"Monte Carlo Fashions Limited Q4 FY 2015 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Monte Carlo Fashions Limited Q4 FY 2015 Earning Conference Call hosted by Edelweiss Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tanmay Sharma from Edelweiss Securities. Thank you and over to you Mr. Sharma.

Tanmay Sharma: Thanks Malika. Good day and a warm welcome to all the investors and participants. We at Edelweiss Securities are very pleased to host Monte Carlo Fashions Q4 FY 2015 Earnings Conference Call. From the management we have with us Mr. Sandeep Jain, Executive Director and Mr. Dinesh Gogna, Director of the company. I thank the management for this opportunity. Now, I would like to hand over the call to the management for their opening remarks post which we will have the question and answer session. Over to you Sir. Thank you.

Sandeep Jain: Very good morning, I am Sandeep Jain, Executive Director, Monte Carlo Fashions. Hello everyone and welcome to the conference call of Monte Carlo Limited for the fourth quarter for the financial year 2014 and 2015. It is a great pleasure to greet you all once again on behalf of all of our Board of Directors and senior management. We begin by thanking all of you for having spared time in joining us today to discuss our fourth quarter and full year earnings for the financial year 2015. At the outset I am pleased to announce our maiden dividend as our board has recommended a dividend of 100% of the face value that is 10 rupees per equity share for the year financial 2015 our dividend payout is 36.4% over the reported profit after tax. Before I dwell upon our performance I would like to brief you a little. Our brand Monte Carlo was launched in 1984 as an exclusive woollen brand by Oswal Woollen Mills Limited. Our flashy brand Monte Carlo has emerged bigger each year and it is today a clear market leader making us enjoy a head start in this space. The Monte Carlo brand has good market premium with phenomenal brand recall. We are pleased to share with you that Monte Carlo is today the leading apparel brand in revenue terms and is also well recognized as a Super Brand for woollen hosiery garments since September 2014 by International Society for Super Brands. Over the years we have successfully diversified and created a comprehensive range of woollen, cotton and cotton blended knitted and woven apparels and home furnishings through some of our ranges under umbrella brand Monte Carlo such as platine, alpha, denim and Cloak&Decker. Our vast range of products showcase our clear capabilities in anticipating, identifying and responding to the changing fashion trends. We would like to highlight that the ownership of Monte Carlo brand as well as all sub-brand ranges are the registered trademark and belongs to the company.

Now, let us discuss our key strengths. One of our key strength is a wide and growing distribution network with diversified presence across India. We are present through 1400 plus multi brand outlets, 214 EBO, that is exclusive brand outlets and 89 national chain store outlets. Majority of our revenue comes from MBO and franchisee MBO where we primarily sell on a preordered outright basis. By virtue of this business model there are no major inventory risks and we remain adequately protected from normal hazards of branded apparel business. What also gives us deep satisfaction is our in-house dedicated design team comprising over 30 professionals who aggressively follow and forecast emerging global fashion trends. We have a separate design team, each for winter and non-winter wear. Our design team is further supported with dedicated facilities for product development, design studio and sampling infrastructure.

Sharing with you our capabilities, we had consistently modernized by implementing our expansion project for increasing our production capacities. We have three manufacturing facilities, one for woollen, and two for cotton based products. Our entire woollen products are manufactured at our facility in Ludhiana. In apparel last year we put in a facility of manufacturing cotton T-shirts in summer. For cotton and cotton blended woven products we follow an asset like model of outsourcing production to a network with whom we enjoy a long-term and a fruitful relationship. Having recently expanded our facilities we anticipate no major capex with only new machines to be added if we need to enhance production capacity.

Now, talking about our financial performance during the quarter and for the full year, our full year financial 2015 revenue increased by 15.8% to 582 Crores whereas Q4 financial 2015 revenue decreased by 11.9% year-on-year to 657.4 million. I would like to highlight that the revenues are not comparable on year-on-year basis because of change in accounting policy. As per the new accounting norms any expense incurred to push sales which mainly consist of discounts and rebates need to be netted off against revenues from operation which was earlier part of the other selling expenses, so thus if I compare apple to apple the full year revenue becomes, if we compare apple to apple the financial 2015 discount was 89.6 million have been netted off against revenues in Q4 financial 2015 adjusting for the same. The full year revenue would be 591 Crores as compared to 582 Crores and Q4 revenue would be 74 Crores. Our full year EBITDA without other income has increased by 32.6% year-on-year to Rs. 122 Crores. EBITDA margin increased by 260 basis points year-on-year to 21.1% from 18.4% in financial 2014 due to strong brand positioning, better product mix, reduction in other expenses through operation leverage. Our full year financial PAT increased by 9.9% to 59.7

Crores and Q4 financial 2015 PAT increased by 16.9% to 2.78 Crores. PAT has been affected due to higher depreciation due to change in depreciation policy as per the new Companies Act 2013. Depreciation has increased by 7 Crores for the full year due to change in depreciation policy, having followed the same policy our profit before tax would have been higher by the same amount. Our full year cash profit has increased by 32% to 93 Crores year-on-year and Q4 cash profit has increased by 108% to 15.5 Crores year-on-year. The improved performance resulted on the back of strong product portfolio, lesser cost of material, effective marketing network, efficient management and we envisage achieving higher growth in terms of turnover and profit moving forward. While we do have robust plans for the future our aim is to open 275 EBO by the end of financial 2016-2017 mainly through the franchisee route. We also plan to diversify our pan India presence by penetrating in to Southern and Western region of India which we have already started in this financial year. We are strongly focused on optimizing asset utilization, quality, efficiency and relationship. We are attractively placed to build on our existing scale. With this, I once again thank all of you for having spared your valuable time and joining us here today and we welcome all the questions and queries from our investors.

Moderator: Thank you very much Sir. We will now begin the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy: Hi Sir, thanks for the opportunity. My first question is the new accounting policy, is it EBITDA neutral and if I take like-to-like next year, how much is the sales growth you are targeting if we take the new accounting policy and are you seeing any diverse trends across the four regions or across the towns, is some part of the country growing faster, if you could elaborate on the growth parameters?

Sandeep Jain: As far as this new accounting policy basically what is happening is that in the last financial year the 9 Crores discount which we have reduced from our revenues which was part of selling expense last year, so otherwise if I include those 9 Crores my revenues become 591 Crores that is almost a jump of 18% as compared to last year if we compare like-to-like sales but because of the accounting standards I have to reduce this 9 Crores from my expense and basically we have been growing across all the regions and the growth has been if I see region wise it has been North is contributing almost 51% of our revenues, 27% is coming from the East and 13.7% is coming from the Central region and Southern and Western region contributes around 8% of the growth, so basically we have seen that now we are actually focusing more on the southern and western region. We are opening our exclusive business outlets in those regions. We have opened almost four outlets this year and two are in the pipeline which will be opened next month which is June, so as far as we see the markets are basically little tough as compared to last year as you might have witnessed of all the garment players but still we have been able to perform much better as far as market expectations are concerned. Earlier we had given a guidance of 15-20% in last financial year and we have grown almost 18% in revenues and we expect to grow 10-15% going forward also.

Moderator: The next question is from the line of Dikshit Mittal from Subhkam Ventures, please go ahead.

Dikshit Mittal: Sir can you give the breakup of last year's top line incomes of woollen, cotton and kids wear?

Sandeep Jain: If I see the woollen segment which contributed 33% to the revenues in case of financial 2014 has contributed 34.5% this financial year and the cotton segment which has contributed 56.2% has contributed 52.6% in the overall revenues. Kids wear has contributed 3.9% last year and this year it has jumped to 4.6%.

Dikshit Mittal: Sir you mentioned that for the last two, three years you have been growing by around 15-20%, so this year you expect some moderation in growth because your guidance is 10-15, so what are the reasons for the moderation in expectations from the top-line growth?

Sandeep Jain: Basically we expect to grow 15-20% this year also but seeing the market trends right now and if there is a reduction in the interest rate and economy picks up I think 15-20% is easily achievable but barring unfortunate circumstances if something happens to the economy which I have seen the muted guidance from all the apparel manufacturers in the recent 15 days, so then also conservatively would be able to grow 10 to 15% percent.

Dikshit Mittal: Sir what is the margin guidance because this year you did around 21% on EBITDA level, so going forward what kind of margin you will be maintaining?

Sandeep Jain: We will be able to maintain our margins in this financial year also because of lower cotton prices and lower woollen prices.

Dikshit Mittal: So do you see any scope because now the raw material prices are much lower as compared to last year especially in cotton so any scope for improvement in gross margin?

Sandeep Jain: See, the scope is already there but let us see that how much we are able to pass on the increase in prices also because other costs have also gone up, so the best thing is that we will be able to maintain our margins as compared to last year but yes there are chances to improve margins further in this financial year also.

Dikshit Mittal: Sir lastly your working capital seems to have increased year-on-year basis because inventories have gone up to 184 Crores as compared to 140 Crores and debtors also from 88 to 120 Crores, so any particular reason for this extended working capital?

Sandeep Jain: Because the woollen production, the woollen sweater production we have started earlier as compared to last year so that is why the inventory has increased, earlier the production for woollen sweater was started little late, so to supply in time and to supply more quantities to the retailer we have started production early, that is why the inventory has increased and as far as debtors are concerned I think we have jumped in 18% in turnover, so that is why the debtors have increased and also as the last quarter there was little delay in the winter season, it ended abruptly, so there was a little increase in the debtors as compared to last year but as we have said earlier also that we charge interest on the delayed payments. If you see last financial year also 4 Crores was recovered from interest from our retailers as delayed payment interest.

Dikshit Mittal: Sir our payables have dipped, is it a conscious decision to decrease the creditor days?

Sandeep Jain: Basically when you get some discounts by paying earlier in cash discount so it is a dip of around 3 Crores as compared to last year and that is because we have enough cash and we paid our creditors little earlier to get some extra benefits.

Dikshit Mittal: So that benefits are in the EBITDA margins right?

Sandeep Jain: Yes.

Moderator: The next question is from the line of Mahantesh from SBI Cap Securities, please go ahead.

Mahantesh: Good morning, thank you for taking my question, just wanted to go back to the segmental sales that you highlighted, I notice that your MBO sales, the multi brand outlet sales share has actually fallen year over year, is there a fall in the same store sales growth because the total revenue growth under MBO seems to be just about 13 odd percent lower than your top line but then there has been a growth in the number of outlets as well, so is there a drop in the same store sales growth?

Sandeep Jain: If we talk about EBO, the same-store sales growth has been around 7%, so there has not been any fall as far as same-store like-to-like sale of stores are concerned, yes the overall if you see the MBO has around 63.5% of the revenue as compared to 65%, the reason is that retail has picked up because of opening of new stores so that is with the revenues from EBO are more and also there is a pickup in home furnishing and the kids segment, so overall it is a 1.5% dip in the MBO that is being compensated by the EBO and other channels.

Mahantesh: So what is the growth likely to be in terms of the MBO outlets next year, your overall revenue guidance is 10 to 15%, do we say that the same store sales growth fall under the MBO will be again another 7% or slightly lower than that?

Sandeep Jain: I think if you see the growth in MBO and EBO we again reiterate that it would be around 15 to 20% so cumulatively if the market expands which has expanded last year also and economy keeps on doing well like it was last year for us the 15-20% growth is easily achievable but in case of something happening to economy like little slow down in retail sales it can be around 10-15%.

Mahantesh: My second question is related to the service tax, it has now gone up from 12.36% to 14%, does that affect our operations and can you explain that, will there be a pricing compression related to that and we will have to bear?

Sandeep Jain: It is not going to affect our operations because it is not a very significant sector as far as our expense are concerned and also we will benefit from like reducing of financial expenses this year because the interest rates have come down, so actually we are going to benefit from the finance expense which was higher last time and yes service tax actually increased 2% but in our expense the service tax does not contribute much in expenses.

Dinesh Gogna: In fact our service tax in May is not likely to affect us substantially, the reason is this, so far woollen part is concerned our entire production is in house, so there is no service tax on that levied on and secondly so far the cotton part is concerned we procured the material directly actually from outside. It is straight away buyer sellers mode, so there is no service tax involved in that.

Mahantesh: Sir I can understand that on the manufacturing side the tax will be MODVATable or CENVATable but on your retail outlet especially your EBO is there a service tax pressure because of the rental increases and other costs increases that may lead to pricing pressure?

Sandeep Jain: 90% of our franchises are outright sales, service tax is not applicable on that because we are selling them, yes around 10% our own EBO out of that we have some EBO which we pay rent on that, in that case even if the service tax of 2% goes up it is not going to contribute even 1% of our total revenues.

Moderator: The next question is from the line of Dikshit Mittal from Subhkam Ventures. Please go ahead.

Dikshit Mittal: Sir just a followup. Will we be maintaining the current dividend payout policy going forward as well?

Sandeep Jain: First of all, it all depends on the profitability of the company. As we have stated earlier also that we do not see any problems as far as our revenue guidance for the next year is concerned, I do not see any reason that the dividend payout becomes lesser next year.

Dikshit Mittal: So there is no any stated policy that you will be paying around 35% to 40% of the dividend as of now?

Sandeep Jain: Stated policy is not there, but we determine to reward our shareholders every year with this kind of dividend.

Dikshit Mittal: Sir what is the capex guidance for next year?

Sandeep Jain: It is around Rs.15 Crores to Rs.20 Crores.

Dikshit Mittal: So that will be basically on the woollen segment only?

Sandeep Jain: That would be basically to construct our building for warehousing for our cotton garments.

Moderator: The next question is from the line of Sunil Jain from Aditya Birla. Please go ahead.

Sunil Jain: Good morning Sandeep Ji. Can you just explain the increase in finance cost?

Sandeep Jain: Basically, there has been increase in the working capital as the turnover has increased and also in the term loans we started like paying interest on some newer loans, but going forward we see reduction in the finance cost also because there has been reduction in the interest rates as well as we have been like paid off our last year's interest also, so the total term loan interest will be, if we see current liability will be only Rs.62 Crores at the end of this financial year. So going forward we see there is reduction in the finance cost and also there will be increase in the other income in next year as compared to this year as there have been more funds going into the investments.

Sunil Jain: No sir but if our cash profits has increased so much, we have additional cash available than this additional inventory should not result in higher finance cost because you should be able to sort of fund it internally, is that not true?

Sandeep Jain: Yes, it is true. We have used some of our cash internally also and next year we would see that the finance cost actually going down as compared to this year.

Moderator: The next question is from the line of Vishal Gajwani from Birla Sun Life. Please go ahead.

Vishal Gajwani: Thanks for the opportunity. My question is on the number of EBOs that you have around 214 at the moment. How will that shape up in the next couple of years?

Sandeep Jain: We still maintain to our guidance of 275 by financial 2017. If you see by financial 2014 March, we had 193, which has jumped to 214, so this year again we have planned to add around 20, 25 EBOs, so going by this rate, we would be having our growth of around 275 EBOs by financial 2017.

Moderator: The next question is from the line of Tanmay Sharma from Edelweiss Securities. Please go ahead.

Tanmay Sharma: Sir, my question is basically on the mix that the company has. Sir, I wanted to know what is your thought process behind where the actual steady state mix will go from for woollen, cotton and other kids section for the company?

Sandeep Jain: I think it will be more in the favor of cotton and kids going forward as we had seen even like in this financial year order booking also we have seen the more growth, which is coming up in the cotton segment as compared to woollen segment, so mix would be favoring cottons and kids going forward and woollen mix will come little down.

Tanmay Sharma: That is very helpful Sir and as far as the current results are concerned, I see there is a sharp jump in the gross margins, so COGS have declined significantly Sir, what is the main reason for that?

Sandeep Jain: Can you please repeat it?

Tanmay Sharma: In the current Q4 results, I have seen that Cost of Goods Sold has declined significantly for the company. What is the main reason behind that YoY?

Dinesh Gogna: That is basically because of lot of inventory, which we have at the head of year, so the working out the cost of material you say the decrease and increase in the cost of closing stock or something. So it is only because of that, but if you see the overall year then the percentage of this is flat, it is around 1% something reduction, but at the last quarter because of the closing stock is too high and the valuation of closing stock is always in our case like the realisable value minus GP, so to that extent it affects us. So far the consumption of material is concerned in case we have to see then we have to see for throughout the year that will give you the correct picture.

Moderator: Thank you. The next question is from the line of Mahantesh from SBI Capital Securities. Please go ahead.

Mahantesh: Can you give us an insight into your order booking trends for the next year you have started taking orders for the oncoming season, right, so what are the trends you are seeing both in volume terms as well as value terms, is there any price increasing that you have done?

Sandeep Jain: Yes, we have increased our price around 6% to 7% in our garments and the order booking is still on and we will have the exact data by June 15 this financial year, but the trend shows that there has been an increase of around 10% as far as total order booking is concerned.

Mahantesh: So 10% volume growth and 6%, 7% price rise, is this the kind of guidance that you alluded it to 10% to 15% overall revenue guidance?

Sandeep Jain: That is how this guidance has been given. Increasing in volume and increasing in price would contribute to the required growth, which we expect in this year also.

Mahantesh: And you are excluding out of that growth that already built in inventory because the inventories at the end of 2015 have jumped up substantially over the previous year, so you are minusing that inventory or you are assuming same inventory level at the yearend?

Sandeep Jain: What is happening is that this year we started our sweater production little earlier, so that is why you see the financial 2015 inventory looks higher as compared to financial 2014.

Mahantesh: Your receivable?

Sandeep Jain: No, I am talking about the inventory. So when inventory is higher because we started production in this financial year little earlier as compared to last year to supply well in time and also to supply higher as compared to last year. So you need to have the complete supplies in hand by September 15, which was October 15 last year. So we preponed our production one month as compared to last year that is why the inventory showing is higher, it is mostly sweaters inventory at the end of financial March 2014 which is this year’s inventory which will go into the sales in this financial 2016.

Moderator: We take the next question from the line of Sunil Jain from Aditya Birla. Please go ahead.

Sunil Jain: Could you explain the reasons for increase in the EBITDA margins have gone up quite well and what has been the key what sort of two, three reasons for this increase?

Sandeep Jain: If you see that the advertising costs have not gone up, the revenue has gone up, the cost of material has come down because of lower cotton and woollen prices and overall efficiency in the operations and management, so that has brought the EBITDA margin higher as compared to last year.

Dinesh Gogna: And on top of that Mr. Jain, there is another reason like when you reduce from the total turnover, the selling cost that is to the extent of Rs.9 Crores could be approximately, which was earlier used to be selling expense. So now it has been reduced from the top line.

Sunil Jain: The pace has gone down.

Sandeep Jain: Basically, the denominator has gone down, so resulting thereof there is an effect because The Institute of Chartered Accountant has clearly indicated now that any expense which is incurred to increase the sales is to be reduced from the turnover except the cash discount. So this is a change in policy. Basically in case you see that it is a change in the accounting policy. That is one part and secondly one thing more let me just tell you in the near future also we expect that the EBITDA margin will be better because this fabric turnover you remember the last time also we had explained to you that in this total turnover to the extent of 55 to 60 Crores in which the fabric turnover is also included and if that is taken out because we are trying to find out a solution, we are trying to shoot out that problem to how to shoot it out where it is not included in my turnover, but if it is not included in my turnover at least like you know something which was totally flat will go out of my turnover to the extent of 50 or 55 Crores. In case it goes then again it is likely to affect my EBITDA margin, so it will go up further, so it will be 23, even today suppose I readjust the figure and I give it and then it is already been given by my PR agency people like you know higher that it has gone to 23 point some percent, which is comparable with my other you can say peer, I would not name people because it is not advisable.

Sunil Jain: I understand so basically you are saying there some part of it is pertaining to accounting reasons, some part of it is pertaining to real improvement. If I compare the numbers actually there is a 3% EBITDA increase with what I see and this 3% EBITDA increase is basically pertaining of better efficiency in operations from lower advertising cost.

Dinesh Gogna: Yes that is also there in any case and we will continue to maintain the same growth like you know, Sandeep Ji has told earlier VAT basically like you know, I mean he was little conservative in giving the figures because he or rather management believes in performing better than what we promised because the economy appears to be little slow this time, so therefore and probably there is change in accounting policies and other things presentation, IFRS is coming, method of valuation, closing stock and all other things like that is the reason he has said that growth will be around 15% or something, it may minimum will be 10, but it may grow up to even 15%, it will go naturally up to 15%, but I believe that both of us have discussed probably we will be able to come back to the shareholders and our investors that we achieve more than 15%, this year also we have achieved the growth to the extent of 18% real growth as against 15% we had promised earlier.

Sunil Jain: So this 3% increase in sort of margin is on sort of cost reduction or is it on account of raw material prices being lower and we have been able to improve margins at GP level?

Sandeep Jain: Yes majorly it is because of raw material prices, if you see the cotton prices are one of the lowest in last three, four years, the woollen price have also gone down, so one of the reason is there the reduction in the cost of materials and secondly the ad expenses has not grown up as compared to last year, but turnover has increased, so thirdly as Mr. Gogna has rightly said because the margin because 9 Crores, which was part of selling expense last year, now this year it is reduced from the revenues, so the EBITDA has gone up because of that also.

Moderator: Next question is from the line of Vishal Shah from Doha Bank. Please go ahead.

Vishal Shah: Hi good morning. Thank you for taking my question. Sir last time you had mentioned that the company is looking to expand the product pipeline, it is planning to make inorganic acquisitions, can you throw some light on it sir?

Sandeep Jain: Yes we have said last year also but the problem is that we have talked to many people actually, but we are not able to scout right acquisitions for the company, so that is why no decision been made yet on that. Unless and until we find acquisition which gives value to our shareholder and we can able to maintain EBITDA at the current levels, so we will not go for any acquisition which is diluting my EBITDA or is not giving value to my shareholders, so that is why it is being kept on hold right now.

Moderator: Thank you. Next question is from the line of Apurva Shah from Dimensional Securities. Please go ahead.

Apurva Shah: Hi sir. Thanks for the opportunity, sir can you just guide us for how big is our woollen market and if you have some data and if you can bifurcate in to branded or unbranded or may be some that kind of information if you can provide us?

Sandeep Jain: Basically we do not have any information as far as woollen market is concerned, but there is a Technopak report, which says that it is around 10,000 Crores and which is growing at around 9%, so that is the only data available through Technopak reports, but otherwise it is totally unorganized market and very few players are branded and they are also not listed, so very difficult to find out the exact numbers of woollen market share, but as per Technopak report it is growing at 9% and the market size is $2.5 billion.

Apurva Shah: If you have that details, so who is the largest player in that segment?

Sandeep Jain: Well I do not want to sound arrogant, but we are the largest as far as our premium, mid premium segment is concerned in woollen branded segment, there is no other player who has commanded market share of 60% as far as again Images report which shows that Monte Carlo enjoys almost 55% to 60% market share in mid premium segments.

Apurva Shah: So like if you said 10,000 and like roughly our woollen wear will be in the range of 200, so it is highly fragmented market, so is it correct?

Sandeep Jain: Yes because it is totally unorganized, I think there are 10,000 hosieries in Ludhiana which supplies all across India, so everybody in sweaters except few of us are in unorganized segment where the data is not available.

Apurva Shah: One more thing it is slightly related to our business like nowadays thermal wear is catching up very fast and many companies are coming up in thermal wear and not so that much complaint is coming in the woollen wear, so is that a change in trend or like what is your observation?

Sandeep Jain: I think we were the one who were in thermal wear almost 6, 7 years back and it is still contributes around 20 Crores of our turnover, it is growing, the reason for like increase in thermal wear is basically when you know at some point of time you can wear only thermal wear and you do not want to wear sweater and jackets, so that is the month of October and November where people are basically wearing more of summer wear, but when the winter becomes little extreme and then you start wearing thermal sweaters and when it becomes more extreme you start wearing jackets, caps and gloves also, so thermal wear has its own market because you know it is actually even you have mild winter you can still wear thermal wear and you can go out and do not need to wear sweater and jackets at that point of time.

Apurva Shah: Do you see any threat that thermal wear may catch up our market over a period or that is a totally different market?

Sandeep Jain: No that is a totally different market, thermal wear it not going to replace any sweater market or any jacket market, it is basically used as an inner wear, normally you wear normal vest, so in that case you replace it with the thermal wear, so that you just prevent yourself from little mild winter.

Apurva Shah: Sir last thing what is your strategy in advertising, what is your guidance for spending on advertising and promotion?

Sandeep Jain: I think we will be maintaining around 4 to 5% of our revenues in advertising and in PR also.

Moderator: Thank you. Next question is from the line of Purab Mehta from KSA. Please go ahead.

Purab Mehta: Hi sir, good morning. Sir I wanted to ask about GST how beneficial will be GST if it is going through next year, so what will be the benefit of GST?

Sandeep Jain: See it will be like make the business easy because right now we have to depend on the customers to take C-forms to take some waybills because every state has its own kind of set up so they issue the waybills then only we can dispatch the goods, the goods keeps on lying in our godown for so many days just to wait for the waybills and C-forms, so if the GST becomes applicable as directed by our finance minister on next April so it will be like easing of the business on our part as we can have less inventory while dispatching and also we do not have to depend on the certain officials to issue certain waybills and C-forms that will actually make the business easier for everybody whoever is in the retail and garment business.

Purab Mehta: We have seen that unorganized sector is also there in your business to a large extent, so do you see that business flowing from unorganized to organized more because of the GST?

Sandeep Jain: You have said very right point because when there is chain of taxes definitely you have to be in the chain, otherwise you will lose the input as credit, so more people would try to become organized by claiming the input as credit and then paying the output tax, so in that case actually it will help the organized in the banded segments when the GST comes into picture.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Dinesh Gogna: Thanks a lot dear friends, all of your queries I think we have answered to your satisfaction or in case you have anything else in your mind then you can get this from our e-mail ID, which is available on website also and you can post your question to us and we will immediately come back to you and so far the guidance is concerned because we cannot assure you anything, but it is only in the matter of guidance like that we will be able to achieve the same tempo of growth like what we had done earlier and as compared to our peer I can simply say it is not a question of boasting or something, I do not want to compare myself with other people, but like you know if you compare like with like I think I am the best ever at the moment in the market. My performance, my turnover, my revenue growth, my EBITDA growth, my PAT growth everything is comparable with other people or rather I am on the better footing and we assure you that we will continue the same standard and same growth tempo in future. All the best, have a nice day and I wish everybody a very, very good day.

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Edelweiss Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.