

16 August 2023

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

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

Dear Sir,

Sub: Audio Recording and Transcript of Investor call

We herewith enclosed the transcript of investors call for the financial results for the quarter ending 30 June 2023.

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

https://youtu.be/Gop8JqX7YPQ

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 Q1 FY2024 Earnings Conference Call"

August 10, 2023





MANAGEMENT: MR. V.S GANESH - MANAGING DIRECTOR- PAGE

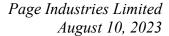
INDUSTRIES LIMITED

Mr. Deepanjan B- Chief Financial Officer - Page

INDUSTRIES LIMITED

MR. GAGAN SEHGAL - CHIEF OPERATING OFFICER-

PAGE INDUSTRIES LIMITED



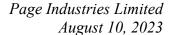


Moderator:

Ladies and gentlemen, good day and welcome to the Q1 FY2024 Earnings Conference Call of Page Industries Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. V.S Ganesh, Managing Director of Page Industries Limited. Thank you and over to you.

V.S Ganesh:

Thank you so much and good evening everyone. Thank you all for joining us in earnings call today evening. I am joined by our CFO Mr. Deepanjan B and our COO Mr. Gagan Sehgal. I hope you have already seen our press release and the result. Before we dive into the numbers and specifics, I would like to provide a context and an overview of the quarter that has just concluded. In a time characterized by significant challenges, I am pleased to share that the company has exhibited remarkable tenacity. Q1 witnessed a sequential revenue growth of 28% and a volume growth of 31%. During this quarter, the macro headwinds and market conditions did pose some challenges leading to a slight year-on-year degrowth reflected in a 7.5% decline in revenue and 11.5% decline in volume compared to Q1 of the previous year. The prevailing demand remains subdued due to several factors aligning with the anticipated expectations, which contributed to lower sales volumes. It is worth mentioning that our industry has witnessed an accumulation of excess inventory, which has had repercussions on the overall ecosystem resulting in certain unsustainable business practices, which is happening in the marketplace. Our brand's growth strategies are deliberately designed to ensure sustainable long-term growth while upholding sound financial health and maintaining the integrity of our brand identity. To navigate the temporary phase of market conditions, we have taken enough measures to safeguard and improve our market share. Additionally, a diligent control over expenses has been instituted to protect our margins. Speaking of some of the key updates for the quarter, our EBITDA margins witnessed sequential improvement which is attributed to lower product cost and better overhead absorptions. While we have taken several measures to control operating expenses, I would like to highlight that the high EBITDA margin in Q1 FY2023 was a result of the higher revenue recorded during that period. Our distribution network expansion remains in line with our plan. As of end of June, we have extended our presence to over 120,000 plus MBOs, 1330 EBOs, and 2800 plus LFS outlets. We are strategically directing our attention towards metro and tier two and three cities while keenly gauging the potential pin codes for expansion. It is heartening to note that our e-commerce channel witnessed substantial growth of 43%, reflecting evolving consumer purchasing habits and our commitment to bolstering our online presence. I am sure you must be wanting to know our progress on the ARs implementation.





I am delighted to say that the implementation has been making significant progress and has been strengthened for extensive adoption. While demand continues to be subdued, we remain steadfast in our conviction that this is merely a transient phase. Our proactive approach involves continued investment in shaping the future, thereby ensuring that we capitalize on the promising prospects that lie ahead of us. Our strategic focus continues on multiple fronts through intensifying general trade distribution, expanding modern trade and exclusive brand outlets, growing our B2C business, improving our customer experience, strengthening our product portfolio, and consumer engagement, which will go very hand in hand with brand building and ensuring a very robust supply chain. I will now let our CFO, Mr. Deepanjan to give you a detailed view on our financial performance, after which we will be happy to take your questions. Let me thank you once again for joining the call today. Deepanjan over to you.

Deepanjan:

Thank you VSG. Good evening everyone. I hope all of you are keeping well, so thank you for your participation in this evening. I am pleased to report that Page Industries has delivered a reasonable performance in Q1 despite the current market challenges. We have successfully improved the margins by enhancing the qualitative aspects of our inventory. Let me begin by breaking down our quarter's performance. Q1 revenue stood at Rs. 12,400 million a growth of 28% quarter on quarter and a degrowth of 7.5% year on year. Volumes were 55.9 million which was a growth of 31% quarter on quarter and a degrowth of 11.5% year on year. Q1 EBITDA was Rs. 2418 million which was a growth of 80% quarter on quarter and degrowth of 19% year on year. The Q1 EBITDA margins were at 19.6%, which has grown by 5.6% quarter on quarter largely due to RM cost softening and operational expenses optimization. Q1 FY2023 EBITDA margins were higher at 22.2% due to higher sales and better cost absorptions. Q1 PAT were at Rs. 1584 million a growth of 102% over sequential quarter and degrowth of 23.5% year over year. Q1 PAT margins was around 12.8% as against 15.4% in Q1 FY2023. Inventory was Rs. 14,321 million as in quarter end as against Rs 15,921 million in the end of Q4FY2023, which was around 105 days at the end of the June versus 154 days in Q4 FY2023 which is in line with our annual target of optimizing the inventory base. Net working capital was Rs. 8470 million at O1 FY2024 as compared to 7710 million at the end of Q4 FY2023. Working capital days is at 58, which was around 73 days at the end of Q42023. To summarize our financial performance, despite the challenging demand contraction, Q1 FY2024 focused our agility in navigating demand challenges and capitalizing on growth opportunities. Our EBITDA performance highlights our commitment to operational efficiency and prudent cost management amidst the demand fluctuation. With this, we can open the floor to any further questions that you may have.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Avi Mehta from Macquarie. Please go ahead.



Avi Mehta:

Congratulations on this performance. I wanted to kind of understand the volume trend. would you envisage that volume witnessed a bottom growth in this quarter and that we should probably turn maybe positive next quarter or how do we kind of see this as we go forward? Any indication or guidance on how should we look at this would be very helpful.

V.S Ganesh:

As regards to volume, if I look at the last few weeks, we are seeing some improvement, but I feel it is early days. We have to keenly watch how the festive period is. We are very, very optimistic that this festive season will be buoyant; last year was not all that buoyant so we are seeing some uptick, but it is too early for us to give you a guidance or tell you very, very clearly that things are turning around though we are seeing some light at the end of the tunnel.

Avi Mehta:

When you say festive demand that would be more of third quarter phenomena is that how I should understand it? That is what we had looked for more from the second half from a demand recovery is that what should read or maybe you could kind of tell? I am not really sure when you say festivals it is 2Q or 3Q that it plays into.

V.S Ganesh:

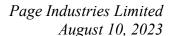
Of course, we are looking at Diwali, which is the main season and that is what we are looking at and of course there are also regional now in Kerala as Onam is going to kick start and I think this is the time for Kerala so it would start in a phased manner in all these states, but maybe Diwali as you said. We are seeing already some improvements, but it all depends on how long the upswing can continue. We need to keep a close watch because the market seems to be very volatile, so I will say the demand continues to be subdued and we need to keep having a close watch.

Avi Mehta:

Got it fairly clear. The second bit on the margin side. I mean last quarter you had given an expectation of moving to 20-21% in second half now post this performance, would you look to upgrade that guidance and if you could also give us some sense on which line items in the other expenses have you focused on primarily which have helped drive this margin improvement?

V.S Ganesh:

Mr. Mehta, we have always been comfortable between 19-21% EBITDA and even when we look at all the interventions, we always try and maintain this margin. We are happy with that margin. We do not want to tighten too much on the need to have expenses. We need to also look after the brand and it's long-term prospect so the short-term challenges apart, we need to invest for the future, so we always are comfortable with the 19-21% range. Now coming to the areas which we are concentrating on to control, mainly we are looking at how we can bring the inventory down and there has been tremendous progress in this front and we continue to work very hard on that front.





Our overheads are really tightened and our overheads are well under control, and we are looking at every rupee spent whether it is necessary or not and that is something we are looking at. We will continue to be people friendly. We will continue to look after our associates so we will not take those actions, but we will be making sure that the expenses are under control. From a cash flow point of view again whatever capex that can be postponed, we are postponing it so that we are in a comfortable position because we also blessed with a very good inventory as of now so there is nothing to panic on that front and there is no need to have an accelerated expansion plan so we are working very closely based on the demand. We are synchronizing our capacities.

Avi Mehta:

Perfect. With your permission just a last bit, any identification, would it be fair to say ARs impact is more or less done now?

V.S Ganesh:

ARS impact is more or less done because see last time when I told you that there is a temporary correction in inventory because inventory was bloated at that time so we have gone through that phase so there is absolutely nothing to worry as far as ARS coming in the way of our sales numbers.

Avi Mehta:

Okay so it is just a demand thing now and that you are saying let us just wait and watch. Perfect. I will come back in the queue for the other question.

Moderator:

Next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi:

Ganesh, really in tough situation, you have tried your best to give the result. June quarter is highest for company, but it is down year to year 7.5% in top line. Profit after tax down to 26% so our old stock of raw material and fabric has been wiped out or still we are having and what you learn from this lesson by maintaining high inventory of raw material and everything.

V.S Ganesh:

Thanks very good question. Actually Q1 when you look at it compared to last quarter, last quarter Q1 was historically high quarter we never in our history we had that kind of quarter. I can say it was partly abnormal because of the supply chain disruptions, which we had and there was a pent-up demand, there was revenge shopping happening so you could not compare that quarter with this quarter from a baseline point of view, so that apart the inventory is high you know, in hindsight we can say the inventory is very high but if you see previous year Q4 and Q1, Q2 of last year we did exceed them and none of us were able to predict how long this inventory will continue. These were very, very buoyant and I can say compared to overall what is happening in the industry we have done much better. We have less than 100 days inventory as Deepanjan showed our inventory levels are well under control now and I can see many of our peer companies have even 8 to 12 months of inventory and that is why we are seeing lot of interventions happening in the market by the



way of discounting and schemes and other things. Luckily, we had always had the prudence and much better control over pricing, so we did not get pushed to that extent.

Ravi Naredi: One more observation, is all Jockey products since last so many years, we find that cost of

products are very much expensive now so we face intense competition is it so?

V.S Ganesh: Our commitment to being a value for money brand remains unwavering and this is deeply

ingrained in our core pricing strategy. What we are doing is we are elevating the quality and features of our product and thereby we are offering enhanced value for the price paid. So, we always looked at how we can strike at that right balance between quality and affordability. If you see our product, you will see we have upgraded our products. We might not have reduced price, but from a value-for-money proposition we have really enhanced

our product, and that is what you will see in the market.

Ravi Naredi: Yes V Ganesh, really fantastic. When all expansion of company will complete including

Odisha?

V.S Ganesh: Odisha project will hand over to operations by Q4 of this year and then we will be starting

off the trial production and then going for commercial production.

Ravi Naredi: The rest of the expansion which you are doing in Karnataka and Tamil Nadu.

V.S Ganesh: There is no much work in progress as far as expansions are concerned. The Karnataka

plants are already in operation, which we said last year. Last quarter if you remember we said it is starting operating. Our elastic unit is now operational and our women's innerwear

in Hassan is also fully operational now.

Ravi Naredi: Okay all the best. You are really doing great.

Moderator: Next question is from the line of Tejash Shah from Spark Capital. Please go ahead.

Tejash Shah: Thanks for the opportunity and congrats on a good set of numbers in this difficult

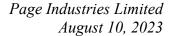
environment. First question is with the distribution reforms behind us, what are the key growth drivers the leadership team is focusing on in near and medium term to revive growth

and gain market share.

V.S Ganesh: As far as distribution is concerned, it is work in progress. Ours distributors are getting on

the auto replenishment system in a phased manner, but it is progressing very well and as I told you before, there is no impact to sales now, we have crossed that bridge. Coming to our strategy for long term growth, first and foremost is intensifying general trade distribution.

We are committed to amplifying our reach within the specified distribution channel





ensuring that the products are readily accessible to a wider range consumer base, so the reach is the most important thing and we continue to expand modern trade and exclusive brand outlets. We have made significant stride in modern trade expansion with particular emphasis on rapidly growing our network in exclusive brand outlet. This approach aligns with our mission to provide premium shopping experience to our customer customers and to do justice to our entire product range. One other area where we are giving disproportionate attention is growing the D2C business. We all know this is the most important space that is having the highest growth traction and we are dedicated to nurturing our D2C business segment. The next area which we are looking at is on improving customer experience. We have made tremendous progress in the last few quarters, and we will continue to concentrate there. Central to our strategy is enhancing the overall customer experience and then we have been strengthening our product portfolio and our endeavour is geared towards further enhancing our product portfolio, catering to a diverse range of consumer preference and needs across the price points and leave no white space. Of course, brand building initiatives to grow the awareness, interest, and desire for the brand in their respective categories is something, which we are now looking at and we are no longer media dark, which we were during the pandemic, so this is whereas I told you before we do not want to cut costs where it matters. We definitely want to spend where it is required so that the long term of the business is in good hands and our longer-term outlook is so positive that it is very important that we are very aggressive in that marketplace. Of course, there is lot of work happening in further strengthening our supply chain this has always been our strength but there is no end to continuous improvement, and we are taking lot of action in further improving our supply chain and make it much more robust.

Tejash Shah:

Sure very clear and second and last question, among the four categories men's, women, Athleisure and kids, can you give us some qualitative ranking on which categories are growing above company's average growth rate and which are kind of relatively struggling to grow or keep the averages up.

V.S Ganesh:

Tejash what we can see is the men's premium category having a good growth comparative to all other categories that are showing a much higher growth at our production. The area which is going through a flux across industry is Athleisure side. Again this is a temporary phase and we discussed about this in last quarter also, but if you look at overall evolving lifestyle needs of the consumer and the market has shifted more towards Athleisure and especially post-COVID our confidence in this deeply rooted in growing this category. This is a short term what we see in Athleisure side but men's premium to answer your question is the one which is going faster than all other categories.

Tejash Shah:

Thanks a lot and all the best for coming quarters.



Moderator: Next question is from the line of Nihal Mahesh Jham from Nuvama. Please go ahead.

Nihal Jham: Thank you so much and good evening to the management. Two questions. First is could

you just give ballpark inventory number. I know you mentioned 100 days, but the

absolutely inventory number at the end of Q1.

V.S Ganesh: Absolute inventory number was Rs. 14,321 million at the end of Q1.

Nihal Jham: That is helpful and then when you mentioned about these unsustainable business practices

is it more in terms of incentives or aggressive discounting on the pricing by the competitors

just can you give a little more color that would be helpful?

V.S Ganesh: It is actually both. If you go to the market except few of us almost all the brands are having

offers, promotions by one way or other and when I look at retailers there are lot of schemes which are happening, if you look at it from a bottom-line point of view these are not sustainable and it is not EBITDA or bottom line friendly. In a way I can say this is way of liquidating the stock and bringing the inventory down so that that is what is happening in the marketplace, so that is what we meant by unsustainable business practices and of course

we has a brand, we work in a very hygienic focus, sustainable growth initiatives that is what we take so while we are making sure our partners are happy and this is where ARS is really

helping our distributors because the inventory terms are improving and this is much better than any schemes or incentives which we can give. Our retailers are getting better product.

Our consumers are able to discover more product ranges of ours, so we will continue to

focus on these aspects which will bring sustainable growth.

Nihal Jham: I was asking that while Jockey has expanded very well into the Athleisure Space is there a

thought to make into a full pledged apparel brand just based on observation from some of our EBOs and also some SKU launches of jeans and some other product category, which

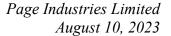
we are beyond Athleisure by definition.

V.S Ganesh: So Nihal two parts to the question so if you see our EBO it is not Athleisure, it is House of

Jockey. We have preference across the range, men's innerwear, women's outerwear, men's outerwear and juniors so it is a entire product category we had to offer today and when it comes to adjacencies we only look at adjacencies which are relevant to the brand signature, which is relevant to Jockey and how we have positioned. So we do not see ourselves coming with something like denim or something because that will confuse the mind of the consumers and today there is good clarity among our consumers as to what Jockey stands

for and our adjacencies or expansions would be in line with the brand signature.

Nihal Jham: Sure Mr. Ganesh thank you so much.





Moderator: Next question is from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

Sheela Rathi: Thanks for taking my questions. Just to repeat to one of the earlier questions in terms of

category trends where you talked about men's premium going faster whereas Athleisure there are certain issues. Now talking about the festive season how do you plan to have the

inventory in place in anticipation of the demand which we expect to be strong in the third

quarter onwards?

V.S Ganesh: Well our distributor inventory health is very, very healthy and with good adoption of ARS,

we also have a wide representation of our product reach. We are also back with good inventories in our warehouses, so if there is an uptick in demand we are well positioned to cater to those requirements and we have also taken enough and more initiatives in the back end as far as agility is concerned, so today we made tremendous progress in turning around order shipment as far as backend is concerned. With all this is in place, we would be the

first to make use of the opportunity when the market bounces back.

Sheela Rathi: Are we on a sequential basis also seeing that changing right that is demand is improving for

us in general.

V.S Ganesh: Absolutely, yes.

Sheela Rathi: My second question is on the gross margins, why is there a dip on the gross margins this

quarter?

Deepanjan: The dip in the gross margin as we compare with Q1-2023, there have been several factors.

sales in a quarter in the previous year, so it was the highest ever sale, so naturally with high sales overhead optimizations were much better last year and with that the margins that we reported last year were quite high. At the same time as we explained there were situations in the market for the inventory and there was promotional activities given by other competitors, which has impacted our sales turnover and we continue to focus on the long-term sustainable growth so to navigate this temporary phase of market and condition, we have taken major safeguard and improved our market share. Additionally we have taken steps for controlling our expenses and optimizing them, so broadly the reason is that when you look at Q1 FY2023 the sales was significantly higher and that helped in optimizing the cost. Current quarter when we look at it and naturally seeing the sales were much higher in that quarter, we had less investment in advertisement and other sales initiatives. This year we have resumed the advertisement and that has impacted our margin percent, but yes I

mean if you look at the sequential margins we still have input significantly so we have

Firstly, the prevailing demand has been subdued and as VSG explained we hit the highest

increased by almost 5.6% as compared to Q4 FY2023.



Sheela Rathi: If I could follow up here, why is there sequential dip in the gross margins. Our gross

margins in March quarter was 56.6 points and now we are at 52.9.

Deepanjan: When we are commenting on gross margin, which is overall operating margin. At

operating margin level, Q4 we are at 13% and now we are 19% so that is the improvement of around 5% and odd. If you look at gross margin perspective, between the two quarters we look at gross margin based on our product cost plus conversion charges, so considering

that we are more or less at the same level of Q4.

Sheela Rathi: What is that number, the gross margin number as per your calculation.

Deepanjan: As per our calculation we are at a gross margin level of around 53%.

Sheela Rathi: That is a comparable number for the last quarter also.

Deepanjan: Yes.

Sheela Rathi: Understood and my final question was respect to the distributor count. For the last couple

quarters, what we have observed is that the number has been coming lower versus 4800

earlier now we are at 4000 is there any particular reason why this has been lower?

V.S Ganesh: Gagan will be able to answer this, but just to tell you some of this is also some

consolidation happening, especially on that. The distribution where the realignment is happening so these are all designed. Actually, there is no distributor attrition in fact it has only strengthened, and I feel this will further improve with ARS coming in I can already see

excitement in our distributors, the way they are shaping up, so we do not have any such

worry, but I think Gagan can add help value to this point, Gagan.

Gagan Sehgal: Thank you, Mr. VSG. You have answered it. We do not really see a decrease as such in the

distributor count because when you look at the unique distributors currently, we used to

have around 1350 distributors couple of years back and currently we have 1736 unique channel partners. Yes, there is a bit of consolidation where in if any channel partner for any

reason say would have exited at any point of time, which is a normal attrition right which is

not more than what we expect. The first right of refusal is given to existing distributors so

we are consolidating and making sure that our existing distributors they continue to grow

and at the same time as we have created another vertical for accessories as Mr. Ganesh has

rightly mentioned, we want the right kind of channel partners who should invest in us

because we see a lot of potential in accessories so that is a consolidation that has been done

from our side by design, so that you should have bigger channel partners who can give you

the adequate investment and manpower so that we can create accessories as another vertical

and continue to grow because we see huge opportunity there. There is no cause of concern



in terms of any attrition it is all in control and we are keeping a very close because our channel partners are our primary customers and we continue to engage with them very, very closely.

Sheela Rathi:

Understood thank you very much.

Moderator:

Next question is from the line of Rishi Mody from Marcellus Investment Managers Pvt Ltd. Please go ahead.

Rishi Mody:

My first question is to Mr. VSG. Could you just quantify the impact of ARS in this quarter. How much of secondary sales which is not being recorded in our primary sales or just a volume, which has actually happened at end consumer level versus what is being recorded in our books.

V.S Ganesh:

Mr. Mody, as I told you sometime back as well we do not have any impact on primaries or secondaries because of ARS that was an issue, which we had in Q4 because of the bloated inventory which the distribution had so now our secondaries and primaries are in line.

Rishi Mody:

Our secondary sales has declined by 8% is what you are suggesting right. We have not taken any new price hikes. We have not done anything different this quarter around and hence the actual numbers have started reflecting.

V.S Ganesh:

Our secondary are in line with our primary and therefore if you look at it from a growth point of view what you said is right and that is understandable because the market is not buoyant and sluggish and we should also compare against the high base of last's year Q1, which was abnormally high if you look at it from a baseline point of view.

Rishi Mody:

Right I understand. My second question is on the absolute decrease in employee cost; you were saying something but I just could not wrap my head round it. Could you explain how has this decreased in an absolute term.

V.S Ganesh:

As we have high inventory, we have been allowing normal attrition. As a company even during pandemic and even today we never had forced attritions that is a principal with which has to be worked and we are a very people centric company, but last few quarters since the inventory has been high and there is a need to manage inventory, we have been allowing normal attritions and that has helped us to bring the cost down.

Rishi Mody:

Basically you are saying that we are under-investing in our people, we are not replacing people who have left? Would not this threaten our long-term business capabilities, business strength?



V.S Ganesh:

It will not. Since we have very healthy inventory when we see uptick happening and when we see the trajectory, we can always get time to do the course correction, we can build that capacity. Odhisa is a virgin's place it is a Greenfield so for us it is question of timing as to when we have to start recruitments there. That has nothing to do with our current operating plants. Thirdly, we have enough muscle in outsourcing now. If you want to double the capacity there, we can do it that is the kind of relationship, which we have built with outsourcing and the partners, so we do not have any worries as far as seizing the opportunities concerned when the demand bounces back.

Rishi Mody:

This is on the factory side that the attrition has come in and you have not replaced while the corporate employee count is being replaced adequately. Is that a correct read on this?

V.S Ganesh:

It is mostly on the operating side because that is where there is no pressure, we need to manage our capacity. In fact, when it comes to sales, feet on the ground based on distribution expansion, we have been adding people, so as I told you sometime back our approach on cost control is measured wherever it is required for the growth of the business we are not holding back. We are making the right investment and wherever we can tighten our belt, we are tightening it.

Rishi Mody:

Okay got it. Thank you. That is it from my end.

Moderator:

Thank you. Next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal:

Thanks for taking my question and congrats on a good margin performance in Q1. If I understood it correctly, you said you did better than peers in Q1 despite them giving higher incentives and discounts to the trade channel, so I wanted to check is this comment at the volume growth level or at the EBITDA level that you are mentioning?

V.S Ganesh:

Mr. Bansal what I said was we did better than the peers as far as inventory management is concerned. We have 105 days of inventory compared to 9 to 12 months of inventory, which the competition or the peer's brand that is what as actually pushed those brands to take certain action on the marketplace, which may not be sustainable, so luckily we as a brand. Are not pushed to that wall that's what I meant.

Devanshu Bansal:

Got it and a quick follow up to this. Do you expect this to continue for another two quarters since they are having like 10-12 months of inventory, so that sort of incentives or higher margins can continue for another couple of quarters from the competition perspective?

V.S Ganesh:

It can, but if you see the sequential growth despite all that what is happening in the marketplace, if you see our performance compared to last quarter to this quarter, there is



tremendous growth and end of the day this is determined by the end consumer. If he is loyal to your brand, he will continue to buy your product as long as we are value for money and the last quarter's growth clearly shows we have not out priced ourselves and therefore we are not worried about it. The last quarter to this quarter sequential growth is a good indicator of how things are heading.

Devanshu Bansal:

Typically after Q1 has always been a strong quarter for us and then we see a sequential decline for all the three quarters, so that trend should continue this year or you expect demand sort of picking up and that trend can reverse this time around?

V.S Ganesh:

See, this depends fully on the market. Generally, the market needs to pick up, so we hope this cannot last for so long and things should bounce back and that is where we feel there will be update because this has been two to three quarters of sluggishness and how long can it last?

Devanshu Bansal:

I am asking if you can call out the advertisement marketing spend that we did in Q4-FY2023 and Q1-FY2024 as a percentage of sales.

Deepanjan:

Advertisement was around 1.9% around 2% in Q4FY2023 and in Q1 FY2024 it is around 2.5%.

Devanshu Bansal:

I am saying advertisement expenses have increased on a sequential basis, so the improvement in other operating expenses is almost like 600 basis points. You mentioned that we are not doing replacement, so is it the only reason or we have cut some other expenses as well?

Deepanjan:

It is the combination of several things. First of all, softening of the RM prices that has started gradually flowing in. It already started flowing from March Q4 and it has continued so that is one of the reasons why our margins have started improving.

Devanshu Bansal:

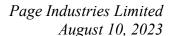
Margins are stable on a sequential basis.

Deepanjan:

Yes, the gross level margins are stable. If you look at the employee expenses in absolute cost terms it has reduced but yes in percentage basis points it is slight increase. The savings that we have received is in terms of other expenses, which is more things like our logistics charges, our travel costs those kind of things even the market, certain other expenses what we give typically the incentives to our trade partners, so savings has gone into those areas.

Devanshu Bansal:

Got it. Thank you so much.





Moderator:

Next question is from the line of Amarnath Bhakat from Ministry of Finance of Oman. Please go ahead.

Amarnath Bhakat:

I was just trying to understand the way Jockey has performed in the main section so far. Of course, this is a market leading what is holding us back to replicate the same type of performance in the women's section and as well as in the kid's section. We have tried a little bit in the early stage to do something in the kid's section, but it seems that that section is not really picking up, can you give us some color that what the management is thinking about this women and the kid sections and some light on the Speedo side as well.

V.S Ganesh:

Okay, excellent. Thanks Mr. Amarnath for asking that. In the woman's category, the organized market exhibits notably very low penetration, especially premium side of the business where we operate. Our current focus is not confined to safeguarding the market share. We want to actually gain market share. We have a lot of consensus on expanding penetration and capitalizing on the untapped market. We are allocating resources both through above the line and below the line to introduce because the awareness in the category. That is one of the foremost things which we need to focus on and that is what we are doing. This concerted effort serves the dual purpose of bolstering leadership and cultivating consumer understanding regarding the woman's innerwear segment. We observe that there is lot of awareness that we need to create in this category especially under women's, especially on the bra side of it, wherein we are actually converting all our associates on the retail phase to be consultant, a fit consultant and a product consultant who can prescribe the right product based on the need of a consumer. We also formed a dedicated team for women's innerwear and juniors and I can already see this has yielded favorable outcome in our go to market strategy so this approach has facilitated the establishment of a distinct and dedicated distribution network. It is extending to the very last mile as far as women's innerwear and juniors are concerned. All these moves which we are taking will help us to harness evolving premiumization trend and the transition from unorganized market to the organized player all this will help us. If you see our product range, we have a very rich product range and we are blessed with a very strong research and development team. We have the luxury of having some world class international talent heading the research and development team who are able to come with exciting products. Very, very functional, understanding the consumers requirement, and also rightly priced so we are nicely positioned where it is aspirational yet affordable for our consumers. We are poised to take off here. I think we have done all the groundwork which is necessary for us to take the business forward, so what you said is very right there should be nothing, which should be stopping us and we are firing on all cylinders as far as women and juniors are concerned. Coming to Speedo, Speedo has done exceedingly well in the last year. We are therefore refocusing on it. In fact, we are working on a long-term business plan for Speedo with the current improvements, which we are seeing, and we will be focusing on further



growing this category because Speedo as a market in India, this is evolving and there is much more awareness today. There is going to be significant lifestyle improvement and we are expecting this category to grow, so we stay invested as far as Speedo is concerned.

Amarnath Bhakat:

A follow up relating to that. If I read you correctly that means our endeavor is to increase the percentage of this women and kids on revenue. Just in this regard, this products of women and kids, are they at the similar margin level of the men's product or it is substantially different and just to add to this what is our effort to extend our beyond India that means are we doing something to extend to international space as well and that is my last question. Thank you.

V.S Ganesh:

Margins is similar and as I said as a brand we always work that way and it has worked very well and what is more important is how we manage the inventories of distribution, how we can make sure he has a relevant stock at the right time and make sure they are in the right place. He gets much inventory turn and thereby becoming more profitability rather than having more percentage points as far as margin is concerned and this is where our focus on ARS is very, very important. As far as the international is concerned, we have 13 overseas EBOs, 10 in UAE, one EBO in Sri Lanka, one in Qatar, and one in Oman.

Amarnath Bhakat:

Thank you very much for your answer.

Amarnath Bhakat:

Next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani:

Thank you for the opportunity. My first question is with regards to the ads spend. You mentioned that the ad spends was around 2.4% odd for Q1. However, in the past in the pre-COVID times if you see the ad spends generally has been in the range of around 3.5 to 4%. While I understand that there is there would be teething issue quarter-on-quarter basis, but what kind of targets are we seeing on ad spends on a yearly basis?

V.S Ganesh:

Mr. Gaurav our ad spends in the range of four to 4 to 4.5% that is what we have been doing. Of course, it came down during the pandemic, which we were media dark, but generally it is around 4 to 4.5% and now we are focusing on creating those awareness both in the brand as well as all the product ranges which we have, so we are getting back to that normal trajectory as far as our expenses are concerned.

Gaurav Jogani:

Would it be prudent to assume that the ad spend or the spends would pick up in the later half of the year?

V.S Ganesh:

It is bound to pick up in the later part of the year, but it is all part of our budget. When I say we have taken enough measures to protect our margins, all these are considered, we have already baked these in our budget and we also taken enough initiatives to control costs on



other sides of the business, so that with 4 to 4.5% the marketing spend, we still can maintain and protect our margins.

Gauray Jogani: Sure, and the margin guidance you gave, that is 19 to 21% that includes the other income as

well if I am right.

Deepanjan: Yes, it does.

Gaurav Jogani: Sure, I just got one last question from my end. On the trends while we understand that

during the COVID times, there was a lot of volatility in terms of demand conditions and because of which you saw Q1 being with very high base, but would it be prudent assume at least that the demand conditions have now normalized and probably going ahead we could see the normalized trends and therefore these trends may follow now going ahead as well.

see the normalized trends and therefore these trends may follow now going ahead as well

V.S Ganesh: Definitely, but when we talked about volatility, it is not only the pandemic. If you see the

last 4-5 years, there were enough and more things happening in the marketplace, which brought in a lot of volatility. GST was one then we had the pandemic then last year we also felt that above 1000 and below 1000 GST correction. Then it was reversed back so all this

is something which we went through. I would not say it was the pandemic alone and today what we are seeing is the overall bloating of inventory in the industry, which is affecting all

of us, so going forward, I hope things will be normal.

Deepanjan: Just to add in your earlier clarification, the margin of 19.5 does not include the other

income. It excludes the other income.

Gaurav Jogani: My last question if I could chip in one more. It is of the pricing bit, this quarter if you see

the top line growth decline 8% odd however the volume decline was higher at around 11.5% given, we had 4% kind of difference. I am assuming that we have not taken any price

increase as such for now.

Deepanjan: We had taken a price increase in August 2022, so that impact is definitely there. On top of

that, there is a premiumization impact so that is what is the gap between 11.5% degrowth

and 7.5% degrowth.

V.S Ganesh: Just to further clarify. We do not see any need for any immediate intervention. We are very

comfortable. There will be a need for intervention only if there is some abnormal input costs, increase like what we saw two years back. If such things happen only, we may have to look at it and that that is something for the industry to look at it but as things stand now

there is no need for us to relocate and have a price intervention.

Gaurav Jogani: Actually, that was I was going to ask. Thank you for the clarification and best of luck.



Moderator:

Next question is from the line of Ankit Kedia from Phillip Capital. Please go ahead.

Ankit Kedia:

Two questions from my side. When do you say industry participants are filled with inventory, once they inventory extinguishers in the system, they could take price cuts because of the lower raw material and you have a policy of not taking price cuts, do not you think that that post the price cuts they will again be competitive and your products are still going to be expensive for a normal consumer?

V.S Ganesh:

Mr. Ankit, if I look at MRP to MRP we are still very, very comfortable. In fact, most of our peer brands are priced much higher than us. Of course, they have taken certain promotional activities because of the inventory. Yes, that does play in the market but if you look at a MRP to MRP we are much more competitive than most of our peers perhaps.

Ankit Kedia:

My second question is we just entered into the institutional business last month where you are making all the EBO franchise partners with your distributors for the institutional, there you have actually told the partners that the Jockey logo will not be there and they could scout for B2B business, how big is the opportunity for Jockey here and will you need to pay royalty on these products given that the Jockey logo or the Jockey brand will not be there on these outer wear products?

V.S Ganesh:

I just want to clarify on this Ankit, this Jockey logo this will be dependent on the institution which is going to look at our products mostly it will be co-branded. In fact, what we see is most of the institutional buyers are so proud of the Jockey brand that they always prefer a co-branding, so that is what it is so. We are seeing a great opportunity. In the sense this is one area where we have not explored even though we were present we are not actually pushed this. We see good potential here. In fact, we also see this more not only from a top line point or the business partition. This also may help us to recruit new consumers. For them it will be a discovery for the brand so we are looking at it that way as well.

Ankit Kedia:

On a three-year perspective, how big could this business be from your perspective.

V.S Ganesh:

Early days Mr. Ankit. We are also trying to understand because as I told sometimes, we can have a very high number at the cost of margin so we want to strike a good balance between it. For us, we are still exploring the opportunities which institutional business presents. You may have to give us the luxury of some more time to give a concrete answer on this.

Ankit Kedia:

Sure, thank you and all the best.

Moderator:

Thank you. Ladies and gentlemen, due to time constraint, that was the last question for the day. I now hand the conference over to Mr. Deepanjan for the closing comments.



Deepanjan: Thanks again everybody for participating in the earnings call. It was an interesting

discussion so thanks again.

Moderator: Thank you. On behalf of Page Industries Limited that concludes this conference. Thank you

all for joining us and you may now disconnect your lines.