



15 February 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 31 December 2021.

Audio recording of the investor call is available in the following link:

<https://youtu.be/xXyCmK27jYc>

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh C
Company Secretary

Encl: as above



PAGE INDUSTRIES LIMITED

Head Office : 3rd Floor, Umiya Business Bay-Tower-1, Cessna Business Park, Varthur Hobli, Outer Ring Road, Bengaluru - 560 103. Ph: 91-80-4946 4646.

Corporate & Registered Office : 7th Floor, Umiya Business Bay-Tower-1, Cessna Business Park, Varthur Hobli, Outer Ring Road, Bengaluru - 560 103.

Ph: 91-80-4945 4545 | www.jockeyindia.com | info@jockeyindia.com | CIN # L18101KA1994PLC016554

“Page Industries Limited Q3 FY22 Earnings
Conference Call”

February 10, 2022

**MANAGEMENT: MR. V. S. GANESH – CHIEF EXECUTIVE OFFICER
MR. K. CHANDRASEKAR - CHIEF FINANCIAL OFFICER
MR. GAGAN SEHGAL - CHIEF SALES OFFICER
MR. RAHUL SHUKLA - CHIEF RETAIL OFFICER**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY22 Earnings Conference Call of Page Industries 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 this conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. V. S. Ganesh - CEO, Page Industries. Thank you and over to you, sir.

V. S. Ganesh: Thank you so much. Good evening all and greeting from Page Industries and it is a pleasure to talk to you all today evening. I look forward to interaction and I am very happy to answer all the questions that you may have. I am happy to report that we had an excellent quarter, last quarter with the market opening with less restriction and being almost near normal, there is a good improvement in out of home purchasing and the channels like modern trade and general trade are seeing increasing businesses. I am also very happy to report to you that we have been able to expand capacities in line with the increasing demand which we are seeing and we have taken lot of measures to increase capacities both in-house and with our chosen outsourced vendor partners. The supplies have been improving month on month and the robust performance in the market place and the performance of the supply chain team in delivering more goods is reflected in the Q3 numbers.

Our Q3 revenues grew by 9.8% quarter-on-quarter and 28.3% year-on-year. Volume grew by 5.3% quarter-on-quarter and showed a 24.6% growth year-on-year. At the end of December, all our channels are fully functional. We are happy to report that we are presently more than 105,000 MBOs and 1030 EBOs. So for us, it was a historic movement when we crossed the 1000 EBO mark and now you will be happy to know that we are 1030 plus EBOs. The operating environment overall has seen good improvement and is having less disruptions. We have introduced shift operations in most of our manufacturing facilities to ensure safety by way of maintaining social distancing amongst the associates and to augment more capacities and we also increased our sourcing capacities. Our compliance teams are closely working with the outsource vendor partners to make sure that all health and safety protocols and standards are followed. The sales have been on an increasing trend since last year and we continued to see that in this quarter as well. Our branding effort continues through multiple channels including online, media and point of sales.

If I have to talk about our athleisure business, the investment we made in 2019 to set up a dedicated sales team for the athleisure business is yielding good results. The strengthening of the team and having focused leadership for this vertical has resulted in rapid expansion of the distribution footprint, even during the pandemic times. This comes not just from new apparel source, but even from existing innerwear source. The new retail identity in our EBOs lends itself beautifully to showcase our range of athleisure products. The athleisure products are so well received that the demand for this category has been moving upwards each quarter and we also have been working on the backend to augment those capacities. This gives us tremendous confidence that with this increased demand, expansion of distribution, introduction of new products and styles, athleisure will continue to show increasing growth year-on-year and this is going to be one of our key focus areas.

When it comes to women's business, the story is similar. Women's continues to be a high growth opportunity category for us. In the last 4 years, we have built an extensive and strong product portfolio to specifically target women. The launch of Jockey women distinct identity in 2018 has helped us to communicate and build awareness in the women's category. The campaign which we did last year or during the second quarter of this year has also helped us to create more awareness. This is complimented by the addition of some very exciting products in this category. Women's business is growing at a very healthy pace and we have aggressive plans to expand the business through focused initiatives. We believe that women's innerwear will be one of the biggest pillars for Jockey in our journey of becoming a billion dollar company.

Our Kids wear business has also shown very encouraging results and it continues to be a special focus area. We have had a very encouraging customer acceptance and feedback in this category and we are now going all out in creating more capacities and supplies in this category in line with the demand. We now have around 53 EBOs that are exclusive for Jockey juniors and we have also appointed Jockey Junior specific channel partners across 50 cities as phase 1 and the journey continues and we continue to expand in this area. Considering the immense potential that we are seeing in the women's and junior's category, starting this year, we had a separate business vertical with a dedicated sales team and distribution to cater to the women's innerwear and kids wear business. We continue to expand our depth within existing market geographies as well as strengthen distribution in markets which are witnessing expansion of mature retail formats. Jockey is now present throughout India in 2850 plus cities and towns. We see great potential in the rural, Tier-3 and 4 cities as well and we are strengthening our distribution network in a phased manner in these markets.

We will continue a focused approach on our core business verticals that is men's innerwear, women's innerwear, athleisure men and women, socks and towels and we are confident of maintaining growth going forward. We continue to innovate in areas of customer acquisition, cost control, cash management and investing in the wellbeing of the people and in our sustainability initiatives. While we deliver strong year to date performance, I think it is right for me to thank our teams in having continued focus on excellence and driving the brand with purpose. With their support, we are recording continued progress and good financial performance. For today's call, I have the pleasure of having Mr. Gagan Sehgal, our Chief Sales Officer and Mr. Rahul Shukla, our Chief Retail Officer, of course along with Mr. K. Chandrasekar, our CFO. So they will be more than happy to answer any of the queries which you may have in their domains and I now call upon Mr. Chandrasekar to give you the financial updates. Over to you, K. C.

K. Chandrasekar:

Thank you Mr. Ganesh. Welcome to the call once again. I am extremely happy to report the best quarter in the history of Page Industries which is Q3, 11,898 million with 28% and PAT of 1745 million which is a 14% growth on year-on-year and also in this year, Q2 was the best ever until it was surpassed by Q3. As you know, we reported 10,840 million topline and this has surpassed the last year Q3 which was 9270 million topline and Q4 was 8807. So in the past 5 quarters, we have delivered the best 4 quarters in the history of Page barring Q1 which was partially under lockdown due to pandemic and in terms of our EBITDA margins we have delivered 21.1%

EBITDA which also compares favorably with about 21.5% of the previous quarter, but the last year year-on-year Q3 was 24.4% and we had significant raw material price increases since then. We have also increased our ASP, but typically we delivered around 21% margin and we are around that range in Q3 as well. The gross margins are around 40% which is more or less in line with the history in terms of range between 39 and 40. The Q3 PAT has been good and as I said a growth of about 14%. We are also doing extremely well on the conservation of cash and being able to support the vendors and cash equivalent is about 5,560 million which again is better than Q2 which was about 5,300 million.

The net working capital is about 5,935, at September it was about 6,100 million, inventory has increased to about 6,950 million when compared with about 6,400, so we are building up inventories and ensuring that we are able to match the supply to the demand because the demand is ahead of the supplies even now and so we are increasing our inventories and the good quality inventories as such. For the 9 month, the revenues are 27,754 and compared with 19,522 year-on-year, it is a growth of 42%. The EBITDA margins because of Q1 for the 9 months ended 31st December 21 is 18.7 and compares favorably with 18.3 of the previous year. The profit after tax, 12.5% as compared with 11.5% is also favorable. So I suggest we will move on to the Q&A session now.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: Sir, first was on the price increase, in the second quarter, you had indicated that you have taken about 5% price hike, had we taken any further price hike to pass on the input cost inflation?

V. S. Ganesh: Mr. Mehta, we increased price by around 8% during December-January, this is mainly because of the input cost increase. Of course, we were planning to do 2 phases because we were also expecting the GST rollout, so we didn't do the second phase because the GST rollout didn't happen, so we did the price increase to meet the increasing raw material prices.

Avi Mehta: Follow up with this, from the EBITDA margin point of view should be now again for 22% as we go forward or if you could help us what range are we looking at as we go forward after this price increase given the input cost inflation?

V. S. Ganesh: Mr. Mehta, we always curate the prices in such a way that we are in this 20-21% range, so that we can continue to be a value for money brand for consumers, so we always are conscious of that and we are comfortable at 20-21% level, so we touched the prices in such a way we are in that zone.

Avi Mehta: My second question was on the gross margin calculation that you have shared in the presentation, this time you have excluded sale of raw material to vendors and sale of noninventory while doing the math, could you explain the nature of this sales and whether the increase that we have seen in the excluded component in this year is that one-off or is that a new run rate that we should assume going forward if you could help understand that?

- V. S. Ganesh:** Good question Avi Mehta, increasingly we are dispatching, we have opened up outsourcing in Bangladesh also and we also worked very hard on disposing the slow and nonmoving inventory, so we also have opened factory outlets which was not there in the past. So these are not necessarily related to the FG sales. So in order for apple-to-apple and since we sell raw material to our outsourced vendors at cost that does not contain a margin, so in order to remove that distortion from this quarter we started reporting on apple-to-apple the finished goods that we are selling.
- Moderator:** Thank you. We have the next question from the line Thejas Shah from Spark Capital. Please go ahead.
- Thejas Shah:** Sir, my question pertains to EBO expansions, we have actually achieved a very good milestone of 1000 plus stores, so in terms of EBO network we are actually next to, I can think of, but perhaps some of Madura Networks or Lifestyle Space, so first of all how much more run way you see in terms of expansion, let us say in next 2 years on EBO network and if you can give some more color on one nature of expansion that we have done in the recent past, are we getting to Tier-2, Tier-3 cities or it is largely penetration in areas where we were already present and we are going deep in the existing markets?
- V. S. Ganesh:** I think Mr. Rahul will be right person to answer. Rahul, you want to take that?
- Rahul Shukla:** So on the first question, if you see over the last 2 years, we have been opening practically one store every 2 days in the year, so there is 160 to 180 stores is what we have been opening and we will continue to drive the pace of expansion as we move forward. In fact, this year probably we will exceed that target as well and as far as the second question that you have in terms of the opportunities for growth in the Tier-1 and Tier-2 towns, so if you look at the number of cities that we are present in, the EBOs, hardly 360 cities that we are present in. Out of this, more than 2800 cities are Jockeys, currently getting retail, so you can well imagine the kind of opportunities that exist for expansion for Jockey retail. Of course, every market will have its own time when they will be prepared to take in EBO because our vision is to have EBO in every relevant viable and sustainable catchment in the country. Our expansion is happening uniformly across all Tier-2 cities. We are expanding in metros, in Tier-1 and Tier-2 as well as in Tier-3 and Tier-4 and roughly one third of the distribution present is in all these three buckets.
- Thejas Shah:** And what is the least population city or two we would have want to so far till now?
- V. S. Ganesh:** Typically, we define Tier-4 cities as the ones which have a population of 50,000 plus, so we are targeting those markets and there is enormous number of markets where we can actually open retails.
- Thejas Shah:** And just last one on associated question, so usually this kind of expansion also needs associated backend investment in supply chain, warehouse facilities and all, so any color on that how are we ramping up on the backend?

Rahul Shukla: We have 5-year plan in place and we review it every year, so we have our budgets for next year, so the entire operating plan including warehousing is done proactively to be in tune with the increasing demand and sales, so we are well prepared on that front, not only on the warehousing side of it, but also on the manufacturing side and we also done enough groundwork through the supply chain partners on the RM side of it and similarly we have worked very closely, our IT team works very closely with the business to ensure that the IT infrastructure including to serve the e-com business is well tuned for the projected business goals. So we are well prepared as far as those expansions are concerned.

Moderator: Thank you. We have the next question from the line of Ankit Kedia from Phillip Capital. Please go ahead.

Ankit Kedia: Sir, my first question is on the MBO channel expansion, could you give some color of this 1 lakh MBO outlets, how many would be between men, women and kids while I understand there could be some overlap between them, but individually if you can tell us, we will know the opportunity size of more expansion which would come in individually between the three men, women and kids and athleisure if you can help us give the opportunity size?

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

Gagan Sehgal: So yes, this 100,000 MBO that we have right now is the total base and our focus is that wherever there is an opportunity, we try to do range selling. We just don't go ahead with one category. If we see multiple categories, all the teams get activated and wherever there is a potential, we tried to be present there in that particular category. I would say the percentage is pretty healthy. Out of our total men innerwear base that we have, when it comes to women and athleisure it is almost 60 to 70% of that were women and athleisure is present and we are still counting as I said it depends on the total base itself. Wherever we see an opportunity, we try to go with all categories, after one everybody else follows. So it is pretty healthy in terms of our presence across all category.

Ankit Kedia: And just a follow up on that, last quarter you highlighted that 1 lakh was the target which you achieved, so going forward from here, do you see a pause in the expansion of MBO and it will be more of increasing repeat purchases in these outlets or we will continue the expansion strategy and the repeat purchases and others will follow simultaneously?

Gagan Sehgal: Ankit, it will not be either or, I think it has to go hand in hand, during the pandemic period itself, we have expanded our MBO base by 61% exit FY20 we were at 65,000 outlets. Today, we are at a 1 lakh and 5,000 outlets. We see there is a lot more opportunity because almost 50% of these outlets we are opening in Tier-3 and Tier-4 towns and we still see more and more opportunity there. At the same time, we will continue to do range selling and category up selling in the existing outlets. So both we continue at the same time.

Ankit Kedia: My second question is regarding omnichannel, most of the other retailers are today shipping their online consumer buying from the retail outlets, so given that our retail outlets are franchise

owned, do we have the ability or the technology to actually ship from the retail stores or we will continue to ship from our warehouses and that is where some of the inventory could actually be blocked for us and that is why we are facing some supply chain issues given that 8 to 10% of our orders that are coming from online?

V. S. Ganesh:

If you see the numbers, we have clocked very good growth, the issue as with the supply chain was a good problem because the demand was much higher than what the supply could do in the beginning of the year and then they started catching up and you should complement the teams for ramping up capacities very fast and to catch up with the demand. So we are in a much healthier situation as far as the supply chain issue is concerned and coming back to the online business, we have our own e-com warehouse through which we cater to the requirements of online businesses, so it is not happening regionally or through the distributors, it is from our central warehouse, but again we have a robust marketing plans there and we keep enough inventory to meet the demand and we have everything close by, all our warehouses are close by, so we ensure that there is no sales loss. If there is upside in some other channel, we ensure that we cater to it.

Moderator:

Thank you. The next question is from the line of Sanjay Satpathy from Ampersand. Please go ahead.

Sanjay Satpathy:

My question is that quite a few consumer discretionary companies reported fairly weak revenue and volume performance in this quarter 3 and they cited variety of reason like delayed monsoon and weather disruptions as well as impact of excessive inflation on affordability, but for us, your topline growth has been fairly strong in fact, so what really is the reason that, are you seeing some kind of change in consumption pattern or that the penetration potential in your case is far higher?

V. S. Ganesh:

Well, Mr. Sanjay, how I see it is, I think it is the power of the brand, the product which we offer, the acceptance of the product offering which we have for our consumers, we have come out with very exciting products which is well received in the market and the other more important two things which I can say is, one is the value for money proposition, so if you see how we have touched the prices, we have been trying to hold on to the maximum and we have only touched barest minimum, so that we continue to be a value for money brand for our consumers and second is the team's passion for excellence in whatever they do which make sure that we give superior products of the highest quality to our consumers. I think it is the right products, retail expansion where we have made sure that we are present in wherever we need to be and we did invest even during the pandemic, we did invest even during the pandemic, we didn't shy away from investing and increasing our retail footprint, the value for money and the quality of the products and the range of our products, I think these factors have really helped us and that is what we could hear from the consumers when I see the demand.

Sanjay Satpathy:

Sir, if I can just ask then, so are you saying that you could not have done better if though compared to what you have achieved, even though this late surge of Omicron wave and

monsoon, so what I am trying to say that your performance was fairly what you wanted irrespective of the disturbances or you would have done better?

V. S. Ganesh: Actually, Sanjay, we could have done more, but there is so much we can have the supply chain, so we did, to be honest I think there were some opportunities lost because the demand was much higher than what we could supply initially, but as far as last quarter is concerned, yes we did catch up quite a bit, but if I say, see year to date, we could have done much better as you know we lost 48 days in Q1 and we lost the operating capacity also during those times, so we had to do quite a lot of catch up. The demand was much higher than supply at those periods, so things are looking very bullish for us even going forward looking at the acceptance of our products.

Sanjay Satpathy: Sir, which means that you will be able to sustain this 25% kind of topline growth in the coming period, apart from that, one comment that you made about your proposed price hikes in two phases and then GST return happened, didn't understand that part?

V. S. Ganesh: Sanjay, what I meant was there was a question with the increase of price, yes, we did increase and we did increase the price in anticipation of the GST and we wanted to revisit it for the raw materials sometime in January, early February, but we didn't do that. Since the GST was not rolled out, the recent increase in prices which we made helped us to meet the increasing raw material price. We thought of doing it in two phases, but we didn't go ahead with the second phase because the GST increased, it was not rolled out.

Sanjay Satpathy: And about your topline outlook because you have given out some kind of titles that you would be touching some billion dollar sales by fiscal 24 or something like that, so your will and your way to do that, I just wanted to get a feel of that?

V. S. Ganesh: Yes, we are very much in that trajectory, in fact the quarter-on-quarter performances are in line with our long-term business plan to achieve that target. So we are very much at it and we are clocking very nicely to hit those targets and I think we will hit it faster than what we thought.

Moderator: Thank you. The next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Sir, my question is with regards to the EBO outlets, now you have 1000 plus EBO outlets, would you like to share what would be the percentage contribution to the overall sales from the EBO?

Rahul Shukla: Your question is about EBO as overall company's contribution?

Gaurav Jogani: Yes, sales contribution in overall contribution.

Rahul Shukla: So, all I will say is that it is now quite a substantial contribution probably one third of what the company does, and it has been growing rapidly over the last couple of years as the fresh created vehicle is based around expansion and the same-store productivity.

- Gaurav Jogani:** Sir, the next question is with regards to the strong 24% topline, the volume growth that we saw and even on a 2-year CAGR basis, if you see it is 22% growth that we have seen, so how much sir, would you allude this to the pent-up demand that is because of the strong demand of the earlier few quarters that we are not able to maintain and some of it got bunched up during this quarter, so how much of this would you allude to that?
- V. S. Ganesh:** I personally feel this is real demand rather than a pent-up demand because I do understand when we had wave 1 and wave 2 when the markets were closed and hardly any shopping was possible except for online, yes, when the market reopened there would have been pent-up demands, but if you see the last 6 months, the markets have been operating near normal and our demand is continuously as high as before. So, it is what we can read from the market is that these are real demand, it is not a pent-up demand and we are preparing ourselves for the same.
- Gaurav Jogani:** Sir, just one last clarification from my end. Sir, the billion dollar target that you have set yourself, that is by FY24 or by FY25?
- V. S. Ganesh:** We are looking at 25-26. We try our best to achieve it faster than that, but the target is 25-26.
- Moderator:** Thank you. The next question is from the line of Chirag Lodhia from Valuequest. Please go ahead.
- Chirag Lodhia:** Sir, my question was on volume growth, so if I just heard it correctly you had 24% volume growth during the quarter and topline growth was around 27-28, so the pricing element was just 3 to 4% Y-o-Y, is that understanding correct?
- K. Chandrasekar:** Yes, in term, there is lot of mix element in terms of channel and product category in that, we did increase prices by close to 5% in Q1, so there is always an impact of premiumization and mix in that.
- Chirag Lodhia:** So 5% price increase in Q1 and recently you took 8% price increase, so now it is 13% over last 9 months, is that understanding correct?
- V. S. Ganesh:** This increase will take effect only from Q4 because this happened towards the end of Q3. It is yet to be reflected in the numbers.
- Chirag Lodhia:** And if you could also touch upon this Bangladesh, what exactly we are trying to do, which kind of products and what is the plan, how big can be Bangladesh for us in terms of sourcing?
- V. S. Ganesh:** On Bangladesh, we have been working with couple of vendor partners for quite some time now and we have added one more vendor partner, so we have been very choosy about the selection of vendor partners, we have been looking at, as we have told in the previous calls, we don't outsource the product, we outsource the execution piece of it and there should be an extended arm of page, there should be a mirror of our in-house facilities, the same way we operate in-house, the outsourcing when the partners operate, so we were lucky enough to identify few vendor partners who had the same wavelength and could work with us as a strategic alliance. So

our volume growth from Bangladesh will predominantly be determined by the alignment of the vendor partners to the page we are working, so otherwise we will be looking at expansions wherever possible, it is not particular to Bangladesh, so we have not gone to Bangladesh for price benefit, it is in fact the cost of goods purchased from Bangladesh and domestic continues to be almost same. It is to make sure we get the volumes and we get the quality and standards which we are expecting and there are some very big factories in Bangladesh which does for the best brands globally and they have the best management target available, so we pick and choose such vendor partners who can associate with us and in that sense it has worked very well so far, so the growth will be based on how they can grow along with us and how fast we can find life minded partners there.

Chirag Lodhia:

Advertisement spends for the quarter and first 9 months?

V. S. Ganesh:

Advertisement, we spend about 294 million in Q3 and 9 months spend would be around 715.

Moderator:

Thank you. The next question is from the line of Bharat Shah form ASK Investment Managers. Please go ahead.

Bharat Shah:

One question, we have embarked on the technology transformational project for a length of time, so just wanted to understand where are we in the journey, technology at point of time probably was for hygiene and for informational value and it has become an enabler and now probably it has become the key component of the business to improve the character of the business, so where are we on the journey and how extensively we are adopting that to improve the character and resilience and the strength of the business? Related to that a smaller sub question is what is our overall logistics cost both in terms of social as well as distribution and given our manufacturing proliferation and improvement in usage of technology, can we expect to see improvement cost in percentage terms in the logistics cost over the period of time?

V. S. Ganesh:

Thank you Mr. Shah for asking those questions, actually to answer your first question on the technology side of it, as you rightly said, this is a continuous journey, so year-on-year we need to upgrade ourselves to bring agility to the business, bring smartness to the business and to bring safety or security to the business when it comes to data protection and other things, so we have been working on those plans and just to update you, we have now fully migrated to Blue Yonder for the planning side of it. This is the latest development which we have on the technology side which is going to give us lot of edge as far as supply chain planning is concerned, right from demand sensing, demand planning to operations planning, so that something which has happened. Some of our units especially on the women's verticals, most of the units have now smart technology wherein we get real time information to improve productivity, so every machine is attached with and every bundle has high button, so that everything is logged in and logged out and we get real time information. Any downtime has known real time and these data also is helping us to bring in lot of efficiencies. Similarly, we have made lot of investments on the HR side when it comes to HR, IMS and that continues to be a continuous investment we made. We always were very strong on the frontend as far as the sales course automation and other activities are concerned, wherein we are able to get lot of information. Today, our sales

team in their palm can see how much stock is lying with the distributor, what has been the purchasing pattern of the retailer and therefore which products needs to be pushed and what is his target, where is he against that as far as targets are concerned, everything is real time, so we do have that. We have very strong management dashboard with real-time methods, so that we get early warning if something is not right and I think K. C. can elaborate further on lot of initiatives which we have taken on data protection and data security is concerned, so we have been working on that and we are continuously investing on these fronts and these investments will continue and that has brought in, it has been a great enabler for us to have this accelerated growth because as you know, what took us here will not take us there and unless we embrace technology and support, we cannot scale at that speed and therefore we have been blessed with the amazing team which was able to spot the right requirements and implement them on time. As far as logistics cost optimization is concerned, this is well within our control, within our budgets and it is well managed, but we are still looking at warehouse expansion, wherein we can have a better reach to the market with a lower tat and also improvement to logistics cost, so that is something we are working on, but our main focus area is to reach the market faster because the cost is well under control, so there may be little bit of weakness as far as cost benefits are concerned when we work on the new warehouse systems, but it will be mainly to improve the stock health of the distributor because if he can reach inventory to the distributor faster, he can work with lesser inventory and rotate it better and have much better health as far as inventory is concerned.

Bharat Shah:

And my second question, for a length of time, we have been working on improving and transforming the innards of the farm, but in between, market situation was less favorable and therefore we were in a state of bubble for a length of time where effects were more and purposing, but outcomes were somewhat stingy and hard to come by, do you think finally we are at a stage where the Page going ahead will look more and more of the kind that we have seen in last sometime, rather than that phase of the bubble that we got stuck we were in that situation, so have we sizably broken out of that and where we can look at that target of billion dollar and all that is fine, but internally given everything that we have, the product portfolio, the brand and the distribution and the value proposition, we are at a stage where Page for future will look more and more of the kind that we have seen off late?

V. S. Ganesh:

Absolutely, Mr. Shah, you can count on us, we are tracking well on those fronts to achieve that billion dollar target and it can be achieved only if we can achieve those numbers which we used to achieve in the past, so you can see in the last few quarters that is what we have done and we are pretty focused, we are blessed with a great management team who are well aligned to the business and there are strong shoulders on which we are standing and driving the business, so we are blessed with amazing team and our product development team is coming with some exciting amazing products, the operations team has been working so much on excellence that we can continue to be cost competitive. In fact, we were awarded the Manufacturing Excellence Award very recently when it comes to excellence, so we are fully geared up in that sense and you can see that, you already seen it in the last few quarters and I am sure you will continue to see good results.

- Bharat Shah:** Just last question which I had asked earlier, but wanted to check on that, what kind of logistics cost as a percentage of our revenue so far it has been and do we think we will be able to see measurable drop in the percentage of that over the period of time?
- V. S. Ganesh:** Mr. Shah, thanks for that question, if you look at the top of logistics, then the inbound, outbound as well as the entire warehouse, managing the warehouse as you know a large part of the business today are outsourced to DHL and we are increasingly doing so. So the total cost of warehousing is somewhere about 2% and it remains, it is slowly coming down, but may be in 2.4 to 2.2 kind of thing, so while it is not significant, but it can make a break the supplies, so we are focusing on excellence, DAT, and with all the B2C and new channel partners coming in, the concept is warehousing is what we are focusing and also investing in different class systems. We recently switched over to Vinculum as the base for e-commerce, so lot of these automation initiatives will help us to match the supply to the demand through the warehousing.
- Moderator:** Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.
- Swagato Ghosh:** I wanted to understand how are we thinking about inorganic growth opportunity, we have recent liquidity at the disposal, so how are you thinking about that growth lever?
- V. S. Ganesh:** Mr. Ghosh, since it was not clear, I am repeating the question, where you asking since we have cash and how we are going to use it for growth, am I right?
- Swagato Ghosh:** Yes, inorganic opportunity specifically?
- K. Chandrasekar:** Let me pick this up VSji, we are not looking at any acquisition if you are asking about that, because we have a lot of work on our hands in the organic growth itself, as you know we are growing rapidly and we need to expand capacities in the future of the brand in India itself is so huge that we have to specialize and focus and improve the operating efficiency. In the same category, obviously, we cannot introduce a competing product based on our agreement with Jockey, I hope that answered your question.
- Swagato Ghosh:** Yes, so you are saying that the cash we have that would all be used up in say expanding capacity and investing in say marketing, etc., for newer categories etc.?
- K. Chandrasekar:** Organically, we already have all the categories that we want to do, so we will be investing in capacity expansion, in digital transformation, in all other aspects where the business can become faster and more efficient.
- V. S. Ganesh:** Mr. Ghosh, as Mr. K. C. said we are looking at organic growth and there is so much to grow. We don't want to get distracted unless there is something very exciting, nothing of that sort has come to radar and as you can see, we have been growing our ranges as you might have seen, when it comes to juniors, now the way of accessories are performing which I line with the brand Jockey, so there is lot of work to do in that front and there are lot of opportunities in our hand when we would rather try and focus and leverage on our strength.

Swagato Ghosh: And sir, second question is, when we talk about expanding MBO numbers, can you give me an idea about for the incremental MBOs, how much percentage shelf space we get for say a new MBO that we are entering, say in the first year, two years, what is the percentage shelf space allocated to our brand?

V. S. Ganesh: It depends, actually there are some MBOs which will be having appetite to accept most of our ranges, so they may want to keep the juniors, the women's innerwear, men's innerwear, but there are some MBOs which are just selling kids wear, so they may only accept the kids wear product, so it depends on the MBO and there are also some cases where they start up small and then they keep expanding as they get comfort. So it is very difficult to put a hard number there by way of a percentage. Gagan, you want to add some more light to it?

Gagan Sehgal: No, I would completely agree with what you said, VSji, shelf space can only be, majority of the outlets in any case looking at our distribution footprint, we are present in most of the outlets which sell premium apparels, so we are there, so when we go to the new outlet, it can be, may be a nonconventional outlet, for example, in a nonconventional outlets, in the similar category we can get 100% shelf space because there is nothing else present except Jockey while there can be some other outlets where as you rightly said it is only a kids outlet and we want to make a foray into that, they do not sell adult at all. So, there we can place our product, so it depends, maybe there is an outlet which is a footwear outlet where we place our socks, so it is very difficult to talk exactly, but yes, we do strive towards getting the rightful market share what we deserve at the last outlet level. That is all I can say.

Moderator: Thank you. The next question is from the line of Trilok from ABSLI. Please go ahead.

Trilok: I just have two questions, one is, in the initial remarks that you mentioned the demand is from across the category, could you give some sense, from particularly with respect to men's innerwear and women's wear and also athleisure, are these demand quite stable across categories or is there any one category which is driving the growth and point two, if you could also share basis, are you seeing any differentiation in growth in between urban and rural markets?

V. S. Ganesh: As far as growth across categories are concerned, all categories have done well and every category has shown robust growth, so that is one encouraging and good news which we have, be it be men's innerwear, athleisure, women's innerwear, the bras it has all shown good growth and we are seeing since our market penetration has been low as far as bras, women's innerwear and athleisure is concerned, we will be seeing accelerated growth there, because there is much more headroom on those fronts because as a penetration on the men's innerwear we had around 17 to 18% and when it comes to other categories we are in single digit, so obviously you will much more accelerated growth there, but even men's innerwear has grown tremendously well, so all categories have recorded robust growth.

Trilok: And in one of the interviews, you have highlighted about the non-innerwear category, almost one third of the contribution to sales, has that inched up further or is there any range that you

guys now are thinking in mind going ahead and also if you could just address the question on rural versus urban?

V. S. Ganesh: It is more or less same because the men's innerwear, even though the athleisure side of the business has grown, the bras have grown, men's innerwear has also shown similar growth, so overall as you could see the numbers, exciting numbers we have, but the percentage has not shifted because we are very happy that all categories have shown similar growth.

Trilok: And any difference between urban and rural, if you can just qualitatively speak about it?

V. S. Ganesh: Rural, there has been, when it comes to retail footprint expansion, I can say around 45% of the expansion has been on the Tier-3, 4 cities and therefore the corresponding sales is being booked there. Gagan, do you have specific split on rural topline and?

Gagan Sehgal: We have had, in terms of percentage growth, I think we have grown in all city tiers. There is not too much to take where we have grown, but when it comes to our expansion, our endeavor is to reach the last town for the ease of the customer to come and purchase and explore our products, but overall rural, we are pretty excited because we have also seen that the new MBOs that we opened in the Tier-3, Tier-4 towns shows a very healthy throughput from the first month itself which shows that there is an appetite for the consumer immediately to come and shop there because the density of the outlets is also pretty low when it comes to rural, but when it comes to growth, I think we are seeing almost a similar growth in all city tiers.

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

Sameer Gupta: Sir, since FY20, our MBO footprint has grown from 66,000 odd to now more than 1 lakh odd, but if I look at 9 month FY22 sales CAGR on a two year basis, growth is at around 7% and also while noticed that the city footprint has been stable from FY20 to 22, so what exactly is happening here, are we targeting smaller stores within existing cities and since any of the business metrics is quite stable when it comes to margins and working capital, what exactly are we doing different now to get this kind of an expansion in our MBOs?

V. S. Ganesh: The expansion has been driven with opportunity. Wherever we see an opportunity, we are expanding, so we have been very mindful on that and there is tremendous scope there and there is also room for expansion as the product gets more and more stronger and when there are more and more offerings. It also enables us to expand faster and of course going forward, we will also be focusing while we are expanding we will also be looking at productivity side of it and the cost to serve, so that is definitely one area of focus for us.

Sameer Gupta: Could there also be an element of competition being disrupted during this time and that is an opportunity that we have seized?

V. S. Ganesh: I feel this is a true demand because the supply chain disruptions were more or less common for everybody, but there might have been a big shift from the unorganized sector to the consumer shifting to the organized sector to the brands, so that definitely has happened and you can see it

across the brands including our competition, everybody has done well because there is definitely a movement from the unorganized sector to the organized sector, but for us we have been able to do comparatively better because of the power of our product and acceptance of our product in the market place. So we will continue to focus on very foundation, that is product and the price. I was just telling you that for us, we did comparatively better because of the strength of our product and the value for money which we always offer to consumers, so we will continue to focus on that very foundation on which we have built the brand and Gagan and Rahul are working hard on improving the reach and that is also very important, so that our presence is felt by our consumers, so a better reach, much better product range and value for money, these will definitely help us.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will be taking the last question from the line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: I just wanted to understand what is our market growth to expand so many MBOs, we have gone from 75,000 MBOs to 1,05,000 MBOs, so have we gone direct to the retailers or the timing distributors to go to these MBOs, like if you see most of the FMCG companies in the rural areas or in smaller towns have gone direct, so we have not assigned go direct and also qualitatively what is your view on having so many distributors in urban area where you can actually save on channel margins specifically having a lot of secondary....

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

Gagan Sehgal: Yes, your question is, what is the strategy for the expansion of these outlets and whether we are doing direct service. So, there was a question on technology as well earlier, so we have mapped the potential and the opportunity areas and we are expanding our MBOs completely basis that. We have geo-tagged all our MBOs, so we know exactly where we need to be present in order to be closer to the customer. So that is the strategy that we have taken in expansion of MBOs rather than just growing rampantly where we are already MBO and we open another MBO next to it. So it is very strategic to get closer to the customer. That is one. We have the approach which has been successful for us so far which is through a distributor, so all the MBOs are serviced through the distributor, but the good thing is that wherever we are opening new MBOs, as I said the throughput is very healthy from day one and we have not had to subsidize any place so far. Wherever we are strategically opening outlets they are being serviced by the distributors without giving any subsidiary and it is working very well for us, so which gives us lot of confidence that the closer we continue to go to the customer it will be a win-win for us as well as the customer.

Arpit Shah: One more question, if I just see one of those smaller peers, almost half of your size has actually undertaken 22% price increase in the premium segment and probably the volume growth is 0 for that and for the company the price increase was around 16% for that company and for us the volume growth has been 24% and the price increase has been 3%, while the revenue growth is broadly the same for the second company and our company as well, I am talking about difference, why this kind of other peers have to take a lot higher price hikes and where we have taken lower price hikes and still we have been able to maintain the margin?

V. S. Ganesh: We have taken lot of initiatives to control expenses, I should thank K. C. and his team for having lot of budgetary controls in place and we have worked with utmost discipline during these difficult times. We also made some strategic moves, we build strategic raw material inventory, so to some extent we were able to insulate ourselves from the raw material price pressures because we could see it coming and since we had money in our hand we could better utilize it by investing on stock which came very handy and our operations team has also worked pretty aggressively on improving productivity and controlling cost, so all this has helped us to ensure that we touched the price to the minimum extent, continued to be competitive despite all the price pressures we had on the RM front and deliver better volumes.

Arpit Shah: Do you have a different way of calculating volume growth like what is the volume growth dependent, so the volume growth has been super healthy at 24% and this time volume growth has not seen any other consumer discretion in the consumer staples noticed in India. So how we calculate the volume growth?

V. S. Ganesh: We are looking at same quarter last year the volume and the volume for this year and calculating the growth, so what you are seeing is the true growth and there is no change in the way we calculate, we are reporting the way we have done all these years.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Chandrasekar, CFO of Page Industries for his closing comments.

K. Chandrasekar: Thank you so much. It was such a pleasure and such knowledgeable participants and I enjoyed answering all the questions and thank you very much for participating in the Page Industries Q3 earnings call. Have a good day. Bye.

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