



June 1, 2021

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 ending 31st March 2021.

Audio recording of the investor call is available in the following link:
https://youtu.be/r_KjCOGO6s

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh C
Company Secretary

Encl: as above



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**“Page Industries Limited Q4 FY-21 Earnings
Conference Call”**

May 27, 2021

**MANAGEMENT: MR. VEDJI TICKU – CEO, PAGE INDUSTRIES LIMITED
MR. V. S. GANESH – CEO, DESIGNATE PAGE
INDUSTRIES LIMITED
MR. K. CHANDRASEKAR – CFO, PAGE INDUSTRIES
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Q4 FY21 Earnings Conference Call of Page Industries Limited. We have with us today from the management Mr. Vedji Ticku – CEO Mr. V.S. Ganesh – CEO Designate and Mr. K. Chandrasekar – CFO. 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 Mr. Vedji Ticku for his opening remarks. Thank you and over to you sir.

Vedji Ticku: Thank you Margaret. Good afternoon to everyone. I'm here with the Q4 and the year-on-year business update. Revenues for Quarter 4 financial year '21 grew by 63% and the volumes for the same period grew by 53%. Despite Q1 '21 being a complete washout due to lockdown we achieved close to a full number of FY20, and we were down just by 3.82% year-on-year for the FY21. This was achieved through some strong growth in Q3 and Q4 of '21. On the retail front all stores catering through our channel partners and our EBOs are all open. If I specify them 90% of our 78,000 MBOs are active. We added close to 14,250 new stores during the year. All our 930 EBOs are also open now. We added close to around 180 new EBOs during this year. All the 2,361 doors of our LFS business partners have also reopened. E-commerce business continues to be robust and growing at a very-very steady pace.

On the business side:

The upward demand and sales trend of Quarter 3 continued for Quarter 4 as well. Unfortunately, now due to the second wave of COVID-19 and the subsequent lockdowns in Q1 '22, we are closely observing the situation with respect to the health and safety of all our employees and channel partners. We'll be resuming business cautiously once the lockdown is lifted with adequate safety majors. We definitely are more informed this time around and more prepared and much more confident than last year.

On the marketing front:

Our branding efforts continue through multiple channels including online media, regular media platforms. And as I said even in my last call that we have been focusing on our point of sale reach out which we feel in these present times as one of the best ways to connect to our consumers. Our kids business still continues to be the special focus area, with very encouraging customer acceptance and demand. We now have 38 EBOs that are exclusively for Jockey Junior business. We have built a separate vertical with dedicated channel partners and sales force. We have already appointed Jockey Juniors special channel partners across 50 cities in Phase I and intend to double this reach by the end of FY22.

Overall, for the brand we continue to expand our depth within existing marketing geographies as well as strengthening our distribution in markets which are witnessing expansion of mature retail formats. Jockey is present through the country in close to around (+2890) cities and towns. We still see a great potential in Tier-III and Tier-IV cities as well as the rural markets. We have

specific plans for strengthening our distribution network in a phased manner in these markets with a special focus on the rural opportunity.

As usual we will continue to have our focused approach for each of our core business verticals of men's and women's innerwear and athleisure businesses, Junior business socks and towels. And are confident of maintaining growth going forward. Our long-term output and optimism remains confident and bullish as ever.

Lastly as you are aware, I'm stepping down from the role of ED and CEO at the end of this month. It's been an incredible and memorable journey for me personally and I'm thankful to all the stakeholders and all of you for your support and valuable inputs that you gave me during our various interactions from time to time. I now take this opportunity to introduce V.S. Ganesh, who will take over from me in a few days from now. The transition has been smooth and I'm very confident that Ganesh and team will take the company forward even more strongly, given the strength of our brand and the dream team I leave behind. I now invite Ganesh to say a few words post that I would request Chandrasekar to share the financial highlights with all of you. Thank you.

V. S. Ganesh:

Thank you Mr. Vedji and good afternoon everyone. As Mr. Vedji bids adieu to us, I want to thank him first of all for the outstanding contribution he has done for close to 2.5 decades in shaping Page Industries. Mr. Vedji played a major role in making Page what it is today. His stewardship has been characterized by his innovative ideas, strategic thinking and one of the most important things which I felt personally so good was his ability to keep things simple. He has been instrumental in building a very strong culture for Page Industries and a very strong team. Today Page is what it is today because of the team which we are blessed with and the culture which we inherit. In fact, it is that strength of the team and the culture that gives me confidence as I embark into this new role. As you all know I'm not new to Page as I have been blessed to work very closely with Mr. Vedji and the leadership team for close to seven years. Therefore, the transition to the new role is almost seamless.

On behalf of Page and on my personal behalf and I think I can take the liberty of saying on your behalf as well that I would like to thank Mr. Vedji for all that he has done for us. I'm very confident that with a strong foundation that is now created, we can take Page to new heights, so thank you so much.

I will now request **our CFO – Mr. Chandrasekar** to give the financial highlights.

K. Chandrasekar:

Thank you V.S. Ganesh. So, I also thank and place on record my sincere appreciation for all that Mr. Vedji has done for us and for me personally as well and also welcome V.S. Ganesh for the new role.

As far as the getting into the financial highlights, you have seen that with the strong volume growth in Q4 the revenues are INR 8,808 million compared with INR 5,413 million of the quarter of the previous year. So, the growth is 63%. The full-year revenues are almost caught up INR

28,330 million versus INR 29,455 million of last year, with almost the whole of Q1 with the pandemic in FY21. So, we are down about 4%. We are quite satisfied and very happy with the kind of come back in Q3 and Q4. Q3 was our best quarter in history in terms of top line and bottom line and Q4 is the second best. The Q4 alone is the best Q4 in history because as you know Q4 is slightly weaker among the four quarters for us. This despite the lockdown and a pandemic year is a great cause for cheer and all the thanks to the whole team who have done enormous work during this financial year.

The EBITDA margins for the quarter were 19% against only 11% for Q4 of FY20 and for the whole FY21 it was around 19% as against 18% of the previous full financial year. EBITDA in absolute terms were about 5% lower than Q3, Q3 being the best quarter compared in history as well as with Q4. But given the confidence of Q3 we started getting normal in terms of spending in advertisement and other corporate overhead in Q4. So, business was up to normal, so a little bit of relaxation and OPEX was also there in Q4. So, the Q4 PAT of INR 1,156 million compared with the INR 310 million of the Q4 of FY20 which is up by 272%. The PAT margin also has historically been pretty good, and it was at 13% for Q4. For the full FY21 the PAT margin was INR 3,406 million as against the INR 3,432 million in financial year '20, it's only down by about 1%. The PAT margin is 12% for the full year. We had one of the best years in terms of working capital and the cash and cash equivalent. It continues to be at a healthy INR 4,350 million at the end of March which is significantly better than we had last year. The net working capital is INR 5,128 million, it's slightly up compared to INR 4,579 million in March 2020, but the inventory has reduced by about INR 1,636 million. The debtors have increased this year by about INR 633 million March-to-March. And also that are cash reserves by almost INR 3,000 million so has increased the net working capital. So, that is the synopsis on the financial results for Q4 and full year. I now request that the Q and A session be open.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avi Mehta from Macquarie Capital.

Avi Mehta: I wanted to just ask first on the demand side. How the situation has been in April and in the first quarter till date and second just a clarification on the current quarter? Did we proactively try to ensure that channel is stocked up so that there is no stock-out situation like the way it was in first lockdown and was that one of the reasons and for value growth rate to be this way?

Vedji Ticku: Value growth to be sorry, Avi the last part?

Avi Mehta: Is this value growth more the steady value growth on secondary side or is there is any one-off over there? I just wanted to clarify that part.

Vedji Ticku: First part of your question is about April and May which obviously no, I can't give you indications about that. But all I can say is that the demand which carried through us from the third and the fourth quarters did continue, and we were on a good note till the lockdowns came in again. Because of the lockdown we had to stop our factories as well here in Bangalore. There was a time when we were allowed to actually operate with 50% labor force. But we as a corporate

decided against it because the situation was pretty bad in Bangalore at that point of time. We took a conscious call keeping in mind that their health and safety of our workers. We did not open. So we have not been actually functioning for a month now from production point of view. Coming to the second part of your question about the stock in the pipeline. We have enough stock in the pipeline which is at our distributors and at the retail partners. That's not a matter of worry at all. We also have a good stock number of days in our warehouse here in Bangalore. As and when things open up, we should be in a good condition to continue where we left it.

Avi Mehta: There was no one-off. The secondary sales growth rate was also similar to what we saw in the primary side. There is not much increase in channel side?

Vedji Ticku: Absolutely, in fact the secondary sales were higher. There was a situation where towards the fourth quarter we were actually at places we were trying to fill up the stocks back at our distributor points.

Avi Mehta: The second question was essentially on the margins. Now 4Q was almost, to some extent closer to normal if I may say in this entire year. Then if I look at the EBITDA margin trajectory it's more closer to the 19%-20% level. How should I look at it from a going forward basis? Would it be fair to look at us going back to 21%-22% or is the new level likely to be a 19%-20% level on the EBITDA side?

Vedji Ticku: Me and KC have answered this question quarter-after-quarter. We have always believed that 20%-21% is something which we would always want to be. There will be these one-off quarters here and there. So I would rather like to refrain from commenting on a quarter-to-quarter outlook. If you look at the overall year per se our vision continues to be at that (+21%) EBITDA margins. That's our goal always.

Avi Mehta: Lastly a bookkeeping, the volume growth in the quarter, I missed that or for the year if you could give us a sense?

Vedji Ticku: For the year?

Avi Mehta: Yes.

Vedji Ticku: We didn't say that. For the quarter was 54%.

Moderator: The next question is from the line of Aditya Soman from Goldman Sachs.

Aditya Soman: The first question in terms of now when we think of revenues on a full year basis, if we compare revenues are flattish from when we compare with FY19 and if we look at EBITDA its flattish even when compared with FY18. Now we understand there has been one-off events obviously in FY20 and 21. But shouldn't consumer demand not get impacted at least for an essential category like innerwear and now this revenue has been flattish despite obviously I am assuming there has been significant upsurge in athleisure and then we have seen a launch of Jockey Junior.

How do we put this into context? Would the underlying industry itself have declined for innerwear or is it that we are losing share on innerwear?

Vedji Ticku:

Aditya, actually if you look at the other way round, if you look at the number of days we got to operate in the last financial year, it was basically a nine-month year versus a 12-month year and if you look at the volume and the value which it's almost equal to the previous year. So, that way if I compare it to number of days like-to-like, we almost have a 20% growth in that sense. Because we really didn't get the first quarter to operate at all, last year. The demand in Quarter 3 and Quarter 4 as Mr. Chandrasekar said earlier, Quarter 3 of FY21 was the best ever quarter in the history of Page. That would give you some idea about how the demand is changing. Yes, we had the plus points of our supply chain being very strong and we could reach the products even with all those constraints we had last year to all the distributors and hence the retailers. As far as demand, I don't see there has been any reduction of demand. In fact, we felt last year there was an improvement in demand especially with our athleisure business. Our athleisure business had a very healthy growth. It was like never seen kind of growth percentages year-on-year in the athleisure. And I very strongly believe all these new trials which have happened during the last year are going only to add more business and volumes to that side of the business. The kids' business again grew by almost 75% to 80% year-on-year. These businesses are actually going to add on and grow from here because there's been huge trials at the end of the day, we all know that we are an affordable value for money premium brand. And once people taste our products then it's more of repetition business for us. So, I actually am very positive about the demand going forward Aditya, if that answers your question.

Aditya Soman:

Yes, it partly does. I think the context of my question was actually that I mean for a category like innerwear demand, the number of days yes while it is we cannot ignore that, fewer number of days, I am assuming that there was also an element of pent-up demand coming in 3Q and 4Q which is why you are seeing some of the record quarters. I am assuming consumers have could not shop in 1Q and 2Q have gone ahead and made those purchases in 3Q and 4Q. But if you think of this on the market share front is any context you can give us especially on innerwear, both men's and women?

Vedji Ticku:

Unfortunately, there is no market share study in our industry as yet. We don't have like FMCG products where they can actually monitor their market share month-on-month or quarter-on-quarter. We do not have that. We have always given the analogy of how we look at the penetration of our products in each of these segments and if you remember Aditya, we have discussed about the total market size of 150 million men and women and currently our understanding is we cater to only 20% of those in the men's business and around 6% to 8% on the women's side of the business. So, the market is immense and huge and growing and ballooning if I can use the word and it's all up to us how do we get our act right in terms of distribution and reach out to those people which I think last year to a large extent, we were successful in doing that. As I said in my opening talk that we opened close to 14,000 new outlets and we opened 180 new EBOs even during the pandemic year last year. That is only helping us to reach to these consumers faster and in a more planned way. That's my take on that Aditya.

- Aditya Soman:** Just last question on cash flow. Would this inventory level be the new normal both on inventory and we have also seen a sharp increase in payables. What's the reason for that?
- K. Chandrasekar:** We have been buying up the inventory because there was a threat of the raw material prices moving up and also if you compare March-to-March, last March, there was a lockdown and people were getting paid. But there were not many arrivals of inventory and even the sales was not happening so it's not a comparable one. Yes, your question whether the inventory is sustainable? Yes, the inventory would further go up and we would rather have more inventory so as there is no loss of sales.
- Aditya Soman:** And then on payables, we have also seen a very sharp increase on payables?
- K. Chandrasekar:** Payables again as I told you there were not many arrivals because of the lockdown in the second half of March last year. We were only paying off the vendors. There were not many purchases or arrivals happening. If you look at both receivable and payable, they were lower last year in March mainly due to this lockdown whereas this year this Q4 was a full quarter.
- Aditya Soman:** But when I look at the payables level even compared with FY19 that seems quite high, so I was just wondering what was the change?
- K. Chandrasekar:** Payables in FY19, yes payable has gone up because as I told you we are buying up, we are trying to prebook some of the raw material because due to the certain disruptions, there were shortages in supply, so we are buying up.
- Moderator:** The next question is from the line of Bhargav Buddhadev from Kotak Mutual Fund.
- Bhargav Buddhadev:** So, Ved, as you mentioned we have seen almost a 20% increase in our distribution expansion in the last 12 months. My first question is, is it fair to say that our dependence on the top 6 cities would have come down post this expansion assuming that most of this expansion would have been outside of the top 6 cities?
- Vedji Ticku:** Yes and no. The contribution of our top 6 cities for the initial two quarters obviously was pushed because they were the most effective cities in the first part of the pandemic. But in the second half in fact that was the time when we started working harder on the Tier-III and Tier-IV cities and we got most of our stores opening up there. And then when Quarter 3 and Quarter 4, when these cities came back so it helped us to get those demands back. And also we opened many stores in even these cities during the Quarter 3 and Quarter 4. The number of stores which have been opened have been opened across all the metros, Tier-I-Tier-II and Tier-III cities during this year.
- Bhargav Buddhadev:** My second question was on the coverage of the ARS. If you can help with what percentage of area would be now covered under ARS?
- Vedji Ticku:** Bhargav, unfortunately last year after doing so much of hard-work while we have reached close to 100%, almost 87%-88% was done. Then we had to stop because of various challenges which

last year brought in. There was a time when we also had to stop the ARS because what was happening is all the bigger distributors were getting fed and the smaller and the medium sized distributors have not been able to get their orders because once the orders come in the free flow and especially the stocks, the production also was not keeping pace with demand. We had to let go our ARS for few months but starting April we are back on our ARS. So, answering your question we are close to around 90% reach as of now on the ARS.

Bhargav Buddhadev: And my last question is to Mr. Ganesh. Given that Ticku ji has come from a sales and marketing background and we have heard from our distributors also, talking very good about Mr. Ticku ji especially on the meeting front. So, given that Mr. Ganesh is coming in from more of a supply chain and production background; would Mr. Ganesh also be keenly involved in the sales and marketing front?

Vedji Ticku: Yes, very much. He is going to take my position. So, earlier Mr. Ganesh used to report to me, and we used to work together on the back end and then post that govern on the front end and then there is another gentleman called Rahul Shukla who used to manage the retail business. All of these people are going to report into him now and he will be managing the entire business across front and back end.

Moderator: The next question is from the line of Nihal Jham from Edelweiss.

Nihal Jham: First is what is the average price hike we have taken across the portfolio? If you could just give a sense of that?

Vedji Ticku: Nihal as you know that we take anything between 3% to 4% generally the hike. This year it will be between 4% to 5% for obvious reasons because the rates of our raw material had gone slightly more than our usual input rates. The inflation is slightly more than previous years. So, it's basically 3% to 5% what we do that's what we have done this year as well.

Nihal Jham: Why I asked this question is because as I noticed that last year was an aberration. Generally, we used to work with a higher gross margin, but I am only looking at the raw material part of it not the other contributions in some terms of costing, so that seems low. So, is there a thought where we want our pricing to be kept efficient and more the volume growth to be driving and then that's the thought we are working with just wanted to know that?

Vedji Ticku: While gross margins are important to any company; it's also end of the day market share supersedes everything. Our prime focus is market share, of course with an eye on our gross margin and EBITDAs so that goes without saying. But yes answer to your question is market share is something which we have always focused on.

Nihal Jham: Over the years, you have alluded about how strong athleisure is grown and earlier we used to at least share the numbers in terms of the bifurcation. If it is qualitatively possible just to give a sense of how each of the three major segments that the men's innerwear, women's innerwear

and athleisure perform for this entire year. It will just help get a better sense because I would assume that's the way you would classify and look at your business?

Vedji Ticku: Yes, fair enough. See as you know we have stopped giving percentages of each of these categories but in terms of growth if I take volume growths, it's only athleisure and the Junior business and the e-com business which have actually shown some positive growths. More or less have been the others which is the men's innerwear, women's innerwear have been flattish or some of them even slightly degrown in volume over the last year. But in terms of value all of them have grown.

Moderator: The next question is from the line of Arpit Shah from Stallion Asset.

Arpit Shah: Last time we spoke about our new rural product line. I just wanted an update how is that progressing and if you can quantify how many new distributors you have signed up over there? Do we have any EBO strategy and what kind of differential pricing we have between our regular and rural products?

Vedji Ticku: Arpit, we don't have any specific rural product as such. We have created a rural bucket which is a number of products which are from our existing portfolio itself. But these are the products which are sort of bread earners or the fast-moving products. What we have done is so that initially when you get into the rural market you have to keep two things in mind. One is the MRP or the value for money for those kind of markets because that plays a very important role there. And two, is also the sustainability of these new distributors who are going to operate on the rural side. In order to see that the distribution ROI is managed and put into play so what we have done is we have created a bouquet of around 35-36 products which are the best-selling products and also at the same time we have kept the MRPs of this product in mind and that is what we are penetrating the rural market with. There is no separate product which is a rural product as such. I hope that answers.

Arpit Shah: Would these be exclusive distributors for you, or they would be distributing for some of the competitor brands also in these areas?

Vedji Ticku: They could be doing other so we don't have specific distributors, but we only keep in mind that it's not conflicting. They cannot keep a brand which is in our segment and which conflicts with our products.

Arpit Shah: From last 2 or 3 years we have been trying to correct a lot of things at Page. In the next let's say 3 or 5 years, can we see Page back again at 15%-20% kind of growth rates after all the things that we have corrected in the last 2-3 years? Is that a new growth that we can start expecting from Page again?

Vedji Ticku: I would completely believe that Arpit. Because as I said earlier in one of my replies with the kind of market size available out there and kind of penetrations, we have there is no reason for this not to happen. Last three years have been difficult. We started with demonetization, then the

GST implementation disrupted the market, and we were just trying to get out of that and then COVID hit us. I think all those things behind us and the kind of demand what we saw in the last two preceding quarters, I see no reason that why we should not be back at those numbers. We still believe that, in the next 4 to 5 financial years we want to hit that 1 billion mark. That's still the aim of the company and every person in the company is working towards that goal.

Arpit Shah: Did we see any attrition from a distributor network due to implementation of ARS in last 1 year?

Vedji Ticku: No, actually they are very happy about the ARS. Because they are understanding that the ARS is actually helping them to get better ROIs, to have healthy stocks because we are also helping them to liquidate their old stocks. The only positive of the COVID has been that when in the initial quarters which was the Quarter 2, and the supplies were still being managed from our end and our factories were just opening and there was a demand in the market. We were able to sell a lot from our slow-moving products which were at our channel partners' end. Most of that has got sold out and now especially with the ARS; they are very happy because they understand that it's for their benefit in the long run. Nobody has left us because of ARS.

Moderator: The next question is from the line of Prateek from Credit Suisse.

Prateek: My question was on the input cost inflation. What kind of inflation are we seeing here and how do you see this trend going ahead?

K. Chandrasekar: We had the inflation impacting Q4 is only about 1.2%. But going forward we had estimated that it could be in the range of 5% to 7% going forward when we were looking at it in March. But again, the pandemic has come and there is not that much demand, so it's not something right now we are able to predict accurately. But the kind of increases which you were talking about in Q4 that's not happening.

Prateek: The 4% to 5% price hike that you mentioned earlier, as of now you see that is sufficient to pass on...?

K. Chandrasekar: So, there are many aspects as Vedji was trying to explain that we would only pass on as much as we need to the customer to maintain a 21% EBITDA margin on an average for a full year. That means we also have done a lot of work on OPEX so that also contributes significantly this year to the EBITDA margins. So, the net impact which remains unabsorbed due to RM price increase and increments and inflation and so on is the resulting price increase. Once we get a firmer idea on where the raw material is headed, once the lockdown is lifted then we will then look at the annual price increase sometime in late Q2 or Q3.

Moderator: The next question is from the line of Tejas Shah from Spark Capital.

Tejas Shah: Vedji for last many years and in fact in the recent past also we have seen relatively stronger growth from men's innerwear player at the mass end of the pyramid or the popular end. The target segment is not same as ours. So, just wanted to know what are the trend we are reading

there? Is this down trading or is it premiumization happening from unorganized to organized at that segment?

Vedji Ticku: I would believe it's the later one which is the premiumization happening at the unorganized ends and also the fact that after GST a lot of brands also started to play a little bit more in the right way and that's why these numbers are filled different from what it was filled earlier. That's what's happening at our front. But I am very happy that so many people are coming into the fold of branded innerwear. Eventually when they up trade it's going to be us. So, I am actually quite positive looking at what's happening at the mass segment.

Tejas Shah: I am sorry I missed your comments on our manufacturing status as on now. Are we back to normal or are we still running below our optimum capacity there?

Vedji Ticku: We are currently closed. Our factories at this point of time are closed and we have been far a month now. There's a lockdown in Bangalore till the 7th of June and post that we will resume our operations.

Moderator: The next question is from the line of Prerna Jhunjunwala from B&K Securities.

Prerna Jhunjunwala: I had one question on e-commerce segment, how it has played a role in our growth and what would be the contribution improvement because this year if physical stores are not operating post-May, but e-commerce has been operating throughout the year. So, just some color how that segment has performed then how do we look at that channel going forward?

Vedji Ticku: So, e-com business for obvious reasons is a very important channel for us at this point of time because of the prevailing situation. And even otherwise looking forward the way the things are changing in this country and there's a huge positive change happen towards the online side of the business. So, we have been working very closely with our teams there on the e-commerce side. Last year was a huge year for us, we had closed around 80% odd growth on our e-commerce business and contribution wise we also doubled. We used to be around 4%, we are close to 8% now. We were at one point of time close to 12% but at the end of the year also because the channels came up very strongly and we ended up at close to 8% which is by far a large number. In fact, 10% would be something where I'll be very happy with, so we're very close to that number already.

Prerna Jhunjunwala: The second question will be on strategy for the men's category. We understand that women's categories are higher opportunity given our penetration is only 5% to 6% as compared to men's wear, we cater to 20% audience. What are our strategies to have a higher growth in that segment?

Vedji Ticku: So, men's innerwear in terms of contribution is still our largest contributor to the business. We have some very strong products there. The only way to augment that side of the business is distribution, that's there's no other way. Which we very clearly understand, and last year we had one of the best years in terms of widening our distribution close to around 14,600 stores got added, and also opened 180 EBOs. Plus, there are some new exciting ranges which we have not

been able to launch them for obvious reasons. We are just holding on to them for the time being. I think with the combination of both distribution and our product that tucked into the way forward for the men's innerwear business.

Prerna Jhunjunwala: So, which means all the EBOs will be men plus women that you opened?

Vedji Ticku: So, the ones we opened last year, we also had some junior stores which are exclusive junior stores. The total number close to around 30 odd stores which were purely junior stores. We also opened stores which have men's and women's store. In Delhi we open stores which carries the entire, but still the rate is getting bigger. There are some stores where we are opening only women's stores. We have around 50 odd stores already which are purely women's stores. In near future, we may also have to have only athleisure stores because the kind of range we have now, we are ready to actually have stores which can cater to only our athleisure business.

Prerna Jhunjunwala: One question if I can with related to this answer, do you think there could be any cannibalization with the store segregation because we were earlier observing that because they are full range stores, then the throughput will be better because when a person comes with a family then he can buy for everyone but now that having targeted stores brand for even athleisure wear, do you think it would be ROI positive for us on a longer-term basis?

Vedji Ticku: Our first effort is towards opening a, a 'full family store', where we have all the ranges. But then we have to have at least 2500 square-foot stores now, which practically may not be possible always. Our first aim is always to open a full store there where we have all the ranges. Coming to when I said women's stores, there'll be many specific woman-oriented markets, for example in Delhi there are these markets which cater to the woman's side of business. So, it's prudent to have a store which sells a women's lingerie in those kind of stores. There are floors in the malls which are dedicated to men and women or vice-versa. So, there it makes sense to open these kinds of stores. When I talked about athleisure stores, we could have three stores in the mall. Today, there are many malls where we have two stores where we have 'all store' and we have a women's store in the same mall and also juniors store. There's a mall in Bombay where we have three stores where we have a women's store, a junior's store and all range store already. We are not opening them in places where we will lose an opportunity of having the consumer to miss our other ranges if they go to one of these range stores. But at the same time we'll also don't want to lose an opportunity if we have a smaller store available and might as well make use of it and have one of our ranges at least being presented.

Moderator: The next question is from the line of Swagato Ghosh from Franklin Templeton.

Swagato Ghosh: On the e-commerce channel I want to understand what is the margin like and how does it compare with our regular offline channels?

Vedji Ticku: Ours margins are more or less same. There's not a huge difference because the cost of money in that business is much higher than the channel business. The logistic cost, as we have our distribution and logistics managed by third party. So, the cost of being in that business is much

higher than our regular business of channel business. So, it's hardly a difference, it's probably a couple of points better but not very significant.

Swagato Ghosh: The other question I had on the distribution point that we added about 14,000 this year. Can you just put this number into perspective, that how many more channels are possible to be added, because not all point of sales would be suitable for selling our band? So, probably how much is the market is still untapped by us and in how many years can we get to those outlets as well?

Vedji Ticku: Growing by 8% to 10% year on year is something which I believe is possible for next decade, because the markets are also evolving at the same time with every passing year. Especially the Tier-III and Tier-IV towns. Like (-50000) towns and in (+50000) towns, there's a huge change happening there. We can see there the imagery of the retail is slowly changing. What was happening 5 years back for a Tier-II city is now happening in Tier-III and Tier-IV cities. So, there's a huge change happening out there and that's the opportunity we see and we very clearly feel that our products can very easily fit at this kind of outlets.

Also as I talked about the rural business that's something which we are very seriously looking forward this year with that the bucket of products which we have created for that market. And we have some very strong plans which the team will be working on this year. So, answering back to your question, anything between 8% to 10% year on year for next 10 years no problem at all.

Swagato Ghosh: A quick last question is what was the growth in the number of distributors this year? Was it proportionate to our sales growth or was it higher?

Vedji Ticku: Number of distributors, no there is no proportion between sales and number of distributors, in that sense. But yes, it was not different from the previous years. We had some distributors who moved on and we have some additions as well. But nothing different or significant to talk about as compared to previous years.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers.

Bharat Shah: I have no questions, but I just wanted to put on record. I have known Vedji Ticku over the period of time and I think philosophical churn and the brand building of Jockey owes a lot to what he has done. So, just wanted to sincerely place on record what he has done to the business and to the brand.

Vedji Ticku: Thank you Mr. Bharat, thanks so much.

Bharat Shah: If I can just say in one point, Jockey Junior in some way is a glimpse to the future because if you catch them young then it sounds like they become adult customers for your brand. So, is this the way the value opportunity is being seen and being built?

Vedji Ticku: Absolutely Mr. Bharat, if you remember around 2 years back, just one year before the onset of COVID if you remember in one of such calls, I had said that we are going ahead and investing

into this business and even before we had any distributors on place. We had close to around 50 salespeople which we invested in because we wanted them to go and converse and create this whole set up. I am very happy today, we have at least 50 towns and cities where we already have, which is the first phase, we have completed, and we have distributors in all of these cities and towns. We have opened around 38 EBOs for this business and you're absolutely right. The whole idea is to catch them young because once they are with the brand at a very early age and once they grow they continue to be with you. So, that's how we are looking at this business and it's also profitable and it's also all too different market for us. It's not infringing into our existing men's and women's business. This comes like cherry on the top for the moment even if we want to work on a slightly lesser EBITDA for this business. But in the long run it comes into our fold of others business and it has the brand overall, that's entirely this must be off how is the junior's business and a focus on it.

Moderator: The next question is from the line of Sameer Gupta from IIFL.

Sameer Gupta: First question is on working capital; I know this has been asked in some form but just wanted to clarify. So, if I look at days of sales in FY21 is around 71 which is historical low, creditors at 28 days which is a historical high. Now considering that sales this year have been lower and these numbers are on full year basis, so even considering that this seems to be on the lower side. So, just trying to understand working capital as of 20 days when I look at other current assets also and liabilities. Is the 20 days working capital good enough number to go ahead, is it sustainable or would we see some form of reverting back to around 40 which is what has been historically?

K. Chandrasekar: It's a good question. The net working capital is about 66 days at the end of March 2021. It was around 57 days in March 2020. The only thing is the complexion has changed. We had about 89 days of inventory in March 2020 which has gone down about 71. So, that is why I told earlier on the call that we are building up, we are pre-booking inventory and buying and also because if you look at the kind of 60% growth in Q4, its little bit gone ahead of us in terms of consumption, so we are building back the inventory. The payable around 28 days is because we have bought inventory a lot towards the end of the quarter, so does it answer your question?

Sameer Gupta: I'll come back maybe on this; I will go to the second question. The margin we have endeavored to 21% to 22% something that we are seeing in a more normal state but just trying to understand we are facing new competition coming in from the likes of ABFRL and Levi's, the more prominent apparels players are getting into innerwear. Also with higher growth coming from the athleisure categories which are slightly on the lower margin side, how does this tackle 21% versus current 19% just trying to understand that.

Vedji Ticku: No, I didn't understand how would EBITDA's get affected by some apparel brands coming into the innerwear side of the business?

Sameer Gupta: There will be some pressure on pricing I would assume and given the face of competition but if that is not a problem.

- Vedji Ticku:** Well in that way, no I don't think so. If you would have followed our company for some time now, we have never looked at business that way. We have looked at the business in way where we have a product; we want to make sure that we reach a value for money product to our consumer. We keep a very close eye on how much we need to sell every year and of course there are gross margins and EBITDA that's how we look at our business. The market size is very large; we have to understand that we are catering to a market which is almost five times what we felt in terms of in the men's business and it's almost like a 7% penetration for us on the women's side. So, market and the competition does not make a difference in that sense because if the market was finite and we are all fighting for a small pie then what you're saying is true. But since the market is so huge and also ballooning every year with the kind of disposable incomes which are coming to the hands of the middle class now, that's nowhere a constraint. It's all about how do we get our act right? How do we have our all the gross margins obviously that means we should have a very strong control on our labor cost, factory overheads, our corporate overheads and selling and the marketing costs have to be managed to arrive at our EBITDA eventually. That's what we have done year after year and we really strongly believe we can do it for decades to come.
- Sameer Gupta:** So, it's more a clarification, you mentioned 90% of MBOs opened in Q4. My sense was that Q4 was more of a normal quarter, so for the remaining 10% is there some structural issue and the other follow-up on that would be any similar number you can give for the current situation. How much percentage of MBOs will be open currently?
- Vedji Ticku:** I didn't say open I said active. So, when I say active means somebody who buys from us at least once in two months, so Quarter 4 all of them were active.
- Sameer Gupta:** Any number on the current quarter given the situation of lockdowns to different parts of the country in different ways?
- Vedji Ticku:** No, since almost the whole country is under lockdown right now. It's not announced last year by central government, this year is done by state governments. But predominantly almost 90% of the country is under lockdown, so most of the stores are closed at this point of time.
- Moderator:** Thank you. Ladies and gentlemen due to time constraints that was the last question. Please accept my sincere apologies for not being able to answer all questions from the participants. I now hand the conference over to Mr. K. Chandrasekar for closing comments.
- K. Chandrasekar:** It was as usual a very learning session for us and also being able to share one of the best quarters we had in Page. Hopefully, we will come back to normal business and people will remain safe. We have endeavored to answer all your questions and still if you can send us via mail and we'll be more than happy. I wish you all the best and remain safe and healthy. Thank you very much.
- Moderator:** Thank you, on behalf of Page Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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