JOCKEY.

May 31, 2022

The Secretary
Corporate Relationship Dept.
The Bombay Stock Exchange
1st Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

The Secretary
National Stock Exchange of India
Limited
Exchange Plaza
Bandra Kurla Complex
Mumbai – 400 051

Dear Sir,

Sub: Audio Recording and Transcript of Investor call

We herewith enclosed the transcript of investors call for the financial results for the Quarter and Year ending 31 March 2022.

Audio recording of the investor call is available in the following link:
https://youtu.be/sr0upaBvX80

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh Digitally signed by Murugesh Date: 2022.05.31 12:36:45 +05'30'

Murugesh C
Company Secretary

Encl: as above

"Page Industries Limited Q4 FY22 Earnings Conference Call"

May 26, 2022

PAGE INDUSTRIES LIMITED

CHORUS CALL®

MANAGEMENT: MR. V. S. GANESH – CEO
MR. K. CHANDRASEKAR – CFO
MR. GAGAN SEHGAL – CHIEF SALES OFFICER
MR. RAHUL SHUKLA – CHIEF RETAIL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Page Industries Limited Q4 FY22 earnings conference call. As a reminder, all participants' 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 Mr. V. S. Ganesh – CEO, Page Industries Limited. Thank you and over to you, Sir.

V. S. Ganesh: Thank you so much. And good evening, everybody and hope all of you are doing fine. It is my pleasure to be with all of you today and look forward to our interactions today.

At the outset, I am delighted to inform you that we have registered a robust sales growth which is aided by good growth across all our product categories. The growth was broadly based across distribution, modern trade, and e-com. The enablers for this growth are retail expansion, new product introductions, focus on digital initiatives, the innovations which we had on overall on inner business and the agile supply chain.

Our Q4 revenue grew by 26.2% year-on-year. The volume grew by 8.7% year-on-year. FY22 revenue grew 37.2% year-on-year with a strong year-on-year volume growth of 28.9%. Assets as of end March we are present in 110,548 MBOs and 1,131 EBOs and we continue to aggressively grow our retail footprint.

I'm happy to inform you that the supply chain is back on track despite having huge challenges during the last two years. During the quarter, we also faced a very high inflation rate trend, which impacted nearly all the costs, including the price of cotton, packaging, logistics. However, we delivered better margins due to measured price increase and of course backed by strong budget and expense control measures and optimum use of our inventories.

Our expansion plans are very much in line with accelerated sales growth that we are seeing. This is also supplemented by strengthening our relationship with our supply chain partners, B2E our raw material supply partners and the garment supply partners. We will continue to focus on growing all categories as each one of them has a tremendous potential to grow.

As regards our retail expansion, we will continue to have equal focus for tier-3 and 4 towns as we have for metros and for tier-1 and tier-2. I'm also very happy to inform you that our speedo business has now started to pick up and it's getting back on track, as the pools are now getting opened up.

I would like to take this opportunity to thank the 27K plus team members of ours for all the hard work which they have done to deliver such an amazing result. Our channel partners were working very closely with us during these very challenging times and to our supply partners without whose help our supply chain would not have been in this situation, and it has seen a very quick recovery. Overall, it was a fabulous performance by the team, and we are thankful to all the team associates for contributing to where we are today.

The outlook continues to look very, very bullish, and we are firing all cylinders to continue and sustain our growth. I look forward to your questions after CFO gives further insights on our Q4 financial performance and the FY 21-22 performance. I'm also joined by Mr. Gagan Sehgal our Chief Sales Officer and by Mr. Rahul Shukla our Chief Retail Officer, who will be more than happy to answer any questions that you may have in their domain. Thank you once again for joining into the call today and I will now request Mr. K. Chandrasekar to take you through the Q4 financial results and the full year financial results for FY22, over to you KC.

K. Chandrasekar: Thank you, Mr. Ganesh.

K. Chandrasekar: Welcome once again to the Page earnings call and I'm extremely happy to report the best ever performance in a financial year again by Page the best top line and bottom line in history. In Q4 we have about Rs.11,111 million revenues, which compares with about Rs.8,808 million Q4 of last year, a growth of about 26.2%. The EBITDA has been at 24%, which is Rs.2,671 million and compares with Rs.1,698 million of last year Q4. This is a growth of 57.3%. As far as the Q4 PAT is concerned, it is again 17.1%, which is Rs.1,905 million compared with Rs.1,156 in Q4 of last year. This is again a growth of nearly 65%. The gross margins, as we compute to post the subcontract costs and direct manufacturing costs are at 43.1% as compared with about 44% in Q4 of last year so more or less we are maintaining the gross margins, even in Q4. For the full year FY22, the revenues are best ever as I said Rs. 38,865 million compared with Rs.28,330 million, which is a growth of 37.2%. The EBITDA is 20.2% compared with 18.6% of FY21. In absolute terms it is Rs.7,855 million and compares with Rs.5,266 million of last year and this again is a growth of 49.2%. FY22 PAT is at Rs.5,365 million, which is 13.8% and compares with Rs,3,406 million of last year, a growth of 57.5%. The last year PAT was 12%. The gross margins for the whole of the year is 40.1% which compares favorably with 40.9% in FY21. The cash equivalent at the end of March 22 is down at Rs.2,835 million, which compares with Rs.4,350 million at the end of last year. This year we have built up inventory levels and we have been investing in good quality inventory. We are purchasing ahead and with the fluctuation in the raw material costs we have been investing in inventory. The liquidity continues to be robust and very strong as usual. The networking capital because of inventory at the end of March 2022, went up to Rs.6,317 million comparing with Rs.5,128 million at the end of March 2021 and the networking capital days has actually come down because of revenues to about 60 days. Inventory has gone up to about Rs.9,749 million as against Rs.5,549 million at the end of March 2021. This is again, 92 days against 71. We are happy with the kind of inventory buildup, which is definitely a lever for giving us the growth in Q1 and beyond. With that, I hand over the session for Q&A please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gaurav Jagani from Axis Capital. Please go ahead.

Gaurav Jagani: My first question is with regards to, the change in inventory figure in the Q4 numbers. If you see the change inventory goods, it's around Rs.153 odd crores. My question is with regards to how much of this has helped us the low-priced inventory and helped us in margin expansion in Q4 and how much inventory do we have, as you mentioned, that will help us in Q1 as well?

V.S. Ganesh: Thanks for asking that question. During the pandemic, we had to dig into inventory reserves, because we did have operational issues. The factories were not operational or outsourcing vendor partners were not fully operational and there were disruptions in even raw material supply chain. Like many other industries we were digging to our inventories, and we had to rebuild, and there were also tremendous growth, which we saw. So, when we were increasing our capacities, the sales was also keeping similar pace. We had to aggressively rebuild our inventory and that's where we are seeing this healthy sign. I should thank the entire supply chain team for working together and as Mr. Chandrasekar rightly said, this is the strategic move wherein we are seeing huge potential we thought it is good to invest on inventory. Most of this buildup is on very healthy inventory where the bias is more on the core strikes of ours which are the hikes and insights. We also have built up some strategic stock as far as raw material is concerned. This is to enable us to insulate to some extent from the volatile input price and the inflationary pressures which we are facing as far as the inputs are concerned, especially in cotton. This is really helping us for Q1 as well, because we now don't have the kind of sales loss or the opportunity losses, which we had in the past because of lack of supplies even though we did good numbers. This is actually helping us to build the momentum and bring in more overall efficiency to the system. KC, you want to add anything.

K. Chandrasekar: I think that's perfect and there is nothing more to add to this, unless you have further question Mr. Jogani.

Gaurav Jagani: Yes. I have just one follow-up question on this actually. If you can just help us, how much of the price increases have you taken further in Q4 beyond the 8% price increase you announced in December and just an add on to this is that, given the raw material stock that we have, would we need further pricing increases to be taken given the inflationary pressure seen in the cotton prices in Q4 and Q1 now?

V.S. Ganesh: We didn't have any further price increase other than what we had in December, we have maintained the price and we are closely monitoring the situation. So, there is so much we can build as far as strategic stock is concerned and as KC rightly ensured the number of days of inventory is around 90 days. So, it's not that it will help us for in the long term. We have been closely monitoring the situation. If there's a need, we will be touching the prices to ensure that EBITDA is around the 20%, 21% mark. However, I should thank the efforts taken by the teams as regards rationalizing the expenses that are concerned, the budgetary controls which are put in place, all this is partially helping us. But what we are seeing as far as input prices are concerned is very unprecedented. So far things are under control, but we are closely monitoring the situation.

Moderator: The next question is from the line of Devanshu Bansal from MK Global Financial Services, please go ahead.

Devanshu Bansal: Just wanted to check out our gross margins have dropped by about 200 basis points in Q4, but still our EBITDA margins have expanded by nearly 500 basis points. What are the cost savings that we have achieved in Q4 if you can throw some light on that?

K. Chandrasekar: Q4 is largely driven by the price increase of about 8% in the end of Q3. The gross margins are as I told you about 43% in Q4 and about 40% for the year as a whole. 40% is also, there is a shadow of the Q1 about 40-45 days was pandemic affected in Q1 of FY22. Typically, if you go historically when I talk of gross profit, it includes material consumed and then the subcontract costs and the other manufacturing direct costs like labor and so on. We are quite happy with about 40% gross margin historically that has been achieved and as V.S. Ganesh has said about 20% to 21% EBITDA margin is also obtained. So, does it answer your question?

Devanshu Bansal: No sir, my question was slightly different. I was talking about our gross margins in Q4 are at about 43% versus 45% last year, while our EBITDA margins in Q4 are at 24% versus 19% last year. Despite a hundred basis points decreasing the gross margins our EBITDA margins have actually expanded by about 500 basis points.

K. Chandrasekar: True. So that is a good question. Because of the much higher volume we have in Q4 this year, obviously the OPEX as a percentage of the revenue has gone down and we also not letting the OPEX go haywire. We keep a strict control of the OPEX. These are basically better recoveries compared with last year, where the revenues are very much lower.

Devanshu Bansal: Also, if you can share the volume growth for the quarter end and full year?

K. Chandrasekar: The volume for last year I mean the Q4 of last year was 46 and the volumes for this year Q4 is 50. The volumes for the full year, last year was 148 and this year it is 191.

Devanshu Bansal: In addition to this, we are coming out of two years of pandemic. This has seen a change in our revenue mix also. As a one-time exercise, so I would request if we can share the mix of men, women athleisure, kids Speedo etc. for full-year FY22, if that's possible?

K. Chandrasekar: You know this, in terms of the category mix, we do not publish. The mix hasn't significantly changed is something which I can tell you. During the lockdown periods, some of the athleisure mix would have changed, e-commerce mix would have been better, but in terms of product category mix it has by and large been the same because if one were to look at the growth of each of these categories, they have been nearly uniform across the non-pandemic months of the past two years.

Moderator: The next question is from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: From whatever I heard till now, there does not seem to be any one off in the 4Q numbers. In that case, would you not expect for FY23 being higher than the 2021 normalized range and more closer to the 24% seen in 4Q?

V.S. Ganesh: Mr. Mehta, are you talking about the EBITDA margins?

Avi Mehta: Yes, EBITDA margins?

V.S. Ganesh: Well, EBITDA margin we need to as we discussed some time back, it is something we need to look at very closely based on the input costs. There is huge pressure there and we actually may have to touch prices if there is a need to do that. So, we are closely monitoring the situation and as a brand, we always want to make sure that we are a value for money brand giving superior products to our consumer and make sure that its value for money for our consumers. We will be balancing between the two and having a close look at it. Whether we can maintain this current number is something it's beyond our control, the market forces we need to keep a close watch on it. So that is what we actually are doing. If there is a need, we may touch the prices.

Avi Mehta: Okay. The reason why I said is you said demand was bullish. I mean you've been very clear. Heartening to see, but that's why I was just assuming that logically the pressure on margins should be lesser, it seems like that, and you have inventory also. Unless is it that, what we used to see pre-COVID 4Q used to be a seasonally higher margin because of the way distribution channels work, is that what has panned out or should we kind of start as not looking at quarterly numbers, looking more at the 4Q numbers? I mean, just trying to understand so that we can better understand the way we should kind of analyze it as we move forward. That was the only reason why I was, posing this question.

V.S. Ganesh: There are two things which you actually touched upon, so just to clarify historically our Q1 is the best quarter and Q4 is subdued. We have had an amazing quarter Q4, but generally, if you see, so even though last this Q4 was the historic second best Q1 is generally our best quarter you know and that is one aspect and the other aspect, which you talked about is partially true yes, the demand is good and as KC rightly said sometime back, this will enable us in ensuring better absorption of cost, but we need to keep a close watch on the raw material prices because whether it can or operational efficiencies and cost controls, whether it can offset this pressure is something only time can answer.

Avi Mehta: Any number you could give that the only last question just bookkeeping, any number on what is the inflation like or what incremental price hike do we need based on whatever has happened on cotton? Just understanding because we don't have an idea, or we are not able to appreciate how much the yarn prices would have gone up given that it's not an open market?

V.S. Ganesh: Mr. Mehta if I look at last 14 months, the yarn prices have actually doubled. That is what triggered the two price increases which we were forced to do, like any other brand. With that and with all the measures we had taken internally we were able to manage, but we are still seeing further upward trend in prices, certain things we have factored in our budgets. If this continues, then we may be forced to have a relook at it.

Moderator: The next question is from the line of Nihal Jham from Edelweiss, please go ahead.

Nihal Jham: Three questions from my side first, I just wanted to clarify to an earlier question that in terms of the cost initiatives is it possible to share what has been the change in our sales and marketing spends? Because looking at other expenses it looks like maybe that is an item which could have been controlled this quarter.

V.S. Ganesh: Not exactly because we have always made sure that the spend on sales and marketing is not curtailed to a great extent because the traction is so high, as you can see with our results that we are performing very well and there is also quite a lot which we need to spend, as far as the store's paraphernalia are concerned to support. These are things as we keep doing the retail expansions these are things which we don't stifle because these are very essential for the brand and to actually capture the shelf space. So, we are monitoring the marketing expenses very closely. Yes, that is right, but we are not reducing it or controlling it because we are very bullish about the market and the growth. There is no need for us to stifle that, what we have done is to bring in operational efficiencies wherein how can we produce more with less cost, scope for automation, how can we enable the leadership to manage with less management workforce. So, we have got leaner and smarter on those fronts and we also looked at other discretionary spends like travel and other things, which we are making sure that it's all done very essential and we have very strong budget controls put in place now wherein those spends, which are discretionary in nature are well controlled and all essential spends, wherever required we are going forward and doing it, including spending to strengthen our leadership. In fact, I'm happy to inform you that we now have on boarded a CPO to our organization, Mr. Ravi Kumar, our Chief Peoples Officer, because as an organization we feel we need to strengthen these areas. We need a good mentor, guide and coach and as we keep expanding our businesses or leadership, further require strengthening and our current leaders needs to be building up their competencies. We are looking at Mr. Ravi's contribution on that front wherein he can strengthen the company further, as far as creating the culture of learning and development is concerned, culture of customer focus is concerned and also to build competencies in our leadership and our workforce. So, we are not holding ourselves back.

Nihal Jham: That's helpful. My second question was that over the last couple of years, we've added around 45 to 50,000 retail counters. Wanted to get a sense of how the traction has been in terms of productivity and repeat orders from these counters. Also, what is the universal size that we estimate because the numbers vary from say 2 lakhs to 4 lakhs outlets, but just wanted to get a sense from your analysis what's the number that could potentially be for Page?

V.S. Ganesh: Gagan you want to take that?

Gagan Sehgal: Sure Mr. Ganesh. Thanks so much for the question, Mr. Jham. Actually, this is, I think one thing which as an organization we are very excited about, the entire expansion in retail because your question is so right about the productivity. I think we took a bet during the first year of pandemic when we opened over 14,000 outlets and these outlets contributed quite significantly to our overall top line. Especially with people moving back to tier-3, tier-4 and our entire distribution expansion has been keeping in mind where there is an opportunity. It is not an expansion just that has happened because we want to expand, and we want to reach a certain number. It is actually bottoms up, where we feel that, the customer base is there, but our presence is somewhat lesser than what it should be with a strategic thought process we go and open outlet there. Also keeping in mind, can this outlet justify the brand jockey, right? Because we are a premium brand, so keeping that in mind, this distribution expansion has been done and the repeat order has been over 80%. So, the good thing is that all these outlets have come back and not only given repeat orders for the ranges that they have been opened with, but for the other categories and further range, right? So, their productivity in fact in the second year has been excellent. The growth has been much higher compared to the same store because obviously these are new outlets and we've just added them. So, we are very excited about this because it is giving us good results. What should be the actual base, our strategies that we serve our outlets ourselves through direct distribution, we are not into wholesale. As and when the outlets have grown, our manpower has also grown significantly, right? But I can confidently say that the scope is there, and we will strategically look at it where we can expand more. I don't see any reason why we should not take it to upper a lakh and 50,000 outlets in the next couple of years, if that answers your question.

Nihal Jham: Sure does. I have a few more. Maybe I'll come back in the queue.

Moderator: The next question is from the line of Saumil Mehta from Kotak Life, please go ahead. Mr. Mehta, your line is in talk mode. Please go ahead with your question.

Saumil Mehta: Most of the questions have been answered, just one question, one of the previous participants asked, if I look at other expense for this quarter is about 11%. The annualized used to be about 16%, 17%. So, what particular overheads and you also mentioned **A&P spends** have not been cut. So, I'm trying to understand what kind of other expenses have seen a moderation in this quarter and is this going to be the new run rate for FY23-24, or we should expect a much more normalized 16%, 17% other expenses?

K Chandrasekar: I can take that Mr. Ganesh.

V.S. Ganesh: Yes, Mr. KC.

K Chandrasekar: There is no moderation as far the overhead is concerned because we are in a differently this year in Q4 as far as the revenues compared to last year. All the expenses have grown in absolute terms, but as a percentage of revenue, most of them have come down. In terms of advertisement, it is a more a timing issue, for the full year we have spent close to 2.5% in both years advertisement. In absolute terms, there is no moderation. Even the staff salaries have grown. All the other OPEX have grown to keep pace with the growth in volume, at the same time as a percentage of revenue, they have come down. So, as I mentioned, it is the operating efficiencies and better recoveries of the overheads that is the prime reason why the margins are good. Of course, the major driver has been the price increase, selling price increase in at end of Q3.

Saumil Mehta: Sure. So, taking from there I am assuming to operational efficiencies will obviously be continuing given our bandwidth and our focus on that. And now with our focus on athleisure and some of the premiumization, is expecting maybe a higher EBITDA than what usually or our earlier band was about 20%-22%. Is that possible or you would want to keep that band at about 20-22 and probably basically pass on to the customer to give us benefit and gain market share.

V. S. Ganesh: We will be happy with 20%-21% EBITDA, given the steep raw material price increase, the selling price has increased by 5% in Q1, another 8% in Q3. So, we would not want to keep on increasing the price and would partially compensate through better operating efficiencies and look at the raw material forecast which we are about to do shortly, the forecast for the coming year. So, that is where we will be focusing.

Saumil Mehta: Sure. And my last question, can you talk about the kids wear, we have obviously for last two years basically invested a lot into that venture. What kind of target in terms of retail touch points we have and what would be the growth rates over there for the last 15-18 months?

V. S. Ganesh: Gagan, you want to take it?

Gagan Sehgal: If I understood your question, this is about the retail touch points that you are talking about. How many do we intend or target?

Saumil Mehta: No sir, I am referring more to the kids wear business where we have invested significantly, what kind of retail touch points we have in terms of kids wear. And how is that business grown in the last 15-18 months?

Gagan Sehgal: So, the kids business growth has also been in lines with the other categories. We have merged it with the women category so that the expansion in the retail footprint happens, keeping in mind that where the mother is going to shop, she is also going to buy for the kids. So, after merging this business, we have seen a healthy growth in terms of the retail touch points. It is pretty healthy as of now in terms of the total footprint that we have. In terms of percentage, it's anywhere upward to around 25% of our retail base where our kids is present.

Moderator: The next question is from the line of Ankit Kedia from PhillipCapital. Please go ahead.

Ankit Kedia: Sir, just wanted to understand the growth differential between a metro Tier-1 market and a rural market. Are you seeing some rush up volumes in the rural market? And at the same time, can you share some like-to-like growth in the EBO for metro versus rural market?

V. S. Ganesh: So, we are seeing overall growth, be it the category or the tiers of cities. In fact, all product categories and all channels have performed well. So, we are seeing robust growth on all sides. So, I don't think there is a big difference there. The trend is on expected lines. And I would request Mr. Rahul to clarify on the EBO part.

Rahul Shukla: Thank you Mr. Ganesh. Like you rightly said, across all segments of cities, whether it is metros or Tier-1 or Tier-3 or Tier-4, but the growth has been phenomenal and that's kind of democratic, it is the same level of growth. It is just that the opportunities that exist are higher in the Tier-3, Tier-4 towns. You will see a larger growth happening in those fronts. In terms of the same store growth without getting into the specific of numbers, let me tell you that the EBOs have been registering robust double digit growth quarter-on-quarter for the last several quarters except for the period where it was probably affected by COVID. So, it's been a robust EBO performance as far as the each of the retail is concerned. Does that answer your question Mr. Kedia?

Ankit Kedia: Yes. My second question is on the differential pricing. For the rural market, we have started launched products which have slightly lower pricing compared to the Metro markets. So, how is the response of the rural consumers out there? And are you facing some backlash from the Metro distributors or in the EBOs in those cities who might want the same product, but it's not available?

V. S. Ganesh: Well, we don’t have any specific products which is targeted for the rural market. In fact, we work on a TG, and they just happen to be in the rural market. But the appetite for our products, when we see how our products are performing in Metros, Tier 1, 2, 3, and 4, we hardly see any difference. So, we are not feeling any such impact. In fact, we have not felt the need for coming out with product which is exclusive for rural market.

Ankit Kedia: Okay, because in the market, channel check suggests that we are really best for many which are at Rs. 399 compared to in the Metro markets, those are at Rs. 550.

V. S. Ganesh: Well, those products are available in all markets. It's not kind of dedicated or focused for the rural market. And actually, those products are performing well across markets.

Ankit Kedia: Sure. My last question is regarding the international expansion. We have seen in the Gulf market, we are steadily expanding our EBO presence. So, from a 3-year perspective if you can just outline your international expansion plans and how do we do business out there? Are the stores on franchisee basis, how they are in India? And how does the supply chain work for those markets?

V. S. Ganesh: Well So, I will ask later on Gagan to explain further, but just to give you a brief, we are seeing huge potential as far as international markets is concerned. And this is one area where we had started working on and we have now dedicated leadership to drive this market. Of course, yes, as you rightly said our focus is now more on the Middle East because some of our licensed territory, the situation is not all that good, it's temporary. Now you know what is happening in Sri Lanka. So, with those economic situations, we are focusing more on the Middle East side of the business and our products are well received and we are seeing huge potential, huge traction there. And today the business is around 1%, our international business is around that much. And since the overall business is growing, this will be around those numbers as we move forward, but the growth opportunities are tremendous, and we are focusing on it. Gagan, you want to add more light.

Gagan Sehgal: Thanks Mr. Ganesh. I think you have actually covered it. Yes, in terms of opportunity, we do see huge potential in international, and we are currently focusing in Middle East. And we did want to, in terms of positioning our brand, we wanted to focus on the number of EBOs. So, you rightly observed that in terms of our EBO presence it is expanding in the Middle East. It's gone up from 4 to 8 as of now. And we will continue focus here. And at the same time, we are evaluating our strategy, quarter-on-quarter in the other markets. It is a franchisee-based model as India. We worked with a partner who can justify the entire Jockey brand and position it in the right manner. So basically, yes, the model is more or less same as in India, but just that the partner would manage multiple channels. That's about it.

Moderator: The next question is from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.

Bharat Gianani: My question is on the revenue growth side. So, what is the kind of target that you have for the next two, three years for the revenue growth? And can you please split that number between the volume growth? And because of the raw material price I know it's a bit difficult, but some comments on that side, what could be the pricing growth? And any particular category that you would feel that it could outperform as compared to the overall growth rate for the company over the next two to three years? That would be my question. Thanks.

V. S. Ganesh: So, Mr. Bharat, you know we are looking at $1 billion 25-26 and if we drive our business the way we are doing it, we may be able to even accelerate that ambition. In fact, we are now looking at $2 billion and beyond. As a management, we are working on those aspirations, and we are well poised to conquer those heights and we are working very hard on that front. And it is easily possible for us to dream and achieve those numbers, because as you know our penetration is not that high and there is so much headroom for us to grow. If you see the men's innerwear segment, we have 16% to 18% market share. And when it comes to women, athleisure, juniors, we are in single digits. So, there is so much we need to do, there so much potential there. So, we are working and firing all our cylinders on all fronts to achieve those targets. As regards category growth is concerned, you were also talking about price, our price will be based on the overall input cost and other things, very-very difficult to predict how the price movements will happen. In fact, if you see historically, we have touched prices between 4% to 5% year-on-year, but last year was unprecedented. For the first time, I think we did two price increases. This has to do with the raw material and input price pressures which we are seeing, and we don't know how long it will last. So, that part is very difficult to predict as things stand now. However, I do see opportunities and I do see the premiumization happening because even in the men's innerwear category our consumers are preferring more premium products. So, we are seeing tremendous growth on all categories including men's innerwear. In that we are also seeing higher growth rates on international collections and other higher premium ranges compared to the modern classic. So, that is one. And then, since our penetration is lower on ISP categories like athleisure, bras, obviously it will continue to grow at an accelerated rate and that will bring us some premiumization. And we do work on those very-very closely as those are categories which have huge potential. But we are very happy to see that our men's innerwear is also equally performing, and it's well received. Our products are well received in the market and clocking very good growth. So, to answer your question, premiumization, definitely yes, it is happening. Price increase as a percentage is dependent on many factors and with the current volatile situation, we are unable to predict and give you a guidance.

Bharat Gianani: Okay. So, that covers very well, thanks and all the best.

Moderator: The next question is from the line of Himanshu Nayyar from Yes Securities. Please go ahead.

Himanshu Nayyar: Firstly, if you can just talk about our capacities and the utilization rates and the capacity expansion plans, because I believe we were running close to, I mean, now we might be running close to optimum capacities. So, what are our CAPEX plans for the next two to three years? And whether we need to rely more on outsourcing directly to fulfill the current demand?

V. S. Ganesh: Well, capacity utilization is close to 80%, our in-house capacity utilization, and we do have a long-term plan. We do have three-year plan based on the business growth and we do make our CAPEX plans including expansions in line with our long-term business plan. So, there are expansions happening. In fact, one of the major investments which is happening in state of Odisha, that plant is likely to be operational by Q4 of this year. And this is all in line with our capacity expansion. As regards outsourcing is concerned, yes, as business grows outsourcing will also grow. But as I see it, it will be around 30% of the overall business and 70% will be through our in-house manufacturing. And even this 30% outsourcing, the growth which will happen will be mostly from our current vendor base because we work very closely with our vendor partners. In fact, they are an extended arm of Page when it comes to quality and standards, we manage it very closely. We outsource the operations and make sure the products are exactly as what we produce in-house, closed monitoring on the standards, the processes and the quality of the product. So, it is easier and the better for us to grow the existing vendor base rather than explore newer and newer vendors. And therefore, we have strong strategic alliance with our vendor partners, and we have chosen vendor partners who have the ability to reinvest in the business and grow the business along with our growth. So, to answer your question, the outsourcing will be mostly around 30%-33% of our overall volume.

Himanshu Nayyar: Got it, sir. And secondly, you made a comment in your initial remarks from Speedo. So, if you can just share some outlook on that business and give us some idea on the current size of that business and in terms of profitability that also generates similar profitability to our existing business, sir?

V. S. Ganesh: Yes. So, Speedo has recovered well. It is maybe because, you know the pools were closed during the pandemic and therefore we had hardly had any sales and it has recorded good growth as the pools have started opening up. But it is early days as profitability is concerned because as you know with hardly any sales in the last couple of years, we need to look at it like a new startup and turn this around very quickly and that is what we are working on. But we are looking at this business as a long-term investment because swimming as a sports activity in India is still in its nascent stage, but it's growing steadily. In fact, as per the market study done, India is the fastest growing swimming market. And therefore, we do see the long-term potential in the brand. And we feel it's prudent for us to stay invested, nurture the brand and reap the benefits by being a bit patient there. As of end of March 22, Speedo brand is available in around 1340 plus stores. Our EBO count is around 26. So, it has reduced a bit because two years of no business was difficult for many of our partners to manage. So, that is something we are reviving, and we have 12 large format stores spread over 90 plus cities. So, with this reduction even in EBO, we are able to actually see the same kind of volumes which we are getting of late in the last two, three months. It is as good as the pre pandemic levels. So, when we actually increase our EBO counts and all that, there can be accelerated growth to the Speedo market because the swimwear market in

India is going to be the fastest growing market. So, we firmly believe we should stay invested and nurture this brand. And our outlook as well as Speedo is concerned is very positive in the long run.

Moderator: The next question is from the line of Bhargav Buddhadev from Kotak Mutual Fund. Please go ahead.

Bhargav Buddhadev: My first question is that if you look at Page's expansion in FY22, the MBO footprint has grown by almost 42% and the EBO footprint has grown by about 21%. It possible to share how much of this footprint has been opened in newer markets and how do we ensure that there is no risk of cannibalization in the existing markets?

V. S. Ganesh: Mr. Bhargav, I feel on the MBO, Gagan will be the right person to clarify, and Mr. Rahul will be happy to clarify on the EBO side of it. So, can I request Gagan to clarify?

Gagan Sehgal: Thank you Mr. Ganesh. So, expanding our reach footprint has been a strategy that we thought we really need. But as I mentioned in an earlier question, we did that keeping in mind our existing presence. Be it in terms of geo-tagging all our existing outlets, where are we present, what is our target customer in each city, each town, and are we adequately present there in terms of dealer per lakh. And where we felt that we are under-penetrated or let's say there is an opportunity to upscale is where when we opened a new retail store, right? So, it was not to basically reach a certain number which is desirable, but actually going in a strategic manner where the customer needs our presence and in order to service the customer in a better manner, we have opened the outlet. To answer your question, these outlets have come out with a very good throughput, and they have given us repeat orders, but at the same time, our other outlets have also continued to grow. So, we are getting a very healthy and robust growth from our existing stores and at the same time from the new stores. Because as I said, it is not just to reach a certain number and opening one outlet next to another where you are already available but keeping in mind where there is an opportunity. And this journey will continue. We further see this opportunity and the expansion has been equal in Tier-3 and Tier-4 towns as in metros and mini metros, because there is an opportunity within metros as well to further scale up. But it has been done in a bottom up approach in a very-very strategic and a scientific manner. If that answers your question.

Bhargav Buddhadev: Sure. Just to continue on that geo-tagging bit, now that you are using a lot of technology, is it possible to know what has been the volume growth in FY22 from your outlets which are more than two years old, which includes both MBOs and EBOs?

Gagan Sehgal: As I said, we capture the segment-wise growth in terms of which outlet gives us how much revenue and how much we are growing. And it is healthy across. There is nowhere that we have seen a de-growth or a lesser growth. Even our top outlets, the ones who are very-very significant have also grown with a very healthy double-digit company. And at the same time, the bottom outlets have also contributed in a similar manner. So, we are capturing both the volume and the value, and we monitor it on a monthly basis.

Rahul Shukla: To add to that Mr. Bhargav, to what Gagan has said, the very fact that our same store performance has been robust and a double digit like-to-like growth over the last several quarters, which demonstrate that we ensure due diligence when we go out and open stores. So, there's a proper scientific process of gap analysis and going out and opening stores. And of course, we are a multi-channel brand, and we exist across e-commerce, MBOs, the exclusive brand stores, where consumers who are shopping from various places and our strategy is to reach out to each channel and occupy a leadership position there. There might be a little bit cannibalization, but in terms of the overall benefit to all stakeholders, it's substantial.

Moderator: The next question is from the line of Omkar Kulkarni from Shri Investments. Please go ahead.

Omkar Kulkarni: The first question is regarding the dividend distribution policy.

V. S. Ganesh: We try to distribute 50% of the PAT as dividends. In many years we have exceeded. It's also a function of the surplus cash which we carried in 2019, we declared a special dividend. But overall, the policy is to distribute a minimum of 50% of the PAT.

Omkar Kulkarni: Can you talk more about the upcoming expansion if you are doing, and the asset turn you are expecting on that?

K. Chandrasekar: As of present the asset turns are close to about 12 to 13, I mean the fixed asset turnover ratio, as I call it. So, going forward, it will vary depending upon the capital, the new facility which is coming up in Odisha in a couple of years from now, so that will vary. But we will more or less be in a stable state we would be around this kind of asset turns.

Omkar Kulkarni: Okay, so the existing capacity is sufficient enough to take care of the demand and the healthy growth which you are telling.

K. Chandrasekar: Which is what Mr. Ganesh was answering earlier.

V. S. Ganesh: Mr. Kulkarni, as the volume growth is very healthy, the existing capacity is not enough to meet the demand. This is where we do have expansion plans. So, with our current capacities we are okay but for the next year in the long run, we need to expand, that's where the investments are being made, both on increasing the sowing capacity for producing more products and also, on the backward integration, now there is a huge expansion which is happening on the elastic plants of ours. And as you know, we produce our own elastics mostly because this is one of the most vital components to ensure the superior quality of the product which we offering to our consumers and there are investments happening, strategic investments happening on all those backward integration projects as well. So, expansions are happening. In fact, even leave along the expansion by way of capacity, there is also investments happening in further strengthening our technologies be it be IT investments and also in our leadership. In fact, Mr. Kulkarni we used to tell way back, even in years 2018 and 2019 that we are making investments for the future, and we were investing heavily on technology and also on leadership on attracting the best of the talent. Today, we are enjoying the benefits of that, and we will continue to work on those aspects, and we will continue to invest to grow the business. And as you know succession planning has always been in the forefront of our strategic plan and the speed at which our business is growing, we are in the process of making the organization future ready for, in fact, as I told you some time before, it's not now, we are not looking at $1 billion, but we are looking at a journey which is beyond $1 billion for the second billion and further. So, in order to be ready for this ambitious growth plan, along with capacity expansion, we need to also create a very robust organization. And what we are trying to do is to that's where I told you sometime back, we have also taken a CPO on board, and we also having lot of investment being made on our leadership to take full advantage of the rich talent which we have, and to optimize the use of the talent within the company at all levels, especially at the senior level. And fortunately, we are very-very lucky and blessed to have a very strong leadership team full of talent. And many of them can do much more than what they are doing today. And we are investing to make sure that they build those competencies, and they can take on more richer and higher responsibilities. And we believe this restructuring which we have been doing all these years, this journey will continue, and this is what is required for us to keep the growth trajectory along with all the investments which we are making on our facilities, be it be expansion of factories, for garment manufacturing and for our backward integration projects.

Omkar Kulkarni: Okay, so the expansions would be brownfield or Greenfield.

V. S. Ganesh: Pardon, Mr. Kulkarni, I missed you there.

Omkar Kulkarni: I was just asking, you just told that…

Moderator: Sorry to interrupt you Mr. Kulkarni, may we request that you return to the question queue for follow-up questions.

K. Chandrasekar: There is no brownfield. It will be green field expansions only.

Moderator: We will take the next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: My question pertains to your observation or comment that you have made on penetration a while back. Now, very intuitively, someone like me who has followed your product portfolio evaluation in last 10 years, it seems that we have got more wardrobe share from the same customer outpacing perhaps the recruitment of the customer. Now, since you track a lot of data and trends now, do you think that our customer base expansion is materially lower than our wallet share gain or is this observation misplaced?

V. S. Ganesh: Mr. Shah, with the kind of retail expansion which is happening and as we keep opening new doors, obviously we are also acquiring new customers. And the wallet share is also increasing because of two reasons. One, the price which we offer and the comfort and fit which we offer and the quality, we have many loyal customers, and it is also supplemented by our product range expansion. We have much more products to offer today, which will naturally mean that the wallet size increases, because there are more options to buy for customers who have been loyal with us for all these years. So, I can say it's a combination of the wallet size increase as well as acquisition of new customers, which is happening because of the exciting products which we are coming with and also with the retail expansion which is happening on the ground.

Tejas Shah: Sure. And sir, second question pertains to the current scenario and inflation. We are hearing from companies after companies that this has been kind of unprecedented in the recent times. Now, keeping that in mind and keeping our long-standing guidance on margins remaining around 20% to 22%, do you think that this kind of inflation pressure might trigger some form of down trading within the customers and tactically we might have to forego this adherence to this band for a while to retain market share, or to support the expansion that we have done in the recent past.

V. S. Ganesh: Not exactly because our products as you know are not high ASP products. And our products are essential products. And I think Jockey as a brand we are in a sweet spot because our products are relevant across the year. During these times, when there is a pressure on the wallet of our consumers, they may not prefer to buy seasonal products. In fact, we have products which are multifunctional, multi-utility, so you can wear it in your home. You can also take a 1 mile walk with that product and it is not seasonal. You can wear it year around. So, when we have such offerings and value for money proposition and the trust which we have built as a brand over the years, actually we see this as an opportunity. And that is what we are seeing when we see the response from our consumers are concerned. It is more of an opportunity for this.

Moderator: Ladies and gentlemen, due to time constraints, we will take that as the last question. I would now like to hand the conference over to Mr. Chandrasekar, CFO of Page Industries for closing comments.

K Chandrasekar: Thank you very much, all the participants. Some really fascinating questions. As always in every call I learn more about our own business from the various insights that you give us and keep encouraging us and keep cheering for us. There is still a long way to go. Have a good day. Bye-bye.

Moderator: Thank you. Ladies and gentlemen, on behalf of Page Industries Limited, that concludes this conference call. Thank you for joining us and you may now disconnect.