

Date: 19th November, 2025

The Secretary National Stock Exchange of India Limited Exchange Plaza, C-1, Block 'G' Bandra- Kurla Complex, Bandra (E) <u>Mumbai – 400 051</u>	The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street <u>Mumbai – 400 001</u>
<u>Symbol - DOLLAR</u>	<u>Scrip Code :541403</u>

Dear Sir / Madam,

Reg : Intimation of availability of transcript on Analyst(s)/Institutional Investor(s) meet – 'Earnings Call'

In continuation to our letter dated 5th November, 2025 and pursuant to Regulation 30(6) and 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call held on Friday, 14th November, 2025 at 4.00 pm (IST) as organized by Anand Rathi Research, on the interaction of the Company's representative(s) on the Un-audited Financial Results of the Company for the quarter and half year ended 30th September, 2025 and/ or any other matter as discussed, is as enclosed.

Please note that the same is also available on the Company's website at www.dollarglobal.in

This is for your information and record.

Thanking you,
Yours Sincerely,

For Dollar Industries Limited

ABHISHEK
MISHRA

Digitally signed by
ABHISHEK MISHRA
Date: 2025.11.19
16:51:37 +05'30'

Abhishek Mishra
Company Secretary & Compliance Officer
Encl: As above

DOLLAR INDUSTRIES LTD.

(AN ISO 9001:2015 CERTIFIED ORGANISATION)

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CIN NO. : L17299WB1993PLC058969



“Dollar Industries Limited Q2 and H1 FY'26 Earnings Conference Call”

November 14, 2025



MANAGEMENT: **MR. ANKIT GUPTA - PRESIDENT MARKETING, DOLLAR INDUSTRIES LIMITED**
MR. GAURAV GUPTA - VICE-RESIDENT STRATEGY, DOLLAR INDUSTRIES LIMITED
MR. AJAY PATODIA - CHIEF FINANCIAL OFFICER, DOLLAR INDUSTRIES LIMITED
MODERATOR: **MS. SHREYA BAHETI - ANAND RATHI SHARE & STOCK BROKERS LTD.**

Moderator: Ladies and gentlemen, good day and welcome to Dollar Industries Q2 and H1 FY'26 Earnings Conference Call hosted by Anand Rathi Share & Stock Brokers Ltd.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. The statements are not the guarantee of future performance and involved risks and uncertainties that are difficult to predict.

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. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shreya Baheti from Anand Rathi Share & Stock Brokers Ltd. Thank you and over to you, ma'am.

Shreya Baheti: Hi, good evening, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Ankit Gupta – President Marketing, Mr. Gaurav Gupta – Vice-Resident Strategy and Mr. Ajay Patodia, Chief Financial Officer. I would now hand over this call to the management for the opening remarks. Over to you, sir.

Ankit Gupta: Thank you, Shreya. Good evening, everyone and thank you for joining us today. We extend our sincere gratitude to all our shareholders, analysts and stakeholders for your continued trust and support. Your confidence in dollar industries motivates us to stay disciplined, strengthen our governance and focus on long-term value creation. I would also request everyone to take note of the safe harbor statement in our presentation.

Let me begin with the broader environment:

Demand in Q2 remains stable, supported by steady consumer sentiment and improving retail offtake across key markets. The overall industry outlook also remains positive, driven by rising disposable income and the expanding footprint of organized retail, e-commerce and quick-commerce channels. This quarter marks a significant strategic milestone with the proposed merger of nine promoter group companies into the listed entity. A key highlight of the restructuring is that dollar brand now comes fully under dollar industries limited, giving us complete ownership of a core asset. By consolidating these assets, we eliminate structural overlaps, strengthen operational control and meaningfully reduce related party transactions. The creation of promoter trust to hold 50% of the promoter stake will ensure continuity, preserve long-term ownership stability and further reinforce governance through an institutionalized framework.

Turning to financial performance:

We delivered a strong quarter while operating income grew 5.6% year-on-year to Rs. 471 crores, supported by stable demand across key categories. Operating EBITDA grew at a healthy 23.3% year-on-year to Rs. 603 million, with margins expanding notably by 183 bps to 12.8%, reflecting significant benefits of operating leverage and ongoing cost optimization initiatives. We have been able to curtail our advertisement to 6.2% of operating income in H1FY'26 as compared to 7.2% in H1FY'25 and plan to further reduce this percentage in the coming quarters. Profit after tax stood at Rs. 352 million up 32.7% year-on-year, resulting in a PAT margin of 7.4%.

Working capital saw an improvement this quarter. Receivable days reduced to 116, inventory days moderated to 119 after seasonal stocking and payable days increased to 68. As a result, our cash conversion cycle improved to 167 days compared to 173 days in June.

Now I would hand over the call to Gaurav Gupta.

Gaurav Gupta:

Thank you, Ankit. Let me now highlight some of the key business and operational trends during the quarter. In Q2FY'26, we continue to see steady traction across modern trade, e-commerce and quick-commerce, which together contributed to 10.2% of overall revenue. Quick-commerce, despite operating on a small base, scaled sharply to contribute 4% of the total sales, underscoring its fast-growing relevance in the retail mix. These new-age channels have strengthened our visibility, enabled faster consumer access, and supported our premiumization agenda.

Dollar's key product categories continue to show resilient momentum through the quarter. Thermals, our winter essentials portfolio, delivered a standout performance with 23.5% value and 28.1% volume growth year-on-year, supported by early-season demand and wider market reach. Force NXT, our premium innerwear line sustained its growth trajectory with 6% value growth and 19.2% volume growth, reflecting rising consumer preference for high-quality differentiated products. Meanwhile, Champion, our kids' range posted exceptional gains with 109.4% value and 73.9% volume growth, driven by strong traction in mass-market channels.

Our premiumization strategy continues to gain strong traction with the premium segment delivering 25.1% volume growth year-on-year in Q2FY'26. This reinforces the shift towards higher margin, design-led products, and reflects increasing consumer preference for elevated offerings across our portfolio. South India continues positive trajectory, delivering 8% value growth and 10.4% volume growth year-on-year in Q2FY'26, supported by stronger demand and improving regional uptake. We remain focused on strengthening our omni channel footprint and enhancing SKU depth across modern trade and e-commerce, and driving higher contributions from premium and high-end margin products.

With this, I request our CFO – Mr. Ajay Patodia, to take through the financial performance. Over to you, Ajay ji.

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 Q2 and H1FY'26.

For the quarter our operating income grew by 5.6% year-on-year to Rs. 4,719 million supported by steady demand and better product mix. Gross profit at around Rs. 1,640 million up by 9.6% year-on-year with margin at 34.8%. Operating EBITDA stood at Rs. 603 million, a growth of 23.3% and margin expanded by 183 basis point to 12.8%. As covered by Ankitji earlier, we have also continued to exercise cost discipline. Our advertisement expenses have been curtailed to 6.2% of operating income in H1FY'26 compared to 7.2% in H1FY'25, and we plan to further reduce this proportion in the coming quarter. As communicated earlier, we remain committed to capping advertisement spent at Rs. 80 crores annually, which will drive a further reduction in ad spend as a percentage of revenue. Profit after tax rose 32.7% to Rs. 352 million with PAT margin improving to 7.4% with margin expanding sizable by 151 basis point year-on-year.

For the first half of FY'26, operating income grew 11.6% year-on-year to Rs. 8,710 million. Operating debit increased 22.1% to Rs. 1,032 million and PAT for H1 stood at Rs. 565 million, a strong 35.1% growth over the last year.

On the balance sheet side, we continue to remain disciplined on working capital. Net debt stood at Rs. 3,222 million as on September '25 and leverage ratio remain comfortable with net debt to equity at 0.36 and net debt to EBITDA improving to 1.56. We also generated healthy operating cash flow of Rs. 471 million as on September '25. With no major Capex plan in the near term, our focus remain on the strengthening free cash flow and further reducing debt.

Now, I would quickly run you through the brand-wise contribution for the quarter. Our Bigboss, that is, contribute around 34.9%, our regular Lehar product, economic segment contribute 37.8%. Our womens' segment, Missy, contribute around 8%. Our thermal, which has growth into around 24% in this quarter, contribute around 12.4%.

Overall, our financial performance reflect the benefit of improved product mix, operational efficiencies and continued traction from new age channels. We remain focused on sustaining this momentum in the coming quarter. We continue to execute on our strategic priorities to ensure sustainable profitability, strengthening premiumization and growing contribution from modern trade, e-commerce and quick commerce position us for strong revenue and earnings growth ahead.

With this, we now open the floor for questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yash Tawani from Aamara Capital. Please go ahead.

- Yash Tawani:** Hi, everyone. Just want to get a sense that how much usually, let's say, on an average or a ballpark basis, the business will usually get it from one retail touch point. And how much retail touch points do we target to increase on a particular year?
- Ankit Gupta:** Currently, we are catering. We have our active retail base of around 1,60,000 retail outlets whom we are catering. And out of which, 75,000 to 80,000 retailers are in a Lakshya project. And the rest are from the non-Lakshya area. And that is also on the estimate basis because the distributors don't share the actual data with us. In Lakshya area, we have seen that more or less per retailer, they contribute around Rs. 7,000 to Rs. 8,000 per month. So, that is the kind of sales we get from a per touch point basis.
- Yash Tawani:** Okay. And including the Lakshya and the non-Lakshya, what is the target usually that we usually keep it in our mind that these much retail count do we have to add it a year?
- Ankit Gupta:** So, we have our target set that we need to have around 2.5 lakh active retail outlets. By active, I mean retail outlets which buy from us on a month-on-month basis, and which are actively working with us closely with our distributors and the trade partners. So, we want to create a visibility at around 2.5 lakh outlets would be active. So, this is the kind of target we have set for us in the next couple of years.
- Ajay Patodia:** In our project Lakshya, we already mapped around 2,91,000 outlets. Out of 2,91,000 outlets, around 1,69,531 outlets enrolled with us for the normal working with us. And currently they are around 75,000- 76,000 around outlet is active in Lakshya only. So, in our Lakshya project, we have detail for every retailer. How much they take, how much they are purchasing, how much time they purchase. But in normal distributor system, we have only report for our distributor only. But our target is to achieve, we can actively deal with the four lacs retail outlet.
- Yash Tawani:** Got it. And just one more sense on that. Like when we set a target for a volume growth for 2-3 years, do we more predominantly focus on adding more detail points or it's more of getting more volumes from the existing detail points? What's like the predominant focus of our strategy beyond the sales?
- Ankit Gupta:** So, it's a blend of the two because we need to create visibility at a retail outlet also. But at the same time, we need to increase the number of SKUs. So, through this particular project, what we are doing is we are asking the retailers to buy in smaller quantities but do the rain selling with the active retailers. But when we are adding new retail outlets, we are giving them basic products like Dollar Man, Big Boss or Dollar Always, Lehar. These are the basic bread and butter in our industry, the innerwear. So, we start new retail outlets with those kind of products.
- Yash Tawani:** Got it. And just last thing, on the advertisement spend, what's the target that we are keeping for the next, let's say, 1 or 2 years? Just to get a sense that from what level we can expect the

operating leverage to get in and just our cap, we're not going to go beyond that, any color on that?

Ankit Gupta: So, past 2 to 3 years, we have been spending around Rs. 100 -Rs. 101 crores in advertisement. This year, we are very hopeful that we'll be able to close it at around Rs. 80 -Rs. 85 crores. And for another, like next year also, it would be somewhere between Rs. 85 crores to Rs. 95 crores. So, as a percentage of sales, the percentage would come down.

Yash Tawani: Okay. Got it. That's the sense I wanted to get. All right. That's all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Gunit Singh from Counter Cyclical. Please go ahead.

Gunit Singh: Thank you for this opportunity. So, we have improved our EBITDA margin by 100 basis points for the first half of the year. But if we look at where the improvement is coming from, it's just because lower ad spends, because we have reduced the ad spends by about 100 basis points. So, in future, I mean, improvement EBITDA would be coming from just this, this avenue or are we looking at other optimizations as well?

Ankit Gupta: So, there are some improvements. We can see some improvement on the gross margin also that we saw. It was small, but 0.6% gross margin improvement we have seen in the first half of this fiscal as compared to the last fiscal. Apart from that, we have added our new spinning unit. The spindles that we have added, we have seen positive results coming out of it. So, that benefit we have got in this first half, which was not there last time. A lot of costs will get rationalized as soon as our revenue starts increasing, like the employee benefit expenses, overall other expenses also, which are fixed in nature, they'll get rationalized. So, overall, we are very hopeful that the EBITDA levels that we are talking about is very much doable.

Gunit Singh: So, sir, I mean, the math for this, they don't add up because if you look at the other optimizations, EBITDA margin has improved by 100 basis points and that's the reduction in ad spends. So, other optimizations have not come to fruition, maybe in H1. So, by when do you think I mean, will those optimization also lead to better margins? And also, are we sticking to the 12% to 13% of EBITDA margins for FY'26 considering the current scenario? Or do you think we can do better than that? Or what is the outlook?

Ankit Gupta: So, for this fiscal, we are keeping the guidance as is, EBITDA target is 12% to 13% only for this particular fiscal year. But in long term, in a couple of years, on a sustainable basis, around 14% is what is doable in our segment, in our kind of an industry.

Gunit Singh: So, sir, at what revenues at what scale do we expect to reach 14% for the optimizations to kick in and what will be the revenue numbers?

- Ankit Gupta:** So, for this particular fiscal, we are targeting that will grow by around 11% to 12%. And so the guidance we gave last time also, and after we cross the 2,000 Cr mark, I think the cost will start getting optimized. It would be mainly the fixed cost that we are talking about, not the variable cost. And the advertisement cost will not be taken as a percentage of sales. Then we have already capped the total amount because 80 to 100 crores is a handsome amount for advertising. Plus the brand restructuring that we did, it is helping us a lot in capping up the advertisement expenses because now whenever we are advertising, we are advertising dollar as our main brand. The sub brands act as a collection and not as a sub brand. So, that benefit we are getting and that's why we are able to cap our overall advertisement expenses.
- Gunit Singh:** Got it. And sir, what has led to an increase in net debt quarter-on-quarter?
- Ajay Patodia:** Net debt actually increased only due to we have to keep seasonal stock that is thermal. We have to stock thermal for this current quarter for October to December. So, in this H1 in September month, if you compare from the last year result, the net debt also increased in that quarter. But ultimately it is by the year end, we reduce the same. Our target is to reduce by Rs. 40 crores to Rs. 50 crores.
- Gunit Singh:** Got it. And sir, if we talk about project Lakshya, so we have been able to transition a lot of our stores to that till now. So, I mean, what kind of main top benefits are we seeing from project Lakshya? Because if you look at the working capital cycle or the cash conversion cycle over the last 2-3 years, they have remained unchanged. So, I'm not able to understand what have been the main benefits from project Lakshya.
- Ankit Gupta:** So, there's one way to see at it like we are getting benefit from project Lakshya in terms of working capital cycle as well. But overall, the numbers are not visible. But I'll tell you one thing that in our trade channel, like the wholesale model that we talked about or the non-Lakshya part of it in our entire industry, the overall receivables is very much stretched. The reason why we are at a similar level as compared to the competitors also or the other players in the industry also, if you see the trajectory of the debtor days over past 5-6 quarters and compare it with us, we are at a similar level as compared to others. And it is only because our debtor days in Lakshya distributors or Lakshya areas are much, much better, which compensates the non-Lakshya distributors' debtor days.
- Gunit Singh:** So, what are the debtors' days for both, Lakshya versus non-Lakshya?
- Ankit Gupta:** So, for non-Lakshya, our debtor days stand somewhere around 123 days and for Lakshya areas, it is around 85 days.
- Gunit Singh:** So, sir, by when do we expect to fully transfer all our, everything under project Lakshya?
- Ankit Gupta:** Given the industry scenario and the intensified competition that is going on in the market, so we are going a bit slow in the Lakshya project side. But we are very hopeful about the project and

everything. We are very positive about it. It's just that whenever you start a new state with the project Lakshya, the area gets disturbed for 5 or 6 months. And since the competition is very much intensified right now, so it is not favorable to actually go ahead with the project full scale or in full swing. So, that's why we have slowed it down a bit, but maybe another 1 or 2 quarters and we'll again pick it up.

Gunit Singh: All right, sir. Thank you very much.

Ankit Gupta: Thank you so much.

Moderator: Thank you. The next question is from the line of Bhargav from Ambit Asset Management. Please go ahead.

Bhargav: Good afternoon, team, and congratulations on a good performance. So, my first question is that given that there has been a merger of nine promoter companies with the listed company, what are the benefits that are expected and what led you to this announcement?

Ajay Patodia: Basically, this merger is announced for the restructuring of our total group and the related party transaction. Mainly, seven to eight companies which are merging is providing office and go-downs to the main Dollar industry. So, once they merge with our main company, then the transaction is eliminated. Other than this, one company, our Dollar Brand Private Limited Holding brand of Dollar, which is also merged at book value only. So, from this Dollar brand, the company is more, the intrinsic value is very much increased. We can use it for new innovation and new purpose also. And other one is hosiery business Dindayal Texpro Limited is also merged with our Dollar. So, where job work is doing by the specialized people for our premium segment product. So, the manufacturing part is also coming in the main company. So, by this, we avoid the related party transaction and also by this, our efficiency is also increased.

Bhargav: My question is that what kind of monetary gains we can get? Obviously, these companies would be making some margins which will now be captured in Dollar. So, I was just trying to quantify what could be the benefit of this merger?

Ajay Patodia: We can work on this, already we save on the rent part, and we also save on the compliance part also. And in all the company, we also save from employee expenses also. So, when the company is merged with our main company, Dollar Industries, so we reduce the employee expenses, we reduce the rent expenses. And we can also work on that and we also reduce the royalty expenses. So, they are the mainly monetary. Other than this, we have very much other non-monetary benefit also like compliance and other regulations.

Bhargav: So, from which quarter can we see that benefit and in terms of quantification, is it fair to say that the benefit could be in the range of Rs. 10 crores to Rs. 20 crores per annum?

- Ajay Patodia:** Currently, we cannot quantify. Once the scheme is through, we can calculate the actual. But it is not more than Rs. 5 crores to Rs. 6 crores in quantification currently now. But ultimately, we have gained very much from this merger. And also from this merger, all our assets are in the one main company, Dollar.
- Bhargav:** Secondly, sir, obviously the thermal season is doing well. We also see 28% volume growth. So, just wanted to know how much of the thermal gets booked in Q2 and in Q3? And is it fair to say that gross margins in thermal are better than the Company average?
- Ankit Gupta:** So, gross margins in thermals is better than the Company average. And Q2 generally sees around 50%-55% of our overall thermal sales. So, similar kind of value we will see in the third quarter also coming in.
- Ajay Patodia:** But as per weather announcement, we have heard that this year that the cold is very much and the season is also increased. And from the November 2nd week, we have felt the cold in our city and also in northern region. So, we expect there is extra demand in Q3 from normal periods.
- Bhargav:** And lastly, sir, is it fair to say that in terms of the increase in competitive intensity that we have been seeing for the last 2-3 quarters, is it fair to say that we are now at the bottom end because after a long time we have seen margins get into double digits territory? Or do you think that it can also increase from here on?
- Ankit Gupta:** The intensity is still there in the market. It's just that we took a conscious call and not given to that kind of a thing in the market. So, if you look at our overall ASP also, there is not much of a difference over there as well. But when you compare it with others, we are very much better off. So, a steady growth with a good, healthy margin is what we are favoring right now.
- Bhargav:** Because I think you also have an association, right, which keeps on meeting. So, you must be discussing that things are hurting the industry per se, so it's better to have some discipline.
- Ankit Gupta:** Definitely. Disciplining is also better for future and sustainable also.
- Bhargav:** Great. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Prashant, an individual investor. Please go ahead.
- Prashant:** First of all, congratulations on a good set of numbers. Couple of questions. My first question is, this year the cotton and yarn prices have been subdued. What impact that has had, what positive impact that has had on your numbers, if you can quantify?
- Ajay Patodia:** So, in this H1, already the yarn prices and cotton prices is stable from April onwards. And as per our prediction, this is stable throughout the year. So, our total cost, total cost for the raw metal

is stable. There is nothing much more, any pressure on this. Last year in H1, year-on-year basis, from April to September '24, there is some percentage increase of prices of yarn and cotton prices, but they are stable. So, when you compare H1-to-H1, year-on-year basis, we have some increase in gross margin also. So, some part is due to this stability in the prices of the raw material.

Prashant: Because in discussion with yarn manufacturers, they say that because of the India-U.S. tariff situation, the U.S. demand has dropped off and so they have been clearing stocks at lower prices. Has this affected or benefited you in any way?

Ankit Gupta: The change in price is very minuscule to create change in the price of the goods or change in the gross margins also. That change is very minuscule. It is not that there is a dip discounting that is going on in the yarn market or the cotton market.

Prashant: Okay. The second thing is, you have mentioned that the advertising costs have been capped at around Rs. 80 crores-Rs. 85 crores and next year around Rs. 95 crores. So, that is advertising. But below the line marketing expenditure, like your discounting and rewards and all that, what would be the quantum of that for the first half, this quarter; first half and the same quarter last year?

Ajay Patodia: It is around 6.6% to 6.5% overall during the year only. So, we capped at this percentage only. Overall if you change, because the amount is less from the total revenue. So, it is not shown separately. But as per our calculation in costing, we take 6.5% to 7% of the total sales.

Prashant: Ok. So, I will put it in a different way. As your turnover increases, you will put this expenditure at 6% to 6.5%. So, hypothetically, on a Rs. 2,000 crore turnover, 6.5% will be Rs. 130 crores. And if we remove Rs. 85 crores of advertising, the balance Rs. 35 crore will be below the line marketing and promotion activities. Correct? Is that understanding correct?

Ajay Patodia: No, these two are two separate things. The discount schemes and the rewards is already less from the total revenue, gross revenue. We report the net revenue. As per industry standard, we have to reduce the total revenue from the discount we offer to the dealer or the retailer or any type of scheme. So, they are already less from the net revenue. But the advertisement is shown separately in expenses side.

Prashant: Okay. Understood. So, what I understand is IndAS, I mean if the schemes, rewards, discounts are disclosed at the time of the sale, they have to be reduced from the revenue, right?

Ajay Patodia: Yes, after sale or before sale, any type of discount we have to reduce at the time of reporting of the revenue. We have to show only the realized amount.

Prashant: Okay. So, what was the value for this quarter, previous quarter and the same quarter last year?

- Ankit Gupta:** They form a part of our costing method only. So, it is capped at 6.5% to 7% of our sales value.
- Prashant:** Okay. If I work it backwards, I will take this reported sales at 93% and then I can work backwards.
- Ajay Patodia:** Yes, correct.
- Prashant:** Okay. And another question was on this mergers of the related entity. You mentioned that there is one advantage is that there is a lesser number of related party transactions. The second is Rs. 5 crores to Rs. 6 crores of probable savings. My question is that the properties and the assets which are transferred from the related part from these entities to the holding company, will this be at a book value or there will be a revaluation?
- Ajay Patodia:** Mainly the valuation is calculated by the KPMG, and they take the minimum value for the purpose because they have to explain all the methods to the SEBI also for approval of the same. And we take the minimum value so that the cost effect for our main company is very minimal like our brand. Our brand is book value around Rs. 4.6 crores. These are transferred at around Rs. 5 crores only.
- Prashant:** Okay. So, will we see any addition of goodwill into the balance sheet after this merger is over?
- Ajay Patodia:** No, actually after implementation of accounting standard we cannot recognize goodwill in our accounts.
- Prashant:** Okay. The other expenses have moved up from around Rs. 92 crores to Rs. 110 crores. So, any colour or any explanation I mean you would like to share on what are the main items and reasons behind the movement?
- Ajay Patodia:** The other expenses total is only Rs. 73 crores.
- Prashant:** Sorry, I meant subcontract expenses.
- Ajay Patodia:** Okay, subcontracting expenses is the part of the COGS only. So, it is adjusted with the change in inventory of finished goods actually. It is not related to quarter-wise. It is related to finished goods production. So, when you see the change in inventory of finished goods and working process, so it is adjusted with the value.
- Prashant:** Understood. So, my last question is relating to the competition and how sustainable do you think this growth will be because frankly you would have seen the numbers of your competitors also and your biggest competitor has provided, has shown a very subdued result. So, I mean the initiative that you have taken under project Lakshya in maintaining the prices and holding the prices, how sustainable would you see in the coming quarters?

- Ankit Gupta:** We are very hopeful and we think that we will be able to maintain this kind of profitability that we have shown in this quarter.
- Prashant:** Okay, other way around, will you be sacrificing any volume to maintain profitability?
- Ankit Gupta:** See, for the whole year basis, we are very positive that we will be able to do around 12% kind of a growth, which would be mainly driven by volume growth only. So, on a half yearly basis also we are standing at 11.5% kind of a growth and so overall it is very much doable.
- Prashant:** Fair enough. Thank you and wish you all the best. Thank you.
- Ajay Patodia:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Deepali Kumari from Arihant Capital. Please go ahead.
- Deepali Kumari:** Thank you for the opportunity. I have couple of questions. Like quick commerce created 4% of total sales in Q2. So, how does its logistic cost structure differ from traditional and e-commerce channels and what is the long-term scale you aim for quick commerce while also ensuring it does not dilute the gross margins?
- Ankit Gupta:** So, overall, in terms of the costing part, it's almost similar to what we spend in e-commerce. The only thing is that through quick commerce we are able to reach our consumer real, real fast. So, that is the only difference that we have there. In terms of profitability and the discounting structure and everything is similar to what we have in our e-commerce.
- Deepali Kumari:** Okay. And sir, what is the margin difference between traditional and quick commerce or e-commerce?
- Ankit Gupta:** It's almost similar.
- Deepali Kumari:** Okay. And sir, the cash conversion cycle has increased, like have increased from 160 to 167, is it due to receivables and inventories went up? So, what are the steps you are taking in H2 to manage inventory better and speed up collection to improve the cycle?
- Ajay Patodia:** With regards to cash conversion cycle, it is increased due to the inventory of the thermal products that are the seasonal products and we hope that by the end of this year, fiscal year, we reduce our cash conversion cycle by 10 -15 days.
- Deepali Kumari:** Okay, sir. Can you give some light on the medium-term vision for premium and super premium products?

- Ankit Gupta:** So, for premium product, we have Force NXT, which is doing really good and the kind of growth that we are getting in Force NXT is very nice. The traction we are getting for innerwear now in Force NXT has been really good. And this year, we are very hopeful that will grow around 20%-22% in this particular segment.
- Deepali Kumari:** Okay. And what about the Dollar women, which you just launched?
- Ankit Gupta:** So, Dollar women has been going at a company level only around 4%-5% kind of a growth and this particular fiscal will be seeing around 5%-6% growth only. But next year onwards, we are working on some new product ranges and we are very hopeful that we will be able to pick it up again.
- Deepali Kumari:** Okay, sir. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, this is the last question for today. I now hand the conference over to the management for closing comments.
- Ankit Gupta:** I would like to thank you all for taking the time out to join the Earnings Call. Have a nice day. Thank you so much.
- Moderator:** Thank you, sir. On behalf of Anand Rathi Share & Stock Brokers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.