14th May, 2024

BSE Limited Phiroze Jeejeebhoy Towers, Dalal St, Kala Ghoda, Fort, Mumbai – 400 001. Code No. 507880	**National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Code – VIPIND

Subject: Transcript of Earnings Conference Call on Audited Financial Results (Standalone and Consolidated) for the quarter and year ended 31st March, 2024

Dear Sir/Madam,

Please find enclosed herewith transcript of the Earnings Conference Call held on 10th May, 2024 on the Audited Financial Results (Standalone and Consolidated) for the quarter and year ended 31st March, 2024. The same is also available on the Company's website https://vipindustries.co.in/investor/investor_con_call_transcript

Kindly take the same on record.

Thanking you,

Yours faithfully,

For V.I.P. Industries Limited

ANAND CHAMPALAL DAGA

Digitally signed by ANAND CHAMPALAL DAGA
Date: 2024.05.14 16:02:36 +05'30'

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VIP Industries Limited
Q4 & FY24 Earnings Conference Call
May 10, 2024

MANAGEMENT

MS. NEETU KASHIRAMKA – MANAGING DIRECTOR - VIP INDUSTRIES LIMITED

MR. MANISH DESAI - CHIEF FINANCIAL OFFICER - VIP INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY24 Earnings Conference Call of VIP Industries Limited. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Patil from Adfactors PR Investor Relations team. Thank you and over to you sir.

Pratik Patil: Thank you, Rovin. A very good evening to everyone and welcome to the Q4 & FY24 Earnings Call of VIP Industries Limited. From the senior management, we have with us Ms. Neetu Kashiramka, Managing Director and Mr. Manish Desai, Chief Financial Officer.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may be forward-looking in nature, including those related to the future financials and operating performances, benefits and synergies of the company's strategy, future opportunities and growth of the market of the company services. Further, I would like to mention that some of the statements made in today's conference call may involve risks and uncertainties. Thank you and over to you, Ms. Neetu Kashiramka.

Neetu Kashiramka: Good evening everyone. Thank you for joining the call. As you all know, we have announced our quarter four results today. I am very happy to say that after a long time, we have grown by 15% revenue, so whatever I promised that we will be doing a double digit growth we have done and volume growth here is 14%. Secondary sales is also healthy, same as primary. If I would talk about channels, e-commerce channel continued in the growth trajectory it actually grew more than nine months, so we grew 143% in the quarter four for e-commerce. Even offline challenges like general trade started growth. International Business also made growth in this quarter. We opened 14 EBOs during the quarter, the total count now stands at 507 and few loss-making outlets were closed during the year.

Overall penetration, today we have 1300 towns overall. Our distribution strategy as mentioned earlier, we will be focusing on the existing stores and leveraging the existing distribution instead of expanding further because there is a lot of room to expand the throughput in the existing stores. We have also done some connects with the consumers by doing a successful dealer distributor meets. We also did backpack roadshow during this period. Overall if I had to summarize for the year, we grew by 8%, volume growth was 11%. International business, which for nine months was lagging behind also started uptick in quarter four.

Value segments, so Aristocrat actually touched a Rs. 1000 crore club in this year. On Premiumization side, Carlton did very well it grew however VIP and Skybags some more work to do. New launches which we did in April, quarter one should see some results on VIP and

Skybags and Aristocrat as we said will definitely serve at the lower end of the pyramid. Caprese also grew this quarter very well it crossed Rs. 100 crore mark for the year. Base for FY25 has set well, we are looking at growing FY25 better than the market. For Caprese we have also signed up Kiara Advani. We are also looking at extending our GTM for backpacks. Backpacks and duffel are the two categories which I mentioned earlier also that we are looking to expand to utilize our Bangladesh better.

Gross margin for this quarter was 50%, I know it's not encouraging, but there is no discounting in this. What has happened actually is the share of business from Bangladesh has reduced and 5% of the impact on gross margin is mainly because of that. EBITDA 2.3% there are some one offs. Close to Rs. 15 crore is mainly because of one offs which will not be there as we move going forward. Fundamental demand indicators, air passenger traffic, hotel occupancy seems to be positive. FY25 will be the year of transformation for this company. As I promised that first revenue will start and then profitability, I still stand on that statement and H2 onwards you will start to see meaningful profitability improvement.

And yes, internally we all know that some changes have happened in the team and we are all geared up now to make VIP as a transformed organization. Yes, with that I open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rajan Shah from First Water Capital. Please go ahead.

Rajan Shah: I have a couple of questions. The first question is, with a 50% gross margin how do you plan to achieve your EBITDA margin guidance to reach 18% to 20% over the next 12 to 18 months. And my second question is around your inventory level which is in excess of Rs. 900 crore as of FY24. What are the plans that you have in place to reduce these inventory levels?

Neetu Kashiramka: On the first question with 50% gross margin, gross margin is down mainly because of underutilization of Bangladesh. In H2, the utilization will start improving and my guidance for the current year is 15% for EBITDA and for next year it is around 18%. I will still go with our guidance of 15%. H2 will see a substantial upliftment on the profits. Out of the Rs. 900 crore of inventory close to Rs. 300 odd crore is mainly soft luggage and we have stopped producing soft luggage upright and every month we are selling around Rs. 50 crore worth of soft luggage inventory, it is a six month of inventory. I'm not in a hurry because this is not an old inventory and we will not be doing too much of discounting to sell this and by end of the year we are looking at reducing our inventory close to Rs. 200 crore

Rajan Shah: Okay. And I believe that you are also outlined in one of your analysts meet a strategy change to focus more on the premium segment, the premium segment of Carlton, VIP and Skybags on a price point of more than Rs.6000 - Rs.7000 for a cabin bag. It's a very small market, so do you have estimates on how large the market is and what percentage of the market share do you want to capture?

Neetu Kashiramka: Today 55% of our business is coming from other than Aristocrat which is mid premium and premium. Overall market in India is close to Rs.1000 crore, maybe 20% market is premium. My idea is that if overall today we are at 55% how can we make this 60% that will definitely give us an uptick on the improvement in margins. Today we are very small like my Carlton share of business is just 6% in the overall portfolio that can definitely become 10%. We have done quite a few launches during this period like in April we have done launches in lightweight, we have done launches in sustainability, we have done launches in premium hard luggages.

Moderator: Thank you. The next question comes from line of Jigar Jani from B&K Securities. Please go ahead.

Jigar Jani: So elaborating on this gross margin impact So, basically the Bangladesh capacity utilization was low which has impacted gross margin is what you are saying. Is that understanding correct?

Neetu Kashiramka: Correct

Jigar Jani: And what would be your guidance for gross margin then for FY25 overall?

Neetu Kashiramka: FY25 should be 52% to 53%.

Jigar Jani: Okay. And ma'am this employee expenses would include a one off sorry, I miss the one off number that you had mentioned in your opening comments. Can you just repeat?

Neetu Kashiramka: The overall one off number is Rs. 15 crore and Rs. 5 crore out of that is the employee cost.

Jigar Jani: And what would be the rest ma'am?

Neetu Kashiramka: Rest is in the other expenses, basically legal and professional fees.

Jigar Jani: Okay. And the one off that we had to take that Rs. 5 crore is related to the employees that we let go under Bangladesh?

Neetu Kashiramka: Yes.

Jigar Jani: So that is fully taken in this quarter?

Neetu Kashiramka: Correct.

Jigar Jani: Right. And ma'am just looking at VIP this quarter, there is a sharp de-growth even on a year-on-year as well as a quarter-on-quarter basis, any specific reason why VIP has kind of shown a sharp de-growth?

Neetu Kashiramka: VIP brand?

Jigar Jani: Yes.

Neetu Kashiramka: There is no sharp de-growth, for the quarter there is a 7% growth and for the year it's a 1% growth so there is no de-growth at all.

Jigar Jani: Okay, then might be some number issues. And just lastly on expansion strategy, how many EBOs are we planning to add next year in FY25?

Neetu Kashiramka: So, in FY25 we are not going to add too many EBOs we are looking at only close to.

Manish Desai: 35 to 40 EBOs, but more strategy will be to leverage on the existing strength what we have and to optimize the throughput so that we can convert or we can premiumize our brands or the throughput from that.

Jigar Jani: Okay, thank you sir. And just last data keeping question, tax rate what would be the steady state tax rate that we would see for FY25?

Manish Desai: Generally we go, what you are seeing the ETR on a console results on a higher side because of the unabsorbed loss of the subsidiary. However, on a standalone basis it will be driven by the normal tax rate what we have which is 25%.

Jigar Jani: So, standalone basis it will be 25%?

Manish Desai: Yes.

Jigar Jani: And any update on the insurance refund for the fire in the Bangladesh facility?

Manish Desai: The efforts are on and we are very hopeful that it should result into it. There are specific permissions required being the unit in the EPZ unit or, which is export oriented one so that's getting more time but all focus is there to get this refund to the earliest.

Neetu Kashiramka: We should see something around quarter two.

Moderator: Thank you. The next question is from the line of Shobit from Anand Rathi. Please go ahead.

Shobit Singhal: Ma'am two questions from my side. So, first quarter is running below expectation for the industry due to less wedding dates. So, what made us very confident of achieving double digit growth in FY25 and second question is, so how are we replacing this underutilization from the Bangladesh unit. Thank you.

Neetu Kashiramka: So one, at this point of time Bangladesh will be underutilized for some time because soft luggage upright we have enough stocks. We are looking at expanding the business for backpack and duffel but that will take some time. A large part of utilization of Bangladesh improvement you will start to see from quarter three. Confidence on doing the double digit growth for the year is behind to two, three things one, we feel that by doing right we will start to gain market share and if the industry is growing, and most of the people are saying that the industry will grow 12% and that is the confidence I am getting, I should do 1% or 2% better than industry and that's how I'm saying that we should do a double digit growth. Travel is doing well, travel if you look at airline data, if you look at hotel industry, travel at this point of time it is giving positive signals.

Moderator: Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi: Madam, I have a question on our pricing strategy with respect to Skybags. I just observed on one e-com channel that entry level three-piece hard luggage of Skybags is priced similarly to one of our peers which basically caters to the mass market. So, I just wanted to understand our pricing strategy on Skybags. Given the fact that the brand positioning is more on the economy side, so when we were playing this discounting game, why did we not choose Aristocrat and why did we go ahead with the Skybags?

Neetu Kashiramka: Skybags strategy is definitely more with mid premium and not opening price point. This particular range what you are seeing, I know why and that was mainly because the channel partner sold at lower than what price we sold them so that was their investment and not ours, and we have actually asked them to increase the price because that's also hurting my brand and secondly, it's also hurting my other channel.

Jinesh Joshi: So, the course correction has happened right?

Neetu Kashiramka: It has happened if you go today, you will not find it.

Jinesh Joshi: Sure. And madam my second question is on gross margin, I know quite a bit of discussion has happened surrounding it, we are seeing that the gross margin has declined due to reduced share of the Bangladesh operations. But I believe we typically manufacture soft luggage in Bangladesh and any which ways the share of soft luggage sales has been declining because currently the trend is more towards hard luggage. So in that case, how come a swing in Bangladesh can essentially impact our gross margins by 500 basis points?

Neetu Kashiramka: Actually your question has the answer. If you see overall Bangladesh used to add let's assume last year same quarter Bangladesh added Rs. 72 crore and for this it is less than Rs. 30 crore so, that gap is what is changing the gross margin. Overall share of business of Bangladesh has come down, Bangladesh standalone P&L If I have to tell you the quarter, the revenue is Rs. 89 crore versus Rs. 175 crore and the corresponding gross margin.

Jinesh Joshi: Got that. One last question from my side, the borrowings on our balance sheet have increased to about Rs. 530 odd crore then I think that would predominantly be due to high working capital given the fact that we have Rs. 900 crore of inventory on balance sheet. You have mentioned that we are aiming for a Rs. 200 crore reduction by FY25. So, correspondingly should we expect the debt levels to also go down or how should we look at it?

Neetu Kashiramka: Yes, definitely, we are looking at debt to be around Rs. 250 crore.

Moderator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark. Please go ahead.

Tejas Shah: In the recent past, we have seen how industry like ours which rely heavily on wedding, travel, where there is no syndicated reliable data to understand demand forecast and it happened actually paid out in last six months and wedding demand itself for many industries which are associated with wedding related demand. We have seen in our company also episodes of demand forecasting going wrong. And in past we have survived such episodes because of very strong balance sheet and cash on books. But now with very high inventory and the debt point which was raised in the earlier question. Do you still, first what are the measures that we have taken so that this 12% demand that you spoke about, we are very sure of that coming through because, I'm assuming that your inventory ordering also will be based on that kind of forecast. And second, what are the cushions let's say for whatever reason, if the demand doesn't come through, how are we trying to protect inventory, balance sheet, P&L, in case if macros are not in our favor in FY25?

Neetu Kashiramka: At this point of time, we are very, very cautious on ordering RM for soft luggage especially. In hard luggage actually we are not having much inventory it's generally 15 days or even 15 days of inventory is not there today, as we speak and soft luggage now, any RM ordering actually requires a signature from CFO or MD otherwise it’s a clear, clear zero ordering. Unless this inventory of soft luggage comes down to the level of two lakh to three lakh pieces, we are very cautious, and we understand we have a high inventory and high debt both go hand in hand and all our efforts are on to reduce this so, reduce both borrowings as well as reduce inventory.

Tejas Shah: But ma’am at the same time you have also identified the problem statement is the freshness of the brand and inventory. So, how would you manage this conflicting objective where we have to add freshness to the inventory also, and at the same time you have to reduce inventory also?

Manish Desai: Reduction in the inventory will be on a soft luggage, because that's the bottleneck what we have. Where as if you look into the hard luggage what MD rightly said we are hand to mouth kind of situations and indent being there in such a way that we can go to the market and fill the requirement. More importantly, our objective is to go more localization and that's why it becomes more, supply chain also become more robust in order to fulfill those kind of requirements. The challenge in terms of the new product launches and everything is still around. I'm sure we will overcome as we move forward in this direction.

Neetu Kashiramka: Most of the new launches are in hard luggage now because that's the market need or demand.

Tejas Shah: Perfect. And ma'am second and last question on Bangladesh being the cause for not achieving our goal on gross margin front. What will lead to this under recovery in second half as you called out, what are we seeing that will change from today, which will lead to this under recovery on Bangladesh utilization?

Neetu Kashiramka: We are forcing our soft luggage inventory to deplete in next six months, by September, and therefore Bangladesh will start producing soft luggage. Earlier, we had a capacity of 2.2 lakh of soft luggage upright at Bangladesh we have reduced it to 75,000 and today we don't produce at all so once this inventory is over, there is a natural demand at least of 75,000 to 80,000. We have already cut costs of 4000 people to take care of only the relevant demand, but I don't want to reduce further because then I will not get the skilled labor which I need to manufacture this 75,000 pieces.

Tejas Shah: Perfect. So ma'am this 15% margin, will it be much more back ended in the sense should we expect that second half will be way above 15% so that weighted average will be 15%?

Neetu Kashiramka: Correct. This is what I said in my statement also that H2 will see much higher profit as compared to the first half.

Moderator: Thank you. The next question is from the line of Bhavin Rupani from Investec. Please go ahead.

Bhavin Rupani: I had one question related to raw materials ma'am. As per my understanding one of the major proportion of cost in manufacturing hard luggage is your aluminium handles. Just correct me if I am wrong. However aluminum cost have increased by almost 10%, 15% in the recent past. Do you think this will have a bearing on margins going ahead?

Neetu Kashiramka: Not really. 50% of our trolleys actually have already become MS steel. It's become fungible now, and overall trolley cost as a percentage of the luggage is not substantial to make a dent into the profitability.

Bhavin Rupani: Okay, clear ma'am. And my second question is related to channel economics. Can you please provide the breakup of margins across different channels?

Neetu Kashiramka: I cannot give you the margins, what I can give you is range so retail trade is the best margin contributor followed by GT, modern trade and e-commerce are the lowest, CSD is also close to retail. MT and e-commerce go hand in hand with lower margins.

Bhavin Rupani: Okay, ma'am. Is it possible for you to give some sense on how much higher and lower the margins are considering maybe EBO as the base?

Neetu Kashiramka: I don't think that much detail we can give.

Manish Desai: It's a bit confidential because that's what we would like to keep the interest of our channel partners also been intact with us and associated with us, that's the prime reason nothing else.

Bhavin Rupani: Okay. And when you say retail is the best it includes EBOs and MBOs right, so, both of them are equal?

Neetu Kashiramka: No, so this includes only our own EBOs, MBOs is part of general trade.

Bhavin Rupani: Okay, got it ma'am. And ma'am as far as capacities is concerned last time you mentioned the 10 lakh pieces is our hard luggage capacity, 7 lakh is around soft luggage and you had mentioned that we will take directly it to 20 lakhs. So how should one understand that, what should be the breakup right now?

Neetu Kashiramka: 10 and 7 for soft luggage, 2 to 3 lakh we are going to increase in hard luggage at this point of time.

Bhavin Rupani: 13 lakh will be the hard luggage capacity and 7 lakh will be the soft luggage capacity?

Neetu Kashiramka: Yes, by end of the year.

Moderator: Thank you. The next question is from the line of Deepak Saha from DR Choksi Finserv Private Limited. Please go ahead.

Deepak Saha: Just one question, the first question is, if the industry is growing at 10%, 12% and when we are targeting say 15% and plus, so it means we are definitely targeting the higher market share gain. So correct me if I'm wrong, then my understanding is probably we are targeting as you highlighted earlier also the premium segment. So, is it the right understanding that you are trying to gaining more market share on the premium side?

Neetu Kashiramka: I think it will be all, because I don't want to leave even the lower end and the good part is that, VIP as an organization has brand across categories. Our focus will be on all. However, if you see last three, four years we have not grown in our premium and mid premium so that is where we want to grow and not only in Aristocrat.

Manish Desai: We need to deliberate a strategy to the considering the market in front. So, you can't behave differently than what market is asking for.

Deepak Saha: Yes, exactly. So on that front again, now if you see on the premium side typically the perception that is built around VIP on the brand side. So what kind of improvements we are doing to align that perception regarding VIP towards the premium side, because we need to do certain work there to get the alignment on the premium side as far as our brands are concerned, especially on the VIP side.

Neetu Kashiramka: Mainly we will be focusing on coming up with better products. There is a three prong strategy here, one is a lightweight product, the second is using technology, which is tech enabled luggages and the third will be on luxury, under all these three strategies, we have launched something or the other in the month of April, I will request if you can go to our store now you will find all of them. In fact, in the presentation also we have mentioned what are the new launches in all the three themes.

Deepak Saha: Okay, that's helpful. And then one last thing, in one of your earlier concalls you mentioned that you want to become a travel solution company. So by that, if you can kind of share some texture on is some additional products or something that we are coming up with, or something is on the plan, what exactly you are directing towards?

Neetu Kashiramka: In next five year’s time, in FY25 and 26 more focus will be on, getting back to our profitability, and then look at additional growth. One or two things, I can give you the example, we are looking to launch accessories in the second half of this year, in a meaningful way, and some such things so basically, when a customer needs anything and everything for a travel, he should be able to get into my store, but that's a long term plan. My first focus is to get to 15% to 18% of EBITDA margin, post that we will focus on the second piece.

Deepak Saha: Okay. And just before I wrap up, just one last thing. What's your borrowing number, you said I kind of missed it, what would be the boring number for the year ahead?

Neetu Kashiramka: My net borrowing today is Rs. 485 crore, which we are looking to make it half of what it is, around Rs.250 crore.

Moderator: Thank you. The next question is from the line of the Dishant Rakesh Jain from Kausar Capital. Please go ahead.

Dishant Rakesh Jain: So, I just wanted to ask one of your repeat question. So how much inventory we will be able to sell by the end of, or maybe reduce by the end of FY25, you said Rs. 200 crore right?

Neetu Kashiramka: Yes.

Dishant Rakesh Jain: And it does not includes the soft luggage inventory, so like 300 plus 200 that is Rs. 500 crore?

Neetu Kashiramka: No. So today, we have Rs. 900 crore of inventory, which includes around Rs. 300 crore soft luggage inventory out of this Rs. 300 crore we are saying Rs. 200 crore will go down.

Dishant Rakesh Jain: So by end of FY25, 200 will go down?

Neetu Kashiramka: Yes.

Moderator: Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: So, just two clarification I want to understand on the margin what you are guiding. So when you are talking about 15% kind of EBITDA margin is it exit EBITDA margin for Q4 FY25 you are talking or you are talking about the full year EBITDA margin this is number one. And number two like, on the same clarification like when you are guiding for only 2% improvement in gross margin, like what is the mathematics behind like reaching to 15% EBITDA from 2%?

Neetu Kashiramka: There are lot of high cost sitting below EBITDA, one warehousing cost since today my inventory is at all-time high we are incurring huge on the warehousing cost, my freight is high because I'm incurring detention charges, some of my warehouses and there is no space, the truck comes and stands for five to six days so all these costs which are sitting in the other expenses will come down. If you look at FY23 to 24 numbers, you will be able to get that there's a huge gap. In fact, I can tell you, my other expenses in last full year was Rs. 500 crore versus Rs. 700 crore now, there is a Rs. 200 crore delta sitting there, I can definitely get Rs. 100 crore delta out from there immediately. Immediately when I say H2, I have to do lot of work around it, but that's something which is sitting there so, that's the plan.

Subrata Sarkar: Okay. And when you are guiding like 15% of EBITDA margin, is it Q4 exit EBITDA or for the entire FY25?

Neetu Kashiramka: Q4 exit EBITDA should be like 18% and not 15%.

Subrata Sarkar: Okay. So in this case like each one also there should be mark improvement on this to 2%, 3% at least?

Neetu Kashiramka: Yes, 2%- 3% improvement you will see

Subrata Sarkar: What I am saying madam, if you are guiding for, let's say 15% end Q4. I'm just asking for a clarification actually. When you are guiding for like 15% overall EBITDA for the year and 18% exit EBITDA for Q4 then your EBITDA should be at the range of at least 10% in H1 also. So is it right understanding that we are in a position to do that?

Neetu Kashiramka: Yes, we are.

Moderator: Thank you. The next question is from the line of Jigar Jani from B&K Securities. Please go ahead.

Jigar Jani: Thanks for the follow up. I just wanted to understand this Bangladesh gross margins a little bit in detail. So ideally, your capacity utilization shouldn't really impact your gross margin it would be below bottom line in terms of expenses. So, just to understand this is because your soft luggage production has dropped in Bangladesh and you are manufacturing more duffels and backpacks there were the overall gross margins are lower, is the understanding correct?

Neetu Kashiramka: What happens is, Bangladesh used to add, I explained also, let's assume Rs. 75 crore last year was added by Bangladesh gross margin, which has almost become half in this quarter, line-to-line and that is the reason for reduction in the gross margin.

Jigar Jani: Yes, but per unit gross margins in percentage terms wouldn't change right?

Neetu Kashiramka: We are here using the IND AS or the accounting standards are not per unit. I have to add to P&L when I add in Bangladesh, if you look at my standalone results the gross margin is flat.

Jigar Jani: Yes, so that's what I am saying that suppose you were making standalone margins of 50%, and Bangladesh was making say 40% just giving numbers. That 40% will only change when your mix changes.

Neetu Kashiramka: I don't think I can explain this like so easy, it's in the Excel I can.

Jigar Jani: I will take it offline.

Neetu Kashiramka: Yes, just connect with Manish and understand from him.

Moderator: Thank you. The next question is from the line of Bhavin Rupani from Investec. Please go ahead.

Bhavin Rupani: So ma'am we have been refurbishing certain EBO stores in India. What changes have you seen post the refurbishment can you please share your insights and observations on that?

Neetu Kashiramka: It's too soon for that because it takes three to four months for refurbishment. I can say the store which we refurbished six months ago definitely has seen a much throughput but we can't say that it is because of refurbishment it can also be because I have put better portfolio, better products. It's too soon like some of the refurbishment has just happened.

Bhavin Rupani: And what would be the expenses that we incur to refurbish a store?

Neetu Kashiramka: Not all stores have been refurbished already. We have a budget of around Rs. 10 - Rs. 12 crore for the year to do that.

Bhavin Rupani: Rs.10- 12 crore includes how many stores?

Manish Desai: It all depends upon what kind of refurbishment you have to carry out, so if I take even the average 30 to 40 lakhs to go into it that's where the lot of stores will get into a refurbishment.

Bhavin Rupani: Okay. And the second question is related to e-commerce. What is our target proportion in e-commerce that we have increased significantly over the last year but what would be target?

Neetu Kashiramka: Today it is 22%, industry is at 25%, we will be with the industry.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Ms. Neetu Kashiramka from VIP Industries Limited for closing comments. Over to you, ma'am.

Neetu Kashiramka: Thank you everybody for joining the call. As said earlier also, me and my team are all geared up to make VIP successful. Please bear with us for one or two more quarters, starting H2 you will definitely start feeling happy, along with revenue we will also get meaningful bottom line. If you have any other questions you can connect with Manish especially on this gross margin thing. Thanks again.

Manish Desai: Thanks to all of you.

Moderator: Thank you. On behalf of VIP Industries Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.