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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 31st May, 2023, on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended 31st March, 2023 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 It is hereby confirmed that no unpublished price sensitive information was shared / discussed in the call.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.**

AJAY KUMAR MALL
Digitally signed by AJAY KUMAR MALL
Date: 2023.06.02 13:35:50 +05'30'

Ajay Kumar Mall
Managing Director
DIN:00470184

MALLCOM (INDIA) LIMITED

Q4 FY23 & FY 23 Earnings Conference Call

Wednesday, May 31st, 2023

MANAGEMENT PARTICIPANTS

Mr. Rohit Mall : General Manager

Mr. Shyam Sundar Agrawal : Chief Financial Officer

Moderator: Good day and welcome to the Mallcom India Limited Q4 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 '*' and '0' on your touchtone telephone. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you

Purvangi Jain: Good morning everyone and a warm welcome to you all. My name is Purvangi Jain, AVP of Valorem Advisors. We represent 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 you all for participating in the company's earnings conference call for the first quarter and 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 may be 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 beliefs as well assumptions made by and 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 earnings conference call is purely to educate and bring awareness about the company's fundamental business and the 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 fourth quarter and 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 India's largest manufacturer and distributor of personal protective equipment. 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 exporters of PPE products from India, exporting to over 50 countries across 6 continents. We have an expansive manufacturing footprint with thirteen production facilities spread across India. Over the years, we have focused on backward integration wherever possible, resulting in significant cost savings and gradual margin expansion. Our integrated manufacturing facilities are used to module, assemble, customize and package different head, body, hand and feet protection products. Each of our facilities have announced labs that perform Product Safety testing and ensure compliance with international quality standards right through the production cycle. Now I will request to Mr. Shyam Agarwal, our CFO, to brief you on the financial performance of the company, after which I will brief you on the operational highlights.

Shyam Agarwal: Thank you, Rohit, and good morning everyone. In the fourth quarter of the financial year 2023, the company achieved its highest ever consolidated revenue from operations mounting to Rs 113 crores representing a 13% increase compared to the previous quarter and a 6% increase compared to the same quarter of the previous year, the EBITDA for the quarter reached Rs 17 crores representing a 15% increase compared to the previous year quarter and a 20% increase compared to the same quarter of the previous year. The EBITDA margin is stood at approximately 14.82% marking at 39 basis point increase over the previous quarter and 171 basis point increase on a year-on-year basis. The net profit after tax for the quarter is reported at rupees 10 crores representating a 9% decline compared to the previous quarter and a 5.4% increase compared to the same quarter of the previous year and the pet margins stood at around 8.69% for the annual financial year ending in FY23. The company reported a revenue from operations of Rs 411 crores representating a 15% year-on-year growth, which marked the highest ever revenue in the company's history. The EBITDA for the year stood at Rs 59 crores, representing an 18% increase compared to the previous year. The EBITDA margin was reported at 14.25%. The net profit after tax for the year was reported at Rs 37 crores, representing a growth of 70% on year-on-year basis. The PAT margin stood at 8.99%. Now I request Mr. Rohit Mall to give the operational highlights.

Rohit Mall: Thank you, Shaym ji. As mentioned, the company achieved its highest ever quarterly and annual consolidated turnover in Q4 and FY23 respectively. During the second quarter of the fiscal year 2023 the Ghatakpukur project became operational contributing to its growth. Furthermore, the company has signed a MOU with the Gujarat government to invest almost 108 crores in a 50,000 square meter land at Sanand II 2 GIDC for the protect range. In recognition of these achievements, the company was awarded an upgraded certificate of Three Star Export House by the DGFT Ministry of Commerce. Additionally, the Registrar of Companies Ministry of Corporate Affairs and the company was also honored with the SME empowering a board by Sri Bhanu Pratap Singh, the Ministry of State for Micros Medium Enterprises, Government of India. Moreover, positive developments are observed in international trade relations. The Government of India signs FTAs with UAE and Australia furthermore discussions with UK and European Union progress indicating a positive outlook for potential agreements in the future. Furthermore, we got granted approval for merging 100% subsidiary VSPL with retrospective effect from fiscal year 2022. The company also made an additional investment of 12-1/2 crores to acquire the remaining share of its joint venture partner in MSPL, making it a wholly owned subsidiary. As a result, MSPL has improved, leading to better turnover and profitability. To fuel future growth the company increased investments in research and development, brand promotion, business development, product certification and e-commerce. These strategic initiatives aim to drive innovation, expand market presence and enhance customer satisfaction. Thank you. With this, we can now open the floor to questions and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Rahul Jain from Credits Wealth. Please go ahead.

Rahul Jain: Thanks for the opportunity. So, Sir, going ahead given the Ghatakpukur expansion being done part of the phase was with regards to shifting of the facility from West Bengal and then in the previous calls you had also mentioned that gradually we will add capacity also over there and with regards to the Ahmedabad CAPEX, the existing facilities. So, how do we see the growth ahead for the FY24 and FY25 given the amount of CAPEX, which is already done and given the CAPEX which we are going to do in next 6 to 12 months?

Rohit Mall: So, the Ghatakpukur project, we are still shifting capacities from our other unit to the Ghatakpukur project. So, the capacity is still building it is yet to be additional. It's right now just moving and with Gujarat we have done the expansion you know and now we are waiting for improved utilization of the capacity and efficiencies. So, growth should be in a similar fashion because it is not just us building the capacity that will lead to good growth. It is also dependent on the market. You know how the market is moving and a lot of macroeconomic issues also. So, I think we are aiming for a similar kind of growth as in line with this year.

Rahul Jain: So, that would mean about 15 to 17%.

Rohit Mall: Yeah. Yeah. So, yes, so that is the status stated target. So, it should be in the range of 15% which we achieved this year also and talking about these two capacities. So, as Rohit mentioned that the capacities are to be built up there, infra is ready and utilization also need to be improved. So, it takes care of our future plans for the current year and the additional turnover in the years to come. So, that capacity, we can always build up. So, at the moment we are shifting the capacity and then we start adding to that also in the Ghatakpukur capacities.

Rahul Jain: And sir with better top line, can we see some kind of operating leverage and thereby some margin improvement and also a bit of product mix changes, last call you had mentioned about specialized garmenting proportion increasing, so this year can we expect some uptick in the margin by say about hundred 150 bits? Is that a possibility?

Rohit Mall: I think it would be since the project is new. Yes, there has to be some, you know, few not immediately, but in going forward in future, there has to be some cost optimization so that the benefits should be coming, but we should not expect coming this some significant benefit during current year. Because we have just set up the facility and there will be we need to wait for the offices to stabilize there.

Rahul Jain: The last question in our previous two interactions, including the concall we had mentioned about the treaty being signed with UAE and Australia and the team at Mallcolm traveling overseas in terms of new business opportunities. So, any update on that side both in terms of

Australia, UAE, what kind of additional business we can garner or we have been able to garner, any good customer addition because you are also mentioned we probably we can add some one or two good customers, it can be a kind of a sizable order for us.

Rohit Mall: Right. So, yeah, the trips were decent and we regularly keep going on visits and definitely the Australian market has been both the markets, the Australian as well as the UAE market have been very responsive because you know there is duty free trade now and we have started conversation with some of big importers from these places for the UAE markets since it is a branded sale we have added a couple of more distributors there. We used to have one I think now we have three or four of them in the Middle East. So, that is a sign that it is progressing and I think the turnover already has increased from that region. Similarly for the Australian market, the turnover has increased, but we are in talks with some big importers because in this private label business it takes time. The gestation period is longer, so the trip has been only, you know, completed for like 2-3 months now. So, I think maybe by Q2 or Q3 of 24, we will start seeing the impact from it, but definitely both markets look pretty positive.

Rahul Jain: Thank you, sir and wish you all the best.

Rohit Mall: We have a next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, good morning, Sir. Sorry first question is if you can give us some sense in terms of growth for export and domestic market that is built into this 15% growth and how do you see growth panning out in domestic and export market?

Shyam Agarwal: So, top line I would just refer there. So, we had concentrated growth of 15% for the year and definitely the local market branded market is doing better. So, we had almost 20% growth there and for export market we had 12% growth. So, this is what we could do this year and Rohit now, you can take up for the next part.

Rohit Mall: Yeah, for the future also, I think tha is what is predicted also we expect more growth from the domestic market, plus 15 or 20% something like that. The export market we are treading with caution before giving any estimates because as the situation in Europe is not so great and their stock levels are high. The order position is a little mellow to our liking, so we will have to see. It is not that we're not expecting growth, we are definitely we will be pushing for some growth but not as high as the domestic market, for sure.

Dhwanil Desai: OK, Rohit I understand that situation on the macro side is very fluid in the Europe part, but let us say 2–3-year perspective, given that we are well established, we are entering new countries and considering that we have marquee clients and then we have been talking about China Plus One playing out. So, don't you think that our export market growth ambition has to be much higher or how do you guys look at that marquee growth?

Rohit Mall: No ambition is definitely higher, there is no questions about that, but can that be converted into actual sales is what we need to see, because no matter what we say about having marquee clients and China Plus One, if there is no demand, then there's no point of having any client because even the clients cannot do anything if there is no demand from the market. The growth is definitely will come. It is just that we need to see the timing and maybe it will not come as quickly as previously thought. It will be delayed or the rate of growth will be slower than expected, but definitely we are expecting and we are very bullish about the export market, about Europe, South America, Australia and North America as well. So, we were definitely bullish about it and we are expecting growth from it but can't comment on how much and what would be the rate of growth Indian market we have more visibility, so we know. International market the visibility is little lesser because we are little away from the market in terms of the supply chain.

Shyam Agarwal: So, Rohit, just to add onto AJ strategy. Now what we are doing apart from all these things, what you know the FTA and China plus one policy, what we are targeting, we are going to the new markets also and with the new products also that is also one of the strategy we should add on to our future efforts and you know performance.

Dhwanil Desai: Sir and last question for me. So, in terms of domestic market in both in terms of geographical reach and in terms of product market, have we completely, exploited the full potential or if there are room or white spaces, both in terms of our geographical spread and in terms of product basket if you can talk about that.

Rohit Mall: In the domestic market, it is still so the market number 1 itself is in a very nascent stage. People themselves are getting used to the concept of PPE and safety. It is getting, more people are getting aware the users are getting aware. So, it is a very new market and in terms of our presence in the market, I would not say that we are everywhere. We are, definitely we have almost 60 odd dealers or maybe more in the Indian market, but I won't say that we have covered all the all the cities, all the villages properly. I think there is still left to be covered and we are talking about adding sales people, adding dealers and in terms of product also no the entire PP category is a big category and we are not there in all the product segments. We are definitely wanting to add newer segments, so every year I think we are adding one or two new categories in our product basket, so no, I would not say that we have exploited everything.

Dhwanil Desai: Just a follow up on that. Can you call out the white spaces in the product basket, I mean in terms of head protection and where we are reasonably well present and where you know we need lot of you know things to do or introduce more products if you can give.

Rohit Mall: Like the new product category you mean?

Dhwanil Desai: No in the domestic market, let's say you know the shoes and then the head protection are we present across all segments or we think that there are only couple of segments were present and other segments we will introduce as we as time passes how do you see that?

Rohit Mall: So, we are well established in shoe category in synthetic glove category, even in leather glove, newer things that we are adding for example is a high waist, jacket category for the domestic market. We are definitely doing it for the international market. Now we are exploring it for the domestic market because now because as you know, we only do certified product and good quality product, but there's a lot of cheap alternate, cheap and uncertified alternates available in the country. So, that is why it never interested us and now when this demand of quality and certified products is increasing. So, we are adding this to our product portfolio. So, high visibility jackets are one helmets like we said, you know, we started only a couple of years ago and now we are adding molds, new style. New designs every year. Last year we introduced a new model this year also hopefully end of the year we will introduce some models there also. So, these are some of the categories, more investment we are making in synthetic gloves also with different kinds of synthetic gloves. So, these are the categories we would like to push in the domestic market going forward.

Dhwanil Desai: Good. I have more questions, but I will come back in the queue.

Moderator: Thank you, Sir. Ladies and gentlemen, in order to ensure that the management is able to answer queries from all participants, kindly restrict your questions to two at a time. You may join by the queue for follow up questions. We have our next question from the line of Dhruv Rathod from Solidarity Investment Managers. Please go ahead.

Dhruv Rathod: Hello, good morning. Sir actually I had a few questions. So, based on our conversations with our customers, so do you see a strong effort de-risking from China from a cost perspective, like can we compete with China on pricing and if they want to de-risk with China, why will India get the market share and not countries like Vietnam or maybe Bangladesh, who have a very strong foothold in textile manufacturing?

Rohit Mall: Right, good question. So, companies are definitely discussing de-risking from China or let's say creating an additional supply chain outside. You know, some companies are very strongly discussing it with a clear mandate. Some companies are lukewarm, they are testing the water they are seeing. So, It is happening. They are talking about it and they are taking actions about it. Can we compete with China in terms of prices, not in all cases and this is very clear because of the kind of raw material availability, supply chain efficiencies they have we do not have it yet. So, not in every case can we compete against China with prices. Some products, yes we can, especially when all the raw materials and supply chain is locally, if anything has to be imported then it makes us less competitive. However, some companies understand this and they know that moving out of China is a cost that they have to bear so if they are ready with it they talk to us about it. So, that is the second part and then you asked why India and why not other countries. So, it depends other countries have sometimes depends on the country. Sometimes they have higher labor cost, sometimes availability of labor is a problem, sometimes ease of doing business is a problem or you know the social structure is such that they do not want to do the business there. For example, Bangladesh, not a lot of people even though. They know that it is the textile hub not everybody will go to Bangladesh to get their products manufactured. So, there are different reasons why plus the availability of land in itself is a big thing. A lot of people also understand that Vietnam, Cambodia, like you know, China's backyard. So, you know, even if you are exiting China and going to Vietnam or Cambodia, you still probably working with the Chinese. So, they want to avoid that. So, that is why there have been or also in a lot of cases, they see India's political stability as a big plus that they like the leadership and they see visibility and future here. So, these are some of the reasons why they prefer India over other countries.

Dhruv Rathod: So, also like what is the status exactly about norms and laws towards the labor safety specifically when we speak about India, right, so what is the norms there?

Rohit Mall: I am sorry to say, not a lot of norms here. There is a talk going on to have it is I think already tabled in the Parliament to have a Labour Code which will include all different laws together and with a lot of emphasis on HSE health and safety. Right now, whatever there is either it is very faint or it is not implemented properly. But now I think there is more power being given to these certifying bodies like BIS to establish the laws and execute it. I think they are starting with the mass usage products first and then getting into specialty products. So, it is a long way that we have to tread before we can say, okay, these are the defined laws this is what everybody has to follow. A lot of the cases right now is big MNC's having their own laws and requirements which are followed.

Moderator: Thank you. We request you to join the queue for follow up questions. We have a next question from the line of Aditya Pal from Motilal Oswal Financial Services. Please go ahead.

Aditya Pal: Hi Rohit, so just wanted to understand, is there any particular reason that we are not planning to get into fall protection equipments?

Rohit Mall: So, our reasoning is that we want to ensure that we are well present and well penetrated in the categories that we are already there. So, we would like to go more in depth than in width of the product lines that we are in. If you see our revenues are already well spread between head, hand, body and feet. The next one is the head that we want to touch and get established into and then maybe we can think of fall. So, we do not want to spread ourselves too thin by getting into more product categories. We like to stick to these four as of now. Still, a lot of products in these four itself, once we have established ourselves in these four categories properly, then maybe we can think of.

Aditya Pal: And also in last call, we had highlighted that 1000 crore milestone that we wanted to achieve has been pushed to FY28. Is that correct?

Rohit Mall: Yes. Was not that always the idea? I am not sure of.

Aditya Pal: In FY 22 Sir highlighted that they want to achieve by FY27. So, what I wanted to understand from you is that with the current set of product basket that we have is that milestone achievable or we have to enter another category as well to achieve those run rate.

Rohit Mall: With respect to category, there is no problem with the current set of category. Yes, it is possible. There are companies in the world which are just in one category and there are more than 1000 crores in manufacturing. of PPE so product category is not a.

Aditya Pal: So, I meant total basket. I did no meant the category.

Rohit Mall: Because definitely category wise, even with the product basket, there are companies who are just doing synthetic gloves and who are much, much bigger than us. So, product basket is not a problem to be achieving that growth and the target we have to ensure we have the required customers required run rate and you know hopefully macroeconomic everything stays positive. We will be able to achieve that.

Aditya Pal: And we have been able to grow our gross margins quite consistently. So, do we see a bit more headroom in terms of expansion from here or this is where we have touched the ceiling?

Rohit Mall: No, I think it would be like similar for the time being. So, let what we have done, we have invested heavily into infrastructure now and let the new capacity fully utilized maybe within the next one or two year then we can see benefit out of this, but immediately it should be in the range of whatever range we are doing, like 14 15% should be with EBITDA margin for the time being.

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

Ankit Gupta: So, Rohit if you can please talk about, you know, like we wanted to increase the proportion of high-end specialized apparels which has higher realizations we have been trying to.

Rohit Mall: Not able to hear.

Shyam Agarwal: Not clear why. Yeah, it's very easy voice.

Rohit Mall: It is breaking.

Ankit Gupta: I will come back in the queue.

Moderator: OK. We have our next question from the line of Kranthi Bathini from WealthMills Securities. Please go ahead.

Kranthi Bathini: Hi just want to know since you are into more into the protection services, could you able to give any kind of sense of what is your market share here in India and and also I want to know how the raw material prices and the margin pressure going ahead?

Rohit Mall: So, sadly in India, nobody has done any market study of the entire PPE industry. So, it's very difficult to ascertain the market size and therefore the market share, but from our faint estimates, I think it is anywhere between 12 to 15,000 crores of which we are expecting that almost 50% is unorganized. So, yeah, that is what our understanding of the market is and then you can know the market share.

Kranthi Bathini: It is more dominated by the Chinese products in India?

Rohit Mall: Not more. Yes, a lot of Chinese and imports are there, Chinese, Malaysian, Taiwanese, etc. But I will not say it is dominated by them, but yeah, big shares, especially in some categories like gloves, yeah, it is definitely there.

Moderator: Thank you. We have our next question from the line of Rahul Dhruv from Pegasus Growth LLPs. Please go ahead.

Rahul Dhruv: Yeah, ok, so I wanted to know, Sir, is that, uh, you know, in the past your asset turnover ratio has been around 3.7 or 3.6 and we have seen a big jump in the gross block last year to around 1.45 crores so and also you have some. plans in terms of huge CAPEX for the next two years, so can you explain to me where would the gross block be in two years and what kind of asset turnover ratio can we expect by 2027 when we are saying we will be at 1000 crores, right.

Shyam Agarwal: So, Rohit, let me explain. So, you see we are 40-year-old company and we have been growing slowly and you know whatever the case we were generating, we have been investing over the years to build up our capacity to take care of additional turnover requirement of growth requirement. So, what has happened is you will see that including this year, FY23, we have already invested almost 100 crores during last 3-4 years, so investment which needed to propel our growth and the target which we have fixed up that we should be 1000 crore turnover. We should be having by FY28, so for that we needed to invest and also considering the market situation like the Indian market which is developing now very fast and the overseas market also we say that we need to go at different places with different product and with the China business shifting that so to take care of everything we have been investing. We have already invested and this year we plan to invest further, maybe 20 crores to 25 crores we are investing and from next year onwards, it would be in the similar range so much of the CAPEX has already happened and the set turnover issue which you have mentioned it was on the higher side because we had not that you know the infra which we needed to create right that has happened only recently and going forward also turnover should the ratio should increase with the 1000 crore turnover target and so what we have done that we have land, building everything ready and we just need to put up the message there and to take care of my additional productivity requirement so that is the plan.

Rahul Dhruv: Yes. So, what my question was, sir, is that you are at 145 crores of glass block and you are planning another 25 crores next year. So, you are effectively talking about 170 crores, that 170 crores is capable of generating what kind of revenue is what I am trying to get?

Shyam Agarwal: Yeah, so, so let me just clarify, it is 115 crores is the gross block on consolidated basis and not 145 and yes, we should have. Maybe after FY24 we will have around 140 crores of gross the block and based on that we should be doing around up to maybe 600 crores to 700 crores easily achievable so that gives you turnover ratio for asset turnover ratio of up to four.

Moderator: We move on to our next question from the line of Zaki Nasir from Nasir Investments. Please go ahead.

Zaki Nasir: Sir, good afternoon and good morning. I think it is , congratulations on our fantastic set of numbers for 23. Mr. Rohit, you were indicating that the visibility in the international market is slightly low. Nonetheless, the last quarter, I think you achieved a pretty decent growth from revenues outside India also. So, but do you think that current year you will at least be able to maintain a growth which happened 2022/2023 sir and my next question is your thoughts on selling branded Mallcom versus non-branded which you do for third party? I mean, what would your thoughts be on Mallcolm's share of branded versus non branded going forward? Thank you.

Rohit Mall: Right. In terms of export growth in line with last year, that is what we are aiming for and we would like to have that much growth or maybe more. The only thing why I say less visibility because of the macro situation what will happen? How banks would change their interest rates, how the economical situation and political situation move for example, last week Turkey had elections and because of the elections, the lead are completely depreciated and imports got expensive for them all of a sudden more than what they. were used to. So, things like these start affecting the sales. So, that is why the visibility is less, but we have a strong customer base. So, we will expect to have the same kind of growth rate we will try for that, and in terms of branded versus private label going ahead, I think we would ideally want to be in a right now we are almost in a 60 to 40 ratio 60 to 38 or something like that. We like to move it 50 and 50 that is the ratio we are aiming at.

Zaki Nasir: Fantastic sir and best wishes for the next 2-3 years. Thanks a lot.

Moderator: We have our next question from the line of Aman Tamani from Solidarity Investment Managers. Please go ahead.

Aman Tamani: Thank you for taking my question. Sir, my first question is we understand that this is a very fragmented industry. So, what is the competitive advantage that Mallcom enjoys against other players which will help us win in the long term?

Zaki Nasir: Right, so it depends on the market you are talking about. So, couple of things, one is we are a one stop solution. So, we do head to toe all kinds of PPE which most of the manufacturers do not offer. So, that is one point which helps us keep our edge. We have invested a lot and we keep investing a lot in R&D certification and product innovation. So, that I think is our strong point that we are able to quickly revert with newer products as per the market demands and then in the Indian market, I would say also brand recall. So, there is a pretty strong brand recall and we have been investing in our branding activities since a long time. So, that that is there, we have control over our supply chain, some of the parts we have backward integrated for example, spinning our own yarns. Having a leather tannery, so these kind of things we keep on doing to invest in our capabilities to ensure we are controlling as much as possible with the supply chain, even for outside vendors, some of them work exclusively for us and we help in developing products with them. So, these are some of the things that we do to ensure we have a competitive edge.

Shyam Agarwal: And Rohit going to add just we are now a 40-year-old company and we have the experience and we also have the like infra so over the years we have built up 13 units we are running now and we have TTA units, we have EOU, we have SEZ as per the customer requirement also. So, we have this advantage of catering to the customer. You know as per the customer needs. So, if somebody wants to buy from SEZ, then you would like to supply goods from overseas that also we can provide so certification and experience and infra these are some of the few advantages we will have.

Zaki Nasir: Sir, just a follow-up question on this, Sir. How difficult is it for someone to get appropriate certifications for the products?

Rohit Mall: On again depends on what product and what kind of certification. Some certifications are highly, highly difficult to get. Some run-of-the-mill basic commodity products and their certification is relatively easier. Do depends. We are trying to move towards more high-end products where you know certifications are difficult achieving certain levels are difficult. Yeah, that is what we are doing. But yeah, some of the product is not so difficult. You just need to have the right materials to get the certificates.

Moderator: We have our next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir my question is on the MOU that we signed for Gujarat plant. So, can you give us some sense as to you know will we be doing this investment in Page wise manner and what is the timeline that we are thinking about and are we thinking about creating this plan for catering to any specific market or any specific product segment, if you can talk a bit about that.

Shyam Agarwal: Rohit, should I? Yeah.

Rohit Mall: Yeah, about the investment. You can mention, yeah.

Shyam Agarwal: About about the CAPEX, So, what we have done, we have already invested 23 crores for land and this year we plan to invest a further 20 to 25 crores this year. So, with that with this we with the first phase will be completely right. and so almost 50% of the CAPEX which we have planned and we come up with one factory said and to begin with the smaller capacity of synthetic gloves which we primarily will be manufacturing there and apart from that we have, we also have plans for manufacturing of helmets and other IVR and other products. So, that would be also smaller capacity would be built up there. So, we have for full phase like 100 crore CAPEX which we will be doing out of that 5 within this year and maybe within next two years we will have another 25-year crores each over next two years and immediately we should be having around 20 to 25 crores turnover from the current capacity, but once the full capacities are built up turnovers would be in excess of 100 crores, which is the projected one for this plant.

Dhwanil Desai: What you are saying is that once the full 100 crore is invested, the projected turnover is 100. Is that the right understanding.

Rohit Mall: Yeah, that is yes.

Moderator: Thank you. We have our next question from the line of Dhruv Rathod from Solidarity Investment Managers. Please go ahead. Since there is no response, we will move on to the next question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Rohit if you can talk about, some we have been trying to contact the high end.

Moderator: No, I am sorry it is not clear.

Ankit Gupta: If you can talk about the high end like that we were planning to do and that we were planning to scale up, how is that the acceptability of those products in our customer base and how do you see the growth for these products over the next 2-3 years?

Rohit Mall: Right. So, you are asking about the high end workwear, yeah, growth and visibility, right? So, yeah, these are, mostly developed in partnership with some customers. So, they usually come up with what kind of different high end customized workwear they would like and we do it with them. So, there is definitely every time we are doing it, we are, enhancing our experience and our capability of doing these products. And that is why in the international market, we are known for our workwear capabilities. There has been interest from existing customers and to get new customers also in this and we are opening new markets for this as well so there is definitely good prospect of this category and we would like to invest more into getting having these having more of such SKUs.

Ankit Gupta: And my second question was on in the last meeting with Ajay sir he had indicated that with the company now generating significant cash flows and we have decent size also earlier we were not looking at when anything used to approach us for large contracts like there were some constraints because of the CAPEX required for that. So, you know we in terms of cash flows and CAPEX, we cross that barrier. So, but are you getting those kind of opportunities in the export markets where MNC tell you that you invest some 50 crores? In a plant and will be taking the entire capacity from the design of the plant.

Rohit Mall: So, definitely there are talks which happen in this regard, but we are very cautious of who we are partnering with and who we are giving our capacities to for especially for high end more value added products because those capacities are not fungible. So, once committed it stays committed for a long time for commodity products yeah, we are okay with in talking to anybody, but they are usually there because there are so many suppliers. So, nobody talks about just booking a capacity. Most of the people do not talk in that regard but yeah, for the other products, definitely there are talks of booking capacities and having long term contracts and we already have some who have book capacities or booked raw materials with us nobody and there is underlying amount guaranteed for that. But yeah, no concrete plans yet of, having equity partnership or anything like that.

Moderator: Thank you. We have a next question from the line of Rahul Dhruv from Pegasus Growth LLP. Please go ahead.

Rahul Dhruv: Yeah, I had a question on your consumer business. I mean I briefly remember talking about rainwear and snow wear for consumers rather than industrial need. This was a conversation I had I think at one of the conferences, so just wanted to know what is the plan on that and so we expect a good branded business to come out from there.

Rohit Mall: We are working towards it some but we are not seeing this as a standalone business or as something that we need to work completely on a different module and just a team focused on this. We are seeing it more as an allied avenue where if we are building products which can work in the consumer space also, we like to distribute it there because the distribution channel changes completely the pricing and everything changes, the modality changes, but it is an interesting market and we are working on it and every time I think we are doing some product development there are some products that we think goes well with the consumer market, but our priority remains in the B2B business and this is more of an allied, but definitely you will see more products coming out in this area and hopefully decent revenue is coming from this business also.

Rahul Dhruv: And what would be the distribution network that you would be looking at for this?

Rohit Mall: So, depends online is one which works for this kind of business and then different kinds of distributors, not distributors, dealers that we are used to. These will be different distributors depending on what is the product, if it's a rain wear it will be a different set of distributors selling it or, you know, wholesalers selling it if it is lightweight, all your, people what doctors wear, nurses wear things like that it is a different kind of distribution network and different kind of supply chain which is established. So, depends on the kind of product. I do not think there is just one pill for all. So, yeah, that is what we are exploring at the moment which product to go in for what kind of distribution setup do we need, do we really want to invest in a new distribution setup or a different distribution setup because then it will lead to increasing costs. So, we are exploring all those based on our product categories.

Moderator: Thank you. We have our next question from the line of Deepa Agarwal from Niveshaay. Please go ahead.

Deepa Agarwal: I wanted to know. Like is there any way we can chart the competition from like unorganized sector since you said 50% of the market is from an unorganized. So, there is this like one private company Karam Industries which is doing like good business having top line similar to us. They had margins the same we are like the margins are higher than maybe what we are having right now. So, is there any reason why the private like the unorganized sector is still having 50% of the market and nobody is able to track it.

Rohit Mall: So, the reasons are you know because there is lack of certification, there is lack of implementation of standards. That is why there are so many unorganized players, once the authorities get stricter with the implementation of the law, with the creation of the standards and having more penalties. That is why that is when we address the real problem of removing the unorganized players right now, if, 80% of the companies in India are MSMEs, right and you know most of them if they need to buy a workwear or a simple garment or something for their workers, they can go to any nearby tailor and get it stitched and they can buy the fabric off the market. They do not need to pay anybody to get this. However, if the standards are defined, not every day they will be able to do that. So, that is step one of eliminating the unorganized players. Yeah, Step 2 is definitely the reach, India is a is a big market. So, we have to be able to reach to every village, every tier 3, tier 4 city that there is where you know industrialization has happened and we need to be there with our products and thirdly, I would say it is a very price sensitive market. So, you know more you get organized, the more increases there in the price and to a lot of companies still this is just an expense item when they want to reduce the the impact of that year for these items. So, it is a question of mindset also, which needs to be changed.

Shyam Agarwal: And Rohit also, I think, Deepa, you mentioned about the tracking the I think like competition, I think this is what she referred. So, yes, we do have. So, whatever you like, there are competitors in different product category and we know what they are doing and yeah, so that is there.

Deepa Agarwal: OK. Thank you. One more question, I wanted to know like so there is this new CAPEX announced in Gujarat, is it like any other CAPEX after this in pipeline to reach the 1000 crores target or we are done like we are in line with what we are planning?

Shyam Agarwal: So, let me clarify. So, what we have done there, see in our type industry, there are two parts basically once you need to have your infrared, you need land, you need big building constructed. So, that is the phase one where you once create the major facility and then talking of like garment thing. Now for that you need stitching machines or different type of finishing machine, cutting machines or infra related to that. So, you can always once you have the space ready you can always add on to the capacity. So, what we do so in recent years and current year, we plan to invest into infra and going forward whenever within very short time you can have these machines imported and installed or, so capacities can be built up as per requirement at very short time. So, largely the investment could be done and whatever is required, you know for production facility that we can keep adding on, but the value would not be much there.

Moderator: Thank you. We have our last question from the line of Dhruv Rathod from Solidarity Investment Managers. Please go ahead.

Dhruv Rathod: So, sir, just one question from FY10 to 15. Mallcom had seen a compounded revenue growth of 20% or more than that, but from FY16 to FY23, the compounded revenue growth was 6%, driven by actually muted export sales. So, actually what were the challenges that Mallcom faced in this particular period?

Shyam Agarwal: So, I would say say that it was first thing, it was the smaller base also and second what we did after sometime in 2015 onwards, we are concentrating more on increasing top line as well as increasing the profitability. So, we have moved out of the low return product like leather gloves which used to be our main product category at the beginning or maybe garmenting also but low value garments not exactly what we are doing now. So, that has been, the effort was that so now we should be something different from others. So, let us concentrate more on investing into technology and infra so that is now contributing into turnover. Also turnover is also increasing and more than that the profitability has increased.

Moderator: Thank you. I now hand the conference over to management from Mallcom India Limited for closing comments. Over to you Sir.

Rohit Mall: Thank you all the participants in this earnings concall. I hope you were able to answer your questions satisfactorily and at the same time of our 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 Manager at Valorem Advisors. Thank you. Stay safe and stay healthy.

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