



## Vaibhav Global Limited

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## Q2 & H1 FY21 Earnings Conference Call October 30, 2020

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**Karl Kolah:**

Good evening, everyone. And thank you for joining us on Vaibhav Global's Q2 & H1FY21 Earnings Conference Call for the quarter and half year ended September 30<sup>th</sup> 2020.

Today, we have with us Mr. Sunil Agrawal – Managing Director, Mr. Vineet Ganeriwala – Group CFO, and Ms. Dipti Rajput – Head, Investor Relations.

We would begin the call with opening remarks by Mr. Sunil Agrawal on the business operations, key initiatives and broad outlook; followed by a discussion on the financial performance by Mr. Vineet Ganeriwala. And following that, the management will open the forum for a Q&A session.

Before we get started, I would like to point out that some statements made or discussed on today's call maybe forward-looking in nature and must be viewed in conjunction with the risks and uncertainties we face. A detailed statement and explanation of these risks is included in the earnings presentation which has been shared earlier. The Company does not undertake to update the forward-looking statements publicly.

I would now like to invite Mr. Sunil Agrawal to start proceedings on the call. Over to you, Sunil.

**Sunil Agrawal:**

Good evening everyone and thank you for joining us today. We hope all of you and your families are staying safe and healthy. Our thoughts go out to all those affected by the pandemic and we are truly grateful for the selfless efforts put in by the frontline warriors.

As I look back, I feel incredibly proud of the entire VGL family as each member rose to the challenge, demonstrating resilience and agility. Our strong run over the years has received further boost during the pandemic. While numerous businesses have upended in these challenging times, our unique vertically integrated model has delivered ahead of expectations.

I am happy to report strong performance by VGL in Q2FY21, continuing the momentum of the first quarter. Retail revenues improved by 29%, EBITDA by 42% and PAT by 44% on Y-o-Y basis. Correspondingly, we continue to deliver margin accretion – EBITDA & PAT margins at 16.5% and 11.8% have expanded by 220 bps and 170 bps respectively. Our cash position improved with operating cash flows at



Rs. 93 crore and free cash flows at Rs. 77 crore for H1FY21. Our retail businesses, Shop LC in the US and Shop TJC in the UK, witnessed robust growth during the quarter, at 19.5% and 26.6% in their respective local currencies. Further, ROCE reached the milestone of 50% on TTM basis. Keeping in line with our payout policy, the Board announced second interim dividend of Rs. 5 per share.

Real-time action is critical in today's world, where success is increasingly defined by speed and agility. We have demonstrated these qualities successively in the backdrop of unprecedented market volatility and nervous consumer sentiment. As you know, the pandemic has caused people to remain largely indoors. Distance shopping formats are becoming increasingly popular and we continue to see strong growth for fashion jewellery and lifestyle products on our platforms.

Our retail business volumes exceeded 3 million pieces in this quarter, registering a remarkable growth of 27% year over year. On TTM basis, we served ~450,000 unique customers- a significant jump of 27% over the previous 12 months. A solid supply chain network comprising of manufacturing in India and China as well as sourcing operations in over 20 countries is the engine under the fast growing Direct to Consumer retail operations in two of the largest consumer markets of the world. Customers on our platforms of TV, Web as well as Marketplaces and Social Media associate our products with high quality at excellent value. This is a key differentiator that drives robust gross margins, which have consistently remained at or higher than 60% across diverse business cycles and came in at around 63% in Q2 FY21.

Now for an update on the quarter's business developments. We have implemented several initiatives to enhance customer experience and increase engagement. At Shop LC, US, some of these initiatives include Themed event of 'Christmas in August' that received strong response; Enhanced studio set-ups both indoor and outdoor and Expanded market-place presence to Overstock.com.

At Shop TJC, UK, these initiatives include – launching of QuickPay for pre-registered customers on the website, Rising Auction now available on the mobile app, expanded our presence to the Fruugo and Wayfair marketplaces, launched Social DR, organized Two virtual customer open days receiving heartening response. At TJC, we now deliver ordered products on an average of one and half days quicker compared to same period last year.

In addition, across both the retail geographies we have expanded our products offerings across categories while expanding our existing categories to more innovative products. We have been continually enhancing our technological infrastructure to support our fast growth. We rolled out Microsoft D365 ERP to both retail units in UK and US in the quarter. So our entire business is now covered by ERP. We also continually invest in our customer facing technological stack, including AI, to ensure that our customers have best experience.

We are continuously strengthening our supply chain to cater to the expanding customer base. This involves expansion of new products sourcing from existing geographies and also exploring new geographies to add to our network. In Q2, we added South-Korea and Japan for beauty products and Vietnam for apparels.

I am extremely happy to share with you that in August of this year, we successfully commissioned a 1MW Solar PV Power Generation Project under Captive use in Bikaner, Rajasthan. Together, with the existing rooftop generation facilities, we now generate our own renewable power to satisfy 45% of the power requirements at our manufacturing facilities in Jaipur. We expect to take this to 100% in next one year.



Now, to share progress on our 4Rs strategy which is focused on strengthening Reach, Registrations, Retention and Repeat Purchases. At the end of Q2, the reach of our TV networks stood at 101 million TV homes as compared to 97.7 million in the same quarter last year. In addition to cable, satellite, Telcos and Over the Air TV, our products are now accessible on our expanding presence on digital platforms including our proprietary websites, Mobile Apps, OTT platforms, marketplaces, Influencer marketing and Social Direct Response. New registrations on TTM basis came in at 260,000 compared to 180,000 in corresponding period of the previous year. As discussed earlier, the momentum of customer registrations has increased significantly over the last two quarters due to Covid; through expansion into new product categories and through expansion on new digital platforms.

This quarter, we saw our customers purchase an average of 27 pieces on TTM basis as compared to 30 pieces in the corresponding period of the previous year. While the absolute number of old customers continues to be at good levels, the repeat rate is low due to sharp increase in denominator that is - new customers in H1 this year. Finally, coming to our retention rate, it stood at 50.8% on TTM basis as compared to 50.6% for the same period last year.

Before I conclude my opening remarks, I would like to reiterate that inclusiveness remains high on our business agenda. We are focused on bringing a positive change to the lives of our team members and the communities we serve and operate within. While operating continuously in difficult circumstances, we have ensured the safety and well-being of our employees by maintaining necessary precautions and safety measures across our retail units, manufacturing units and offices. For functions that are not necessary to be present in the offices, we prefer that our employees work from home. With the COVID-19 pandemic still affecting the world, we continue to support the brave frontline workers. We have donated over 197,000 masks to hospitals, care homes, police stations and schools in the US, the UK and India. We have also provided ~3.4 million meals to migrants and people in need with the help of our partner, Akshaya Patra in Jaipur. It is heartening to share that our 'One for One' program, where we provide school going children with healthy and nutritious meals for each product we sell, has reached 43.5 million meals in India, the US, and the UK combined.

In conclusion, I want to share that we believe that our unique vertical, low cost, agile and direct to consumer model gives us massive market advantage. With over 20 countries strong sourcing network, robust IT infrastructure and a solid team, we are excited about the future. All spokes in VGL's wheel of business, wonderfully aligned for swift and comprehensive response to the current opportunity. We expect to build on this success and close the second half of the year with 18-20% constant currency growth in retail revenues. While doing so on a relatively stable cost base, we see the current momentum of margin expansion to sustain, creating opportunities for ongoing cash generation. On a medium-term basis, we are confident of delivering 15-17% revenue growth on the top of strong revenue growth in current financial year.

With that, I now hand over the forum to Vineet to discuss financial performance for the period under review. Over to you, Vineet.

**Vineet Ganeriwala:**

Thank you, Sunil. Good evening everyone. I hope you are all safe and doing well. I will now take you through our financial performance for the quarter and half year ended 30th September 2020.

After a good start to the financial year last quarter, we are glad to report the continuation of our growth momentum in the second quarter as well. Our overall revenues at Rs. 599 crore marked a strong growth of 23.4% YoY. Retail revenues improved significantly by 29.4% to Rs. 595 crore. I am happy to share that both



geographies have contributed firmly to this growth. On a constant currency basis, ShopLC (US) recorded a growth of 19.5% YoY while Shop TJC (UK) grew by 26.6% YoY. We ended the first half of the year on a strong note. For H1, our overall revenue grew by 24.2% to Rs. 1,149 crore. Retail revenues increased by 30.7% to Rs. 1,140 crore. On a constant currency basis, ShopLC (US) recorded a growth of 19.9% YoY while Shop TJC (UK) grew by 29.1%.

For Q2FY21, within retail, TV revenues grew by 24% and Web revenue grew by 41%. While online shopping is expanding significantly in the time of the pandemic, we are seeing strong traction on TV as well. Likewise, for H1, TV revenues improved by 24% YoY and web revenues by 44% YoY. At the end of H1, TV contributed ~64% of total retail revenue while web contributed ~36%. We do report both these numbers separately, but TV and Web form a symbiotic omni-channel ecosystem that needs to be evaluated collectively along with our other emerging platforms. In this context, I would like to remind you that the lifetime value of our omnichannel customer is significantly greater than that of our TV only or Web only customer. We continuously cross-promote our various engagement platforms with the objective of expanding the omnichannel customer base.

Sales contribution from fashion accessories, lifestyle and essential products continues to increase in our overall product mix, further diversifying the base. Contribution from non-jewellery products increase meaningfully to 32% for H1FY21 as compared to 22% for the whole of FY20.

Volume growth has been strong on both TV and Web platforms. For Q2FY21, TV volumes grew by 21% YoY while Web volumes grew 37% YoY. For H1, TV volumes improved by 30% and web volumes by 39%. ASPs continue to be lower YoY as the sales mix transitions are based on what the customer pulls.

As you know, we have been moving our focus away from B2B to the more profitable B2C business, which now forms over 99% of our revenues.

Another important aspect of our retail revenues is sales made on EMI basis which we refer to as 'Budget Pay'. In H1, the contribution of Budget Pay to retail revenues was 36%.

Gross margin came in at 62.9% for the quarter and 63.6% for H1. Our strong supply chain network that enables us to source from micro markets globally at cheaper costs with a shorter turnaround time allows margins to sustain at 60%+ levels.

EBITDA margin expanded by 220 basis points YoY to 16.5% for the quarter and by 190 basis points to 15.3% for H1. PAT grew by 44.3% YoY to Rs. 70.5 crore during Q2 and by 45.3% YoY to Rs. 123.4 crore in H1.

Cash flows were healthy for H1FY21. Our business model supports high cash accretion based on strong conversion from operating profit. Operating cash flows stood at Rs. 93 crore, while free cash flow came in at Rs. 77 cr for H1. We had cash & cash equivalents of Rs. 308 crore at the end of Q2. ROE was 29% and ROCE expanded to 50% on TTM basis. Debt light capital structure facilitates high return on capital employed.

During H1 FY21 we incurred CAPEX of ~Rs. 16 crore attributable towards investment in the newly commissioned solar power project, studio enhancements, warehouse improvements, ERP and plant and machinery.



We have announced an interim dividend of Rs. 5 per equity share for this quarter, in line with our dividend policy of a 20-30% payout ratio of the annual consolidated free cash flow of the company. This takes the total dividend declared for H1 FY21 to Rs. 10 per share.

Overall, we enjoyed another strong quarter with robust growth, despite the challenges that we all continue to face. Our agile business model has helped us adapt rapidly to changing global scenarios and maximize value for all our stakeholders. We also remain focused on maintaining our lean operating cost structure that further adds to our ability to create simultaneous value for both customers and shareholders.

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

**Moderator:** Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Runjhun Jain from Nirmal Bang.

**Runjhun Jain:** So, congratulations to the management, very good set of numbers. Sir, we have seen that the first half has been quite strong, and outlook also says that we are probably likely to continue for the future. So is there any change in the guidance what you have provided for the full year?

**Sunil Agrawal:** So, we have given 18% to 20% guidance for the H2FY21 for this year, on constant currency basis for retail revenue.

**Moderator:** The next question is from the line of Bharat Shah from ASK Investment Managers.

**Bharat Shah:** When we look at our TV sales, compounded growth over the last five to six-years sales have been about 9% and non-TV omni-channels, including other channels were at about 30%. But when we compare it for the first and second quarter in the current year, both the channels have broken materially from the past. Can we say, is there something structurally altering? Or it is just that people have been cooped up at home and they have been making more purchases? In other words, are we structurally breaking away from the growth rates of the past or it is merely a reflection of the times that we are in?

**Sunil Agrawal:** Part of this, as I mentioned in my earnings call- part of this has to do with COVID, because there were more viewership and more people staying indoors at home. So part that and part is our product agility. So they bought the product appropriate for the time, and our merchandising team is also learning very rapidly, how to be more pivotal. And the third part is our team. So, we recently appointed new team leads in U.S. and U.K., and those teams and also our IT, Finance, HR, all these leads are getting new into the role. And they are doing really a good job in capitalizing on the opportunities for the business. And that gave us the confidence to improve our guidance for H2 for this year. For the coming years we are continuing our 15% to 17% guidance, even on the top of very robust growth this financial year, which was partly COVID induced. So there is a higher confidence in the business model that we have at this time than we had in the past. We always had tremendous confidence, but the traction confidence is more now than ever.

**Bharat Shah:** Also, when you are saying that with the rising business our margins have been steadily improving period by period, that is happening along with the fact that U.K. contribution to the pie is increasing? And so is the non-TV segment, the web and the marketplace and the social media percentage. So would it be fair to say that the profitability and return on capital employed in the U.K. business and non-TV segment is superior to the other parts of the business?



**Sunil Agrawal:** So there are two parts of the question, one is the U.K. and other is the non-TV part of business. U.K. has done well in recent years, there were definitely opportunities to grow. And we believe that U.S. also offers tremendous opportunities for us. As we are learning every day, we are implementing more and more strategies or more and more tactics to improve the business. And as I mentioned that we are on to multiple platforms of selling and multiple product categories. So there are tremendous opportunities for us to continue to grow, both in the U.S. and U.K. for years to come.

Now, to your next point about multiple platforms other than television. It is true that there are multiple new areas that we have gone into in recent past, and they all offer tremendous opportunities for future. We are very excited with all the prospects that we have for the growth in those areas. Now, our gross margin point in those platforms, we keep constant requirement of gross margins on any market, whether we sell on marketplaces or we sell on Social DR, or we sell through influencers, our own complex on digital platforms also offer same margin, except the rising auction format, which is a lower margin, but there is a kind of symbiotic relationship with television, because all the remaining small run SKUs we exit through rising auction format. So, that is kind of tied up with television. But other than that, we expect similar margins for all our businesses.

**Bharat Shah:** One last thing, when we look at gross margins that we have been maintaining at 60% plus, say 63%, 64%, and operating margins now touching 16.5%, so roughly about 47%, 48% is the rest of the expansion. How much broadly will it change or out of this 47%, 48% would be characterized as kind of relatively more fixed, relatively more semi-variable and the one which is variable? Roughly if I can get a broad sense, it will be helpful.

**Sunil Agrawal:** Maybe Vineet, you may have a better idea on the ratio of how much is fixed and how much is variable.

**Vineet Ganeriwala:** Yes, sure, I will take that, Sunil. So approximately, below the gross margins, out of the total expenditure, approximately 30% of that is completely variable. So they are in the nature of shipping costs, credit card expenses, marketplaces and so on. So, they are completely variable in line with revenues. And maybe about 10% odd would be kind of a semi-variable expenditure which would include the freights, etc., and so on and so forth. The others are relatively fixed in nature, the balance 60% would be kind of more fixed or stable.

**Bharat Shah:** You mean 30%, 10% and 60% of the total expenses?

**Vineet Ganeriwala:** That's right, the total expenditure below gross margin till EBITDA, out of that total expenditure, about 30% would be variable, 10% semi-variable, and the rest 60% would be sort of fixed or stable.

**Moderator:** The next question is from the line of Kanwalpreet Singh from Ambit Capital.

**Kanwalpreet Singh:** Sir, when I compare the Q1 numbers and the H1 numbers, which is given in the presentation, I see that jewellery as a percentage of total sales in Q1 was around 64% and for H1 jewellery is around 68%. So, if I am not right, Q2 must have seen significant growth in jewellery segment. So with this as the base, I wanted to understand how are you seeing certain trends in the non-jewellery segment? Because as I understand, you introduce a lot of new products, and I remember you saying that even masks were introduced during the pandemic time. So, just certain trends which are happening in non-jewellery and what are the major categories there that you are focusing on now?





**Sunil Agrawal:** In Q1, our essential segment was about 13.5%. And in Q2, our essential segment is just about 3.5%. So, essentials have really slowed down, but that space has been taken up by jewellery and other LSP categories. So, let me rephrase that number. On the gross level and net of returns, it is 18% to 5%. So it was 18% in Q1, it is 5% in Q2.

**Kanwalpreet Singh:** Right and which segments are more resilient in this which are not non-essential and which form, like let's say, 10% or like the major chunk of the non-jewellery sale?

**Sunil Agrawal:** So, non-jewellery, the beauty is number one for us, beauty would include the anti-ageing creams or fragrances or hair care. So, that is number one. Number two would be home, at this time people are staying at home, they need kitchen utensils or home decor, bed sheets or the bathroom accessories, all that; followed by other accessories like scarves, handbags and all that.

**Kanwalpreet Singh:** Okay. So would it be fair to say that this is like almost half and half, half between beauty and half between home?

**Sunil Agrawal:** I don't have the breakdown, Kanwalpreet, that probably Dipti can share with you later.

**Kanwalpreet Singh:** Okay, sure. Sir, the other question which I had was with regard to cash generation and capital allocation in the medium-term, because the cash generation has been very strong, almost you are doing around Rs. 80 crore of free cash flow almost every six months. And the gross block in the fixed assets is around Rs. 170 crore. So, just wanted to understand from the medium-term perspective for next three to five years would you be looking at returning cash more back to the shareholders or how do you think about capital allocation in the medium term?

**Sunil Agrawal:** So, as we did last year, we didn't see a bigger opportunity to utilize the cash for any M&A activity, so we returned the cash to investors. So we will continue to do that, look at closely. If we have opportunities, then we will keep the cash or utilize the cash in M&A. But if you don't, we will return it back to the shareholders.

**Kanwalpreet Singh:** Right. If I may just add one follow-on. So in inorganic opportunity, do you see, I remember last time you had said that Japan and Germany may be interesting market from a similar demographic profile. But do you see such opportunity in the medium-term through acquisition?

**Sunil Agrawal:** Yes. So we are constantly exploring, whether to go in geographical expansion or to look at any other entity which is suitable for us, which will have synergies and benefits. So we constantly look at other areas as well, and at the right time we will go into those opportunities. We are open to that. But we are not aggressively going for it, because our existing businesses have tremendous opportunities for growth, as you are seeing, in last few years, especially during pandemic we have learned so much and executed on these opportunities.

**Moderator:** The next question is from the line of Chintan Sheth from Sameeksha Capital.

**Chintan Sheth:** Congrats for the good set of numbers. A couple of questions, one, on the other income, if I look at relative to our cash balances, the yield is slightly lower than what we used to do in the past, is its partially driven by the lower interest rates, that explains the decline? that is one. Second, again, on the capital allocation, so we are right now 15% margin, you see growth guidance are also in line with what we have previously guided, upping for the second half, obviously. So, we see a continuous trend of your margin expansion through operating leverage. Do we see that to



support this growth going forward, do we need extra channel in either of the geographies? Because now additional broadcasting cost can be sufficiently covering the cost, that do not impact much of our historical margin. Do we feel the need for extra channel in either of the two, sir?

**Sunil Agrawal:** Vineet will take the first part and I will take the second part.

**Vineet Ganeriwala:** Yes, So, our other income is slightly lower only because of the reduced interest scenario. So broadly, the overall interest rates in the market have come down. And most of our funds are in U.S. where the rates are substantially down since last year. So that's the only reason. If you look at corresponding, you will see the corresponding saving also in the interest cost as well. So nothing changed drastically other than the broad interest scenario in the market.

**Sunil Agrawal:** Answering the second part, Chintan, we are currently broadcasting our signal in the U.S. and U.K. independently. And the same signal, we try to put in as many channels each home that can be productively accretive, which should give positive ROI to us from an investment point of view. So we are still about 1.7 channels per home in the U.S., and about less than 1.4 channels in U.K. So we still have a lot of opportunity to grow, compared to QVC HSN, who have three or four channels per home. Also, within those markets, we have more homes that we can get. And we are also learning more about the product categories and we also learning a lot about digital platforms to reach to the customer. So we have a lot of opportunities of growth within these two markets. As I mentioned in an earlier question, that if there is an opportunity that arises for other geographies, we will look at it. We are not going aggressively at this time, because there are so much opportunity in front of us to execute and grow rapidly in our existing geographies.

**Chintan Sheth:** Over the day broadcasting, what is the number of hours or number of minutes per day broadcasting in Q2 and how are we compared to last year, if you can just qualitatively give some colour to it? And what are our plans going forward?

**Sunil Agrawal:** So, we are 24/7 live, In both our locations we are 24/7 live programming. So we are covering all the minutes of the day. But our effort is to broaden that signal to the same home as well as more homes.

**Chintan Sheth:** Right. So it will be 1.7x24 in U.S. and 1.4x24 in the U.K., that is the way we have to look at it?

**Sunil Agrawal:** Yes, that is correct. But also improve the signal to more homes in both geographies. In U.K. we are fully covered, but in the U.S. there is some opportunity to improve our footprint. There are still about 25 million to 30 million homes that we are not in currently.

**Chintan Sheth:** Okay. And how is the OTT in terms of revenue contribution within the TV segment, if you can speak a bit about it, because that's a new segment related to the cable TV. So if you can provide some color, how that is shaping up?

**Sunil Agrawal:** This is still small. We recently hired a 20-year experienced veteran from HSN to lead our OTT initiative, very powerful, very capable person. So we expect this year to do just about \$2 million in OTT in the U.S. So that is less than 1% of our sales in OTT. But we expect this to accelerate in the coming years.

**Moderator:** The next question is from the line of Vishal Jajoo from Tycoon Mindset.





- Vishal Jajoo:** I just want to know your views, as we are expanding in our web segment as well, so are we sort of facing any competition threat from players like Amazon who have like delivery days of very few, like less than a day, so are we sort of facing any threat or competition from them entering in our space?
- Sunil Agrawal:** Thank you for the question. So, Amazon has its own space and very powerful space, and amazing business model, all my respect for them. So, we are learning from them every day and accelerating our time to consumer. As I mentioned in my opening remarks, in U.K., we are already one and a half to two days quicker in delivery. In U.S. also, we are going towards that to be quicker to the consumer. And also, we are on Amazon as well, so marketplace we started three years ago, and this year we expect the marketplace to contribute about \$13 million in our sales between U.S. and U.K., compared to last year, it was just about \$4.5 million. So even on the marketplaces like Amazon, we are expanding our business rapidly. So that shows the strength of our product offering and our storytelling abilities.
- Vishal Jajoo:** So, do you think that there would be any margin impact on long-term basis? Because in Amazon there would be many sort of entrance of other competitors as well. So do you think that this will impact our margins in the near future?
- Sunil Agrawal:** Our margin on marketplace is exactly same as our own business, there is no lower margin on Amazon, Walmart or eBay. So we don't expect our margin to be impacted in any way. So our guidance is on medium-term, that we will be +60% margin business model. So we start with the product selection that will give us that margin, or the brand solution that will give us that margin. If they don't give us give us that margin, we don't go into that.
- Vishal Jajoo:** Okay. And what if we expand in other geographies, as you have mentioned that we won't be expanding in the near future, because we see the growth opportunities in U.S., U.K.. But if we just expand in other territory, so how much time does a Company like us take to expand in other geographies? Like if we expand in Japan and Germany, so how much time will it take to have a good established base over there?
- Sunil Agrawal:** So, based on our earlier experience of U.S., U.K., and Germany, we were in Germany in 2007, but during the recession we closed it. So it takes about three or four months to establish a new entity there, between three to six months. But it takes about three to four years for the unit to become profitable. So we have a gestation period of that period.
- Vishal Jajoo:** Okay. So expansion will always be a long gestation period that benefit in the future, right?
- Sunil Agrawal:** Correct, yes. So three to four years there is a margin, or profit dilution from that particular unit.
- Moderator:** The next question is from the line of Kapil Banga, as an individual investor.
- Kapil Banga:** Congratulations on splendid results. So, I had a couple of questions; one is on the logistics part. You mentioned that logistics, about one and a half days to two days of improvement is there in logistics. So what was the number earlier and what it has come down to in the U.S. and U.K. separately?
- Sunil Agrawal:** The day's improvement is in U.K., not in U.S. So in U.K., it used to be approximately four days earlier, now it is two and a half days. So a product gets to a consumer in two and a half days. In the U.S., we have not been able to execute on faster delivery yet, due to pandemic, there is a lot of demand and pressure on all the carriers. So



we are negotiating with them to reduce the time to delivery to the customer. In fact, during pandemic, earlier it used to be about 4.2 days, and during pandemic it is actually now about 5.3 days right now. So it has gone up during pandemic. We hope to bring it down after pandemic maybe Q4 of this year or Q1 of next year. Our aim is to bring it down to three days. And we are working towards that. We are trying to do that in a cost-effective manner that doesn't impact our profitability.

**Kapil Banga:** Okay. So, four to five days is on the higher side. And just drawing a parallel here with Amazon, which currently does the next day delivery and is now working on same day delivery. And actually, if the time difference between a desire and actual consumption is lower, it creates a better mousetrap for the consumer as well. So a shorter delivery will meet delivery period, will mean more purchases by the consumers.

**Sunil Agrawal:** Thanks Kapil, we recognize that and appreciate your advice. So we are definitely working towards it. And we have a lot of opportunities to increase customer engagement with better delivery in coming quarters, coming years. And we are working on the same.

**Kapil Banga:** Glad to hear that. Second is, do you think now we have the capability to use these platforms, the great platform that we have created in the form of channel, app and website, to now start advertising sponsored products, the way Amazon, Flipkart, any other e-commerce platform would be doing, like we see sponsored products on these platforms - would it be possible for us to also generate certain advertising revenues through the large customer base that we have? Essentially, the thought process here is that with the minimal capital investment, and having access to consumers in developed markets such as U.K. and U.S., we will be able to get more revenues and get a larger share of the wallet.

**Sunil Agrawal:** Sure. So with Amazon or Flipkart, they are marketplaces, and with all third-parties selling the product, so they have a good revenue stream of advertising, so advertising within their platform to get more visibility for those sellers, as well as to get from placement ads. Remember, we manufacture majority of our product ourselves, we sell very few third-party bands, and we have no third-party sellers. So we don't have an ecosystem of advertising revenue generation within our businesses. And we do not yet have any visibility of converting to marketplaces anytime soon. So thanks for the advice. We will keep that in mind. But we don't have that visibility at this time.

**Kapil banga:** Okay. Just one more question from my end. The new customer addition is very robust, congratulations on better traction on that front. But still, given the market size, there is a lot of scope in further expanding the customer base. So, what new steps are we taking to do that?

**Sunil Agrawal:** So, we are constantly investing money to get new customer in both geographies, whether through television, being on the good channel positions where customers see us as a passer-by when they flip the channel, or on web properties through digital advertising, or on social media. We allocate the budget in a way that will continue to grow in a consistent manner, while having the leverage benefit of profitability. So we are a little bit conservative compared to the many e-com players who burn a lot of cash to gain traction, like 30%, 40%, 50% growth, but burn a lot of money and be negative profitability. So our philosophy is a little bit different. We are happy to go 15% to 17% year-over-year in a profitable manner.

**Kapil banga:** Okay. I would like to squeeze just one more question, a short one. I saw Shop LC products listed on Amazon Japan also. So have we at least on a soft launch basis introduced certain products there?



**Sunil Agrawal:** That is a pretty good insight you have. Actually this was just added two weeks ago. So, our India unit has started to put products on Amazon Germany, and we are testing those markets with some product, what product is working on them for our future potential growth in these markets.

**Kapil banga:** Okay. So currently at pilot stage?

**Sunil Agrawal:** Correct.

**Kapil Banga:** And is the new app launched in U.S.? You were planning to launch it in Q2, and I had shared a feedback that the app reviews are something that we can work upon. So has the new app been launched?

**Sunil Agrawal:** So the app has been revised, we have made improvement on our current app, but the new app will be launched in Q4 after the season, because during the season we didn't want to take chances of new customer experience.

**Kapil Banga:** But just one humble input from my end. We are seeing a lot of traction and some tailwind also because of work from home. And if we are able to get a better version of app in the market during this time, that could lead to even better traction, because it would lead to better customer experience and we could do better in terms of new customer acquisition during these times of COVID, lockdowns work from home is going on, etc.

**Sunil Agrawal:** Most definitely, I appreciate the advice. We have to balance between the risks of any disruption versus increased revenue that it may give. So on the balance we take the decision, what is best for the business, and then we decided to launch the new app version in both the U.S. and U.K. in Q4FY21.

**Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investment Managers.

**Pritesh Chheda:** Congratulations for a good performance. I just wanted to understand one part, the marketplace and the social platform as a channel. These two channels, what it would contribute as a percentage of sales today and, say, in the next three to five years what would be your aspiration in this channel? And what are we doing to achieve those aspiration, both on the software side and also from the technology/ employee point of view?

**Sunil Agrawal:** Good question. As I mentioned earlier, marketplace this year, we expect to go to about \$13 million or so, so that will be based on operations we do between 3% to 4% of our revenue, not even that actually, a little less than that. Social DR, this year we expect to do little less than \$2 million, that will be less than 1% of our revenue. But both these channels have tremendous potential to grow for our business as a percentage of sales and in absolute dollars in coming years. For coming years, we are not giving any fixed guidance. For coming year our growth will vary, but that will definitely be much higher than our other platforms.

**Pritesh Chheda:** Much higher than other platforms in the sense that eventually it should be higher than the web platform of ours? Because for us, platform wise highest revenue is TV, followed by web and followed by others. So when I have to understand it, should it be higher than your own web platform?

**Sunil Agrawal:** So that is very long-term, because web platform is substantial money right now, it is almost 40% of our sale is coming from U.S. and about 30% some odd coming from



U.K. So these are very small right now to make a prediction when it will be bigger web, I do not know.

**Pritesh Chheda:** And what are we doing in these areas in terms of people hiring, on technology or any other things needed to develop this channel?

**Sunil Agrawal:** So just for the Social DR team, we are now about 15 people team, very, very bright people managing this initiative between U.S. and U.K., and marketplace is a strong team and we are continually making investments in that team. And technologically our IT team is on the top of supporting these two teams for any enhancement they need to be on the top of that. If you look at our listing on Amazon, the enhanced brand content of our listing on Amazon is even better than our own website. So, you will see a lot of support coming for these areas from our teams.

**Pritesh Chheda:** And any lateral hiring that we have done here?

**Sunil Agrawal:** Yes, constantly. I mean, we are aggressively hiring in these two divisions, and very young and bright people. So young is kind of age but very bright people.

**Pritesh Chheda:** Okay. And my last question is, considering the cash that we generate in both these geographies, as you have been mentioning that if the cash is not utilized for an acquisition then it gets paid out by whatever percentage the Board thinks fine. But if it is an acquisition, it means addition of a geography is the only way of an acquisition or there can be another ways of acquisition?

**Sunil Agrawal:** It could be same geographies or other geographies. Example, if there was a differentiated TV channel available to us in any of these two markets, we may acquire it where we can add more value and we will you their customer and their product understanding and get our sourcing to merge with that and to get our low cost operation to merge with that. Or go into new geographies.

**Moderator:** The next question is from the line of Sabyasachi Mukerji from Centrum PMS.

**Sabyasachi Mukerji:** Brilliant set of numbers, congratulations to the entire team. I have a couple of questions. First one is a bit more fundamental in nature on the operating margin side. We have been seeing that our operating leverage now, each quarter we are kind of surpassing the operating margin of each quarter with the latest one clocking 16.5%. So what is theoretical operating margin that you can achieve in the near-term? Or what kind of margin level gain, is it 20%, 25%, what kind of visible margin we are aiming at?

**Sunil Agrawal:** We don't have guidance on what future operating margin we will have. We only give guidance on our top-line, and we also guide that there is an operating leverage available to us based on our high gross margin and our some nature of fixed cost versus variable cost. So you will have to make your own model on that, I can't give guidance. And also there is no parallel to our model. There are some parallels in Inditex and QVC, they both are approximately 20% operating margin, at very high revenue level. We believe, in long-term we can even exceed that, but where it will go, we don't know.

**Sabyasachi Mukerji:** Sure. Secondly on the budget pay side, now I see that in H1FY21 compared to H1FY20, I think the budget pay contribution has come down from 39%, 40% odd to 36%. And I also see one more thing on the balance sheet side, is the short-term provision rising, almost doubling, from Rs. 19 crore to Rs. 37 crore. Do we have a link here, is there an increase in short-term provisions? And is it a worry - any highlights on that?



- Sunil Agrawal:** On the first question, addressing about the budget pay, that due to essentials which are at really low price point, we didn't give any budget pay in that. So we typically don't give budget pay on under-20 products, if it is over 20 we give budget pay. As the price points come down, as it did during COVID essential velocity, so the budget pay came down. But in longer run we think about 40% to 45% of our sales will come from budget pay. That is the overall benchmark we keep in mind. So if Vineet can address the second question about provisioning.
- Vineet Ganeriwala:** Yes, Sunil, I will take the second one. So the increase in short-term provision is only because of that in this COVID scenario when there were so much hardship in the broader geography, so we found that the customers may not be able to return a product in the 30 day period normally which we allow them to return a product. Hence, consciously, we are allowing them for, like even if they want to return, we are allowing them and factoring that part and keeping a return provision for that. So the provision is only on account of higher returns, which we expect once the geography starts opening up, it might increase to some bit. Having said that, even after this factoring, that increased part, our overall return ratios remains the same. So this is just to factor in and more for like, the customer convenience and nothing else.
- Sabyasachi Mukerji:** What is an average return rate right now? I believe it was 18% in Q1.
- Vineet Ganeriwala:** Yes, it's very similar to that, 18.1%, around that percentage is only. Like Q1 similar levels of last year. So overall, returns have not increased, but actual returns which has reached the warehouse and those which have not reached the warehouse, that is creating this distortion in the provision amount. So otherwise, no change in any trend as such.
- Moderator:** The next question is from the line of Juhi Shah from Stallion Asset.
- Juhi Shah:** So, I have just one question. Lately, there has been a second round of lockdown in a couple of countries in Europe and some parts of U.K. as well. So, has that impacted our volumes in any way? Or is there any correlation between the volumes or the visits on the website with the lockdown? Do we expect any impact?
- Sunil Agrawal:** Yes. So if there are more people staying at home, they watch more television, they surf more web, they do more social media. So we do see a spike in volumes as more people are staying at home.
- Juhi Shah:** So, is it in the line of what we saw in the previous lockdown and the previous quarter, or is it better?
- Sunil Agrawal:** So the current month when the recent lockdown happened in U.K., so U.S. is not as much in lockdown as is U.K. So we are seeing volume growth in October in U.K. From overall business point of view, I would say, we are at the level of April and May, but we are not selling as much essentials, people don't need that anymore. But they are off taking jewellery and lifestyle products.
- Moderator:** The next question is from the line of Sunil Damania from Marketsmojo.
- Sunil Damania:** I have a couple of questions. Number one, how many SKU do we have in first half of 2020 versus what we had in the similar period last year? Number two, we do some kind of clearing sale plus auction, so what is the kind of revenue that we derived in the first half of FY21, if you can throw some light on that?
- Sunil Agrawal:** Sure. So from the SKU point of view, in Shop LC, we keep approximately 45,000 to 50,000 SKUs at any given time, but that doesn't mean they are designs. So designs



would be about 20,000 at any given time. Because some designs are different colors or different sizes, so the SKU count goes up. And the count is pretty constant year-over-year, because we have fixed time in the day for the television so we keep the same number of SKU churning, so the remaining SKUs goes out to our rising auction. On our website, increasing for WebEx, means web exclusives, we are increasing SKU numbers over the time, but very slowly. So over the years, we don't expect the SKU count to go above 55,000 in the U.S. In U.K., the number, I don't have an exact number at the top of my head, but I think the number of SKUs in U.K. is about 40,000. But that is also a constant number, it doesn't increase any materially higher.

- Sunil Damania:** Okay. And how about this revenue from clearance of sale and auction?
- Sunil Agrawal:** So, you mean the online auction?
- Sunil Damania:** Yes. So, basically, you also take out certain items which is slow moving in nature, where you basically do auction and you also do clearance of that product. So I just wanted to understand what kind of revenue you did in first half of FY21?
- Sunil Agrawal:** So, we don't create separate provision. So we keep churning out the product constantly as they become aged or become short quantities, they churn out through our rising auction platform or through clearance on the website, or through seasonal clearance that we run on television. So our gross margin is all put together of such exit of the product as well. So from the revenue point of view, 24% of our revenue off the website is through this online auction. If that makes sense to you.
- Moderator:** The next question is from the line of Kanwalpreet Singh from Ambit Capital.
- Kanwalpreet Singh:** Sir, firstly, I want to understand if there is a metric for utilization on the current asset base? Because in previous con-calls, we have heard that there has been an operating leverage which is played out. So, for our future sales do you expect significant capacity addition or do you think the current base can have higher sales?
- Sunil Agrawal:** Yes. Vineet, you want to take that?
- Vineet Ganeriwala:** Yes, sure. So, we would go for some manufacturing capacity additions in India in the next few years. But having said that, our normal routine CAPEX year-on-year takes into account these capacity additions. So, we added some even in the current year, we had added some even in the last year. So our normal routine CAPEX annually which hovers around Rs. 30 crore to 35 crore takes care of all these routine CAPEX requirement as well for increasing the capacities. When we go for a new unit, it might be another maybe Rs. 10 crore or so at a point of time.
- Kanwalpreet Singh:** Sir, just to get a sense, if you are doing, let's say, like last two years you are saying you did around Rs. 30 crore of CAPEX every year, how much of sales do you expect to get from that? Let's say on jewellery, if you take that as a consideration.
- Vineet Ganeriwala:** So, I mentioned the total CAPEX, normally routine CAPEX hovers around Rs. 30 crore, Rs. 35 crore - a part of that is in technology, studio, etc., - a small part goes into the manufacturing capacity additions, on an average it would be about, say, Rs. 5-6 crore annually if we look at the last few years. It is all into jewellery manufacturing. Right now we don't manufacture any of the non-jewellery products ourselves in our factories. So, this factory CAPEX is all going into the jewellery manufacturing capacity. And overall if you see, the jewellery revenues which have been growing, if I remember correctly, I believe there is a CAGR of about 7% if you look at the last five years number.





**Kanwalpreet Singh:** Right. Sir, so an asset turn for manufacturing capacity for jewellery, how much would that be approximately?

**Vineet Ganeriwala:** So, a bulk of the jewellery is supplied from India, hence the growth is directly attributable. I need to check the actual number for asset turn, maybe we will send that to you separately.

**Kanwalpreet Singh:** Sure. Sir, the second question I had was, when you say repeat purchases, 27 or 30, that is number of items bought per/by a unique customer, would that be right?

**Sunil Agrawal:** Correct.

**Kanwalpreet Singh:** So, I just wanted to understand, especially because web is becoming a significant part of the overall sales, growing very fast. Do you see a particular differentiation in terms of repeat purchases between TV versus web? And how maybe your customer journey has been, because my sense would be, for a web customer maybe they start up slow and then they ramp up, so maybe if you can throw some light on that, qualitatively, that would be very helpful.

**Sunil Agrawal:** Sure. So within web, there are three streams of web properties. So we sell through streaming television, the broadcast over web, so people who don't have television signal in their homes, they consume media or live streaming through web. And there is prescribed catalogue. So all the product that are now in the warehouse are published on the web and the people browse and buy. And third is the online auction. So, the repeat purchase is different on all these three. And also, many customers or most of our customers, we like our customers to do omni-channel purchase from television and from web. So their quantities are clubbed between the two medium. So to add to Vineet's point in his opening remarks, we consider our business to be omni-channel from a television and web platform perspective. And we will see that the lifetime value of a customer who is omni-channel is approximately 15x then the web-only customer, and about 8x of TV-only customer.

Now, the customer who buys on marketplace, we don't consider that our customer. So that is not in the data. Because that customer belongs to those marketplaces. The customer who has transitioned to us, and that transition rate is less than 2% - so that customer becomes our customer, and that becomes a part of denominator. The customer that we are acquiring on social media, so that is our customer because they come and buy on our website, and they are still very new, and relatively very small business. So that is not impacting the business as a whole. But if the business becomes very big, maybe 10%, 15%, 20% of our business, and their repeat purchase or the retention is different, then the business shape may differ in future. But that business is expected to stay relatively small for next two, three years.

**Kanwalpreet Singh:** Right. Sir, just a follow-on on that. So, like from the web channels which you mentioned, apart from the streaming TV, if I just consider the fixed price catalogue and maybe the online auction, are the repeat purchases there significantly different from what you have for a TV customer? Or would you say more or less the same, around 27 pieces?

**Sunil Agrawal:** So, I have not looked at the data recently of pure FPC customer versus RA customer versus web TV customer. We look at it differently - what is the lifetime value of those customers, and how can we transition them to other channels, so they become omni-channel, become much more valuable to us. Just to give an example, an omni-channel customers' repeat purchase is over 100, whereas the customer who buys only on web, whichever three of the verticals, their repeat purchases is less than 10. So, our interest is to transition that customer to other channels as much as we can.



**Kanwalpreet Singh:** Okay. All right, Sir, just last small question from my side. Of your customer base, when you say like 4.5 lakh unique customers, what percentage of them would be omni-channel?

**Sunil Agrawal:** Yes, it is approximately 11%.

**Kanwalpreet Singh:** Okay. And has this significantly changed over the last three years?

**Sunil Agrawal:** I don't have the data. we will send that separately to you.

**Moderator:** The next question is from the line of Runjhun Jain from Nirmal Bang Securities.

**Runjhun Jain:** Most of the questions have been answered. Sir, just wanted to understand, we have started this year on a very strong note and expecting the continued trend for the future also. Is there anything that structurally has been changed in the marketplace or like probably earlier the competitors were very strong and very aggressive, they have mellowed down. So, what has actually changed and it is something which is likely to remain or it is temporary you feel?

**Sunil Agrawal:** So, some portion of this is temporary. As I mentioned that the COVID viewership has definitely helped us, and some is permanent. So what is permanent is our learning. What customer looks at from at what given time, what product, and our understanding of how to address that need very rapidly. So, COVID has taught us the agility and the power of addressing the need immediately. And what we have done is to expand and strengthen our team very rapidly. During COVID time when most of people were letting people go, we hired people aggressively. And we have taken some very capable people in all the units, and that is strengthening our organization for long-term. So some portion will be, as I gave the guidance, in medium-term we will continue to show the growth of 15% to 17%. And for H2FY21, we will have 18% to 20% growth year-over-year. Now, 15% to 17% growth will come on the top of strong year that you saw this year. So, that means some of the learning that we got in COVID, we are confident that we will retain, that's why we are giving consistent guidance for next year as well.

**Runjhun Jain:** That's fair enough, thank you. Sir, likewise in the cost, like during this quarter also we have seen that the gross margins have been more or less steady and same, like the last quarter. But the EBITDA margins have improved drastically. So, is there any part of any cost also which probably is not there because of less activity in the market, like something probably freight cost? I am guessing this. So is there any cost which is likely to come again and can impact the margins in future?

**Sunil Agrawal:** So, I don't see any major cost coming back in the future. As Vineet already mentioned, the breakup of our fixed versus semi-variable versus variable, that should be the guideline for you for going forward creating a model for operating leverage.

**Runjhun Jain:** Okay. what is the portion of the non-jewellery in total sales?

**Vineet Ganeriwala:** For half year non-jewellery is 32%.

**Runjhun Jain:** Lastly, can you think of now any reason specific which can probably spoil this party going forward? Maybe U.S. election, maybe rising cases in Europe? I know you have partially answered this about the U.K. scenario of COVID cases, but do you think anything which can derail or put a stop on this or derail this party?

**Sunil Agrawal:** We always try to de-risk the business, whether it is in the terms of business growth drivers, or in terms of people, or in terms of competitive intensity. So just from a



business driver point of view, we have constantly put in a lot of effort into having new bullets fired. For example, marketplace that we fired three years ago, Social DR we just fired recently, the Innovation Excellent Centre for product innovation, we just hired somebody very capable person from Titan, he comes with a lot of experience for innovation, to create a Centre of Excellence for innovation. And we stood up those people across all the business units. So every unit has a innovation manager now. And then we are creating a team for branding. We are constantly searching for a very good capable branding person to develop in-house brands. And product merchandising, we are assembling a team, from a strategy point of view, we constantly scan what our computers can do. And from an affiliate point of view, from OTT, we will just make the investment in very capable person. So, we are constantly scanning the horizon for potential business disruptions and insulating ourselves against those disruptions. So having said that, what we don't know we don't know. So, to answer your question, from the visibility point of view, I don't have visibility of any threat coming to us. But there is some that I do not know, I do not know.

**Moderator:** The next question is from the line of Bharat Shah from ASK Investment Managers.

**Bharat Shah:** Sunil, this is a bit hypothetical and business model kind of a question. Supposing you were to know about pandemic a year before, would anything you would have done differently right now or in that intervening period? Would it have any impact on the business design?

**Sunil Agrawal:** The first thing I would do is to get every one of my employees to start exercising, to live better, live healthy. So if the pandemic were to hit, every one of them would be safe, and their families would be safe. I would make sure that everybody would have PPE in place, everybody would have all their education, all the learning that they can get to safeguard themselves. That is the first thing I would do. The next thing I would do is to look at how, as a business, we can make it more resilient, create the safeguards around organization from safety of the people, and safety of our customers. So send out masks to our customers in advance, which I know many people scrambled. We got so many thousands of remarks from our customers when we sold masks, and other people would not, because of our agility we could get that sooner, but I wish I could have got them even sooner in larger quantities, to make people safe and away from the harm. And also look at more talent, if I could hire more talent quicker. We started hiring the people maybe two or three months down the road, but I wish I could have started that day one. Because this is an opportunity that I would never get again, to hire the talent.

**Bharat Shah:** So basically, talent recruitment would have taken a precedence if this unfortunate event you had more time to deal with?

**Sunil Agrawal:** Yes. So just take all the precautions, keep your people safe, their family safe, our customer safe. And then take structured benefit, if I could. The first thing I would do is to keep our people safe.

**Bharat Shah:** The second one, if and when TV, web and other devices kind of all become one kind of device or a place, as in if over the period of time, TV, web, mobile or any other devices, all of these were to kind of merge into one common technology, kind of a single piece for a consumer, how will it impact your business? How will it alter your business design?

**Sunil Agrawal:** So, in case that were to happen, I don't see the visibility of that happening, I will tell you why. Because OTA is over the air the signal, so in U.S. in last five year it increased from 13 million to 20 million homes. And those are mostly local news, local advertising, local sports and people get it for free. Everybody has TV screens in their home, and TV screens have actually increased in last five years. The increment is



low single digit, but TV screens in people's homes have increased constantly. And this free signal continues to be consumed. And we are almost in 13 million to 14 million of those OTA homes. And our effort is to get to 20 million and increase the share within those OTA homes by multicasting. Right now, we are one channel wherever we are, maybe 1.1 channel wherever we are. We have an opportunity to go two channel, three channels in those increasing homes. So I don't see a possibility of them completely merging. But if they were to, we are well prepared with investment that we have done in OTT, in our web platforms, in marketplaces, in Social DR and mobile apps. So we are well prepared if that were to happen, so we are well positioned to take advantage of that.

- Moderator:** The next question is from the line of Astha Jain from Hem Securities.
- Astha Jain:** First of all, congratulations on very strong set of numbers, especially I think this is the record high profits which we have posted for any single quarter. So big kudos to you and your team, Sunil. My question is more of a macro. I just wanted to know with this second wave of infection which is going around in the Europe and even in the U.S., are we making any sort of upside or downside changes in the guidance which we have given? And second question is, what will be the growth drivers which you people are thinking which will give a great support to the Company in achieving its guidance going forward?
- Sunil Agrawal:** Answering the first question, our guidance of 18% to 20% does not account for a rise in COVID intensity. If it rises, it actually is positive to the business even above 18% to 20%. But if it does not rise, stays where it is, for even if we have a cure, say next week or next month, we are comfortable with our guidance of 18% to 20% growth for H2FY21.
- Now, your next part of question, what are the growth drivers for next year or medium term of 15% to 17% growth guidance that we have given on the type top of this strong growth this financial year? So for that, we made investments in our web platform, digital platforms, the third-party digital platforms, Social DR, OTT, our own TV visibility that we see, in both geographies, in low channel positions, in OTA, and also product sourcing, product innovation, team development that we have hired very capable people recently. So these are multiple growth drivers that we have put in place that will give us grow for many years to come. And with the time we will learn more and more, put in more growth drivers into play.
- Astha Jain:** The reason why I am asking is that. now that we have a strong base effect also which will be working in the future financials. So after seeing all that also, are you confident enough of achieving this sort of guidance?
- Sunil Agrawal:** Yes, we are very confident. And that's what, as you might have seen in earlier con-calls, we don't give aggressive guidance, we only try to meet or exceed the guidance that we give.
- Moderator:** Ladies and gentlemen, that would be the last question for today. I now hand the conference over to the management for closing comments. Thank you and over to you.
- Sunil Agrawal:** Thank you, all, for your robust participation in the Q2 & H1FY21 Investor Conference Call. Once again, I wish you and your loved ones health and safety. Feel free to contact Dipti Rajput or CDR India if you have any further question that we can help you with.



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