

Conference Call Transcript

VIP Industries Limited
Q1FY18 Results
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Corporate Participants

Mr Dilip Piramal
CMD

Ms Radhika Piramal
Vice Chairperson & Executive Director

Mr Jogendra Sethi
CFO

Questions and Answers

Moderator: Ladies and gentlemen, good day and welcome to the VIP Industries Q1 FY2018 Earnings Conference Call, hosted by Edelweiss 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. I now hand the conference over to Ms. Shradha Sheth from Edelweiss Securities. Thank you and over to you Madam!

Shradha Sheth: Thank you Lizann. On behalf of Edelweiss, let me welcome you all to the Q1 FY2018 Earnings call of VIP Industries. From the management today we have Mr. Dilip Piramal, the CMD, Ms. Radhika Piramal, the Vice Chairman and Executive Director and Mr. Jogendra Sethi, CFO of VIP. So, without any further ado I will hand over the call to Mr. Dilip Piramal for his initial comments post which we will open the floor for Q&A. Thank you and over to you Sir!

Dilip Piramal: Good afternoon everyone and welcome to our conference call after the results of the Q1. During this quarter the company achieved income from operations of Rs.409 Crores against Rs.375 Crores in the corresponding quarter of the previous year registering a growth of 9%. For the Q1, the sales growth was achieved from domestic business entirely as the international business was flat and the entire domestic business growth is volume growth. Most of our trade partners were not clear about the implications of GST like transition provisions, which affected sales during the month of June 2017 especially in traditional channels like general trade. Hence, sales growth at 9% in Q1 is quite satisfactory. GST is expected to benefit the organized sector in the long run even though we have been put under the 28% GST tax rate, which is quite high because earlier our effective tax rate was around 18%, in fact it is quite a setback to us, but it will take time to neutralize things. We have taken a small price increase at the moment and we are quite hopeful that we should be able to recover the whole thing at least after a year.

The markets are quite good, market demand has been good, but of course things are a bit uncertain because GST which has had a strong impact on us. I would like to talk about our brands. Skybags brand is doing extremely well and it is also the leading brand for backpack. Our Aristocrat brand also is doing very well, its latest collection has been well received and sales growth of this brand is doing quite well. VIP is a bit tepid, but we are making efforts to reinvent the brand. Caprese our ladies handbag brand is also doing quite well and has grown well during the quarter and margins are very good. During the last quarter modern trade channel has grown well in spite of high base, which it had. E-commerce channel also has picked up pace of course it is very small percentage of our overall sales.

Our EBITDA was at Rs.64 Crores up from Rs.51 Crores that is the growth of about 25% and let me tell you in the last quarter the first two months were extremely good, but June was affected because of the GST impact. Overall EBITDA is 15.6% in Q1 as compared to 13.6% of the same quarter last year, which is quite a good improvement. EBITDA has improved due to higher growth contribution and controlled overheads. Growth contribution has improved due to product mix and strengthening of the Rupee against the US Dollar, which is a very positive thing for us, in fact this morning after a long time the Rupee is under Rs.64, I think it was Rs.63.7 per USD.

Advertisement and marketing expenses were in the range of 6% to 7%, which is normal. Our profit before tax for the Q1 was Rs.60.5 Crores up from 47.1 Crores last year, which is a growth of 28%. Fixed overheads are well under control.

Our subsidiary in Bangladesh had a good Q1 performance and Bangladesh is becoming a very good alternative as a source of supply against China and we are planning to increase our operations there and the board has approved an investment of about Rs. 25 Crores for enhancing our manufacturing capacity in Bangladesh.

All in all I would say that the market was very good and things were going very well, but this 28% GST rate has put a spoke in our wheel, but because of the strong market conditions and the strong Indian currency, we are hopeful that we will retrieve our positions it will take some time. We will take questions.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. We will take the first question from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Sir when did we take the price hike?

Radhika Piramal: Around June 15, 2017.

Nitin Gosar: And this was more to absorb the GST increase or.....

Radhika Piramal: Yes.

Nitin Gosar: Second question is pertaining to Bangladesh with the investment of 25 Crores what is the change in the capacity addition?

Radhika Piramal: It will about double the capacity. For first plant also, we have spent Rs. 20-25 Crores so this will double the capacity.

Nitin Gosar: What is the outlook for VIP for a couple of quarters now may be more than 10 quarters we have been continuously hearing that the performance has been tepid, but the efforts are still on, so internally there should be some benchmark that beyond this you do not want to reinvest or beyond this you do not want to revisit your strategy or you want to change it, how do you see VIP internally?

Dilip Piramal: The question is not very clear what exactly can you just repeat the question?

Nitin Gosar: The challenge is VIP has been continuously on investment mode

or there have been efforts continuously going behind VIP to revive?

Dilip Piramal: No, what you mean investment mode?

Nitin Gosar: It is more on the time investment or the resource investment that the management is supposed to do to revive the growth revenue of VIP?

Radhika Piramal: Do you mean the brand of the company?

Dilip Piramal: What is time investment?

Nitin Gosar: The question is more related to the relative growth rate that we are seeing in the VIP core brand, which has been tepid you know for the last couple of quarters your management commentary has been that the efforts are still on to revive it. Why do you see the revival actually to happen or do you see the efforts will continue to go on for couple of more quarters before which you can actually start seeing the revival to happen?

Dilip Piramal: You are talking of the VIP brand?

Nitin Gosar: Yes VIP brand.

Dilip Piramal: Not the company. only the VIP brand?

Nitin Gosar: No, company numbers are clearly.....

Radhika Piramal: The efforts will never stop obviously the management would prefer to see a revival sooner rather than later, but you know it is a biggest luggage brand in India, so the efforts will never stop and I cannot put a timeline as to when it will change because that depends basically on consumer acceptance of new products, etc., in the market, so last year we did Hrithik Roshan campaign, we got very good feedback from all our research, the sales numbers though did not support to that degree, we will have to be working on it, it is like sort of changing any flagship heritage brand. Let us focus on the company performance, which is pretty good and we have a good brand strategy Aristocrat, Skybags, Carlton, etc., so it means we continue to increase our market share in the organized luggage segment and obviously any renewed growth of VIP can only help that.

Nitin Gosar: Sure Madam! Thank you.

Moderator: Thank you. The next question is from the line of Amit Mantri from 2Point2 Capital Advisors. Please go ahead.

Amit Mantri: Yes, my question is we have been hearing about some challenges in the CSD channel with the restrictions on the turnover as well as de-stocking related to GST, so just wanted your thoughts on GST is likely to progress going forward?

Radhika Piramal: It has been a very challenging June and July in the CSD channel in fact when Chairman said that 9% growth is good considering everything it is in particular given that in June I think we hardly had any CSD sales and July continuously difficult and the most recent commentary from the CSD management is that they expect August too also be slow they have taken some policy decisions at their end that they would really like to de-stock all the pre-GST stock completely before buying new, that is a strong decision and most

company supplying to CSD are facing the same headwinds there. We look forward to the management resume placing orders as soon as possible.

Amit Mantri: Also there been some circular in July by the Ministry of Defence where they are actually restricting the amount of any CSD channel because they are seeing lot of buying from outside the CSD personnel, outside the defence personnel, so is this some thing to worry about?

Radhika Piramal: It is too early for us to comment and these are their decisions right, so we supply them and obviously we go by the policy, so I think as and when they share more information with us we obviously hope it will not remain at these kind of levels for the rest of the year, if it does certainly it will be a drag on our sales growth.

Amit Mantri: On the GST related price increase that we have taken so this does put us in a disadvantage, but have you all seen the unorganized sector being forced to take price increases because of higher compliance or is it too early?

Radhika Piramal: It is just too early. I think that once we have the current quarter's results we can have a much more meaningful conversation about GST impact on the margins, on the sale growth, volume and the pricing. It is just too early to say now.

Amit Mantri: Thank you and good luck.

Moderator: Thank you. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity and congratulations on very good set of numbers in challenging times. Just wanted to know I am just extending the previous question I understand that it is slightly early to comment on GST impact, but the way we understand GST would have impacted on three counts versus your pricing your margins basically growth margins and the competitive landscape so I think the margins part you would have taken care by the 6%, 7% price hike is that correct understanding?

Radhika Piramal: 6% price rise will not be sufficient to maintain the margins as a percentage level as effective tax rate has gone from 18% to 28%. Having said that we made a decision that 6% was the price increase we were comfortable with in order to also ensure a volume growth continues, so we will assess our margins for the current quarter and then take a call whether we need to take an additional price increase later on in the year or not.

Tejas Shah: Sure, second on growth I understand that CSD is under pressure because of their own reasons, but how are the other channels behaving wholesale and modern trade.

Radhika Piramal: Growth continues. We have been able to grow at 9% despite significant decline in CSD and the other channels not been doing well, so other channels are growing. Even general trade, I mean there are some dissonance in June-July, but underlying growth in April-May was very good, modern trade continues to be good, we were able to resume billing extremely faster in

modern trade, you know with our good market share and our collaborative trade relationships with all the chains. We resume billing in July so the underlying consumer sentiment is good.

Tejas Shah: As we are noticing in many other categories where there is a tussle going on between the modern trade channel partners and the brands on unsold inventory at the end of June where they are asking for to compensate for the unsold inventory loss transition so are we going for any such negotiations with modern trade partners?

Radhika Piramal: Discussions are ongoing, but I do not think there is anything material for me to comment at this time, we are not expecting sales returns.

Tejas Shah: Sure and are you planning to compensate for the losses?

Radhika Piramal: No, discussions are still on.

Tejas Shah: Lastly just for understanding purpose this Bangladesh is largely soft luggage capacity right?

Radhika Piramal: Yes.

Tejas Shah: And does it cater to all the brands or any specific brands of us?

Radhika Piramal: It has variety. it is not limited to only one brand.

Tejas Shah: This expansion timeline will be by what period we have..

Radhika Piramal: It will take 12 months. So from now to let us say next July to fully double. We double the capacity from starting 12 months from now.

Tejas Shah: So if I recollect correctly it was 80,000 per month kind of run rate capacity?

Radhika Piramal: It will be less than that 70,000.

Tejas Shah: In your press release you have also mentioned that this capex will also be for marketing purpose so are we expanding our base in Bangladesh also in distribution?

Radhika Piramal: No, it is primarily manufacturing unit for sales to VIP India. I am sorry I do not know what the specific marketing comment is on the press release.

Jogendra Sethi: Can you please repeat the question?

Tejas Shah: Sir in your press release this 25 Crore capacity expansion is the word has been used marketing as well so I was just wondering...

Jogendra Sethi: The Company has to sell and for that marketing is also required but primarily it is manufacturing.

Dilip Piramal: It is more comprehensive, but basically it is manufacturing only, but you know when we make a general resolution we have to include marketing because we have to sell the product so that is more of a technical.

Tejas Shah: As most of the managements were coming out of the results they are saying that July incrementally day by day it is improving, so just wanted to know you mentioned about CSD, but our things improving in other channels for

you?

Radhika Piramal: There is one difference between us and FMCG. FMCG sell to distributors and distributors sell to stockiest, retailers, etc., so FMCG would have had a fairly challenging June because many distributors would not want up stock before they know new pricing, new margins, new rates, etc. In our case, we took our price increase on June 15, 2017, so when it comes to the general trade we did not have a bad June. In July, people were waiting and watching to see what is going to happen with the price increase, the volume and the consumer demand. So I would really like to say April and May had demonstrated one set of trends in terms of growth and margins and June and July represent another and it is too early to comment now where the rest of the year will go.

Tejas Shah: That is it from my side.

Moderator: Thank you. The next question is from the line of Nikit Shah from Motilal Oswal Securities. Please go ahead.

Nikit Shah: Yes, thanks for the opportunity and congratulations on good set of numbers. I had a few questions, first on the GST rate while our rates is 28% is the GST rate structure for us inverted in nature where raw material is cheaper in terms of rates and the output rate is much higher?

Dilip Piramal: The rate is not inverted. The rate is higher.

Nikit Shah: No what I am trying to understand Sir is that are we going to get refund for selling prices at 28% and for raw material let us say 12% or 18% you will have multiple raw material and multiple GST rates so ideally would you be in a state where you actually apply for refund?

Dilip Piramal: No, not at all. There is not going to be any refund.

Nikit Shah: Because there is a lot of input credit that you can actually avail going forward so.....

Dilip Piramal: No, I think that you have not understood the GST concept. We are paying 28% at a higher price and input is at a lower rate and lower price so where is the question of refund?

Nikit Shah: I will take that question separately.

Dilip Piramal: If we are paying Rs.28 at the final stage, our input credit will not be more than Rs.7-Rs.8.

Nikit Shah: Got it. The second question was on the sourcing part of it with Bangladesh kind of ramping up in the next 12 months how much would China assuming Bangladesh ramps up with full utilization how much could China be then as a percentage of total sourcing?

Radhika Piramal: It may come down by about 5% or 10%. China is a single largest source and the company is growing. By adding the Bangladesh capacity, China will remain the same so China stops growing and the growth comes from Bangladesh. I do not see a reduction in absolute terms in Chinese buying.

Nikit Shah: So it would still be around 60%-70% roughly as a percentage of total production or total sourcing that you do?

Dilip Piramal: No, we have a lot of manufacturing in India also

Radhika Piramal: It is a little less than that.

Nikit Shah: Got it. The other question was even the sales that you have lost in the month of June and typically Q1 is one of a best quarter is it loss sales or do you think you can cover up in July?

Radhika Piramal: I mean that it is too early to comment on that.

Nikit Shah: And your outlook on wedding season how is that looking up because that is one of our major drivers for our business so any broad....

Radhika Piramal: Q1 was good and it is really too early to comment for Q3.

Nikit Shah: And final question on Caprese, can you just give a sense on how big is a brand now broadly what sense of margins are we making because I think the other competitor is a loss making, which is Lavie, but you guys are more profitable any sense that you can share?

Radhika Piramal: Can you share more details of this loss making Lavie? I am not familiar with this as Lavie is not part of listed entity.

Nikit Shah: No, I am saying that there are lot of media articles that suggest that Lavie is loss making, so just going by the media articles it is unlisted company.

Radhika Piramal: Caprese continues to grow well. When we launched ladies handbags, we thought that this had the potential to be a Rs. 500 Crore brand pretty quickly. We are creating a new market and we have to create the demand for organized handbags. Ladies are used to spend Rs.800, Rs.1000, Rs.1200 and Rs.1500 for unbranded and then they literally had to pay double that or triple that for a branded bag. It is taking time to create the market. It continues to grow well to achieve its target. Its profitability and its GM are better than luggage, but it is going to take more time than we expected to become let us say 20%, 30% or 40% of company revenues.

Nikit Shah: Got the point. Thank you so much and best of luck.

Moderator: Thank you. The next question is from the line of Rakesh Jhunjunwala from Rare Enterprises. Please go ahead.

R Jhunjunwala: Congrats on good performance. Sir what was the average excise and the average sales tax prior to GST?

Radhika Piramal: 14 plus 5, 19.

Jogendra Sethi: VAT is 14%. The difference is because of excise duty which is 12.5% of production cost which works out to around 5%.

R Jhunjunwala: But all your dealers will also get earlier dealers do not get input credit, now they will get input credit?

Dilip Piramal: Yes, they will get input credit.

R Jhunjunwala: Earlier when they paid sales tax they did not get input credit for this 5.5?

Jogendra Sethi: Dealers were getting input credit of VAT and dealers will be getting input credit of GST also.

R Jhunjunwala: You could not adjust the excise duty with VAT?

Jogendra Sethi: Excise duty was a liability at around 5%. We are discussing how much was the total actual effective tax rate under VAT regime and also under new GST regime and second part is whether I was getting input credit or not. So first part, my effective tax rate was around 19% which will be now 28%. VIP customers were not getting input credit for excise duty of 5%, which they will get under GST regime. Dealers were paying 14% VAT on his margin while now dealers will be paying 28% on their margin.

R Jhunjunwala: Right, so actually your effective rate for him is 28-5.5?

R Jhunjunwala: I think there is some confusion here, we have entered a shop, employees, labour, expensive advertising, all these would have set off now, which earlier in VAT there was no set off?

Jogendra Sethi: Additional set off is around 0.6 to 0.7% only of MRP.

R Jhunjunwala: Rate of tax has gone up by about 7%, 7.5%?

R Jhunjunwala: So that means although the rate has gone up we will take it offline actually the rate does not go up from 19.5 up from 28 it will go up from 19.5 to 26, 26.5%?

Radhika Piramal: Because of the greater input taxes we can avail.

R Jhunjunwala: In fact earlier the sales tax is levied under price inclusive of excise duty, here it is levied only on the basic price.

Dilip Piramal: Yes that is right.

R Jhunjunwala: There also you see money because when he does not pay, the billing he was paying earlier the 5.5% excise, the deduction pay 14%. Now because of GST tax GST is implemented. So today if your bill him at 100 plus 28 your bill is 128, he will say 28 now only 100 on his selling on the value added? So the answer that you gave, he will get the credit, isn't it?

Jogendra Sethi: You are rightly saying that earlier there was cascading effect of VAT on the excise duty, but still GST rate is still substantially high.

Radhika Piramal: Look the goal is for us to maintain or get back to our margins right. I am saying 6% of price increase is not enough for that, let us just see how our margins play out in Q2 then we will see how to move ahead, but obviously the goal of the management is to maintain our margins.

R Jhunjunwala: When we meet and I will explain to you by way of an example why the loss is not 19, it is also 28, if it is not exceed 26, 26.5.

Dilip Piramal: We will figure that out after the second quarter.

Moderator: Thank you. The next question is from the line of Chirag Lodiya from ValueQuest Investment Advisors. Please go ahead.

Chirag Lodiya: Congratulations on very good set of numbers. I have two questions. My first question is on seasonality in CSD. You can explain as you

have seasonality in your business there is seasonality in CSD as well?

Radhika Piramal: Yes. Q2 is the leanest quarter for all luggage companies because people are not travelling in the monsoon, so yes there is a seasonality.

Chirag Lodiya: So, Q1 what is happening currently nothing to do with seasonality, there is a quite breakdown in the CSD?

Radhika Piramal: They have not really placed orders in June and July. Once they got the GST notice in June, they did not place orders because they wanted to know whether they were going to be exempt from GST or not, then towards the end of the month they found out that they will get a 50% refund on all the GST payments, so with that they resume orders, but they have resumed orders very slowly because they are saying that they also wanted to reduce their stock holding before really resuming new purchases of new items with the new GST pricing.

Chirag Lodiya: Just to understand better. Is it fair to assume CSD as a channel in Q1 would be 30%-35% of overall CSD set? Suppose in 12 months you sell 100 Crores worth of goods in CSD, so Q1 would be like 30-35% of that?

Dilip Piramal: Q1 is very large maybe 30%.

Chirag Lodiya: And just lastly on if you can just give what is modern trade as a percentage of sales for the company roughly?

Radhika Piramal: We do not give specifics.

Chirag Lodiya: Thanks a lot.

Moderator: Thank you. We will take the next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Just one followup on Bangladesh. If you can help us understand apart from better control over quality in terms of sourcing what sourcing advantage in terms of pricing Bangladesh offers to us, so how much is it cheaper to source from Bangladesh versus China?

Radhika Piramal: So we buy at the same prices, VIP India will buy at the same prices from Bangladesh as we buy from China. That is a benchmark price. The advantage is that the subsidiary, VIP Bangladesh, also makes the manufacturing profit and so that is adding to the consolidated results of the company.

Tejas Shah: Does it over a period of time insulate us from volatility in Rupee, Dollar fluctuations is that correct?

Radhika Piramal: To some degree, but not entirely because we continue to purchase raw materials in dollars. Having said that a big part of manufacturing is obviously the labour cost. The labour cost is denominator in Bangladeshi Taka, the Taka is linked to US Dollar not to the Indian Rupee. So it does not protect us from the volatility; however, the manufacturing profit in Bangladesh is decent because the wage cost in Bangladesh are much lower than China. So I think the best side, it is strategic alternative to China, it is more on our own control because we manage the raw material to supply chain, etc., etc. The labour cost is lower and so the fact we get the manufacturing profit and not only

distribution selling profit.

Tejas Shah: What is the labour count in Bangladesh as on today?

Radhika Piramal: I think that we have 450 workers.

Tejas Shah: It is labour in terms in the sense when you double your capacity the count also.

Radhika Piramal: Yes.

Moderator: Thank you. The next question is from the line of Sayam Jain from Edelweiss. Please go ahead.

Manoj: Congratulations on good set of numbers. I have couple of questions. First one is I think we have spoken a lot on GST, so my first question is again on GST. Only just wanted to understand that if we are going to save significant money on account of some of the input taxes, which we were paying earlier like we were having good amount of contract manpower also on which we were paying service tax, advertisement on the rental and all, earlier we could set of again excise, but I think there was some of the companies are facing issues in terms of getting the full set of, so will there be a good amount of saving on account of that input tax credit in the earlier vis-à-vis GST regime?

Radhika Piramal: Yes, but it is a more than offset by the increase in sales tax that we have to pay. Let me be unequivocal here, it is too early to give specifics, but GST is a new tax at 28% and negative for our margins, not positive. With this 6% price increase and the 28% slab, it is negative for our margins. Let us cover this topic in more detail after a quarter.

Manoj: Secondly if you can talk a bit on the competitive intensity how has been the market share whether after this kind of performance in a challenging quarter whether VIP has gained market share?

Radhika Piramal: Yes. I believe that we have done well across the channels. In CSD, all companies and all industries have faced a decline, our market shares stayed about the same, so Safari has not announced the results yet neither do we have any results from American Tourister, Samsonite, but I feel that we have slightly gained market share in Q1.

Manoj: Lastly like since we are importing a big portion of our luggage from China and in few of the other sectors we have seen that the antidumping duty on like few of the items have gone up significantly, in fact in luggage definitely we do not have like huge amount of domestic manufacturing, but is there any antidumping duty right now or is there a chance that there also that antidumping duty if it is there it is likely to go up.

Dilip Piramal: No. There is no antidumping duty. There is no dumping.

Manoj: So there is no additional duty other than normal customs and CVD right. Thanks for taking my question and wish you all the best.

Moderator: Thank you. The next question is from the line of Shradha Sheth from Edelweiss Securities. Please go ahead.

Shradha Sheth: Just one question from my end. Just wanted to understand in

terms of our sales mix historically while VIP was the larger part of the pie both in terms of sales and profitability and as we were aspiring to increase the other parts of the mix like Carlton and Caprese, which are higher gross margin contributor, so are we seeing some improvements in terms of mix in terms of profitability also?

Radhika Piramal: Carlton and Caprese, as you rightly said, on higher margins than the other brands and they both continue to grow well, but they are just under the scale of VIP and Skybags, which are two largest brands and at the same time Aristocrat is also seeing a good growth and Aristocrat is at lower margin than VIP, Skybags and Carlton. Carlton and Caprese are little better margin than VIP and Skybags. Aristocrat is growing and defining our market share, the value end of the segment where we all know we are facing stiff competitions. Even though, Caprese and Carlton are growing well, we are not seeing a product mix or a portfolio change that can lead to gross margin expansion at this stage.

Shradha Sheth: Fair enough and just lastly as sir said initially that our latest offerings have received well if you want to share some part of the strategy where we are concentrating in terms of the mix or in terms of new product offering?

Radhika Piramal: We continue to regularly launch new products and the designs which are well received. One of the reasons, Skybags has done so well is because the designs are really well appreciated in the modern trade channels as well as the general trade and e-com. We have changed brand logo of Aristocrat and got celebrity endorsements about six months back, all of that did well through Q1. In modern trade, we maintained or slightly increased our market share and in CSD again we maintained within the fact that it declined, but we kept the market share, so Aristocrat has done well for these reasons, new logos, new product designs.

Shradha Sheth: Sure. I think this was the last question Lizaan?

Moderator: Yes Shradha that was the last question.

Shradha Sheth: So, we would like to thank the management of VIP for taking time and explaining in detail the results. We would like to thank all the participants for being on the call. Mr. Piramal and Miss. Radhika any closing comments from your end.

Dilip Piramal: Nothing from my side. Radhika you want to say anything?

Radhika Piramal: No, thank you for dialing in. I am very pleased with Q1 results and our goal is to continue with our sales growth and our market share growth and we will manage the margins to bring them back eventually, but we do not want to lose on the sale side and we will take our price increases keeping that in mind. That is it and please do join for the next quarter conference call. We will be able to comment on margins and GST implications much better at that time as compared to we can right now.

Moderator: Thank you. Ladies and gentlemen on behalf of Edelweiss Securities

that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

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