Dated: 04.08.2022

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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 1st August 2022, on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended 30th June 2022 is attached herewith. It is hereby confirmed that no unpublished price sensitive information was shared / discussed in the call.

The transcript of recording can also be accessed on the Company's website, from the attached link: https://www.mallcom.in/shareholder-information#Earnings_Call_2022-2023

This is for your kind information and record.

Thanking you,
For Mallcom (India) Limited

S.S. Agrawal
Chief Financial Officer

Encl.: As above

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MALLCOM (INDIA) LIMITED

Q1 - FY23 Earnings Conference Call

Monday, August 1st, 2022

MANAGEMENT PARTICIPANTS

Mr. Shyam Sundar Agrawal	:	Chief Financial Officer
Mr. Rohit Mall	:	General Manager

Moderator: Ladies and gentlemen, Good day and welcome to Mallcom (India) Limited Q1 FY23 Earnings Conference Call. 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 this conference call, please signal the operator by pressing "* then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Chaiti Gujarati from Valorem Advisors. Thank you and over to you, Ma'am.

Chaiti Gujarati: Good afternoon everyone and a warm welcome to you all. My name is Chaiti Gujarati Valorem Advisors. We represent the Investor Relations of Mallcom (India) Limited. I hope you all are doing very well and on behalf of the company, I would like to thank all the participating people in the company's earning conference call for the first quarter of the financial year 2023.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall maybe forward looking in nature. Such forward looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management belief as well as assumptions made by and the information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward looking statements in making any investment decisions. The purpose of today's earning conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. I now would like to introduce you to the management participating in today's earning conference call and give it over to them for their opening remarks. We have with us Mr. Rohit Mall – General Manager and Mr. Shyam Sundar Agarwal – Chief Financial Officer. Without any further delay I would request Mr. Rohit Mall to please give his opening remarks. Thank you and over to you, Sir.

Rohit Mall: Thank you Chaiti. Good afternoon everybody it is a pleasure to welcome you to our earnings conference call for the first quarter of financial year 2023. Firstly, I hope that everyone is keeping safe and well. 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 one of the largest manufacturers and distributor of personal protective equipment in India. It provides a one stop solution for manufacturing one of the widest range of head to toe PPE. The company is also one of the largest exporter of PPE from India exporting to 55 different countries across 6 continents. We have an expansive 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 customize and package the different head, hand, body and feet protection. Each of our facilities have in house labs that perform product safety testing and ensure compliance with international quality standards right through the production cycle. Now I will request Mr. Shyam Agarwal our CFO to bring you on the financial performance of the company after which I will brief you on the operation highlights.

Shyam Sundar Agarwal: Thank you Rohit and good afternoon everyone. Let me first brief you on the first quarter financial performance of financial year 23. On a comparative basis in Quarter 1 FY23 the operating income for the quarter was about Rs. 87 crore which was an increase of around 42% on year-on-year basis. Operating EBITDA reported was around Rs. 12 crore which was an increase of about 45% on a year-on-year basis. Operating EBITDA margin stood at 13.62%. Net profit after tax reported was about INR 7 crore which was increased by about 30% on year-on-year basis while PAT margins were reported at 7.89%. Now I would request Rohit Mall to explain the operational highlights.

Rohit Mall: Thank you on the operational front for the quarter under review even though Quarter 1 is historically the slowest quarter for the company and the sector the company has posted very good growth on year-on-year basis. This was primarily due to the slowdown of the effect of COVID-19 pandemic on local and global economic activity. The income growth was on account of both price and volume growth its strong domestic growth on account of economy revival post pandemic. Our margins have also improved slightly due to better operational efficiency and deduction in operation cost which nullified increase cost of raw material. Additionally, there was some normalcy in shipping cost which helped importers and exports to pass on the cost to the consumers and therefore ease pressure on margins. Lastly the company's credit rating has been upgraded from A minus to A stable as assigned by ICRA during this quarter. To conclude, trade deals signed with UAE and Australia are also helping get more interest from these markets and upcoming deals with UK should also improve revenue potential from such countries. Thank you. With this, we can now open the floor to questions and answer sessions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Jain from Credence Wealth Management. Please go ahead.

Rahul Jain: So couple of questions one Europe being almost about 40%, 45% of our revenues given the current situation and typically some of the other companies also talking about slowdown on the international markets, so how do we see the demand in the current scenario and going ahead are there any kind of hiccups or some kind of delays or some kind of rising pressures on the international front more so specifically to Europe. Second question sir we have just increased as per the results we are increasing our stake from about 50% to around 75% in MSPL, so just to understand the reason behind it, the rationale behind it and does this mean there is some increase because you are putting in money probably this mean some increase in capacity because of increased business opportunities which are visible to us that is second and the third and the last one with regards to CAPEX which has been done in Ahmadabad as per the results we have done about 5.8 crore sales from MSPL, so going ahead how is the Ahmadabad capacity ramping up in the current quarter what has been the contribution and what contribution do we expect in FY23 and FY24 from that?

Rohit Mall: So, with respect to Europe slowdown there are definitely talks about it, but as such there has not been any firm ask from the customers that we need to slowdown the productions or orders yes some countries are definitely suffering more than the others and there it is kind of getting difficult one of the examples is Turkey where the currency has devaluated extremely and then high inflation there more than a lot of other countries yes their importers are facing issues, but by and large it is not immediate that we are seeing the pressure right now. With respect to price pressures definitely there has been some sanity in the business in terms of shipping a logistic cost though they are not going back to the previous levels of maybe one or two years ago, but at least this is the new normal which people have understood so that is definitely there and raw material prices have also started to stabilize a little bit earlier cotton prices were going through the roof and there was no stopping it same with a lot of leather products, but again there is some sensibility coming to the market again and we are hoping for better margins hopefully.

Shyam Sundar Agarwal: Talking of this further **(Inaudible) 10:16** plan into MSPL yes because as we already informed you all that MSPL production started second half last year and now the things are now getting normalize and as we have already mentioned in our this things that this CAPEX we need further investment we need where the equity was strong 50%, 75% will be used for further investment into machinery as well as working capital also, so these things in line with the projects with which we could do into MSPL where now the volumes are picking up and yes we need to do some CAPEX also. So, additional machineries would be installed and we are not going to borrow anything there so it would be for internal investment and accruals also and talking of projected turnover yes it would be for this year we are targeting minimum 24 to 30 crore turnover from this unit and EBITDA margin remains around 15% and for next year it can be in the range of 30 to 40 this year FY24 so this is what we are targeting.

Rahul Jain: Sir this is over and above the 25 crores which we had planned for Ahmadabad capacity so additional what kind of investments do we plan in this facility?

Shyam Sundar Agarwal: So, basically what is happening the total investments which we have done in Ahmadabad for capacities around 18 CR only and the project cost was 25 CR. So, yes we need to put invest further for machinery so it would be part of the investment goals into setting up of additional lines machinery there would be some new machinery being installed there and also for working capital requirement also we need to make.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital Management. Please go ahead.

Dhwanil Desai: My first question is if you can give update on the Ghatakpukur relocation and expansion I think it was to kind of commenting in the first week of July, so has it been completed and if not what is the status. Secondly if you can give capacity utilization number that we are planning for Ahmadabad facility this year you already gave the revenue numbers, but does it mean that we will operating at 45%, 50% capacity utilization if you give some sense into that and thirdly the question is slightly broader one to Rohit that we have all the entire product basket we have a very large set of customers with years of relationship, we are well entrenched in domestic market, so what does it take or what will it take for us to move from 14%, 15% growth trajectory to let us say more than 20% growth trajectory, is it the capacity, is it demand, what are the factors that is putting a constraint on us where we are targeting to grow at 15% and 20% plus these are the three questions?

Rohit Mall: I can briefly answer all three and if I have miss something Agarwal ji can cover up. So, for Ahmadabad yes by hopefully the end of the year is when we are targeting to have achieved 40%, 50% efficiency hopefully we are on track, we are making changes every month we are hoping to grow there. For Ghatakpukur yes we have started couple of lines right now. So Phase 1 is already in progress hopefully by the end of the calendar year we will have one the entire Phase 1 ready, but we have started so this plant is under construction and also we have started some manufacturing from there already. So, this is going as per plan and for the broader question the growth constraints that you are asking for so lot of things. I believe we have earlier also mentioned that especially if you are talking about the European economy a lot of these smaller countries which come under the category of under developed or semi developed, they have the privilege of 0% duty with them. So, for example, classical race is Bangladesh a lot of the business goes through Bangladesh because they have duty free exports to Europe. So, one macro level we are expecting some policy decisions from government of both countries. So, there are talks of lieu in their trade deal. So, hopefully that should be a big boost for all the Indian manufacturers. We have seen the starting effects of the trade deals with UAE and Australia that the interest is rising and we are also hoping that UK trade deal will finish by Diwali this year as mentioned. So, macro level this is something which is happening. Second is the raw material lot of products high end a raw material has to be imported to India again there is a push to build technical textile to build a lot of chemicals here so that we can be self reliant. So, these are some macro issues which are happening. What issues we can control we are trying to do it let us say the labor cost, let us say the efficiencies and all these items adding to the product basket. So, this from our end we are doing and hopefully in the coming time from 14%, 15% in the short term we can also see the 20% revenue growth that you are looking at.

Dhwanil Desai: Rohit to summarize what essentially you are saying that we are positioning ourselves for a higher growth if macro thing fall in time and now there should not be any internal constraints that is the right way to look at it?

Rohit Mall: Yeah that is what we are aiming at.

Dhwanil Desai: And a small follow up on Ghatakpukur you said already we have started manufacturing product from the new Phae-1 is that understanding correct?

Rohit Mall: Yes so we started couple of lines only. So, it would not be a big output as compared to total capacity, but yes we have started manufacturing products.

Dhwanil Desai: So, significant contribution from this will come from Q4 of this year or maybe next financial year?

Rohit Mall: In next financial year yes.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital Advisors. Please go ahead.

Ankit Gupta: Just wanted to dwell upon a point that you have mentioned in your presentation about maybe in countries like Sri Lanka, Pakistan and Bangladesh facing economic and political problems, we know that Bangladesh in textile is a big player and Sri Lanka also is a big player, so on the technical textile side if you can elaborate how this shift is happing and are there some signs that you are looking some of your existing customers are increasing the wallet share of **India** compared to this country if you can elaborate on that?

Rohit Mall: Yes definitely there is country risk with our neighbor we all know how Sri Lanka is placed right now, Bangladesh also having some economic trouble and same thing with Pakistan. So, companies which want to mitigate their country risk are definitely looking at India, Indonesia, Vietnam as an option, but definitely India is a very resource pool. So, if you want to move big supply chain then India is a good choice. However, some companies and brands have investments in these countries where it is more than a customer supplier relationship. So, for them to have additional or move their entire supply is little difficult even if they have to start they will start replicating the supply chain with another country and then move out of the other countries completely, but yes we are definitely feeling the sense that people are looking at India as an option and there is increasing interest for these kind of products, but definitely like I also mentioned earlier this has to go hand-in-hand with availability of raw material which India traditional was not there technical textile we are seeing a push from the Government from the Textile Ministry as well for different kind of product which does not even mean for safety even for Agritech, Sportstech, Healthtech a lot of these items. So, that is what we are hoping at definitely country risk which people can eliminate from India.

Ankit Gupta: And one more point in our earlier calls you guys have elaborated that domestic there is lot of under penetration of safety products, so domestic proportion will increase is what you are expecting over the next two, three years, but given how things are shaping up on the macro side with the China plus one team as well as shift from countries like Bangladesh, Sri Lanka and Pakistan to India, do you think now export can also grow at higher pace than you are earlier anticipating?

Rohit Mall: Higher pace than domestic I still do not think so that is going to happen that export is going to grow at higher pace than domestic. Domestic will grow bigger because even if you combine some big importing countries the population itself is not so big as India. So, by just sheer number in India and the domestic and the neighboring countries we have a lot of population to cater and because it is under penetrated so it will be this growth will come faster than the domestic market and this is more of stock and sell. So, it is relatively easier to have growth here than in the international market where it is more of a gestation period for a long term partnership and not easy to change the supply chain. So, I do not expect the same growth to happen from domestic as well as export, but definitely the export market is getting more open and more interesting for us.

Ankit Gupta: One thing on the accounting side I wanted to understand was how the accounting for MSPL is done in the consolidated entity, so you know we see that the revenue for standalone and consolidated entity is almost the same, however the expenses on employee side and manufacturing and other operational expenses are higher in the consolidated side, so if you can elaborate how the accounting is done for MSPL and another subsidiary and where was the revenue for MSPL deal is shifted, is it MSPL supplies to the Mallcom standalone and then itself, how does the government work if you can elaborate in that?

Shyam Sundar Agarwal: What we are doing is whatever this subsidy company turnover would not be there it is not there and basically I mean what is happening you see the similar turnover because Mallcom is also selling to subsidiary it will be some turnover is there and this is nullifying the turnover of the subsidiary company so that is why the turnover remains same.

Ankit Gupta: And the cost like employee cost that are getting….

Shyam Sundar Agarwal: The turnover and everything included only because of when you see the similar turnover because the Mallcom is also selling to subsidy company a little bit of raw material.

Ankit Gupta: Also one thing I wanted to understand was earlier we have almost 51-49 kind of partnership in MSPL, but now with this fund inclusion of 58 crore in the subsidiary are holding in the MSPL is going to 75%, so is that our holding will now remain around 75% and our partners will be around 25% or they will also infuse some more funds in the MSPL to increase the shareholder?

Shyam Sundar Agarwal: No, it remains at 75-25 as of now.

Moderator: Thank you. Next question is from the line of Sumesh from Green Portfolio. Please go ahead.

Sumesh: My first question is on the China plus one so in the investor presentation you have stated that we are seeing early effect of China plus one, so does it mean there is any change in our yearly guidance for financial year 23 and since 4 months, 5 months has already passed and what is your outlook for financial year 23 as on date?

Rohit Mall: I do not think the projections are changing for this current financial year. I think a little bit of even if you saw a previous calls a little bit of that was accounted to China plus one policy coming into place, so whatever the projections were given were taken into account all of these things, so I do not particularly see any change in the revenue guidance.

Sumesh: And sir I mean continuing the question of previous gentlemen so who was this balance 25% in MSPL and why are not we including the money I mean why Mallcom is not splitting around?

Shyam Sundar Agarwal: See basically in the past also we have explained that we have MoU with one of our this before basically in the migrating and energy customers that is why and in the past we are many times we have already explained this.

Sumesh: Can we know the name of the partner?

Shyam Sundar Agarwal: It is AB Holdings PLC.

Sumesh: My last question is on the Ghatakpukur plant so last time I think in your investor presentation it was stated like it was supposed to start from July first week, but while replying to common questions a few minutes ago you stated that the completion will be around by end of the calendar year, so what was the reason of this delay?

Rohit Mall: No, there was no delay the plan was always that the first Phase will start from July first week and then we will go phase by phase. So, we have also mentioned in the past that overall the project will take two to three years for a complete because it is a big land and we are going phase by phase because we are planning to migrate a lot of manufacturing and also build capacity and it will not be just one product line, there will be different product categories. So, this is only Phase 1 which we are saying that we have started and hopefully we will be completing by end of calendar year and then we move on to Phase 2. So, this was the plan always.

Moderator: Thank you. Next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.

Akshay Kothari: Sir just wanted to know couple of things who would be our customers EPC players or who would be our customers in general?

Rohit Mall: So, if you know we do business in two main formats one is in our own brand name which is mostly concentrated in the Indian subcontinent Middle East Africa let us say these areas and rest of the world we are white label manufactures and in these the second category is the imports or distributors of brand owners who are our customers and for our branded sales we sell through a network of dealer and distributor and the end user are any of the factories and SMEs who have people who require any kind of protection in the work floor.

Akshay Kothari: So considering that India has a lot of wallet share in the EPC segment like NLP, power mix there are various other companies who are doing world bank funded or ADB funded projects, so they would also be requiring all these safety care equipments, so do we have any direct supply arrangement with them or how does it go that way?

Rohit Mall: We always sell through our dealer distributor network and we are not selling to any client directly. So, there may be a lot of funding in these projects, but if you look at their P&L statement PPE is not a big part of their cost this comes under probably the MRO line item in PL and it has got very if you see the overall project cost this cost is insignificant.

Akshay Kothari: Yeah but this EPC players must be also procuring it from somewhere or it is not that they are part of their requisition list all these EPC players?

Rohit Mall: I am not sure if they are directly procuring it, but to deal with us we have close to in India we are close to 70 dealers, 75 dealers. So, if we get a lead or our dealers get a lead the item is sold through the dealer only.

Akshay Kothari: And sir what would be our domestic revenue you have given the Asian sub continent, but from the domestic front?

Rohit Mall: Most of the Asian sub-continent would be India. So, almost till last year I think it was one-third coming out of domestic.

Akshay Kothari: And sir do we have any threat from the Chinese competitor in this field?

Rohit Mall: Yes we do a lot of people import directly from China and some items were completely uncompetitive from China till now because of cost and those are still being imported in the country.

Akshay Kothari: And lastly I think you have some new products rain wear and sport safety equipment, so could you elaborate on that what is your strategy going forward in these?

Rohit Mall: It is the same let us say every season every year we are coming out with something new it is either an announcement of an already launched product or it is a completely new product category altogether that we are thinking of. So, different product categories and in fact different items in those categories have different ways of how we are trying to market it, for example, you mentioned sport safety so that is more of a strategic selling rather than just getting the cheapest product and giving it to the worker. So, those kind of products are not met for somebody working in iron and steel or even any cement industry or these kind of industries they are meant for more in the HoReCa segment or some places in the automobile industry. So, that is a completely different marketing call as respect to normal leather safety shoe. So, each has its own way of own channel and own way of marketing that is how we are looking at it?

Akshay Kothari: And sir can you give I think I missed it can you give the FY23 guidance again?

Shyam Sundar Agarwal: For the total or you are talking of product wise.

Akshay Kothari: Financial year.

Shyam Sundar Agarwal: FY23 the project we should have a top line growth of around 10% to 12% minimum and the EBITDA margin should be maintained. So, last year we had around 360 so next year we are targeting around 410 crores.

Moderator: Thank you. Next question is from the line of Parth an Individual Investor. Please go ahead.

Parth: Can you talk about what is the current utilization average across all plant?

Shyam Sundar Agarwal: Yeah so basically see I am talking of Mallcom, yes, we are mostly like in case of hand gloves and safety shoes it is all must in the range of 90%, but definitely we have some scope of improvement on garments. So, this quarter we had little bit on the lower side turnover because of festive season, but yes it is around I would say with first quarter it was around 70% in garments. So, there we can improve and then and nitrile gloves also we had around 80% operational efficiency so there also we can improve. So, these are the four products.

Parth: And the year-on-year growth momentum continuing coming quarter for just particular financial year?

Shyam Sundar Agarwal: Yes definitely we should expand our projections.

Moderator: Thank you. The next question is from the line of Sumesh from Green Portfolio. Please go ahead.

Sumesh: So, sir Ahmadabad location which was started last year I guess Q4, so what was the revenue contribution from that location and what kind of margins are we growing?

Shyam Sundar Agarwal: See basically as we have the projection of around minimum 25 crore to 30 crore turnover we can do, but the margins are also more or less EBITDA margins could be in the range of 15% to 20%, but definitely we need to increase efficiency so that project has just started and what we see that in our type of product we are not normal garmenting, it is industrial garment. So, there we see that people are being **(Inaudible) 38:38** slowly, but definitely the operational efficiency is improving. So, yes we had some losses because of depreciation loss and some operating loss also in the first quarter, but the margins are same. So, we need to increase the efficiency and we see that the profits will be coming from there very soon.

Sumesh: Sir I am not asking about your profit I was asking about actually revenue part so 25 crore means quarterly 6 crore run rate, so right now how much did we clock in Q1?

Shyam Sundar Agarwal: Yes Q1 in Q1 it was around I think 1.5 CR.

Sumesh: And sir I was going through the investor presentation and you know there was mentioned about Australia and UAE deals, but you said that our guidance still remain intact similar to the last call, so are not we seeing any inquiries from UAE or Australia location, but if yes then what is the quantum of the orders that we receive from those locations?

Rohit Mall: So, like I mentioned so when we are giving our projections also we have taken into account that these FTAs will be signed. Now a thing with two countries agreeing on a policy it is not like things start shaping immediately. So, even though after the announcement it takes about three, four months for it to be gazette and actually come on the platform which is executionable. So, that delay is happening and also like I mentioned Australia especially is a market which falls under our white labeling. So, white labeling is something that as mentioned earlier has a longer gestation period to start a new relation as compared to stock and sell. UAE definite we are seeing better growth there as compared to last year.

Sumesh: So, UAE we already started exporting you are saying?

Rohit Mall: Yes we were exporting earlier also, but because there we are doing under our brand name so it is faster to increase growth there than to our private label markets.

Sumesh: So, what was quantum if I ask like what was the earlier contribution and after the trade deal what is the current contribution from UAE in number terms it can be round figure also?

Rohit Mall: The trade deal has just been signed and only I think a month or not even month ago it was budgeted and put in the platform. So, there is rarely anything that we are seeing right now, but we are expecting to have a lot more growth from UAE as compared to last year.

Sumesh: So can we expect like financial year 24 might have a higher growth rate because of these deals because 10%, 12% not that high also the guidance that you have given?

Rohit Mall: See it depends on the industry some industry 10%, 12% is very high growth rate some industry 10%, 12% is it high, but we will definitely be cautious of quoting more we only want to see first year because this is only the first year that the FTAs are being signed. So, we do not want to overshoot our expectations and if we see that yes a lot of that has resulted into revenue then definitely 24 we can expect that to continue. Similar example is China plus one we have been talking about everybody has been talking about it for last two years so now that we see some movement happening.

Moderator: Thank you. The next question is from the line of Anurag Patil from Roha Asset Manager. Please go ahead.

Anurag Patil: Sir how much is the total CAPEX plan at Ghatakpur?

Shyam Sundar Agarwal: In first phase it is 25 years so what we have done till now as Rohit answered earlier that the first phase of building is ready and we have started putting up lines there. So, 5 CR additionally 20 shares we have invested in building and land development and building and 5 CR we plan to invest into machineries also, new machineries which is in process. So, some of the machineries are already installed lines are there. So, we have started production also there, but only a very small volume. So, over the period by end of the calendar this lender here this most of the machinery should be installed and normal production should be there.

Anurag Patil: Sir what would be the revenue potential from this CAPEX for full utilization?

Shyam Sundar Agarwal: Yes basically our target would be almost 100 crore we are doing in garmenting. So, additional CR should be coming from this unit. So, 150 crore is for garments we target from our Kolkata operations here from this unit only.

Anurag Patil: And sir for FY22 can you provide industry wise contribution of revenue which are the top contributors?

Shyam Sundar Agarwal: Industry wise.

Anurag Patil: Yes industry wise like construction industrial for oil and gas like which will be the top revenue contributing industry?

Shyam Sundar Agarwal: What we can say that the entire manufacturing industry everybody is using PPE and it goes through dealer. So the market is like for everybody So, maybe oil and gas is something where it is maybe the demand is more at it would be difficult I can give you whatever turnover we are having.

Rohit Mall: So very layman kind of a thing what you can assume is usually the top 10, 12 industries which contribute to the economy except the services part where the more contribution is coming from those are the big industries that we also get the revenue from.

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

Ankit Gupta: This 10%, 12% growth that you are talking about is that including the MSPL end of the unit growth as well or it will be in addition to 25% growth that you are targeting on standalone basis?

Rohit Mall: As of right now what we are seeing the market that is how we are seeing it because there is definitely addition of things, but there is also the talks about the recession happening which is earlier also pointed out and lot of markets like I said Turkey and some markets which are completely evaporating from any sort of importing. So, we are taking that also into account so it is a kind of a push and pull which is happening. So, 10%, 12% is keeping in mind as we think.

Moderator: Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.

Akshay Kothari: Sir just wanted to understand what would be useful life of previous equipment gloves, shoes on an average I know it must be difficult, but just on an average?

Rohit Mall: Actually it will be difficult to give an average because see shoe is 12 months, a gloves can be one day, a glove also can be one to three months, helmet is 5 years or the first time it develops a crack, mask are usually supposed to be worn for our duration and then change, but yeah even people wear it for longer one day work wear yes can go on for longer period usually number of wash cycles. It is actually it will be very wrong to do an average.

Akshay Kothari: And sir you have mentioned that 90% of the customers are repeat customers, so is it very much likely that over the year around 90% of our revenues would be from the same customers only and 10% what would be the incremental customers addition if you can give a sense of that?

Rohit Mall: I would not say 90% are repeat a lot of them yes again it depends on which kind of business you are talking about definitely for the white label clients I would not say 90% yes, but something like 75%, 80% should be repeat and the rest would be incremental.

Akshay Kothari: And just a generic question how different would be our shoes from the once which are used in the defense procurement in the defense army, navy and all those things, how different would be our shoes?

Rohit Mall: So, even for the defense there were different kind of shoes, for example, somebody at Siachen wearing completely different shoe then somebody who is in a normal terrain like your CRPF or something like that. So, it depends on the terrain with respect to army also it depends whether it is in defense is the army or the air force or the naval.

Akshay Kothari: Just trying to explore whether we have an opportunity over there or we are not eying that area?

Rohit Mall: We still now do not have the let us say the right kind of product for army, but that is definitely an area we are exploring and we are regularly participating in tenders and talking to ordinance offices to see what can be done, but right now if you say are we a big player there, no we are not.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital Management. Please go ahead.

Dhwanil Desai: Two questions one is I think you just heated that the raw material prices have come down off lately and I think we saw very decent margins despite RM cost being high, so do we see some room for margin improvement if the RM prices remain soft that is one and with all the CAPEX in place of considering Ghatakpur one and the Ahmadabad phase 1, can we do 500 crore revenue from the available facility?

Rohit Mall: So two questions first your questions were little correction I did not say the RM prices were coming down it is definitely stabilizing. So, market is getting okay with the new RM prices. We do not see it to be going down as of right now, it might in the future, but not right now. But definitely if the RM prices goes down and we should see some margin improvement because even the logistic prices like I was mentioning earlier they have stabilized and were able to pass it on which was kind of a pressure earlier. So, that is the answer and with whatever work in progress units we have there is possibility of seeing including those there is possibility of seeing 500 crores revenue.

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

Rohit Mall: Thank you all for participating in this earnings concall. I hope you are able to answer your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know more about the company please reach out to our investor relations managers at Valorem Advisors. Thank you. Stay safe and stay healthy.

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