# Dollar Industries



**Operator:** Good afternoon, everyone. This is the third day of the Bharat Connect Conference. I welcome you all to the call of Dollar Industries Ltd. Today, from the management side, we have Mr. Ankit Gupta, President—Marketing; Mr. Ajay Patodia, Chief Financial Officer; and Mr. Ankit Sharma. Before I hand over the call to management, I will lay out the flow of the event. We will start with brief introductory remarks by management, followed by a Q&A session. Over to you, sir.

**Ajay Patodia – CFO:** Good afternoon, everyone. Today, we have with us Mr. Ankit Gupta and my colleague, Mr. Ankit Sharma, Investor Relations Officer, along with our IR advisor, Ms. Pooja Mundra of Uttriss Advisors.

First, I will briefly describe our company for 2 minutes. Dollar Industries was established in 1972 by our Chairman, the late Mr. Deendayalji Gupta. We are one of the leading players in the Indian hosiery industry, with a 15% domestic market share. We have a strong supply chain network of 1,500 dealers and a presence in 900 EBOs and format stores.

We started with the economic segment, but after some time, we expanded our presence into the mid-segment and premium segment as well. Mudit, can you start the presentation for a while? Thank you.

Over 50 years, we have grown from being perceived as a commodity producer to a mid-premium brand that caters to a wide demographic. We have around 80,000 MBOs across India. Our product portfolio ranges from innerwear and outerwear to athleisure and thermals.

Our premium segment includes Dollar Thermals, Force NXT, and Pepe Jeans, with an average selling price of around 230–250. Our mid-premium segment includes Dollar Junior, Dollar Man, Dollar Protect, and Dollar Woman. Our economic segment includes Dollar Always.

We have a strong retail presence in both modern trade and e-commerce. On the distribution side, we implemented Project Lakshya in 2019–20, and we are currently implementing Phase 2 of Project Lakshya. It is a different type of distribution and marketing model in which we directly connect with the retailer. Currently, the number of active Lakshya retailers is around 80,000.

We have a joint venture with G.O.A.T. Brands for Pepe Jeans in the super-premium segment. Almost all of its revenue comes from the e-commerce segment, mainly the quick-commerce segment. Last year, it grew by around 30%, and this year it is targeting growth of around 22–30% in the premium segment.

With regard to the industry, we have already taken a price increase of around 5% in May and June. The market is very good, and we are hopeful that this year we will achieve growth of around 12–13%, largely driven by volume. This year, we are targeting an EBITDA margin of 11.5–12.5%. Demand is also good in the current quarter, and we expect to achieve our guidance for the year.

Our main target this year is to reduce working capital days and increase profitability margins. We have already mentioned that our high-EBITDA-margin segment currently contributes around 27%. We are targeting an increase to 35% within 2–3 years.

Report is AI-generated and may contain inaccuracies.

Our next objective is to make the company debt-free in the next 2-3 years. This is all about our company. We can now start the question-and-answer session.

**Operator:** Thank you, sir. Participants who would like to ask questions may raise their hands or put their questions in the chat box. We will wait for a minute while the question queue is assembled. The first question is from Sanjay. Please go ahead, sir.

**Sanjay:** Hi. Thank you. Can you hear me?

**Ajay Patodia – CFO:** Yes, Sanjay.

**Sanjay:** Thank you so much for taking the time. Would you be kind enough to talk a little more about the group-level restructuring that you have undertaken, how you have simplified the structure to make it easier for minority shareholders, and what the thought process behind it was? That is one question.

Second, could you talk a little more about the dynamics in the industry itself, your peers, the competition, and what kind of growth rates we should expect, particularly given that consumption has been slowing down?

**Ajay Patodia – CFO:** Regarding the restructuring, I want to specify that 9 group companies have been merged with our main company, Dollar Industries Ltd. For the first time, a hosiery company in the textile segment has merged its brand with the parent company. To date, none of our peers in this industry has the brand in the parent company in the way that our brands are now held in the parent company.

We are the first company to merge the brand into our main company, and this was also done at a very reasonable book value. Apart from this, we have 4-6 companies that are exclusively engaged with the main company and provide property for office and factory purposes.

Once they are merged with the company, around 99% of the related-party transactions will be eliminated. For better corporate governance and for the benefit of investors, particularly minority investors, we took the valuations that were very low across the different valuation categories. The valuation was conducted by KPMG and was also reviewed by the merchant banker.

The main reason for the merger is to reduce related-party transactions and improve the internal net worth of the company. Through this merger, we expect to complete the process by March 27. Once the merger is complete, expenses of 5-7 crores related to rent and other expenses will be reduced on the revenue side, while the internal net worth of the company will improve.

**Management:** The Dollar trademark is held by the company, and the international network is expected to increase. This is our main purpose. Apart from this, after merging the company into Dollar Industries Ltd., our second step is to form a trust.

Management's 51% shareholding will be transferred to the trust. That business trust will then control Dollar Industries Ltd. and will also prepare succession planning for the other promoter-director. The main reasons behind this are to reduce related-party transactions and control the company through the business trust.

Report is AI-generated and may contain inaccuracies.

**Management:** The second point is regarding the peer industry. Currently, there is very good demand in the market. In the second quarter, we have demand for thermals, and we expect to achieve a good target this year. We have a growth target of around 20–25% in this segment.

Our main target is to reduce working capital days in our segment. With respect to your last question, what was it?

**Sanjay:** I was referring to the growth that you are expecting. I thought consumption was slowing down. What kind of growth rate do you see? Is 20–25% for the overall company?

**Management:** The 20–25% growth is for the thermal segment. For overall growth, we mentioned in our last call that we expect around 12–13% growth in the topline. We expect the EBITDA margin for the current year to be between 11.5% and 12.5%.

**Sanjay:** Understood. Regarding the competitive landscape, who are the other players? What kind of share do you have, what kind of share do others have, and how is that changing?

**Management:** In our segment, the 2 players in the mid-segment are Lux Industries and Rupa Industries. In the premium segment, there is Page Industries.

We are mainly a mid-segment company because 40% of our revenue comes from the mid-segment and 40% comes from the economic segment. With respect to our peers, there has been an announcement regarding a family settlement, under which the company may be divided into 3 different companies. That family settlement has now also been resolved. Therefore, we think the intense discount competition will also be resolved within the next 2–3 quarters. With respect to our portfolio—

**Management:** Regarding our comparative edge, as has already been explained, there were certain issues with the peer companies, and those issues will not be resolved immediately. We were facing intense competition in the market through deep discounting, with large discounts being given to distributors for selling their products.

For the last 1.5 years, we have had only one focus: protecting our margins while simultaneously growing our sales. With that in mind, in the first quarter we protected our margins very well compared with our peers.

Throughout FY 2027, we have guided for growth of around 12–13%, which will mainly be volume-based, with an EBITDA margin of 11.5–12.5%.

**Sanjay:** Thank you.

**Operator:** Thank you, sir. We have the next question from Rohit. Please go ahead, sir. Rohit, are you there?

**Rohit:** Yes, hi. Am I audible now?

**Operator:** Yes.

Report is AI-generated and may contain inaccuracies.

**Rohit:** I have one question on raw materials. How have cotton prices been, and what is the expectation for the second half of the year? Have we received any inventory gains from the older stock, and will this normalize in the second half?

**Management:** Rohit, currently cotton prices are stable at around 65,000-68,000 per candy. From October onwards, the new crop will also come into the market, so we expect no increase in raw material prices.

We have already passed on the increase in costs through prices in the first quarter itself. Therefore, I do not think there will be any issue related to raw material costs.

**Rohit:** Regarding the supply side, it is sufficient, correct? Do you expect cotton supply to remain normal?

**Management:** From October onwards, the new crop will also be available in the market, and we do not expect any issue on the raw material side.

**Rohit:** My second question is on Project Lakshya. Which new states are we targeting, and what is the timeline for penetrating deeply into those states?

**Ankit Sharma:** Rohit, this is Ankit Sharma. Regarding Lakshya, the project was started in 2019-20. It is a fieldwork-oriented project that took us around 5-6 years to develop into an entire ecosystem that creates a win-win situation for the distributor, the retailer, and the company.

The first phase of the project has been completed. In that phase, we targeted gray areas in states where our presence was very small or negligible. Then we targeted the distributors and subsequently the retailers.

We have completed the first phase and achieved very good success in it. We have now started Phase 2 of Project Lakshya. In Phase 2, we are doing something similar to Phase 1. In Phase 1, we collected retailer data, brought retailers into our portfolio, and enrolled them in Project Lakshya. Now, we are targeting retailers who were doing business with us or had done business with us earlier but have stopped for various reasons. We are targeting their reactivation.

One consulting firm, Vector, is helping us with Project Lakshya. According to its theory and study, there is a universe of 10 lakh retailers across India. If we allow for a deviation of 10-20%, we assume that our base should be around 8 lakh retailers.

Our focus is to have around 4.5-5 lakh of those 8 lakh retailers in Dollar's portfolio, of which more than 60% should be active. This will help us grow at an enormous rate, and this has been our target from the beginning.

Earlier, in the traditional business model, the company would supply products to the distributor or wholesaler, and the wholesaler would supply them to the retailer. The retailer could sell at any price, undercut prices, overprice products, or encroach on another area.

Since we launched, implemented, and executed this program, undercutting and overpricing have stopped. The distributors' powers have been controlled, while the company's control and

Report is AI-generated and may contain inaccuracies.

bargaining power have increased. Ultimately, the benefit has gone to the retailer.

Earlier, whenever the company passed on a benefit, the distributor may or may not have passed it on. Because of this program, we can directly pass on the company's benefits to the retailers who are enrolled with us. This has created a bond between the retailers and us. They have become loyal to us.

There are certain retailers who have been working with us for the last 6–7 years.

**Rohit:** I have one more question. Your main competitors, Lux and Rupa, are going through a difficult period. In the major states where they were ranked first or second, in which states have you gained market share because of their family dispute or whatever else is happening? Are there any states where your market share has increased significantly?

**Ankit Sharma:** Speaking about Rajasthan, when we ran this pilot project there, we were ranked second or third. Today, in Rajasthan, we are at the top and are number one. You will find Dollar products at every third retailer in Rajasthan.

Similarly, we have gained market share in Haryana. We achieved the same kind of success in Karnataka. If we consider the company's total revenue from the southern region, it used to hover around 6.5%. Since we implemented Project Lakshya there, that percentage has increased by 1.5–2% to around 8.5%.

This is the gain we have achieved there, and we have captured market share. The market share we captured is a combination of both organized and unorganized players. In the organized segment, among listed companies, we can mention Rupa and Lux, while among unlisted companies, we can mention Amul. The unorganized segment comprises small regional players.

We have definitely captured market share through our strategy of directly targeting the retailer and tapping the secondary market. We have received a very good benefit from this. Therefore, we have definitely gained market share.

**Rohit:** Okay. Thank you so much, sir. All the very best. Thank you.

**Ankit Sharma:** Thank you.

**Operator:** Thank you, sir. Participants who would like to ask a question may raise their hands. The next question is from Garvita Jain. Please go ahead, ma'am.

**Garvita Jain:** Hello. Good evening, sir. My question is more from a macro perspective regarding raw materials. Given the recent monsoon trend and the shortfall in the monsoon, we are seeing some impact on cotton crop yields. However, you are saying that there will be good availability of raw materials during the October season as well. Could you elaborate on this? Even after the impact of the monsoon, is there really no impact on crop yields?

**Management:** Based on the feedback we are receiving from the cotton market, and as you know, we have backward integration and a spinning unit that meet around 25% of our total requirement, we have a benefit on that part.

Report is AI-generated and may contain inaccuracies.

According to the feedback from the cotton market, there is currently no such scarcity of raw materials. Raw materials are available, and we plan to buy from cooperative societies that are very involved in this area. Currently, the rate is almost at the same level, at 65,000-68,000 per candy.

**Garvita Jain:** That was all I wanted clarity on. Thank you.

**Operator:** Thank you. We have a question in the chat box. Are you seeing any signs of GST rate changes, cotton yarn duty changes, or an e-commerce regulatory shift that could affect the competitive landscape for organized hosiery players compared with unorganized regional brands?

**Management:** No. Currently, we do not expect any change in the GST rate. We are in the 5% segment only.

**Operator:** We have the next question from Muskan Agarwal. Please go ahead, ma'am.

**Muskan Agarwal:** I have 2 questions. The first is on the e-commerce business. How is it trending for us? Second, I can see receivables of 602 crores. How much can be allocated to Lakshya and non-Lakshya retailers, if you have that breakdown?

**Management:** Regarding e-commerce, Muskan, around 11% of our total revenue comes from the e-commerce segment. Of this 11%, 5% comes from quick commerce, 5% from e-commerce, and 1% from modern trade.

We entered the quick-commerce segment around September 24, and within 2 years we achieved 50% of our e-commerce sales from the quick-commerce segment. This is through Flipkart and then through Blinkit and Swiggy. We have a significant opportunity to expand in the quick-commerce segment.

Regarding the quick-commerce segment, one of our joint-venture partners, G.O.A.T., which is associated with Pepe, generates 95% of its sales from the quick-commerce segment. Therefore, we are targeting an increase in our quick-commerce revenue.

Regarding debtors, we follow an SOP in our Lakshya project, and all distributors registered with Project Lakshya have to follow the SOP. Accordingly, in the Lakshya project, our general debtor or receivable days are around 80-85 days. For our normal non-Lakshya project, they are currently around 95-100 days.

Overall, we are targeting a reduction of around 5-10 days in debtor days during the current year.

**Ajit:** For non-Lakshya distributors, receivables are more than 120 days. We are trying to convert and reduce the non-Lakshya receivable days to less than 100.

For this, we have already locked the credit limit and order limit. Once they cross their receivable days, the sales order is restricted. With respect to {? 602 ?}, there is an e-commerce segment, a modern trade segment, and Project Lakshya accounts for around 55 crores, I think. The 55 crores is the total out of 600 crores.

**Muskan Agarwal:** Could you list the different steps we are taking to reduce the non-Lakshya receivables so that we can convert them and bring the days down?

Report is AI-generated and may contain inaccuracies.

**Ajit:** Our credit team manages all our receivables, and we have a strict policy. We maintain strict monitoring of our debtors, who are our business associates. We have a special team that looks after their entire credit control.

We have put channel checks in place. For any particular distributor, the assigned limit is backed by the company or by the agent. We examine the ratio between the orders and the payments received from them. Based on that combination, we place a limit check so that, on a bill-wise basis, their payment has to come first and then the order is released.

Apart from that, there is constant follow-up by the agents, including personal visits. We also have a dealer financing facility in partnership with ICICI Bank. If any dealer wants to join this dealer financing facility, we provide it, and the dealer also receives an additional discount for using the facility.

Through this facility, we receive our funds or receivables within 10-15 days. We take the funds after the goods reach the distributor. We allow a 10-day grace period after billing the distributor. Around 320 distributors have also enrolled in this dealer financing segment.

**Muskan Agarwal:** Okay. Thank you, sir.

**Operator:** Thank you. We have the next question from Arpit. Please go ahead, sir.

**Arpit:** Am I audible?

**Ajit:** Yes, sir.

**Arpit:** I have 2 quick questions. First, the industry as a whole used to have ROCE of more than 20%. Today, if we look at each player, everyone is below 10%, while ours is around 12-14%. How do you see this evolving over the next 3-5 years?

**Ajit:** Arpit, we have a target of achieving 11-12% CAGR growth by 2030. According to our calculations, if we achieve 99% of this rate over the coming 2-3 years, our ROCE should be between 20% and 23% in this segment.

**Arpit:** If we achieve 12% growth for 3 years, is your estimate that there is a possibility of going above 20%?

**Ajit:** Absolutely, absolutely, absolutely, Arpit.

**Arpit:** Are you saying that the industry as a whole will see an increase in ROCE, or how are you thinking about it? If competition remains intact, how is it possible for us alone to move up? ROCE generally moves in tandem, although we could be superior, as we are today. How are you thinking about this? What needs to happen at the industry level for this assumption to be valid?

**Ajit:** We have 3-5 main targets. The first target is to reduce our total working capital days. Currently, as of March 26, it is around 164 days. We have a target of reducing it to 125-130 days.

Second, we want to become debt-free. Third, we want to increase the contribution of our high-EBITDA-margin products from 27% to 35%.

Report is AI-generated and may contain inaccuracies.

Fourth, we want to increase our distribution. Currently, across the Lakshya and non-Lakshya segments, we have around 150,000 active retailers. We are targeting an increase in the active retailer base to around 250,000-275,000 within 2-3 years.

These are the main points that we believe will enable us to achieve our growth target of 12-13% revenue growth. If there are no significant hurdles in the market or in raw materials, this is easily achievable because, in our segment, an EBITDA margin of 14-15% is sustainable.

**Arpit:** That is very helpful, Ajit. Is rationalization of advertising expenditure also part of this? How are you thinking about that?

**Ajit:** We have already capped our advertising expenses at around 100 crores for the last 3-4 years, and our target is to remain in this range for the next 2-3 years.

By leveraging these expenses, we can also achieve a certain EBITDA margin through the leverage of fixed expenses. We have reduced our presence in electronic media and increased our presence in digital media in the e-commerce segment and in different segments.

An amount of 100 crores in absolute terms is a good amount for brand development. We already restructured our brand in 2019-20. We divided the Dollar brand into 5 categories: Dollar Men, Dollar Women, Bigboss, and Missy as sub-brands.

We have 6 categories: Dollar Men, Dollar Women, Dollar Thermal, Dollar Protect, Dollar Junior, and Missy.

**Arpit:** That is very helpful. It is commendable that we are undertaking this scheme of amalgamation and bringing in the brand. It is not easy; it is a 2-year process, and you have been doing it.

One more follow-up question: if we need to increase sales from 1,800 crores to 3,000 crores, as you have indicated in the conference call, I want to understand whether we will need capex to go beyond 3,000 crores.

**Ajit:** There is currently no need for capex. Our industry is mainly dependent on job workers. If we need to increase sales or production by 20%, we already have backward integration through our spinning unit, which fulfils 20-25% of our total requirement.

Apart from this, we have in-house knitting capacity. If required, we can add job workers for knitting, as they are available in the market on an exclusive basis. We can also include job workers at the bleaching and stitching stages.

We carry out cutting in-house. Cutting is entirely dependent on an Italy-based automatic machine. We do not need additional capex for capacity, and even if we install one machine, it costs only 3 crores.

Therefore, the cost is very low. We already incur average capex of 10-12 crores for repairs, maintenance, and other requirements. There is no major capex concern here.

**Arpit:** Thank you, and all the best for everything that lies ahead.

Report is AI-generated and may contain inaccuracies.

**Ajit:** Thank you, Arpit.

**Operator:** We have a question in the chat box. Are you planning to launch premium innerwear products to target the premiumization trend?

**Ajit:** In the women's segment?

**Operator:** It is not specified whether the question is about men or women. You can discuss both.

**Ajit:** We are already targeting the launch of new products. In the men's segment, we launched activewear last year, and it has received a very good response. We have also implemented this in our lingerie segment.

In the women's segment, we have now launched activewear, and that is also receiving a very good response. We have also launched a new product in the kids' segment. The kids' segment is part of our premium segment because it has an EBITDA margin of more than 15%.

We try to launch new products in the market regularly, and the additional growth we receive from these products will also contribute to our growth.

**Management:** Apart from that, in the premium segment, we already have an established brand, Force NXT, which has been growing at a CAGR of 20-25% for the last 3-4 years. It has significant scope. The brand portfolio includes trendy wear, athleisure wear, and activewear, which is very suitable for the smart Gen-Z consumer. We are seeing very good traction for this brand.

**Operator:** What is the capital allocation plan after becoming debt-free?

**Ajit:** Regarding the capital allocation plan, in a net-debt-free situation, our bank funding will continue to be available. Any additional funds that we have can be invested.

On the one hand, because we have a double-A rating, our cost of capital is quite low. Therefore, we can invest the additional funds available with us to achieve better margins.

**Operator:** There is one question from Chirag. What is the future brand mix that you are targeting?

**Ajit:** Currently, the mid-segment accounts for 40%, the economic segment accounts for around 41%, the women's segment accounts for 9%, the thermal segment accounts for 6%, and the premium segment accounts for 5%.

The percentage does not change significantly, but the absolute terms change. Today, in a business of 2,000 crores, if the premium segment contributes 100 crores, then in a business of 3,000 crores we expect it to contribute around 200 crores.

The percentage does not change significantly. There may be a change of only 1-2% in the product or brand mix. However, in absolute terms, we will achieve substantial volume.

**Operator:** There is one question from Priyal. What is your manufacturing footprint, including owned units versus outsourced job work, and what is the capacity utilization at each?

Report is AI-generated and may contain inaccuracies.

**Ajit:** Could you repeat the question?

**Operator:** What is your manufacturing footprint, including owned units versus job work and outsourcing, and what is the capacity utilization at each?

**Ajit:** Our backward integration in the spinning segment is around 20-25%. In knitting, 30% is done in-house and 70% is outsourced. In bleaching, the same ratio applies: 30% is in-house and 70% is outsourced.

Cutting is 100% in-house because we control wastage. Fabric is converted from kilograms into pieces. If we outsource this activity, wastage is 1-1.5%, whereas we reduce it to 0.75-1% through in-house operations.

In stitching, around 20-25% is done in-house and 75% is outsourced. The outsourced capacity operates at maximum utilization. Our in-house utilization is also 80-90% of total capacity.

**Operator:** Is there any capex plan to add capacity, given the shift toward the premium Force NXT product, which may require different machinery? Also, what are the margins in Force NXT, given its stable growth over the past 4 years?

**Ajit:** We currently have no major capex plan. The capex for repairs and maintenance is around 12-15 crores, and that is the main capex.

Apart from this, if we need to increase capacity in stitching and related activities, we can involve new job workers who are available in the market on an exclusive basis. We can also include job workers in the bleaching and stitching stages.

If a specific machine is required, the cost is negligible. Within 1 crore, we can acquire 50 machines; the cost is only 2 lakh rupees per machine. Therefore, the amount is negligible.

Force NXT is a premium-segment brand and contributes an EBITDA margin of around 15-18%.

**Management:** The EBITDA margin is 18-20%. That is the margin we achieve in Force NXT.

**Operator:** As you said, revenue growth will be guided by volume. Which segment is most likely to contribute to this volume growth?

**Management:** Our company is mainly present in the mid-segment and the economic segment. We expect volume growth from both these segments.

The base of the mid-premium and economic segments is very large. Even a 1% shift in these segments results in changes of crores of pieces.

We acknowledge that the premium segment and our other segments, including the women's segment, are growing, and they are growing at a very good rate. Force NXT is also growing at 20-25%, and it will grow next year as well. We will see the volume shift in that segment.

However, the significant contribution shift that you are expecting will not be visible because the base of the mid-segment and the economy segment is very large. There is growth in every

Report is AI-generated and may contain inaccuracies.

segment for us.

**Operator:** What proportion of yarn and fabric is captive or backward-integrated versus purchased externally? Does that integration give you a cost or speed-to-market advantage over Rupa, Lux, and VIP?

**Management:** Certainly. For every division, if you have an in-house facility, you save 5-10 rupees per kg in the yarn segment. In the knitting segment as well, you have a certain margin percentage.

Due to the backward-integration facility in our spinning unit, we have a consistent production line for our products. If there is a scarcity of raw materials such as yarn in the market, we still receive a consistent supply from our own unit. There is also a margin in the spinning unit.

We have a better margin of around 7-8% in spinning costs compared with purchasing from the market.

**Operator:** As you have taken price hikes due to the increase in cotton prices, what was the price increase? Was it fully passed on, and why should revenue growth be volume-based when price hikes have been taken?

**Management:** Considering the total product mix, we passed on a price hike of around 4-5% in the first quarter. Our revenue growth target is around 12-13%. Therefore, we expect 8-9% volume growth and 4-5% value growth. Growth is a combination of both value and volume.

**Operator:** Are you planning to improve export revenue?

**Management:** Certainly. Our Managing Director and the Director who looks after exports have already visited new markets globally. We have received good orders from the Middle East.

Apart from this, we have appointed new agents in South African countries, Nigeria, Lagos, and Togo. Therefore, we expect to receive good volumes from these markets as well.

**Operator:** We have a question from Prial. Do you have multiple manufacturing locations to hedge against regional disruptions such as labor, power, or floods? What is your business continuity plan if a key unit is disrupted during the peak season?

**Management:** We have 4 manufacturing locations: West Bengal, Tiruppur, Delhi, and Ludhiana.

West Bengal is the hub for the hosiery business, and 45% of our total manufacturing is done there. We have ample availability of skilled labor and job workers for this purpose.

Our backward integration, bleaching plant, and knitting unit are located in Tiruppur. Around 50% of our total revenue is generated from Tiruppur.

The lingerie segment is based in Delhi. For the thermal segment, which is the winter segment, we have a unit in Ludhiana.

Each location has been selected according to the requirements of the product. For the thermal segment, the fabric has to be arranged from Ludhiana. Skilled labor for manufacturing lingerie and

Report is AI-generated and may contain inaccuracies.

socks is available mainly in the Delhi region.

Accordingly, we have 4 different segments across these locations. Currently, we have no capex target apart from these 4 manufacturing units. Therefore, for the next 2–3 years, we will continue with these 4 locations only.

**Operator:** We have the next question from Prashant. Please go ahead, sir.

**Prashant:** Am I audible now?

**Management:** Yes, sir.

**Prashant:** You mentioned that the company is focusing on exports and exploring markets in Africa and the Middle East. If we take a longer-term view, what percentage of our business do you expect to come from exports after 3 years? Second, what will be the difference in margins between domestic and export business?

**Management:** Currently, our total exports account for around 4–5% of total revenue. We are appointing several new agents in the Middle East and in Asian countries such as Myanmar. We are also increasing our engagement with different distributors and dealers.

However, it is difficult to say today by what percentage our export revenue will increase. In absolute terms, our business is currently 2,000 crores, and our target is to achieve 3,000 crores within 3–4 years.

If our current export revenue is 75 crores and we increase it to 150 crores, the percentage will remain more or less the same at 4–5% because the overall business will also increase. Exports will double in absolute terms, but their percentage contribution may remain the same.

The average realization price in our domestic business is also approximately the same as in exports. Exporters or importers negotiate all the prices and benefits that we receive.

For example, if the Government of India announces a benefit, the duty drawback rate was 11% around 10 years ago, but it has now reduced to 2%. When the costing is prepared, the importers negotiate the entire benefit and state the rate at which the product is costing them.

Therefore, our realization price and ASP generally remain the same as in the domestic business. However, exports provide additional benefits through GST refunds and other refunds. We also benefit from better cash flow and receivables.

**Prashant:** Will exports be under the Dollar brand, or will we also do white labeling?

**Management:** We are flexible. Currently, 90% of our total exports are under the Dollar brand and 10% are white-labeled.

If there is a requirement for white labeling, we undertake it. For example, large chains such as Lulu in Dubai and the Middle East sometimes require 1 or 2 products under their own brand, and we provide those products.

Report is AI-generated and may contain inaccuracies.

**Prashant:** One of your competitors is doing a lot of white labeling for a US brand, which indirectly helps recover fixed-cost overheads and provides economies of scale. What steps, if any, is the company taking in this direction?

**Management:** We are also taking several steps in this area. Apart from white labeling in exports, we sometimes receive white-labeling demand in the domestic market from large departmental stores that are progressing well.

They specifically want us to manufacture products under their labels and create exclusive brands for them. We are open to all such opportunities and act according to the opportunity available.

At the same time, on a global basis, the Dollar brand also has a very good presence in the Middle East. In Oman and Dubai, the Dollar brand has its own identity, and there is also significant demand for Force NXT.

Apart from this, whenever we receive white-labeling requirements, we fulfil them completely.

**Prashant:** That is all from my side. I wish you all the best.

**Management:** Thank you.

**Operator:** We have a question from Sumantra. Do you see any positive benefit for your business from the change in government in West Bengal?

**Management:** The change in West Bengal is taking place for the entire industry. We are currently having several discussions with the West Bengal Government through platforms such as the Hosiery Association and at the MCCI level. We are also discussing these matters with the Finance Minister and the Industry Minister.

There is also a discussion that the subsidy provided by the previous government may be recovered and given to us. In addition, various benefits required by the hosiery industry, including land, may be made available so that we can expand our business.

Currently, West Bengal has a government aligned with the central government, so there are also many benefits available from the central government. The policy is currently at the draft stage, and we expect an industry-related policy to be announced by October 15.

Therefore, we expect this to provide significant benefits to the industry.

**Operator:** Are there any favorable policies for industrialists that could benefit us following the change in government?

**Management:** There is currently no specific scheme for the textile sector. The TUF policy has also not yet been renewed or completed.

We have made several representations to the government that a policy should be introduced for companies in the MSME segment and for small companies in the textile sector. Such a policy would enable us to increase manufacturing capacity, production, and revenue.

Report is AI-generated and may contain inaccuracies.

We have made representations at several forums. We have also received assurance from the Textile Minister, Giriraj Singh, that work is being undertaken on this matter. We expect the government to introduce a scheme for MSMEs and small-scale industries in the textile segment.

**Operator:** Thank you, sir. I believe most of the questions have been answered. On behalf of Arihant Capital, I would like to thank the management for sharing insights about the company. If participants have any further questions, they can get in touch with the Arihant Capital team. Do you have any closing comments, sir?

**Management:** No. Thank you, and thank you all for joining us today. It has been an opportunity to explain the company to you. Thank you.

---

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.