August 17, 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 ending 30 June 2022.

Audio recording of the investor call is available in the following link:
https://youtu.be/vy_HJuzGRZ4

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh Digitally signed by Murugesh
Date: 2022.08.17 11:49:30 +05'30'

Murugesh C
Company Secretary

"Page Industries Limited Q1 FY23 Earnings Conference Call"

August 11, 2022

MANAGEMENT: MR. V. S. GANESH – MANAGING DIRECTOR
MR. K. CHANDRASEKAR – CHIEF FINANCIAL OFFICER
MR. GAGAN SEHGAL – CHIEF OPERATING OFFICER

Moderator: Good day ladies and gentlemen and a very warm welcome to the Page Industries Limited Q1 FY23 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 for an operator by pressing "*" followed by "0" on your touch-tone phone. Please note that this conference is being recorded.

I am now glad to hand the conference over to Mr. V. S. Ganesh – Managing Director of Page Industries Limited. Over to you, sir.

V. S. Ganesh: Good evening everyone. It is a pleasure to talk to you all once again. I am happy to inform you that we have registered a robust revenue growth backed with record margins and earnings per share performance which is aided by very good growth across all product categories. With intensified focus on distribution, modern trade, e-com, and also with our concentration on the B2C side of the business along with our drive to increase the product strength and increase consumer engagement, we also have made substantial progress in the digitally led marketplace. This has led to an amazing performance which is a record in our history.

Looking ahead, despite the volatile macroeconomic environment, we are very confident in our ability to further build on to the progress made so far and continue to drive a strong top and bottom line growth. This is possible by our incredible teams who come together to connect closer to the consumer than any time before.

I am delighted to inform you that our Q1 revenues grew by 21% quarter on quarter and 167% year on year. Volume grew by 26% quarter on quarter and 150% year on year. As of June end, we are present in 1,13,715 MBOs; 1,144 EBOs; and 3,026 plus LFS. And our capacity expansion is continuing to grow. It is heartening to note that our supply chain is very much back on track despite witnessing major demand shifts.

During the quarter, we faced a very high inflationary trend which impacted nearly all the costs including the price of cotton, packaging, fuel, and the logistics. However, the company was able to partially reverse these trends and was able to hold on to the margins, which was due to the calibrated pricing action and of course backed by strong budget and expense control measures and optimum use of inventories. The mix of being aggressive to conquer the marketplace with financial conservatism has helped us to achieve the results which we achieved during the quarter. Our expansion plans are very much in line with the accelerated sales growth trends that we are seeing in the marketplace. And this is also supplemented by strengthening our relationship with our valued supply chain partners.

We will continue to have our undivided attention on our growing categories, namely athleisure, the men's business, and juniors. Similarly, our retail expansion will also have equal focus for Tier-3 and Tier-4 as we have our metros Tier-1 and Tier-2.

I am also happy to inform that our Speedo business is back on track and the revenue numbers are very much in line with our budget estimates.

Let me take this opportunity to thank on your behalf the 28,000+ associates for giving us the best ever quarter in our history and congratulate them, along with you, for crossing the 200 crores PAT for the quarter. This is again a record in Page's history.

I am also joined by Mr. Gagan Sehgal, our COO, who will be more than happy to answer any questions that you may have in this domain. Thank you once again for joining and I now would request our CFO Mr. Chandrasekar to give you further insights on our Q1 financial performance.

K. Chandrasekar: Good evening, everyone. Thanks for being on the call. The Q1 revenues were Rs. 13,413 million compared with the year on year which was Rs. 5,015 million. Most of you would have seen the numbers on the earnings presentation. It was a growth of about 167% year on year, but it's also importantly a growth of 21**%** quarter on quarter. The EBITDA is Rs. 2,978 million, compares with only Rs. 342 million year on year, a growth of 771% and in the previous quarter Q4, it was Rs. 2,671 million, again a growth of 11%. EBITDA margins are good, 22.2% compared with 6.8% year on year and 24% quarter on quarter. The PAT also Rs. 2,070 million compares with Rs. 109 million year on year, a growth of 1791% and quarter on quarter which is Q4 of FY22, it was Rs. 1,905 million, a growth of 9%.

The PAT margins are 15.4% compared with only 2.2% year on year and quarter on quarter, it was 17.1%. The gross margins were 39.4% which compares with 34%. The cash equivalents have also been good, Rs. 3,144 million compared with Rs. 2,835 million in Q4. The net working capital has gone up to Rs. 7,312 million against Rs. 6,317 million in Q4.

The inventory primarily has gone to Rs. 11,204 million. It compares with Rs. 9,749 million. Those of you who have been observing, we are gradually building up good quality inventory over the quarters. I am glad to report that. A good number, the best ever as MD was saying.

Let us go to the Q&A session please.

Moderator: Ladies and gentlemen, we will now begin the question & answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Tejash Shah from Spark Capital. Please go ahead.

Tejash Shah: A couple of questions; first on demand. Overall, looks a very robust quarter. But if you have to slice and dice demand in terms of rural, urban, and even Tier-2, Tier-3 centers versus urban, how the pricing absorptions have been relatively in all the markets?

V. S. Ganesh: Mr. Shah, the traction was equal across metros, Tier-1, Tier-2, 3, and 4. As you know, we look at our own PG that is a group which belongs to a particular income bracket. They just happen to be in the rural or Tier-3 or Tier-4. So, there has been no letdown as far as demand is concerned. In fact, we are seeing a high level of premiumization happening and we see many of our consumers moving away from more basic products to more premium products, and we are taking a lot of action on the supply chain side to meet those growing demands. And actually, we are seeing that demand shift happening.

Tejash Shah: Sir, this is very interesting and very unique also in some form because most of the consumer companies from FMCG to even value retailers have struggled this quarter in Tier-2 and rural centers, and we seem to be doing very well there. Any further consumer insights that why…. You mentioned that there is a premiumization, but if a consumer is not able to premiumize, let us say, in basic FMCG products with low price points, what is working for us? I am asking for a very sector level or category level insight if you can share.

V. S. Ganesh: Mr. Shah, I can see two things. I think the growth is also, thanks to the rapid retail expansion which we had in the last few quarters, it is bearing fruits now. That is definitely there. And second is, I need to thank our product development team. They have come with some very exciting products which our loyal consumers have no choice but to upgrade themselves to because they are so so good. At the price points at which we have placed those products, it is very very difficult to say no to those products.

Tejash Shah: The consumer personally can watch for that one. Moving on, on the second question, if we see 3-year CAGR, for a 17% earning CAGR, EBITDA has also remained in the same CAGR only. Is it by choice that operating leverage doesn't show up in numbers because we reinvest or there was any one-off or any other pressure that didn't allow operating leverage to surface in this quarter?

V. S. Ganesh: Mr. Shah, in a way I can say we regulate our EBITDA. We always maintained it at 21%. And we pass on the benefits to our consumers. And by doing that, it has helped us to be a value for money brand. We calibrate our MRP price increase to be in this zone.

Tejash Shah: In fact, even in your opening remarks, you mentioned that we are closer to the consumer so

never before. If you can elaborate a bit on that one.

V. S. Ganesh: The retail expansion which has happened is tremendous. In fact, the kind of expansion which we have witnessed in the last 1 year is something we had done, it took 4 years in the past to achieve those kind of numbers. So, I can say the acceleration is 4x when it comes to the MBO expansion and the EBOs have also grown. We have also strengthened our teams on the ground that has enabled much better engagement. And there has been quite a lot of IT intervention which has enabled us to connect much better. We are also making sure that even with our partners, we have now joint business plans being worked out with them, the ARS has been worked out very closely with them. So, the engagement levels have gone up with all these enablers in place. This has really helped us to feel the pulse of the market and being relevant in the market when it comes to the supplies.

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

Nihal Mahesh Jham: A couple of questions from my side, sir. First was that what is the kind of price hike we have taken this quarter post the 5% hike we have taken in December?

V. S. Ganesh: Nihal, you are right. We have taken around 3.5% to 4.5% price hike, which was in line with the input cost pressures which the industry was facing.

Nihal Mahesh Jham: But looking at how cotton which is our main product has moved and then despite the recent correction, there has been a much higher increase than maybe what this 3.5% to 4% could have taken care of. Just to understand that is there any change in terms of the mix of the raw materials we use or any of the other aspects you want to highlight in terms of how we managed to take care of the inflation?

V. S. Ganesh: We have not changed any mix because we are obsessed with quality and we don't want to tweak that for cutting cost. That will be the last thing as a brand we would be doing because we have utmost respect for our consumers and we actually don't want to change the recipe with which they are comfortable with. So, I would rather thank the finance team and our execution teams for showing tremendous financial discipline. I will rather say the robust financial conservatism which we have has helped us. We can see that many of our costs are well under control. I should also thank KC and team for this. And along with that is also the efficient use of inventory which has helped us. And we have also been sweating our assets much better. As we told you in the last investor call, we are now working on shifts, and in fact, we increased our capacity by 46% by introducing shift operation. This has helped us to absorb the overheads much better because we have started sweating the assets much better than before. All these 3 things have helped us to continue to be value for money. Despite all these input pressures, we have been able to contain the price hike to 3.5% to 4.5%.

Nihal Mahesh Jham: I know we don't break our business between athleisure, men's and women's anymore If you had to compare to pre-COVID quarter of Q1 versus now, is it possible just to give a sense of how these parts have moved? And also, we would be interested in knowing how different your channel mix is given that there is strong surge in the EBO areas also that have opened over the last year for year.

V. S. Ganesh: Yes, Nihal, you are right. We don't give those breakups. But just to give you a perspective, the athleisure has performed much better than what we thought. When the back-to-office started, we thought the athleisure traction will come down, but to our surprise, it has grown. Every category has grown. Athleisure category has also grown. For our consumers, I think it was a discovery during the pandemic that we have amazing products at the right price and I think we were able to get more consumers into our base, and therefore, the trajectory continues to improve.

Nihal Mahesh Jham: And among the channels, between EBOs and the general channel, how is that mix changed say versus pre-COVID?

V. S. Ganesh: I am sorry, I won't be able to give you the breakup, but I can tell you the mix continues to be the same. The only area where I can see a good increase is in the e-com side where the business has moved from 3% of our revenue to around 8.5% compared to the previous years. During the pandemic, it was around 9% to 10%. Now it is around 8.5%. I think it will continue to be in that zone.

And between the modern trade and MBOs, the mix continues to be as before.

Moderator: The next question is from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Sir, I would like to understand the progress on kids junior. You had earlier mentioned that there are around 100 sales force which is deployed in kids junior. What is the progress in that segment today and where is our penetration with respect to our targets?

Gagan Sehgal: We are seeing a very healthy growth in juniors. In fact, we had merged our juniors business with the women innerwear business almost a year back. And that is really helping us because the number of touchpoints and the number of MBOs in the women innerwear were definitely far more than juniors at that point of time. And with both the teams getting merged, we have a larger workforce on the ground and every single outlet which sells women innerwear, we are tapping them for Juniors, which is giving us a very healthy growth. Because obviously, when the mother comes to buy for herself, she will buy for the kid also. Keeping that in mind, we are very satisfied against the target when it comes to our growth in juniors.

Prerna Jhunjhunwala: Sir, you used to talk about the penetration levels in men and women. Could you please highlight the same for kids as well? And where are we on men's and women as well on penetration? Because, we have expanded on rural also now and that would have improved our penetration levels overall.

Gagan Sehgal: As per the data that we have from BCG, our penetration level in men and overall in innerwear is around anywhere between 18% to 20% as of now. When it comes to athleisure and all, it is around 7% to 8%. Juniors is also around that much as of now. But we see a lot of scope in the future for us to grow, keeping in mind the number of touchpoints that we have grown. And while we are opening more and more MBOs, we are trying to tap the existing MBOs to sell the junior as range selling. That is what we are focusing on. So, we definitely see a lot of scope for future growth in the years to come in the junior business.

Prerna Jhunjhunwala: My second question is on the overall growth in EBO and MBO strategy. Now that you are focusing on beyond Tier-2 geographical mix, where are we in terms of targets? I understand that you would have mapped the cities or the towns that you want to eventually be present in. Where we have reached in terms of those targets? Just trying to understand the penetration in the Tier-3, Tier-4, 5 cities and the progress on the same?

Gagan Sehgal: Ma'am, in the last 2 years during pandemic, we have grown from 65,000 MBOs to around 1,15,000 MBOs right now. The strategy was obviously keeping in mind both metros as well as Tier-3 and Tier-4s. And our growth in number of MBOs has been almost equal, similar when it comes to Tier-3 and Tier-4 as well. The whole idea was to keep in mind to map those towns and cities where we see potential, where we see our consumers, but our reach definitely had to grow there. Keeping that in mind, we had a sniper approach and keeping in mind every city and every town and also where we were represented by a certain MBO but maybe it was only men innerwear and we needed to add more categories. We went ahead in a very scientific manner. And we are very satisfied with the growth that we have grown in the last 2 years when it comes to the number of outlets. Having said that, we definitely have a game plan in mind for future as well and we will continue to grow because we see opportunities staring at us even now. But at the same time, as we have grown the number of MBOs, we are also nurturing those MBOs for all categories. There is a large chunk of, in fact, MBOs in this quarter 1 itself, where almost 13,000 plus outlets where we have done range selling, which are existing outlets but we have added new range, which we call doors within doors.

We have our plan completely chalked out in terms of where we want to be present and how we want to be present without disturbing the existing outlets. It is all done in a very very planned manner with geo-tagging and all, if that answers your question.

Prerna Jhunjhunwala: Yes, to some extent. Last question is primary versus secondary sales. Because we are expanding our primary network as well, if you could give some color on secondary sales growth versus primary sales growth.

Gagan Sehgal: Ma'am, in this quarter as well as in the last 2 years also, we have seen that our primary and secondary sales are absolutely hand in hand. There is no inventory buildup when it comes at the distributor points or at the retail point. So, the primary and secondary are absolutely mirroring each other. We are very happy with that because the major focus is on secondary, especially with the ARS in mind and all the distributors mostly being on ARS. So, the focus is on secondary and what is sold to the retailer is what gets billed to the distributor through ARS. We are very happy. It is absolutely the same growth when it comes to the secondary.

Prerna Jhunjhunwala: That's fantastic. So, ARS is implemented across categories now or is it….?

Gagan Sehgal: More or less men innerwear almost 80% plus is on ARS and other categories also a significant part of the business is on ARS.

Moderator: The next question is from the line of Aniket Sethi from ICICI Securities. Please go ahead.

Aniket Sethi: On the employee side, there is also a comment in the press release. Can you discuss some of the areas you are now investing in? Is it something on the corporate side or some specific channels or segments you are increasing your investments? And will increasing or rather the intent to increase your penetration in lower-Tier-cities also requires some investments from the employee side or you are more largely covered for it?

V. S. Ganesh: Mr. Sethi, yes, there is a proportionate increase in our sales force as we penetrate and that also gives corresponding top line. It is based on the plan which we have. We have obviously increased the number of people on the ground in line with the expansion which we had on the retail, and the below-the-line marketing expenses are also being in line with the expansions which we are having. We do have a strong budget process in place so that we are ready with all the resources for us to meet this growing expansion which is happening at a pretty rapid pace. We have robust systems and processes in place to manage this.

Aniket Sethi: Sir, please correct me if I am wrong. What I understand on the junior side, initially when you started, the initial pilots were having the junior assortment within the women outlet. And after probably the initial good amount of success, we decided to operate through different channels. And now, we are kind of pivoting back to the earlier things. What are some of the learnings? What are some of the tweaks we are doing this time around?

V. S. Ganesh: No major tweak. Actually, juniors is merged with women's so that we get that efficiency right from distribution to ensuring that the relationships with the retail partners are in good hands and we can also have more resources to concentrate on these businesses. As you know, most of the time, 8 out of 10 times, it's the lady of the house who buys for the children. That was the whole reason why we wanted to have this dovetailing which has worked beautifully. It is showing results.

Juniors as a brand, we were always cautiously aggressive. We were testing the market, and we were trying to feel the pulse of the consumer because we wanted to come with offerings which were relevant to our consumers. So, we did decide to take our time on that and now we have got very exciting products to offer to our consumers and that has shown a tremendous top line growth in this category.

Aniket Sethi: In the last couple of years or at least let us say 3-4 years if we see – not just in athleisure but anecdotally – it feels that the pace of new launches has picked up really well and probably a lot of the premiumization is coming on that front. What is the strategy out here? And if you could also share, let us say in terms of do you have some target number of SKUs you want to operate? Or how do you manage the strategy of new launches and rationalizing the tail end of the SKUs?

V. S. Ganesh: When you said we have rapidly expanded or come out with enrichment of the categories, according to us, I think we were a bit slow. Because of the pandemic, we didn't want to go all out. Actually, we were regulating it because the business environment was not all that conducive to come with new and new products. Even from a supply chain point of view, we didn't want to add complexity. It was so challenging for us at that time.

I am happy to hear, despite that you feel that we have done a good job, which is very encouraging to hear. But there is much more to come. And it is something which is done with a lot of thought. We don't enrich or add products to achieve some numbers. We look at the need. We look at each category, the products which are there for the offering, the gaps which are there and therefore what we need to do to fill those gaps in. It is a measured, studied intervention which we have rather than just adding more and more styles and complexities to the business. That is what we have been doing.

As you know, we have also added new and newer categories which is also giving us scope. As I told you, juniors is something where we have actually been coming with more products because we started off late and bras is one area where in the country itself it is in the nascent stage. We have this advantage of having the knowledge about the consumer and the technology and we are leveraging that. And these are spaces where there are huge product gaps which we are trying to fill and there is much more we need to do.

Aniket Sethi: If I can just squeeze one last question in, on the Tier-3 and Tier-4 cities, probably what some of the other retail companies tried to do is, let us say, the brand penetration can happen using the LFS format and after that if the resonance is established, you expand through EBOs. So, just wanted to understand where are we in that cycle? How well are our EBOs established? Or right now, the LFS thing is done and we want to expand more through our retail network? If you could just broadly discuss that.

V. S. Ganesh: Tier 3 and Tier-4, as I told you before, we are not looking at a specific product category for those tiers because the consumer is aspirational and his desire for our products across categories and range remains the same irrespective of being metro or Tier-3 or Tier-4. So, we don't have a curated product range for those markets. When we look at even e-com, when we see the kind of bill cuts which we are having from these cities, it is as good as metro or Tier-1, Tier-2. That, kind of, reinforces that we are going the right way.

When it comes to EBOs which you were talking about or modern trade, yes, the smart cities have room for it. Obviously, the EBO size and visual merchandising will be in line with the velocity of sales, which we can achieve there. We will be having the right format there when it comes to EBOs.

Aniket Sethi: Right now, the expansion is more MBOs and LFS side in the Tier-3 and Tier-4 markets. Is that understanding right?

V. S. Ganesh: No, it is happening in both places, even EBOs. We exited March with 1,144 EBOs. That means we need to have a presence in Tier-2 cities as well. It can't be just metros and Tier-1. We map it PIN code-wise, look at the possibilities, and we make sure our franchisee partner turns around within 6 months. Only if we are confident about that, we allow them to invest in the business.

Moderator: The next question is from the line of Madhu from Canara HSBC. Please go ahead.

Madhu: Some of the direct-to-consumer (D2C) brands usually in the e-commerce channel, how do you see that impact maybe over a 2- to 3-year perspective? Because though they are still relatively new, they might have a target audience for that.

V. S. Ganesh: Of course, they do have a target audience and this is the emerging market. Jockey also has a very young customer base and they will also be looking at that. Page believes that offense is the best defense. We are looking at ourselves as if we were only a D2C brand, how we could play and act differently if we are a D2C brand. We have a team which works with the top line and bottom line focus on D2C. They work like a profit center and they come with interventions required. We have made sure that they work independently so that they think like a D2C brand, like a startup company. This is what is happening. Today, our e-com team and everybody is merged with D2C and that is what we have done. We are leaving no stone unturned as regards availability is concerned, visibility, the presentability when it comes to content and cataloging, the buying experience. And we have also done quite a lot of work as regards to tech upgradation is concerned. Worked on also better product discoverability. Operations also, in fact, we have even dedicated warehouses to cater to this and they work how a D2C warehouse works. We don't combine them with our distribution warehouses. Quite a lot of work has happened including strengthening the technical skills. We are very serious about it. And you can say we have a brand within our brand when it comes to D2C and we consider this like a startup.

Madhu: Sir, you said that you are using the shifts to increase the capacity. Any regulatory issues there? How much more potential is there for improvement in utilization through the shifts?

V. S. Ganesh: Absolutely, no regulatory issues. We follow the labor code. What we do is we make sure all operators are given transport. We have security officers in every bus. Their working hours are respected. Shift work is allowed in the industry. In fact, today there are regulations even to allow 3 shifts. We are not going to that extent. Theoretically, between you and me, we can actually double the capacity. But we are not looking at that because we may not kind of get the manpower. We are looking at around 1.4x which we almost achieved and we may stop there because going beyond that may be too much for us to manage. This helped us during the pandemic because even while we were working at the full capacity, we were able to have the social distancing. But with the manpower availability and potential, we may stop at 1.4x of what it used to be because we don't want to operate our business at long distance and cause inconvenience to associates. We don't want them to travel a long distance.

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

Ankit Kedia: Sir, 3 questions from my side. First is on the EBOs. Sir, in last 7 years, women dedicated EBOs we are still sub-50, while Jockey Juniors in last 2 years, we have scaled it up to 70 plus. What is the challenge we are facing in women dedicated EBOs compared to Jockey Juniors?

V. S. Ganesh: Mr. Ankit, I don't see a challenge. It is more need based. What happens is, if there is a potential area where we already have an EBO, but the footprint, the square feet, is not good enough, then that warrants exclusive women's EBO. That is where we do that. Otherwise, we always look at one destination for the family to shop if they can come in where the men's, women's, they can all shop. Standalone women EBO is mostly because of some constraints which we might have had in pockets. As a strategy, we never are looking at a women alone EBO so far. It is based on the location. What we believe is in having a house of Jockey where the whole family can come in and have their shopping experience.

Ankit Kedia: What is prompting us to open Jockey Juniors? From a size perspective, from an SKU perspective, what is the minimum SKUs needed to put in the EBO from a Jockey Junior….?

Because it is for kids, you also need to refresh inventory. You don't expect the same kid to wear the same design year after year. Compared to men and women, it would be very different. From that, what are we doing on the inventory side? And how big is the Jockey Juniors' EBO on an average?

V. S. Ganesh: If you are looking at the footprint, it is around 200 to 300 square feet is what we may need to do justice to the product assortment which we have today to do justice to the category. Ankit, were you talking about standalone Juniors' EBOs or I am a bit confused?

Ankit Kedia: Yes, sir, standalone Junior EBOs.

V. S. Ganesh: Standalone Junior EBOs are usually adjacent to a Jockey EBO. It is attached to it so that it again becomes a house of Jockey. It is not far away. Of course, if there is some space constraint, it may be 1 or 2 shops away, not much distant. That is how we always try to position ourselves. This helps us to also give better awareness when you have standalone. That is where we have strategically located some of the stores, which helps us to have those signages. And visually it is one store adjacent to a house of Jockey so that awareness that Jockey offers Juniors that can be communicated. And it's usually the same franchisee so that they see the profitability as a whole. We don't have Junior's exclusive franchise.

Ankit Kedia: Sir, my second question is regarding the royalty which we pay to the parent. What is the R&D now given the new product launches we have done, new category launches like masks, handkerchiefs in the last 2 years? What are the other categories which the parent has where you feel the Indian market is not mature enough currently, but in next 2 to 3 years, you could bring them to the India market?

V. S. Ganesh: I see there is further scope for enriching our existing categories, especially categories like athleisure, I think this is something which has come up. The awareness among the consumers has come up recently and there are much more offerings we can do. When we talk about athleisure, we are talking about activewear, work leisure, casual athleisure, sleepwear, and loungewear. In the innerwear side, again, premium products is something…. Today, as I told you in the beginning, our consumers seem to be preferring it and the premiumization is happening. And that is one area where we can add value to the product categories. Bras is another area where, as I told you, there is a huge gap if you see what has been offered across the globe and what India has to offer. This is one area where we are working very very seriously. We know the gaps there and we are one brand who can be the best brand in the nation and that we are working towards that. Along with that, as you can see, our accessories are doing very well. We have been there with socks for a long time. It has done well. Our towels, handkerchiefs, caps, they have shown so much traction. Almost all years, the growth has beaten our plans and there is much more room to grow in these categories.

Ankit Kedia: Sir, my last question is on your capacity. In your annual report, you have alluded to multiple back-end capacity expansion plans as from an export substitute for domestic manufacturing as well as for socks and others. Now, post this and with the new Orissa plant coming in, do you think that for the next 2 years, the capacity expansion is done with or we still feel some need gap for capacity post the current expansion we have?

V. S. Ganesh: No, I think we need to claw back part of a generation back to the business to keep growing because the kind of growth we are planning is so accelerated that we need to claw back some of the money to grow or expand capacities. And we do have those plans in place because we are looking at ambitious accelerated growth in the coming years. We see the potential. And we are going to go all out in achieving those growth plans. We have a 5-year plan in place. And our expansions are happening in line with it. As you know, expansions take time. Finding land, building, and then recruitments and building capacities take time. So, we should always be ahead of the curve and that's what we are doing.

Moderator: The next question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: Three questions from my side. First of all, just a clarification. Volume growth, I think you mentioned is 150% YoY and a 26% QoQ. If I do the math, I am getting a 40% QoQ on a 150% YoY. So, basically 65 million is what I am getting for the volume this quarter.

K. Chandrasekar: 63 million is the volume for this quarter and 25.2 million was the last year Q1 volume and the Q4 volume was 50 million.

Sameer Gupta: And your thoughts, sir. This is more of a strategy question that I have. We are already a Rs. 4,000-crore company in turnover and which is largely a single brand company. I understand that we have our modes, the brand Jockey has its own right to win in segments, but there is a philosophy that one brand cannot stand for everything for everybody. In this light, when do we seriously start looking at diversifying into other brands? We already have a great experience of distribution and running a franchisee with Jockey. Speedo is very small and has its own challenges in scaling up. Your thoughts on this, sir.

V. S. Ganesh: Well, as Gagan told during the initial clarifications which he gave, we are in the teens when it comes to market penetration in the men's innerwear and we are in single digits in other categories. Overall, if we look at it, maybe we have 12% kind of market share. So, there is so much headroom for us to grow. And if you see the product range how it has moved over time, even if you look at our innerwear 3 years back and today, it has transformed and that's the speed at which it is happening. There is so much to do and there is so much to grow. Along with that is the growth in the economy. The target group is also growing at 10.5% year on year. So, if we grow at 10.5% year on year, we are just maintaining the position. We are not penetrating further. And the last thing we can do is to distract ourselves by trying to do too many things. We believe we should try and do what we are good at and there is scope for…. Theoretically, we can double the business in a year. It is the execution which matters. When you are in that kind of a zone, I think we should be looking at what is working well because we also need to have that bandwidth to manage and I think this is the best thing to do. There are also more product or category adjacencies which we can continue to search. We have been discovering more and more. As the consumers' appetite for the product changes, we will discover more and more categories there.

As you can see what is happening in our accessory side, what it was 5 years back and today if you see, it has completely changed. This will continue to be there. That is how we see it. Since we have a long way to go, we are not trying to distract ourselves with other thoughts and be at it.

And Jockey, as a brand, loves to associate with us. They have so much trust. In fact, they extended our license to 2040. It was for 2030. Even before the expiry of that, they have already extended it until 2040. That's the kind of confidence they have in us. We work as a closely knit team in that sense with full trust and relationship and partnership amongst the Jockey International and us. I don't see anything stopping us. We also have quite a lot to do on the Speedo side. If at all we need to look at, we will rather focus on that and it is showing so much traction of late. We will continue to nurture that business.

Sameer Gupta: That was a wonderful explanation. Just to point that probably we are the largest apparel brand in the country if you look at just the turnover. Anyways, I will move on to the next question. Our CapEx plan, sir, any number that we can give on a guidance 2-year, 3-year time frame?

K. Chandrasekar: We have an immediate plan of about Rs. 450 crores plus coming up in FY23, which includes investing in Odisha's expansion as well as in the digital technology roadmap for which we have S/4HANA coming up implementation and also several other initiatives for the front end and back end. Going forward, the CAPEX would be a function of the capacity that we need. Hopefully, we will need more capacity typically in the region of Rs. 200 crores to Rs. 250 crores year on year at least.

Sameer Gupta: Rs. 450 crores for FY23. Okay.

V. S. Ganesh: Sameer, just to further elaborate on what Mr. KC said, it's around Rs. 450 crores for this year. But if you look at it historically, it has been Rs. 200 crores to Rs. 250 crores. If you see, our expansion has been 3-pronged. One is quite a lot on capacity building which is in line with the business plan. Second has been on modernization. And the third intervention has been on the IT side of it, where quite a lot of automation has been happening. So, we always have been finding a nice balance between all the three. We are just not adding machines. We are trying to make the whole system work much more efficiently through all the IT interventions, as Mr. Chandrasekar said. Be it the Blue Yonder for the supply chain planning, the sales force have in their palms all the information which they need. All these interventions, assortment planning…. We have been working quite a lot on all these fronts. If this trajectory continues, we may have accelerated spends on these so that we can continue to grow at a faster pace.

Moderator: The next question is from the line of Bharat Kothari, an individual investor. Please go ahead.

Bharat Kothari: I have a couple of questions. First one is, how do we see the cotton price impact going forward on our margins? And the second one is, may I know if you have any idea why promoter is constantly selling our shares for our company even after so great performance? Might be there is some personal reason, but if you can give if it is anything related to…. any hint or something like that, that will be great. This is already 46%, if I remember correctly. When initially I was holding it, it was more than 65%. So, just trying to understand that part. And the third question if I can squeeze might be, what is your, let us say, 5-year target of revenue?

V. S. Ganesh: The promoters had a slight dilution of stake and as you know the promoters have full control over affairs of the company. And of course, as you again rightly pointed out, most of the dilutions are need based and based on their needs. But if you overall look at it, it is only a slight dilution which has happened in the recent past.

On the cotton price, actually, there were some corrections which happened in the recent past. But the last 1 week, again, we are seeing volatility. So, it's a bit unpredictable. When we do our budget, we do a conservative budget. So, we have taken care of it, and we feel by October-November, the prices may come down because of the new crops coming in and looking at the overall demand supply situation because there's a lot of stock available and the demand is softening because everybody has built strategic stocks. So, we presume there will be a good correction by October-November. So, we are continuously keeping a close watch on this. But as far as our business is concerned, we have taken care of all these volatility when we have done our budgeting. And when we recently had a price intervention, we kept all those dynamics in mind. There is nothing to worry for us unless there are some drastic changes happening in the marketplace.

Moderator: That was the last question in the queue. I now hand the conference over to Mr. Chandrasekar, CFO of Page Industries Limited, for closing comments.

K. Chandrasekar: It was a very intellective conference call for me, and your support and all the questions have been very good. And it is always a pleasure to get a new insight both from the market and investment community every time. And we have continued to improve, not just in the business, but also in the way we get insight into several aspects of how we have perceived and we really value the opinion of all of you. It is a pleasure to be with you once again and we look forward to the further interaction on the next call. Thanks a lot. Have a very good day.

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