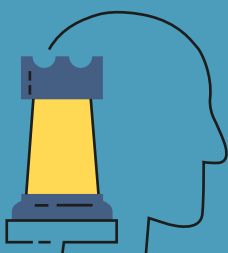


WHAT GOOD BRANDS DO.

EXCITE. EXCEL. ENRICH.

Dollar Industries Limited | Annual Report 2016-17



WHAT GOOD BRANDS DO

EXCITE. EXCEL. ENRICH.

9.15%

Revenue growth over 2015-16

36.74%

EBITDA growth over 2015-16

252 bps

EBITDA margin growth over 2015-16

64.95%

Net Profit growth over 2015-16

344 bps

ROCE growth over 2015-16

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Cautionary statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Good brands stand for certain typical attributes in the minds of the stakeholders.

Let's face it; the world is facing a brand explosion.

Each corporate is ceaselessly striving to carve out a distinctive niche in its vertical.

In this age of information, most brands occupy mind-spaces only fleetingly; thereafter, they fade away.

At Dollar, our principal achievement has been that our brand recall has not just survived... but thrived over the past decade.

Even as macro-economic trends have undergone a sea change, our corporate identity and product portfolio have evolved by riding attributes.

Attributes enshrined in three simple words.

Trust. Fit. Boss.

The result: high unaided brand recall and distinctive consumer pull.

The cornerstone of our enduring success.



Good brands make buyers feel good about themselves.

At Dollar Industries, our brands have been positioned around the tagline of 'affordable premium'.

This does not mean that one needs to have deep pockets to buy our products.

This means that whatever we make for a specific consumer segment carries certain attributes that they associate with products bought by a people with an income higher than theirs.

This approach is neatly described in one word. Aspirational.

Over the years, we have emphasised this attribute and metamorphosed the Company into an aspirational innerwear company.

Fabric quality. Styling. Packaging. Messaging.

This combination makes the buyer feel good in various ways.

Primarily by making these buyers feel that they have graduated to a superior lifestyle.

That he or she will be able to enjoy the conveniences of the rich and famous by buying our products.

The result is captured in something that is the dream of every entrepreneur or manager.

Brand loyalty.



Good brands add value in a sustainable manner.

Good brands enhance value. Not just for themselves. But for every single member of the stakeholder family.

Vendors: Dollar Industries is a customer that a large number of vendors depend on.

Shareholders: Dollar has been a bankable brand for all those who hold shares in the Company. We enhanced our net worth through earnings generated from the core business – from ₹48.80 crore in FY10 to ₹180.92 crore in FY17; book value per share strengthened from ₹53.76 in FY10 to ₹155.29 in FY17.

Employees: Dollar Industries is a fair, equitable and responsible employer of more than 578 individuals. Employee benefit expenses increased from ₹0.84 crore in FY10 to ₹21.48 crore in FY17.

Government: Dollar Industries is a responsible contributor to the national exchequer. Dollar Industries tax payouts (current taxes) increased from ₹3.00 crore in FY10 to ₹25.00 crore in FY17.

Lenders: Dollar Industries is a safe borrower. Dollar Industries' bank loans (long- term and short-term borrowings) increased from ₹58.21 crore in FY10 to ₹204.97 crore in FY17. An interest cover of 4.39 in FY17 indicated repayment comfort. All loans were serviced on schedule, resulting in an immediate access to funding lines whenever needed.

The result is that Dollar Industries isn't just another company; it has kick-started a dynamic virtuous cycle that benefits all stakeholders.



Good brands outpace the overall sectoral growth.

Good brands don't just perform; they outperform.

Which means that they grow faster during sectoral crests and resist downtrends better during sectoral troughs.

A challenging FY17 was no different.

While the Indian hosiery market grew modestly in FY17, Dollar Industries revenues increased 9.15%.

In so doing, Dollar Industries progressively grew its market share to 15% in FY17. Sub-segments like Bigboss and Dollar grew from 16% of total sales in FY10 to 44% of its total sales in FY17.

The result is that Dollar Industries has emerged as one of the fastest to grow within India's hosiery sector from ₹300 crore to ₹900 crore in seven years (FY10-FY17)



Good brands belong to the highest profitability segment.

Good brands don't only sell; they enrich.

A quick insight into Dollar Industries' financials during the last few years reveals just this.

The Company strengthened its EBITDA margin from 4.45% in FY10 to 11.17% in FY17.

The Company strengthened its ROCE from 4.09% in FY10 to 16.81% in FY17.

Each of these numbers belonged to one of the highest profitability slabs within the country's hosiery sector.

In other words, a combination of a large product portfolio, a long value-chain and enduring brand recall leading to the accumulation of a sizeable quantum of cash for reinvestment.



Good brands widen choice.

Good brands confuse. But in a positive way.

They provide a wide choice. In terms of product categories, Dollar has extended from men's innerwear to casuals, from female inners to stylist leggings and capris from t-shirts for kids to seasonal winter thermals.

Add colour (76 in leggings!). Plus sizes. Plus price points (for men from ₹50 to ₹500 per unit, for women from ₹80 to ₹650 per unit and for children from ₹50 to ₹400 per unit).

Dollar has widened the market through affordability.

Besides, Dollar's sequential and tiered pricing strategy has made it possible for consumers to graduate seamlessly to the next quality level without incurring substantial increments.

The result: a superior price-value proposition when compared to international brands and a steadily increasing slice of the market.



Good brands are easily accessible and available.

Good brands don't just fly off the shelves; they are replaced with equal promptness.

Over the years, Dollar has widened and deepened its distribution networks across India.

So that consumers would not have to travel far or wait longer to buy the Company's products.

The result is that Dollar now enjoys a growing presence across almost every single State and Union Territory.

The Company works in unison with trade partners to make sure that its products and collaterals are visibly showcased across urban metropolises and rural hinterlands.

Besides, Dollar has forged long-standing ties with wholesalers and retailers.

This has made it possible for the Company to market a larger product thus enhancing revenue per dealer and pan-India distribution efficiency.

The Company has also enhanced offtake through e-commerce, enhancing consumer convenience and sending out a strong message of adaptability.



Good brands keep evolving.

Good brands never rest; they evolve continuously.

Dollar has done precisely that over the course of its existence.

From the manufacture of *innerwear to outerwear*.

From the manufacture of *hosiery items to hosiery clothing*.

From the manufacture of *men's innerwear to family products*.

From the manufacture of *functional clothing to lifestyle brands*.

From the manufacture of *value-for-money to premium attire*.

From a complete reliance on *job-working to captive manufacture-cum-job-working*

From being just another *regional hosiery player to one of India's most respected lifestyle knitwear brands*.

The result is that Dollar has continuously responded to dynamic realities.

There is a word for this: *Reinvention*.