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Q1 FY'17 Conference Call Transcript
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Karl Kolah

Good afternoon everyone. And thank you for joining us on Vaibhav Global's results earning call for the quarter ended 30th June, 2016. Today, we have with us Mr. Sunil Agrawal – Chairman and Managing Director and Mr. Puru Aggarwal– CFO.

We will begin the call with brief remarks by Mr. Puru Aggarwal on 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 proceedings on this call. Over to you.

Puru Aggarwal

Good afternoon everyone. I warmly welcome you all to Vaibhav Global's Q1 FY17 earnings call. I will begin with an overview of the key financial highlights for the quarter under review. We are beginning to see an improvement in financial performance. Revenues in Q1 FY17was higher by 13.5% year-on-year on net basis at Rs. 314 crore. Both TV and web sales have displayed positive growth. TV revenues were higher by 9% year-on-year to Rs. 225 crore and web sales also improved 6% year-on-year to Rs. 57 crore.

Our Budget pay EMI scheme and easy return policy is getting more customer traction. We are getting high quality products to our customers, allowing better average realizations and higher ASP, product volumes are also showing better traction.

Gross margins were at 64%, in line with our expectations, but lower than last year. I would like to highlight here that margins in Q1 last year were high on account of addition of custom duty to closing stock as per US GAAP, also higher revenue contributions from B2B business has impacted margins in Q1 this year. Working capital increase in Q1 is from inventory which is seen as temporary and expected to reduce in near-term.

EBITDA without exchange gain loss for the quarter was higher by 40% year-on-year from Rs. 15 crore to Rs. 21 crore. Margins were higher due to increase in revenue and greater operating leverage. Profitability at net level for the quarter was at Rs. 8.6 crore as compared to Rs. 7.3 crore in Q1 last year.

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 all once again to Vaibhav Global's Q1 FY17 earnings call. We started FY17 on a positive note. Puru has highlighted the improvement in financial performance.

I will give an operational update and some strategic thoughts for growth going forward. In FY16 we had undertaken several structural initiatives and we are now beginning to see positive results of those. As these results further fructify, we expect to see improvements in key financial and operating parameters in FY17.

It is heartening to note that EMI through budget pay is receiving positive response from our customers. We are also focusing on net revenue expansion by not allowing returns in rising auctions and clearance sales where realization per unit is relatively lower.

Many of the new brands we have launched recently are receiving positive response. And this is helping us to target younger more affluent customers. We keep evaluating the robustness of our brand portfolio through constant customer feedback and revenue realizations. Partly as a result of brand and partly because of EMIs, the quarter has witnessed a higher ASP in TV from $22 to $27 and in web from $14 to $17.

Let me now highlight some vital customer centric data points. In the quarter under review, we have added 32,500 new customers. We now serve 352,000 unique customers calculated on an annualized basis. Repeat buying activity for our customers is at 16.7 times compared to 17.9 times in the previous year. Average annual purchase by each customer stood at 24.3 pieces during the year from 26.1 pieces in the previous year. Customer retention rate is 44% in the US and 52% in the UK.

We are conscious that timely technological upgrades are key to sustaining a healthy financial performance in an electronic retail business like ours. We have implemented several initiatives in FY16 and now. Just a few days ago we successfully launched the new Hybris 5.7 platform liquidation channel. This is highly mobile optimized and it allows better customer engagement. We have also started developing advanced mobile apps for both US and UK on iOS and Android devices. These are expected to launch in second half of current financial year.

Our IT capabilities are further bolstered by the induction of new Group CTO – Vineet Vashist**.** Vineet previously worked with Aritzia, a leader in women's fashion where he was Director of E-commerce Technology. Before that, he worked with Abercrombie & Fitch which is a large fashion retailer in US where his last role was that of Director E-Commerce IT. We will be working with him to develop best in class new customer interfaces. The Leadership Team has integrated well and we expect to see value being delivered in the foreseeable future.

As Puru has highlighted, we witnessed positive top-line growth of 13.5% in Q1. Both TV and web revenues have shown improvement. Gross margins are expected to remain healthy at current levels. We are confident the current revenue growth and volume growth will drive EBITDA margin expansion as we benefit from better operating leverages. We have already invested in enhanced manufacturing facility in India and web platform as well as more household coverage in US to accommodate growth, so fixed cost may not increase substantially from here on.

We planned CAPEX of approximately $4 million to $5 million in FY17, therefore positive cash flow generation is expected to resume. While we are confident that VGL's growth momentum will continue, we remain slightly cautious for Q2 and Q3 of current financial year for our US TV liquidation channel. Due to forthcoming elections in US where peoples' attention may be somewhat diverted towards political debates on TV. For UK, in spite of Brexit concerns, we expect our UK business to continue to perform well in current financial year and in years to come.

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

Moderator Thank you very much. Ladies and Gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Tarun Verma. Please go ahead.

Tarun Verma I have two questions which are related. The first question is, if we look at the PBT figures, profit before tax figures, essentially the profit before tax is the same in this quarter if we compare the profit before tax to the quarter last year, and essentially the improvement in profit is wholly coming from the lower tax rate. So the first question is, why did we see lower tax rate in this quarter compared to previous year, was that because of the new facility? And the second related question is, why did we not see any impact of operating leverage if we are looking at PBT metrics, because PBT is essentially the same in spite of let's say 13% improvement in revenues?

Puru Aggarwal So as far as leverage is concerned, lets look at the material cost in this quarter in percentage terms compared to last year's quarter, which I covered in my opening remarks as well, that last year there was change in accounting policy in USA as per US GAAP. As a result, first time the duty expense was uploaded on inventory which earlier was being expensed off. As a result, last Q1 had higher profit, higher PBT because of lower material cost. So that is one reason. And second reason, that this year the material cost is up because of higher B2B business, so that answers your question of leverage.

Second part of your question is tax part, so it has two components which has resulted into lower tax burden on this quarter, one is that we have built up SEZ as you know which is up and functional from November 2015, so that has played its role. Second is that in US operations, its profit and that is the reason that earlier loss through DTA has been recognized. So that has also resulted into lower tax over there.

Tarun Verma A follow-up question, the first one basically is related to operating leverage, if we were to remove the count of let's say the change in accounting standards and if we were to do an apple-to-apple comparison, how much improvement do you think we would have seen in, let's say, the PBT figures because of that if we were to follow the same accounting standards as we had followed, let's say, in Q1 of last year?

Puru Aggarwal So broadly it would have impacted by 2% better.

Tarun Verma So a 13% improvement in revenues leading to only, let's say, 2% improvement in PBT, so if PAT of operating leverage is still muted, is that a fair observation?

Sunil Agrawal So 2% is a percentage of profits, I think you look at the net profit basis it is 6%, the 2% would actually mean 25%.

Tarun Verma And if I could squeeze in the third question as well, you mentioned in one of your opening remarks that you would be cautious on the US TV business. Do you see some sort of reduction coming in in the US TV business in the next two quarters or would the growth be muted?

Sunil Agrawal So far we are not seeing it, but based on our earlier experience in 2012, we saw a dip in September, October and November and that was a slight dip, it was not substantial but we are giving a heads up in case there is a dip and we want to give heads up rather than give a surprise later.

Tarun Verma And do you also see the web revenues more than compensating for possible decrease the might come in the US TV revenues?

Sunil Agrawal Yes, potentially. But we just recently launched a new web platform and we believe this will really ramp up and create some revenue growth momentum for us. But last elections, in 2012, our experience was there was a revenue dip owing to election of about 5% to 7% from where we expected it to be. So that 5% to 7% impact could be there on revenue. Anywhere between 5% to 10% is the impact we could possibly see because of this election just on the TV segment and just in the US.

Tarun Verma And whether you expect the full potential of the web revenues to come into play when we have launched the Hybris platform a couple of days back?

Sunil Agrawal So once we launch new apps which are highly advanced apps and are e-commerce transactional apps, launching in H2. So as we are seeing, even currently, our traffic is coming more than half through mobile devices either through our current apps or through optimized sites, we expect once we launch the web applications the full benefit of that will be realised. So we have not enumerated the benefit to us yet, but we definitely see it starting to benefit in current quarter as well as in next quarters.

Moderator Thank you. We have the next question from the line of Sunil Jain from Nirmal Bang Securities Pvt. Ltd. Please go ahead.

Sunil Jain Sir, when we can see the volume improvement in web sales, or maybe TV sales as well?

Sunil Agrawal Good question, Sunil. The volume decline was mainly because of our change in ASP, it increased substantially, as I said earlier, it increased from $22 to $27 on TV and from $14 to $17 on web. Now, although it was as a result of higher traction because of EMI and brand, we are consciously bringing it down slightly in current quarter and in coming quarters. So as we bring it down you will start to see the volume growth as well. So the total top-line growth will come as a combination of volume growth as well as the average price point increase growth.

Sunil Jain But once you bring down the cost, will they not have any impact on you performance or profitability on account of which we were talking about, like because of EMI and discount whatever are there?

Sunil Agrawal We are calibrating this very carefully, so as not to impact the top-line of the margins. So whatever the growth we are going towards is well calibrated, so it will not impact that.

Sunil Jain Sir, we have seen that from Q1 to Q2 the volume improved very sharply, not in the last year but in the previous year volumes have improved in double-digit. So will that trend come back in this year or current year?

Sunil Agrawal Yes, we expect the Q2 to be much higher than Q1 in volume because two things, one is that there is a clearance period during July and August, and secondly, we consciously reduce the average price point slightly while keeping the top-line high. And this is the trend we are seeing right now.

Sunil Jain This price point what we had reached to $27, are we thinking of bringing it down back to $22 - $23 or somewhere…?

Sunil Agrawal It will be somewhere in between.

Sunil Jain Which will be able to meet your cost also and improve the volume also?

Sunil Agrawal Yes. So the reason for moderating the average price point, one is that the new customer acquisition is better in a lower price point, that has been our experience. And second thing is the detriments are also lower if the price points are moderate. But we only want to moderate the price point as long as the top-line growth continues from this level or higher.

Sunil Jain And sir, in a web sales, since you had already launched this new platform, any new strategy we are bringing in because sales are still not showing any sign of improvement?

Sunil Agrawal So that was launched only last Friday.

Sunil Jain That is true, but apart from that any additional strategy you are combining it so you can improve the web sales?

Sunil Agrawal Once this 5.7 version completely stabilizes which we expect to stabilize in next one week or 10 days, it is already showing traction of growth. But once we delve them we have those marketing campaigns in place or help plan all those campaigns, and also we are going to launch EMI on web which is not there right now. So that EMI on web maybe launched in about 1.5 months if that is the time it will take after the site stabilizes. And we have a new e-commerce manager who comes with a lot of experience in e-commerce and is already in place. So he comes with a lot of ideas of promoting the web to our existing customers as well as new customers.

Sunil Jain The two data points, how much was the EMI share in this quarter and what was the return in this quarter?

Sunil Agrawal So EMI was 23% of sales and this current quarter was EMI denominated.

Sunil Jain And return?

Sunil Agrawal Sunil, we are trying to take out the data point, we will share you in few moments. But my estimate is that the total returns between US and UK put together is approximately 21% and 22%.

Moderator Thank you. We have a follow-up question from the line of Tarun Verma. Please go ahead.

Tarun Verma When we talk about the Hybris platform being completely deployed, is that something that impacts the performance of mobile web or is that something that impacts the performance of mobile app as in Android and iOS as well?

Sunil Agrawal The latest version which is Hybris 5.7 is highly mobile optimized for a responsive website. So that means every device, whether you go by iOS or by Android or iPad or iPhone, it will format to that particular device. So that is highly responsive. Now apps are something that are more engaging because the experience of company's revenue from the customer who buy from app versus from responsive mobile website is the difference is 1:2. So our interest in web through app is to get higher engagement from those customers, and within app we want to give further advanced features that will utilize features of that particular device whether it is the touch or the movement or there are a lot of other features that we are trying to incorporate into our app. But this is still a work in progress, but app engagement is higher than simple responsive mobile website.

Tarun Verma Sure. What percentage of revenue, what is the contribution of mobile app to our revenues into these?

Sunil Agrawal Currently it is very small because our app is not e-commerce transaction enabled, so they cannot buy off the app, they have to call. So it is very small, but overall when you look at mobile versus total web revenue, already mobile almost accounts for 45% of our revenue from the total web revenue.

Tarun Verma So mobile is includes browser revenues also?

Sunil Agrawal Yes, total e-commerce revenue, so mobile is already 45% of our revenue.

Tarun Verma Hybris is something that would improve on the performance of mobile app as well?

Sunil Agrawal It is mobile responsive website.

Tarun Verma Mobile responsive website only?

Sunil Agrawal App is something different, app is not Hybris, it connects with Hybris but it is not Hybris product, so app is a separate thing which we expect to launch in H2. We already have apps out there but they are not transactional apps yet.

Tarun Verma And second, sir overall what are the drivers for revenue growth over the next two to three quarters?

Sunil Agrawal Your question is, what are the drivers for revenue growth?

Tarun Verma That is correct.

Sunil Agrawal So, the main driver for us is our product, our presentation and our promotion. So the product is already almost one-third the average price of our competitors and presentation is through our talent, that is the new talent that we have hired in US, our head of US business, our e-commerce head, our IT head and the presentation head of sales, so all the talent brings to our product in a better presentation to the customer and marketing promotion through television as well as through our e-mail and our mailers that we send out customers are highly advanced, getting better with our new talents.

Tarun Verma So what I am seeing is the product and the promotion part is something that we always had with us over the last couple of quarters, what change do we see over the next couple of quarters that should be able to drive let's say an improvement in revenues?

Sunil Agrawal As we continue to improve on our product portfolio, number one is brand. We have launched quite a number of brands since last morning as the customers are engaging with those brands we expect that to benefit us. Second thing is, the lifestyle product. As we are improving the lifestyle engagement, for example in our UK business currently the lifestyle product is running at 25% of sales, the beauty has been doing very well, the accessories are doing very well, even the home textiles are doing well. Same translating into US, US is still lower, it is still at 10% but we expect that to increase as we bring in more innovative products. And also average price point, we went a little bit too high in average price point, and as I said earlier to Mr. Sunil Jain's questions response, we are moderating somewhere between $22 to $27 in current quarter and onwards. So that will also be changed in product portfolio. Second thing about presentation, we have a new head of sales in US and she has more than 15 years of experience on television shopping. She is bringing a lot of training to our sales team and bringing talent as well; expert talent as well as host talent. So the presentation is much better. And also, we are adding a lot of storytelling, this is a process that we are paying lot of attention to because television is all about story, how you engage with customers and that story is really adding a lot of value for our customers. And as you have seen, since we have launched all those initiatives, storytelling has been a component that has not been highlighted enough but has added a lot of value for our customers.

Moderator Thank you. We have the next question from the line of Pritesh Chhedda from Lucky Investment Managers Pvt. Ltd. Please go ahead.

Pritesh Chhedda Sir, just wanted to get some understanding on the rise in realization and the drop in gross margin, I could not understand the connect? And second, on the operating cash flow side, it is negative so just wanted to take your thoughts there.

Puru Aggarwal So your question on operating cash margin, let me take it first. The cash margin, I had explained just before, one is that B2B business this quarter has been higher compared to last year Q1 which has resulted in to lower margin. Second is that last year Q1 US had change in accounting policy, the duty expense gets started loaded on inventory which resulted into a lower raw material cost in last Q1 which abnormally shows a higher gross margin. But if you look at the gross margin for the quarter, it is at 64% which is pretty healthy and in fact pretty high compared to the previous years. So that is with respect to your first part.

Pritesh Chhedda Sir, this answer of yours is for gross margin?

Puru Aggarwal Yes.

Pritesh Chhedda But sir, I am just wondering B2B business is just 10%, still it would have that kind of impact on gross margin of about 300 basis points and on the other hand our realization would have jumped by about 25% on 80% of your business.

Puru Aggarwal So realization is another piece which has a lot to do with the initiatives which we took. If you look at last few quarters, last year we started a returnability in the first phase of July and in September we started budget pay EMI and then we started home grown brands. So these are the three reasons actually which has led to higher ASP. And if you look at the volume, under 10 volume is lower, but above 10 the volume has grown up, which means that higher ASP has led to a better attraction in higher price points.

Pritesh Chhedda But higher ASP does not mean higher gross margins.

Puru Aggarwal we have thick gross margin , be it under 10 or over 10.

Sunil Agrawal Pritesh this is Sunil I would just interject the current quarter's gross margin of 63.5%, almost 64%, that is highest over last five years, has a trend line in front of me FY13 was 60%, FY14 61%, FY15 61% and FY16 it was 63%.

Pritesh Chhedda So that particular quarter reference has abnormally high number then?

Sunil Agrawal So last year Q1 was abnormally high but for the whole year last year it was only 63%, so this quarter actually is higher than the trend.

Pritesh Chhedda And sir on the fixed cost side, if you can now tell what is the quarterly fixed cost in the business?

Puru Aggarwal That is a numbers question. So in fixed cost if we look at actually one component which has been up is depreciation, it has been up from Rs. 4.3 crore to Rs. 6.6 crore. So this depreciation is higher because of SEZ, which is already operational. And second, it is higher because of investment in Hybris and other IT instruments. So these are the two major reasons which has led to higher depreciation.

Pritesh Chhedda Sir, I am actually asking for what is the fixed cash cost in the business.

Puru Aggarwal So the other aspect of the fixed cost is cash cost, which in some sense it was higher. But the cash cost if I look at, actually it is Rs. 118 crore last quarter compared to Rs. 126 crore this quarter, up by Rs. 8 crore. Largely it is due to the translation of US dollar into rupee because our broadcast content cost in US is in dollar which will get translated into rupee. So that translation is one reason which impacts rupee. Second impact which is there other than the dollar to rupee translation is that warehouse which we took in US has a rent cost which is in addition and then some hosting cost which we put it as admin cost is also a reason of increase in this quarter. Sunil just mentioned that presentation and storytelling has been better so as a result of that that content cost also went up.

Pritesh Chhedda And why the operating cash flow is not there?

Puru Aggarwal Operating cash flow, if I break it down for your information, so there is cash from operation Rs. 20 crore and it was nullified because of increase in current assets. So in current assets when we break it down, two components have been there, largely it is inventory which I told in my opening remarks that inventory is up which we see as a short-term phenomenon, it will be liquidated in next two, three months. And second component is debtor, last Q1 there was no debtor because there was no EMI and this quarter there is EMI play, so around $2 million net debtor has been up.

Moderator Thank you. We have the next question from the line of Aksh Vora from Praj Financial. Please go ahead.

Aksh Vora I just wanted to know the two initiatives we have taken last year for the EMI scheme and the upgradation in technology. Can you explain a bit in detail what has led to the change in volumes and growth in this quarter?

Sunil Agrawal As I explained earlier, Aksh, one thing is EMI, so EMI when people get three payments so the buyer will purchase higher price point product than they were able to buy earlier, and most of the people they buy from a credit card and whatever the balance limit on the credit card they usually spend. So that led to a higher average price point. And second thing is returnability that we had introduced last year around July. In that returnability earlier we were not taking any returns below $200, so customer for $10, $20 or $30 they were not concerned but purchasing at higher price point, they were really skeptical. Once the returnability was introduced so people start to find price point easier because if they did not like for some reason they could return it.

Aksh Vora So now we do not have any price cap like we had before $200, so now any product can be returned to the Company?

Sunil Agrawal That is correct, any product can be returned back to the Company except the rising auction on the web and clearance sales, whenever we hold clearance sales those products cannot be returned unless they are defective.

Aksh Vora So what is the return rate portion in US and UK currently in this quarter?

Sunil Agrawal As a total return rate is about 18.8%, that also answers Sunil Jain's question, of the total business 18.8%. Now that would also include the wholesale component of the business, so if you only calculate the retail component of the business, in US the return rate of last quarter was about 19% and in UK the return rate last quarter was approximately 22%.

Aksh Vora And sir, we have fairly shifted, means we are in the process of shifting from traditional methods to a more digitized technology kind of model, so what are the risks or challenges you see going ahead can be faced by the Company in process to launch our app then going more towards technology oriented model.

Sunil Agrawal So the technology is forward-looking business model here we are keeping pace with the change in the customer behavior. Brick and Mortar will always be there but lot of meaningful portion of that is going to electronic retail. So we are with the times keeping up with the times to be able to offer the customer from their homes by television as well as web as well as our mobile apps. And the new latest technology we are working on is to offer it through IP Television which will be e-commerce enabled. IPTV means some customers or cord cutters have broadband streaming at their homes but do not have cable, but they still see Netflix or they still see through internet. So we would be available to them through these platforms like Apple TV or Samsung TV or from Hulu, Roku or likes of these. So these technologies will enable us to catch up with our existing competitors, QVC, HSN they have almost 45% of their sales coming through web, where in our case that is just about 20% - 25%. But still, we are way ahead of many other players who are stuck in brick and motor and not fast enough on electronic retail.

Aksh Vora And sir just lastly, don't you think the EMI process going on and people approaching more towards the EMI scheme, the percentage of revenue will shift more towards an EMI and the average price would definitely be up from what we used to have a couple of years ago around $20, that would apparently move towards the similar kind of range you have seen in this quarter?

Sunil Agrawal That is a fair point and we have consciously managed balance of the two, it is easy to go up. But when we went up from $22 to $27 average price point on our television we noticed that the new customer acquisition was slightly lower on higher price point where return rate is also higher. So we made a conscious decision to continue to offer products to customers somewhere in between $22 to $27 rather than going higher than $27 because our model, we find it beneficial also to the bottom-line and for long-term perspective to stay more around $25 than to go to high.

Aksh Vora So our average price will be more towards $25 - $26 compared to current quarter of $27?

Sunil Agrawal Correct.

Aksh Vora And lastly sir, can we throw some light on the competition, how is it facing right now, how are we facing competition right now, are the sales volumes still driven by the competitors like we saw in the last year or our intensity of competition has reduced?

Sunil Agrawal So they are doing the same thing as we were doing last year, only with us the change is that we have bought in the technological changes or the process changes of the customer centric root changes as we were doing and then some more. So they bought in the EMIs, also lower shipping promotion. So our shipping is already lowest in the industry and we brought the EMI that has helped us, and once we bring on the EMI on the web also which is still a smaller portion for business but that will help our overall business substantially more. So whatever is the traction you are seeing in sales growth and whatever confidence we have going forward is assuming that the competitors will continue their competitive intensity same or even at higher levels.

Aksh Vora Right. But currently they are still growing at a fairer rates than us or is it just about the same, just wanted to know how they are doing right now.

Sunil Agrawal So JTV is a private company, so we do not have the published data, but from whatever information we can gather from the market, they are growing fairly well in double-digits ever since they have launched their promotion campaign.

Aksh Vora Still, until last quarter, right sir?

Sunil Agrawal I do not have quarter-to-quarter information, we have just market information from the suppliers or some market information. So they are still growing well.

Moderator Thank you. We have the next question from the line of Shree Vats as an Individual Investor. Please go ahead.

Shree Vats My question is related to the EMI scheme which we introduced last year, just wanted to understand is it implemented on this TV and web interface or how is it?

Sunil Agrawal Yes, it is only on TV and only in US right now, the web will come in fact by the end of this quarter or early next quarter.

Shree Vats And what kind of impact do you foresee on the working capital and the free cash flow going forward because of the increase in working capital requirement that will be there?

Sunil Agrawal So web is just about 20% - 25% of our business, so even if we have 25% of our web share come through EMI it will not impact substantially to our cash flow.

Moderator Thank you. We have the next question from the line of Shyam. Please go ahead.

Shyam My question is related to the feedback from the website, so I understand from the UK site we have some reevoo, we have some feedback that customers provide you. But in the US I was not able to spot something where customers provide feedback, is there something that is available or is it privately there which is not available publicly?

Sunil Agrawal So, from US we see lot of emails from customers and that is what we mainly focus on. And there is another forum which is called BBB, so Better Business Bureau, so you can see the site bbb.org and they rate each company based on their responsiveness to the customer complaints or issues. And we have an A+ rating, the highest rating on that organization. And it is a semi-government organization that gives that rating to all the businesses in US. Also just to add to your question, we get about 5,000 emails every month and about 10000 texts every month to our hosts on air and to our production team, so we constantly monitor those inputs to take care of the customer comment and their interest.

Shyam Another question is on the, now that you have updated 5.7 version of Hybris, what are the data analytics insights that you think will help the business going forward in that?

Sunil Agrawal So I am not very technical Shyam on website, the technical side of that. We have marketing and analytics people who dig the data. But from the feedback or from the input I had was that the 5.7 is highly advanced in terms of cockpit dashboard that they have at their disposal which gives them real time feedback from customer engagement with the website and every page, every segment, every area, whatever area they are engaged, they get lot of feedbacks from that. But technically I would never be able to answer that.

Shyam Last one question, what is the uptime of the websites both in the US and UK, current uptimes?

Sunil Agrawal I do not have exact data but I have not seen many downtimes in the web, except the recent launch where we had to be down for about eight hours. So our expectation from our service providers is 99.9% but I do not have exact data, I can check it and I can let you know.

Moderator Thank you. Ladies and Gentlemen, as there are no further questions from the participants, I would now like to hand the floor over to the Management for their closing comments. Thank you and over to you.

Sunil Agrawal Thank you. I thank all the participants for your questions and your comments. If you have any further questions, feel free to contact CDR or Puru for the clarifications. Thank you very much.

Moderator Thank you very much. Ladies and Gentlemen, on behalf of Vaibhav Global Limited, that concludes this conference. Thank you for joining us.