

Dated: 04.06.2022

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C-1, Block-G
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai – 400 001

NSE Scrip Name: MALLCOM / BSE Scrip Code : 539400

Dear Sir/Madam,

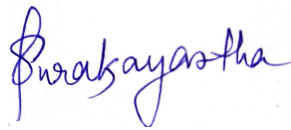
Sub: Earnings Call Transcript

Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio call recording of the Company's Investor / Analyst Call held on 31st May 2022, on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March 2022 is attached herewith.

The transcript of recording can also be accessed on the Company's website, from the attached link:
<https://www.mallcom.in/shareholder-information>

This is for your kind information and record.

Thanking you,
For Mallcom (India) Limited

A handwritten signature in blue ink, appearing to read "Shuvanki Purakayastha".

Shuvanki Purakayastha
Company Secretary & Compliance Officer

Encl.: As above





MALLCOM (INDIA) LIMITED

Q4-FY22 Earnings Conference Call

Tuesday, May 31, 2022

MANAGEMENT PARTICIPANTS

Mr. Ajay Kumar Mall : Managing Director

Mr. Giriraj Kumar Mall : Executive Director

Mr. Shyam Sundar Agrawal : Chief Financial Officer

Mr. Rohit Mall : General Manager

Moderator: Ladies and gentlemen, good day and welcome to the Mallcom (India) Limited Q4 FY22 Earnings Conference Call. As a reminder, all participant lines will be in a listen only mode, and there will be an opportunity for you to ask questions after the presentation continues. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Thank you. Good morning, everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors, we represent the Investor Relations of Mallcom (India) Limited. I hope you’re all doing well and on behalf of the company, I’d like to thank you all for participating in the company’s earnings call for the fourth quarter and financial year ending 2022.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today’s concall may be forward looking in nature. Such forward looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management’s beliefs as well as assumptions made by an information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements and making any investment decisions. The purpose of today’s earnings call is purely to educate and bring awareness about the company’s fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today’s call and I will hand it over to them for opening remarks. We firstly have with us Mr. Ajay Mall, Managing Director, Mr. Giriraj Mall, Executive Director, Mr. Shyam Sundar Agrawal, Chief Financial Officer and Mr. Rohit Mall, General Manager. Without any further delay, I request Mr. Ajay Mall to start with his opening remarks. Thank you and over to you, sir.

Ajay Mall: Thank you Anuj. Good morning everybody. It is a pleasure to welcome you to the first ever earnings conference call for the fourth quarter of the financial year 2022. Firstly, I hope that everyone is keeping safe and doing good. Given that this is the first ever earning concall in the interest of some of the people who are new to the company, let me first start by giving a brief overview of the company. Mallcom (India) Limited is a four-decade old company and is one of the largest manufacturer and distributor of personal protective equipment produced in India. It provides a one stop solution for manufacturing one of the widest range of **head-to-toe**, PPE products. The company is also one of the largest exporter of PPE products from India exporting to 55+ countries across six continents. We have a varied manufacturing footprint with 13 production facilities spread across India and over the years, we have focused on backward integration wherever possible resulting into significant cost savings and gradual margin expansion. Our integrated manufacturing facilities are used to module, assemble, customized and package different head to toe protection items like body protection, hand protection and feet protections. Each of our facility have in-house test laboratories and performance testing’s are done to ensure the compliance par with this international quality standards right from the production cycle.

Now, I would request Mr. Shyam Agrawal our CFO to brief on the financial performance of the company, after which Rohit can take brief on the operational highlights. Thank you very much.

Shyam Sundar Agrawal: Thank you Ajay Ji. And good morning everyone. Let me first brief you on the fourth quarter financial performance of FY22 first and then for the full year. On a consolidated basis in quarter four FY22 the operating income for the quarter was Rs.106 crore, which was an increase of approximately 8% on year-on-year basis, and increase of 15% on a quarter-on-quarter basis. Operating EBITDA reported was Rs.14 crores which was an increase of about 1.4% on a year-on-year basis and an increase of 9.4% on a quarter-on-quarter basis. Operating EBITDA margin stood at 13.21%, net profit after tax reported was about Rs.9 crore, which was a decrease of about 11% on a year-on-year basis an increase of 21% on a quarter-on-quarter basis, while PAT margins were reported at 8.77%.

Now let me brief you on the financials for the full year of financial year ending 2022 on a consolidated basis. The operating income for the year was Rs.357 crore, which was an increase of approximately 13% on a year-over-year basis. Operating EBITDA reported was Rs.50 crore which was an increase of about 20%, on a year-on-year basis. Operating EBITDA margin stood at 13.90%, net profit after tax reported was about Rs.32 crores, which was an increase of about 12% on a year-on-year basis, while PAT margins were reported 8.84%. Now, I request Mr. Rohit to explain the operational highlights.

Rohit Mall: Thank you Shyam Ji. Good morning everyone and thank you for joining us today. On the operational front for the quarter under review, we initially got hit by the sudden surge in COVID-19 cases in the beginning of the quarter, but the company was able to bounce back supported by better realizations. Our margins in the quarter were impacted due to higher raw material costs and freight cost, like all other companies. Depreciation has increased on quarterly and yearly basis as a result of the ongoing capital expenditure projects which is the primary reason for the year-on-year decline reason in some profitability. For the financial year ended 22 we commenced operations from our new plant in Ahmedabad with regular orders being shipped to Europe. Phase one of our ongoing CAPEX at Ghatakpukur in West Bengal is expected to commercialize on 1st July 2022. From business development point of view, the signing of multiple FTAs with Australia and UAE has opened up these markets for the company and the company is making to break through with the new contracts being signed in the coming financial years in these geographies and is also targeting countries like UK and Canada regions and also expansion in US markets subsequently. The company has focused on reducing debt by utilizing the cash flow from operations through which our net debt to equity has come down significantly. Lastly, I'm happy to report that the Board of Directors have recommended a dividend of Rs.3 per equity share for FY2022 subject to shareholders approval. Thank you. With this we can now open the floor to questions-and-answer session.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir, the first question is so we have completed our Ahmedabad expansion and phase one Ghatakpukur will also get completed in July. So, both put together what is the total CAPEX that we have done and at peak utilization what kind of revenue do we expect and in terms of ramp up do we think that we should be able to reach peak utilization in a couple of years?

Shyam Sundar Agrawal: Yes, regarding the investment I would say we have invested in CAPEX in Ahmedabad facility around 18 crores and in Kolkata facility we have already invested 15 crores so, total investment is till now 33 crores in CAPEX only and for Ahmedabad facility it is 25 crore altogether and in Ghatakpukur

capacity it is first phase on the completion size so, we expect another 10 crore which we will be investing. So, all together investment would be around in excess of 42 crores.

- Dhwanil Desai:** Okay. And sir this will generate peak revenue of 100 crore odd?
- Shyam Sundar Agrawal:** Yes, that is what we expect both the facility should be generating in excess of 100 crore turnover.
- Dhwanil Desai:** Both put together?
- Shyam Sundar Agrawal:** Yes, both put together.
- Dhwanil Desai:** Okay. And so in terms of utilization do we think that we should be able to reach 75%, 80% in a couple of years for both the facility?
- Shyam Sundar Agrawal:** Yes, this is what we are doing now, even for our existing facility and that is our plan that as soon as possible we would like to have the maximum capacity utilization. So, these projects normally it takes a maximum one-to-two-year time when you are operating at optimum capacity. So, that is what we are targeting.
- Dhwanil Desai:** Okay. And sir if I understand correctly most of this capacity is going towards apparel so in terms of margin profile, are these products having better or equal margin profiles than our company average today or if you can throw some light around?
- Shyam Sundar Agrawal:** Yes. So, basically, both these expenses are primarily for garmenting and there we have I would say whatever EBITDA margin we have in the business altogether, it will have slightly higher margins. So, that is our target that we have to be in the business where we have quality and quality product that will be the better margin. So, this is what we are targeting now.
- Dhwanil Desai:** Okay. And sir, last question. So, in terms of FY23, FY24 in terms of CAPEX are we expecting similar 30, 40 crore CAPEX every year for FY23 and FY24?
- Shyam Sundar Agrawal:** No, not that is not, we presently have these two projects which are going on and we have not planned for another there would be extension So, this Ghatakpur project is phase one only and then we have plans for the second phase and third phase also, but as of now that needs to be fixed. So, as of now we cannot communicate anything about that, but we have plans definitely.
- Dhwanil Desai:** So, FY23 CAPEX will be 15, 20 crore is that a right number?
- Shyam Sundar Agrawal:** So, it should be in the range of 10 to 15 crores next year FY23.
- Dhwanil Desai:** Okay. And that is more for completion of existing projects right, for phase one?
- Shyam Sundar Agrawal:** Yes, normal expansion also whatever is the normal capacity expansion we do for other products categories also.
- Moderator:** Thank you. We have the next question from the line of Krishna Agarwal from Niveshay. Please go ahead.

- Krishna Agarwal:** My first question is regarding the trade receivables part like seeing the balance sheet the majority part is from export market like 95% is from exports so is there any difference in terms of contract and export and domestic that we see such a huge number in trade receivables source?
- Giriraj Mall:** Krishna if I understand your question, this Giriraj Mall here so, if I understand your question you are asking if in the particularly in garment if we have got more than 95% export sales and is it because of the compliance right?
- Krishna Agarwal:** Sorry. I'm saying that in trade receivables the bifurcation has been given in the balance sheet in that the outside India trade receivable is 90%, 95% and from within India it is 5% around so any specific reason for the same?
- Giriraj Mall:** So, it's 60, 2/3 of our volume is coming from exports and 1/3 is from the internal domestic market in our own branded market. So, I am not sure where are you getting this 95% figure from?
- Ajay Mall:** I think Shyam can answer this because most of our trade receivables which are from foreign parties are on a DA or an LC differed DA terms and that's why this is more on a lag of receivables in the export bills realization so far as in the local market sales are concerned. They are mostly on our terms which are either cash payment or a very small credit which we grant to only very few dealers network what we have. Is that satisfied your question.
- Krishna Agarwal:** Yes. Also second question is, what is the share of contract manufacturing in the total revenue that private labeling business of ours?
- Ajay Mall:** This 2/3 is the private label and 1/3rd a little more than 1/3rd is for branded sales.
- Krishna Agarwal:** And do we see any things in the mix as in more share towards branded and less towards private labeling?
- Ajay Mall:** Yes, we are putting our endeavors to do more on branded sales. And yes, the metrics has to be a little bit more towards 50:50 kind of stuff we are planning on that.
- Krishna Agarwal:** And this private label is majorly from export only or it is domestic as well?
- Ajay Mall:** Mostly for exports.
- Krishna Agarwal:** And what would be the margin difference between the private labeling and branded if you can provide?
- Shyam Sundar Agrawal:** It is almost similar, so it depends not private or branded, basically it depends on product to product. So, on average, it is almost similar. Maybe branding, we have a little bit, slightly better margins in case of branding.
- Krishna Agarwal:** And last question on the guidance and any revenue and EBITDA margin guidance for the FY23?
- Shyam Sundar Agrawal:** Yes, it would be we are targeting around, this year we could achieve 12% growth we would like to have a bit more than this. So, it should be in the range of 12% to 15%. And the EBITDA margin, as you can see, it is improving this year at 13.9%. So, we hope that we improve on this, but this would be the minimum, this is what we are targeting.

Moderator: Thank you. We have the next question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Sir, first of all on the Ghatakpukur plant if you can clarify, the Ghatakpukur plant that we are setting up, it includes capacity expansion, as well as some shifting which will happen from one of our Kolkata plants, isn't it?

Rohit Mall: Yes, this is Rohit you are right.

Ankit Gupta: Okay. So, the 25, 30 crores CAPEX that we'll be doing in phase one, they also have some portion which will be shifted out and some will be for capacity expansion, but on a combined basis Ahmedabad and Ghatakpukur can add 82-100 crore additional revenue to our total revenues, at optimum capacity utilization?

Rohit Mall: Yes.

Ankit Gupta: Okay. Secondly on the export sales, if you can talk about both the expansions in Ahmedabad and Ghatakpukur are on the apparel side, and even on normal textile companies, we are seeing that on apparel side and garmenting side there is a significant shift which is happening from other countries to India. So, is it the same which is happening in apparel for Mallcom as well as for other products that we manufacture in export markets?

Rohit Mall: Yes, definitely there is a China plus one strategy which is coming into the picture plus like we mentioned India is signing FTAs which is benefiting us and the export infrastructure is improving. And we are looking to service to bigger players and that's why we need more capacity. So, all of these things are playing a role.

Ankit Gupta: Okay. That's great if you can talk about how many customers do we have on the custom contract manufacturing side or export side and how many customers have we added over the past year or two like let say FY21, FY22?

Rohit Mall: Mr. Giriraj will be able to answer this.

Giriraj Mall: Yes. So, as of now we have got around 55 or 56+ customers across six continents and out of which almost 75% to 80% are our regular customer and some are price sensitive customers which keep on changing. In last one year we have precisely added if I'm not mistaken, seven to eight customers which comparatively is smaller in size, but definitely over a period of time, they will contribute in the company.

Ankit Gupta: Sure. Also to take this on further, if you can broadly talk about whether this private labeling that we do for our MNC partners, or foreign partners, is it a long term contract that you signed with them, is it that we sign three year, five year or seven year contract with them for regular annual supplies, or it doesn't work like that?

Rohit Mall: Usually, it's not a contract. But usually, we grow with them in the sense a lot of them give us their designs, their molds, so the product is customized to their needs. So, that's how we try and lock in the

customer. And that's why it's not very easy to break into, or to have a change in the cost of change in supplier is high. But there is no contract, which is signed for a long term basis.

Ankit Gupta: Sure. So, let's say for a single product that you might be manufacturing, for example let's say a type of apparel that you might be manufacturing for an MNC, how many global suppliers will be there for that product?

Rohit Mall: It's difficult to answer like there are a lot of players. And, China has 1000s of probably players. I don't think there's, so there are fairs, trade exhibitions, which you can participate, and you get to know a lot of, more than 1000 players participating, some manufacturers, some just retailers or brand owners, I don't think we have a definite count on that.

Ankit Gupta: But there will be multiple suppliers to our customers, it's not that we are the sole supplier for a single product?

Rohit Mall: So, it depends again, so for some of the customers we are the only supplier, but there are suppliers in the market, but they're not supplying that. Usually, that's what Mr. Giriraj was also saying those who are not price sensitive, they stick to a supplier because we have built, it's done on a collaboration basis where both of us work together to build a product. And then once the product is satisfied, the customers demand they usually don't change. So, that particular product usually if it's not a run of the mill product there'll be one supplier only.

Ankit Gupta: Sure. And on the domestic side, Rohit we have seen that last few years we have done pretty well the kind of growth rates that we have seen and the proportion is also increasing year-on-year in our overall phrase. So, if you can talk about, what is leading to split growth and how do you see the domestic market panning out for us over the next two, three years?

Rohit Mall: So, you see a lot of things happening in the domestic market. Number one is the emphasis on certification and standardization. So, we are a player who brings out all certified products as per Indian norms or the European norm. So, that emphasis is increasing, BIS is doing a decent job there. Now, we are in talks, the government is in talks to launch a new OSH code, Labor code which will probably put more emphasis on safety. So, that's into the picture. MNCs have started manufacturing here in a big way and they would like to bring in the global practices to India. So, that's also helping us plus India is bringing infrastructure to have its own raw material. And like there is a push for technical textiles. Cotton is definitely available in India, leather is available in India. So, all of these things are, and just the sheer fact that the labor force is increasing day over day, we have a very bright prospect with the domestic market.

Ankit Gupta: And last question was on the margin side, we ended this year with around 14.9% kind of EBITDA margin and with increasing sales of increasing proportion of domestic market as well as in exports we are focusing more on value added products like apparel and all. How do you see our margins, operating margins at EBITDA level panning out over the next three to four years?

Shyam Sundar Agrawal: As I mentioned earlier, so this year also we have improved and we hope to improve further. And we have mentioned that there has been slightly price rise in raw material cost and since we are investing, so, there would be some depletion cost also adding up and now interest costs also rising. So, we are still trying that how much we could pass on to the customer as well as also improving the product mix

where we have better margins. So, our effort is always to improve on the margin. So, what do we say that over the next two years, it should improve but that is the best basically 13.9 we would like to maintain and whatever we can improve on that. So, that would come from our effort on the like as we mentioned that improving more on the branding side and improving on the product mix where we have better margin that is what we are trying.

Moderator: Thank you. We have the next question from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: My question is, if you can talk about what percentage of our revenue comes from the customer where we are the sole or maybe among the top two, three suppliers?

Rohit Mall: Sorry, could you repeat the question I wasn't able to follow.

Aman Vij: Yes. So, you were explaining in the last participant question that, there are some customers where they are like one or two suppliers only who are not price conscious as such, they are more focused on quality and other matrices. So, my question was what percentage of our revenue comes from such customers?

Giriraj Mall: This in a little difficult to answer though Aman, but there are quite a few we have not done this exercise whether there is a substantial portion or whether we are the number one or we are the only suppliers for this company, but just for your understanding the product which are being manufactured in Ahmedabad facility that is going to one particular customer. So, the value which we will be generating from that unit is going to one particular customer and that customer has got maybe three or four major vendors and we happen to be the only vendor from India that's for sure. They are importing from China probably a few more items.

Aman Vij: Sure sir. Just a little bit more clarity, among the current portfolio basket so, Ahmedabad you have explained but any other particular products where we like this case, among the top three, four only, maybe not the number, but I was trying to understand which products or which categories, there is less competition?

Ajay Mall: May I barge in Giriraj.

Giriraj Mall: Yes, please.

Ajay Mall: So, when you talk about product category, it is mostly when you're pillar making for customers, whether it could be a body protection like garments, which are industrial garment with various kind of norms in it or it could be even helmet or it could be with feet protection, which is safety shoes. So, when you are tailor making for any particular customer, there is a kind of a commitment from both the sides, the customer as well as the supplier. Now there we normally forge a kind of strong bond where we can take it forward on a longer term basis, and then you are either one, two or three numbers supplier to such kind of large customers or the brand owners in the Western world that is how it works. Numbering it, we don't know because no customer will tell me that you are number one supplier to me because that is kind of a strategy they would have. So, to know this, it's a little difficult, but we also can anticipate that in few cases. We are definitely much closer to those customers because they are buying a big volume from us and keep doing it on a regular basis. That will satisfy your query.

Moderator: Thank you. We have the next question from the line of Saket Kapoor from Kapoor. Thank you, please go ahead.

Saket Kapoor: Sir, firstly the two line-items, first the raw material cost and the manufacturing and other operational expenses these are the two large line items so how have these two line items the component have paid over a period of last one years, because everywhere the cost of materials has gone up. So, how are these, what checks and balances are there currently for the organization to keep them in control?

Shyam Sundar Agrawal: Yes, so basically see talking about raw material cost definitely we had seen price rise in case of, what we are doing we are manufacturing different types of products. So, it is either fabric or leather or PU maybe there has been a rise in each of this categories but not similar somewhere it is on the higher side, somewhere it is on the lower side. So, in our case what is happening that we have a mechanism where we normally book orders on running bases and also we keep reviewing the prices on periodical basis. So, we have tried to pass on the price rise to the customer at maximum cases, and in case of other manufacturing expenses yes there is some rise in power and fuel cost, transportation cost, then you have freight also which was very high. So, there also the similar approaches. So, since it is not a long term contract, which we are doing and we are able to book the orders, only on a regular basis and we are also able to review the prices on regular intervals in most of the cases we have tried to pass on the cost to the customer then only we have accepted the orders. So, this is what we have done. And normally what we do whenever we book the order, so there is a clear hedging policy we are hedging our raw material cost as well as foreign currency cost also we hedge it so, we try to protect our margin. So, this is what we are doing.

Saket Kapoor: Sir, if I look at your finance cost line item there is fluctuation is it pertaining to the Forex part only?

Shyam Sundar Agrawal: No finance cost basically see what has happened that since we are eligible for subvention we are getting subvention till September and then there was a pause in the policy and it was only renewed in the March quarter. So, that's why you will see that for the third quarter there was the increase in interest cost and then it has come down in March quarter because it was granted with retrospective effect from 1st October so, there is a if you club together cost for the third and fourth quarter the average would be almost similar to the first half.

Saket Kapoor: And sir what is the absolute number of the benefits which we are getting on an annual basis?

Shyam Sundar Agrawal: Yes, so the subvention for the first half was 5%, now it is 3% of the interest cost, working capital interest cost.

Saket Kapoor: And what is the cost of fund sir currently?

Shyam Sundar Agrawal: Till now, it was around 6%, now it has gone up to 6.25%.

Saket Kapoor: And sir who is our credit rating agencies, our debt is rated by which and what is our current rating?

Shyam Sundar Agrawal: It is ICRA.

- Saket Kapoor:** Okay. Sir, when we look at the turnover has increased from 326 crore to 367 crore. So, how much of this is volume increase and if you could give in the percentage term and how much is the impact of the pass on of higher raw material prices?
- Shyam Sundar Agrawal:** So, basically, I would say we could maintain the volume and the rise of debt will percentage due to price hike so realization has been on the higher side and volume has been almost at par and that too because of we had target and we tried to achieve with higher –35:03 but only because of COVID and all those things which kept interrupting due to that we could only maintain the volume.
- Saket Kapoor:** And sir what is the time lag between the order intake and execution and also what is the receivable cycle, working capital days and also the cash conversion cycle?
- Shyam Sundar Agrawal:** Will you please repeat the question?
- Saket Kapoor:** Firstly from the time of order intake to order execution, what is the time lag and again what is the cash conversion cycle?
- Shyam Sundar Agrawal:** So, normally again it differs product to product, so, whether it is like hand gloves then it would be not more than one month, but in case of garment it takes longer. So, maybe two months also and so, it depends so, on average you can take 45 days to 60 days time. And in case of receivables we have again it depends so, on average it is around two months on max. And I would just like to just clarify that these two months is basically for export and for local marketing it is on the lower side.
- Saket Kapoor:** Sir if we take these business model for the company and this is a four decade one. Sir, our dependence on the integration partner, how much are we dependent on our raw materials supplier to and how much are we vertically integrated, the dependence of raw material conversion into finished product by what percentage it would depend on the supply chain due to which our product can be finished. Since we take the highest of the line item at cost of material consumed is significantly 50% of the income is. So, are we totally dependent on external sources for the raw material or do we have any further integration –37:11?
- Shyam Sundar Agrawal:** So, we have tried to do some backward integration but mostly it is we are talking of suppose we have three major raw material which is leather and then fabrics and maybe PU also. So, we are definitely dependent on the basic raw material has to come only from suppliers and then we do some integration like we buy yarn and then convert into fabric so, that we do in-house. So, also maybe then we also so, they are we buy semi (Inaudible) 37:51 then convert this into leather. So, we have some backward integration but basic raw material has to come from suppliers.
- Saket Kapoor:** And how much is imported sir dependence upon import from other country?
- Shyam Sundar Agrawal:** It ranges in between 10% to 15% of the total raw material consumption.
- Moderator:** Thank you. We have the next question from the line of Prashant Kumar, an Individual Investor. Please go ahead.
- Prashant Kumar:** My question is that we are shifting shipping machines from Kolkata to the new plant so, are we going to closing down Kolkata plant or what is the thought process behind that?

Rohit Mall: Almost ready all CAPEX done for the Ghatakpur plant we'll be buying new machinery for expansion as well as we'll be shifting our apparel production work wear production to the other place. So, yes, the earlier plant that we have that we are almost we've run out of space, and that we'd like to move but for all other product categories, and even for worker we will be having new machinery there as well, so it will be both new machinery as well as the old one and for the work wear we can think of doing something else there. But yes, the earlier plant will eventually phase out.

Prashant Kumar: Alright, so we are planning to close down this Kolkata plant that is what is the planning going forward right?

Rohit Mall: Only the work wear in the Calcutta. So, in Calcutta, in and around Calcutta we have 11 units only the work wear one is what we plan to phase out and move to Ghatakpur.

Prashant Kumar: So, my next question is at what capacity utilization we are working currently?

Rohit Mall: Overall?

Prashant Kumar: Overall yes.

Rohit Mall: It will depend on product category to category, Shyam if you could answer this?

Shyam Sundar Agrawal: Yes, on average it is 80% to 85% in all of the capacities for all products.

Prashant Kumar: So, most of the products are export in the Europe. How do we see, have we seen any impact due to this Russia Ukraine war on the sale?

Rohit Mall: So, there was no exposure to Russia and there was hardly like less than 2% exposure to Ukraine, to which that has been impacted a little, but if not completely closed down, we are still in touch with them, and that will be revived. So, the other reasoning for that has been, the increase in petrol based products, that has impacted all of us in the same manner, but nothing specific from Ukraine and Russia war.

Prashant Kumar: No, have we seen any impact on Europe front, not only to Russia Ukraine, but have you seen any impact on Europe market kind of?

Rohit Mall: No, not because of the Russia Ukraine war no impact which can be directly linked to the war.

Prashant Kumar: Okay. And out of all the products, which products is our high margin product and which product is our low margin product. We have an average for 13.5, 13.9 kind of operating margins, so which one will contribute the highest to the market?

Rohit Mall: According to me, except regular leather gloves and knitted gloves all are high or decent margin products and even in leather or knitted products, now, we are working towards higher margin products. So, like all product categories have a run of the mill product which has low barrier to entry and then as a high end product which more machine work or more labor intensive work. So, even in those product categories, we are moving towards high margin products. But overall, only leather and knitted gloves are the low margin ones.

- Prashant Kumar:** Our --42:38 Mall sir has told that we have some customized products, what is the revenue share of customized product to the client that we sell?
- Rohit Mall:** So, 2/3 of the revenue whatever is white labeling those are all customized products.
- Prashant Kumar:** So, most of the 2/3 it's almost 65% of our revenue is coming from customized product, right. So, that we will be into one, two, five kind of a vendor power for them, for customized product right?
- Rohit Mall:** So, we've answered this before that we cannot be sure of this, yes, to some of them we will be, to some we will be not we have multimillion dollar customers who have a lot of suppliers as well. So, this information we will not have whether we are to top five for all or not.
- Prashant Kumar:** Okay sir. Last question like for next five years what kind of target we are, do we have any roadmap for that for next five years we are going to doubling or tripling our top line and we will have this kind of operating margin kind of thing, have you any inner goals for that?
- Ajay Mall:** Well, we definitely are looking for the short our goal would be reaching 500 crores in three year's time that is what we are targeting and then beyond of course, in eight to nine years we must see something like 1000 crores that is what we are hoping.
- Prashant Kumar:** And what about the margins like operating margin, have we set any target for that?
- Ajay Mall:** I wish I could do that. But we definitely want to improve where we are. So, we are always striving to improve it for betterment. There are a lot of external factors which don't let it happen, but then yes we are always striving to do it better.
- Prashant Kumar:** Alright, thank you very much and it's good that you guys have organized concall so we can have some insights from you guys for that. Thank you very much.
- Moderator:** Thank you. We have the next question from the line of Rupesh Tatya from Intel Sense Capital. Please go ahead.
- Rupesh Tatya:** Okay. Sir, most of my questions have been answered, my one data keeping question is what is the trading sales in FY22?
- Shyam Sundar Agrawal:** Will you repeat the question?
- Rupesh Tatya:** What is our trade in sales in FY22, FY21 the number was roughly 41, 42 crore what is that number for FY22?
- Shyam Sundar Agrawal:** --45:31 in figures?
- Rupesh Tatya:** Yes.
- Shyam Sundar Agrawal:** It is 77 crores so, most of the products we are buying from subsidies only.
- Rupesh Tatya:** So, then it looks like the majority of growth has come from trading products it went from 41 crore to 77 crore, so can you just talk about this what are these products, what is the margin on these products, who are the suppliers, what is the....

Shyam Sundar Agrawal: As I mentioned these are the same products which we are trading like we are buying, we have a 100% subsidy Mallcom VSFT from where we are buying nitrile gloves. So, almost around 40 crore turnover we had from this product only, then we had safety shoes we are buying from another subsidy which is also 100% subsidy based FT, they are all SEZ units so, from there we bought almost eight to nine crores shoes and some of that trading turnover is from finish gloves also we buy. So, that is what we have done. So, the only difference since previous year is that the previous year Mallcom Safety was Mallcom VSFT gloves supplying nitrile gloves while doing job working for us now, they are supply 3/4. So, there is increase in trading volume, but that is only due to purchase of finished goods from them.

Rupesh Tatya: So, I am not asking standalone, what is the consolidated trading sales last year and this year?

Shyam Sundar Agrawal: Consolidated trading volume?

Rupesh Tatya: Sales, value.

Shyam Sundar Agrawal: Yes, value wise. So, this year it is 33 crore and last year it was 25 crore consolidated. Against 25 crore this is 33 crores current year.

Rupesh Tatya: Okay, and these are now not from subsidiaries and other things?

Shyam Sundar Agrawal: These are not from subsidiaries so these turnovers are basically I would say that mostly of leather gloves which we buy and also some imported PPE items which we sale locally in India, so these two.

Rupesh Tatya: And what would we margins on these credit products?

Shyam Sundar Agrawal: Almost similar margin which we normally generate in our own manufacturing for leather gloves similar margin. So, margin whenever we are selling we see that the minimum margin which we have defined that has to be there so same margin.

Rupesh Tatya: Okay. And so you said this 80% to 85% capacity utilization. So, just a clarification, this excludes Ahmedabad and Ghatakpukur right?

Shyam Sundar Agrawal: Yes, definitely. These are for all the district units.

Rupesh Tatya: Okay. And sir my final question is on growth. So, if we see four, five years ago our revenue was 250 crore, today we are at 350 crore and I don't know how much COVID contributed but it is coincidental that two years had COVID and in COVID, gloves and protective equipment's have some kind of tail. So, I don't know if there is some COVID one off in your numbers, but we have grown at kind of low single digits for all these years. Last five, six years if I take so let say in next five, six years you're looking at 500 crore, 1000 crores so, what is it that you have to do to get there and what is changing in industry or what is changing in your capability that you're now talking about these numbers?

Shyam Sundar Agrawal: Basically talking about last two years. So, COVID was something which we would say that, there was something which instead of contributing It was basically enter into our growth plans, because we are mainly into industrial PPE and all the logistic regions and supply regions and manufacturing regions, these were problems for last two years, where we had, we try to do much better but due to COVID the growth was on the lower side. So, what we have done over the last two years and the plants which we

have done that we have gone for expansion and capacity expansion and new units also. So, going forward and branding is something also we are targeting local markets also we are trying to improve and now the scenario improving. So, as Ajay has mentioned that within next three years we have a target of around 500 crore and then 1000 crores and with all the plans in place now hopefully the COVID might not be there and with the industrial activity, moving up so, we hope that we could achieve much better results and the plans are already in place for that.

Rupesh Tatya: So, in growth can you give some tangible parameters like what is your order book or how many customers we had invested three years ago or our last year and how many customer engagements we have today. How many new products are going to commercialize or new contracts, we are going to commercialize some sort of tangible parameter to give us comfort that this is going to happen?

Shyam Sundar Agrawal: So, look at our past two quarter results and you will have the lead that where we are heading and then we also talked about our expansions what we are going to do in our Ahmedabad project and the new Ghatakpur project. So, there will be a capacity expansion and new customers lined up. So, these are some of the leads where you can just extrapolate on that, that where we are heading. So, leads are already coming from our past performance and we would like to maintain and improve on that.

Moderator: Thank you. We have the next question from the line of Krishna Agarwal from Niveshay. Please go ahead.

Krishna Agarwal: Sir, just a clarification I wanted. The private labeling business is 2/3 of right and export is also 2/3. So, can we fairly assume that the entire export is private labeling?

Rohit Mall: Yes, almost probably 98%, 99%.

Krishna Agarwal: Also sir can we get an idea on who are our major competitors in domestic business?

Rohit Mall: So, you have like there are hardly competitor who are in all head-to-toe protection like we are. Like if you can see our revenue is very evenly split between hand, body and feet protection and now focusing on head protection also, I don't think there will be a company like this domestically. But we have larger players like Bata with its industrial wing, they're into safety shoes, Liberty with their warrior range, they are also into safety shoes. So, there are companies like this, which are a competition for foot and there are competitions for hand and helmets, but all different players.

Krishna Agarwal: Okay. Also the major international players like Honeywell, they are our clients, so we don't really compete with them as such?

Rohit Mall: Honeywell has their own manufacturing also and Honeywell is a customer as well. So, some product categories where they are manufacturing it for themselves. Sometimes they would like to get it from outside also and sometimes they do it for themselves. Honeywell also has presence in India, it's not like they don't, but they still our customers.

Moderator: Thank you. We have the next question from the line of Sumesh G from Green Portfolio. Please go ahead.

Sumesh G: My question is regarding one of the wholly owned subsidiary where you made the preferential announcement in financial year 21. So, the shares were issued to AB Holdings Limited. So, just wanted to understand who are these AB Holding people and what was the rationale behind issuing shares to them, is it some kind of strategic joint venture or something like that?

Shyam Sundar Agrawal: Yes, basically it is a strategic investment where they have already arranged customers, customers are arranged by them only. So, their role has been to arrange for the customer for this new unit. And, so that is the MOU we have signed with them. And they have been into this, activity like international business and this what they will be doing for us.

Sumesh G: Who exactly are they, I Googled it like I couldn't find similar kind of entity the way you are having. So, where are they from and what is their kind of business or there line of business?

Ajay Mall: So, AB Holding is will basically strategic consultant arranging for loss businesses, especially for PPE and that's where we have lined up with them to get us a customer who will buy 100% from there. And for that only we have allowed them to be participative in the ownership of the company.

Sumesh G: Okay. so, they are European based?

Ajay Mall: They are based in Middle East, but they have a lot of out lets in Europe, in America, in South America.

Moderator: Thank you. We have the next question from the line of Akshay J from Exponent. Please go ahead.

Sumesh G: Just wanted to understand the capital cycle, if I see receivables they've expanded materially over the last couple of years, could you just help to understand how open capital cycle actually plays out in the domestic business versus the international business, what kind of receivable days. Can you help us understand the working capital cycle of the domestic and the export business, the reason I ask is I see working capital cycle has expanded materially in the last couple of years from some 20 crores to almost 70 crores and all of this **(Inaudible) 57:21** consumed as the working capital?

Shyam Sundar Agrawal: I could not understood the question, wasn't clearly audible.

Sumesh G: I will repeat again, can you just explain the working capital cycle in a domestic business what all terms we have to take and what are the terms like in export business on the trade because working capital or the receivables have expanded materially over the last from FY20 to 22. So, 22 crores was the receivables in FY20 and it go to almost 65, 70 crores in FY22?

Shyam Sundar Agrawal: So, basically talking of working capital cycle, we have inventory holding of around say 45 days to 60 days and then another debtor holding period of around up to 60 days, and the reason of inventory levels are almost same. So, in reason for increasing in debtors levels have been mainly because of higher turnover which we could do in February and March. So, what is happening that in January, there was something stress off COVID where we could not make the treatments and sales as per plan and then there was some push on February and March month so, due to that there is a higher debtor holding, so that is the case.

Sumesh G: Sure. Second is, can you take two steps back and help us understand the size of the opportunity that you have in the global landscape, what is it that you see over the next three, four years in terms of total addressable market that you have, where you can play an important role, that would be helpful.

Rohit Mall: I can take this, so if you see like some global landscape which is changing in our kind of industry, there's a lot of inorganic growth happening with bigger players, there is Honeywell, there is --59:41, who are acquiring a lot of smaller players and becoming bigger and bigger brand owners and usually they would not like to keep a lot of manufacturing with themselves. Because a lot of labor, a lot of supply chain and everything's so they just like to be brand owners. So, that's a good sign for players like us, because we're happy doing white labeling for them. So, that's one point. The other point is, like I mentioned there is a China plus one strategy happening, so especially countries like Australia, USA and hopefully with some more FTA signings with Canada or Europe or UK, they will be also looking at India's manufacturing hub. So, that's second reason. Third reason is increasing availability of raw material in India and the cheap labor cost as compared to China and other places. And now, more importantly, the stability of the government as compared to our other Southeast Asian counterpart countries. These are some of the landscape which are helping us consolidate position and giving us good growth prospects in the international market.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to the management for closing comments.

Ajay Mall: Thank you very much Anuj for conducting this earnings concall. I hope my team was able to answer the questions which has been satisfactorily answered for particularly I can see few questions from Krishna Agarwal, Ankit Gupta, Aman Vij, Saket Kapoor, Prashant Kumar, Rupesh D, --1:01:46 and Akshay. I hope all your questions are satisfactorily answered. If you have any further questions or would like to know more about the company, please reach out to us to our industry desk or to Valorem Advisors. So, thank you very much for joining this meeting. Stay safe and stay healthy. Thank you.

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