



February 17, 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: Transcript of Investor call

We herewith enclosed the transcript of investors call for the financial results for the Quarter ending 31st December 2020.

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 Q3 FY21 Earnings Conference Call”

February 10, 2021

MANAGEMENT: MR. VEDJI TICKU – CEO & ED
MR. K. CHANDRASEKAR – CHIEF FINANCIAL OFFICER
MODERATOR: MR. AKHIL PAREKH – ELARA SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to the Page Industries Q3 FY21 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder all participant lines will be in the listen-only mode. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akhil Parekh from Elara Securities. Thank you, and over to you, sir.

Akhil Parekh: Thanks, Zaid. On behalf of Elara Securities, I would like to welcome you all for 3Q FY21 conference call for Page Industries. From management side, we have with us Mr. Vedji Ticku, CEO, ED; and Mr. Chandrasekar, Chief Financial Officer. I would like to congratulate the entire team of Page Industries for showing a strong set of numbers. I will not take much time and hand over the call to Mr. Vedji Ticku. Over to you, sir, for opening remarks, post which we’ll open the call for a Q&A session.

Vedji Ticku: Yes. Thanks, Akhil. Welcome to the Q3 business update. Our revenues for the Q3 financial year 21 grew by 17% year-on-year and 25% sequentially quarter-on-quarter, aided by a very strong festive demand and of course, the gradual lifting of lockdown. The lockdown also helped us increase the footfall in our stores. Business has recovered well, and we have grown over the previous year. Our volume in the same period grew by 10% year-on-year and 22% sequentially. On the retail store front, more than 95% of our MBOs, multi-brand outlets, are functional now. All our EBOs, 100% of them are open and more than 93% of our large-format stores have also reopened. E-commerce continues to be robust during this time.

Our manufacturing and warehousing facilities have returned to complete normalcy. Our outlook for the market, the sales trends have been on an increasing trend since August and continues into quarter three as well. So we have seen a growth trend through month-on-month, starting the month of August until December end and it continues. Our branding efforts continue through multiple channels, including online media and continued focus on our point of sales, which we have done extremely well on that side during the financial year because we felt that focus on the point of sale was very important during this year. Our kids wear business continues to be the special focus, as you are all aware. And it has shown a very encouraging customer acceptance and feedback. We now have 28 EBOs, which are exclusive brand outlets, that are exclusive for our junior business. We now also have 192 Jockey Juniors specific channel partners across 174 cities, managed by a strong sales team of 150 people.

We continue to expand our depth within the existing market geographies as well as strengthening distribution in markets, which are witnessing expansion of mature retail formats. Jockey is present throughout India in +2,890 cities and towns. We see a great potential in the rural Tier-3 and 4 cities as well. We are strengthening our distribution network in a phased manner in these markets, which have a good potential and opportunity going forward. We will continue our focused approach on our core businesses, which is the men’s innerwear, women’s innerwear, athlete wear for both men and women, socks and towels. And we are quite confident of

maintaining growth going forward. So now with that, I would request Mr. Chandrasekar to update you with the financials.

K. Chandrasekar:

Good evening, everyone, and welcome to the Q3 FY21 earnings call for Page Industries. As you have seen the numbers, there is a volume growth by about 10% in Q3, the revenues are 9271 million and the revenues have grown by about 17% compared to the same period last year. The 9 month revenues are 19,522 million this is down by about 19% year-on-year, due to the impact of a weak Q1. The EBITDA margins have been healthy at 24%, it compares with 22% in the Q2 of this year and 17.5% in Q3 of the previous year. We have brought in a number of OPEX controls and we were very frugal in this year, starting with Q1 on engagement of labor with some of the discretionary spend in OPEX for advertisement and so on. That is the main reason, apart from the very healthy top line for the EBITDA margins at this quarter.

Our Q3 PAT is up by 39% quarter-on-quarter and by 77% year-on-year. So we have achieved an all-time high revenue this quarter in history of 9,271 million and a PAT of 1537 million. The PAT margin is at 17%, the nine month PAT is 2,250 million, which is about 28% below last year. We have put in place a number of controls on working capital, budget controls and so on. So the cash and cash equivalent increased this quarter by about 23% to 4,941 million and this has come about by better management of inventories and among other things. The net working capital though has increased to 5,518 million, it was 4,579 million in March 2020. The inventory has reduced, but then the cash equivalent is up by almost 3,770 million. There is also an increase in payables because of increasing volumes of business. So it has been a pretty good quarter and reaffirmation of all that we have the processes and practices that we have put in place over the past several years, including this year.

So thank you very much, we can get on to the Q&A, please.

Moderator:

Thank you very much Mr. Chandrasekar. Ladies and gentlemen we will now begin the question-and-answer session. The first question is from the line of Bhargav Buddhadev from Kotak Mutual Fund. Please go ahead.

Bhargav Buddhadev:

Sir, my first question is on the raw material inflation that we are seeing that yarn prices are sort of going up. So in terms of our pricing, have you taken any pricing actions to pass on those yarn prices?

Vedji Ticku:

So Bhargav, if you remember in the last meeting, I had emphasized on this, there is a tendency of the yarn prices going up towards the end of the calendar year because that's the end of the crop season and then by the time the new crop comes somewhere around Feb, the prices start to come down again. Having said that, yes, the price increases have been slightly more than the average of what we have witnessed in the previous years. But it's completely in our control and we have budgeted this increase in our overall budgets.

Bhargav Buddhadev:

Okay. So we have taken price hikes to sort of pass on this inflation, is that understanding correct or?

- Vedji Ticku:** We had taken some correction in August last year, if you remember. We have taken into consideration this increase as well. And need be, once we go to the next financial year we generally take one price increase every year. So we'll be looking at all these prices probably in the next couple of months and take an appropriate call with the price increase.
- Bhargav Buddhadev:** Understood. Secondly, sir, our understanding is that in kids, we've already crossed about 150 odd crores, is that understanding correct and essentially, is it fair to say that we are trying to place our kids wear with women MBOs, given that typically women customers are the ones who buy kids clothes as well?
- Vedji Ticku:** Yes, you're right. That is because we also noticed that, as you rightly mentioned, it's generally the mother who buys for the kids. So it makes a lot of sense for us to have Jockey Junior selling from those stores also. We also have many stores which are Jockey Junior stores by themselves which are only for kids. As I also said in my opening remarks, we have 28 EBOs and we have another 20 in the pipeline, which we are working on exclusively for Juniors. We also have pushed ourselves and we have these across 124 cities already. So yes, it's a formidable business going forward. And we are giving it all it requires during these formative years because we know this is going to be a very large business in the next few years.
- Bhargav Buddhadev:** Sir lastly, in terms of our rural penetration, our understanding is that Jockey has come up with a rural bouquet of 5, 6 products, which they have designed for the rural areas, is that understanding correct in order to sort of make inroads in the rural market and these products would be sort of in budget, considering the per capita income over there is lower as compared to the urban areas?
- Vedji Ticku:** Yes, you're right. So basically, we are getting into the Tier-4 at the rural side, we have made a bucket, but it's close to around 30 odd products. So we were doing some pilots during the last six months. And so as I said, in fact it has been, it was also so we had done some early basic, small pilots in the South earlier and now we extend it to North and a few places West. The results have been extremely encouraging and we are taking it very seriously this year. We will soon do what we did for the kids business, we'll be soon having a separate setup for the rural business. That is our endeavor going forward.
- Moderator:** Thank you very much. The next question is from the line of Nihal Jham from Edelweiss. Please go ahead.
- Nihal Jham:** Two questions from my side. Sir, if I look at the history of our performance, ideally there has been very limited seasonality in our business, even if I compare Q2 or Q3 as a performance. So specifically for the performance that we've done this quarter, could you highlight if it's specific to any product segment or any incremental category or even if there was an issue with not enough inventory in the channel that has led to this strong spot. I'll come to my second question after this.
- Vedji Ticku:** So Nihal, a lot of things were done in the last 6 months, because when the markets open up, the demand pattern had changed. Though a lot of requirement was for at-home wear, so in our earlier

plan of this year, we didn't have the contribution of our **athleisure** business was obviously lower than what we have today at this point of time. So there were a lot of things done both at front end and back end. I remember in Q1, a meeting I had said that while even when markets were closed, our team was in touch with all the retailers through phones and we reached out to them, and we were not talking business but working with them if they need some support and help. So that was the kind of connect that we have created even while the markets were closed. Eventually when the markets opened up, there was of course, requirement and demand. So there was a lot of work required to actually manage the supply chain. We did exceedingly well both supply chain across the raw material and then actually producing new products and reaching them to all these outlets across the country through our channel partners. Having said that, coming back to your question, the quarter three, as you know generally there's a surge of requirement for the thermal wear. That definitely helps the business in those three months. So that momentum was even there last year, but I won't say that there was something which was specifically different than last year. It was a clear focus, we also, during this time, opened close to around 4,000 outlets, we have opened 7,000 till date in this financial year and these were the people who were not selling Jockey earlier. So all these things put together, it was a joint effort from across the teams back end, product management team, the supply chain team, distribution, which helped us to actually do these numbers in the quarter three.

Nihal Jham:

That's helpful, sir. Second question, specific to Mr. Chandra, the kind of bifurcation you gave in terms of how your margin is split between contribution, gross and EBITDA. I'm not sure if it's available for earlier quarters. But could you specifically highlight what has led to improvement in each of these three segments as you look at it. I would assume the price hike you've taken in August would be one of the components. But just the fact that whether it is across contribution or gross margin there has been an improvement. So if you could just give a little more detail on that and I'll be done from my side?

K. Chandrasekar:

Thanks, Nihal. Price increase is one of the factors, the material cost has been strong, meaning that it is not a reason for higher contribution but then we have the labor cost absorption which has been better, particularly because of the high sales. Similarly, if you're talking gross margin then the other manufacturing cost, which includes power and other variable costs and manufacturing units as a percentage of sales has been better. So these primarily account for the better gross margins and so also for the contribution.

Nihal Jham:

But I see that the increase is less than commensurate with the increase in the top line. So is it primarily efficiency ?

K. Chandrasekar:

It is, biggest factor is efficiency for example, the labor cost is now 7.8% of revenues in Q3 as against about 8.5% in the same period last year. The manufacturing overheads are about 3.6% as against 4.5% in the same period last year. So better absorption and of course, better efficiencies from the shop floor have led to these strong margins.

Moderator:

Thank you very much. The next question is from the line of Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: My first question was on overall growth, have you seen any difference in the EBO growth that you're clocking in on EBOs versus overall growth and why I'm asking the question is again because you opened a lot of new outlets, was there some extra primary-led restocking in the revenue growth or is this usual trend almost similar to the overall growth?

Vedji Ticku: So Arnab, as I explained to Nihal earlier. This is a very collective effort from a lot of sites which has led to these numbers. We increased the number of stores, the MBOs increased in the first 9 months and we have grown to 7,000 outlets on the MBOs side, which were buying Jockey for the first time. We have added around 18 new EBOs during this time. So that has added to the sales. And of course, the up-sell of the athletic wear business, which has also helped in higher revenues because obviously the ASPs of our athletic wear is almost 2 to 3 times our innerwear. So all these things put together has helped us to arrive at this number.

Arnab Mitra: And just the like-to-like growth in the EBOs, is that also keeping at strong levels, just wanted to check that from a retail off take point of view.

Vedji Ticku: Yes, it is. We have a positive growth on like-to-like as well.

Arnab Mitra: Sir. My last question was on the margin, your historical margin range has been more in the 21% range and this quarter is obviously much higher at 24%. Other expenses have dropped a lot Y-o-Y, other operating expenses. I just wanted a sense of how much of this saving is sustainable. How much do you think are expenses which will come back, would you want to reinvest this additional margin for growth and therefore we should see it more going ahead, your historical range of 21%, 22% rather than this 24%?

K. Chandrasekar: Yes, thanks for that question. The 22% is around the norm that we price post inflation and OPEX and all that, but of course this quarter has been special due to the OPEX controls which are already in place, the volumes have taken off, but then a lot of the discretionary spend has been cut down. But going forward, you will see some of the advertisement returning and we are going to invest again in digital transformation. So all that will be for fueling the growth of this business. This year, we are particularly tight on the OPEX.

Moderator: Thank you very much. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: No, I didn't have any question to ask. I just wanted to make a point that, finally all the many efforts, either in supply chain, product portfolio, distribution team, technology cost factors and increased fire in the belly, finally we are seeing a culmination into a performance that I have come to associate with Page over 11 years. So, very happy to note that. I hope this is not kind of a glorious exception, but hopefully a glimpse of that will remain is kind of an ongoing thing.

Vedji Ticku: Absolutely, Mr. Bharat all the points you raised, that's what we were continuously doing, even when we had very strong headwinds. So all these efforts, we did get some tailwinds for the first time in the last, I would say almost 36 months now. And all these efforts which you very nicely

put across, yes they are there, the efforts I'm sure are going to stay. All we need is some support from the market which we can see now and we are more than sure that this is sustainable, and we will be taking this forward for many quarters and many years going forward.

Moderator: Thank you very much. The next question is from the line of Aditya Soman from Goldman Sachs. Please go ahead.

Aditya Soman: Sir, just two questions. Firstly, while it's a very strong performance, how can we be sure how much of this is pent-up demand, given that if you look at the 9 month performance, we're still down 19% and I'm assuming that for a category like innerwear, the demand is not entirely destroyed. So how much of this is just, any way for us to figure out how much of this is just consumers who missed out in 1Q coming back to shop?

Vedji Ticku: So Aditya, if we had grown by 50% quarter-to-quarter this year, year-on-year this year, then probably I would have to attribute that to pent-up demand. We have grown at 16%, 17%, which we very strongly believe with the kind of headroom we have in this market and the penetration levels of below 20% in that market, which is already catered which I've explained many times in these meetings. So we don't see that because this is the regular demand, which is coming back for sure. And this is something which we are more than sure is a genuine demand, which will continue for many, many years to come because we still have the penetration levels which are suboptimal. And we are just at 20% in the men's innerwear and we talked about 6%, 7% on women's innerwear. And we're talking of around 7% to 8% on the athletic wear business, so definitely not pent-up demand. This is something that the demand has come back, the markets have opened. We have made a lot of efforts in the market by opening new stores through MBOs, EBOs. We have opened the EBOs for even the junior business. That is helping us, the socks business has come back, which was not there earlier in the first quarter for obvious reasons and even in the second quarter, it was quite down. It's come back very nicely in the third quarter. So all these things put together, we are quite confident that this is something which is sustainable and we will go a long way.

Aditya Soman: No, my question was in the context that, until about 2017 you used to do sort of more growth than this literally on every quarter. And then since then, the growth vacillated, but then this quarter, we've seen an escalation, but it comes from the context that, obviously 1Q was a complete write-off, so some consumers from the back who wanted to shop then would have come in once the markets open up. But anyway, the other point, the other question being, how much could you give us a sense of how the athleisure mix has changed, say 3Q this year versus 3Q last year?

Vedji Ticku: We don't share the contribution, but there has been a significant change on our athleisure business. We have a double digit growth at a very high level on the athleisure growth, on the athleisure volume business because that's something which will go a long way for Page. Because that's been the silver lining, I would say of the whole year that there'll be a huge trial of athleisure. And all these people who tried our athleisure for the first time have found a product which is a quality product, value for money and for sure, they're going to stick to this and get

back. We have seen in the past that the stickiness of our brand is very, very high. Once the consumers have used our products, they have definitely come back. So this will be very advantageous to us in the coming financial year. We are after this because the athleisure business is something which is a very, very large contributor. It's almost coming close to our men's business. So that is the kind of contribution in the business, that the athleisure business is showing. So, I hope that answers your question.

Aditya Soman: Fair sir. The reason again, I asked this was just to understand how much the growth would be in men's innerwear or women's innerwear for the quarter.

Vedji Ticku: Yes. We cannot share that data for reasons because of the competitive nature, we have been sort of not sharing it at segment level.

Aditya Soman: All right. But most would be in growth, right?

Vedji Ticku: Yes. Sorry, you mean the athleisure business?

Aditya Soman: No, the men's and women's innerwear, they would have seen growth, right, year-over-year?

Vedji Ticku: So women's innerwear and athleisure are in high double-digit growth. Our men's innerwear is still slightly lower, it's not grown.

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

Avi Mehta: Just two questions for me. One, I want to understand the reason for the increase in commissions this year. Have we increased dealer-level commissions, or is it more to do with mix and sir the other bookkeeping question was that you typically take a price increase in Jan. So, is that something that you're not going to do this time. I'm sorry I missed from your earlier comments, I thought that you're not, you don't feel the need for a price increase. So, I just wanted to clarify that part?

Vedji Ticku: Sorry, what commission are you talking about, I didn't get that?

Aditya Soman: Sir, the rebate information that we give out has that increased this year?

Vedji Ticku: No, absolutely not they are the same.

Avi Mehta: Okay. Probably I picked that up, so I thought maybe?

Vedji Ticku: Yes. Our distribution margins, our channel partner margins they continue to be the same as what they were.

Avi Mehta: Okay. And sir, the price increase split, I just wanted to kind of revisit that comment?

- Vedji Ticku:** So we generally take a price increase depending on the input cost. So currently, we are towered, we don't have any plans to do it immediately, but post this financial is done, we'll be completely looking into it, although we have already budgeted what kind of percentage is being required if it's required. So a call will be taken towards the end of the financial year, 70 whatever we did in last year August it's good enough for us.
- Avi Mehta:** Okay. So what we did in August is enough, so we would not take a typical price increase starting Jan sir or no, there is nothing like that, sir?
- Vedji Ticku:** No, you're right. We used to many years back, it used to be like we used to generally do it in the last quarter every year, but since this was a different year, we have taken some increase in the month of August. Which is good enough for us to sustain this financial year. We'll be looking again if required, towards the end of this financial year for the next financial year.
- Avi Mehta:** Okay. And sir if I may, what's the volume growth number I missed that if you had said that number?
- Vedji Ticku:** It's a 10% volume growth for the quarter.
- Moderator:** Thank you very much. Next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.
- Swagato Ghosh:** Sir, you said you added 7,000 outlets this financial year, can you just share some more color on the nature of these, like where these are mainly situated, like Tier-4 cities or like somewhere else and also the reason why we could not reach these outlets earlier and whether the economics of doing business with these outlets are slightly unattractive for the distributors. And hence, in that case, we as a company do we provide them some support in terms of working capital?
- Vedji Ticku:** So first of all, the 7,000 stores are across the 2,900 cities where we are catering. So if you do the math, it's not a very big number in that sense. We're talking of probably 6, 7, 8 stores or probably 10 stores at max per distribution points. So it's not something which is, and they are out of the city or out of the town. So they were around. So there were many reasons that Jockey was not present there. They could be working with the competition. Probably there was a lot of the size earlier and they have, over a period of time, grown. And the third reason was that this year supply wise, Page was one of the companies which was in a good position to have the suppliers reach the retailers. So all these factors helped us to open these stores and it's a normal thing we add this number of stores almost every year, anything between 5,000 to 7,000. This year yes, we are looking forward to open at least 10,000 stores by the time we closed this year. That was the target we set ourselves and we already have done 7,000. So I'm confident that we will be opening those 10,000 new stores by the end of this year. And there is no additional cost for the distributors, which we need to support them in. So, it's additional business for them.

Swagato Ghosh: Okay, fair enough. And sir, I'm also trying to just reconcile the two comments that you made. One is on the EBO like-to-like growth you said we had a positive growth. But on the men's innerwear, we have not grown. So, I'm just trying to reconcile these two comments.

Vedji Ticku: So men's innerwear is a large chunk of our business. So the athleisure business, as I said is a very high digit, high double-digit growth and EBOs, it has the mix of both. So keeping that in mind, the EBOs have grown the like-for-like growth has been there in the EBOs. And so when I said we've not grown, we are almost there like last year. So it's not that we are negative there. So, it's just largely there and it's largely short of last year on the 9 months, keeping in mind that we had a washout for a quarter. But like-to-like growth on the EBOs is positive.

Swagato Ghosh: Okay. And just for a typical EBO, what is the mix right now, athleisure versus say men's innerwear?

Vedji Ticku: Yes, EBO is close to around 40% odd. Sorry, the athleisure is close to around 40% odd in the EBOs.

Moderator: Thank you very much. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Sir, you spoke about the demand recovery and all, but if you can give some indicative breakup of growth in the quarter between MBO channel versus retail channels like EBOs and LFS.

Vedji Ticku: We have grown in each of these channels this year in terms of value business.

Tejas Shah: Okay. So second, sir, associated question was that, a large part of our network was not available for business for 1H and if we just have to dissect the pent-up demand part from the actual recovery, so the network which was available throughout 1H, are we seeing healthy growth in that channel as well or that network as well?

Vedji Ticku: All our networks were open from quarter two itself, for example our EBOs, were almost 80% open by the time we were in mid-August. The MBOs were slightly on the lower side obviously because there were lockdowns and a lot of areas which had not opened up. We are almost 95% opened now as of quarter three closing. So there was not a specific segment which had not opened and which has opened now. So everything is almost 100% open now.

Tejas Shah: Sure. And sir lastly, if you can give A&P spend growth Y-o-Y for the quarter and nine months?

Vedji Ticku: Yes. So we have taken this cut during this year as compared to previous years. And so whatever was budgeted for this year, we have spent that amount for the year. Our spends used to be somewhere between 4% to 5%, 4% to 4.5%, year-on-year for all these years, which we had obviously cut to almost half this year. And going back to 2021, that should be back to a level depending on the market situation

Moderator: Thank you. Next question is from the line of Jaykumar Doshi from Kotak. Please go ahead.

Jaykumar Doshi: You did talk a little bit about the benefit you saw in athleisure space due to new travels and increasing penetration. How frequent is repeat sales and at what point of time will you get a better understanding of how much of that trials your customers have been sticky, permanent and any quantitative data that you can give in terms of which will help us appreciate the success or how you've benefited better?

Vedji Ticku: So generally, it is between 4 to 6 months, where you are able to see repeat sales of any product in our category. And so yes, if we look at quarter two by the end of quarter three, so we are talking about 4 to 6 months' time. We have seen repeat sales, and there were some of the product lines where we actually were pushing ourselves to keep the supply chain going because the demand was so high. As, I said in the earlier part of my discussion here, we had not as a contribution, when we did the budgeting at the last year for the year 2021, so the budgets were obviously much lower in terms of contribution and it took us by surprise. So we were working overtime to actually have our supplies working for this, which is a very clear indication that there are repeat purchases for our core products, which have been there for many years, but because of this new trials, there is repeat purchase.

Jaykumar Doshi: Can you give us some color in the 9 month period what would have been the growth for this athleisure portfolio. Just as a one-time, I know that you don't break it up on a regular basis, but just?

Vedji Ticku: So as I said earlier, it's a very high digit, high double-digit growth.

Jaykumar Doshi: For 9 months also?

Vedji Ticku: For 9 months also, yes.

Moderator: Thank you. The next question is from the line of Akhil Parekh from Elara Securities. Please go ahead.

Akhil Parekh: Sir, I have two questions, one is have you registered any market share gains in our core business that is men's innerwear for the first 9 months of this year or has the market in general expected?

Vedji Ticku: See, unfortunately, there is no syndicated study on the market size. So as we have been discussing it in the past also, so we have our own method of understanding the market and what our penetration levels are. So we have taken two studies, which were done at various levels and one of them was the BCG report, which helped us to understand the Indian market. Keeping in mind the number of people which are available out there to buy a product like Jockey, so our assumption is, there is 150 million or 15 crore men and women. So obviously, 50%, 50%, 7.5 crores men and 7.5 crores women who are our target audience. So that's what we look at our audience and our understanding is that we have huge headroom. On the men's side, we still have 19% to 20% penetration level and 5% to 6% on the women's side. But that has not changed, it still continues to be the same, given at these numbers, these values. Also from the fact that the market itself is ballooning and growing year-on-year.

- Akhil Parekh:** Sir, the question I was asking, because we are seeing in other categories, where the market shares have moved from smaller/unorganized players to a bigger player. Has that happened in our category as well?
- Vedji Ticku:** That's what I'm saying, it's difficult to say that because there is no market study as such on the market share for our category of business of our industry. So it's more of an estimate, which we make on our own through some other studies which have been done in the past and then we are able to collate these numbers, unfortunately there's no syndicated study on the market share in innerwear industry.
- Akhil Parekh:** Sure. And just one more from my side, the CAPEX guidance for next year?
- K. Chandrasekar:** Yes, thanks. We have some capacity expansion coming up next year. So we will be in the range of around 3,000 million.
- Akhil Parekh:** Okay. So 300 crores for the entire year?
- K. Chandrasekar:** Yes.
- Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset.
- Arpit Shah:** Yes. I just wanted to understand, we just heard a lot of shortages in the urban areas, in the men's underwear, was it due to the growth of athleisure?
- Vedji Ticku:** No, they are two different lines. And they are manufactured at separate places. So it's nothing to do with the growth of athleisure. Yes, as I said, the demand was slightly higher than what we had decided to start with. But by the time we are talking now in the month of January, we are almost there. Our stock days are improving and it's a matter of another one month and we will be at normal levels in terms of our supply chain for men's innerwear. That has been issued for the last two to three months.
- Arpit Shah:** And sir, correct me athleisure revenue contribution and the men's inner wear contribution was the same for this quarter?
- Vedji Ticku:** No, I didn't say that it was same. I said it's almost catching up with the men's innerwear in terms of revenue.
- Arpit Shah:** And given that most of the offices and everything is opening up currently, would you be able to maintain the way for the next year's quarter for athleisure?
- Vedji Ticku:** I very strongly believe, I have been asked this question from probably 15 quarters, and I have repeated that we have all the time to do it right, so I hope we'll be right in the coming quarters as well.
- Arpit Shah:** And what would be the sustainability of this EBITDA margin going forward, around 24%?

- K. Chandrasekar:** EBITDA 24%, but we pitch for around 22% minimum quarter-on-quarter. Sometimes, all the quarters, volumes are not equal, there is a variation in terms of the margin, mainly due to the labor adoption and the overhead absorption. At the same time, the raw material prices do fluctuate as we were inching towards the end of the calendar year the yarn prices look up and then they gradually come down. But on a whole annual basis, it's always maintained 20% EBITDA margins or better.
- Arpit Shah:** And can you throw some light on the rural area products that you are planning up on to?
- Vedji Ticku:** Yes. So as I was explaining earlier, we did some pilots in last 18 months now. So we lost that one quarter in between, which was the first quarter of this year. These pilots were done in the rural side across the zones now Southwest and even one part of East. And the results were very encouraging, so we have chosen a bouquet of products from our large portfolio, which we feel is the right product mix to start with for these small markets. And so we are currently planning to have a strategy, which will be headed by one of our senior managers. And we have a plan that in the year 21-22 we will be pushing the rural side and so I would not be able to share the complete details, but we have some big plans to push us foothold into the rural markets now.
- Moderator:** Thank you. Next question is from the line of Ankit Kedia from PhillipCapital. Please go ahead.
- Ankit Kedia:** Sir, my first question is on the men's innerwear. Did I hear correctly that there was a slight decline in men's innerwear volumes for the quarter, or was it for 9 months?
- Vedji Ticku:** 9 months.
- Ankit Kedia:** And for the quarter, we would have still posted growth?
- Vedji Ticku:** As we said, we generally refrain from answering these questions. So, I would assume it to be 9 months so obviously, there has to be growth in the first quarter because we had a washout in quarter one. This would be almost at par for the nine months year-on-year.
- Ankit Kedia:** Sure. Sir, I heard in the past that for 9 months, obviously we would have seen a decline within that the company level, we have seen a 19% decline. So the number which you said was for quarter three because athleisure would have grown by high double digits?
- Vedji Ticku:** Yes.
- Ankit Kedia:** And sir, going forward next year do you think this growth in athleisure is sustainable or we might see some correction and demand slowdown, wherein your innerwear business takes on growth trajectory?
- Vedji Ticku:** So innerwear and outerwear are two different products and they have two different usages. So there is no way that innerwear we can think of the outerwear or vice versa. The requirement, of both are very different. So, I don't see how that could have an impact on either of them. Coming

back to your other question of sustainability of the growth of athleisure, I would say, definitely, yes because the kind of trials which have been done for this year will really help the cause.

Moderator: Thank you. Next question is from the line of Sameer Gupta from IIFL. Please go ahead.

Sameer Gupta: Most of the questions have been answered. So, I'll probably ask a more strategic kind of a question, sir. So this e-commerce, we have also seen the routes of consumers adopting more of this channel in the COVID times, and this is across categories. But what's your take, like at least in your core urban markets, where the salience of e-commerce is growing and there are so many premium and foreign players now which can enter and access this market, probably they don't need to build the kind of distribution that you have built because of the flexibilities offered by this channel. So do you think of this as a threat, this is more like a thought sharing exercise, sir?

Vedji Ticku: No. I appreciate your thought. It's not that we don't think about this or we don't discuss this internally. See, we also have a very strong e-commerce wing, where we have our own shop, which is jockey.in. And then we sell outright to all the biggies of the e-commerce world. We also sell through marketplace through all these guys. So it's not that we are not available on that side. So, if somebody is going to go to the internet to buy a pair of innerwear or any athleisure products, it's not that we are not available there, we are there. And when it comes to value for money and the pricing of the products, the quality of the products, we are up there. So it's not that somebody else can come from nowhere and produce a product which is much more superior than us, at half the price of us and then take over the market. I don't believe it will work like that. It takes many, many years, it took us 2.5 decades to arrive at this value proposition, create this kind of a quality product. And the aura and the marketing around the brand of so many years, it just doesn't vanish overnight. Then the kind of presence we have offline, which in turn helps the online business as well, because we are talking of attaining 1,000 EBOs very shortly. Probably in another 6 to 8 months, we should be having 1,000 EBOs, which is just second to Bata in the entire apparel and footwear world for a single brand. So that's the kind of reach this brand has while we can look at the e-commerce business. We see that as an opportunity because we are available there, and we have all the products, which we sell offline, available online. And as we explained, we sell through all these players who are selling other brands from web portals.

Moderator: Thank you. Next question is from the line of Ashish Kanodia from AMBIT Capital. Please go ahead.

Ashish Kanodia: Sir, in your opening remarks, you made a comment that there was a month-on-month growth trend since October till December and if I heard it correctly, the trend has continued during the January. So can you confirm that, and second thing is when I look at your men's innerwear and not recovering back to 100%, you already added almost 10% to 12% stores. So that could have also given you some growth, right, so what kind of delay in your recovery in the men's innerwear, given it's more essential in nature?

Vedji Ticku: So, question one yes, I confirm what I said. We had a sequential growth from August month onwards till the end of Q3. But that's been continuously happening. we have grown more than

the previous month as a percentage from August onwards. The second part of your question sorry, I missed out, the second part of the question was?

Ashish Kanodia: Sir, the second part was that we have already also had a 10% to 12% footprint in terms of retail outlets and yes we have not been able to recover. So what is kind of driving our delay in recovery in men's?

Vedji Ticku: No. The only thing is that we have to understand here, the base of our men's innerwear is the largest in terms of volume. So it's obviously, because when we lost one full quarter of a very large base, it's not really easy to sort of come out of it in just six months. By the time we close this year, I'm sure that we should be in a much, much better position on demand in innerwear.

Ashish Kanodia: Sure. And second question. So sir, on the first question, I missed your comment. Has the growth trend continued in January as well?

Vedji Ticku: I should not be commenting on January. Yes it is, till December it has been consistently growing.

Moderator: Thank you very much. Due to time constraints, that was our last question for today. I now hand the conference over to Mr. Akhil Parekh for closing remarks. Over to you.

Akhil Parekh: Thanks, Zaid. On behalf of Elara Securities, I would like to thank everyone and especially the management of Page Industries for answering all the questions very patiently. I'll hand over the call to Chandra for just in case of any closing remarks.

K. Chandrasekar: Thank you very much, everyone. It's a well-participated conference as usual. And also, we learn a lot from you equally as we share about Page Industries. Q3 has been good, and we hope the good times will continue. Thank you very much, have a good day.

Vedji Ticku: Thanks everyone.

Moderator: Thank you very much members of management. Ladies and gentlemen, on behalf of Elara Securities, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.