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Tribhovandas Bhimji Zaveri Limited
Q3 FY17 Earnings Conference Call
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Moderator: Good evening, ladies and gentlemen. I am Aman, moderator for this conference. Welcome to the Q3 FY17 Earnings Conference Call of Tribhovandas Bhimji Zaveri Limited organized by Dickenson Seagull IR. At this moment, all participants are in the listen-only mode, later we will conduct a question and answer session. At that time if you have a question, you may please press '*' and '1' on your telephone keypad. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Nilesh Dalvi. Thank you and over to you, sir.

Nilesh Dalvi: Thank you Aman, good evening everyone. On behalf of Dickenson Seagull IR let me welcome you all to the Earnings Call of Tribhovandas Bhimji Zaveri for the third quarter and first nine months of FY17. Today we have with us from the management Mr. Shrikant Zaveri – Chairman & Managing Director and Mr. Saurav Banerjee – Chief Financial Officer. Now before we get started, I would like to remind you all that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by these forward looking statements. Any statements that we make on this call today are based on our assumptions as of date and we undertake no obligation to update these statements as a result of new information of future events. I would now invite Mr. Zaveri to make his opening remarks. Over to you sir.

Shrikant Zaveri: Thank you Nilesh. Good evening everyone, on behalf of our cordon Board of Directors and the senior management we would like to welcome you all to discuss the earnings of Tribhovandas Bhimji Zaveri Limited for the third quarter and the first nine months of the financial year 2016-2017. The third quarter commenced on a very encouraging note as we witnessed robust jewelry sales driven by healthy festive demand and the ongoing wedding season. Despite the short term challenges faced on account of withdrawal of high denomination banking notes in November, we displayed 10% growth in revenues along with a significant improvement of 89% in net profit. Our same store sales also witnessed 10%

growth year over year comprising of 8% growth in gold jewelry sales and 16% growth in diamond jewelry sales. We continued to maintain a strict control on our operating overheads which helped us achieve and improve profitability during the quarter. Going forward we are optimistic of gradual rebound in discretionary demand backed by an extended jewelry season in 2017. We further believe that in the post demonetization environment, organized jewelry retailers like TBZ will be on a stronger platform to increase their market share whilst complying with all the regulatory stipulations. With an improved visibility on discretionary demand we shall continue to explore opening of new franchise stores in the near term and grow our retail presence across India in an asset like manner. With this, I would now handover the call to Mr. Saurav Banerjee our Chief Financial Officer to bring you on the financial and the operational highlights for this quarter and 9 months of this physical year. Thank you.

Saurav Banerjee: Good evening everybody I will first read out the highlights of the Q3 number, the results and also the nine month number. I will begin with the Q3 number. Total income from operation Q3 FY17 Rs. 542.99 crores vis-à-vis Q3 FY16 of Rs. 495.66 crores, Y-o-Y percentage growth of 9.55%. Gross profit in absolute terms Rs. 68.73 crores for Q3 FY17 versus Rs. 65.25 crores for Q3 FY16, 5.32% increase Y-o-Y. Gross margins for Q3 FY17 12.66%, Q3 FY16 was higher at 13.17%. EBITDA in absolute terms Rs. 19.15 crores for FY17, Rs. 17.12 crores for FY16 a Y-o-Y percentage growth of 11.86%. EBITDA margin for FY17 Q3 stood at 3.53% and for FY16 3.45%, PAT for Q3 FY17 Rs. 6.14 crores, for Q3 FY16 was at Rs. 3.25 crores a Y-o-Y improvement of 88.71%. PAT margins 1.13% for Q3 FY17 and 0.66% for Q3 FY16. The nine months numbers; total income from operations Rs. 1316.06 crores for nine months FY17 vis-à-vis Rs. 1349.61 crores for nine months FY16, a de growth of 2.49%. Gross profit in absolute terms Rs. 192.62 crores for FY17 vis-à-vis FY16 of Rs. 182.18 crores, an improvement of 5.73%. Gross margins at 14.64% for nine months FY17, vis-à-vis 13.5% for FY16, EBITDA at Rs. 57.48 crores for nine months FY17 vis-à-vis Rs. 36.18 crores for FY16, an improvement by 58.89%, EBITDA margins 4.37% for nine months FY17 vis-à-vis 2.68% for FY16, PAT at Rs. 12.89 crores for nine months FY17 vis-à-vis a negative of 6.31 crores for FY16, PAT margins 0.98% for FY17 vis-à-vis a negative of 0.45% for the previous year nine months. We can now go into the question and answer session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We have the first question from the line of Yash Agarwal from Crest Wealth. Please go ahead.

Yash Agarwal: First question from my side is gross margin of yours is very volatile, last quarter was around 14.7% and this quarter has come in down. So what are the major drivers of this and where do you see this settling to gross margin?

Saurav Banerjee: Yes. Generally speaking gross margin is a function of various aspects while doing the business and sales, one of them is the product mix itself, so if we have a higher product mix which is skewed towards diamond or if we have a higher product mix which is skewed towards studded jewelry, then generally the gross margins will see an improvement. It depends on the market conditions at that point of time in a particular quarter; how the market is behaving, what type of consumer interest in there in the market; it depends on what type of jewelry they are preferring to purchase. So generally speaking a product mix will always have an influence on gross margins, however particularly for Q3 if you were to ask me what happens to the gross margins, as we all know that the Q3 has witnessed a big upheaval in terms of the demonetization and the withdrawal of legal tender in form of the Rs. 1000 and Rs. 500 notes. So in those conditions when the market is seeing a down trend and the consumer interest or rather focus of the consumer has shifted to bare essentials and jewelry perhaps is not the top of the mind recall, particularly in the month of November and to a lesser extent in December then it is important to strategically bring back the customers to the stores and increase the footfalls and drive the sales. Under those conditions, it is also imperative that there are tactical discounts and some other benefits that are offered to the customers and that is what TBZ has also done to ensure that there is a healthy walk-in to the store and then the sales happen thereafter so that the focus of the customers is shifted back to the jewelry purchase which they were anyways intending to buy. So because of these reasons the gross margins would have seen a dip, however going forward when the conditions are near normal or completely normal, we do not expect the margins to be lower than this. In fact, there will be a significant improvement going forward.

Yash Agarwal: Has normalcy returned back?

Saurav Banerjee: To a certain extent, yes. December was definitely better than November in terms of normalcy, January we are finding a better traction. Of course there was a period which is known as the inauspicious period in the month of January for the first around 14 – 15 days but we are passed all that and because of the long wedding season ahead of us, we are quite confident that the rest of the quarter and beyond will look quite positive for us.

Yash Agarwal: Sir this inventory reduction which has taken place, is it like a seasonal phenomenon or you expect the absolute number to remain out here because last December also it reduced but it increased in March, I was just checking in your PPT. So do you expect the inventory and debt to move up back in March?

Saurav Banerjee: Let me explain this. The levels that you find the inventory to be in today is because of a conscious effort on part of the management and the entire company to rationalize the inventory at both levels; at the diamond level and at the gold level. We have been talking about the inventory rationalization process in all our conference calls and meetings and it has been achieved through a process which is based on scientific formulae and looking at the minimum level of inventory. The right sizing of inventory that needs to be done for a company like TBZ and as a result of these activities and these measures the inventory has been right size, I would say and I do not think that this is a seasonal trend excepting yes, you are partially correct, in the sense that when there is a major festival or a major important occasion coming up then obviously there is a buildup of the inventory to ensure that the customer's interest and the demand that is created because of that festive season has to be met in the right manner and the design differentiation that TBZ has always stood for is displayed in our stores. So to that extent, there is a temporary buildup of inventory which obviously goes away with the robust sales that happen thereafter but on a normal long term basis, I think inventory rationalization is the reason why we have been able to reduce or right size I would say and it is expected that it will be around these levels, however as I said that is, there is a festive or a big occasion coming up there will be a temporary buildup and again it will be restored back to near about these levels.

Yash Agarwal: Sir how many franchise and how many of own stores are we right now running and what is the plan for the next 18 odd months?

Saurav Banerjee: So we have two franchises currently; one is Dhanbad and other is Patna and we are looking forward to opening at least one more franchise in Q4, towards the end of Q4. Going forward we aim to open around 8 franchises in the forthcoming financial years. Next 3 years we are targeting at least 8 franchises per financial year which we would like to open.

Yash Agarwal: So how these franchise stores performed, I think one of them will be more than 18 months old now, so on a per square foot basis or per monthly basis, what are the sales for that franchise? I think The Dhanbad one is open for 18 odd months, right?

Saurav Banerjee: Dhanbad one opened in the month of November 2015, so let us say it has done about 12 months or 13 months of sale, I am stopping at December end for the present moment. The other store which is Patna which is a relatively bigger franchise store opened in the month of August. Both these stores are far away from their maturity levels. It generally takes about two and a half to three years for a store to mature under normal market condition, so while Dhanbad has been performing for one year, it is too early to say that how it will perform when it is a matured store but as I said these are early days. It is a learning curve for the franchise as well as for the company and we have witnessed fairly good amount of sales for the last nine months, for the last quarter in fact the franchise sales were around Rs. 23 crores, Rs. 24 crores in Q3, so we are expecting that full year for the next financial year there will be a lot more. I think the stores will mature a little more, there will be a better experience in terms of meeting the customer requirements and demands and we expect the performance of both these franchises to improve a lot.

Yash Agarwal: Sir final question, other expenses were down quite a lot quarterly as well on nine months' basis, what has driven this and can you give me the nine month figure for your these two franchise sales?

Saurav Banerjee: I will give you the nine months' figure. The other expenses are mainly you know, we have a list of expenses. The major expenses as we know are the human resource related expense, the payroll or the HR related expenses, then we have the advertising expense, then there is a rent expense, the repairs and various other electricity and other expenses that are there. So the other expenses are mainly the miscellaneous expenses. What also happens, if you compare the previous year other expenses with this year's, in the last year we had a hedging gain which was posted in the other expenses. So if you take that out, then actually the other expenses have seen a decline in the sense that we have been able to control the other expenses pretty well.

Yash Agarwal: I am now wondering how is it been done, why is the decline only? I am not saying it has increased or something. So what sort of expenses has been more rationalized, is what I am asking?

Saurav Banerjee: So the only way to reduce or control expenses is to re-look at the manner in which they are happening whether they are bringing any value add into the system and if it is not, for some reason not adding value then we do away with those expenses, we find alternate ways. So every single expense has to be looked into, analyzed and then necessary steps taken to reduce whether it is a better negotiation or whether we curtail them or use them more effectively or drive productivity which we are awaiting.

Yash Agarwal: And Sir the nine month figures of your franchises ones. You have not paid any tax in nine months, so how long do you expect the benefit to stay?

Saurav Banerjee: If you look at the last year's numbers, we had posted a loss for the entire year. So we get a benefit of set off and that is why you are not observing a tax which is paid.

Moderator: Thank you. We have the next question from the line of Digant Haria from Fortune Finance. Please go ahead.

Digant Haria: My question is mainly on this; so inventory I heard you have answered the previous participant that we have more or less reached an equilibrium level and similarly we have seen that your borrowing costs have also come down from Rs. 14 crores two quarters back to around Rs. 12 crores per quarter. So is this Rs. 12 crores per quarter a run rate which we should look at for the next 3, 4 quarters or you expect these borrowing costs which have come down in the Indian economy to reduce this number further?

Saurav Banerjee: No I think we can definitely look at even further improvements in the borrowing costs, if you look at the borrowing cost, it is a summation or an average of what is a plain simple Vanilla borrowing in terms of CC limit utilization and WCDL limit and also the gold loan that we obviously use to buy the gold inventory. So it is a mix of both and the endeavor of the company has always been to utilize limits lesser and lesser by an improved cash flow, one of the reasons why an inventory rationalization was done is obviously to release cash into the system so that we do not have to lean on the banks too much or not as much as we were doing earlier. So that is one of the reasons why the borrowing levels have come down and hence the interest cost will obviously come down. The second is, you know some of the interest cost benefits have been passed onto the company by the banks. Thirdly a better negotiated environment with the banks wherein we have insisted that the interest rates are reduced and the bank charges and various other leverages are reduced to the extent possible and so it is a mix and obviously the gold loan utilization; the increase in that or optimization of that in line with the requirement of an inventory, I think all these factors have led to borrowing cost getting substantially reduced, going forward we expect it as I said to reduce even further, it may not reduce very substantially in a very short term period but certainly you will find some reductions happening.

Digant Haria: And my second question is this, the gold price is quite volatile in the demonetization quarter and I think largely it had got to do with Trump winning the elections in US, so you know we went from a high of say Rs. 30, 500 for ten grams to almost Rs. 26, 900 and now we are back, does this affect the own gold which we have on our balance sheet in anyway, like will we have losses, will we have one-time gains or how should we expect this thing to impact the own inventory that we have?

Saurav Banerjee: Just to explain further, when we say own inventory what it actually means is the old gold that comes into the system, so we have this old jewelry exchange scheme which is offered to all customers and in that process many customers come back with their old jewelry because they want to look at newer designs and wear them and use them. So that is a source of inventory for us, so basically we have two major sources of inventory; one is obviously the gold loan and the other is the old gold which comes in. So in both the cases there is a natural hedge which protects these inventories from the fluctuations of a gold price, so that is how the entire thing is handled.

Digant Haria: So Sir you are saying, it should not make much of a difference.

Saurav Banerjee: It will not make much of a difference.

Digant Haria: Maybe Rs. 5 crores, Rs. 10 crores here and there what we have generally been posted over the years.

Saurav Banerjee: Some small variations can always happen, if there is a huge fluctuation in the gold prices, it can happen but generally speaking we do not see that there will be an impact.

Digant Haria: So our proportion of gold loan, I see that it has gone up like reasonably well in the last three quarters, from 43% we are almost up to 56%, so is this number dependant on how much old gold you get from your customers, like can this number go to as high as say 70% on gold loan and only 30% of our own gold from the old customers who come?

Saurav Banerjee: Possibly yes because we have seen levels of around 63%, 64% on gold loan, so it can go up further, it can possibly go up to 70%, again it depends on how much old gold is coming into the system. So you know old gold is something that is not exactly in our control, in the sense that is up to the customers to walk in and exchange jewelry. So it can range from sometimes it is as low as 25%, it has also gone to highs of around 45% at some point of time, so depending on the old gold which comes in and then the overall requirement for inventory, we shall be obviously buying inventory through the gold loan process and accordingly the percentages will keep on moving.

Digant Haria: And then what is the price differential between the gold loan and our own gold? See I understand own gold you have to borrow from banks to finance that, so that would be say at 11% and what would be the gold loan rate currently for us?

Saurav Banerjee: No, so gold loan is much lower, in terms of percentage gold loan is a much cheaper product, much more economical, so it is around say 3%, 3.5% in that range whereas a normal borrowing will be anything between 11% to 12%, so the blended cost will be around 7.7%, 7.8%.

Digant Haria: And even the diamond inventory would more or less be financed through the bank lines that we have, right that would also be a right assumption?

Saurav Banerjee: It will be as and when required, plus we have credit lines also on for diamond.

Moderator: Thank you. We have the next question from the line of Mahendra Jain from Way2wealth. Please go ahead.

Mahendra Jain: I just want to understand how do you see the demand for, as an asset class because after demonetization the people are like standing in cash and all these things are like asset class, people are putting their money into mutual funds and lot of things into finance instruments, so where you see the real demand, it is from like unorganized sector must be facing lot of problems, so do you think unorganized sector will shift to the organized or real it is tough because you must be having lot of cash customers, so how you see the demand as an asset class after demonetization?

Saurav Banerjee: Demand in terms of jewelry, as we look at demand, we will break it up into two types of purchases that are generally made; one is the wedding related purchases and one is the discretionary purchase. So in our case typically as a thumb rule we have seen that 65% of our revenues are generated from wedding related purchases and around 35% from the discretionary purchases. Now, so and wedding itself, wedding and all the allied functions and celebrations that go with it, is itself a creator of demand for the jewelry industry followed by festive occasions; something like Gudi Padva or Akshaya Tritya or Dussehra or Diwali or Dhanteras or various as a regional festival, they are also creators of demand and thirdly of course the discretionary purchase which people have started making much more than earlier in terms of every day wear, in terms of small ticket items in terms of jewelry that is worn by working woman and the younger generation. So I think this are the basic parameters for a demand which is always there in the Indian economy. There is no concern as far as the demand is concerned. And from the asset class point of view gold have been the favorite from time memorial for Indians. So I think there is no concern on that front. In fact, nowadays we are finding a lot more interest in diamond also picking up. And so if you look at the product mix, the diamond product mix has increased for the company which is agreeing well from margins point of view.

So I think that answers your question as far as a temporary bleak in case of demonetization yes that is because there was an upheaval there was something which was you know a bit of shocking you know sort of, something which happened which nobody was prepared for and naturally you know that takes precedence over any other thing at that point of time. So there obviously was a, you know I would say a dent in demand for sometime as we have also naturally we have seen that and we have spoken that, but that as I said is temporary. We are already finding things that coming back to normal and we do not expect this to last for too long.

Mahendra Jain: I mean what percentage of sale we are having by check or these organize way I mean to say like that?

Saurav Banerjee: Okay, yeah I got your question, so let me put it this way, let us say that our old gold which comes into the system is let's say anything between 30-35% on an average and if that is so and if we are having let's say cash trail of say around 25-30%, then the balance in basically in the form of checks and bank transfers, debit and credit cards. So that's the average I am saying over a period of time. Going forward we expect the plastic money used and the bank transfers and bank related payments to increase the percentages is certainly going to increase because people have got much more use to it, the comfort level has gone up and hence the cash purchases we start coming down even further in the future.

Mahendra Jain: Okay. And one more question regarding R&D regarding designing and all these are we are buying from vendors are we are having our own set up for designing because that is the really trigger I mean for the, designing is the main trigger for purchasing jewelry and all these things. Because in unorganized sector there are so many Karigars (workers) and gold smith are there who are making day to day changes in their design and putting retail showrooms like that. So what we have specialty or regarding design and all of these?

Saurav Banerjee: So in terms of diamonds, we have manufacturing unit factory in Kandivali in Bombay wherein all the diamond jewelry is designed and there are you know best of the Karigars (workers) the most skillful of Karigars are there who are rather designing and rather making those product and in terms of Gold we have huge I would say a tie up with various vendors who supply us with gold jewelry. The designing is done in house, we have a very strong and I would say a very skillful designing team which is led by our Managing Director himself and this design studio and this design team is in charge of the manner in which design have to be made, by those Karigars so it is a team effort. We always keep on looking at the customer requirement and the preferences of the customers and accordingly designs are modified or change or upgraded and so that we are always top of the mind recall and latest of designs are available for our customers.

Moderator: Thank you. We have the next question from the line of Digant Haria from Fortune Finance. Please go ahead.

Digant Haria: Yeah you know, my question is on the margin front, I see that the gross margin and EBITDA margin is both where suppressed and you explain partly it is because of the discount which we have to give in the season which was probably one of kind of season you know where demonetization impact was there. So going ahead you know like this quarter onwards is 5% EBITDA margin an achievable number or you still think there are two three quarters more to go for things to get back normal and reset 5% EBITDA kind of a number?

Saurav Banerjee: As explained earlier and I shall repeat that you know there was this dip due to demonetization or whatever impacts were there because of that, but we have seen that the industries particularly TBZ has been able to come out of it. You know there was gradual improvement in the demand and in the walking and the customer interest which was generated in the month of December, and after that there you know there it has been a constant improvement. However, we maintain that it’s near normalcy but not normalcy and you know we would say that you know it would probably take this quarter to be completely out of the woods in terms of customer interest totally focused on Jewelry purchases in terms of discretionary purchases. In terms of wedding related purchases there is absolutely no issues, the demand is there and it will remain because there is a long wedding seasons, we are into wedding seasons and there is a long wedding season ahead of us which goes well beyond the fourth quarter, and that is how that we will be pretty confident that there is no issues as well as demand for jewelry is concerned.

Digant Haria: Okay. Got it. My second question is this will be the last quarter when we again will have no tax or we can have probably two more quarters where we don’t pay any tax?

Saurav Banerjee: It is on you know on the numbers and we do not shy away from paying taxes, I think the focus is on generating profit and EBITDA improvement of gross margins, EBITDA margins and the bottom line which Profit after Tax, so reliance on whether tax has to be paid or not is inconsequential in my opinion.

Digant Haria: Okay. May be let me reframe my question that you know how much of PBT can we still go Tax free, maybe it may take two three quarter-on-quarters but I guess it is 10 more crores of PBT can go tax free or…?

Saurav Banerjee: If you look at our last year numbers then you will know what were the losses that were reported and to that extent there is a you know set off or tax protection that any company gets, beyond that everything is taxable.

Digant Haria: Right. And my last question is you know in the last quarter we have asked you about what is the mix of a payment that you received from your customers wherein you have given the number that old jewelry is like 30%, plastic money is 20% and cash is 50%, so how did this number change in Q3 during the demonetization quarter?

Saurav Banerjee: So when there is need everything changes and that's what we have observed in Q3, the old gold obviously the old gold and old jewelry and the old world comes in and as I said about the average is around anything between 30-35% at some point of time which has gone up to 45% and at some point of time it comes down to 25%, so I will keep it at an average of 30 - 35%. In terms of plastic money and you know direct transfers from banks, NEFT, RTGS and such other, you know modes of payments. We have clearly seen increase in those numbers and cash components of purchases have started coming down. So I would say you know today you know if you are looking at the average mode of payment then out of the 65% which is left after taking away the old jewelry exchange, I would say about may be about 35-40% is done through the Banking System and the balance is through cash.

Digant Haria: Okay sir, that's a substantial change right?

Saurav Banerjee: Substantial change and we expect may be further you know further changes to it, as I said. There are much more better avenues now, there is lot of M-wallet and all sorts of things in the market, and people are willing to use those products.

Digant Haria: Right. Alright, that's it from my side. Thank you and all the best.

Saurav Banerjee: Thank you.

Moderator: Thank you. We have the next question from the line of Mahindra Jain from wait over please go ahead.

Mahendra Jain: Yes sir I just wanted to understand that we are opening 8 new franchises every year for next few years, so how the franchises will survive or totally on the TBZ brand and if it is like that then what we are doing for branding our product or anything like advertisements so that franchise will survive at least because you must taking all payments against jewelry what you are giving to the franchise then there is up to the franchise to survive in all, so how it works like these mechanism and all three years you are saying like that what top line we can touch by this franchise alone?

Saurav Banerjee: The responsibility of branding and ensuring that the brand on the top of the mind recall lies with the company and its never passed on to the franchisee, so all the advertising and marketing and sales promotion efforts are you know strategized by the company on all India level, and obviously, the benefits of those strategic decision accrued to the franchise. So once a franchisee joins hand with a very strong and one of the most popular and well-known brands like TBZ I think the question is how well they will perform rather than whether they will survive or not.

Survival given we look forward for franchise doing extremely well. Other than the efforts towards ensuring that the brand is on top of the mind, there is a concentrated training effort that is given to the franchise staff there is halt and holding effort which is extended by the company the recruitment process is overseen by the company. Although the staff is on the payroll of the franchise and various such other efforts are taken all the time, in fact from time to time and on regular basis to ensure that a franchise performs to the best of its availability.

So you know we have a very well laid out model I would say which ensures that franchise even if he is not initiated into the jewelry business will obviously understand the nuisance of business you know do well.

Mahendra Jain: Are you looking for existing jewelers like that to convert them into franchises? That is more helpful?

Saurav Banerjee: In fact we are not looking the existing jewelers we are looking at you know business entities business professionals who have been in the retail space, various other industries they could have been in the real estate or pharma or auto, you know garments or various other industries. We would you know like to tie up with them and we are doing so. We would not necessary in fact we would rather not tie up with the entity which will be experienced.

Moderator: Thank you. We have the next question from the line of Yash Agarwal from Crest Wealth. Please go ahead.

Yash Agarwal: Sir I just want to kind of understand before demonetization, before 8th November what was the sales growth that has taken place for you in October and first ten days of November?

Saurav Banerjee: Let me answer it a little differently you know if you see in our presentation we have mentioned that same stores sales growth has been around 10% in Q3. So you can take that as an indicative. October obviously was a very good month we have spoken about it and you know it is because there were several festive seasons plus the wedding season had already begin, so October was fairly you know good month for us. And the entire quarter would have been same but unfortunately even which is beyond our controlled happened. So I think you know that somehow has not given a true picture of the potential that the TBZ would have had in the quarter of Q3.

Yash Agarwal: And sir how you see this quarter and FY 18 panning out in terms of growth? This quarter also the base would be very low for you over the last quarter, so any guidance on the growth?

Saurav Banerjee: I would not give guidance, I will probably put it this way as I said that the demand generation is picking up, it has been constantly picking up in the last one say about one and a half month or maybe even two months and we expect that to get better and better as the progress into Q4, towards the end of Q4 there are some regional festival which will obviously play an important role as far as Q4 is concerned, as far as next financial year is concerned we do not see any problems with the demand generation and we should be able to do fairly well in terms of growth. I think I will probably comment in this manner rather than giving you specific numbers.

Moderator: Thank you. Ladies and gentlemen as there are no further questions from the participants I would hand over the conference over to Mr. Nilesh Dalvi for closing comments. Thank you and over to you sir.

Nilesh Dalvi: Thanks everyone for joining us for today's discussion and in case of any further questions you can get back to us. You can get in touch with Mr. Saurav Banerjee as well as you can get in touch with me at nilesh.dalvi@dickensonir.com. Thank you and have a good day.

Moderator: Thank you very much members of the management, ladies and gentlemen on behalf of the Tribhovandas Bhimji Zaveri Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.