Date:- 10.02.2024

The Secretary **National Stock Exchange of India Limited** **Exchange Plaza, C-1, Block 'G'** **Bandra- Kurla Complex, Bandra (E)** **Mumbai – 400 051** **Symbol - DOLLAR**	**The Secretary** **BSE Limited** **Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai – 400 001** **Scrip Code :541403**

Dear Sir / Ma'am,

Reg : Intimation of availability of transcript on Analyst(s)/Institutional Investor(s) meet – 'Earnings Call'

In continuation to our letter dated 20th January,2024 and pursuant to Regulation 30(6) and 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call held on Wednesday,7th February, 2024 at 4.00 pm (IST) as organized by Phillipcapital (India) Private Limited, on the interaction with the Company's representative(s) on the unaudited financial results of the Company for the quarter and nine ended 31st December, 2024 and/ or any other matter as discussed, is as enclosed.

Please note that the same is also available on the Company's website at https://www.dollarglobal.in/earningscall.

This is for your information and record.

Thanking you,
Yours Sincerely,

For Dollar Industries Limited

LALIT LOHIA Digitally signed by LALIT LOHIA Date: 2024.02.10 13:59:36 +05'30'

Lalit Lohia
Company Secretary and Compliance Officer

Encl: As above

"Dollar Industries Limited Q3 FY '24 Earnings Conference Call"

February 07, 2024

MANAGEMENT: **MR. ANKIT GUPTA – PRESIDENT (MARKETING), DOLLAR INDUSTRIES LIMITED**
MR. AJAY PATODIA – CHIEF FINANCIAL OFFICER, DOLLAR INDUSTRIES LIMITED
MR. GAURAV GUPTA – VICE PRESIDENT (STRATEGY)

MODERATOR: **MR. ANKIT KEDIA – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Dollar Industries Q3 FY '24 Earnings Conference Call hosted by PhillipCapital (India) Private 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ankit Kedia from PhillipCapital (India) Private Limited. Thank you, and over to you, sir.

Ankit Kedia: Thank you, Aditya. Good afternoon everyone. On behalf of PhillipCapital, it is a pleasure to host the management of Dollar Industries for the Q3 FY '24 Earnings Investor Call. There will be an investor presentation from the management followed by a Q&A session.

From the management side, we have Mr. Ankit Gupta, President (Marketing), Mr. Ajay Patodia – Chief Financial Officer and Mr. Gaurav Gupta – Vice President (Strategy).

Now I would request the Management to please take over the call from here on and address the investors. Thank you.

Ankit Gupta: Thank you, Ankit. Good afternoon and a very warm welcome to each one of you.

Thank you for joining us today for the Dollar Industries Q3 FY '24 Earnings Investor Call. Gaurav and I will take you through the "Business and Operational Highlights" of the quarter gone by, while our CFO – Mr. Ajay Patodia will share the "Financial Matrices".

We are happy to state that the Company's total income increased by 16.4% year-on-year, reaching 333 crores in Quarter 3 of financial year '24, while the total volume grew by around 30.4% year-on-year on 3-month basis and 23.4% on 9 month basis. Net profit for the quarter grew significantly by 128.9% year-on-year to 17.7 crores.

We are pleased to see that the Company has emerged stronger from the challenges of FY '23. Raw material prices have stabilized and high-cost inventory is no longer within the system. This is evident in the gross profit margin, which has increased by 375 basis point year-on-year to reach 33.9% in Q3 FY '24.

Quarter 3, in general, is a seasonally weaker quarter, which was further impacted by the delayed winter this year. Revenue growth for our business needs to be seen on an annual basis as there is a significant amount of seasonality in our business due to seasonal products, which invariably impacts sales quarter-on-quarter. Thus, an evaluation based on the overall annual performance would offer a more accurate reflection of our performance and growth.

To this effect, our year-to-date revenue grew 8.6%, whereas our year-to-date net profit grew 9.8%. Due to the early onset of EID and continuing penetration of project Lakshya, we anticipate a robust and promising Q4. Hence, we are confident of achieving our target revenue growth of 11 to 12% in the current fiscal year.

The cash conversion cycle in Q3 FY '24 improved to 155 days down from 170 days in Q3 FY '23, largely attributed to a 14-day reduction in inventory. This reduction in inventory days can be primarily attributed to the removal of high value inventory from the system.

In Q3 FY '24, our advertising expenses amounted to Rs. 19 crores, whereas in Q3 FY '23, it was Rs. 20 crores. Our annual target for advertising expenditure remains within the range of 6 to 6.5% of our top line.

Modern trade and e-commerce sales accounted for approximately 7.5% in Q3 FY '24 and 4.4% of our total sales in 9 months FY '24. Our goal is to raise this figure to around 8% by FY '26.

Our commitment to sustainability remains a top priority and we are dedicated to implementing eco-friendly practices across our operations. This includes our focus on reducing our carbon footprint and promoting responsible manufacturing processes. Also, with the commissioning of our latest solar power plant, our capacity has increased from 75 lakh units per year to 100 lakh units per year.

Thank you. Now Gaurav will give further information on the "Business and Operational Highlights" of the quarter gone by.

Gaurav Gupta: Hello. Good afternoon everyone and a warm welcome to each one of you.

A strong revenue outlook coupled with stable raw material prices and strong push towards premiumization will help us sustain and grow our margins.

Our strategic decision to appoint Saif Ali Khan as the brand ambassador for the Dollar always has yielded good results with economic segment revenue increasing by more than 24% year-on-year.

Additionally, we have also witnessed remarkable growth in volume in this segment up by 35% year-on-year. Response to our recently launched Force NXT Activewear and women's Athleisure products in the quarter gone by has been overwhelmingly positive. Force NXT grew 60% year-on-year in value and 54% in volume terms, which reinforces our commitment towards growth in the higher margin segment. The strong growth witness in Force NXT portfolio gives us the confidence that the premium segment will continue to play a vital role in achieving sustained revenue and profitability growth in the future.

Turning our attention to project Lakshya:

In Quarter 3 FY '24, we welcomed nine new distributors into this initiative, increasing our total distributor count to 280, a significant rise from 229 distributors we had in FY '23.

We are happy to report that Project Lakshya's contribution to the Company's domestic sales has grown from 19% in FY '23 to 27% in 9 months FY '24 and 29% in Q3 FY '24. Presently, we have Lakshya distributors operating in 13 states and our expansion efforts are ongoing. We are aiming for Project Lakshya distributors to contribute 65 to 70% of our revenue by FY '26.

Historically, our Company has not had a robust presence in the market of Southern India. Nevertheless, following the effective implementation of Lakshya in these areas, we expect a substantial rise in growth opportunities and revenue generation.

We are also pleased to share that the Southern India region contributed approximately 9% to our revenue during the first 9 months of FY 2024. Driven by the success of project Lakshya, technological advancements, product launches strive towards premiumization and the overall growth in the industry and the economy, we believe we are well poised for strong top and bottom line growth in the near future.

Thank you everyone. Now I hand over the call to our CFO, sir, Mr. Ajay Patodia, to talk about the finance matrices. Thank you.

Ajay Patodia: Thank you, Gauravji. Good afternoon, ladies and gentlemen. Many thanks for joining the earnings call. I will give a brief Overview of the Financial Numbers for the quarter before we open for question and answer.

I hope everyone have got a chance to look at the "Earnings Presentation and the Press Release" by now. While Ankitji has already covered the micro-outlook, I will try to explain in a more granular manner the financial performance of the quarter gone by.

Our revenue from operation rose by 16.2% year-on-year basis to Rs. 332 crore in Q3 FY '24 from Rs. 285 crore in Quarter 3 FY '23. Gross profit is Rs. 112 crore, witnessing a strong year-on-year growth of around 30.7%. Gross profit margin for Quarter 3 FY '24 stood at around 33.9% against 30.1% in Quarter 3 FY '23, expanding by 375 basis point year-on-year. The year-on-year margin expansion is indicative of the stability in raw material prices, which had posed a significant challenge to the industry during FY '23.

Operative EBITDA in Quarter 3 FY '24 shows strong growth increasing by 68% year-on-year, reaching Rs. 33 crore. The operating EBITDA margin for the quarter expanded by 304 basis point year-on-year to 9.8%. Profit after tax for the quarter business is substantially 128.9% year-on-year growth, reaching Rs. 17.7 crore, with the PAT margin reaching 5.3%.

I would quickly run you through the brand-wise contribution for the quarter:

Our mid-segment, Big Boss, contributed around 38%. Our economic segment, Regular, Lehar brand contributed around 36%. Thermal in this quarter contributed around 10.63%, Force NXT around 4%, and Dollar Socks around 3%.

Our commitment to strategic priorities and growth pillar remains unwavering as we focus on our long-term objective of achieving sustainable growth and profitability. With a strong quarter and focus on premiumization, we are confident in our ability to achieve robust revenue and profit growth in the current financial year as well as in the near future.

With this, we will now open the floor for the question and answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Sir, our 11 to 12% growth for the full year sort of implies 18 to 19% growth in Q4. So, wanted to check if we could break this growth expectation into volume and realizations for Q4? That will be helpful.

Ankit Gupta: Hi, Devanshu. The thing is that in Q4, we are on track to have an 18 to 19% kind of growth. So, that on a yearly basis, our overall growth will definitely stand between 11% to 12%.

Devanshu Bansal: No, that I get it, sir. I was just asking if you could provide a breakup of that 18% to 19% into volume and realization as in what would be the volume?

Ankit Gupta: So, overall volume growth on a yearly basis would be somewhere around 23 to 24%.

Devanshu Bansal: On a yearly basis. So, let's say the volume 9 months is also at 23%. So, for full year, if you are saying 23%, then Q4 will also be 23%, right?

Ankit Gupta: Q4, I think we will have to do around 25% or so.

Devanshu Bansal: 25%, then the 6, 7% will be a realization decline. That is the trend which has been there for 9 months.

Ankit Gupta: Yes.

Devanshu Bansal: So, on this last year Q4 base itself was very strong. We did about, if I am not wrong, 7.2 million pieces volume, right? So, we are expecting another 25% growth on that. So, if you could just help me understand because we have never done such kind of a number in Q4, how confident are you? And what are the growth drivers that you are seeing that should help you sort of achieve that number?

Ankit Gupta: See, if you see a couple of years back, we had never touched 400 also. But last year we did. This year also in 2nd quarter we crossed 400 crore mark in Q2. Right. So, the thing is that in Q4, what will happen is that the distributors, who were skeptical before because of the decreasing raw material prices, that is no more there in the market. The sentiments have neutralized. The market is stabilized. Cotton prices are stabilized.

And secondly, the Eid is early. So, Eid is somewhere around 8th April. So, most of the sales would happen in this 4th Quarter of this particular fiscal. So, that is also a major chunk which happens. Around 50 to 60 crore business comes from our Eid sale only. So, I think all this taken together and with the Lakshya project also growing at a faster rate, so all these things taken together, I think we should be able to do 500 crore business.

Devanshu Bansal: And my checks sort of suggest that there has been a considerable increase in the credit period being offered to the channel partners. So, just because the demand environment in the entire apparel retail space has been muted, so are you also sort of witnessing that kind of trend with your channel partners, your outlook here will be helpful?

Ankit Gupta: No, not really. Actually, like March '23 our debt receivable days were somewhere around 109 days. Currently we are standing at 105, 106 days. So, we don't see that kind of a trend happening particularly in our industry. Yes, maybe in the garments industry readymade, like if we talk about textile, there might be some credit period being given, but not in hosiery industry.

Devanshu Bansal: And do you expect this 105 to continue for Q4 as well? So, that year end number will be similar at 105 days, March '24?

Ankit Gupta: See, since Q4 is always heavy for any industry, so if you see on an absolute amount, the debtors, so it would be on a similar line.

Moderator: Thank you. Our next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Firstly, sir, what would be the like for like growth for Lakshya scheme? So, what would be the like for like growth for Lakshya project during the quarter?

Ankit Gupta: So, during the quarter, if you look at Q3 numbers, so the overall revenue contribution which has come from Lakshya project is around 29% in this quarter and 9 months ended, it's 27% of total revenue contribution.

Ankush Agrawal: Yes, I got that number, but what would be the like for like volume rate? Like in H1, it was 32%, right? So, for the 9 months or if you can give for the third quarter, that will be helpful.

Ankit Gupta: In Quarter 3, it's almost at a similar kind of a level because Quarter 3 witnesses most of the Thermal sales. So, most of the Thermal sales happens in Q3 and most of the states that we have opened in Lakshya project does not sell Thermals because it is either West or Central or Southern part of India. So, it's only Rajasthan and Haryana which has sold Thermals this year. So, that's why the volume growth won't be that much as compared to at a Company level, but it's almost at a similar level.

Ankush Agrawal: Similar to what? H1?

Ankit Gupta: No, if we talk about 9 months, so the Lakshya distributors who were present last year also during the 9 months and the same distributors who were here also are doing around 10% kind of a growth as compared to the Company average at 8.5%.

Ankush Agrawal: This is revenue growth?

Ankit Gupta: Yes, revenue growth.

Ankush Agrawal: Secondly, sir, for last couple of quarters, we have been seeing this divergence between the volume growth versus revenue growth due to the price cut that we have taken. So, at what point we will reach that base, wherein we won't have this negative effect of price cuts? I believe it should be from Q1 of FY '25, would that be right?

Gaurav Gupta: No, I think it is from Q2 of FY '25. Q1 FY '24 is the peak.

Ankush Agrawal: Peak, okay. That was very helpful.

Moderator: Thank you. Our next question is from the line of Nirav Laha from Professional Investor. Please go ahead.

Nirvan: Nirvan here. Sir, you said peak was Q1 FY '24. I think peak was Q1 FY '23, right?

Gaurav Gupta: Yes, actually it is Q1 FY '23 is the peak and Q1 FY '24 we can do similar level.

Nirvan: So, from Q1 FY '25, can we expect the price regrowth to stop or do you think one more quarters will be needed?

Ankit Gupta: So, by Q1 FY '25, I would like to correct this thing, that from Q1 FY '25 we will see the ASP level being almost equal to Q1 FY '24.

Nirvan: And going forward in FY '25, do you think Y-o-Y, we will be able to build any price growth? Will we be flat or do you expect again more de-growth in FY '25?

Ankit Gupta: So, in FY '25, we are aiming for a 12 to 13% kind of a growth at a revenue level and in that 4 to 5% would be a value growth and this would be driven by volume.

Nirvan: So, this quarter you had a 30% volume growth. So, what is prompting such strong volume growth?

Ankit Gupta: So, the volume growth has come majorly from Dollar Man, Big Boss and Dollar Always Lehar, which is our economy range of products and Force NXT. So, we have seen overall, in terms of volume, we have seen around 28% growth in Big Boss, while Lehar economy range of products showed a growth of 40% and Force NXT showed a growth of 54%. And then Thermals also 19%.

Nirvan: So, next year then why is your volume growth estimate only about at 7-8%?

Ankit Gupta: Sir, we need to look at one thing that Q2 and Q3 of last fiscal year, the sales were already down. So, the base was a bit low and that is the reason why we are seeing a huge volume growth this particular fiscal year. But at a normalized level and the target that we are aspiring for, which is 2,000 crore by FY '26, 12 to 13% growth should do.

Nirvan: And your guidance, you have maintained throughout that around 11 to 12% revenue growth, but you have also said 11% EBITDA margin for this FY '24, which means that in Q4 along with 500 crores of revenue, you have to deliver about 70 crores of EBITDA, which means 14% EBITDA margin. So, are you holding on to that guidance or are you lowering the EBITDA guidance?

Ankit Gupta: So, currently, on a nine months ended basis, we are at a EBITDA level of 9.7% and in Q3 we have already done 10.53% at an EBITDA level. So, I think 11% is achievable, like 10.5 to 11% is very much doable for the whole year basis.

Nirvan: For the whole year which would mean Q4, you would have to do significantly higher, like around 14%.

Ankit Gupta: Yes. So, if you see quarter-on-quarter basis also, our GP margin is also improving and getting stabilized. So, like in Q4, our GP margin was 34.12% and on a 9-month basis, it is 33.08%. So, if you compare it with Q3 of last year, the GP margin was 29.82%. So, it is a 4.3% change, I would say.

Nirvan: And this gross margin expansion is happening because your realizations are not going up. So, it is happening because your raw materials are getting even cheaper even now?

Ankit Gupta: Yes, yes. So, there was lot of high value in maintaining our system which is now finished because a lot of Thermal products were also there. If you look at FY '23 numbers, the Thermal sales were down by almost 30% at that point of time because of very weak winters and this year also the winter has shifted, but a lot of our channel inventory has moved and high-cost inventory of Thermal which was there in our books has also been cleared.

Nirvan: So, a couple more questions on Lakshya, if I may. So, first of all, can you tell us which are the states where you have been more successful with Lakshya? May be the top two or three states, how do you name them? And secondly, can you tell us what are the metrics that really, how are you measuring impact of Lakshya? What are the key metrics that have improved in those successful states?

Ankit Gupta: So, the states which are doing really good for us is Karnataka where we started off this project. Then we have Rajasthan, Haryana, Gujarat. These are the four states where we have completed this particular project and we are seeing a significant growth in terms of volume and in terms of reach also. So, the three matrices which we follow, which we look after is the, what percentage of enrolled outlet is being built on a month-on-month basis, and on a month-on-month basis, how we are increasing the number of retailers, how many new retailers have been added.

The second thing is how we are able to increase the range at that particular retail outlet. So, suppose the retail outlet is selling only Big Boss items, how can we add Force NXT or a woman's article in that particular store. So, we monitor them on that basis, plus the third thing is the fulfillment of their orders. So, we keep very tight monitoring on the fact that if the retailers' orders are getting fulfilled by the distributors or not, and on the timely basis or not. So, these are few of the matrices which we keep a close watch on so that proper growth can be monitored.

Nirvan: So, the question is that these are new distributors that you appointed, I mean they were first onboarded under the Lakshya system only or they were existing distributors who you have managed to convert because the sense I am getting from what you are telling me is existing where you have your big market, you are facing resistance, but it's easier to do it in markets where you are not that strong, maybe distributors are also coming new. So, any commentary on that?

Gaurav Gupta: So, to answer your question, we have got mixed states with us. If you talk about Southern India where we have little less presence compared to the other parts of India, there we have seen significant growth and the distributors who have not being able to align to this project, we have got new distributors on board and coming to our markets like, you know, which are very strong like Rajasthan, it's a very strong market for us and most of the distributors have been aligned to this project and have been converted from non-Lakshya, that is the regular distribution system, to this Lakshya distribution system. They have been educated about this. We have showed them what are the benefits of the system and they have aligned accordingly.

Nirvan: So, in Rajasthan and Haryana, can you tell us what kind of market share gains you have had due to Lakshya, if at all anything?

Gaurav Gupta: Ankit, I think it is about, Rajasthan is about 10%.

Ankit Gupta: Yes, 10% to our total sales and Haryana is around 6% to our total sales.

Gaurav Gupta: 5, 6%, Yes.

Nirvan: That's contribution to your sales or market share gain?

Ankit Gupta: So, it is contribution to our total sales. In terms of market share, it would be very difficult to tell because see, we are witnessing a volume growth which is higher than the usual volume growth that is happening, right? So, Rajasthan which used to be somewhere around 85, 88 crores, this year Rajasthan would be closing at somewhere around 140, 150 crores kind of a business. So, we are seeing a, we are witnessing a good volume growth, But since there are n number of unorganized players also present in the market, it would be very difficult to tell that specifically, what is the kind of a market share gain we have done in terms of percentage or numbers. So, we can't put a number to it, but definitely we are gaining market share in the market.

Nirvan: And the same number for Haryana, please. So, 85 to 140 in Rajasthan and Haryana, what would that change?

Ankit Gupta: So, Haryana, last year only we completed the entire rollout and this year we are increasing around 40% kind of a growth in that particular state.

Nirvan: 40% Y-o-Y sales growth.

Ankit Gupta: Yes.

Moderator: Thank you. Our next question is from the line of Anik Mitra from Phenomics Capital. Please go ahead.

Anik Mitra: This is Anik Mitra from Phenomics. So, my question is, if you look at the raw material consumption cost, it stood at 210 crore in this quarter versus 109 crore in the corresponding quarter of the last year. So, that is 63% of the, in the current quarter, it is 63% of the top line. And last year, same quarter, it was 38% of the top line. So, but you are saying raw material consumption, raw material cost has gone down. So, can you please explain this?

Ajay Patodia: Yes, sir. Actually, if you want to calculate the gross margin level, then you have to total the cost of material consumed plus change in inventory of finished goods and working process and add the sub-contract expenses. Actually, we have to arrive COGS, cost of goods sold, we have to add the three items. Then you get the real picture.

Anik Mitra: So, that is fine. Gross margin, I can see 1,400 basis point improvement over there from 45% to 59%, it is clearly visible. But raw material consumption cost, like it was 108 crore last year, 109 crore last year. Now it is 209 crore. So, what made these changes?

Gaurav Gupta: You have to add the change in inventory of finished goods and working process, sir. If you add that, 108 plus 47, it is around 155 crore, and if in 210 crore, you reduce by 73 crore and you get the clear picture.

Ankit Gupta: So, it is at a similar level, sir.

Anik Mitra: In the similar level, okay. My next question is, regarding your utilization. Can you give me your utilization level at this point of time?

Ajay Patodia: Utilization regards with our efficiency level you want to?

Anik Mitra: Correct.

Ajay Patodia: So, in our hosiery industry, there is our maximum work, around 70% of the work is through job worker. So, there is no installed capacity concept, but we have the backward integration also. So, around 20 to 30% of our total manufacturing production are in-house and 70% production is on the job work. So, we are very flexible. We can increase our capacity by 20% or we can reduce our capacity by 20% just by increasing the number of job worker or reducing the number of job worker. So, we are flexible in case of our utilization, actually.

Anik Mitra: So, capacity constraint is not there?

Ajay Patodia: No, no.

Anik Mitra: And, sir, what is your demand outlook for FY '25 in terms of economy segment and premium segment?

Ankit Gupta: So, for FY '25, if everything goes well and if the market is stabilized, no any external factors hampering the industry or the business, we are hoping for a good growth in both economic segment as well as for the Force NXT, which is our premium product. So, in premium product, we are hoping to have at least 30 to 35% kind of volume growth.

Ajay Patodia: And also, sir, there is good outlook for the consumer demand also and with the interim budget announced by the Government of India, and so many projects for the rural and cities, so there is money in the hands of the rural people. And we are basically more networking tier 2 and tier 3 network. So, we get the good result out of this. So, FY '25, we have the target to achieve our target by 12 to 13% revenue growth.

Moderator: Thank you. Our next question is from the line of Gunit Singh from Counter Cycle. Please go ahead, sir.

Gunit Singh: So, you mentioned that we would be crossing 500 Cr in revenues in Q4 and doing about 14% EBITDA margins. So, is it fair to expect about 70 crores of EBITDA in Q4?

Ajay Patodia: Yes, if at 500 crores, operating leverage will also roll in the higher EBITDA actually, and operating margin also increases due to higher margin product sales, and we have the target to premiumization our product. So, we can aspire to achieve that around 13 to 14% EBITDA in the next quarter.

Gunit Singh: And sir, what percentage of our products are premium currently?

Ajay Patodia: What percentage of the products?

Gunit Singh: Of our products are premium products?

Ankit Gupta: So, our premium products including our exports is around 14%.

Ajay Patodia: In this quarter.

Ankit Gupta: In this quarter.

Gunit Singh: And can you throw some light on the royalty that we pay to Dollar Private Limited? How much royalty did we pay in this quarter?

Ajay Patodia: It is only 0.3 paisa actually. This is only a minimum amount, which is, we have to pay. 0.03%.

Gunit Singh: 0.3% of the sales?

Ajay Patodia: Of the sales.

Gunit Singh: And sir, is royalty paid on sale of every product or only certain brands?

Ajay Patodia: No, it's only the products which have the Dollar brand, like our premium segment Force NXT not have the Dollar brand. So, royalty on the Force NXT is not paid. Only on the Dollar brand's products we paid the royalty.

Gunit Singh: So, any brand which has Dollar written on it, we pay royalty on that, not any other brands?

Ajay Patodia: No.

Moderator: Thank you. Our next question is from the line of Darshil from Crown Capital. Please go ahead.

Darshil: Sir, a lot of my questions are already been answered. So, just wanted to ask for FY '25, as we will be starting on our lower raw material prices and we expect to take some price hike, so number one, will the price hike be in H1 or H2? And will, as due to the higher premiumization, could we have better margins also going forward in FY '25 because our prices are in control, and we should have some leverage also because so just wanted to picture on EBITDA margin?

Ankit Gupta: So, the thing is that we will be taking some price hike in H1. That's what we are planning for. And secondly, there will be some addition because of the premium products as well. Like Force NXT is doing really well with an ASP of Rs. 275, which was earlier somewhere around Rs. 250. And then the Athleisure products are doing really good. The contribution coming in from Athleisure product is around 12, 12.5% overall, which used to be like during COVID time we launched it and last year, it was somewhere around 10% to 11% and slowly its contribution for overall sales is also increasing. So, that will also help us increase in the overall ASP of the product. Right? So, these are some of the factors which will help us have the value growth and plus volume growth is always there.

Darshil: So, of course, he asked us is that all the size to get to so that like in March '21 or before that also we were able to clock in 13% EBITDA. So, is that a possibility for FY '25? Because we have maybe done it in the past as most of our problems or bottlenecks are behind us.

Ankit Gupta: Yes, so by FY '25, on an annual basis, we are aspiring to have 12 to 13% kind of an EBITDA level and by FY '26, I think it should come between 13 to 14%.

Darshil: And FY '26 you are targeting 2,000 crore, correct sir?

Ankit Gupta: Yes.

Darshil: So, that's great to know, sir. I just wanted to ask like could you just give us what are our ASPs in FY '22, '23 and currently, sir?

Ankit Gupta: So, overall ASP of our Company in FY '22 was Rs. 71.11 vis-à-vis FY '23, which was somewhere around 69. And FY '24, till now it's going at a rate of Rs. 68, Rs. 69.

Darshil: So, we should be able to come back to FY '22 ASPs at least. That would be, like, that would only give us our major prize realization, right?

Ankit Gupta: Yes.

Moderator: Thank you. Our next question is from the line of Rehan from Equitree. Please go ahead.

Rehan: You mentioned, I think, in the start of the call, as well as in the middle, that Thermal sales haven't been good because of the delay in winter. By any chance, do you see a cover-up or a catch-up happening in quarter 4 of this year?

Ankit Gupta: No, actually, majority of our sales happen in the, start from the month of September onwards. So, Q2 sees around 40 to 45% of our Thermal sales and the rest of the sales is covered in Q3. And so, we supply to the distributors and thereafter the distributors supply to the retailers. So, the delayed winter, which happened in January, no primary sales happen from the Company side, but Yes, the tertiary sales and the distributor clears up his channel inventory. So, that is also a good part that winter has come in the month of January and all the stock has been cleared from the channel partners. So, next year, we won't see any blockage happening.

Rehan: And the second question will be on the EBO front. How many more EBOs we have added in this timeframe?

Ankit Gupta: Currently, we are standing at 18 EBOs and we will be adding in the first half of the next fiscal, some of the EBOs. We are planning to open 5 to 6, another 5 to 6 EBOs in some time.

Rehan: You mentioned, 18, one-eight EBOs are already there and five to six more coming first half of FY '25.

Ankit Gupta: Not first half. Maybe by 1st Quarter of next fiscal, you should see 5 to 6 EBOs being added.

Rehan: And they are all FOFO?

Ankit Gupta: FOFO.

Rehan: And I think I missed the segmental growth for each. Could you help me out with the same on a 9-month year-on-year basis for Dollar Always, Dollar Man and etc. sub-category?

Ankit Gupta: So, Dollar Man would be like Big Boss, 9 months ended, we saw volume growth of 12%.

Rehan: Okay. Year on year.

Ankit Gupta: Yes. Economy range of products, 35%. Thermals 22.

Rehan: That's Dollar Always.

Ankit Gupta: Yes, that's Dollar Always. Thermals, which is Dollar Thermal is 22%, Missy 8%, which is Dollar Woman, Force NXT is 52%.

Rehan: This is for 9-month year-on-year growth, right?

Ankit Gupta: Yes, 9 months year-on-year basis.

Moderator: Thank you. Our next question is from the line of Yash from Company Mandawewala Family Office. Please go ahead.

Yash: Ankit, so first off, it took us about 4 years to get to 30 odd percent penetration in project Lakshya and we are now targeting to get to 65-70% by FY '26 in another 2 years. So, what is giving us the confidence that, you know, we will be able to significantly export?

Ankit Gupta: So, there are a couple of things. Actually, when we started this particular project, we started off with Karnataka as a pilot run. Then we took Rajasthan also as a market for pilot run because Karnataka was a weaker market and we also wanted to see the results in a stronger market where all the nuances of general trade is happening, whether it be encroachment of areas, rate cutting, wholesale model. So, all of these problems were present in Rajasthan state. So, we started off with that. Then COVID came and it took away 1, 1.5 years from us because there was no fieldwork happening and this particular project requires a huge fieldwork. So, that was the reason why we got delayed.

The second thing is that at a similar level, we are 5 players, right? And there are n number of unorganized players also which are present in each and every state on a zonal basis or state basis. So, a fight for market share or shelf space is always there in the market and is very aggressive. So, we don't want to get a dent on our sales. Instead, we are being very cautious and penetrating the grey areas, the areas where we are weaker and not present to cover up the sales because a distributor generally takes 3 to 4 months to stabilize this particular project. Till then, that particular area still suffers a bit. So, instead of having a failed dent, we have taken a cautious step or a strategy so that we don't lose our shelf space or a market share in totality.

Yash: And when do we plan on taking, you know, the UP market as well as part of project Lakshya?

Ankit Gupta: UP market?

Yash: Yes.

Ankit Gupta: So, UP is a very big state and so we take UP or divide UP into two parts, Eastern UP and Western UP. So, maybe after a year we can plan for Eastern UP, but currently, because UP is very big market for us, around 16-17% contribution is coming from this particular state. So, currently we are not planning to have UP but if we start UP, we will start with the Eastern UP first.

Yash: Just one last one. You had mentioned there were a few states Rajasthan, Karnataka, Haryana where the rollout had been done successfully. So, can you quantify in those states how much of the incremental growth, so the growth above the system level growth is being driven by increasing reach? How much of the growth is driven by reach expansion and how much is being driven by increasing assortment or increasing shelf space at the retailer end?

Ankit Gupta: So, currently I don't have that data handy in terms of percentage as to before Lakshya and after Lakshya, what was the growth. In absolute amounts yes, like Rajasthan in a couple of years from 88 crores to 150 crores, Gujarat from 25 crores to we are aiming for 50-55 crores this year. So, these kind of figures are handy, but in percentage terms, proper analysis, it's not handy right now. But you can always get back and we will mail you the analysis of that as well.

Yash: Any sense qualitatively which do you think has been more important to increasing reach or increasing shelf space qualitatively?

Ankit Gupta: Sorry?

Yash: Just qualitatively, which factor has been more important in the growth? Has it been the reach expansion or has it been the assortment or throughput expansion per dealer?

Ankit Gupta: So, in Phase 1, what we focus on is the reach expansion and then we try to increase the range at each and every store. So, these are the two basic things that we work on, increasing the reach and range in the market. That is the only way you can penetrate deeper into the market and of course, the service part is always there, like, regular supply to the retailers, on time supply to the retailers. So, that service part is always there. but the two major factors that we depend upon is the increasing the reach and the range in the market.

Yash: Just lastly, are we seeing any of the peers rolling out anything similar?

Ankit Gupta: No, not really actually. We have not heard about anyone coming out with a similar kind of a model and it is very difficult to replicate also. Even though if they start thinking, they will take another 2 to 3 years to implement and you always get the benefit of first mover advantage, right.

Moderator: Thank you. Our next question is from the line of Keshav from VT Capital. Please go ahead.

Keshav: My most of the questions have been answered. I just have one question. Can you please help me reconcile the working capital cycle for the Company and on a CTR or Y-o-Y basis?

Ajay Patodia: Keshavji, currently our total working capital days is 155 days. The consistency of trade receivables around 160 days and inventory days around 112 and debtor days is around 63 days. Inventory days is with respect to our year-on-year basis, last December '23, December '22, total working capital is 171. Currently, our inventory days are around 112 days as we procure inventory for the current quarter production purpose. So, we maintain total inventory level in absolute term is around 500 crore. Out of it, 63-64% is the finished goods and rest is the raw material. And we are aspired to reduce by FY '26 to 120 days overall working capital.

Moderator: Our next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Just continuing on that previous one, the 112 days, what was the number last December for inventory?

Ajay Patodia: 126 days. 126.

Pallavi Deshpande: Secondly, I wanted to understand how much is the outerwear and the share of total revenue on a value basis?

Ajay Patodia: We have the percentage around 19% of the total revenue come from the outerwear and 81% from the innerwear.

Pallavi Deshpande: In terms of, I think, you have given the guidance for working capital target of 120 days. So, where will the major improvement come from our inventory days or debtor days, sir?

Ajay Patodia: Basically, we have to reduce the debtor days. We also implement the dealer financing scheme, which is also get very successful, and currently, it is around 106 days in this quarter, but we have the target to reduce it to 65 days by FY '26. Major change from the trade receivables and also we want to reduce the inventory days at the optimum level of 90 to 95 days.

Pallavi Deshpande: And like you said, there is inventory on the Thermal side, there was a good liquidation of this thing. FY '27 should be a year of restocking. Is that the correct way to look at it and therefore, the guidance that you have provided may be conservative?

Ajay Patodia: With regards to Thermal inventory, currently no such inventory, not in major terms, there is a normal 5 to 10 crore stock is only in absolute terms in the inventory with the Thermal products which are carried forward to next year inventory and already in this year, we already have the 22% volume growth in the Thermal. So, all our old inventory, which are in last season we have to carry forward high value inventory is already cleared in this financial year and basically, Thermal inventory not is the major part we have carried. It will be around between 10 to 20 crore only.

Pallavi Deshpande: And sir, lastly, on the Missy side, I just wanted to understand women's wear, that's not shown, you know, I think there might be some decline in the Missy and it's not growing well. So, I just wanted to understand what would be any reasons for that?

Ankit Gupta: In Quarter 3, we saw a muted growth in Missy. Because of seasonality, actually in winter season, during the Quarter 3, the Missy sales are always, the women segment, if we talk about churidar ankle, the legwear segment, it's always weak. So, Yes, this year is a bit weak, but nothing to worry. For the year, on a whole year basis, we are targeting a 20% kind of growth in this particular segment.

Pallavi Deshpande: And that would be revenue or volume?

Ankit Gupta: Volume growth.

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

Ankit Gupta: I take this opportunity to thank everyone for joining this call. I hope we have been able to address all your queries. For any further information, kindly get in touch with us. Thank you once again.

Moderator: On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.