(0.3)
(Gain) Loss On Sale Of Invest.	-	-	-	-	-	(0.5)
Stock-Based Compensation	-	-	-	-	-	6.7
Other Operating Activities	0.2	12.5	7.1	155.8	210.5	275.0
Change in Acc. Receivable	(128.3)	19.7	(286.6)	20.0	(0.3)	2.5
Change In Inventories	24.7	(338.8)	(1,107.7)	(123.3)	(135.1)	(836.8)
Change in Acc. Payable	138.9	277.8	1,282.7	(10.8)	(329.5)	(39.6)
Change in Other Net Operating Assets	-	-	-	-	55.4	(76.5)
Cash from Ops.	77.4	45.0	56.6	375.2	315.2	176.1

Cash Flow from Operations

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
Capital Expenditure	(56.8)	(36.9)	(75.0)	(368.4)	(180.6)	(303.6)
Sale of Property, Plant, and	1.8	0.2	-	-	-	4.9
Cash Acquisitions	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-
Invest. in Marketable & Equity Secur.	(1.0)	-	(0.3)	-	(63.5)	(541.6)
Other Investing Activities	6.3	3.9	12.7	37.8	11.1	(1.6)
Cash from Investing	(49.7)	(32.7)	(62.5)	(330.6)	(233.0)	(841.8)

Cash Flow from Investing

- No additional shares issued since the 2016 IPO, limited utilisation of share-based compensation
- Shareholder-friendly cash allocation, opportunistic share buybacks in 2021 when shares traded at 2x P/E
- No acquisitions or divestitures reflecting the organic growth model

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY
Long-Term Debt Issued	9.9	-	31.3	262.6	294.6	1,140.9
Long-Term Debt Repaid	(2.0)	(25.9)	-	-	(62.5)	(86.4)
Repurchase of Common Stock	-	-	-	(41.6)	-	-
Common Dividends Paid	-	-	(8.7)	(30.1)	(60.1)	(72.2)
Other Financing Activities	-	-	-	(172.2)	(253.2)	(295.1)
Cash from Financing	7.9	(25.9)	22.6	18.7	(81.2)	687.2
Net Change in Cash	35.6	(13.6)	16.7	63.3	1.0	21.5

Cash Flow from Financing

BASE CASE VALUATION

	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024E	2025E	2026E	2027E
Revenue	4,439.4	5,636.5	7,969.8	7,479.9	8,991.2	13,222.3	17,850.1	22,669.6	28,563.7	35,419.0
Cost Of Goods Sold	4,058.6	5,066.4	7,117.4	6,561.1	7,567.0	11,112.4	15,011.9	19,065.2	24,050.7	29,574.9
Gross Profit	380.8	570.2	852.4	918.8	1,424.2	2,109.9	2,838.2	3,604.5	4,513.1	5,844.1
Selling General & Admin Exp.	310.3	400.0	600.3	385.0	593.5	780.1	1,071.0	1,360.2	1,713.8	2,302.2
Depreciation & Amort.	13.3	15.5	20.1	128.2	160.6	204.2	285.6	362.7	457.0	566.7
Operating Income	57.1	154.7	310.5	405.6	670.0	1,125.6	1,481.6	1,881.6	2,342.2	2,975.2
Net Interest Inc./ Exp.	15.9	68.3	123.2	151.8	238.7	266.5	362.4	463.9	589.2	736.5
EBT	41.4	86.4	187.4	273.3	431.4	859.9	1,119.1	1,417.7	1,753.0	2,238.7
Income Tax Expense	13.5	28.7	47.2	68.8	78.6	218.5	279.8	354.4	438.3	559.7
Net Income	27.8	57.6	140.2	204.5	352.8	641.4	839.3	1,063.2	1,314.8	1,679.0
Cash from Ops.	77.4	45.0	56.6	375.2	315.2	176.1	386.1	637.9	710.0	973.8
Capital Expenditure	56.8	36.9	75	368.4	180.6	303.6	316.6	561.4	525.4	798.6
Free Cash Flow	20.6	8.1	-18.4	6.8	134.6	-127.5	69.5	76.6	184.6	175.3

KEY ASSUMPTIONS

- Revenue will grow by **28%** between 2023 - 2027
- EBIT Margin will average **7.5-8.5%** between 2023-2027
- Net income will increase by 27% between 2023 - 2027
- 2027 P/E multiple of **28x** given growth potential and domestic valuations, compression from **36x** today
- The tax rate remains at **25%**
- Business operations and stores will be concentrated in Hindi Heartland and limited change in inventory/store model
- Store count to grow from current **117 to 197** by 2027 FY. Bihar will represent half of the store count. **Jharkhand and Uttar Pradesh** remain growth opportunities
- Consistent sales share between home appliances & entertainment and digital gadgets. Slight impact on margins as it expands into **Uttar Pradesh, Chhattisgarh** and potentially **West Bengal**

Sep 2023 Market Cap - RMB 27 Billion

Mar 2027 Projected Market Cap - 47 Billion

We see an upside of 74% or (17% IRR) to 2027 FY

WHY DOES THIS OPPORTUNITY EXIST?

- **Only one listed comparable peer (Electronics Mart India Limited)**
- **Little sell side and analyst coverage**
- **Illiquidity and low float - Promoters own 68% of outstanding shares**
- **High multiples requires longer term investment outlook**



KEY RISKS - COMPANY

—— **COMPETITION WITH NATIONAL PEERS (WEAK MOAT)**

Aditya Vision has enjoyed many years of limited competition from national players. Increased interest from Reliance Digital and Vijay Sales could impact margins and the store growth potential. We also highlight the threat of e-commerce and Amazon

—— **BALANCE SHEET LEVERAGE**

Aditya Vision's balance sheet is leveraged and most loans are variable rates. Changes in exchange rates or increased difficulty with accessing retail financing or further loans could impact sales, inventory purchases and future investments

—— **EXPANSION AND GROWTH IMPACT ON MARGINS**

Their expansion plans to states like West Bengal could result in higher rent and labour costs which can impact gross margins and overall profitability if volumes per square foot fail to increase in line

—— **HIGH MULTIPLES AND VALUATIONS**

Aditya Vision trades at a 'high multiple', which leaves its investment thesis heavily reliant on future growth. Failure to achieve future growth prospects of >25% profit growth would lead to a poor investment



KEY RISKS - MACROECONOMY

—— INDIAN DOMESTIC STOCK MARKET VALUATIONS

Indian valuations are generally high; the MSCI India Index trades at 25x earnings, more than double emerging markets. An economic slowdown or economic shock can deter public market investments and significantly drop valuations

—— CYCLICAL SECTOR

Most Aditya Vision customers are first-time buyers and any negative impact on disposable incomes will greatly impact sales of electronic products such as washing machines and air conditioners

—— ELECTRIFICATION IN BIHAR

Aditya Vision's future growth highly depends on the electrification in key states like Bihar. Any slowdown or reversal in household power capacity will impact demand for these white goods, which slows Aditya Vision's growth

Thank You

Questions? Feedback? Comments?

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