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The Manager **Corporate Relationship Department** **BSE Limited** **1st Floor, New Trading Wing,Rotunda Building,** **P J Towers, Dalal Street, Fort,Mumbai - 400001**	**The Manager** **Listing Department** **National Stock Exchange of India Limited** **Exchange Plaza, 5th Floor,** **Plot No. C-1, Block G,** **Bandra Kurla Complex, Bandra (E),** **Mumbai - 400051**
BSE Security Code: 539400	**NSE Symbol: MALLCOM**

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 10th February, 2023, on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended 31st December, 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 It is hereby confirmed that no unpublished price sensitive information was shared / discussed in the call.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

Yours faithfully,

For MALLCOM (INDIA) LTD.

ANUSHREE BISWAS Digitally signed by ANUSHREE BISWAS Date: 2023.02.14 15:21:31 +05'30'

ANUSHREE BISWAS
Company Secretary & Compliance Officer

MALLCOM (INDIA) LIMITED

Q3 - FY23 Earnings Conference Call

Friday, February 10th, 2023

MANAGEMENT PARTICIPANTS

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

Moderator: Ladies and gentlemen, Good Morning and welcome to the Mallcom (India) Limited Q3 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, Ms. Jain.

Purvangi Jain: Good morning, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Mallcom (India) Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the third quarter and 9 month ended 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 risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by information currently available to 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 earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now I would like to introduce you to the management participating in today's earnings 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 Agrawal – Chief Financial Officer. Without any further delay, I request Mr. Rohit Mall to give his opening remarks. Thank you and over to you, Sir.

Rohit Mall: Thank you Purvangi. Good morning, everybody. It is a pleasure to welcome you to our earnings conference call for the third quarter and 9 months ended of the financial year 2023. 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 India's largest manufacturer and distributor of personal protective equipment. It provides the one stop solution for manufacturing one of the widest range of head-to-toe PPE. The company is also one of the largest exporters of PPE from India exporting to over 55 countries across 6 continents. We have an expansive manufacturing footprint with 13 production facilities spread across India. Over the years we have focused on backward integrating wherever possible resulting in significant cost savings and gradual margin expansion. Our integrated manufacturing facilities module assemble customize and package the different head, body, hand and feet protection products. Each of our facilities has an in-house lab that perform safety testing and ensure compliance with international quality standards right through the production cycle. Now I will request Mr. Shyam Sundar Agrawal our CFO to brief you on the company's financial performance after which I will brief you on the operational highlights.

Shyam Sundar Agrawal: Thank you Rohit and good morning, everyone. Let me first brief you on the consolidated financial performance of the third quarter of the financial year 2023.

On a consolidated basis operating revenue was around Rs. 100 crores which grew by approximately 8% year-on-year. The third quarter is usually a lean season and it was also a result of the extended monsoon season and festive season in India as well as around the world. EBITDA improved and stood at around Rs. 14 crores witnessing a growth of 13% year-on-year. EBITDA margin stood at around 14.43%, EBITDA margin improved in Quarter 3 FY23 due to higher sales realization and cost optimization. Net profit reported was about Rs. 11 crores which grew by approximately 40% year-on-year. The PAT margin stood at 10.82%.

For the 9 months under review, we reported consolidated operating revenue of around Rs. 298 crores which grew by roughly 90% year-on-year. EBITDA was reported at around Rs. 42 crores which grew by 17% year-on-year. EBITDA margin stood at 14.04%, net profit was reported around Rs. 27 crores witnessing a growth of 22% year-on-year. PAT margin stood at 9.13%.

Now I would request Mr. Rohit Mall to explain the operational highlights for the quarter and 9 months.

Rohit Mall: I am happy to announce that during the quarter we were awarded status certificate of 3 Star export house by the Director General of Foreign Trade Government of India. A significant upgrade over the earlier status of 2 Star export house. We also receive the statutory approval for amalgamation of the 100% subsidiary company best safety private limited which will result in better synergy and cost efficiency in operations leading to better margin for the product segment. There has been a significant increase in productivity and shipment from subsidiary company Mallcom Safety Private Limited with operational efficiency now almost at 75% which will result in higher volumes and earnings in the future.

We have also been allotted a land parcel of 50,000 square meter by Gujarat Industrial Development Corporation at Sanand 2 which we plan to utilize for our future expansion plans in due course. Lastly, the expansion project at Ghatakpukur West Bengal is now nearing its first phase of completion with facilities ready to use and should be contributing more to the company's overall level of operations. Thank you. With this, we can now open the floor to question and answer session.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: The first question I have is so I think you mentioned in your operational highlights that Ahmadabad facility is now operational and the efficiency is flowing in and also Ghatakpur expansion is completed, so we grew this year our revenue by I think 17%, 18%, so with these facilities kicking in how do you look at growth for FY24 and second question is on margins so I think we did very decently on margins also with scale coming in and the operational efficiency flowing in the subsidiary, do we expect margin to improve from here?

Rohit Mall: I will address the growth question and I will ask Mr. Shyam to address the margin question. So, let me just clear for the Ghatakpukur project that he also mentioned in our previous call that it is not only an expansion, it is kind of a shifting of capacity from our existing facility to a newer facility. So, we will not yet see the expansion the expansion will come gradually from that facility. For the Ahmadabad facility definitely the backward expansion and only that is only for workwear. So, we are doing 19%, 20% right now and that is something that we are expecting going ahead as well because the market also needs to react in a similar manner we see more or less that it is doing. So, I think the growth will be on similar lines that we are estimating right now.

Shyam Sundar Agrawal: Just to add on to the Rohit reply in case of Ahmadabad facility yes the turnover we see it would be improving, we project to close this year by around 20 crore for the year and next year target from this should be minimum 30 crore and in case of Ghatakpukur yes it is mix of Chhattisgarh facility and adding to the capacity. So, this year hardly there would be increase, but definitely in FY24 we should have additional turnover from this unit also and talking of margins yes there is operational efficiency coming in with the increase volume also and so the margins EBITDA is in the range of 14% to 14.50% and as you will see that product mix also is changing so more of safety shoes and garment which is value added product which we are doing. So, we expect to maintain this margin as a minimum and we would like definitely to see that it improves.

Dhwanil Desai: And if I can ask one more question so Rohit if you can talk about the demand environment both on domestic and export side and also I think this Australian treaty is now operational, so any benefits that we see kind of first signs of that kind of helping us in terms of tapping Australian market if you can talk about that?

Rohit Mall: So, for international demand to be honest the last 6 months have been a little sluggish, we have seen the effects of Ukraine-Russia war, the effects of higher energy crisis and winter and festivity is coming in there is talks of recession or probably actual recession there so that has been a little sluggish that we have seen, but we expect it to improve in the next FY. However, for domestic market the demand has been good as we have seen across manufacturing indexes also improve. So, the demand has been strong and consistent and that is where our focus is also to increase our share from the domestic market. So, that is the international domestic demand and with respect to Australia FTA yes that has been signed and implemented and now we are shipping most of our products duty free to Australia. We are planning to increase our footprint in the Australia-New Zealand markets and in fact we are travelling in the coming days to do some business development from that market and expect to gain some more market share in that market.

Dhwanil Desai: Just one clarification you said similar growth of 17%, 18% at the company level is what we are targeting for FY24 right?

Rohit Mall: Yeah I think similar growth level that is what we see.

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

Ankit Gupta: Just wanted to understand we have safety shoes segment, garment segment and hand protection in glove segment these are the three divisions that we focus on, with the kind of growth and the kind of orders we have in hand how do you see this mix changing over the next two, three years, will it remain same or there is change and in packing order if you can talk about how is the margin differential between the three segments?

Rohit Mall: So, in terms of product mix I do not see it changing a lot only thing is we are trying to add head protection segment also which is almost negligible right now what we plan to increase some share from that mix that is why we had a one stop solution so we are trying to have all of them if you see almost 30%, 33% and that is what we have had. So, if the helmet comes into picture maybe 5 years, 10 years we will see 25 from all of the four segments that is what we are aiming at. With respect to margin, it is not just product segment wise what our margin, it is also dependent on the product segment we sold in India or outside where the brands play a role to improve margin. So, leather glove a lot of it is commodity can be a very less margin product outside, but can be still decent margin product in India, but overall, I think the margins are higher towards workwear, safety shoes, and right hand glove which are more value added products and more customer products.

Ankit Gupta: So, let us say the leather gloves part will be a relatively less margin product in our overall product basket is what we can say?

Rohit Mall: Right.

Ankit Gupta: And how much will that be contributing overall to our sales or in hand protection segment?

Shyam Sundar Agrawal: Will you please repeat the question.

Ankit Gupta: How much is leather gloves contributing to our overall sales?

Shyam Sundar Agrawal: So, I just wanted to clarify that in the hand segment what we see now that instead of leather gloves the percentage of synthetic gloves will be rising. So, going forward so that is one as of now it is around 20% of our overall turnover leather gloves which should be shrinking going forward.

Ankit Gupta: Rohit you know in our earlier calls our discussions we have seen that you have highlighted that in garments also there are certain product fire retardant products in all in the garment, which is extremely high margin, so do you think how much is the proportion for relatively higher margin product in the garment segment and do we have plans to expand this capacity further and how do you see this segment going for us over the next two, three years?

Rohit Mall: So, I would FR and all these specialized garment it is still 10%, 20% of the total garment turnover, but that is an area where we are focusing on more so that we increase mix from these segments more and also China has been predominantly the market leader in these segments. So, we are trying to get that market from there, but however it requires a lot of raw material being made in India which still India is far behind China which maybe lot of fabrics not being consistently being made in India. So, we are regularly working with the mills to ensure that we have the fabric from India and that is when we can be more worthy in the international market. So, it is a long game I would say and we need to have the entire supply chain in India to be able to make a real than in this particular segment, but we are trying nevertheless some imported fabrics, some local fabrics to ensure more value-added products in our workwear segment.

Ankit Gupta: And in terms of expansion, I think Mallcom Safety also had some Phase-2 expansion at Ahmadabad facility, so if you can talk about how much will be the expansion and how much can be the revenue generated from the second phase and Ghatakpur also has second phase of expansion if I am not wrong, so what are our plans for that and how much will be the capital outlay on that and what can be the asset terms for these projects?

Shyam Sundar Agrawal: In case of Mallcom Safety as we mentioned that now the productivity level is around 75% and with existing facility only we target at least 30 crore turnover in next financial year and further expansion in this unit that is foreseeable as per requirement we can do because the infrastructure is ready and only we had to install the machinery which can be done anytime. So, as per requirement we were doing that and Ghatakpukur first phase is over so now we are building up the garmenting facility is there, some needed gloves facility is there, some helmet facility is there and with a plan to add on further capacity which will be happening in next year also. So, there would not be additional turnover coming from there and for the expansion in Gujarat as we mentioned we have got allotment of land from GIDC in Sanand 2 and that is in Mallcom (India) Limited and there we plan to have factory manufacturing mainly synthetic gloves and other PP items which we target mostly for local market. So, that is something will be happening in Mallcom (India) Limited.

Ankit Gupta: So, Ghatakpur second phase expansion and Sanand expansion in our Mallcom (India) Limited will be happening simultaneously over next year is what you are saying?

Shyam Sundar Agrawal: Second Ghatakpur is not yet planned, but Sanand-2 we have planned. It starts from we can get the land by March and then next year we will be constructing the factory there also.

Ankit Gupta: And when it is expected to be complete and how much CAPEX are we putting in?

Shyam Sundar Agrawal: It is around total project it is in first phase we have total CAPEX plan of 60 crores, 23 crore which goes into land right now and then we will have building and machinery they are installed over next three to four years time.

Ankit Gupta: 60 crore is spread over three, four phases or in first phase itself we will be doing 60 crores?

Shyam Sundar Agrawal: Yes.

Ankit Gupta: No, 60 crore will be spread across two, three phases or in first phase itself we will be doing 60 crores?

Shyam Sundar Agrawal: Yeah it is within first phase only; first phase is spreading over four to five years.

Ankit Gupta: And how much revenue can we generate from this Sanand facility?

Shyam Sundar Agrawal: We target 100 crore turnover from this unit.

Moderator: Thank you. Our next question comes from the line of Aditya Pal from Motilal Oswal Financial Services. Please go ahead.

Adityapal: So, just wanted a picture on manufacturing and other operating expenses it is consistently falling down over the last four quarters, what are we doing right and where do we see this stabilizing at, so when I say falling down I am saying as a percentage of revenue?

Shyam Sundar Agrawal: This segment included the freight also selling expenses. So, in the past the freight had gone up almost 4x to 5x of the normal freight. So, this is now that you see that export freight, ocean freights are coming down and that is reflected there, so a major saving on the cost of freight.

Adityapal: As a personal revenue where do we see it being stabilized at 17%, 16% if you can like just put some colour on it?

Shyam Sundar Agrawal: On what?

Adityapal: On the manufacturing and other operating expenses?

Shyam Sundar Agrawal: Yeah it should be in the range of 17% to 19%, so as of now I think it is 17% so I think that is the range between which because something which is flexible like selling expenses which keep changing otherwise so that is the range we normally see.

Adityapal: I mean also the cost of material consumed is or has experienced a lot of volatility it goes right after 58% in December and last quarter it was close to 49%, so are we trying to get into long term contracts with a vendors so that this stabilizes in the future?

Shyam Sundar Agrawal: No, that is not the case you just look at the total cost including the finished goods stock and it is coming to around 60%, 61% only. So, you need to look at the numbers both taken together. So, maybe there is more finished goods and less raw material consumed so that might be happening, but overall cost of sales is in the range of 60% to 61% only.

Moderator: Thank you. Our next question comes from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: First just wanted to understand the West Bengal facility that has come on stream how much CAPEX have we spent on it and you did mentioned that some of the existing capacity will move there, so how much incremental revenue are we expecting, you did mention that we are expecting some in 24 and maybe what is the peak revenue we can do from this facility?

Shyam Sundar Agrawal: Basically we have invested here in infrastructure so we have almost 2 lakh square feet of building construction which is ready to use and in our type of garmenting activity you need space. So, this is something which we have done, we have invested almost 30 crores in this project and the building construction is one thing and then we have add up some machineries also. So, going forward as of now we are doing around 100 crore of garment turnover we would like to double it with the added capacity also. So, immediately we have shifted the existing facility from the existing plant to this place and some added capacity also, but we need to add more that and it will be gradual and ultimate target is that we should have around double turnover what we are doing now, so 100 crore to 200 crore.

Alisha Mahawla: If I have understood correctly we have spent 50 crores this is within our 100 crore of revenue and we will do some kind of CAPEX which will be stage 2 which will help us double this revenue?

Shyam Sundar Agrawal: So, for doing that if you want to increase the turnover to productivity machinery is something where you need a least capital in garment at least. You need to have basic infrastructure that is on the basic infrastructure and machinery also is ready, to increase the turnover now we need to put some additional machineries also which will be costing not much maybe 5 crores, 10 crores max so up to 5 crores so that we will be doing in due course of time as per requirement.

Alisha Mahawla: So that is why I am asking that this will be the phase 2 expansion that you are referring to earlier in this call?

Shyam Sundar Agrawal: Yeah it will be within phase one only. So, phase one is almost complete and we add on some capacity there as per requirement to double the turnover and it will be hardly CAPEX would be in the range of 5 Cr maximum.

Alisha Mahawla: And then you also mentioned that the we had some capacity in Ahmadabad that has come on stream so when has that come on stream and how much CAPEX have we incurred over there and what is the revenue we can do there?

Shyam Sundar Agrawal: So we have a total investment of around 25 Cr in this unit and CAPEX is around 18 Cr and this year we target 20 Cr turnover next year 30 Cr as of now and we will see how. So, again same thing there also we can expand the capacity easily and as per requirement. So, the project as on date is 30 Cr from next year.

Alisha Mahawla: And what is the split of revenues between domestic and exports?

Shyam Sundar Agrawal: So, basically domestic we are selling under our own brand and domestic is a local market and export is basically OEM and it goes to the entire world. So, it is around for the quarter it is 40-60.

Alisha Mahawla: 40 domestic, 60 exports?

Shyam Sundar Agrawal: Yes.

Alisha Mahawla: In exports also Europe and Asia would contribute bulk of it?

Shyam Sundar Agrawal: Yes almost 42% of our turnover is coming from Europe.

Alisha Mahawla: At the start of the call, you mentioned that the different sluggishness in the international demand where you were talking specifically for Europe, but are we seeing for all the markets that we are taken to?

Shyam Sundar Agrawal: Yes, specifically for the Europe and also sluggishness only because of this quarter traditionally this quarter you will see that there are lot of holidays overseas also, Christmas season so that is why the turnover for the quarter remains bit 4% to 5% on the lower side otherwise yes in Europe we see as Rohit mentioned that we will see some pickup.

Alisha Mahawla: So, my last question is that like you mentioned the 42% revenue is coming from Europe at least in the near term there is some amount of slowdown, but we are continuing to target high double digit growth, so which market or which segment is going to contribute to incremental growth to compensate for Europe because of 42% of revenue?

Rohit Mall: If you see South Africa is decently big market for us and there has been some embargoes on anti-dumping duties on China in Peru specifically so that has opened up a big market for us, US like has not been really big market for us and we are trying to make efforts to make dense there and so US is a big market that we are targeting and with the FTA now Australia, New Zealand is also a big market, we already have customers and we are trying to drill it down further. So, even in Europe those who want to move out of China or other Asian countries can move towards India to reduce their country risk we are targeting those kind of stuff. So, it is more about opening new accounts and business development from same market and opening newer geographies.

Alisha Mahawla: Just one follow up do you expect a split to be 40-60 only the incremental growth will come from the export market only?

Rohit Mall: The split right now yes in near term it should be 60-40, but eventually our target is to make this split 50-50.

Moderator: Thank you. Our next question comes from the line of Pinaki Banerjee from AUM Capital Private Limited. Please go ahead.

Pinaki Banerjee: So, my first question is what is the amount of debt and cash have in your books right now and for further capacity expansion are you going to undertake any further debts in your books?

Shyam Sundar Agrawal: So, presently have around 70 Cr in our cash and cash equivalent and almost around 60 Cr debt and what was your next question.

Pinaki Banerjee: For your further expansion plans are you planning to undertake any further debt?

Shyam Sundar Agrawal: What we are doing you will see that whatever investment we are doing we are planning in a way that whatever cash we generate it covers our requirements. So, whatever we had done past and doing now or for future also we will have enough cash generation and we do not plan to borrow anything for our expansion plan as of now.

Pinaki Banerjee: Sir, what is our working capital days of expansion now?

Shyam Sundar Agrawal: Pardon.

Pinaki Banerjee: The working capital days can you just give an idea?

Shyam Sundar Agrawal: Working capital would be around 120 days almost.

Pinaki Banerjee: Sir and my final question regarding this the budget is driven by apart from the capital infrastructure outlook as the Government of India and what is your net take on the budget has it been positive for you?

Shyam Sundar Agrawal: Yeah, it should be positive. See the budget is growth oriented and there would be lot of CAPEX happening and we are directly related to that so if you know the investment activities goes on and infrastructure development happens in that case definitely, we are going to benefit.

Moderator: Thank you. Our next question comes from the line of Zakir Nazar from Nazar Investments. Please go ahead.

Zakir Nazar: Rohit ji a few weeks back Ajay ji was in one of the magazines where he said he foresees Mallcom as a 1,000 crore company in five years, how do you foresee this planning out, and when that happens how do you foresee the divisions of the company doing that is my question number one and my question number two sir you indicated growth of 18% to 20% for next year that would be over March 23 correct sir?

Rohit Mall: First question 1,000 crores in 5 years yeah we are gearing up for that we see a lot of capital expenditure that we are doing to ensure that we achieve this revenue and for the products split like I said we want to focus on each product individually and ensure that the split remains the same or if new category is introduced then we go for a four way split, but that will take some time the idea is to become a one stop solution for the domestic as well as the international markets for head, hand, body and feet protection so that is where our focus will lie and the 18%, 20% that is for like for FY23 probably we will be having that because we are also wanting to continue for the next year which is FY23.

Zakir Nazar: Because FY23 you might not have 18% sir it will be slightly the way things are?

Rohit Mall: For the full year it would be in the range of 10% to 15% definitely.

Zakir Nazar: So next year you would definitely be looking at 15% plus growth?

Rohit Mall: Ideally that is what at least we are targeting.

Zakir Nazar: And Rohit ji out of whatever we give, whatever topline we do may be 23 or 24 what percentage of that would be sold Mallcom own brands and what percentage would be a third party brand?

Rohit Mall: So, like we said earlier it is close to 40% less than 40% right now 37%, 36% I think for this year that is where we will be ending at 63% maybe from non-branded and like third party branded and from almost 37%, 38% from branded products. In the future we would want to increase the share from our own branded products and eventually make it at least 50-50.

Moderator: Thank you. Our next question comes from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: So, slightly broader question what I wanted to understand is that how do we intend to scale up our operations or business in domestic market and how does the typical product flow happens through the supply chain and you also mentioned that we plan to enter into the head protection segment where our presence is pretty small or you want to scale up, so what are the entry barriers, how difficult or easy it is to crack that segment and there are already players like Karam who are pretty dominant in that space, so how do we compete and gain our presence there if you can talk about that?

Rohit Mall: To ensure growth like we said we are ensuring firstly that we have capacities. So, international players capacity is challenge they are looking for capacity especially they are moving out of places like China they are looking at massive capacities that is one thing that we are addressing on our end we are doing R&D of products. So, we are launching new products every season to ensure that we are up to date with the market. We are investing in testing facilities as per global norms for Europe, for US, for India that is something that we are ensuring and we are putting efforts towards our brand and our sales team. So, we are hiring sales people and we are ensuring that we pay attention towards our branding activities. These are some of the things that we are doing to ensure that we are able to scale up our operations and with respect to head protection. So, we currently we started with one helmet design, we now have two and we are hoping to have more designs coming next year so that is one of the way. So, we are increasing our range of products, range of offering, basket of offering in that product category and this typically helmet is again very commodity products. So, we are ensuring that we are able to push it properly through our sales channels and a dealer network we already have 75 odd dealers. So, we are against who are taking our products. So, we just need to cater right product with them and we expect it to sell similarly for mask we had one design now we have couple of designs and same case for bump caps. So, across in product basket we are trying to increase our offering and trying to become a one stop player because we already have a footprint with the other categories. So, we are expecting to cross sell our products in the hand protection division.

Dhwanil Desai: Just one follow up on that so currently you said we have around 75 dealers right, so for us to grow significantly let us say over next three, four years do we need to increase our dealers and if so what is the addition that we are targeting that is one and second is on product development side if you can elaborate what kind of team we have, what is the number of SKU we have and in the entire basket any caps that we see today compared to some of the larger players?

Rohit Mall: The dealers yes we are regularly adding we have now covered I think almost all Indian states and we are adding more dealers outside India. So, we have dealers in Nepal, Bhutan, Bangladesh, Vietnam, Singapore, Thailand, UAE outside India, South East Asia, Middle East is also where we are facing our dealer base. I do not have an exact number of where we want to reach, but more than the number it is important that we are able to cover the market value and with respect to product development yeah, we have category managers and we have product development team specific to each category. Now in some cases the products managers talk to each other also that is where the role of product or category manager comes into picture. In terms of SKUs there will be more than 500 SKUs because first we are a OEM so we develop product as per the customer requirement. So, every day we have a new requirement and that is the new SKU for us. So, difficult to define in numbers how many SKUs we will have and with respect to sorry I missed your last question.

Dhwanil Desai: Do you see any gap white spaces in our product basket with which we think should be filled and are we working towards that?

Rohit Mall: Head protection was one of the missing links that we are trying to address like I said with more variety of helmets, mask, bump caps etcetera and in synthetic gloves also now we are doing nitrile there is demand of other synthetic gloves also which we are trying to address maybe in couple of years we will be having some of those synthetic gloves in our portfolio also.

Moderator: Thank you. Our next question comes from the line of Sanjay Shah from KSA Securities Private Limited. Please go ahead.

Sanjay Shah: My major questions have been answered, but I would even like to understand from you about the government regulations on this PPE side, is there any change in foreseeable government side to make this norms which stricter than what it is right now?

Rohit Mall: The government is working towards it in fact there are talks of new completely revise and updated labor laws which put more emphasis on occupation, safety and health. So, that is an expectation from the government that we have and hopefully the government is working towards it. On the other hand, there is DIS in India which is ensuring that the products meet certain specification and standard and then is now government is pushing more towards having certified products, they are doing market testing also we are picking ours and I am sure that was samples from the market and testing it. So, there has been push by the government and there has also been push by some of the large players in MNCs in India who would like to have standard which is comparable to the global standards. So, definitely there has been a push from the government, but yes we are expecting more on it.

Sanjay Shah: So that will give more opportunity to grow our business domestically because it is more dominated by unorganized player?

Rohit Mall: Right.

Moderator: Thank you. Our next question comes from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir one question is can you please comment in the seasonality of the business as in how quarter shape up?

Rohit Mall: I think the only thing which is seasonal here is leather gloves especially for the export market because during the monsoon there is a dip because of humidity in the container and otherwise third quarter is historically a little lean because of all the festivities and holidays etcetera and fourth quarter usually is strong quarter for us, but I do not think that is because of the seasonality of the product I think it is more so because of the cycle of the business of the manufacturers.

Ankur Kumar: Did you say that there was some postponement of orders from this Q3 to Q4 some amount?

Rohit Mall: Yes there have been some like I said especially from the Europe market as we saw some sluggishness. So, in some cases yes we have been asked to put it on hold or because of deliveries have been little delayed, but that is not a usual occurrence. I think that has happened only this time for a special case.

Ankur Kumar: So, would you be able to comment on the amount of the same?

Rohit Mall: I do not have an exact number for you at this minute.

Shyam Sundar Agrawal: Yeah it would be hardly in the range of 2% to 3% max.

Ankur Kumar: And in terms of manufacturing and other operational expense in the company's numbers we are seeing a dip there so is it because of freight cost or there are other things which are causing that?

Shyam Sundar Agrawal: It is mostly due to freight cost.

Ankur Kumar: So, we expect this low number to continue because freights have come down?

Shyam Sundar Agrawal: Yes definitely.

Ankur Kumar: And for this year you are saying around 10% to 12% growth rate, but we are expecting much better number for next year, so what is the change in view and why are we expecting much better numbers next year?

Shyam Sundar Agrawal: As we mentioned the effort is there, we have already set up the facilities now we would apply that and we also planning a new market and the sales effort is there. So, you need to have some target which you would like to achieve with all this preparedness.

Moderator: Thank you. Our next question comes from the line of Ashok Shah from LFC Securities. Please go ahead.

Ashok Shah: As I understand we are basically in an industry where the unorganized sector has got majority, can you just give some rough idea what percentage of unorganized sector business they are doing and organized sector as we are doing?

Rohit Mall: In India, I think it is a good estimate to say that almost half of the entire sector is unorganized.

Ashok Shah: And what are the raw materials which takes place to a major part in this industry?

Rohit Mall: So, there is not one raw material depending on the kind of product because we are in variety of products. So, we have different raw materials. One is your fabrics, yarn, one is leather, one is a synthetic chemical like PU or nitrile being some of the major raw materials.

Ashok Shah: Last question is who is the competitor in this industry for an organized sector?

Rohit Mall: In organized you have couple of players so listed players there are some which is like Arvind is there, Bata with their shoes, Liberty with their shoes and some other overall players like Karam and all which are there, Allen Copper which is also there for the footwear.

Ashok Shah: And also, Acknit Industries?

Rohit Mall: Acknit is also there.

Moderator: Thank you. Our next question comes from the line of Ayush Agarwal from MAPL Value Investing Fund. Please go ahead.

Ayush Agarwal: So, I wanted to understand more on a garment capacity last year it was 2.2 million which in this presentation it is mentioned as 3.6, so how much of it was added in Ahmadabad?

Rohit Mall: Ahmadabad I would say about we are expecting 3,00,000 pieces as of now.

Ayush Agarwal: Rest of it would be expanded in Kolkata itself then?

Rohit Mall: Yes.

Ayush Agarwal: Does it include Ghatakpukur because I was in the impression that we had shifted facilities from the Science City facility to Ghatakpukur?

Shyam Sundar Agrawal: Not completely so Science City facility is continuing and some of the facility we have shifted and some added also.

Ayush Agarwal: So, a follow up on this would be then in the next one to two years where do you see the 3.6 number going to?

Rohit Mall: 3.6 is already a good number that we are targeting so I think if we are in one to two years I do not see that moving on odd 4.

Ayush Agarwal: So, with the freed up facility in Science City what do we plan to do there?

Rohit Mall: Sorry can you repeat.

Ayush Agarwal: So, we have some facility that would be freed up in Science City facility because we have shifted machinery to Ghatakpukur, so what do we plan to do in the Science City facility with the free space available?

Rohit Mall: We do not plan to do anything there. That facility is in the middle of the city so that is becoming difficult to operate there anyway because of these cargo movements and everything, so we do not have a plan to do anything in that facility.

Ayush Agarwal: My next question is on shoes we do not see a significant and expansion at all which is a very profitable segment and if I understand it correctly it has been running at high utilizations for the last one year, so what are our plans to expand in the shoe area because we are really that is a good business for us?

Rohit Mall: For shoe we are investing in newer types of designs and molds that is a big CAPEX for shoe that is what we are doing and we are trying to gain more market share in the international market we have been a relatively good player in the domestic market we plan to replicate that in the international markets. So, you would not see the capacity maybe increasing, but more variety and more variation and addition to the product basket is what we are doing in shoes.

Shyam Sundar Agrawal: So, Rohit for capacity also in safety shoes yes we are planning how to increase the productivity and that is possible within the infrastructure which we have, so it can be increased as per requirement by change of shift also and creating some space, for example, we have created some additional space for shoe manufacturing in Kolkata where we have shifted our major gloves operations Ghatakpukur facilities. So, these are the things we are doing and whatever requirement is there in future with the existing setup we can cover that.

Ayush Agarwal: So I was saying that in the new Ahmadabad land where we plan to do a 60 crore CAPEX you mentioned that you will be expanding into synthetic gloves and some other category as well, so if you can help us understand better what kind of product categories because synthetic gloves which are value added are these high margin products because we do not see gloves as a very high margin products, so why are we thinking of expanding in low margin product category in a newer facility, so something around that will be helpful?

Shyam Sundar Agrawal: Basically, you know as we mentioned that this unit will be primarily catering to local market and synthetic glove is especially not low margin business because you need investment, you need technology and what we see that in domestic market at least there is now a change and market is started accepting these type of products and just like shoe this will be another segment where you will have decent volume and growth. So, moving from feet safety to hand safety now and these are the products more suitable for Indian markets. So, this remains one of our product category which we plan to invest then helmet also and some head protection items also we plan to do there and so we think that it is needed and to take care of my domestic requirement we need to invest there.

Rohit Mall: Just to add on here so we are adding in synthetic gloves we are adding both value added items there as well as commodity items there because again if the objective is to become a one stop player for the domestic as well as international market we need to have everything in our kitty and that helps us cross sell our products and then also helps us retain our customers. So, that is what we are trying to achieve from this new unit and with the different synthetic gloves that we will be making out of there.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I now hand the conference over to the management from Mallcom (India) Limited for closing comments.

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

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