



“Dollar Industries Limited  
Q3 FY26 Earnings Conference Call”  
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**MODERATOR: MS. ANJALI OJHA – ANAND RATHI SHARES AND  
STOCKS BROKERS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Dollar Industries Limited Q3 FY '26 Earnings Conference Call hosted by Anand Rathi Share and Stock Brokers Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Anjali Ojha from Anand Rathi. Thank you, and over to you, ma'am.

**Anjali Ojha:** Thank you. Hello, and good evening to everyone. I thank you all for joining the Q3 and 9M FY '26 Conference Call of Dollar Industries Limited. Today, from the management, we have Mr. Ankit Gupta, President, Marketing; Mr. Gaurav Gupta, Vice President, Strategy; and Mr. Ajay Patodia, Chief Financial Officer.

So, without any further delay, I would now like to hand over the call to the management for their opening remarks. Over to you, sir.

**Ankit Gupta:** Thank you, Anjali. Good evening, everyone, and thank you for joining us today. We thank our shareholders, analysts and stakeholders for their continued trust and support. Your confidence allows us to remain disciplined in execution, uphold strong governance standards and stay focused on long-term value creation.

I would also request everyone to take note of the safe harbor statement in our presentation. Turning to the operating environment. The industry continues to face intense competition and sustained pricing pressures. In this context, the company has deliberately adopted a margin-first strategy anchored in cost discipline and operating leverage.

Our approach is not about choosing between growth and profitability, but about sequencing them correctly, prioritizing earnings quality, cash flows and returns in the current environment. During Q3 FY '26, demand conditions remained steady. Operating revenue for the quarter stood at INR388 crores, reflecting a year-on-year growth of 2.0%.

While top line growth was measured, our sustained focus on cost efficiency, operating discipline and product mix helped us maintain healthy operating performance. Gross profit for the quarter increased by 4.6% year-on-year to INR142 crores. Gross profit margin expanded by 91 basis points to 36.5%, reflecting the benefits of disciplined sourcing and improved product mix and tighter cost control.

For the 9 months ended FY '26, gross profit stood at INR447 crores, registering a growth of 10.7% year-on-year with margins expanding by 72 basis points to 35.5%. Operating EBITDA for the quarter stood at INR39 crores and remained largely stable year-on-year with margin at 10.0%.

This performance reflects our clear focus on protecting operating profitability through efficiency improvements and operating leverage, despite a challenging pricing environment. For the 9 months ended FY '26, operating EBITDA increased by 12.6% year-on-year to INR142 crores. Operating EBITDA margin expanded by 41 basis points to 11.3%, underscoring the impact of structural cost initiative and improved operating leverage as volumes scaled.

Given the current industry dynamics, we believe that maintaining cost discipline, leveraging our operating structure and protecting profitability is the most prudent and sustainable approach. As the operating environment normalizes, growth is expected to follow, supported by a stronger cost base and improved operating leverage.

For this fiscal year, we reaffirm our revenue growth guidance of approximately 11% to 12%. We expect EBITDA margins to remain stable in the range of 11.5% to 12.0%. We remain opportunity-led on growth with a clear focus on returns and cash flows. Now, Gaurav will provide further details on the business and operational highlights of the quarter.

**Gaurav Gupta:**

Thank you, Ankit. Let me now highlight some of the key business and operational trends during the quarter. During quarter 3 FY '26, total volumes grew by 2.4%, while for the 9 months ended FY '26, volume growth stood at healthy 8.5%. We also continue to witness steady traction across modern trade, e-commerce and quick-commerce channels in quarter 3 FY '26.

Collectively, these channels contributed 12.8% of overall revenue during the quarter. For the 9 months ended FY '26, these channels recorded strong value growth of 36% and volume growth of 38.9%, contributing 11.6% to overall revenue. On the export front, we delivered a value growth of 10.9% in quarter 3 FY '26 with exports accounting for 5.6% of overall revenue for the quarter.

Coming to our brands. Force NXT continued its strong momentum, registering a year-on-year value growth of 26.5% and volume growth of 48.1% in quarter 3 FY '26. For the 9 months ended FY '26, Force NXT achieved a value growth of 16.7% and volume growth of 27.1%, reflecting increasing consumer preference for differentiated high-quality products.

Additionally, Champion, our kids wear range, recorded a robust performance during the 9 months ended FY '26 with value growth of 30.5% year-on-year and volume growth of 5.8%. Our strategic partnership with G.O.A.T continues to yield strong results, supported by continued traction across modern retail and quick commerce channels.

In quarter 3 FY '26, revenue was INR13.71 crores, reflecting a 43.9% year-on-year growth. For the 9 months ended FY '26, revenue increased by 50% to almost INR39 crores. PAT for the quarter stood at INR1.65 crores, up 45.1% year-on-year and 57.1% quarter-on-quarter with a PAT margin of 12%.

With that, I would like to invite our CFO, Mr. Ajay Patodia ji to take you through the financial performance. Over to you.

**Ajay Patodia:**

Thank you, Gaurav ji. Good afternoon, everyone, and thank you for joining the call. Let me take you through the financial performance for quarter 3 and 9 months FY '26. For the quarter,

operating income grew by 2% year-on-year to INR388 crores, supported by steady demand and improved product mix, gross profit increased by 4.6% year-on-year to INR142 crores with margin expanding by 91 basis points to 36.5% reflecting better mix and disciplined cost management. Operating EBITDA stood at INR39 crores with margin maintained at 10.0%, demonstrating our continued focus on protecting profitability despite a dynamic operating environment.

As highlighted by Ankit ji earlier, we have continued to maintain a strong cost discipline across the organization. Advertisement spends were rationalized to 6.5% of operating income in 9 months FY '26, and we expect this ratio to moderate further in the coming quarter as operating leverage improve. Profit after tax for the quarter stood at INR18 crores, translating into a PAT margin of 4.7%. For the 9 months ended FY '26, operating income grew by 8.4% year-on-year to INR1,259 crores.

Gross profit increased by 10.7% year-on-year to INR447 crores with margin expanding by 72 basis points to 35.5%, reflecting continued improvement in mix and cost efficiencies. Operating EBITDA rose by 12.6% to INR142 crores with margin expanding by 41 basis points to 11.3%, driven by operating leverage and structured cost action. Profit after tax stood at INR75 crores, registering a strong growth of 21.1% year-on-year with PAT margin expanding by 63 basis points to 5.9%. The company generated operating cash flow of INR60 crores as of December '25.

With no major capex commitment in the near term, the focus remains on enhancing free cash flow and further reducing debt. Now, I would quickly run through the brand-wise contribution for the quarter. Our Dollar Man category, Big Boss brand contributed around 36%; our economic segment, Dollar Always, Lehar brand contributed around 37% contribution.

Our women segment, Dollar Women, Missy brand contributed around 7%; our premium segment brand, Force NXT which increased during the quarter in volume by 48% has contributed around 5%; and Dollar Thermal, our winterwear products contributed around 12% in this quarter.

Overall, our performance reflects the impact of disciplined cost management, operating efficiency and improved product mix in a competitive environment. Our focus during the quarter remained on protecting margin, strengthening earning quality and maintaining financial prudence.

We will continue to prioritize profitability and operating leverage while remaining selective in pursuing growth opportunities. As market conditions stabilize, our strengthened cost base and structured approach position us to drive sustainable and balanced growth. With this, we now open the floor for questions. Thank you.

**Moderator:**

Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Sameer Gupta from India Infoline.

**Sameer Gupta:**

Sir, firstly, I believe you've reiterated the full year guidance to 11% to 12%. Now, 9 months, we are at 8% and this would still imply a 15% plus kind of a growth in fourth quarter, which is the

only remaining quarter. In the presentation, you have said that competitive intensity is high with pricing pressures and your focus is also on profitability in this time. Would it not be a tall ask to go from 3% growth in the current quarter to 15% plus in a matter of a quarter then?

**Ankit Gupta:**

So, what happened is third quarter usually is a bit slow because of winter sales and seasonal product sales. And fourth quarter is always heavy for our industry. So, we are very hopeful that we'll be able to do this 15% kind of a growth so that we stand somewhere between 11% to 12% overall growth.

**Ajay Patodia:**

And if you're looking after, Sumit, you analyze our last -- previous year turnover in this quarter, you will find that 35% of the total revenue come from this quarter only. And this is the heaviest quarter in our -- overall in full year. So, we are very hopeful that we get our results.

**Sameer Gupta:**

Sure, sir. Sure. Fair sir. Second question, sir, I mean, even if I look at the other company results, some of them are yet to report, but Page has reported and they have been witnessing a modest growth all along. Now growth for you is also kind of slowing down. Innerwear as a category, we would really relate it to being a very stable kind of a category, ups and downs are relatively less?

So -- and in your segment, I would say that the typical competitive pressure from the D2C brands or the higher growth brands is also not very high. So, just to give a color, what exactly is happening on the ground in this category? Are we really seeing heavy, heavy discounting and why is that? Because overall, is consumption really, really slow? What is your sense, sir?

**Ankit Gupta:**

So, thing is that the industry has been growing at a CAGR growth of around 7%. And seeing our 9 months achievement, like a growth achievement, it's somewhere around 8.5%. And we'll be growing over and above that only. And if you look at the competitors also, like Page operates in a very different market segment.

But if you look at our immediate competitors also, like we have 3 in the listed space, 2 in the non-listed space. So, overall, there are five companies at a similar level with revenues being 15% plus and minus, so here and there, right? So past 5 years, we have been one of the fastest-growing company in our segment. And this year also, we are very hopeful, and we are working towards the guidance that we have given. We are working towards that only, and we are very hopeful that we'll be able to achieve that 11% to 12%, which we promised.

**Sameer Gupta:**

Fair, sir. My question was on this industry growth of 7%. I mean, is this not a little underwhelming that a category like innerwear, where there is still a large unorganized piece is only growing at 7% CAGR. I believe you are saying on the organized side, the 7%?

**Ankit Gupta:**

No, that's the overall industry data that has come in, which includes the organized as well as the unorganized.

**Ajay Patodia:**

Actually the -- it is -- our industry is very unorganized. In men's segment, it is only 60% organized; in women's segment, it is around 30%, 40% organized; and in kids segment, it is 100% unorganized. So, the study is done by the Wazir, you'll get the presentation at the Wazir

website. So, according to Wazir and some report also E&Y doing survey. So, they refer that the industry grew around 7% to 8%.

**Moderator:** The next question comes from the line of Gunit Singh from Counter Cyclical PMS.

**Gunit Singh:** So, you said that the industry is going through a difficult competitive environment. So, I would like to understand that you had earlier guided that we should be aiming for about 12% to 13% EBITDA margins and sustainably reach 14% over the medium term. So, I would like to understand, I mean, in FY '27, would we be targeting better EBITDA margins? And if so, what initiatives are we taking in that direction?

**Ankit Gupta:** So, definitely, we are working towards that. Like, in fact, the entire company has been aligned towards this thing only that how we increase our profitability over time. Before COVID hit us, we were already standing at somewhere around 13%, 13.5% kind of an EBITDA. But -- and the highest was 16%, which we went in FY '22, 16.5%, but that was mainly because of the increase in the raw material prices.

Over time, I think in our industry, the segment where we operate, it would be very -- it would be nice to say or the sustainable level of EBITDA that we look forward to is somewhere between 14% to 15%, keeping in mind the operating leverage that we get at a certain level of volumes. And -- so this year, we'll be doing somewhere between 11.5% to 12%. And next year will definitely be better. And in next couple of years, I think we should be somewhere between 14%.

**Gunit Singh:** All right. So, I mean, with 11% growth, we would be around INR1,850 crores revenue this year. And you said that, I mean, operation leverage would start kicking in once we reach INR2,000 crores type of revenue. So, I mean, do we expect to reach INR2,000 crores in FY '27?

And I just would like to understand, are there any initiatives that we are taking to improve our EBITDA in FY '27 or will it just kick in through operational leverage? And I mean, are we taking any price hikes in FY '27 or increasing the share of value-added or our premium segments in FY '27? I just want to hear your take on this?

**Ankit Gupta:** So, it won't be only driven through operating leverage, but there will be ASP change also in terms of product mix change. As you can see, like last 3 years, our Force NXT, which is the premium brand, which has the higher EBITDA -- which contributes higher EBITDA also has been growing around 25% to 30% year-on-year basis.

And this year, 9 months ended also, it has been growing around 27%, 28% kind of a growth we are seeing in that particular premium range. So, I think that will also help us in the mix change and gross profit increment plus the new unit that we have put in, the spinning unit, the increase in the spindles, which we did a couple of years back. So, last year only, the production started - - just started. So, we can see some amount of efficiencies coming in from there as well.

**Gunit Singh:** All right -- yes please go ahead.

**Gaurav Gupta:** So, the thing is, while listening to your question and you told will there be a price hike or something like that? So, see, what happens is, you're talking about next financial year '27. So,

it's very difficult right now to predict how cotton is going to react if the raw material price is going to go up or if it's not going to go down.

Current situation of exports also, if you see with the Trump slapping so many tariffs and again going down, and all of a sudden now he has removed the tariffs. So, the market has gotten more tighter with the yarn rates coming up and again. So, the market right now is extremely volatile in terms of raw materials.

So, until and unless there's a very high rate increase or price increase in raw materials, ASP hike is very difficult, given the competitive nature of what the industry is going through right now. So, if there's definitely a good amount of change in raw material prices, then definitely there will be a price hike.

**Gunit Singh:**

Got it. All right. So, my last thing would be that we do -- we pay dividends of about INR17 crores every year. So, with the new tax regime, buybacks have started falling under long-term capital gains or short-term capital gains. So, they are being treated as capital gains. So, I would request you to consider doing buybacks instead of paying out dividends as they are tax efficient and they also extinguish outstanding shares and serve as a reward for long-term investors. So, I would just like you to consider that.

**Moderator:**

The next question comes from the line of Varun from Equitree Capital.

**Varun:**

A couple of questions. Firstly, if you could provide the trade discounts and the promotion-led cost for the quarter?

**Ajay Patodia:**

All the trade discount incentive, around 6% to 6.5%.

**Varun:**

Okay. And secondly, you said the industry is growing at only 7% to 8%. So, how do you think that this will change? What would trigger a higher growth? And when should that happen?

**Ankit Gupta:**

So, it would be very difficult to say that how the industry will grow at 10% or 11%. But surely, we can say about ourselves like at Dollar Industries, we really aim to grow double digit for next 2 to 3 years and -- at least. Yes, so we have been working on that. We have changed our go-to-market strategy by implementing a lot of technological changes in the company.

We are limiting our advertisement costs or shifting our advertisement cost to digital media as well. A huge chunk goes to digital media now, which didn't use to go earlier and focusing on our premium products. So all these things will -- entering into new categories like Dollar rainwear that we started 2 years back. So all these things taken together will really help us grow at a much, much faster rate than any other company or the industry.

**Varun:**

My point was, if you think that the industry will grow at this rate only for next 2, 3 years, then that will also limit your upside for the growth?

**Ankit Gupta:**

But if you see the other players in the industry also like people are shifting from unorganized market to organized market. And then, in our segment and space also, there are 5 companies and a few of the companies have been going through some issues also. I won't be naming the

company. So all those market share gain that you can do in the market will really help you grow at a faster rate.

**Varun:** Okay. And what is leading to this overall pricing pressure? Is it because some -- because of competition from unorganized or majorly from the organized side?

**Ajay Patodia:** Basically, this is due to market condition only, not any -- we cannot analyze that whether it is organized or unorganized. But sometimes it is due to some issue with industry also. But now it is settled down. And from now onwards, we hope that we get the good improvement in the pricing also. And already there is some increase in the yarn prices also and we hope that we also increase our ASP in the coming future.

**Moderator:** The next question comes from the line of Prerna Jhunjunwala from Elara Securities.

**Prerna Jhunjunwala:** So, just wanted to understand, this competitive intensity has been there from a long time and it has been -- is there any sign of easing that off or it continues to remain high as earlier?

**Ankit Gupta:** No. So, it's not like what we saw 9 months back, but it's easing out, but it's still there. So -- which is causing a bit of a problem. But we are very hopeful that in a few months' time or maybe 2, 3 months' time, it should get settled down.

**Prerna Jhunjunwala:** So, how are we going to progress on distribution expansion project, which is Lakshya with easing competition, plus this year has not seen any major improvement over there?

**Ankit Gupta:** So, yes, in Lakshya project, our contribution coming in from Lakshya project has been 32% this 9 months ended, if we look at the 9 months ended figure, which is up 1% from last year. But yes, no addition in new distributors. But we are very hopeful as soon as things get stabilized, we'll again restart the project and enter into new states like a few of the states which are in WIP like Bihar, Jharkhand, Maharashtra.

So we'll be working on that, and we'll try and complete. But overall, wherever we have completed the Lakshya project 100%, we are getting good results over there till now. And still, they are showing good sign of improvement even after the pricing issues that we are seeing in the market.

**Prerna Jhunjunwala:** Sir, could you elaborate on this? This would be really helpful. How much is the growth that we're seeing in Lakshya project, which is 100% complete states and maybe WIP and non-Lakshya?

**Ankit Gupta:** So if you see that 9 months ended, like a few of the states, if we talk about Haryana, if we talk about Andhra Pradesh, Andhra Pradesh grew by around 20%. Haryana grew by 11%. Then if we look at Odisha, Odisha grew by 24%. Maharashtra is growing by 10%. So, Maharashtra means Mumbai and surroundings, which is 100% completed. So all these states is doing really well. And we are very hopeful about the project. So we have not given up on it. It's just that there's some delay because of the market situation, but yes.

**Prerna Jhunjunwala:** But sir, these kind of double -- high double-digit growth rates that you're talking about, which means in our base states, are we losing market share or the market is only growing or degrowing maybe? I'm not able to understand the growth rates in detail?

**Ankit Gupta:** Sorry, I didn't get your question.

**Prerna Jhunjunwala:** My question is, if in Lakshya project states, you are getting double-digit growth and you've grown about single digit in overall sales, then your other non-Lakshya states are either single digit -- low single digit 2% to 4% or even -- some maybe even negative. So, just trying to understand this math behind this, like how are -- we are facing issues?

**Ankit Gupta:** Yes, the thing? Hello? Am I audible?

**Prerna Jhunjunwala:** Yes, sir. You're audible.

**Ankit Gupta:** So, Prerna, the thing is that, I just gave you the examples of a few states, right? There are some states which are growing by 2% also, 5% also where we saw some problem. And like in South, if you talk about Karnataka, Karnataka is growing by around 1%, 2% till 9 months ended because of some issues with the distributor.

So, I just give you the overall impact that if we see the overall 8.5% in 9 months ended it is at the company level. So, with respect to Lakshya, we are growing at around 10%. So, the growth we are seeing in Lakshya project is around 10%. I just gave you some examples where we have completed 100%, what kind of a growth are we -- we are still seeing in some of the states which have matured.

**Prerna Jhunjunwala:** Understood. So, sir, we're not losing market share in your opinion in any of the states that you?

**Ankit Gupta:** Definitely not.

**Prerna Jhunjunwala:** Okay. And to protect that market share, we are holding on to our prices is what -- is how the things are moving?

**Ankit Gupta:** So, if someone is involved in the deep discounting of, let's say, 4% to 5%, we are in -- like we are giving around 1%, 1.5%. We are not going down to 5% kind of a thing. And we are very sure about it internally also that we won't be doing that.

**Prerna Jhunjunwala:** So, in that case, you are still getting volumes from your distributors and you are sure that you're not losing market share over there despite this strategy, which is -- which talks about the brand pull is what I'm trying to understand?

**Ankit Gupta:** So that is being created over time. So, it's a process like when we changed our brand logo and the entire overall structure also, brand restructuring that we did, after that also, we got a really good positive feedback from the market. And that time also, I told everyone that it's a gradual process and it will happen.

It will create some pull for the brand. And if you see our second quarter also or the first quarter also, now we are seeing that impact in the market that -- in fact, the retailers are the biggest brand

ambassador for the companies, right? In our industry, MBOs actually act as your brand ambassador and their word of mouth, their loyalty towards your brand really assures the consumers, yes, we can go ahead with this particular brand. And through Lakshya project, we have been able to create that kind of pull.

**Prerna Jhunjhunwala:** Understood, sir. That's fantastic to know that we are gaining or at least holding on to our market share.

**Moderator:** The next question comes from the line of Bhargav Buddhadev from Ambit Asset Management.

**Bhargav Buddhadev:** If you look at the volume growth for 9 months of about 8% and in this quarter of about 2%, and if you look at your gross margins as well, there has been an improvement both in 9 months and this quarter. So is this competitive environment, if you can elaborate a bit in terms of how are you managing to improve gross margins and also continue volume growth. Is it more a function of product mix? Or is it cost savings which you are enjoying through your integrated operation, if you can elaborate a bit on that?

**Ajay Patodia:** Actually, you can see that in 9 months, the gross margin improved due to product mix and due to cost reduction also. And last year, we started our additional capacity and the machines are very new and imported one and so that the efficiency of the machine is very much than the old production machines.

And other than this, in last 6 months, we also have the volume growth around 8% to 11% in thermal also. Thermal is a high EBITDA margin product. So, there is product mix also some -- the improvement of 90 basis points in this quarter is due to product mix and due to cost control also. And in this GP margin, you can also that due to some -- our procurement -- due to procurement, we procure cotton at good rate and at very reasonable with our competitors because only we have the backward processing in this segment. So, this extra benefit to our company is reflected in the gross margin reduction -- improvement.

**Bhargav Buddhadev:** In terms of operating cash flow, the operating cash flow was about INR47 crores in the first half. Is it possible to share what is that number at the end of 9 months?

**Ajay Patodia:** Currently, in 9 months, and already -- in my speech, I already told that around INR60 crores is the operating cash flow in 9 months.

**Bhargav Buddhadev:** In terms of price hikes, is it fair to say that in the last 18 months, including Dollar, the industry would not have seen any price hike in the last 18 months?

**Ankit Gupta:** The last 18 months, in our industry, no one took a price hike as such. And we are very hopeful that with this tariff thing going down and now Tiruppur as an export hub, the yarn demand will increase, and it will give some push to the industry with respect to some raw material prices going up and maybe we'll be able to take a price hike then.

**Bhargav Buddhadev:** So, there is a very high correlation between yarn prices and your end product prices, is it?

**Ankit Gupta:** Definitely, because 50% of our raw material is the yarn.



- Ajay Patodia:** Of total cost.
- Ankit Gupta:** Total cost of production, 50% is contributed through yarn. So that is the main thing which actually lead to price hike or non-hike.
- Bhargav Buddhadev:** So, lastly sir, if I look at your subsidiaries in this quarter there seems to be a loss. So is it that you have -- you are on a hiring spree. I think that is mainly your rainwear business. So, if you can give a small update in terms of what's happening there, what's the size? What are your plans maybe in the next 2, 3 years, that would be great?
- Ajay Patodia:** So, our subsidiary Dollar Garment is basically in the rainy wear segment and our segment, rainy wear segment is seasonal only. The season for the rainwear is from January to June. So, quarter 1 and quarter 4 is the -- in this subsidiary, we have the revenue increase and quarter 2 and quarter 3 is generally there is no such requirement of the rainwear product.
- So, in this quarter, quarter 4, we're hopeful that last year in this subsidiary, our around -- we have the total turnover around INR37 crores is there. And this year, we're hopeful that we have the growth of around 12% to 15% in the overall segment. And already we completed the INR15 crores in the quarter 1. So, balance we cover in this quarter. Other than this, we have the target that within 2 years, we reach -- we cross the 3-digit in our revenue in this segment. So, we're very hopeful that we get our target achieved.
- Bhargav Buddhadev:** And here, the margins will also be past period, right, in this segment?
- Ajay Patodia:** In this segment, our EBITDA level margin is around 18% to 20%, 18% to 20%.
- Moderator:** The next question comes from the line of Anik Mitra from Finnomics Solution Private Limited.
- Anik Mitra:** Sir, my first question is related to that nine proprietary companies which has been absorbed or which is going to be absorbed. So, I would request you to throw a little more color into it. I mean how will it matter or impact your overall performance in terms of margin, in terms of your revenue growth as well as on your cash flows?
- Ajay Patodia:** So, we already filed for the merger application with SEBI. And are waiting for the approval. The 9 companies which are merging to the -- our industry that is only -- engaged with the main company only. And mostly out of 9 companies, 6 companies are related to the real estate company, which assets used by -- Dollar Industry only like we are -- office and the factory.
- So, once they are merged, our rent part which we had at arm's length price is also removed and other than -- in three companies, one company is holding the brand. So, in our segment in first - - we are the first Hosiery company in which the brand is transfer in the main company, our Dollar Industries Limited. So, our Dollar brand is also with our main company and the royalty which we paid to the Dollar Brands Private Limited is also removed from the cost.
- And other than this, two company is mainly related to job worker related. So, job worker cost is also minimized and the overall efficiency in the labor form and in the production -- purchase is also increased. So overall, we analyze around INR5 crores to INR7 crores of expenses is to be

rationalized due to this merger. And more than this, the net worth of the company -- in our net worth of the company, basically because due to the brand coming at very low-price, at book value price. So, net worth of the company -- in the net worth of Dollar Industries is increased.

**Anik Mitra:** Okay. Sir, as you said INR7 crores of improvement in terms of your cost. So, will it be on quarterly basis or annualized?

**Ajay Patodia:** Annualized, annualized.

**Anik Mitra:** Annualized INR7 crores improvement?

**Ajay Patodia:** Basically, it leads to corporate governance also because 90% of our RPT transactions are now reduced.

**Anik Mitra:** Okay. Okay. And sir, any impact on your free cash flow in this transfer or takeover?

**Ajay Patodia:** Free cash flow, mainly free cash flow, not much affected. But due to this, as I told that we are the first hosiery company which owns the brand in our main company. Other than all the hosiery company in our segment is -- the brand is owned by other company, other entities, and they pay the royalty. So, we are first in the segment that brand in our company only. So, whenever we introduce new products in our brand, so we don't have to pay any type of royalty to the -- and some of this reduce the ultimate cost to the company.

**Anik Mitra:** Got it. Okay. Sir, my next question is related to the tariff, which you were mentioning, probably Ankit was mentioning. Sir, my -- I just want to understand, as you said, U.S. tariff, it may increase the -- reduction of U.S. tariff will increase the demand of yarn and prices will go up. So, on this context, I just want to understand, means you will be able to take price hikes, like will it be beneficial for you as the price hike will be taken just because of yarn price hike. So, it will go to cater the increased yarn prices. So how do you get benefited out of it -- out of the price hike?

**Ajay Patodia:** Gaurav ji?

**Gaurav Gupta:** Yes, I'll take this up. So, what happens is the U.S. tariffs coming down and everything. Currently, what we see in the export market because I stay in Tiruppur and we look after production over here majorly. What I speak to a lot of exporters is that now they have started pushing goods, which were with them kept in Customs department or in their warehouse as of now.

So, for now, we are not seeing a lot of differences in the cotton price because they want to liquidate the old ones. And if the export market booms after this because of reduction in the tariffs, that is where probably after 4 months or 3 months, we'll come to know anything if there's a very high price hike in the cotton prices or raw material, but we do not expect to that level. We certainly expect maybe INR10, INR20 here and there.

**Anik Mitra:** Okay. So, INR10 to INR20 per kg in yarn?

**Gaurav Gupta:** Yes. Approximately, I'm telling about. This is just a ballpark number. I don't know if the yarn industry speaks that it is increased by INR10 or INR20 it's like that. So, the yarn market might



become a little tighter for sure, but we do not expect it to become way tighter, what happened during COVID and everything, where the yarn prices shot up by, say, 30%, 35%. So, that is not the situation we are going to get into anymore.

**Anik Mitra:** Okay. Okay. And like as you were referring U.S. price -- U.S. tariff reduction, simultaneously, U.S. has already removed the tariff for Bangladesh. So, will it impact any way to our yarn prices?

**Gaurav Gupta:** No, not really. So, what latest information, what we have is it might be extended to India also as of now. The same -- if you use U.S. cotton, the tariffs go lower. So, it might be extended to India, but we are not very sure about it. If it might get extended, we might see a change. And we have a spinning mill of about 45,000, 46,000 spindles. So, we are very well covered with that also for this quarter of the yarn whereas as backward integration, we are much in a better space.

**Anik Mitra:** Okay. But in case tariff remains same, but for Bangladesh it is zero duty at this point in time. So, what would be the impact like will it again go back to like where were?

**Gaurav Gupta:** So, some demand might get diverted to Bangladesh if the tariffs are low because Bangladesh is a very good country to manufacture and the prices are already lower there. And with tariffs coming down, I'm sure a lot of people will want to shift there. But that is something that has just happened, and I'm sure Indian government will also be working towards the same so that our industry does not get affected too much.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

**Ankit Gupta:** I would like to thank you for -- thank you all for taking the time out to join the earnings call. Have a nice day. Thank you so much.

**Ajay Patodia:** Thank you.

**Gaurav Gupta:** Thank you, everyone. Thank you.

**Moderator:** Thank you. On behalf of Anand Rathi Share and Stock Brokers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.