"Dollar Industries Limited
Q4 FY2020 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Dollar Industries Limited Q4 and FY2020 earnings conference call hosted by Equirus Securities 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikas Jain from Equirus Securities Private Limited. Thank you and over to you Sir!

Vikas Jain: Thank you Faizon. Good afternoon everyone. On behalf of Equirus Securities, I would like to welcome all of you to the Q4 and FY2020 earnings conference call for Dollar Industries Limited. From the company, we have with us a three Senior Management including Mr. Vinod Gupta – MD, Ms. Shashi Agarwal – Senior Vice President – Corporate Strategy and IR and Mr. Ankit Gupta – CFO. I would now like to hand over the call to the management for their opening comments post which we will open the floor for Q&A. Thank you and over to you!

Vinod Gupta: Myself Vinod Gupta, the Managing Director of Dollar Industries Limited. Good afternoon and a very warm welcome in the earning call of Dollar Industries Limited Q4 FY2020.

Right now the world is going through unprecedented times of experiencing changes which we have never seen before. We all know that the Coronavirus, COVID-19 has put everything under lockdown. The lockdown started in India on March 25, 2020 and have been continuing ever since in phases. The entire country was immobile at least for a month, everyone was confined to their home, and relaxations began in phase manner from May onwards.

This has put the economy in enormous pain in a report release by the World Bank earlier this month it expects India's GDP to contract by 3.2% this fiscal year. We are all aware of the impact of COVID-19 which we have on our economy but I would like to speak about the positive initiatives taken by the company during this COVID era.

We are working towards minimizing the financial impact keeping the safety of our employees as a priority. We initiated work from home strategy for the employees with the extent possible. We also started reaching out our retail network through tele calling. We are experiencing spike in demand as the relaxation was initiated by the government.

We are witnessing changes in consumer behavior also like e-commerce platform has been a surge in demand as consumers prefer to shop online then physically visiting the stores. Even for the consumer physically visiting the market, the consumers are reaching for nearby shops in the locality which they would not have otherwise visited. This is creating additional demand at all retail shops in the market and also helps in increasing the retail network. The work from home culture has led to increase in demand of the athleisure category of our products which we have recently launched and experiencing a lot of traction there.

The company also started manufacturing masks and PPE kits under Dollar Protect brand to contribute to the demand of masks and PPE kits. The company also initiated CSR activities to help people fight Coronavirus during the lockdown period by donating food, masks and PPE kits. The company also resumed production and started to cater to the demands in the market but currently we are trying to take the production level as it was in pre-COVID era.

Currently we are not operating at full capacity as the labors still fearing the virus. However we are working on the measures to up the production levels and we are sure that we will soon overcome this challenge as well. We are optimistic that we will soon overcome the challenges posed by COVID-19 as the product manufactured by the company fall under the basic necessity category so the consumers might defer their purchases for a month or so but cannot do away with the purchases completely.

Now moving onto the joint venture company Pepe Jeans Inner Fashion Private Limited we are pretty cautiously in JV Company given the current situation. The focus of the JV Company is on the current market and e-commerce platform. The JV Company is looking at aggressive growth e-commerce platform and add new distributors in the existing regions. This is all from my side. I will now hand over to Ankit to talk to you about the financial performance of the company for this quarter.

Ankit Gupta: Thank you Sir and good afternoon to everyone present. The company achieved total revenue of 240.89 Crores and Rs.974.03 Crores for the Q4 FY2020 and FY2020 as compared to Rs.298.5 Crores and Rs.1030.96 Crores for Q4 FY2019 and FY2019. We have seen a de growth of 19.3% and 5.52% respectively.

The EBITDA of the company Q4 FY2020 and FY2020 stood at Rs.24.21 Crores and Rs.109.29 Crores which is 10% and 11% as against 11.76% and 13.37%. So we seen a de growth of 31.01% and 20.73%. The PBT for the Q4 FY2020 and FY2020 stood at Rs.16.83 Crores and Rs.79.78 Crores which is 7% and 8% as against Rs.27.53 Crores and Rs.111.03 Crores for Q4 FY2019 and FY2019 which stood at 9.23 and 10.77%.

The PAT for the Q4 FY2020 and FY2020 stood at Rs.12.31 Crores and Rs.56.79 Crores which is 5% and 6% versus Rs.22.7 Crores and Rs.75.86 Crores in Q4 FY2019 and FY2019 which was 7.6% and 7.36%.

The debtors as on March 31, 2020 stood at Rs.360.09 Crores approximately 133 days as compared to 110 days as on March 31, 2019. The inventory as on March 31, 2020 stood at Rs.304.96 Crores that is 118 days as compared to 108 days as on March 31, 2019.

The creditors as on March 31, 2020 stood at Rs.120.34 Crores which is 50 days as compared to 46 days as on March 31, 2019. The total working capital cycle stands at 200 days as compared to 171 days. The company will continue its endeavor to reduce the debtor's days by working with its distribution network and we are sure that we will be able to further trim our working capital cycle.

The loss from the joint venture for Q4 FY2020 and FY2020 stood at Rs.101.13 Crores and Rs.2.11 Crores.

Now moving on to revenue breakup for FY2020 Big Boss stood at 42%, Champion 0.5%, Force Go Wear 4%, Force NXT 2%, Pepe 0.5%, Missy 9%, Regular 31%, Thermal 9%, Dollar Socks 2%.

I now open the forum for question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephones, if you wish to remove yourself from the question que press * and 2. Participants are requested to use a handset while asking a question. Ladies and Gentlemen we will wait for a moment till the question que assembles. Reminder to the participants anyone who wishes to ask a question may press * and 1. The first question is from the line of Siva kumar from Unifi Capital Private Limited. Please go ahead.

Sivakumar: Thank you for the opportunity. What was the loss of revenue due to the lockdown in Q4 FY2020?

Shashi Agarwal: This is Shashi here at the side, Siva. It must be around to a tune of 80 Crores to 100 Crores approximately.

Sivakumar: How is it looking for Q1 and beyond?

Shashi Agarwal: Siva, we have to appreciate that you know the entire April, it was a complete immobile kind of situation no movement even in May when we started resuming as per the government guidelines. Production has been severely hampered for starting March 25, 2020. Even today though we are not having migrant labor issue but the labors issues are there in terms of people fearing to return to work especially at the job working areas, so we have not been able to pick up the production as we would wish to have that so in spite of we having those orders in the days of been a demand or risen or spike in demand the entire way this quarter we are not able to cater to those demands in a 100% capacity. So there is little loss of sales from our side. I would say bit of that because of the unavailability of the finished goods present or we are not able to scale up the production as we would want to so though the demand is very high, we need to make sure that we scale up the production as soon as possible.

Sivakumar: Do you mean to say that supply chain has extinguished the inventory which was there in the channel?

Shashi Agarwal: Actually we are supplying from the depots to the extent possible and the production which is happening. We are absolutely at the inventory would not be that high for fully by June 30 when we have the balance sheet as we speak of today. The inventory in numbers would look a lot better.

Sivakumar: Okay and what about the receivable side that could also improve from the current 133 days?

Shashi Agarwal: Yes absolutely so now let me as we speak on June 30, when I am seeing my working capital cycle, working capital credit limits with the banks they are absolutely down to a very good level. This says that definitely my receivables have been good during this two months and the simple reason is that there is a spike in demand as we are talking about so we are putting the pressure on the distributors to first pay up their old dues and then only we will supply, so we right now have an opportunity to pick and choose and supply to the distributors. So that is definitely improving our debtor days as well.

Sivakumar: Okay and when you see spike in demand there is both offline and online channels, right?

Shashi Agarwal: Yes absolutely.

Sivakumar: Modern retail is any way shut now, so it will be the general trade which is bringing this demand?

Shashi Agarwal: Yes absolutely. I will tell you the reason of the supply that this demand going high is generally people have stock up at the March end that is the fiscal end, neither the retailers nor the distributors could do that because of the sudden flows. Now they are exhausting the inventories and people also this entire three months people have not been going out, consumers have not gone out and bought anything and this being a basic necessity as our MD Sir said that this is the basic necessity that you might definite the purchases by month or so or two months or three months but you cannot do away with the purchases. You need daily wear whether you stay indoors or not you need to have that it is like a second skin. So the demand is there, it is just about and even for everybody just not for us none of the industry players are working as 100% capacity today, so as it is there is a shortage of product in the market so there is demand coming both from the distributors channels and definitely online has spiked up.

Sivakumar: Sashi, we have heard from the other managements saying that the demand is more pronounced in the Athleisure segment not specifically in the innerwear segment, is it different in your case?

Ankit Gupta: This is Ankit here. We have seen a good response in Athleisure segment but nonetheless the inner wear segment we have also seen a huge demand jump in the innerwear segment as well and since we launched Athleisure last year only so we are seeing good sales in Athleisure in the first quarter.

Sivakumar: One last question from my side, what explains the steep decline in the gross margins in Q4 because one would assume that the cotton prices were softer during the quarter so one actually expected that margins would at least sustain from the Q3 levels but we saw a very steep decline and how is it looking for Q1 because cotton prices have been very soft of late?

Shashi Agarwal: Siva, I will take up this question again. Definitely the prices will soften and if you really look at the numbers that is on a year-to-year basis, the cost of material consumed comes to around 46% as compared to 42% full year basis. You will have to appreciate none of us could give you the hard closing as such which we do every time, there is a lot of work in progress which has come into the material consumption because after the particular deadline, we do not issue any raw material, we ensure that all the jobbers have a zero stock at their end. These all things could not have been done. It was all work in progress for us, so there was a lot of working progress which was sitting there, number one. Number two, again the sales went down per unit sales has gone down, so if you really see that sales number, it is the absorption of these cost which gets into the sales if it is higher they reduce that is another reason which they have got the gross margins going lower and material consumption percentage going higher.

Sivakumar: How is the outlook for Q1?

Shashi Agarwal: Q1 again the raw material supply I will not say this is shortage in supply per say again these logistics in the supply chain issues in terms of getting the raw material that is one, that is little kind of have been passed for May, June we have smoothened out so we are getting uninterrupted supply of the raw material. The margins right now it is too early for us to comment that how it would really look because even in Kolkata we experienced some of the some damages in raw material due to this Amphan so these things are being prepared and working across but as such the demand is good, production is something which you have to make sure that we come up, that is one thing I can say. Margins it will be too early for us to comment right now. Gross margin is a little difficult for us to comment otherwise I do not think so there should be any reason for not to be in line that what it has always been.

Sivakumar: Okay, so subject to logistics issues and labor issues being sorted out, you are confident of getting back to Q3 kind of margins, right? Can all say that?

Shashi Agarwal: Yes, we can**.**

Sivakumar: Okay and can you share an approximate number as to how much of the capacity is being utilized currently?

Shashi Agarwal: All put together we are around 65% to 70% capacity which we are working at.

Sivakumar: Okay great and if you were to go to 100% there is adequate demand out there to actually take up that?

Shashi Agarwal: **Yeah, we are losing sale** As of now I would say that if I could really produce at 100% capacity it would have been beneficial for me.

Sivakumar: Any geographical insight into where this strong demand is coming from because the metros are more or less closed for business right?

Shashi Agarwal: Yes, so these are mostly interiors and Tier-II and Tier-III cities and the areas where you do not have much of a lockdown that is as well as an area where you can supply and where the COVID is not that high, the numbers of the COVID cases are not that high where the market are opening up. We still do not see demands from the COVID impacted areas like Maharashtra, Rajasthan these are the states where the demand is little lower whereas you come to other states where do not have that high impact you will see demand coming in there. Where there is demand there is no way to supply the DB does not open up, the DB cannot supply to the retailers that is the challenge which we are facing right now.

Sivakumar: Right and Shashi as we are moving into July and given that fact that West Bengal government has imposed a lockdown from July right just correct me if I am wrong, will it get increasing difficult in terms of logistics or even the supply to people who are asking for the products?

Shashi Agarwal: We have the permissions and requisite approvals from the authorities to move around to at least to our bit. Yes, it will be an issue when it comes to a DB when we supply to the DB we have to reach out to the local retailers. Again depending on the localities and the areas which they are the retailers might be able to open up or not so, again it is like the areas where you do not have much of an COVID cases we can definitely, the retailers are opening up and the DB are also supplying. This is the dynamic situation the area which was closed till yesterday can open up the next week and the vice versa, as such there is no problem in terms of movement. You are not only allowed to move to the areas which are under lockdown or kind of completely set apart. It is declared a contaminated zone you do not get into those areas otherwise supplies and distribution is okay and if we okay if I look at April I would say definitely okay and if you talk about January and February definitely it is not okay. So, in the current situation I said yes I would simply put it this way that yes we are able to supply depending on the zone which you have to work in and even for the distributor goes the same.

Sivakumar: Right, and one last question. Are there any cost cutting measures that you are taking internally in order to get in line with the new normal?

Shashi Agarwal: I will hand it over to Ankit to answer this question.

Ankit Gupta: In the advertisement part where we used to spend like in FY2019 we spent around Rs.101 Crores and FY2020 we spent Rs.72 Crores-Rs.73 Crores because of the new brand architecture that we were working upon. So, this year we have targeted that we will spend around Rs.70 odd Crores and in between Rs.65 Crores to Rs.70 Crores in advertisement so, we will curtail our advertisement expenditures this time. Also, we have brought maximum of our sales team on tele calling so that their safety is also maintained and their movement is also restricted so, in that case we will be saving on the expenditure like the TA, DA their regular expenditure which is almost equal to their monthly salary every month so, we will be saving on that sales expenses also. We are trying to implement work from home for most of our employees who can be at home and work so their movement is also restricted. Apart from that the travelling of the management peoples or HOD's of our business purposes it is very much restricted till now and I think this will go on till the month of December minimum December so we will save lot of amount in the travel and conferences we used to have like twice a year where we had huge expenditure on those conferences also, where we used to take our distributors abroad and conducted our conferences thus we will be saving on that travel and conference amount as well. These are the overall cost cutting that is going on. But apart from that I do not see any other cost coming down.

Shashi Agarwal: I would also like to add in these terms of financial charges which we pay across, we are trying to maintain the cash flow study and if minimum credit facilities from the bank. So, we might experience some cut in my financial charges as well and to top it up we are getting a very good rates from the banks right now so, both the credit facilities availed and these rate of interest would definitely give us a benefit in our P&L this year.

Sivakumar: Right, and Shashi what is the status of those pilot projects driven by Vector?

Shashi Agarwal: April mid of May kind of situation it was completely on the lockdown itself again. Having said that and initiated in these times we ensure that the team, our sales team go on tele calling system. So, our sales team was sitting back home even that happened in April as well for the areas where people could actually supply and people could reach there so, what we did was we had trained them how to use the tele calling system and their SFA module which we have and try and take orders from the retailers to the extent connect with the distributor and supply them. But, definitely from May mid of May we had that going full on that is one thing that we initiated in this would help us to move on to the TOC project which we are working on more efficiently because now I would say my pan India team understands the language and importance of tele calling system, they understand the importance of supplying in limited quantities and in terms of using the technology etc., so we have just kick started now to rollout in Maharashtra, Gujarat, AP and Telangana along with that we are seeing if it is possible for us to take it into account pan India simultaneously because this two months has put us in a back foot now we want to surge it up take it ahead in aggressive manner because our team is now trained so this one and a half month we could utilize in training our team, bringing up to the curve all these kind of things we want across on the DMS system, the boarding systems, methodologies, training the team with infrastructure etc., so this has really taken us ahead in terms of maybe it has put us on a back foot for the revenue part but it has taken us ahead in terms of training the team. So, I think that we are now prepared to take the pan India in the full storm but none the less these four states Maharashtra, Gujarat, AP, Telangana is in focus and they will be rolled out this month.

Sivakumar: Right, thank you that is it from my side.

Moderator: Thank you. Reminder to the participants anyone who wishes to ask a question please press * and 1. The next question is from the line of Mohit Baheti from L&T Mutual Fund. Please go ahead.

Mohit Baheti: Then this is Mohit from L&T Mutual Fund. So, first question was that you mentioned that ex-COVID your sales would have been higher than Rs.8200 Crores if it is calculated that, that would be in a 7% growth year-on-year or quarterly basis. So, do we see that growth coming back or revival happening in the overall market?

Shashi Agarwal: Mohit as we spoke that this is an basic necessity product there has been demand overall because we cannot do away with the purchases completely you might just be able to defer it and more so ever people could not stock up their inventories, their lines both at the DB level and at the retail level, so, that also adds up to the demand that is there and this work from home culture has definitely asked us people are preferred to be more into relaxed comfortable track pants, trousers, T-shirts etc., rather be in the formal wear only when they are attending in virtual meetings this is where they really need to get into these formal clothing's. So, this has actually increased the demand in athleisure as well both inner wear and the athleisure demands we see a spike in demands there so, we definitely see a revival for the industry. It might take some time for really to jump back to the pre-COVID era but yes, we would see that this industry would be on an growing trajectory it will not fall flat much this quarter one definitely would not be very good for anyone of us but going forward we definitely see a growth trajectory now.

Mohit Baheti: Alright, my question was more specific to Q4 only if I just add that Rs.80 Crores into Q4 then my growth would have been this 7% -8% which was highest in the year. So, that is why I was comparing that is it that in Q4 itself you have started saying growth coming back or what?

Shashi Agarwal: Yes, absolutely because that is Q4 historically has been the highest selling month for any of these players in industry so, that is what it was there. We had in orders in hand to the tune of Rs 80 Crores to Rs.100 Crores.

Mohit Baheti: While we say that we are operating at 70% capacity and given that the demand is strong we are not able to cater to all the demands, is it the case that more of this a pent up demand or you are saying that the way after doing the pent up demand you are saying good fresh demand as well?

Shashi Agarwal: Lot of would be a pent up demand Mohit because April went flattish, March they could not stock up as I said so, most of them is a definitely pent up demand only in July-August onwards is something you would be able understand that what is the fresh demand coming in. But, as of now people the demand is there means we do not actually expect that just looking at the current scenario where the retail shops were closed where people are sitting back home we did not expect such kind of demand coming into the market but, it is there we have good number of orders lined up. But, your question the fresh demand, the demands definitely as per the regular what the industry was having in a pre-COVID era it will take some time for us to reach there but there would be coming up soon as well.

Mohit Baheti: Alright, and on the Vector project you say that you are extending into four states but I just believe that we have already have implemented in Bengaluru a quarter two back. So, wanted to know how much the response and are the benefits what we thought of as far expected from this project. How far we have met them or how far we have achieved this?

Shashi Agarwal: Currently in Karnataka, Mohit we have worked this out with 12 DB'S and the result which you are seeing is that we have increased the number retailers in the locality which we were serving before then we are serving now. There has been increase in the range selling in these distributors there has been increase as well. We are also seeing that all the distributors they are kind of in understanding the system and happy with the way it is going so, definitely there has been positive result along the Vector project but, the entire April and May has take us in back foot in terms of expansions and catering to the demands and catering to the retailers in the area. So, as we are aware even today when we speak Bangalore is again getting into kind of lock situation where the movement has been restricted, the retail shops are closing back again. So, that is I think we are not able to help we are facing difficulty in terms of assessing how it will go but pre-COVID I would say things were pretty good.

Mohit Baheti: Alright, my last question was we sell Athleisure under which brand?

Ankit Gupta: Actually, what happened is with the brand architecture changing, we have Dollar Man, Dollar Women, Dollar Junior, Dollar Thermals and Dollar Always which is our economy range of products. So, Athleisure comes under Dollar Man now.

Mohit Baheti: What will be that as a percentage of overall scheme of things would you think?

Ankit Gupta: We have just launched last year so, it is not a very huge percentage with respect to sales I think it would be somewhere around 2%-2.5%.

Mohit Baheti: Alright, and the Vector margins are similar to other portfolio?

Ankit Gupta: No not really, we would see a better EBITDA margin Athleisure range it would be somewhere between 13%-14%.

Mohit Baheti: Alright, thank you and all the best to you.

Moderator: Thank you. The next question is from the line of Nihal. Jham from Edelweiss. Please go ahead.

Nihal Jham: Thank you so much. Good evening Shashi Madam, good evening Ankit, good evening Mr. Manut hope you all are doing fine. My first question was on the quarter, could you give a breakup between the sale for January and February and how March was impacted specifically because of COVID?

Shashi Agarwal Tough one. Nihal I am not having those numbers ready with me as of now because I am just carrying the quarter numbers is it okay if you want to take up the front just call me may be that take it one on one?

Nihal Jham: I will do that that is fine. This second question was on the brand architecture and all, the brand that you come out recently, if I am looking at the classifications ahead most of the brands are obviously classified in the new architecture that you have created. But I do not see Force NXT and Pepe as a part of that so that would obviously sit under the men or I just wanted to understand exactly what difference would it be while the new brand architecture you implemented other than the logo of this?

Ankit Gupta: Dollar was one umbrella brand and Force NXT was another we never used to mention Dollar in Force NXT brand right. So, it was a standalone separate premium brand which we are having. So, the brand architecture which took place was for the umbrella brand Dollar and not Force NXT and if we consider Pepe, Pepe is JV companies, like third company has been formed it is with them and only the bottom line gets consolidated with us. So, it would be not good to like include it in our portfolio and that is why you would not see any change in Force NXT, Force NXT will go as it is as it was going in the past. But the classifications have been changed for Dollar umbrella brand and its sub-brands basically.

Nihal Jham: Absolutely, Ankit just some follow up on the brand names if I see how the growth or the mix has been for all the major brands in FY2020 and I do understand there was a disruption for COVID at the end. But the share of Force Go Wear and Force NXT which are the premium brand as more or less remains stagnant. So, I just wanted to understand from you that what are the issues they are having in possibly increase in the distribution or the acceptance of these products specifically?

Shashi Agarwal: Nihal, I will take this question. If you really look at the total turnover of Force NXT though it is growing it is a very small number right now as compared to Big Boss which is of Rs.400 Crores or more than Rs.400 Crores any increase in Force NXT in itself will be over shadowed by the growth in terms of the Big Boss will be having. So, precisely the contribution it is taking time for it to show us increase in the total contribution per se. But, if you really look at the numbers if I have to look at the number in terms of what growth has been there so, it has been really phenomenal there I would say it is for me been as round about Rs.25 Crores-Rs.30 Crores brand right now as compared to which you Rs.15 Crore-Rs.18 Crores brand. So, we are having increase there and this being just been a standalone brand the acceptability in the market will definitely take some time so we are hopeful that in another two years-time we should definitely do something different and more so ever if I really look at my numbers in the break up internally the Athleisure segment has really picked up very well in Force NXT. So, I would say the acceptability would be very soon, say next another two years we see the numbers should go ahead.

Nihal Jham: Sure Shashi. Just last two questions from my side for the implementation of the Vector project when you are saying that Bengaluru is done and obviously now you are running the exercise in Maharashtra, Gujarat, AP and Telangana whenever that starts again post-COVID I just wanted to understand what is the contribution of these four states to our total sales?

Ankit Gupta: State wise contribution Nihal I would not have it ready, what the contribution is coming from of four states right now maybe if you can just get in touch I do not have handy now.

Nihal Jham: Last question from my side to Shashi. In the presentation as you mentioned that the sales team is reaching out to each of the dealers separately if I understand that the dealer network is 80,000 to 1,00,000 outlets so is it that the sales team is trying to reach each one of them separately and it is like a bypass to the distribution that we directly we have to connect to them now or I just wanted to understand that.

Ankit Gupta: Nihal we are not trying to bypass any of our distributors so the thing is that we took the buy in of our distributors, took their permission, asked them for the list of retailers as well plus combined with our list, the list which we used to have about our retailers and all the sales team are now working in sync with the distributors and they are trying to reach all the retailers through tele calling so that there is a restricted movement for the sales team also because of their safety purposes and also when you are on a physical bid you do not know which retail shop would be open which would be closed and so to bring efficiency level also they are reaching all the retailers over tele calling.

Nihal Jham: That is, it from my side. Wish you all the best. Thank you.

Moderator: Thank you. Reminder to the participants anyone who wishes to ask a question please press * and 1. The next question is from the line of Kimberly Paes from Anand Rathi. Please go ahead.

Kimberly Paes: Thanks for taking my question. I just wanted to know if you are able to share the volume numbers for Q4 and FY 2020.

Ankit Gupta: In Q4 our total volume was 4.53 Crores pieces and for the 2019-20 like for the FY 2020 it was 15.78 Crores pieces.

Kimberly Paes: What will be the YOY figure for this?

Ankit Gupta: Okay, 15.78 for FY2020 and for FY 2019 it was 18.05.

Kimberly Paes: Okay and for Q4?

Ankit Gupta: Q4 it was 5.55 which is now 4.53.

Kimberly Paes: Alright. Thank you so much.

Moderator: Thank you. Reminder to the participants anyone who wishes to ask a question please press * and 1. The next question is from the line of Sharan Sadarangani from Longview Finance. Please go ahead.

Sharan Sadarangani: Thank you for taking my question. I was just wanted you to comment on the share of the unorganized market because the current commentary is that the organized players will be able to take market share from the unorganized players in view of the fact that the unorganized players are not able to operate at full capacity due to the labor constraints so when do you think that you will get back to 100% capacity with your labor and you are saying that you will be able to take market share from the unorganized sector?

Shashi Agarwal: I will take this question. To your question that how do we take or when do we take the share of unorganized market players and the shifts to the organized ones I will just go back year and we will talk about the pre GST era where we were having similar talks that at the implementation of the GST we will take over the unorganized market and take over there would be a bigger crunch coming there because they would not be able to follow the system, they will not be able to cope up with so many returns and formalities so either they would be left with the option to merge with the bigger players or they would be wiped off from the scenario but nothing happened , everybody is functioning as they are. So, not really sure if this would really happen, we definitely try to take that share. We work towards it but then again would it really happen is my worry because we did not see this happening and we were very much sure about it we were very positive on to this part in the pre GST but till now they all exist so I am not really sure how this would pan out and to the question that when we will be able to resume to the 100% capacity, it is that we are trying to work around with the labors, teaching them the sanitization again it is about educating them how to be safe and secure providing them the transportation etc., because these labors are not the migrant labors it is just they are living in the interiors of Bengal itself and they have to find out the mode of transportation because the local trains are not running, they have issues coming to the work place, going back home so we are working around solutions like providing transportations to them if possible, teaching them the sanitization, methodologies, and how to stay safe, the importance of wearing a mask and stuff like that giving them the PPE kits. So, these are the measures which the company is taking and is hopeful that we should very soon resume our 100% capacity.

Sharan Sadarangani: Second and last question was that, what steps specifically can we take to improve our working capital, you mentioned about specific steps to improving the accounts receivables so what steps does the company taking just to make sure the working capital position is better?

Shashi Agarwal: So, whether right or wrong but this COVID has come as a blessing in disguise for at least my accounts receivables. So, now today I pick and choose the DB to whom I need to supply. The demand is there always and at this particular era I can dictate terms if I do not get my realization, I would not supply them, I will pick and choose and supply them. So, that has got my account receivables as on June 30, 2020 as we speak it has got us under control, I just want that this remains this way going forward as well and we are working on that. So, it is a blessing at least for the account receivables portion for me that we have this opportunity that we could pick and choose.

Sharan Sadarangani: Thanks, it was very helpful.

Moderator: Thank you. The next question is from the line of Pranay Kapadia, individual investor. Please go ahead.

Pranay Kapadia: I want to know about the accounts receivable, if you see our accounts receivables is about 80% of our total reserves, so practically according to you how much percentage can be reduced our account receivable to the reserves I just wanted to know that?

Shashi Agarwal: Pranay, we have been working on this for quite some time. The accounts receivables that have gone up, if you really look at the numbers of the other competitors as well, it kind of except for the leader in the market mostly the accounts receivables is pretty bad and this has been the result of the events which has happens one after the other for the last two years. So, as I told that yes it was all our efforts in terms of channel financing, advocating, making new distributors, splitting there brands with their distributors, so these are the measures which the company has already taking with the distributors but unfortunately none of them yielded result so that is one of the pain area for the company, it has been one of the pain areas but now we definitely see it on a decline as I spoke but this COVID era has helped us to get this receivables down because right now we are dictating terms to our distributors in terms of the supply because we have multiple orders and we are not able to cater to all the orders so we have to make sure that we choose the right distributor where the receivables or the payments are timely and they are clearing their old dues. So, this has given us an opportunity to get things in line. We are hopeful that this should continue. This improvement in receivables days should continue.

Pranay Kapadia: Okay, so my further question to this would be that in a long-term perspective like two years or three years or five years down the line, can you put a number like approximately this much percentage can you bring it down to like practically with the long-term prospective?

Shashi Agarwal: Pranay, right now it is too early because we are in a very uncertain times right now, we do not even know that when we would get the vaccine of the disease which we are facing, the pandemic which we are facing right now. So, in this current situation I do not think it would be prudent for me to commit any numbers or give any number right now.

Pranay Kapadia: Alright. Thank you so much.

Moderator: Thank you. The next question is from the line of Laxminarayan form ICICI Mutual Fund. Please go ahead.

Laxminarayan: Thank you. Couple of questions. In terms of your brand reconfiguration which you did, you mentioned that the mass product is clubbed as regular, did I hear it right?

Ankit Gupta: The economy range of products that we used to have like Lehar, Bravery, Commando, Comfort so everything has been combined and moved under Dollar Always.

Laxminarayan: Dollar Always. I was just looking at your presentation where you mentioned the brand contribution that is something called Regular and there is a Big Boss, so I was just thinking that what is the Regular mean?

Ankit Gupta: We just launched the new brand architecture in the market in the month of May through e-launch which was a digital launch and since we are talking about FY2020 figures all the bifurcations have been done on the basis of this "sub brands" we used to have, that is why we made Big Boss, Champion or Missy, Regular and Thermals.

Laxminarayan: Can you please explain just about your distribution both in terms of your route to market of reaching these multibrand outlets and also in which regions you are strong in and how it has moved in the last couple of years right, so that will be helpful?

Ankit Gupta: Like in north region we are around 44%, east and west are almost equal 24% and 26% respectively so that contains the central part as well so it is 26%, east is 24% and south is the remaining 7% odd. The thing is we are pretty weak in south, southern part of India but overall if you see we are equally distributed, north you can see 44% just because UP and Rajasthan two big space coming in together. That is why it is 44% and none of our states contributes to more than 11% or 12% of our total sales.

Laxminarayan: Which are the top three states for you if you can tell?

Shashi Agarwal: Rajasthan is one of our top states. We are good in Maharashtra. UP these would be our top performing three states.

Laxminarayan: What kind of distribution set up you have reaching through the wholesalers to the multibrand outlets right?

Ankit Gupta: We have distributors in all the districts and some of the districts have multiple distributors, we bill it to the distributors through our branch offices or the depots in every state and the distributor in turn supplies to the retailers and retailers makes the tertiary sales to the consumers and our team which is around 350 in number they provide sales support to the distributors but not up to the 100% of the total sales that they give us.

Laxminarayan: Sorry, you mentioned that you have around 350 distributors?

Ankit Gupta: We have around 950 plus distributors.

Laxminarayan: Got it and you mentioned that the account receivables was an issue, but then you also mentioned that it is a blessing in disguise right, can you just clarify those two?

Shashi Agarwal: Mr. Laxminarayan you might have to repeat that question, your voice is not that clear?

Laxminarayan: You mentioned that there is account receivables are now in control and we also mentioned that that is one area which you are actually working on, so can you just explain that a bit in terms of what is your credit policy with these distributors and what this recent changes that actually done that to reduce your receivables days?

Ankit Gupta: Currently our receivables are high but we are trying to advocate channel financing to them plus also we are asking them to leave our certain brands and we are making new distributors in that particular district for the other brands so that the overall pressure of the distributor decreases and also in coming times our receivables from them also decreases. The distributor who cannot afford or who cannot invest more in the brands we are taking away some of the brands from them and giving it to the new distributors. So, these are two steps that we are taking right now and plus currently just for this two months to three months when the demand is at all time high and we are unable to supply them at their 100% so we have a more bargaining part with them so we are asking them to pay early and then only they will get the goods so we are seeing the good receivables in this first quarter.

Laxminarayan: Got it. Thank you so much.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Shashi Agarwal: Thank you so much for joining the earnings call of Dollar Industries Limited for the Q4 FY2020 and we thank you and wish you to be stay safe and stay sound.

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