



“Dollar Industries Limited
Q4 FY2022 Earnings Conference Call”

May 24, 2022



Analyst: Mr. Saurabh Ginodia - SMIFS Limited

Management: Mr. Ankit Gupta - President Marketing - Dollar Industries Limited
Mr. Ajay Patodia - Chief Financial Officer - Dollar Industries Limited

Moderator: Ladies and gentlemen, good day and welcome to the Dollar Industries Limited Q4 FY2022 Earnings Conference Call of hosted by SMIFS Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Ginodia from SMIFS Limited. Thank you and over to you, Sir!

Saurabh Ginodia: Thanks you. Good evening everyone present on the call today. On behalf of SMIFS Limited I welcome you all to Q4 FY2022 earnings conference call of Dollar Industries Limited. We are pleased to host the top management of the company. Today we have with us Mr. Ankit Gupta, President Marketing and Mr. Ajay Patodia, Chief Financial Officer of Dollar Industries Limited. We will start the call with some initial comments on results from the management post which we will open the floor for question and answer. I will now hand over the call to the management. Over to you Ankit ji!

Ankit Gupta: Good evening to all the participants on behalf of Dollar Industries Limited. We are pleased to share with you that on this 50th year of Dollar Industries Limited, we have crossed an important milestone of Rs.1356.85 Crores turnover in FY2022 thereby delivering on our promise of growth to all our shareholders and stakeholders. As a special for completion of 50 glorious and eventful year in the history of Dollar Industries Limited, we have declared a special dividend of Rs.3 for the year subject to approval by shareholders at the AGM. We thank all our employees, suppliers, customers, management team, board of directors, our shareholders, and our entire stakeholders who have been an important part of this journey.

To give you a quick brief on the year that went by, our teams have hit the ground running post the two COVID waves to recover lost ground and phase up on all the activities with respect to our sales growth from the traditional business, project Lakshya target, channel financing, launch of new product lines as well as kick starting our first EBO during the year. The Dollar brand has been gaining fast acceptance in new markets led by our changed brand architecture under the Dollar brand, as well as our athleisure segment. We took our branding and marketing efforts a step further during the IPL 2022 by becoming the principal sponsor of the Rajasthan Royals for the current season associating with a young generation sports product is a part of our increasing usefulness of the brand. With the joint venture with Goat in Pepe we expect to channel our sales in direct to consumer segment and also inorganic growth through brand acquisitions in the JV company. For FY2022 Big Boss contributed 43%, economy range of products which we call regular contributed 35%, Missy 8%, thermal 8%, Force Nxt 3%, Force Go Wear 1%, socks 1%, and Champion which is Dollar Junior is 1%. During Q4, we have also launched our brassiere segment in the states of Uttar Pradesh and east India and the initial response was very positive. In order to make our Dollar woman brand more powerful we have signed Yami Gautam as our brand ambassador for women's wear.

Now let me quickly update you on the qualitative aspect of our business strategy and the growth drivers and our target for FY2025. Q4 FY2022 saw major fluctuation in price of cotton candy, which has increased from 75,000 per candy in January to Rs.115000 per candy in May. We are anticipating sharp volatility in yarn supplies due to which we are stocking up on our inventory of key raw materials to be prepared for supplies with respect to upcoming summer season, as well as the festive season. We have managed to reduce our working capital days from 178 days in FY2021 to 154 days in FY2022. This was mainly due to the reduction in debtor days from 121 days in FY2021 to 99 days in FY2022. Further we have increased our distributor under project Lakshya from 51 at the beginning of the year to 142 as of end of the year. We are aiming to bring 70% of our total distributors under project Lakshya by FY2025. Similarly from 0 we have brought 150 of our distributors under channel financing and are targeting to bring 60% to 65% of our total distributors under channel financing by FY2025. We have also increased our active retailers to 100 per distributor and are aiming to increase this to 150 to 200 by FY2025 which will not only increase our reach, but also the range in the market. Our integrated warehouse plan and the expansion of our spinning mills are targeted to be completed by November 2022. All of these efforts are aimed to help us reach our revenue target of Rs.2000 Crores by FY2025. I would now like to hand over the call to Mr. Ajay Patodia our CFO to quickly brief you on the financial performance aspect.

Ajay Patodia:

Thank you Ankit ji. The company has posted robust performance for the Q4 and for the FY2022 backed by the accelerated demand across categories. Our revenue for the quarter stood at Rs.376.80 Crores as against Rs.310.44 Crores registering a growth of 21.38 compared to the same period last year. The growth was lead by strong demand across our product portfolio and increased share of elevated products. Our EBITDA for the quarter stood at Rs.59.16 Crores registering a growth of 78% as compared to Rs.33.24 Crores during the same period last year. Our EBITDA margin for the quarter ended which stood at 15.70% has seen an improvement of 500 basis as compared to same period last year. Our quarterly profit before tax which stood at Rs.50 Crores saw a strong growth of 85% as compared to Rs.27 Crores for Q4 FY2021. Profit after tax for Q4 FY2022 stood at Rs.37.10 Crores. We have seen an improvement of 338 basis point in our PAT margin which stands at 9.85% compared to 6.47% in Q4 FY2021.

Now coming to our FY2022 performance. Our revenue for the financial year stood at Rs.1356.85 Crores as compared to Rs.1040.43 Crores in FY2021 with a growth rate of 30.41%. EBITDA for the FY2022 stood at Rs.223.23 Crores as compared to Rs.141.56 Crores in FY2021 registering a growth of 58% year-on-year basis. The EBITDA margin has seen an improvement of 285 basis points, which stood at 16.45% versus 13.6% in FY2021. Profit after tax for FY2022 stood at Rs.145.87 Crores as compared to Rs.87.28 Crores in FY2021 with a growth of 67% year-on-year basis. The profit after tax margin stood at 10.75% improvement of 236 basis point as compared to 8.39% in FY2021. I now open the forum for question and answer.

- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.
- Ankit Babel:** Good evening Sir and congrats for good performance both on top line and bottomline. Sir a few questions you did mention that inventory was high due to stocking up of raw material. I just wanted to understand how is the situation currently, has it normalized or it is still high Sir.
- Ankit Gupta:** Hi Ankit, the thing is that the yarn prices have been increasing every day and there is a lot of volatility in terms of yarn supplies also in the market because of the increasing cotton prices every now and then. As I mentioned the cotton per candy which was 75,000 in the month of January has increased to 1,15,000 and this used to be around 40,000 to 44,000 in the beginning of the year right so this is the kind of increase which we are seeing in the market. This is the kind of uncertainty we are seeing in the market so that is the reason why the stocking up of yarn is on a higher side. Currently our WIP stands at around 40% to 45% with respect to the total amount of inventories that we are holding. Nevertheless we have reduced our overall inventory days by three days only. It would have been more if this uncertainty or if this volatile market would not be there.
- Ankit Babel:** Okay so have you people taken any price hikes in the month of April and May to pass on this high raw material cost.
- Ankit Gupta:** From 1st April onwards we took a price hike of around 4% to 4.5% and another price hike is due by somewhere around mid June.
- Ankit Babel:** So will it be enough to take care of your margins considering the current prices of raw material.
- Ankit Gupta:** Yes for now it is so every purchase is at a different price nowadays we cannot really say that even after June also we will have to take a price hike or not but currently this is the situation that in the month of April we had taken a price hike and again we are taking a price hike during mid June or by the end of the month.
- Ankit Babel:** So have you witnessed any impact on demand due to such steep price hikes in the month of April and May.
- Ankit Gupta:** The demand is very sluggish in the market overall, but still we are managing, we are overcoming this sluggish demand, so overall last year also if you see we did a volume growth of 9% in this 30% growth that we have achieved overall in that the volume growth has been 9% even though there was Omicron in the fourth quarter overall volume did not increase much in the fourth quarter but overall nine months ended what we achieved has really paid off and made us take this kind of a growth leap basically.
- Ankit Babel:** Okay and lastly what are your targets for working capital days at the end of FY2023?

Ankit Gupta: So last year we promised to reduce it by 15 days and we have reduced it by already 23 days. Another 10 to 15 days is what we are looking forward to and let us hope that we achieve that and it will be achieved mainly by making more and more distributors come and join the channel financing scheme. It has really helped us because we have reduced our debtor days from 120 to 99 so it is a big jump so we are very hopeful that overall the working capital days we will be able to reduce it by another 12 odd days some around 10 to 12.

Ankit Babel: Sorry just one last thing? Any guidance on debt at the end of this year what are your target because it has increased this year?

Ankit Gupta: We do not have any long term debt currently in our books. It is just the short term working capital loan that we have right now so we do not intend to take any long term debt.

Ankit Babel: But even this short term debt by when do you plan to become debt free because that was also one of your guidance's historically that if I am not wrong by the end of FY2023 you people were planning to become debt free?

Ajay Patodia: Ankit actually we are planning to be debt free but the cost of capital is very low and we provide around 5% to 6% interest for our working capital demand and we already tried to reduce our debt in capital so by FY2025 we expect that we are debt free company.

Ankit Babel: Great thank you so much Sir.

Moderator: Thank you. The next question is from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Thank you Sir. Congratulations on a strong set of numbers. Sir I wanted to understand the volume growth for the quarter what would that be and price increase?

Ankit Gupta: This quarter there was no volume growth. I will say there was a degrowth of 1.5% to 2% in volume and overall for the financial year we did a volume growth of 9%.

Prerna Jhunjhunwala: Okay and in current scenario as you mentioned where the demand is muted can we still expect the volume growth in the coming years and what will be the factors driving volume growth?

Ankit Gupta: So this particular fiscal what we have thought of, is overall we will be doing somewhere around 15% to 17% growth. That is the target we have set for ourselves, for the team, for everyone out of which the volume growth should not be less than like 9% or 10%.

Prerna Jhunjhunwala: Sir the price itself will be at least 8% to 9% for sure given that you have taken 4.5% increase and 4% again maybe in the month of June and you would also have taken some price hike in December and

January which will also contribute to next year's total price increase so 15% to 17% is it not lower given that the price increase will be higher and volume growth actually will be lesser component in that 15% to 17% is what you are targeting?

Ankit Gupta: This 15% to 17% we have not considered the entire price hike that we will be taking. If the yarn markets stays volatile it can be like 15% price hike during the year as well right so we cannot predict on that. Currently what we think is minimum see the actual growth that drives the company is that drives the growth in the long run also which is the stable also is the volume growth that you get right and the change in the contribution by different categories of the product that you have so for internally like for the team for everyone we really want to achieve 9% to 10% volume growth and the value growth will be as per the price hike and the change in the category mix.

Prerna Jhunjunwala: Okay and Sir which brands according to you are you targeting for this growth? Any particular strategy on the brand level or it will just be a geographical expansion lead growth according to you?

Ankit Gupta: There are two factors. One is project Lakshya which will be contributing to it because we have targeted to increase another around 200 distributors into this particular project during the year. Apart from that Force NXT we are taking 30% to 35% growth. Athleisure segment we are focusing on having around 30% growth. Missy again we are taking 30% hike this year so these new categories and new brands will help us achieve the target in a much faster rate.

Prerna Jhunjunwala: Understood and Sir in your EBO strategy how many EBOs are you planning to open this year?

Ankit Gupta: During the fiscal year so last time when we came on a call during Q4 like after opening during Q3 call after opening our first EBO we made a statement that by the end of March we will be opening eight to 10 EBO which did not happen whatever the reason be whether it be the third wave Omicron or we really wanted to watch how the first EBO really works out but during this fiscal year we are aiming to open about 25 odd EBOs and by the end of fiscal year FY2025 we will be targeting to open around 120 to 135 EBOs.

Prerna Jhunjunwala: 20 EBOs in this financial year?

Ankit Gupta: 25.

Prerna Jhunjunwala: By 2025?

Ankit Gupta: No 25 EBO in this particular fiscal.

Prerna Jhunjunwala: And 120 by FY2025?

Ankit Gupta: Right.

- Perna Jhunjhunwala:** Understood Sir in your inventory number that you have mentioned in the balance sheet how much of that inventory would cover for our total space so basically I would like to understand how much your raw material covers for how many months at this point in time?
- Ajay Patodia:** Perna out of total inventory around 40% is our raw material and 60% is the finished goods and the 40% of the raw material is around for 55 days.
- Perna Jhunjhunwala:** 55 days okay. Thank you Sir. I will come back on the question queue again. Thank you.
- Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global Financial Services. Please go ahead.
- Devanshu Bansal:** Thanks for the opportunity. You mentioned 1.5% to 2% volume degrowth in Q4 so considering that the realization growth has been quite healthy at about 23% so just wanted to check what is the mix between price hikes that we have taken and what is the contribution of revenue mix improvement in this?
- Ajay Patodia:** Basically Devanshu around 21% value growth is mainly due to price hike.
- Devanshu Bansal:** It should be 23% right because 2% is volume decline?
- Ajay Patodia:** Yes right.
- Devanshu Bansal:** What are the drivers for this? It is entire price hike or there has been some mix improvement as well?
- Ajay Patodia:** There is some mix improvement but more related to this price hike only which is from athleisure segment we get the more contribution where the EBITDA margin is more and where revenue is more.
- Devanshu Bansal:** Sure and this 21% or 23% price hikes in Q4 we can sort of divide it by about 5% in each of the four quarters prior to Q4?
- Ajay Patodia:** We can say that last price hike we have taken in the month of December last week around 5% and before that around 15% price hike taken between April to October.
- Devanshu Bansal:** The other thing I wanted to understand the other expenses have gone down significantly versus last year so what was the reason for that?
- Ajay Patodia:** Basically due to pandemic in the Q1 our total advertisement cost is around 5% to 6% only. Last year it is around Rs.80 Crores and currently in absolute terms it is around Rs.63 Crores.
- Devanshu Bansal:** No I wanted to understand the decline in other expenses for Q4 versus Q4 last year?

- Ajay Patodia:** Mainly in the last year we reconstructed our Dollar brand therefore in the last year Q4 around Rs.26 Crores in that quarter but in the current quarter Q4 of FY2022 it is around Rs.13 Crores only.
- Devanshu Bansal:** Sure got it and what were the reasons for gross margin decline? Is it largely attributable to the raw material inflation that we are seeing?
- Ankit Gupta:** So basically Devanshu what happened was the cotton and the yarn prices continuously were increasing but due to the third wave in the month of January one and a half months of the quarter was very much disturbed because of all the rising cases in our country right. At that time also, in the month of February during our call we informed that the sales were really muted and it is not happening at that phase what we thought of so keeping that in mind all the players were supposed to take a price hike in the month of February end or March starting which we could not do because of everyone wanted to like complete the targets also and the market was not willing to take that because of the muted demand in the Q4 so that is why we took the price hike. We postponed the price hike to April 1st and this is the only reason why if you see quarter-on-quarter there is a slippage of some EBITDA margin but if you see year-on-year like Q4 by Q4 there has been a change of around like from 10.71% to 15.71%, a 5% change.
- Devanshu Bansal:** So that is helpful. I have one more question so Sir over the last 18 months if I remember correctly our price hikes have been to the tune of about 25% to 30% versus leader in the premium space their price hikes have been relatively lower? Do you believe that this incremental difference over 15% to 20% would have sort of reduce the gap between the offering of premium player and other offerings?
- Ankit Gupta:** Sorry we did not get your question. Did not really understand what you mean.
- Devanshu Bansal:** I am trying to ask we have over the last 18 months taken about 25% to 30% price hike and while the premium players the leader has taken only about 10% to 12% price hike? Has this sort of reduced the difference between the price offering between you and the premium players?
- Ankit Gupta:** So by premium players you mean Page Industries right.
- Devanshu Bansal:** Yes?
- Ankit Gupta:** So the number of price hikes that we have taken the number of times that we have taken or our industry has taken is very continuous in nature like every two months to three months' time we are changing our price but when you go to the a premium segment where most of the sales comes from modern trade or EBO it is not really possible to change the prices every quarter right so may be the number of times they have increased the prices is lower than us like if we have increased it five times they must have increased it twice, but overall they also have taken a jump of good 18% to 20%. It is not 12% to 13%.

- Devanshu Bansal:** Sure got it. That is helpful.
- Moderator:** Thank you. The next question is from the line of Vishal Bagadia from Roha Asset Managers. Please go ahead.
- Vishal Bagadia:** Sir if you could share our average realization for the year?
- Ankit Gupta:** So average realization for the year at the company level 12 months figure is around Rs.65.
- Vishal Bagadia:** And for the quarter 4Q?
- Ankit Gupta:** For the quarter was Rs.67.
- Vishal Bagadia:** Rs.67 not much of a difference and Sir my other question is on the ad side what are we expecting in this year how much of a top line can we spend on ads?
- Ankit Gupta:** So this year we spent around Rs.63 Crores to Rs.64 Crores because the Q1 was again under pandemic and everything and it is the Q1 when we mostly advertise our products because the main season the summer season is very important for us so this year what we are contemplating is somewhere around Rs.90 Crores to Rs.100 Crores. That is what we are targeting to advertise.
- Vishal Bagadia:** Rs.90 Crores to Rs.100 Crores that would be great and Sir how are we on the capacity utilization if you quantify that?
- Ankit Gupta:** Most of our production takes place through job work so there is no question about capacity utilization. Apart from the backward integrated the factories that we have they are fully utilized.
- Vishal Bagadia:** Sir one last question I had since the capex of warehouse and spending is coming in so what kind of capex can you guide for the year?
- Ankit Gupta:** In totality for two years what we have been saying is around Rs.120 Crores taking expansion of the spinning mill capacity plus the integrated warehouse that we have so out of which last year we have already spent around Rs.40 odd Crores and the rest will be spent this particular fiscal year.
- Vishal Bagadia:** So we can say about Rs.75 Crores to Rs.80 Crores will be spent in this year?
- Ankit Gupta:** Yes.
- Vishal Bagadia:** Okay Sir that will be great and all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Dhiral from PhillipCapital. Please go ahead.

- Dhiral:** Ad spend in FY2023 so I believe this would be almost 100 bps higher than FY2022 so will this weigh on our EBITDA margins?
- Ajay Patodia:** Pardon can you repeat your question Sir.
- Dhiral:** Sir for FY2023 as we are guiding Rs.100 Crores kind of a spend on the advertisement side so I believe this would be almost may be 80 bps to 100 bps higher than what we spend in FY2022 so will this weigh on our EBITDA margins for FY2023?
- Ajay Patodia:** Our EBITDA margin target for FY2023 is around 17% to 17.5%.
- Dhiral:** Okay so despite the pricing you believe we will see improvement in margins?
- Ajay Patodia:** Yes.
- Dhiral:** Sir for our fast growing categories like athleisure or thermal wear as well as women's wear how was the performance in FY2022 and if you can share the volume and the value growth and the overall contribution to the revenue?
- Ajay Patodia:** During FY2022 our contribution from the athleisure segment is around 12% and thermal segment is around 8%. The trunk segment is 32%, brief if 4% and the rest is 27% and women's innerwear is around 12%, women's leg wear is around 4% and socks is around 1% and total growth is around 30%. Out of 30% the value growth is 21% and volume growth is 9%.
- Dhiral:** So it is athleisure and thermal as well as women's wear how much they have grown on a Y-o-Y basis?
- Ankit Gupta:** Year-on-year basis if we talk about women's wear, it has grown by 30% and trunk has grown by 37%. Athleisure again has taken a growth of around 28% to 29% so we did really saw a good growth in all the growth drivers segments that we have been talking about.
- Dhiral:** Sir how much thermal has grown?
- Ankit Gupta:** Thermal if you see volume wise it was very flattish because of bad winters that we had this year and as we talked after the Q3 results also, the thermal sales were not that great as compared to what we all thought it would be.
- Dhiral:** Sir whatever sharp improvement we have seen in our receivables so how much is due to the project Lakshya and how much is due to the channel finance?

- Ankit Gupta:** So in channel financing what is happening we have already on boarded around 150 distributors half of which is already in project Lakshya, half of the distributors, so the major contribution is due to channel financing and some amount of project Lakshya distributors because if we see the company has around 1100 distributors out of which 140 distributors are already enrolled into project Lakshya so we can do the math.
- Dhiral:** Sir lastly on the JV side what was the topline growth that we have seen in FY2022 and now with the new JV partner that is G.O.A.T what kind of growth acceleration we can see in the coming few years?
- Ankit Gupta:** So for Pepe after G.O.A.T has joined in the month of October.
- Ajay Patodia:** Joint venture with Pepe is in the month of December. After December in the last quarter we already achieved the revenue of around Rs.5.20 Crores and out of total revenue of Rs.14 Crores and we expect this year a growth of around 50%. We have the target for this year planning of around Rs.20 Crores to Rs.25 Crores for this year and other than this we have also get the guidance from Mr. Rishi Vasudev on the B2C consumer, direct to consumer and in the ecommerce side also.
- Dhiral:** Sir lastly how much growth we have seen in the online segment for the full year?
- Ajay Patodia:** Last year the total contribution of the sales in modern trade is around 4%. The growth is around 63% from the last financial year and total contribution in the sales is around 4.33%.
- Dhiral:** Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.
- Bajrang Bafna:** Congratulations for a good set of numbers. Most of my questions are answered but if you could strategically just guide us in the sense that we are already seeing there is a dissent amount of export opportunities which are emerging from an India perspective because of China plus one and most of the other countries are also struggling especially for the quarter side be it Bangladesh or Vietnam so are we seeing some sort of enquires on these products also from the brands either in US or in Europe or other developed world and any strategy on that balance be it through yourself or through JV so if you could guide us on that side will be really helpful.
- Ankit Gupta:** Bajrang the thing is that we took a growth of around 112% this particular fiscal when it comes to exports. Our exports were really good and when we talk about Bangladesh or Vietnam emerging as another manufacturing hubs so another opportunity that we are seeing which is coming up is the export of fabrics as well but we are mainly focusing on the African market currently and we aim to open another 10 to 12 branches in West Africa and South Africa in a couple of years so we will be increasing our exports and more focus has been placed on export market as well.

Bajrang Bafna: Anything that has been planned through JV side also because this Pepe has got good capability and connectivity on the export side so when you talk about Rs.20 Crores to Rs.25 Crores kind of revenue those are very small numbers to think of from the capability perspective of the JV partners so any broad thought to say so any plans that you have drawn up in terms of hiring the work force or to get connectivity of the distributors in those markets so if you could just slightly talk more about the strategy part will be helpful rather than the specific numbers on how you are going to grow on the export market? What sort of work force or the connectivity that will establish over the next two to three years?

Ankit Gupta: So the thing is currently we do not have any plans to have a JV or anything but in the future yes we are open to the idea. Secondly we already have a set of people who are settled in UAE which basically Dubai I would say who have shifted from India with their family to Dubai who are handling the complete export market whether it will be Africa, because like Middle East acts as the gateway for the African market as well so the whole of Middle East plus the African market is being handled by him himself and they are doing a pretty good job and this year the kind of increase that we saw like from Rs.62 Crores to Rs.130 Crores this has been the jump that we saw in our exports. Before this our financial year before FY2021 also our exports sales were very muted and very flattish, but now the focus has been placed on that. Two of the people have already shifted to Dubai to increase our export revenue plus our focus towards the African market because the consumption in African market is really very, very high so we are putting our focus on that so that we increase our base over there as well and in the coming years in a couple of years we will see our export market to flourish more.

Bajrang Bafna: Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Abhijeet from Pi Capital. Please go ahead.

Abhijeet: Thanks for the opportunity. I have one question how do you see the raw material price shaping up ahead and do you pass on the benefit to the customers when raw material price goes down?

Ankit Gupta: So again the future we really cannot predict with the kind of volatile the market has become we really cannot predict what is going to happen with the raw material prices. Currently it is on an increasing trend. When it decreases generally it really takes time to decrease the prices also in the market so it is a very strategic set because generally you have raw materials and WICs and if you see our total inventory days, throughout the industry also it ranges from 95 days to 105 days so if you reduce the price immediately, you will be really selling the high cost materials at low prices so we really do want to take that kind of a hit on our margins as well.

Abhijeet: Understood and what kind of response you are getting in the recently open EBO?

- Ankit Gupta:** The EBO was opened in the month of mid October somewhere towards the end but after that the EBO has been working well. We are seeing a good traction in the athleisure segment. In athleisure segment the T-shirts and the track pant they are selling really well over there and in women's wear also we are seeing a good traction. When we talk about panties and chimies the intimate wear and the bottom wear also so we are seeing trend changing from like more towards bottom wears I would say. In women's wear, there is a lot of different kinds of bottom wear which have come in so now what we are having is, we are having a direct consumer feedback about our products and what kind of products do they want so all these kind of insights that we are getting that is why we getting motivated to open more and more stores now and that is why we have taken around 25 to 30 EBO target this year and 125 by the end of FY2025.
- Abhijeet:** Understood and that is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Aarushi Lunia from Hem Securities. Please go ahead.
- Aarushi Lunia:** Congratulations on a great set of numbers. I just have one question. Are you looking to venture out communicating for product Lakshya?
- Ankit Gupta:** In project Lakshya what we are doing is we have started to reserve. We have started the entire North East as well and apart from that we have started mapping the area of Haryana and Bihar so all these new states have already been incorporated into project Lakshya and by the end of this fiscal we will cover most of the areas in this particular states as well.
- Aarushi Lunia:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.
- Bharat Gianani:** Sir most of my questions have been answered? Only one query so basically the kind of raw material prices that we have seen so as you were earlier alluding that the price of a cotton candy has gone up from 40,000 to almost it is about 3x if I see from the levels which used to be like 15 to 20 months ago so Sir hypothetically I do not know it is very difficult as you said to kind of predict the raw material price but if it were to kind of settle at let us say 75,000 to 80,000 which was there like the level six to seven months ago so that itself mean like 30% to 35% kind of a reduction so hypothetically if price were to reduce to that level which means we are in the industry not immediately but after one year or so probably see the realization going to that level is that how the industry functions so just wanted to understand?
- Ankit Gupta:** See as I told you like we take our price hikes also gradually step by step and that is how we will be taking. We will not reduce the price per se, but we will give them extra discount and all in the market

so as to increase the consumer or the retailer's interest towards our product and lowering of price will happen in a very slow and a staggered manner. It will not happen overnight right but what we are seeing is in the market that the prices is not going to dip in the near future. It is not going to dip.

Bharat Gianani: I understand because the industry has never seen such a sharp increase so possibly the way the industry will function after reduction is also very difficult to say? I can understand that but thanks for the insight? Thanks and all the best Sir?

Moderator: Thank you. The next question is from the line of Jatinder Agarwal an Individual Investor. Please go ahead.

Jatinder Agarwal: Good evening. Sir I have just one question? This is related to the women bra segment? There is a slide I think number 30 on your presentation can you share some thoughts in terms of how big is that market that you are looking to target? What is the average realization that you are looking to play in terms of the segmentation and how should we as outsiders look at this business over a three year period? Thank you.

Ankit Gupta: So this brassiere segment is really huge and it is growing at a faster rate as well. I read in a particular published report that the women's wear is increasing at a CAGR growth rate of 14% so the market is ever increasing. The literacy rate towards brassiere segment is also increasing because even today brassiere is kind of a taboo when you go to tier three and tier four or a rural city or a village right and most of the ladies do not even wear that in rural India so the literacy rate about the benefits is growing day by day and we are seeing very positive response so in the month of March we launched this in the state of Uttar Pradesh and East India like Bihar, Jharkhand, Odisha, West Bengal and the kind of response we have gotten from our retailers directly is very positive. They really like the product so initially we have launched with nine different products and gradually by the end of this fiscal we are planning to be available at Pan India level plus we will be launching another four to five new products in this particular segment. The average realization in brassiere segment is somewhere around Rs.125 to Rs.130 because there is a mix of both beginners bra to the padded bras and the proportion of the beginners bra and sports bra would be higher when we talk about their sales. In three years horizon what we are thinking is what we have internally planned this particular segment can be huge like from 0 to Rs.25 Crores or Rs.30 Crores.

Jatinder Agarwal: That is useful perfect. Thank you.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Ankit Gupta: I take this opportunity to take everyone for joining this call. I hope we have been able to address all your queries. For further information or any kind of a suggestion or any kind of question which remained unanswered kindly get in touch with us. Thank you once again for joining in.

Moderator: Thank you. On behalf of SMIFS Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.