



## Vaibhav Global Limited

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### Q4 FY'17 Earnings Conference Call Transcript May 15, 2017

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**Karl Kolah:**

Good evening and thank you for joining us on Vaibhav Global's results earnings call for the quarter and year ended 31st March, 2017. Today, we have with us Mr. Sunil Agrawal, Chairman and Managing Director and Mr. Puru Aggarwal, the Company's Chief Financial Officer.

We will begin the call with brief remarks by Mr. Puru Aggarwal on the financial performance followed by a discussion on the business operations, key initiatives and broad outlook by Mr. Sunil Agrawal. Following the management's opening comments we will open the forum for your questions. Before we get started, I would like to point out that some of the statements made or discussed on today's call may be forward looking in nature and must be viewed in conjunction with the risks and uncertainties faced by the company. A more detailed statement and explanation of these risks is included in our earnings presentation. The company does not undertake to update these forward looking statements publically.

I would now like to invite Mr. Puru Aggarwal to start the proceedings on this call. Over to you.

**Puru Aggarwal:**

Good evening everyone. I warmly welcome you all to Vaibhav Global's Q4 & FY17 earnings call. I will begin with an overview of the key financial highlights for the quarter under review.

The momentous turnaround in operations continues as we maintain the positive growth trend in Q4 as well. Revenues were higher by 8.1% year-on-year to Rs. 376 crore due to improved performance across our key segments with resumption of strong volumes in both TV and web sales.

TV volumes grew by almost about 15% year-on-year whereas web volumes grew by 20% year-on-year. The TV ASP was consciously tapered to \$25 from \$28 in Q4 last year. While web ASP was slightly up at \$18. In INR terms the TV grew by 2% year-on-year in revenue to Rs. 248 crore and web revenues extended by over 23% year-on-year to Rs. 74 crore in Q4.

The B2B sales stood at Rs. 54 crore up by 22.7% compared to the same quarter last year. The strong rebound witnessed in volumes and revenues are due to the key initiatives that we undertook earlier that is Budget pay EMI scheme and easy return policies for customers. These have helped in deeper market penetration and

gaining market traction. In addition, we have improved the TV programming via engaging storytelling and on air guest experts.

The overall experience and customer engagement has also further been boosted by an improved web and app interface in both UK and US. During the quarter, we continue to maintain healthy gross margins which stood at 60% despite a high contribution from B2B revenues and an adverse GBP devaluation impact.

Such healthy margins are a key USP for VGL and showcase our ability to manufacture and source quality products at highly competitive prices. A high gross margin helps the company have a high leeway in pricing products and helps it respond to any potential increase in competitive intensity.

EBITDA for the quarter was higher by almost 123% year-on-year at Rs. 31 crore translating to a margin of 8.3%. We have expanded margins by 430 basis points year-on-year aided by higher topline and leveraging of fixed cost. This led to a 122% year-on-year increase in PAT to Rs. 20 crore for the quarter under revenue.

Also importantly we are continuing to see positive operating and free cash flows which were at Rs. 58 crore and Rs. 48 crore for the quarter. We ended the year with operating cash flow of Rs. 91 crore and free cash flow of Rs. 64 crore.

With these comments, I now handover the discussion to Mr. Sunil Agrawal to share his views on the business.

**Sunil Agrawal:**

Thank you, Puru. I welcome you once again to Vaibhav Global's Q4 & FY17 earnings conference call.

Puru has given you an update on the financial and operational performance for the fourth quarter of FY17. I will now give you an overview of the operations and our growth strategy for FY18.

As you are aware the recovery we have started witnessing from Q2 is on track with superior financial and operating performance. It is encouraging to note that both TV and web have shown strong growth in revenues with volume growing over 16% year-on-year in Q4.

The operational initiatives that we have undertaken have led to sustained inclusion of customer traffic across platforms. The EMI initiatives through budget pay form 26% of gross retail sales in US and 16% of gross sales in UK during FY17. Budget pay instalment option started in the end of Q3 in UK and are now available on TV across both geographies. In the US we have already extended budget pay to our web customers which has drawn an encouraging response and we will be offering budget pay on our UK website soon.

I will just take a moment to dwell on the successful rebranding of Liquidation Channel as Shop LC that we undertook at the start of Q4 of this year. This was essential as the Liquidation Channel would sometimes get associated with liquidating old inventory, which is not true. Shop LC is a vibrant brand reflecting our current business model which showcases the ever-expanding range of lifestyle products and fashion jewellery that we offer.

On consent that the shop as a brand registered much more positively with a larger customer base. We are now present in 110 million households in the US and UK which we reach with improved TV programming, engaging storytelling and on air guest experts for a great customer experience.

We recently launched the mobile app for TJC in the UK. The response in both the markets has been encouraging and we expect their performance to enhance further. We have in place, an experienced IT management team which has helped us create world class customer interfaces and adopt timely technological updates. Another positive point has been the warm acceptance of our in-house brands, both in fashion jewelry and life style products. Brands such as Royal Jaipur, Everlasting by Katie Rooke, Nature's D' Ore, Giuseppe Perez, Milaan and Beauty Brands like Alicia Douvall, Courgar beauty, Nvy Beauty, etc., have now registered well with customers. We are continuously incorporating any feedback and adapting to evolving customer preferences.

Let me now highlight some vital customer centric data points. In Q4 we added 42,000 new registrations and now serve 340,000 unique customers on an annualized basis. Repeat buying activity of our customers is at 19 times as compared to 16.6 times in FY16. Average selling price during the quarter has been \$26.7 as compared to \$28.5 year-over-year.

Average annual purchase by each customer is at 27 pieces during the year as compared to 24 pieces in FY16. Customer retention rate is now at 47.4% in US and 49.3% in UK. To conclude, we are confident about the future of our unique business model. We have put in place a robust low cost manufacturing and procurement base in India and Southeast Asian markets. In addition, we have been to 110 million households in US and UK along with growing web and mobile platforms.

In FY17 we took significant initiatives which has helped us regain strong customer traction and improved visibility. We now look forward to build on this momentum and expand our deep value proposition to a large customer base. We are committed to providing sustained and long-lasting value to all our stakeholders.

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

- Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Sunil Jain from Nirmal Bang Securities Pvt. Ltd. Please go ahead.
- Sunil Jain:** First of all, can you repeat the numbers of unique customers and I was not able to take it properly?
- Sunil Agrawal:** Sure, in Q4 we added 42,000 new registrations and we have now 340,000 unique customers on annualized basis.
- Sunil Jain:** And sir, this repeat buying?
- Sunil Agrawal:** Repeat buying is at 19 times and the pieces are 27 pieces during the year across both US and UK.
- Sunil Jain:** Okay sir and customer retention rate in US if you can give?
- Sunil Agrawal:** 47.4% in US and 49.3% in UK.
- Sunil Jain:** Any guidance would you like to share for FY18?
- Sunil Agrawal:** Low double-digit growth on the top line.

**Sunil Jain:** That is anywhere between 10% to 15%?

**Sunil Agrawal:** Correct.

**Sunil Jain:** This is you are talking about the overall sales growth?

**Sunil Agrawal:** Yes, correct.

**Sunil Jain:** Or volume growth?

**Sunil Agrawal:** Overall sales growth. Now we expect our average price point to be fairly similar as they have been in FY17 so the volume and the topline both should grow.

**Sunil Jain:** Another point was like now the rupee has appreciated a lot. So do we see any impact of that on our financials?

**Puru Aggarwal:** Sunil ji, good evening to you. The Q4 already has seen that change in currency. Dollar has depreciated from what it used to be I mean rupee has been stronger. GBP impact already has been reported between 2016 to 2017. So that way impact has already been there largely of the GBP. So if we look at the market; so GBP should be not having much of downside from here it can only slightly be better. And from experts what we understand dollar slightly may have some challenge, but not so significant. So my point is that what we have witnessed in Q4 by and large we see similar solutions this year as well which means we should not have much of the impact. These numbers are despite the impact of currency movement. So we think that we should be able to carry the same impression in future also.

**Sunil Jain:** No, in this particular quarter, what was the impact we see exchange loss of around Rs. 1.64 crore but apart from that anything else?

**Puru Aggarwal:** Yes, so that is actually there in the results. Apart from that topline has also been impacted which is not separately reflected. If I give a sense that what it means in topline so GBP alone has impacted Rs. 12 crore, in topline. If we add that Rs. 12 crore into our topline it should have been a growth of 12% against 8%.

**Sunil Jain:** Okay and will there be any impact of this rupee appreciation against dollar in this revenue or that will get reflected in Q1?

**Puru Aggarwal:** Q4 already has that impact because you can see Q4 rupee has been pretty strong. So that is already there in Q4 results.

**Sunil Jain:** So how much that can be?

**Puru Aggarwal:** Similar thing it should happen in Q1 also. And secondly more important point is that both these currencies largely they are notional translations. In the case of consolidation we have to translate and put it into INR but in real terms this is not a conversion.

**Sunil Jain:** Yes, that I agree but whatever the dollar revenue is there, while reporting in INR you take average rate or year end rate?

**Puru Aggarwal:** So that is the one by the accounting standards. So the way that standard defines is that we take the average rate, we take the average rate of 12 months and already 9 months results are reported so that is deducted from there. So the balance remains for the fourth quarter.

**Moderator:** Thank you. Next question is from the line of Vikrant Kashyap from Kedia Securities. Please go ahead.

**Vikrant Kashyap:** Sir, do we consider is the worst behind us?

**Sunil Agarwal:** So yes, if you are referring to the negative set of numbers, negative growth yes but there are partly internal and partly external factors. So our visibility is consistent low double-digit growth in short to medium terms.

**Vikrant Kashyap:** Okay so you are targeting lower double-digit growth and what kind of margin we are expecting?

**Sunil Agarwal:** As we continue to increase the topline there will be leverage on the bottom line. We are not giving guidance on the bottom line at this time, but as you might have seen in last few quarters as you increase the top line the bottom line leverage has been significant.

**Vikrant Kashyap:** Yes, they have improved quarter-on-quarter?

**Sunil Agarwal:** Yes, so they will continue to improve as the top line increases.

**Vikrant Kashyap:** Okay. And sir have you planned any new CAPEX or fresh CAPEX for FY18 onwards?

**Sunil Agarwal:** It will be largely maintenance CAPEX, no major CAPEX initiatives in plan.

**Vikrant Kashyap:** Okay. And sir, you have taken several new initiatives in last year the benefit has been started looking in. So do we see more benefits coming in next year like the EMI pay and easy return policies has given big boost and now we have come up with mobile platform in US, UK?

**Sunil Agarwal:** Correct.

**Vikrant Kashyap:** So do we see more benefits in terms of user engagements and new customers coming in growing topline?

**Sunil Agarwal:** Yes, so our guidance of 10% to 15% in keeping all those initiatives in mind.

**Moderator:** Thank you. Next question is from the line of Runjhun Jain from Nirmal Bang Securities Pvt. Ltd. Please go ahead.

**Runjhun Jain:** Sir, what is the sales return you have mentioned I missed that?

**Sunil Agarwal:** You want return rates for the business or you want specifically for US or UK?

**Runjhun Jain:** Sir, separately if you can give for the quarter?

**Sunil Agarwal:** Okay. In US, the return rate has been 14% and for UK it has been 28%.

**Runjhun Jain:** Sir, we were also developing the mobile platform, so all those platforms development all is over from our side?

**Sunil Agarwal:** Yes, they all have been launched.

**Runjhun Jain:** They have been launched and good response you have got or is it too early to say?

**Sunil Agarwal:** It is too early to say, whoever is downloading they have seen the orders coming in on that and we have just started promoting it. We did not promote it earlier. So the response actually will come in from next quarter onwards.

**Runjhun Jain:** Okay and sir, we have also seen that other competitors in US have got initial funding from PE and that is how they were also burning a little more cash and trying to gain market share. Do you think that trend is still continuing or is there anything slowdown in their burning the cash rate?

**Sunil Agarwal:** The other competitor, I do not know of them getting any funding, but they came in with lot of promotional activities like EMI and low shipping cost and all that, but they did very well, their growth rate was very strong. It is still a private company but our information is that they did fairly well and they continue to do well.

**Runjhun Jain:** Okay but now we have also started giving those promotions?

**Sunil Agarwal:** So we have also getting the market share now because we launched the budget pay and return policy. The EMI and returnability so when our closest competitor called JTV when they launched EMI so we were facing the brunt of the whole industry, the largest player starting from \$6 billion, \$3 billion and the \$500 million everybody was giving EMI and we were the only one left not giving it. So we faced that brunt and that impacted our performance. So once we started giving EMI now we are also one of the EMI players, so now because of a low cost and a very differentiated strategy we can start to regain the market share.

**Runjhun Jain:** What platform or the apps you have launched that we have launched in US as of now, not in UK?

**Sunil Agarwal:** We have launched in both US and UK.

**Runjhun Jain:** Okay sure, sir this figure if you can provide me and that is all from my side. Thank you.

**Sunil Agarwal:** Runjhun, the overall return rate is 15%. Remember in the group level there is B2B business which is very low return. So although UK is high return the average becomes only 15%.

**Moderator:** Thank you. Next question is from the line of Ronak Morjaria from Edelweiss Asset Management. Please go ahead.

**Ronak Morjaria:** I just wanted to understand we are seeing an increase in our average selling price in the web sales. So are we trying to focus on a higher price point from here as well or we are planning to have an average price point in the similar range of \$18?

**Sunil Agarwal:** We expect in long run the average price point to fluctuate plus or minus 10%. So for us plus or minus 10% is within the normal acceptable range. And we expect the same price point to continue.

**Ronak Morjaria:** Okay and in TV you have a similar price point around \$24, \$25?

**Sunil Agarwal:** Our average last financial year was \$26.7 and we expect that to continue for the foreseeable future plus or minus 10%.

**Puru Aggarwal:** And just to add to that point in fact TV is a push model and web is a pull model. So to that extent that also makes a difference.

**Moderator:** Thank you. Next question is from the line of Pathik Gandotra from Dron Capital Advisors LLP. Please go ahead.

**Pathik Gandotra:** I had just one question about the impact of the rupee-dollar or rupee-pound. So what would have been the impact in this quarter on the EBITDA absolute because of the currency?

**Puru Aggarwal:** So the impact of GBP on EBITDA for the quarter would have been about Rs.54 lakhs because the more you reach in P&L it keeps on tapering. And for the year it would have been around Rs. 2.09 crore.

**Pathik Gandotra:** And for dollar?

**Puru Aggarwal:** For dollar actually it is already in real terms in P&L.

**Pathik Gandotra:** So in dollar terms if you want more rupee terms you want lesser, right what is their impact?

**Puru Aggarwal:** Yes, so for the quarter actually the impact is negative 0.6% and for the year it is positive by 2.5%.

**Pathik Gandotra:** 2.5% of what?

**Puru Aggarwal:** You asked me the question about dollar versus rupee impact.

**Pathik Gandotra:** So I am saying in rupees if EBITDA was x what would have been EBITDA taking account of the other dollar appreciation?

**Puru Aggarwal:** So EBITDA calculation I do not have ready with me.

**Pathik GandotraG:** Topline would have been higher by 2.5% is that what you are saying?

**Puru Aggarwal:** What I am saying is let me repeat once again. For the quarter, the impact was negative 0.6% and for the whole year it was positive 2.5%.

**Pathik Gandotra:** Okay so if the rupee had been at the exchange having the same at the beginning of the year then your sales would have been higher by 2.5%, right? Then the whole thing would have flown to the margin, right because that whole thing will be throwing you the margin, right?

**Puru Aggarwal:** For the whole year, there is a positive movement between dollar versus rupee. The result is positively impacted by 2.5% for the full year. But when we look at for the quarter, then the impact is negative 0.6%.

**Pathik Gandotra:** And finally, on the going forward as you are in the call you were saying that you will do low double-digit growth and so as growth accelerates as growth delivered, even a 12%, 15% was delivered margins should keep improving right quarter after quarter?

**Sunil Agrawal:** Yes, we expect that. So the EBITDA will continue to be impacted not the gross margin but the EBITDA and PAT, PBT will continue to improve.

**Pathik Gandotra:** So there is a growth margin in one of the quarters around 70% and since then it has been about 66%. So what is the ideal gross margin in that you will be working with?

**Sunil Agrawal:** So between 60% to 62% is our expectation.

**Pathik Gandotra:** But you are delivering more than that, you are earning 66%, right?

**Sunil Agrawal:** For the year, quarter-to-quarter sometimes there is a variation but when you look at the year-to-year so we have been mostly 60% except the last year 2015-16 we delivered 63%. Otherwise we have always between 60% and 61%.

**Pathik Gandotra:** Okay got it. So we should continue to see strong earnings hopefully?

**Sunil Agarwal:** Yes, we look forward to that.

**Pathik Gandotra:** And any other competitive thing or do you know any other developing competition any other in the landscape which is just beginning because if we go back rewind three, four years, this whole EMI thing has just begun and we were kind of sticking to our guns of doing business the right way. But any other thing that is developing on the horizon which can be of a not a concern but of notice that you will notice?

**Sunil Agarwal:** So we are seeing quite a rise of market places like Amazon and eBay's. So we have recently launched a separate division in both US and UK to also send our feed of our e-com feed to those market places. So we are publishing our product to them to gain that customer, acquire customer from them who can come to us and also expose our product on that particular space. So that may change over the time, I mean we are seeing that they are becoming stronger and stronger so we want to be part of that growth that comes in.

**Pathik G:** Okay so you are selling so you are putting your products on Amazon in some way?

**Sunil Agarwal:** Amazon and eBay both and also Walmart and jet.com so we would put all our feed will be published on all the market places in the US and UK.

**Pathik G:** And any initial success any initial thing that you have or it has just begun?

**Sunil Agarwal:** We have just begun from last few weeks, two, three weeks.

**Pathik G:** Yes, that is too early then.

**Sunil Agarwal:** We are positive.

**Pathik G:** But are you hopeful on that, I mean are you expecting there to be some element of growth driver going forward?

**Sunil Agarwal:** It is still new so it is too new to give a guidance on.

**Moderator:** Thank you. Next question is from the line of Sourabh Shah, individual investor. Please go ahead.

**Sourabh Shah:** Sir, do not you think that the company was a bit slow in realizing the benefit of EMI policy and easy return, and if so can we expect the same kind of response from the Company going forward to any technological change or any other competitive pressure?



**Sunil Agarwal:** You are right we were slow and in many conference calls I have admitted that not because we are slow to respond generally business wise but our read of the market was since our price point is so low almost one third of the competition, it did not impact us. So it was not for the lack of agility but for our misplaced belief. So to your next question would we be slow to something else, now that is a very hypothetical question. Hopefully I answered that in Pathik's question about what next. So the market place is one thing that has seen something new and potential for us. So rather than to be impacted by us we have embraced it and turned it into a friend so if that answers your question. Now anything else I do not know whether there is anything else which is not in our visibility so I cannot say anything on that.

**Moderator:** Thank you. Next question is from the line of Ronak Morjaria from Edelweiss Asset Management. Please go ahead.

**Ronak Morjaria:** I would just like to understand do we have any kind of hedging policy since our all the transactions are in USD and GBP?

**Puru Aggarwal:** Okay so there are two types of impact in the P&L. One is notional impact which we just talked about couple of minutes back. That is by virtue of consolidation of UK and US balance sheet into Indian balance sheet. So that is completely notional so there is no point of having any hedging policy or any real hedging. Second is the real exchange gain or loss which is on the real exports being made from India to these countries. So when we get the money from there we convert it into rupee that is the real conversion. Now against that actually we have some amount of import which is in foreign currency so that provides us natural hedge. Second, we have working capital limits in dollar denomination so that also provides us a natural hedge. So generally we do not take any extra hedging position there.

**Ronak Morjaria:** Okay. And also today we have exposure to 110 million viewers, do we plan to expand our viewership and invest in that in near term?

**Sunil Agarwal:** So we constantly look at opportunities, we have a division called Affiliate Division in US. UK we are fully covered already so in US we constantly look at opportunities we call affiliates, affiliates callers, brokers callers. So our criteria is always that we should any market that comes our way should become within four months should become cover the marginal cost, if not then we exit from that market. And not to say that our existing homes also we constantly review them, if some homes are not producing sufficiently, then we would exit them.

So it is a constant exercise as you would see that in this period in quarter four we are at 85 million homes which is the same as 85 million home same time last year. So we did not grow but during the year there were churn some homes went out, some homes came in but overall we stayed same. So it could change a little bit plus or minus or stay same during the year but the difference will be within plus minus 10%.

**Moderator:** Thank you. We have a follow up question from the line of Sourabh Shah, individual investor. Please go ahead.

**Sourabh Shah:** Sir, can you provide an insight on the market size of US and UK and the market share that we currently enjoy?

**Sunil Agarwal:** So the market size the biggest player in US is \$6 billion QVC, HSN is \$3 billion and Evine is \$600 million and JTV we assume it to be \$500 million. They are just a TV/e-com players. In addition to that there is a lot of pure e-com players on Amazon is one of them and they have a lot of other players. UK also QVC is about \$800 million and there are a few other players totaling about \$250 million. So both

US and UK between our addressable market we assume it to be about \$20 billion. So our \$200 million and their \$20 billion so it makes us 1% market share right now.

**Sourabh Shah:** Okay and also sir, on the home décor and beauty segment that we entered recently, what is the company's performance on that front?

**Sunil Agarwal:** It is pretty strong. In UK, the lifestyle product which is not jewelry product is already 17% and we expect this to cross 20% this financial year.

**Sourabh Shah:** And what is the incremental revenue that we can expect going forward from this segment only?

**Sunil Agarwal:** We do not look at the incremental revenue in per se, what we look at per home performance, per minute performance. Any product we will bring in whether it is jewelry or lifestyle or beauty every product must stand on its own. For that one minute that product must make its margin, even if it is new we do not give the benefit of it that it can sustain losses initially. It must produce. So any product that will continue to perform will get more air time and any product that does not perform will be exited. We are not looking incremental as such but overall the growth of that product line will be dependent on them carrying their weight.

**Moderator:** Thank you. Next question is from Gopinath Reddy, individual investor. Please go ahead.

**Gopinath:** Now when it comes to this new one that is coming in, Amazons and these guys coming with new market platforms who is going to be our toughest competitor I mean when it comes to pricing? We are the lowest priced ones when it comes to the present competitor to us. Given this new platform where anybody can produce and procure and use that market place to straightway land up there, are there any new competitors who are going to come with much lower pricing or equivalent to us kind of?

**Sunil Agarwal:** Now this initiative is still rather new for us, for us to have that analysis in place of identifying the competitors yet. So maybe it will be at least one or two quarters before we can have that analysis in place because in this one it can be domestic competitor, it can be overseas competitor, it can be anybody.

**Gopinath:** Exactly sir, my question is towards this, is it somebody who is in India or somewhere in this Southeast Asia places where they can come and very much compete with us kind of?

**Sunil Agarwal:** It is a much more complicated than the simple television or local domestic business. It will take us first to analyze because it is not just the price, it is the customer service about the returnability, about the response, the customer engagement so there are a lot of factors to be taken into account. Somebody from China or India may not be able to accept the returns locally because they do not have an organization locally or they may not be able to respond immediately because they do not have 24 hours customer service or so and so. There are a lot of things to be considered.

**Gopinath:** Okay. Among the things that you have suggested just now as obstacle for the new guys to come in, are there any things which are disadvantaging us vis-à-vis the existing larger competitors wherein we are not able to compete with them in terms of other than pricing because at the price that we are selling we should be grabbing the market like anything which we are not able to as of now. Is it that when it comes to returns taking that and customer service, are there any one particular or

two particular things where we are lagging behind vis-à-vis the rest of the guys, whether our pricing is too low compared to anybody and still we are not getting it up to the extent?

**Sunil Agarwal:**

Yes. We do not have any visibility of anything lacking. Of course we can continue to grow in every area whether it is logistics, or customer service or e-com marketing so of course we are learning every day and evolving every day. But the fact is that e-business is very sticky business and sticky in the sense the customer who has affinity with a particular host they stick to that. So changing from one particular TV channel to the next one is not an easy task. And you will see that from the result that we are selling 27 times a year to a customer, 27 pieces a year to a customer which is very high because of them that happens because of the stickiness.

To acquire customers from other players, other TV companies is not easy because of that loyalty. But it is easy to acquire new customers coming in and keeping them with us for a longer time and that has been our focus. Now going to the market place e-commerce and market place the loyalty there in those market places is relatively lower because there is no association with the host because our hosts are live and people text and they respond back and there is to and fro communication. So that is a new market place still to be seen how much engagement we can do but in television the engagement is very deep and with the time as we become as our longevity in TV business is longer I am sure and confident that we will have more and loyal customers year-over-year.

**Gopinath:**

Okay thank you. I have one more question. This is regarding the viewership. You were saying to somebody else's question that we pick and choose and churn the customer to whom this TV rely happens, is it that we can choose the individual subscribers to the TV channel or we have to shift it area wise, is it 10% movement from churning will be keeping on happening?

**Sunil Agarwal:**

Yes, so it is always area wise. So sometimes city wise, sometimes national wise, so sometimes region wise. So in TV does not have capability of broadcasting to an individual a particular feet.

**Moderator:**

Thank you. Next question is from the line of Chirag Lodaya from Valuequest Investment Advisors. Please go ahead.

**Chirag Lodaya:**

I have one question on tax rate. What is the guidance for FY18 tax rate and what is the reason for very low tax rate just 12% of the PBT?

**Puru Aggarwal:**

This financial year the SEZ in Jaipur is up and running so that is one reason there has been efficiency in tax. And going forward also that is going to be there but since we are expecting better profits going forward on account of the low double-digit growth. So which means that profits in overseas will also go up which will give tax at full rate. We expect it to be 20% plus, minus 2%.

**Chirag Lodaya:**

Okay and what is the tax rate in US and UK currently for us?

**Puru Aggarwal:**

So you can average out and it is about 35%.

**Moderator:**

Thank you. As there are no further questions from the participants, I would now like to handover the floor to the management for their closing comments. Over to you, sir.

**Sunil Agrawal:**

I would like to thank all the participants to come and join us on the call. If you have any further questions, please feel free to reach Puru Aggarwal, CFO of the company or Karl Kolah of CDR India. Thank you.

**Moderator:**

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

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