"Lux Industries Limited
Q3 and 9M FY2022 Earnings Conference Call"

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MR. SAURABH KUMAR BHUDOLIA – CHIEF FINANCIAL OFFICER – LUX INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Lux Industries Limited Q3 & 9M FY2022 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Saket Todi, Executive Director from Lux Industries Limited. Thank you and over to you Sir!

Saket Todi: Thank you for taking the time to learn more about our Q3 and nine months FY2022 financial result. Along with me I have Mr. Udit Todi, Executive Director, our CFO, Saurabh Kumar Bhudolia and SGA our Investor Relation Advisors. I hope you have received our quarterly result and investor presentation by now for those who have not you can view them on our website.

We witnessed very strong demand across all our products category in the third quarter of FY2022. Consumers across all demographics are becoming more aware of the options and they are looking for a high fashion factor as well as comfort, hygiene and brand image at reasonable prices. They now have a better acceptance of branded innerwear product which has largely helped the industry to graduate from unorganized to the organized players and we at Lux are confident in our ability to carve-out an increasing share and outperform the sector and fuel this expansion. During the quarter we were able to deliver better than the expected performance with our sales growing by 24% as compared to the same period last year.

Our premium and economy category had one of its best quarters with a healthy topline of growth of 16% and 64% respectively. The rise in consumption was not only seen in tier 2 and rural areas but also in metros and tier 1 cities. Sales of mid premium segments which include brands like Lux Cozi, Lux Inferno, Lux Cottswool, Lyra and Genx increased by 9%; however, our thermal brand which forms a part of mid premium category witness a slight weakness due to the factors like abrupt weather changes and delayed winter in many parts of the country.

Brand building initiatives for our premium category has picked up and giving a sustainable growth continuously since last few years. Premium category which includes brands like ONN, Lux premium, and One8, registered a sales growth of 16% in Q3 FY2022 as compared to the same period last year. Overall sales contribution of the premium category went up to 13% as compared to 11% in the same period last year. Our volume growth for the quarter and nine month ended December 2021 stood at 6% while the ASP growth was 16% and 18% respectively.

We are pleased to report that this growth across categories was not achieved at the expense of a discounting profitability. For the quarter ended December 31, 2021 our EBITDA stood at Rs. 145 Crores as compared to Rs. 109 Crores in Q3 FY2021 registering a growth of 33% Y-O-Y. EBITDA margin for the quarter stood at 21.74% an increase in 154 basis points. The company's strong brand equity combined with well thought business acumen has helped us consistently deliver a 20% plus EBITDA margin over the last five quarters which among the best in the industry and we intent to maintain the same in the coming quarters as well.

One of the most important factors in developing a brand equity has been a spending on advertisement and marketing during the first three quarters of FY2022 we have also done a number of marketing campaigns depending on the market condition and they have paid off in terms of expanding our reach and tapping into new audiences. We have invested Rs. 749 Crores on advertising and promotion over the last five years which is around 8% of revenue and we have been able to generate Rs. 15.67 on every rupee spent. Our spending for the nine months FY2022 for advertisement was Rs.108 Crores which is above 6.4% of the net sales which is in line with the projection of advertisement and marketing spend for the FY2021.

From FY2023 onwards we plan to progressively restore our ad spends depending on the market condition. Going forward with the Omicron strain being milder than the previous variants and most employees and workers having been vaccinated this time around we expect economic activities returning to the normalcy and expect strong demand momentum to continue in the coming quarters as well. With this, I will now ask Mr. Udit Todi to share his thoughts.

Udit Todi: Good afternoon and a very welcome to everyone. Over the years the innerwear industry has evolved to bring in multiple opportunities and possibilities of growth. Consumers especially the millennial are shifting the conventional consumer request of 'Kuch Achcha Sasta Dikhaiye' to 'Kuch Badiya Dikhaiyae' (Show me something good and cheap to Show me something excellent/classy/cool) to cope with the changing consumer preference to expect quality and comfort at competitive pricing we at last have been rapidly changing and expanding our relevance as a family brand by offering something for everyone in the family to a diverse brand portfolio.

Our continuous focus on brand building activities strengthening our product portfolio implementation and adoption of latest technology in our manufacturing processes have aided us in consistently achieving results that are considerably above industry averages. On the supply chain aspect, we have one of the largest distribution networks which is the core strength of the company, our strong brand equity, and goodwill has helped us maintain long-term relations with the distributors, dealers, and retailers. We are the largest domestic innerwear player by volume with strong presence in north, east and western parts of the country.

As of December 31, 2021, we have been associated with 1,170 plus dealers where we have less than 1% distribution attrition rate. For faster distribution of products across the country we have set up 12 depots and 19 warehouses spread across 12 states across the country. We aim to further strengthen and streamline our distribution network to reach the untapped and the undertapped markets of South India where our sales contribution is 4%.

Furthermore, our women's wear brand is giving traction as the segment which has previously been dominated by the unorganized sector with limited options and inconsistent quality is now being captured by branded players like Lux. This transition is on account of increase in the number of working women and rise in the disposable income supported by the shift in consumer preference for safe and hygiene products.

We believe with time and more exposure and acceptability this area is now opening up, which is good for the industry and creates considerable prospects for growth in our women's wear brand. Lyra, our women's wear brand accounted for roughly 13% for roughly 220 Crores of our net sales of 1,698 Crores in nine months ended 2022. We gradually are transitioning from pure play innerwear player to a mix of athleisure and outerwear player because we feel that strong brand attracts consumers and help us negotiate better business terms with our suppliers.

We are also expanding our e-commerce presence having partnered with top e-commerce companies such as Amazon, Flipkart, Myntra and Ajio. We have currently shipping 4,000 plus online orders per day and aim to generate 100 Crores online sales revenue over the next 3 years.

Going forward by the close of the year under review, we expect Lux Industries business model to be stronger than it has ever been and are poised to grow faster than the industry average. With this I would now request Mr. Bhudolia to take you through the financial performance.

Saurabh Bhudolia: Thank you Udit Ji. The company has posted robust performance for the Q3 and nine months ended December 31, 2021, backed by the accelerated demand across categories.

Our revenues for the quarter stood at Rs. 668 Crores as against Rs. 540 Crores registering a growth of 24% compared to the same period last year. This growth was led by strong demand across our product portfolio and increased share of value added products. Our EBITDA for the quarter stood at Rs. 145 Crores registering a growth of 33% as compared to Rs. 109 Crores during same period last year.

Our EBITDA margin which stood at 22% has seen an improvement of more than 150 basis points Y-O-Y. Our quarterly profits crossed Rs.100 Crores mark for the two consecutive quarters stood at Rs. 101.2 Crores registering a strong growth of 35% over same period last year. We have seen an improvement of 122 basis points in our PAT margin which stands at 15% as compared to 14% in Q3 FY2021.

Now coming to our nine months performance, our revenue for 9 months FY2022 stood at Rs. 1720 Crores as compared to 1364 Crores in nine months FY2021 with a growth rate of 26%. The region wise revenue contribution for nine months FY2022 is as follows: Northern India 29%, Eastern India 28%, Western India 23%, Central India 16%, and Southern part of India is around 4%. While revenue split of segment stood as follows, mid premium 55%, economic segment 32% and premium segment is around 13%.

EBITDA for nine months FY2022 stood at Rs. 377 Crores as compared to Rs. 264 Crores in 9 months FY2021 registering a growth of 43% Y-O-Y. The EBITDA margin has seen an improvement of 260 basis points which stood at 22% versus 19.5% in nine months FY2021. PAT for nine months FY2022 stood at Rs. 265 Crores as compared to Rs. 179 Crores in nine months FY2021 with a growth of 48% Y-O-Y. The PAT margin stood at 15.5% improvement of 230 basis points as compared to 13% in nine months FY2021.

Our working capital cycle was 168 days as of December 31, 2021 which was slightly on a higher end this is majorly attributable to two factors, one management's conscious call to build up raw material inventory as we were expecting a price increase in the raw material and two some build up of finished goods inventory due to delayed winter in many parts of the country; however, as compared September 2021 our debtor days has reduced to 97 days from 121 days but inventory days has gone up to 119 days from 101 days. We have been working to improve our working capital cycle by constantly monitoring and controlling all levers and we expect to reduce our working capital days in the next few quarters.

Before we open the floor to question and answers I would like to emphasise that as a responsible company we are always striving to increase our stakeholder accountability in all our business operations and transactions we are guided by our longstanding dedication to the highest ethical standards and transparency

With this, we will now open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer sessions. The first question is from the line of Mayank Lakdawala from Concept Investwell. Please go ahead.

Mayank Lakdawala: Good morning. Congratulations on the set of numbers. Sir I can see that there is no increase in the number of distributors from your end so just want to know that how much increase in the sales per distributor and then second question how much distributors are there in South India.

Udit Todi: As you can see we have already trying to add on distributors into the South Indian market and we are in talks with the couple of them already but overall yes per distributor sale with the existing set of distributors has already gone up and that is why we see that during this quarter we have achieved a 24% increase in revenue and as far as the exact number of dealers and distributors in the South India market is concerned that is a very marketing or strategic call so we would not want to be open with the number of the distributors which is present in any particular geography.

Mayank Lakdawala: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Ishrat Khatri from Omkara Capital. Please go ahead.

Ishrat Khatri: Good afternoon Sir. I had a question on the sustainability of the gross margins that we have been seeing during 9M FY2022, and I was sort of looking at the numbers and I realized that a lot of that gross margins come from the inventory gains that we have had considering raw material prices that have been consistently going up so this low cost inventory that you have that is definitely benefitting the gross margin if I just exclude the inventory gain and I calculate the core gross margin then that is coming at a much, much lower level then what we made historically so is it cost we have not been able to pass on the raw material price increase completely or we have done it lately but it is coming with a lag I am not able to understand the situation?

Udit Todi: See partly the gross margin which you have seen expanding over the last couple of years has also been in account of change of product mix so the premium portfolio of the company is also gaining pace compared to the semi premium and mass category. See we also have to keep that in mind that the product mix has also been changing favorably for the company and yes you are also right to a certain extent we have gained from the old raw materials in an inflationary scenario so those gains are also there and as a company policy, as a marketing policy we always pass on any increase in raw material prices to the consumers but obviously we also try and make our dealers and distributors benefit from the old rate stock. So part of the benefit is retained by the company and part of the benefit is given on ahead to the market.

Ishrat Khatri: So you mean we completely passed on the increase in raw material prices?

Udit Todi: In the long-term, yes.

Ishrat Khatri: Okay also in terms of the product mix how has it changed because I looked through the presentation about 13 odd percent of our sales comes from the premium category so what was this number let us say year-to-year three years ago as a percentage of our total sales?

Saurabh Bhudolia: Earlier the premium category contribution was close to 11% which has gone up to around 13 to 14% in the current year.

Ishrat Khatri: And where do we see this number going ahead?

Saurabh Bhudolia: You can see it in my deck only maybe number closer to 9 or 10 types.

Ishrat Khatri: In the future what is the percentage do we expect from the premium category based on our strategy currently?

Saket Todi: See we are always saying that in future the premium category growth will outgrow the growth in the economy and mid segment category and the premium category growth will always be few basis points or approximately 5% to 6% points greater than that of the economy and basic category. So slowly and steadily there is a shift which is happening towards the premium category.

Ishrat Khatri: Okay Sir, got it. Thank you.

Moderator: Thank you. The next question is from the line of Bhargav Buddhadev from Kotak AMC. Please go ahead.

Bhargav Buddhadev: Good afternoon team and congrats on a good set of numbers. My first question is that inventory days have increased in December 2021 on the back of delays in the onset of winter season but now that January and February has gone how has been the inventory at the retail level is it fair to say that January the retail inventory would have significantly de-plenished and hence we would have seen season reduction?

Saket Todi: See over a long-term period yes the inventory will see a reduction but on immediate basis the winters are leaving and the summers are coming in so the channel inventory stock is definitely going down and this quarter Q4 when the summer season starts we are expecting that bumper sale happening which happens on a regular basis so seeing the inventory in the channel has gone down and will continuously go down till they replenish it and seeing the inventory at the company level we see that there is a ceiling up for everything and the inventory at this level will almost be ceiling of it.

Bhargav Buddhadev: Secondly our EBITDA margins are now reset at 20% plus so do we expect this to sustain especially given that we have also cut advertising spends this year it is close to about 6.5% of the revenue. How should we look at EBITDA margins and advertising spends going forward?

Saket Todi: EBITDA margins will remain constant or will have a healthy growth only because as I said previously that there has been growth in the premium segment which is outgrowing the growth in the economy in the mid segment and the premium segment commands a better EBITDA margin than the economy segment because of that I think that increase in the EBITDA margin of the premium segment will subsidize the increase in advertisement spends so we are expecting in future we will be able to maintain the EBITDA level margin at 20% plus.

Bhargav Buddhadev: In terms of Lyra brand, the brand has sort of now become close to about 300 odd Crores what is the plan to make it sort of 500 Crores plus brand is it possible to elaborate a bit?

Udit Todi: See in the long term we will definitely be looking at 500 Crores brand under the brand Lyra and we have already spoken about it in the past concalls that we are trying and expanding the product portfolio within the same brand, so earlier it was predominately leggings and bottomwear and now we are also diversifying into lingerie which is innerwear as well as athleisure or loungewear. So now that we will be covering three different categories so overall we believe that over the next couple of years we should be able to reach that mark.

Bhargav Buddhadev: Is it possible to sort of give a breakup between the three within Lyra?

Udit Todi: As of now I can just give you a rough idea we do not have the exact figure with us but on a very rough basis about 80% would still be bottomwear and 10% each would be coming in from lingerie and loungewear.

Bhargav Buddhadev: Lastly on ONN, the brand is close to about 1 million so here what are we going to sort of try to live this revenue number?

Saket Todi: As we have seen that the growth happening in the brand ONN is mainly due to the outerwear category and we are keeping our focus on that category and as the growth is happening in the overall market in the outerwear category we are seeing to outgrow that growth so over the next few quarters we are expecting a similar sort of growth which would happen in this category.

Bhargav Buddhadev: Thank you for your answers and all the very best.

Moderator: Thank you. The next question is from the line of Devesh from DS Investments. Please go ahead

Devesh: Good afternoon. Just wanted to get some comments around EBO channel I know it might be an early stage but just wanted to see how your dealing went, how is it performing in terms of expectation and where you see it in your three to five year timeframe?

Udit Todi: EBO channel is still quite new and nascent channel for us and we are about 20 Crores to 25 storesold only at the moment so we have got very mixed response from the market, some of the stores are doing really well, some of stores are doing average and during the last few quarters really we cannot take out the impact of COVID and get a very clear idea as to how the EBOs would perform in absence of the pandemic so given the pandemic situation it was really difficult to come up with a clear-cut analysis so we will take maybe quarter or two more to get a very clear picture but as of now the response has been encouraging.

Devesh: Again, dialing out for another three to five years qualitative idea where do you see industry going with unorganized to organized coming in and in general the players doing well right so industry growth and where you see us going in terms of volume versus value breakup just a qualitative commentary?

Udit Todi: The company has already been enjoying a good CAGR over the last couple of years and going ahead we should be able to maintain our growth rate and we believe that we should be able to beat the industry growth rate by about 200 to 300 basis points and as you have very correctly mentioned this would primarily be on account of shift from the unorganized to the organized sector. On a whole when the industry is growing the organized sector would be growing much faster than the unorganized sector.

Devesh: Okay, sounds good. Thank you.

Moderator: Thank you. The next question is from the line of Sachin Bobade from Dolat Capital. Please go ahead.

Sachin Bobade: Sir my question is on women segment. You said that there are convergence happening from unorganized to organized segment but then going ahead long-term perspective historically what we have seen is that women segment it is difficult to crack so it has always remained dominated by either unorganized players or in premium segment it is dominated by very few players. Success in mid category and economy category for organized players is very limited so what new initiatives, what new ideas you have or what sort of brand investment we can do in this category your outlook on that please?

Udit Todi: Yes, on the premium segment the market is consolidated by a few players and on the other end there are lots of unorganized player in the women's wear space. If we talk about mid premium brand and also a brand which caters to the nation by market a very few names would come up into your mind and we believe that Lyra as a brand would fix perfectly in this scenario and in order to capture the situation we will be spending heavily on our marketing initiatives over the next couple of months and we believe that the brand already enjoys a good recognition in the women's mind space and when we come up with new marketing initiatives with regards to innerwear and loungewear it will benefit us much more and right now the contribution of innerwear in the Lyra brand would be roughly shy of 10% and with the help of this new marketing initiatives it will really help us achieve very good growth rate there and increase the percentage of revenue coming in from women's innerwear.

Sachin Bobade: How is the early response to new product launch under Lyra brand?

Udit Todi: New product launch has been very encouraging and that is why we have been able to get about 10% each contributing to the top line of Lyra.

Sachin Bobade: The distribution network for these brands would be similar what we have in men or a separate distribution network to be created?

Udit Todi: There is a separate distribution network which is created for because women's wear we are catering to a different kind of an audience but India being such a vast country obviously there is some sort of an overlap between men's and women's distributorship but if we happen to look at it at a very micro picture from a very bird's eye point of view then distribution network would fairly be different.

Sachin Bobade: Incremental spends on distribution network creation that would not be a significant amount?

Udit Todi: That is not a significant amount. For us what we are looking at in the next couple of months we would be spending more on our advertisement and marketing initiatives and the product has already been launched in the market so we believe that now is the time to scale it up and capture the growth.

Sachin Bobade: Sure and Sir we have only 4% contribution coming from South India we are talking about this for last few quarters how is the expansion of network in that market is happening?

Udit Todi: South India market as we said we have that is one of our focus markets and going ahead we will be looking at I think the South India market and increasing our distribution reach there and during the last maybe two or three quarters really the situation with the COVID and the pandemic has not been really great to expand distribution network so we would just want the situation to normalize and stabilize once because mobility tapping out and reaching out to the market was really restricted during these times even we were wanting that once the situation normalizes we will become much more aggressive with the distributor reach there.

Sachin Bobade: All brands will get launched on for this South India or only premium or economy what you have?

Udit Todi: We will be launching the entire bouquet of brands in the South Indian market. It will not just be restricted to a few brands it will be across all brands all the different brands are catering to different audiences at different price point so it has to be a bouquet presentation rather than a single brand or two brand presentations.

Sachin Bobade: Last question you mentioned that this time winter was very different from compared to last year so this time in January the winter progress was very good so any increase in demand for winter products during the quarter?

Udit Todi: Not really. See what happens is any severity in the cold which comes in and after January does not really convert to sales from the company's end. Whatever cold is coming after January that cold is only useful for liquidating inventory at the shopkeeper level or wholesaler level but not at the company level. So that has been one of the drawbacks and winter sales were not really great compared to last year in fact overall across different industries also if you look at the industry outside the textile sector you know the winter related products have not really performed quite well.

Sachin Bobade: This is only for Q3 or in January also?

Udit Todi: This is overall Q3, Q4 combined.

Sachin Bobade: Thanks for your answer. Thank you.

Moderator: Thank you. The next question is from the line of Dhiral from PhillipCapital. Please go ahead.

Dhiral: Good afternoon Sir and thanks for the opportunity. Sir my question is pertaining to the volume growth in the premium segment so for Q3 we have not seen any kind of volume growth so any particular reason for that?

Saket Todi: For the premium segment actually is it is divided into three parts, one is the exports, ONN and One8. So across ONN and One8 there has been growth in the volume growth but both markets there has been degrowth in terms of volume so that is the reason you are seeing a zero growth but if you have the distinction between domestic sales and the overseas sales, domestic sales has a good volume growth. For example in ONN there has been a volume growth in the quarter at around 90% but whereas in One8 there has been a minimum volume growth so on an average if you see the domestic growth happening in terms of the volume in the premium segment there has been a growth of around 60% to 70% which has been compensated by the overseas degrowth that is why we are seeing a result of 0% growth.

Dhiral: Sir how much export has been degrown what is the reasons for degrowth?

Saket Todi: The export has been degrown because export is a very price sensitive market and here we have been able to command the price of the product and as and when there is an increase in the cost we are being able to pass on it to our customers, export market as it has been always competitive with China and India so there has been a degrowth in terms of volume in that channel, but over a long-term period it gets stabilized

Dhiral: Sir if I look at your nine months performance particularly on the economy side so our ASP growth was almost 27% and if I chose premium mid premium segment the ASP growth was just 13% so any product mix change in the economy while the ASP growth was much higher than the other two segments?

Saurabh Bhudolia: So the idea over here is as rightly said by Saket just now that in domestic still we can command the prices but in the premium category again we have to be very careful to have the incremental price for the purpose of export. So that is the reason the premium category will see the price growth is lower than as compared to economy price growth.

Dhiral: Okay and Sir if you see in Q2 FY2021 last year the volume growth was almost 29% so we are entering into the very high base so do you think the Q4 FY2022 will it be growing on the high base of last year?

Saket Todi: Yes, we are expecting to have an annual growth rate of above 20%.

Dhiral: I am talking on the volume side.

Saket Todi: On the volume side, the economy segment will have a good volume growth as in India right now the main season February and March is the economy segment. So there will be a good growth in the volume which overall catapult the volume growth of the whole company.

Dhiral: Lastly on the ad spend as you said till 9 months it was 6.4% so for FY2023 any guidance that you want to share what could be the ad spend overall on the percentage of sales?

Saket Todi: Actually it depends on the pandemic situation if another COVID wave comes in India and how severe it is that will go down but everything is normalized suppose it is FY2020 right now and FY2020 the same situation then it will normalize again back to 7.5 to 8%.

Dhiral: Lastly on the online sector what was the online growth in the nine month and what is the overall revenue contribution?

Saurabh Bhudolia: Currently, we have a run rate of around 40 Crores to 45 Crores in the online sales or anyway the guidance what we have given over a period of another 1.5 to 2 years company will get the run rate of around 100 plus Crores.

Dhiral: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Venkat from 3 Sigma Financials. Please go ahead.

Venkat: Sir congratulations on great set of numbers and you have given confidence regarding recreating the corporate governance Sir I missed on one response so once the inventory is over will the gross margin continue to be like this?

Saurabh Bhudolia: Still we are very much confident that inventory will come down gradually and still we are in position to maintain the gross margin at the similar levels.

Venkat: That is what I wanted to know. Thank you.

Moderator: Thank you. The next question is from the line of Sandeep from Sun Portfolios. Please go ahead.

Sandeep: Very good afternoon and I congratulate on the results, I think you are consistent, your EPS I am expecting is about 130 everything is fine, the demand is good, the margins are good, I am more concerned about the corporate governance side perhaps would you like to comment in this earning call or would you like to do it separately?

Saurabh Bhudolia: I believe we should connect separately to take it forward because currently we are discussing only about the company's financial performance and other stuff, we can connect separately to take it forward.

Sandeep: Why I say this is because you brought up the brand equity kind of thing so all these things affect your brand equity in the end of it.

Saurabh Bhudolia: Yes, right.

Sandeep: So I think we should handle it more openly and we should be very quick in deciding which way the results going right so that is my suggestion. Overall, brilliant results and I again congratulate you on a brilliant business but I just kind of worried on the corporate governance. Thank you very much.

Saurabh Bhudolia: No definitely we completely agree and even if you insist let me give you a quick update on the corporate governance point of view that SEBI has passed an interim order against certain person in the matter of alleged insider trading in the case of our company. Mr. Udit Todi and his wife are also named in the order. There is no direction or any observation against the company in the SEBI order and as such no bearing on the company in any manner. The company has also taken a legal opinion in this regard which confirms his position. The company has voluntarily taken steps with assistance from external advisors to ensure that there is no breach or any interaction whatsoever in this regard and is also getting the entire facts and records reviewed. All these updates are provided to the shareholders. Mr. Udit Todi has also clarified his stand in the matter to the board of directors and confirmed that he has neither violated any provisions of law which he will demonstrate to SEBI. As a good measure he has decided to not attend any board meetings where there is any discussions pertaining to the SEBI order. Mr. Todi has also complied with the directions as mentioned in the order and also undertaken to cooperate with SEBI and the company in any manner to bring out all facts to demonstrate his innocence. For now the matter is under investigation by SEBI and we do not wish to comment or elaborate in any of the issues underlying the SEBI order besides confirming that all compliances are being met with by Mr. Todi and also the company wherever necessary.

Sandeep: Thanks for the very good clarification. Just a follow on question is there likely to be a criminal liability on any of this senior management of Lux Industry because I remember the case of Rajat in USA doing some kind of not ethical corporate governance. So just want to be sure on it any criminal liability pending or you see coming?

Saurabh Bhudolia: It will be too early to comment but for now the kind of advices and the visibility what we are getting from our external advisors that as such it does not call for any kind of criminal liability but still as I told you the matter is under investigation till the time we are not getting all the facts and factual on board. It will be very difficult to comment from the company's side.

Sandeep: Thank you very much.

Moderator: Thank you. Ladies and gentleman that was the last question, I now hand the conference over to the management for the closing comments.

Saket Todi: I take this opportunity to take thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with us or Strategy Growth Advisors, our Investor Relations Advisors. Stay healthy and stay safe.

Moderator: Thank you. Ladies and gentlemen on behalf of Lux Industries Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines.