

## Conference Call Transcript

VIP Industries

Q1FY17 Results

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### *Corporate Participants*

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**Ms Radhika Piramal**  
*Managing Director*

**Mr Jogendra Sethi**  
*CFO*



## Questions and Answers

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**Moderator:** Ladies and gentlemen, good day and welcome to the VIP Industries Q1 FY2017 Results 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. Please note that this conference is being recorded. I now hand the conference over to Ms. Shradha Sheth from Edelweiss Securities. Thank you and over to you Madam!

**Shradha Sheth:** Thank you Margaret. On behalf of Edelweiss, let me welcome you all to the Q2 FY2017 earnings call of VIP Industries. From the management today we have Ms. Radhika Piramal, the Managing Director and Mr. Jogendra Sethi, the CFO of VIP. So, without any further ado I will hand over the call to Ms. Radhika Piramal for her initial comments post which we will open the floor for Q&A. Thank you and over to you Madam.

**Radhika Piramal:** Thank you Shradha. Good afternoon everybody, I like to thank Edelweiss for hosting this call and hosting such calls every quarter for the past many years. We appreciate this interaction. Thank you also to everybody for dialing in.

It was a decent quarter, decent as our profits are good, but sales growth is not in line with management expectations. Our sales were Rs. 375.2 Crores up from Rs. 354.4 Crores in June quarter of last year. For the majority of the call, I will be referring to our consolidated statement. I will comment briefly on VIP Bangladesh later. VIP Bangladesh numbers are difference between consolidated and standalone. We had small, but good profit in VIP Bangladesh.

Coming back to the consolidated sales at Rs. 375 Crores, we grew only 6% up from Q1 of last year which is less than expected. The main reason was that May was very poor month in terms of retail demand possible reason for this could be that number of marriage dates were less in Q1 Traditionally marriage date are plentiful in Q1 but this time it were less so we saw big drop in particular segment which is traditionally hard luggage suitcase segment by this I mean polypropylene bags which have aluminum frame as opposed to a zip which are traditionally bought for wedding and that segment declined significantly.

Our profits remained good. Our gross margins were broadly the same as Q1 of last year. There was minor improvement. I am sure that many of us were hoping for a slightly better margin expansion. The reason gross margins remain broadly the same as last year is because the exchange rate was Rs.67 in Q1 of this year versus Rs.63 in Q1 of last year that is 6% depreciation and now because of the hard luggage decline that I just mentioned soft luggage sales were 75% of our sales. Normally in Q1, the hard luggage dispersion is a bit more, but this time you saw the Q1 was same as one all of two to three



quarters have been, but soft luggage is 75% of the sales and there were cost impact, the increase of 6% was there, obviously we took price increases which offset that increase but it meant that we could not see any significant margin expansion. Actually our hard luggage margins have improved about 200 basis points but because hard luggage was a small percentage of our sales that could not flow through in any material way.

We had fairly good controls overall fixed costs. Our employee cost increased by about 10% that is about Rs. 3 Crores and we were able to contain other expenses viz; primary freight and discounts. Freight cost was less because diesel prices went down and we were able to negotiate hard with our transport vendors. If you sum the employee benefits, depreciation and other expenses, the sum of those three is Rs. 125.7 Crores, which is just 1 Crores more than Rs. 124.5 Crores in Q1 last year and so total expenses were under control even though there was only 6% sales growth. 6% sales growth was equivalent to around Rs. 21 Crores so it went from Rs. 354 to Rs. 375 Crores. Half of Rs. 21 Crores is Rs. 10.5 Crores which is reflected in PBT. PBT was Rs. Rs. 46.7 Crores up from Rs. 36.8 in Q1 of last year.

Bangladesh plant also is profitable. It has been profitable for the three consecutive quarters. Q1 of last year we were breakeven. In Q1 of this year, we have increased sales without really increasing our manpower. So, productivity has reached to a good level in this plant now and it contributes about 10% of our soft luggage sales so it is still no meaningful and there is an opportunity for us to expand the sales and the profits of this plant as we keep adding more ranges and items to it.

Overall, I will say a little bit gross margins, some improvement on the hard luggage side, but had a muted impact due to the decline of hard luggage sales. Rupee seems to be fairly constant at Rs. 67. I do not sense any pressure on that at least in the last four to six weeks. So it is a positive move in the Indian macro economy if the Rupee hold steady and we can continue to negotiate with vendors. There may be some opportunity for some soft luggage margins improvement. Fixed expenses we expect to remain in good control.

We kept our advertising in line with our sales so that it is within our 5% to 7% of sales. We spent a little bit more than we did it in Q1 of last year. We advertised three brands in full force that is VIP, Skybags and also Caprese and although we did not have good quantitative result in terms of 6% sales growth. Qualitatively, these are well received and we feel very confident that with a better market scenario if we continue with this level of advertising, sales growth should improve.

I will just elaborate a little bit more on the reasons behind the 6% sales growth. The market demand was very poor especially in the month of May. The marriage dates were few. So our dealer channel was under pressure. We continued to see growth in our retail channel, exclusive brand stores, our modern trade and e-commerce business. Our CSD business remains flat. We are maintaining market share there. So, the overall channel is not growing, but we are maintaining market share and in terms of brands Caprese has on very well.



We continued to grow strongly there, yet though it is not such a big part of the business that growth affects the overall company number. Carlton, Skybags and other two sort of recently launched newer brands have been working on promoting in the last three to five years and they continue to do very well.

VIP and Alfa saw pressure due to the decline of the hard luggage, the traditional hard luggage suitcase segment. There is other segment of hard luggage called polycarbonate upright trolleys. Polycarbonate is new form of plastic and this luggage is hard luggage with all convenience of soft luggage. It has wheels trolley. That segment continues to grow, but really this time Q1 could not compensate for the loss of that traditional hard luggage suitcase that is the suitcase with the aluminium frames, no wheels, no trolley which was strong for the brands VIP and Alfa so therefore these brands were under pressure while Carlton, Skybags and Caprese continued to do well. So, overall we are pleased with the PBT and the EBITDA of Rs. 50 Crores.

I would just like to bring to our investors attention that in the Q2 of last year , we had won a very large institutional order that is Hajj pilgrims government tender. This year that tender has not been repeated and hence we could not participate or win it, and therefore fundamentally, I remain quite positive about both demand uptick in the second half of the year as well as some scope of margin expansion, but in the current quarter, we are not getting repeat of that large institutional order which contributed sales of around Rs. 50 Crores in our Q2 results last year. So there is a bit of base effect that I would just like to bring to the attention of everybody on this call. With that, I would like to take questions, please.

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

**Tejas Shah:** Radhika, thanks for the opportunity. The 6% grow the obviously when we spoke last quarter you were fairly buoyant about demand scenario, but you also highlighted that season than started on very good note. So is this 6% representation of the industry growth rate, we would of lost market share as a portfolio?

**Radhika Piramal:** I do believe that there may be little bit of down trading. I do not think that we have lost much market share. I do not believe that we have lost market share to our main competitor which is American Tourister. Safari Industries's results will come out tomorrow so we can get that growth rate.

**Tejas Shah:** Okay and If you can qualitatively comment on performance of each brand because I am just assuming that 6% overall growth rate means some brand perhaps would have degrown also or if that not the case if can qualify?

**Radhika Piramal:** The growing brands really that continue with their strong growth trajectory are Carlton, Skybags and Caprese and the brands that had underperformed would be VIP and Alfa. They are not the fastest growing brands in portfolio. They have been sort of in single digit or flattish growth and because the traditional suitcase segment did not perform well in Q1, these brands had a



slight decline VIP and Alfa.

**Tejas Shah:** You also made one comment that you are fairly confident about demand improving from versus whatever numbers we have report in first quarter so if you can actually help us understand are we seeing final because we are carrying lot of spend being done by government and lot of uptick will happen in concerned space if you can give some quality to comment are you seeing any improvement on ground on demand pickup verses last year obviously excluding your one time order of Hajj?

**Radhika Piramal:** I do not have any strong basis to say this other than the fact that when I meet our customers despite having very poor May, they had an alright June and they seemed to be quite confident going ahead. The second reason could be that the marriage dates in Q3 and Q4 are very good. There are lot number of dates. As there were very few marriage dates in Q1, we believe that people will not wait that long to get married, if they want to get married this year.

**Tejas Shah:** Okay, so just pardon my ignorance and memory on this but are the numbers of dates marriage dates in Q2 and Q3 this year higher than last year?

**Radhika Piramal:** Q2 generally do not have any marriage dates and as I understand, Q3 is having higher number of marriage dates as compared to last year.

**Tejas Shah:** Couple of questions on margins when we exited fourth quarter last year our standalone gross margin had shown a very, very encouraging improvement 46.6% was exist gross margin and at this time we have delivered 44.5%, which is shrinkage versus last year also first quarter margins and if I recall correctly you said that some of the benefits which came for the other companies and other consumer companies in the last years are now finally flowing through for us. So is there any reversal on that it was a just product mix change?

**Radhika Piramal:** It is product mix changes with a bit of down trading. It is bit of the fact that average exchange rate during Q1 was Rs.67. Margins were a bit disappointing even for me and I continued to believe that they should improve.

**Tejas Shah:** Finally you said that other expenses were not down because of curtailing advertisement spend because, so what are the line item you said freight?

**Radhika Piramal:** Freight and discounts were the two primary areas.

**Tejas Shah:** Okay is the tepid revenue growth also reflection of that we are cutting discounts?

**Radhika Piramal:** No, as there was no revenue growth hence so there was no point-giving discount.

**Tejas Shah:** Sure, thanks a lot; I will come back in the queue.



**Moderator:** Thank you. The next question is from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

**Nitin Gosar:** Radhika and thanks for the opportunity. On this quarter's volume growth could you just pin pointedly spell out the number if one were to break it up between price and volume?

**Radhika Piramal:** So, it was about half price increase and half volume.

**Nitin Gosar:** Between hard luggage and soft luggage the earlier thought process used to be always that 25% of the business would be dependent on hard and rest is the soft would we have seen any kind of material shift than last year, two year or three year in this trajectory?

**Radhika Piramal:** Hard luggage is going down and for the whole year 75:25 is correct. In Q1, usually hard luggage is more.

**Nitin Gosar:** Okay and that is why you are confident that in the remaining part of the year where the hard luggage contribution has not deteriorated, gross margin should normalize?

**Radhika Piramal:** Correct.

**Nitin Gosar:** Okay, the just going back to one of past commentary you had mentioned that there were price hikes that were taken in past possibly in October that was covering up still INR of Rs.68 that holds good still?

**Radhika Piramal:** That holds good and we took another price increase on July 1. So that is other reason why I remain confident that margins should improve.

**Nitin Gosar:** Could to you quantify the recent hike?

**Radhika Piramal:** 3%.

**Nitin Gosar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Dhaval Dama from Equirus Securities. Please go ahead.

**Dhaval Dama:** Madam just wanted to ask a few questions like first thing, what would be our capacity today in Bangladesh and what would be our utilization levels over there?

**Radhika Piramal:** I will refer to the utilization rather than the capacity. We had around 60 to 70% utilization with our current machinery. We could increase machinery lines within the infrastructure.

**Dhaval Dama:** Okay so do we plan to look at quadrupling the capacity in the next two years?

**Radhika Piramal:** The infrastructure and everything is set. We are just waiting to have conditions normalized in Bangladesh before we purchase more machinery.

**Dhaval Dama:** Second thing like say, maybe a year back we touched upon at this point that in China, the labour wage hike saw that inflation is very high year-on-year. So is any kind of price hike that Chinese?



**Radhika Piramal:** No, they are not. The situation in China has shifted materially in the last three years because Chinese economy is slowing. There is no demand for price increases in dollar terms from Chinese suppliers So that also is putting bit of pressure on Bangladesh in terms of continuing to improve with productivity compared to China and so China remain 80% of our soft luggage base because they have become more competitive in the last 12 to 18 months.

**Dhaval Dama:** Okay, so like may in this last six months if Chinese Yuan has depreciated while you can say that INR has moved or has remained at around 67 kind of levels. So do we think that we can get any kind of benefit because of that going ahead for the next three quarters?

**Radhika Piramal:** That is one of the reasons why we remain optimistic of some margin improvement.

**Dhaval Dama:** Just from a longer term perspective what do you think of the category and hard luggage as a category do you think that it is going to decline even further from hereon or do you think that is going to become very small that particular point of time or do you think that that category will moving going ahead?

**Radhika Piramal:** So, I think that hard luggage will continue to decline and that is fine. We adopt and we change. Already 75% of sales are soft luggage. We are growing in backpacks; we are growing in ladies handbags so from a company and brand perspective this product just really does not affect us. It is the way of the market. It is really important to move in the category. As long as the category is primarily soft luggage from China, we remain hostage to this depreciating rupee and so far our efforts to build up a really good strong independent vendor base in India for soft luggage are going very slow. We are findings it very hard to find quality vendors of scale here. So if there is one thing that would change this industry it would be good scale soft luggage vendors in India so you do not depend on this depreciating rupee all the time, but that is not in effect right now.

**Dhaval Dama:** May be one more thing that if you could let us know whether in Skybags is Backpacks is the positive growing product of the category as of now?

**Radhika Piramal:** Yes, it is with Skybags even without Backpacks. It is growing strong double digit growth without Backpacks so Backpacks are definitely adding to turnover. We may be even the Backpacks market leader and branded in India, where we were not even present four years ago.

**Dhaval Dama:** Okay and one more things if you could help us out it would be great, if you could just let us now what percentage of our sales today would be coming from Skybags just ballpark number?

**Radhika Piramal:** It is the second largest brand of the VIP Industries.

**Dhaval Dama:** Thank you.

**Moderator:** Thank you. The next question is from the line of Nihar Shah from Enam Holdings. Please go ahead.



**Nihar Shah:** Hi Just couple of questions from my side you know what will be may understand what this rural urban mix for the company in terms of sales and if you can qualitatively just let us know how things are progressing on each market?

**Radhika Piramal:** Primarily, we are an urban company and more semiurban definitely not rural. I will say that 50% of our sales come from top 25 towns so while we reached up to 500 towns. 50% of our sales comes from 25 towns or may be 80% of our sales come from 50 towns and so on and so forth. So, we are not experiencing these big cities small town mix change. We are still not in that rural penetration game for a branded bag. Skybags Backpacks costs about Rs.1500 to 1800 and really in rural market that kind of Backpacks nobody will buy for more than Rs.200 to Rs.300 which is why it remained an urban/ semi-urban discretionary spend kind of company.

**Nihar Shah:** Great, that is also my side. Thank you and good luck on the year ahead.

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

**Tejas Shah:** Couple of followup questions Radhika is spoke about GST and impact of GST on the industry on VIP couple of quarters back, since then a lot of development has happened on the positive side on the top end so and I am sure you to have also spend some bandwidth on understanding the impact more accurately so just wanted to know how it can impact on competitive landscape also and on financial also for us?

**Radhika Piramal:** I think that it would be premature to comment on the financials till we get little more clarity on exactly the law, the rate, etc. Overall it is a very good move for us, it can possibly help, our hard luggage gross margins because of the way excise and service tax will be treated so that is one potential. Secondly in terms of operational efficiencies and potentially cost productions on transport as well as warehouses it may be possible to reduce the number of stock points we have; however, it is not going to be some massive reduction because right now we have a stock point in each state. We still have service customers in each state and they used to a certain number of days delivery time from a company like VIP but there are areas especially North India where we may be able to consolidate warehouses. Also, we expect that the transit time from both mother warehouse to the branch warehouse and onwards that should reduce possibly by a good number of days that can both reduce retention charges, it can also reduce the amount of stock one holds across the country because finally the amount of stock one holds is basis how long it takes to get stock from one area to the other so I do see it is very positive move for the industry. We are looking forward coming to effect. We are looking forward to getting more details on the exactly parameters and then we can specifically comment on the financial impact.

**Tejas Shah:** Sure, so coming back to competitive landscape would it by any chance improve organise players competitiveness versus organised?





**Radhika Piramal:** I think that it may.

**Tejas Shah:** Second just wanted to understand structurally if I recall correctly you had mentioned few quarters back that even today because of the whole infra supply chain infra that China has, China will continue to be hub of soft luggage sourcing for a while, now in that context how much efficient is our Bangladesh plant on gross marginal level versus China sourcing?

**Radhika Piramal:** It is about the same at least six months ago, but I think this sort of Chinese factories are quite eager for business in the face was diminished demand on their side and so they are sometimes offering some quite attractive prices.

**Tejas Shah:** Basically bargaining power is shifting again on our side, is a correct assessment?

**Radhika Piramal:** Yes.

**Tejas Shah:** Okay, that also gives you confidence that margins can improve on that as well?

**Radhika Piramal:** Correct.

**Tejas Shah:** Lastly one question on the structure of the industry that we speak lot about Samsonite versus VIP versus Safari and Wildcraft, but when you zoom out then still there is like ballpark figure everybody gave is 60 to 70 or perhaps 80% of the industry still is unorganized depending upon the category where I am talking, subcategories so I just want to understand that are you seeing any structural changes be it brand aspirations of people or be it the shrinkage of mother channel for unorganized which is MBOs losing out market share because if it is hurting a brand like VIP I am pretty sure the organized brands would not be findings such place in malls also so are you seeing any structural change which can actually instead of we talking about market share between organized players the whole organized players can actually gain market share at the advantage or at expense of organized players.

**Radhika Piramal:** That is only where to grow in India. Fundamentally, I will categorise luggage industry as a bit of value industry. 70% to 80% of the market is unbranded which is visible to all of us as consumers. Also on international level if you see Samsonite is sort of one big company and there is rarely a second, third or fourth brand in the western countries it tends to be Samsonite followed by then private label or branded private label, which is west equivalent of unbranded right. I think that VIP is at one of top three luggage companies in the world given despite we are relatively small size and the fact that we primarily operate Indian market. It shows that luggage does not have the same cache in terms of spending on brand, the way perhaps let us say a watch would and it is our job as market leader to then create this band and segment and I think therefore we are in the process of doing with a Backpacks, with Caprese handbags and the honest truth is that it takes time in India to really create a branded category and then it will grow and it will happen and once it has scale it will keep going, but it takes time. You have to convince someone who is paying Rs.2000 or something, which is available at Rs.1000



and selling environment makes a big difference on that. It is just not brand and product and so the shift towards modern trade, EBOs will help us a company.

**Tejas Shah:** Thanks a lot and all the best.

**Moderator:** Thank you. The next question is from the line of Chirag Lodaya from Value Quest Research. Please go ahead.

**Chirag Lodaya:** Thank you for the opportunity. Can you help us understand some brand mix? How our brand mix is, qualitative comments on that?

**Radhika Piramal:** VIP and Skybags are the two largest brands. We have Alfa and Aristocrat, we call the value brands, which compete with imported Chinese luggage and Safari. VIP and Skybags broadly compete against the American Tourister in terms of both price point and channel mix. At the premium end we have Carlton, which is growing well, but still a relatively small brand in our portfolio and then we have Caprese that is our sixth brand which is ladies handbags growing well So that is the brand portfolio.

**Chirag Lodaya:** If you can give me some sense on brand mix in our company per se in terms of percentage if you can help us understand?

**Radhika Piramal:** This is as much detail as I can give at this time. Thank you.

**Chirag Lodaya:** What kind of growth rates we are expecting in soft luggage and when we say declining hard luggage, so what kind of growth declining growth rate we expect, general if you can give some ballpark numbers?

**Radhika Piramal:** I think that I have given as much specific numbers as I can already.

**Chirag Lodaya:** Lastly on sourcing, what kind of sourcing benefits you are expecting say in FY 2017 versus FY2016 some sense on that?

**Radhika Piramal:** Sorry, I cannot answer more specifically than what I have. I have given my qualitative comments.

**Chirag Lodaya:** Lastly, if you can give me some sense on soft luggage and hard luggage gross margins?

**Radhika Piramal:** They are not so much different from each other taking into the account of factory overheads, etc.

**Chirag Lodaya:** Which one is higher?

**Radhika Piramal:** They are broadly similar.

**Chirag Lodaya:** Thanks a lot.

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

**Shradha Sheth:** Madam, I just needed to ask you commented that CSD as a channel was flat this quarter and this was mainly because of this marriage season?

**Radhika Piramal:** Absolutely, even May was very poor in CSD also.

**Shradha Sheth:** It is an industry wide phenomenon right?



**Radhika Piramal:** I believe so.

**Shradha Sheth:** So that has picked up, as you said in June and July, we have seen a pickup, so this channel as well as picked up.

**Radhika Piramal:** So specific for one month, I think would not be accurate way to look forward. I will say all channels have picked up better in June and July compared to April and May. April and May were very poor months.

**Shradha Sheth:** Will it be possible as we know there are a lot of factors this year where Hajj order is not coming in, marriage season was slow and of course it should pick up in the Q3 and Q4, but if you could give qualitatively and we have been a little below our own expectation so how do we expect the year in terms of this?

**Radhika Piramal:** I t is really too early for me to comment on the year, but in Q2, let me just put out some numbers so you all can do. Last year we had Rs. 295 Crores that is last year Q2 and 50 Crores out of that was from Hajjorder . So now all you can do your own thing assuming either 6% or I expect it to be slightly better but excluding Hajj you can run your models, work up the maths.

**Shradha Sheth:** But again in the Q3 and Q4 as you know we pick up the Q1 momentum as we have lost, that should also be better than what we would have delivered?

**Radhika Piramal:** I will say definitely look 6% growth is not worth, we were expecting it is not worth. We had budgeted and I do not think that is 6%.

**Shradha Sheth:** Thank you.

**Moderator:** Thank you. The next question is from the line of Dhaval Dama from Equirus Securities. Please go ahead.

**Dhaval Dama:** Radhika, just wanted to ask you now if you are saying that you would be looking at double-digit for the rest of the year, so does that also mean that mean that your trade schemes or trade discounts and everything could go up for the rest of the year?

**Radhika Piramal:** I will just expect the market to be better.

**Dhaval Dama:** Maybe if we expect some kind of an improvement in gross margins, do we plan to increase our advertising with that?

**Radhika Piramal:** We will take on a quarter-to-quarter call. Let us see how the sales work out. Broadly we our advertising between 5% and 7% at sales, if there is an opportunity, if we see in one channel or where we need to spend more, we do and we do not really cut back on advertising on a bad quarter and we do not really necessarily plough back more in if we are having when in usually a good quarter.

**Dhaval Dama:** Just a couple of small questions; now like say how much would be E-commerce as a percentage of our revenues?

**Radhika Piramal:** It remains less than 5%, but it is growing fast and again I believe we should do better in the year ahead than in the year gone by. Not only because the channel is growing, but because our assortment as a channel



is better and our products assortment.

**Dhaval Dama:** How do you view some of the smaller or the local guys who are trying to compete on the E-commerce space, the E-commerce websites how do you view them as a competition?

**Radhika Piramal:** They are just like any other local label, what we call label. There are plenty of regional players that have the areas of strength so it is same as any other competition in any of the channel.

**Dhaval Dama:** May be any plans to come with some other brands specifically for the E-commerce website?

**Radhika Piramal:** We have launched a Skybags range of backpacks with a footloose subbranding. So this is specifically aimed for E-commerce channel.

**Dhaval Dama:** That is from my side.

**Moderator:** Thank you. The next question is a followup from the line of Chirag Lodaya from Value Quest Research. Please go ahead.

**Chirag Lodaya:** Madam just a bookkeeping question. What will be the tax rate for FY2017?

**Radhika Piramal:** Jogendra can you comment please? It should be same as last year.

**Jogendra Sethi:** It will be full rate that is around 34.61%.

**Chirag Lodaya:** Thanks a lot.

**Moderator:** Thank you.

**Shradha Sheth:** Radhika just one question from my side. You know a lot of measures that we have taken in terms of each of the channels, and lot of our positioning had improved in some of the channels where we had lost out, so if you could just talk about the competitive scenario in the last few months?

**Radhika Piramal:** So the dealer channel, which is our single largest channel, our competitive position with respect to branded players remain strong, but I wonder if there are some down trading to imported Chinese luggage because it is hard for me to estimate. Our dealer channels are declining and yes, there are some market structural shifts from dealers to modern trade but is it going down so much, I wonder. In modern trade we have a very strong presence. Our product assortment accelerates and we continue to do well there. In retail, which is our own branded stores, I think we are slightly growing ahead of the market but we have some catching up to do because that is true that Samsonite, which is a premium brand has a little edge on us in terms of a branded exclusive showroom sort of presence. In E-Com we were significantly behind our competitors a year ago and we remain behind them and there is a catching up to do but with this new product assortment, I feel we can get there.

**Shradha Sheth:** That is very helpful. Margaret any further questions?

**Moderator:** No Madam, we do not have anyone in the queue.

**Shradha Sheth:** We would like to thank the VIP Management for giving us the



insights on the results and an overview on the industry and we would like to thank the participants for being on the call. Thank you and Radhika, in case any closing comments from your side?

**Radhika Piramal:** I will say it is an acceptable quarter, 6% sales growth is nothing great, but it is not so bad either in the context of what other consumer companies have done. I remain optimistic that the sales demand in the second half of the year will improve. On the fixed cost side there was a good control. Margins did not expand but neither that they did shrink and overall I remain fundamentally very positive about the state of our brands, our market share and the opportunity for the growth in the rest of this year. Thank you for your time.

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

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