



Vaibhav Global Limited

CIN: L36911RJ1989PLC004945

Regd. Off. : K-6B, Fateh Tiba, Adarsh Nagar, Jaipur – 302004

Phone: 91-141-2601020; Fax: 91-141-2605077

Email: investor_relations@vaibhavglobal.com; Website: www.vaibhavglobal.com

Q1-FY19 Earnings Conference Call Transcript July 31, 2018

Karl Kolah:

Good evening and thank you for joining us on Vaibhav Global's results earnings call for the first quarter ended 30th June, 2018. Today, we have with us Mr. Sunil Agrawal, Chairman and Managing Director and Mr. Puru Aggarwal, the Company's Group Chief Financial Officer.

We will begin the call with brief remarks by Mr. Puru Aggarwal on the financial performance followed by a discussion on the business operations, key initiatives and broad outlook by Mr. Sunil Agrawal. Following the management's opening comments we will open the forum for your questions. Before we get started, I would like to point out that some of the statements made or discussed on today's call may be forward looking in nature and must be viewed in conjunction with the risks and uncertainties faced by the company. A more detailed statement and explanation of these risks is included in our earnings presentation. The company does not undertake to update these forward looking statements publically.

I would now like to invite Mr. Puru Aggarwal to start the proceedings on this call. Over to you.

Puru Aggarwal:

Good evening everyone. I welcome everyone to Vaibhav Global's Q1 FY19 earnings call. It may be noted that Ind AS 115 which deals with "Revenue from Contracts with Customers" became applicable from 1st April 2018. Accordingly, both B2C and B2B sales for the comparative period have been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant on the financial results. Let me now begin with an overview of the key financial highlights for the quarter.

I am glad to share that we have delivered a healthy performance for the quarter under review. In Q1FY19 revenues increased to Rs. 386 crore, which is a growth of 17.5% yoy. Retail revenues grew over 15% yoy in INR terms. During the quarter under review, B2B sales were up 39%, increasing to Rs. 48 crore from Rs. 34 crore. While we continue to report TV and Web sales independently, it is vital to note that both platforms increasingly come as an integrated offering to our customers and will continue to converge, therefore, we urge you to look at TV and Web in aggregate as retail sales.

During the quarter, gross margin stood at 60.1%. Our inherent expertise in manufacturing and sourcing quality products allows us to offer a deep value

proposition to customers even while maintaining strong gross margins. This gives us a key competitive edge versus peers.

EBITDA increased by 77% YoY in Q1 to Rs. 44 crore, while PAT grew by 99% yoy to Rs. 30 crore. We expect to continue deriving significant benefit of operating leverage on a fixed cost base, which is a key strength of our business model. This has been consistently visible in our past financial performance as well.

This quarter, we have also registered a healthy cash flow from operations of Rs. 45 crore, and free cash flow of Rs. 41 crore. At net debt level, the company continues to be debt free and has enhanced net debt position to negative Rs. 59 crore on June 30th, 2018 from negative Rs. 13 crore on March 31st, 2018.

Before I conclude, In addition to the healthy growth in revenues and profitability our success can be seen and also be determined by the ability to deliver strong returns on shareholders' equity and increasing free cash flows. We reported healthy RoE of 22% up from 21%, and 30% RoCE up from 25%, on trailing twelve-month basis.

With these comments, I now hand over the discussion to Mr. Sunil Agrawal to share his views on the business.

Sunil Agrawal:

Thank you, Puru. I welcome you once again to Vaibhav Global's Q1FY19 earnings conference call.

Puru has given you an update on the financial performance for the quarter under review. I will delve a bit in detail on operational performance, key initiatives undertaken and growth strategy for the year ahead.

I am happy to state that we continue to deliver a healthy performance in line with our stated objectives with Q1 revenues growing by a strong 17.5% yoy to Rs. 386 crore and profitability increasing 99% to Rs. 30 crore.

Despite the revenue expansion, we continue to maintain a lean cost structure translating to high operating leverage. This is a key positive of our business model as can be seen in the sustainable year on year growth delivered on existing investments across manufacturing, programming processes, software costs and operations.

Let me share some key initiatives we have undertaken recently. We are improving TV channel positioning in key US areas to target a larger audience as well as continually negotiating lower broadcast costs with major affiliates, especially the least productive ones. In the process of negotiation, we were off air for most of the quarter with one major broadcast company representing approximately 13% of ShopLC sales. In addition, we continue to carry out ongoing technological upgrades to deliver enhanced quality of programming and presentation which is key to delivering joy to our customers. The Budget Pay initiative has been very well received, aiding improved sales and also enhanced ASP's. To enable better collection management of the growing Budget Pay sales we have strengthened controls. This is in line with our focus on maintaining very strict control on all financial and cost aspects of the business. These initiatives are enabling us to maintain a stable cost structure with a focus on increasing business efficiency resulting in operating leverage.

During the quarter, we had 3 customer open days across our US and UK operations for better interaction with our customer groups. This helps us gain deep insights and valuable feedback from them.

I am glad to share that our mobile apps in both geographies are garnering very positive response from value customers.

In Q1FY19, mobile apps account for almost 12% of all VGL online sales. We have begun offering large portion of our channel inventory on online marketplaces – Ebay, Amazon, WalMart.com and Wish.com to supplement sales from our existing inventory as well as to acquire new customers for the business.

A vital part of our organization culture is giving back to the community to maximize stakeholder value. In this regard, we have successfully expanded the One for One Program, of donating a meal for every product sold, to our US retail operations since October 2017. I am proud to share that we have now donated over 16 million meals till date through the One for One program at TjC UK and Shop LC USA.

Let me now highlight some key customer-centric data points that are vital to our business. In Q1, we added over 34 thousand new registrations and we now cater to over 325 thousand unique customers on an annualized basis. Average annualized quantity purchased by each customer in Q1 increased to 28.6 pieces as against 27.8 pieces. Overall Customer retention rate now stands at 46.5% in the US and 52% in UK.

In conclusion, I would like to reiterate that we are very confident of continued superior performance of our distinctive business model. We maintain our guidance of 12-15% constant-currency revenue growth in our retail business, which we have achieved in our Q1 results. We expect to maintain gross margin at 60% and a stable indirect cost structure should lead to continued leverage in profits, both at operating and net levels.

With that I conclude my opening remarks and I request the operator to open the forum for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. First question is from the line of Raunak Morjaria from Edelweiss AMC, please go ahead.

Raunak Morjaria: I had a question regarding our volume growth. We have seen, since last four quarters our volume growth has been 5% or lower so if you could just help us understand why the volume growth has slowed down? Is it something to do with the product mix or our ASPs?

Sunil Agrawal: As we have introduced budget pay across both locations, our customers are more happy to buy at really higher price points because their per month outgo is limited. We are seeing a bit traction in average price point going up but the total dollar volume and the total amount volume as you have seen the growth numbers that I shared with you earlier, so that's where we have.

Raunak Morjaria: So, this is mainly attributable to the higher price products being purchased by the budget pay customers. And also, if you could throw some light on US growth that has just been 1% in terms of constant currency and even if I were to look at the last few quarters US growth has been lagging behind relative to the UK growth. So, if you could help me understand what is happening over there?

Sunil Agrawal: As I mentioned in my opening remarks for most of the quarter we were off air for our affiliate in US which represents about 13% of our sales, therefore US had only 1% net revenue growth.

Raunak Morjaria: So, this is off air since how long?

Sunil Agrawal: This is most of the quarter. We will be going back again on the same affiliate tomorrow, so that all agreements have been signed. So, this is basically a negotiation with them that extended pretty long period of time and as I mentioned earlier in my remarks that we are very cost conscious, so we negotiate specially with the affiliate who are not very highly productive or who are least productive so to say. This particular affiliate are very low productive so we had to renegotiate and I am happy to say that we got the cost savings from them in our negotiations, not to the level we would have really liked but to a good degree from where we were earlier.

Raunak Morjaria: Okay, so in terms of our expenses also for our broadcasting expenses were also not included for this quarter, which would be added back in the next quarter. Is that a fair understanding?

Puru Aggarwal: That is correct, so that is why you are seeing good amount of savings in our distribution cost.

Raunak Morjaria: Okay, and in terms of UK if you could throw some light, what are we doing something differently that we are able to see such kind of strong growth in the UK region?

Sunil Agrawal: Not much difference, same as UK and US. In US the negotiation was a bit contentious otherwise they are pretty similar, and we expect US also to ramp up its sales growth in current quarters.

Raunak Morjaria: And lastly if you could help me with the product mix in terms of lifestyle products, what was the contribution in US and UK?

Sunil Agrawal: US I know it was about 9.5%, UK 24%.

Raunak Morjaria: Okay, so acceptance of lifestyle products is pretty well in UK relative to US?

Sunil Agrawal: Same is in US, it is all that the team in UK we have established a lifestyle team much better and much in advance of US. Now the US team is also pretty strong and stable, so we expect to see US also to ramp up lifestyle offerings. And lifestyle helps us in acquiring customers at a faster rate compared to jewelry and the return rates are also lower in lifestyle product.

Raunak Morjaria: And last question if you could just help me, what was the revenue contribution from budget pay customers?

Sunil Agrawal: Total 39% of our sales came through budget pay.

Moderator: The next question is from the line of Runjhun Jain from Nirmal Bang Securities Pvt. Ltd., please go ahead.

Runjhun Jain: Sir just one clarity – you were saying that the other expenses which have on absolute basis we are seeing a decline in this quarter, you were saying this is because you are able to save on the distribution cost.

Sunil Agrawal: Yes, so we have saved on distribution cost to some to the negotiation we shall continue and some due to the off air we were with one major affiliate during the quarter. So, we were off air 2.5 months out of 3 months.

Runjhun Jain: Okay, but then we can see some uptake in this from this quarter onwards, from Q2 onwards because then the affiliate then the cost would come on this quarter.

Sunil Agrawal: That particular affiliate cost will come definitely but as I said earlier, our guidance is for 60% plus gross margin and 12-15% growth year over year.

Runjhun Jain: Agree, I was just trying to assess your EBITDA margin on my level, so that is why just thinking of the other expenses. Second thing is you have explained what US growth is, so we expect that uptake in Q2, at least some recovery in Q2.

Sunil Agrawal: Definitely.

Runjhun Jain: And sir, you have mentioned something about your eCommerce sales, online sales in your opening remarks. Can you just throw more light how is the trend we are seeing though it is early days but what is the trend and is it coming to any meaningful sales as of now?

Sunil Agrawal: So, as I mentioned 12% of our eCommerce sales is coming through the app that we launched last year, so it is gaining traction. And the time that the customers spend on that app is also quite extended. So, that is bringing our custom engagement.

Runjhun Jain: So, this would take care of your eCommerce sales also?

Sunil Agrawal: Yes, mobile app is part of eCommerce sales. Total web sales across both business is about 28.2% of total sales. Of that 12% is mobile app. Let me rephrase that, our mobile sales when you look at the phones as well as on the tablets, if you include the browser the mobile sales is about half of total eCommerce sales. But when you only look at app, that is 12% of the mobile sales.

Runjhun Jain: And sir, I am sorry I could not attend the conference call last quarter, we have seen that there is a constant uptake in the average selling price for TV sales and even for web it is on a good healthy level. Are we closing out, this is to compensate for a budgetary pay and all the initiatives we have taken in the last one year so. But do you think we are losing out on a USP of being one of the lowest average selling price product company?

Sunil Agrawal: Our competitor is still at around \$55-56.

Runjhun Jain: That would be QVC sir.

Sunil Agrawal: Yes, QVC, JTV, Evine or HSN they are all around similar price points. So, we are less than half of their average price point right now.

Runjhun Jain: Even JTV would be 55?

Sunil Agrawal: Yes, JTV does not publish their numbers but we understand them to be around between 50 to 55.

Moderator: The next question is from the line of Pathik Gandotra from Dron Capital Advisors LLP, please go ahead.

Pathik Gandotra: My volume growth question was I guess partially answered but my point is what is the kind of average selling price that you aim to achieve eventually?

Sunil Agrawal: Our business model is very dynamic so if you compare us with let us say a cement manufacturer or a FMCG manufacturer it is very different, because on an average we air 100 new products everyday and then we test them and expand them as a customer push. We respond to the customer demand very quickly, so we can move our average price point plus or minus 5-10% very easily within the quarter if the customer demand is there. But our aim is to keep this price point plus-minus 10% for this financial year. And we do not really look at volumes when we look at business. We look at expected net of return on revenue because we know every price point what will be the revenue and with the expected return and we look at what is the net revenue and add shipping to that. So, that is our overall net revenue. And we are completely focused on that along with the gross margin and repeat purchase and retention.

Pathik Gandotra: So, then the point is that this can go up to as much as \$30 also, \$40 also anything can happen, right?

Sunil Agrawal: We do not want to go too much closer to our competitor because we want to remain at least 50% of our competitors.

Pathik Gandotra: Which is \$50-60, right, their price point is that?

Sunil Agrawal: Yes about \$55-57, so we would not want to go more than 50% of where we are at.

Pathik Gandotra: Does the margin improve with higher price point? Is that the case?

Sunil Agrawal: Not always, it is not necessary. Sometimes it could but what we look at is to constantly keep 60% as our minimum number we want to achieve.

Pathik Gandotra: Second, is there overall number of customers growing or is it flat or how is that happening?

Sunil Agrawal: The registrations are pretty much flat year-over-year, so we are acquiring same number of new customers that we acquired last year. And unique customer wise also we are pretty much almost close where we were last year, even though the average price point as gone up there is not much difference in our unique customers.

Pathik Gandotra: So, then what will drive your growth going forward? Will it be same customer spending more, that is what will happen?

Sunil Agrawal: In Q1 as I mentioned in LC we were off air in 11 million homes for pretty much all the quarter, even then we maintained same number of unique customers or new customers acquisition so what we expect with the relaunch of our platform again from tomorrow, we expect new customer acquisition to accelerate further and we constantly look for improving our channel positions as I mentioned in my opening remark and our offer also get on one platform, we look for additional one channel or two channels more. So, if we can get more channels that is great.

Pathik Gandotra: I am saying that to get to your 12-15% growth guidance, the number of customer growth has to be in low single-digits, it has to be like 3-4-5%, right? That is what is required to achieve your guidance, right?

Sunil Agrawal: Yes, we are very confident of that.

PathikGandotra: Yes, which is where you would have been if you had not gone off air?

Sunil Agrawal: So, if we went off air, even then we achieved our guidance.

Pathik Gandotra: No, in terms of revenue, but I am saying if you had not gone off air then your customers should have grown by 3-4% at least, right?

Sunil Agrawal: Easily, that number could have been even higher.

Pathik Gandotra: Second question is on, what we have been saying for a fairly long time, the stock is I mean the earnings worth is quite stupendous, so the stock is trading at some 14-15x only what we think of this year's earnings. If you give and take about 45-50 buck earnings then the stock obviously we think is cheap, so the issue is that so should you and since you are generating cash and now that your budget pay is also getting quite streamlined why do not you consider giving back something to the shareholders in terms of dividend or a buyback? You should seriously consider it.

Sunil Agrawal: Thank you and we shall definitely bring this up in our next board meeting.

Pathik Gandotra: That always happens, that answer you always give Sunil, but I do not know what happens when you get in your Board meeting because nothing happens for the shareholder finally. So, we seriously think that a part of creating value over a long term is also to be a more shareholder friendly company than you are.

Sunil Agrawal: Definitely, we will keep that in our consideration. Thanks for your advice.

Pathik Gandotra: You should be obviously giving some money back to shareholders because I mean you do not envisage any big CAPEX going forward, right?

Sunil Agrawal: Yes, not at this time.

Pathik Gandotra: If you are generating Rs. 40 crore a quarter of free cash then if nothing else you will generate 4x than at least this year. That is a lot of money, so it gives you a lot of comfort also. You are completely debt free now, your net cash is Rs. 60 crore, so I mean you should start the process. I know your own shareholding is about 70% in the company?

Sunil Agrawal: Yes, the promoters hold approximately 66%.

Pathik Gandotra: Yes, so for a buyback there is a limited scope but whatever, but I would strongly urge you to consider it when you do your AGM? We will definitely, if your AGM was somewhere nearby I would go to the AGM and ask the same question at the AGM as well. I think you should seriously consider, that is my strong suggestion.

Sunil Agrawal: Thanks Pathik. I appreciate your suggestion as always.

Pathik Gandotra: Final question, are you looking at any other new geography for growth or anything different that you are looking at or what you have right now is more than enough on your plate?

Sunil Agrawal: We feel that there is a huge amount of potential for us within these two geographies and look at QVCs, now with HSN also under belt, they are almost \$100 per household and we are at little over \$2 per household. So, we see a lot of potential for us in just US. In UK they are 20x our size currently.

Pathik Gandotra: So, you bridge this gap by growing more products, right, that is what happens?

Sunil Agrawal: So, that is our position, more households, better retention rate and better repeat purchase and repeat purchase will come with your suggestion of more varied products.

Pathik Gandotra: And repeat purchase yours are still strong, I do not see any numbers here, but I am sure they must be, right?

Sunil Agrawal: So, average quantity as I said was 28.6 from 27.8 earlier, so we are selling but again I believe as we are offering more and more varied product to the customer, we have potential to sell even more. Per customer revenue that we have currently around \$700 in US QVC is at \$1250, so we have some distance to cover from QVC.

Pathik Gandotra: And final question is for Puru, what kind of tax rate should we assume for this year?

Puru Aggarwal: We expect tax to be in the bracket of 15-20%.

Moderator: The next question is from the line of Vikrant Kashyap from Kedia Securities Pvt. Ltd., please go ahead.

Vikrant Kashyap: My question is related to industry growth in quarter 1 in US and UK as well. How has industry been is doing?

Sunil Agrawal: QVC grew approximately 4% worldwide that should be the last reported number. And they own HSN also, so it is part of that. JTV is private company but from the industry we know that they are growing in high-single digits.

Vikrant Kashyap: Okay, so average 4-5% is industry growth.

Sunil Agrawal: Yes.

Vikrant Kashyap: And are they taking any new initiatives?

Sunil Agrawal: There is a marketing element, there is an eCommerce transition. So, what we have done is to also link ourselves to market places that they have not, so we are seeing a decent customer acquisition through market places.

Vikrant Kashyap: And have we added more products or offerings in lifestyles?

Sunil Agrawal: Yes, as I have mentioned earlier, our lifestyle revenue now in US is approximately 9.5% from 5.5% last year same quarter. In UK it is 24% from 16% same period last quarter.

Vikrant Kashyap: And how much it is contributing to overall revenue, lifestyle?

Sunil Agrawal: As I said overall 14% across both geographies.

Vikrant Kashyap: And what was it in last quarter same year?

Sunil Agrawal: 8%.

Vikrant Kashyap: So, contribution from lifestyle is improving. And will you be able to quantify what was the growth in US in both segments and in UK combined together if you can?

Sunil Agrawal: I do not have segment wise growth or overall revenue wise, but I can tell you overall US revenue was 1% in the quarter in constant currency terms and in UK it was 33%.

Vikrant Kashyap: Okay, so as you said more and more sales of lifestyle offering will help in expand our gross margins. So, do we see it taking place, it is shaping as per our expectations?

Sunil Agrawal: As you will see the UK lifestyle is 24% revenue share and their revenue growth is coming to 33% and a lot of that is contributed by the lifestyle products.

Vikrant Kashyap: And do we have any bad debts because as we are providing budget pay EMI?

Sunil Agrawal: Yes, we have bad debt, but they are within our criteria that we have set ourselves. In UK it is pretty lowest below 1%, in US it is about 2.7% of the EMI sales, not total sales.

Vikrant Kashyap: And what is our return ratio?

Sunil Agrawal: Return ratio in US it is 18.5%, in UK it is 26.5%, overall 21.2%. Last year same quarter it was 21.9% overall.

Vikrant Kashyap: Okay, so we have improved on that?

Sunil Agrawal: Yes, we have improved 700 basis points.

Moderator: The next question is from the line of Rounak Jain from Vibrant Securities Pvt. Ltd., please go ahead.

Rounak Jain: First of all, I wanted to understand why is the average selling price on the web lower than the TV, so are we selling – so if someone is purchasing say may be through your app there also the live TV show is there, and that constitutes the web sales. So, should not the price range be similar?

Sunil Agrawal: There are three components of web sales. One is the live sales as you rightly said, the TV program we stream on that and customer buys that and for that it is almost same. Then there are other two components – one is the catalog that means all the products that we have in the warehouse, all will be published as a catalog and customer choose and buy that one. That is typically higher than the television. And there is a third component which is the rising option. So, all the remaining small tails that we have with the inventory, as I said earlier, we air 100 new products everyday, so we have tails remaining which we cannot air on TV, so those tails we auction at \$1 starting and whoever will bid the highest will get it. So, that usually is very low. So, therefore, the overall average result revenue ASP is lower.

Rounak Jain: Can you please repeat the last part, so whichever is bidding the highest would win, \$1 bet? So, this is the opposite that you are doing in your live sales, right? So, in live sales there is reduction in the prices and in the \$1 sales you are increasing the prices, is that so?

Sunil Agrawal: That is correct, and this is a mechanism for us to clear the leftovers.

Rounak Jain: And what is the response of that?

Sunil Agrawal: So, that cleans up all our inventory and that is an important part of our business model.

Rounak Jain: So, what would be the average price maybe, if it starts from \$1, right and it can go up to how much, just to get an idea of like how big can basically this contribute?

Sunil Agrawal: Usually, its average about \$10 what we call rising option.

Rounak Jain: And I think second question would be, when we sell third party products, do we have an agreement on the basis of commissions or do we outrightly purchase from them and then take the risk of all the inventory and all?

Sunil Agrawal: Most of the times we outright purchase it. Only about 10% of this lifestyle product is duty product that we sometimes have sale on return basis with the local vendors, local brands. But other than that, it is all outright purchase and we have good exit mechanism through rising auction, so we do not have any high inventory as you saw. Our working capital has reduced this quarter.

Rounak Jain: But the thing is the gross margins have actually come down, so is it because we are outrightly purchasing those? Is it because of that or is it just that the realizations have been low at the cost of manufacturing of our own jewelry has been higher because the gross margins even if we see for 2017 and 2018 it has gone down from 67% to 64.2%.

Sunil Agrawal: First of all, you will have to look at overall for the year and for the year we have given guidance of (+60%) and that is where we are and secondly, our B2B sales were higher this quarter and that typically is low margin, that is approximately 8-10% kind of margin and that is more opportunistic business. There are two components of B2B, one is opportunistic sales that you do, other is we sell regularly to QVC or Evine or Macy's and Kay Jewelers which is Signet. So, these customers have typically lower margin for us.

Rounak Jain: And my last question would be regarding the working capital. In FY18, as I can see about Rs. 100 crore were stuck in the working capital and major portion of it was the receivables and inventory. So, they have gone up by about Rs. 70-80 crore. So, what is the guidance regarding that? Would it continue to increase?

Puru Aggarwal: If you look, the business has gone up at both the channels and correspondingly to some extent working capital loans were supposed to go up. But if you look at net current assets level it has been down by Rs. 11 crore put together.

Moderator: We will take the next question from the line of Pratik Giri from Vallum Capital Advisors Pvt. Ltd., please go ahead.

Pratik Giri: If you look at our volumes, the volumes have been constant since last 4-5 years and just now you mentioned that you have the potential to sell to more households. So, are we going to see the same trend in volume, I mean nearly 1-2-3% growth and how are we targeting this 12-15% topline growth? What will it be contributed by – volume, ASP increase or what?

Sunil Agrawal: For the rest of the year we will be expected to keep the similar price points as Q1 and we have our guidance of 12-15% topline growth on constant currency terms, so the volume growth will be correspondingly balance between the average price point for this year versus last year.

- Pratik Giri:** Actually, the question was that you yourself are saying that you have the potential to sell to more households. So, can we assume that our volumes will increase not significantly but still on the terms of 5-7-8% going forward?
- Sunil Agrawal:** I do not have specific guidance on volume Pratik. Our guidance is on the topline revenue basis, 12-15% and the average price point will be the current price point (+/-10%). So, because I cannot predict the average price point, you know we have so many different products churning everyday, so the price point can vary (+/-10%).
- Pratik Giri:** And my second question is if we look at our competitors you just said that they are in the range of \$55-60 and we are right now nearly at \$25. So, sir cannot we take our ASP to nearly \$35 so as to gain some more topline growth and margins as well sir?
- Sunil Agrawal:** We definitely could but we do not know if we will retain our distinct advantage of value that customer sees in us. So, there is a risk that we would have, therefore we would want to stay approximately half or less than half of our competition.
- Pratik Giri:** Our inventory level has been increasing with this return policy, so can we throw some light on that, I mean how we are managing that and what can be the quantum I mean in which we are comfortable with because of return policy?
- Sunil Agrawal:** We always look at a day's worth of inventory. Our inventory from the days worth should be constantly at the same level. It should not go higher than where it is today on day's terms basis.
- Moderator:** Ladies and gentlemen that was the last question. I would now like to hand the conference back to the management for their closing comments. Thank you and over to you.
- Sunil Agrawal:** I would like to thank all the participants for their time and their robust questions. If you have any other inquiry or questions, feel free to reach out to Karl Kolah at CDR or Puru Aggarwal at Vaibhav.
- Puru Aggarwal:** Thank you very much.
- Moderator:** Thank you very much ladies and gentlemen, on behalf of Vaibhav Global that concludes this conference. Thank you for joining us.