JOCKEY

28 May 2024

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 financial year ended 31 March 2024.

Audio recording of the investor call is available in the following link:
https://youtu.be/BYJprnzdaL4

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

MURUGESH C
Digitally signed by MURUGESH C
Date: 2024.05.28 18:52:59 +05'30'

Murugesh C
Company Secretary

"Page Industries Limited

Q4 and Full Year FY'24 Earnings Conference Call"

May 23, 2024

MANAGEMENT: **MR. V.S. GANESH – MANAGING DIRECTOR – PAGE INDUSTRIES LIMITED**
MR. DEEPANJAN – CHIEF FINANCIAL OFFICER – PAGE INDUSTRIES LIMITED
MR. KARTHIK YATHINDRA – PRESIDENT, CHIEF SALES AND MARKETING OFFICER – PAGE INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and Full Year FY '24 Earnings Conference Call of Page Industries Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. V. S. Ganesh, Managing Director, Page Industries, for his opening remarks. Thank you, and over to you, sir.

V. S. Ganesh: Thank you so much, ladies and gentlemen, a very good afternoon to all of you. Thank you for joining us today, On behalf of my team at Page Industries, it my pleasure to welcome you to our the financial year 2024 earnings call. Joining me on the call today are Mr. Deepanjan, our Chief Financial Officer; and Mr. Karthik Yathindra, our President and Chief Sales and Marketing Officer.

Before we delve into specific numbers for the year and for the quarter, I will briefly run you through the year gone by against the industry and the economic backdrop. Last year, we witnessed a significant challenge and transformative changes in the innovative and efficient industry. The economic landscape characterized by inflation, rising interest rate and job losses in key sectors led to a reduction in customer spending.

Consequently, demand for products in the categories we operated in also saw a decline. The industry was affected by over-consumption growth and saw a significant shifts in consumer spending. The sluggishness in consumer demand has been reflected in revenue degrowth during the first half of the year, followed by stability in Q3 and in Q4, with sustained focus to healthy inventory in the distribution network, we could see resumption of growth trends.

During Q4, the operating environment remained largely consistent with the preceding quarters, with a slight uptick in growth witnessed towards the end of the quarter. As I told you before, the apparel sector witnessed challenging circumstances during the year and the volume growth for the sector on a 9-month basis has remained subdued. While grappling with inventories, erratic climate events and subdued environment in the general trade channels, leading to a slower-than-anticipated recovery. Despite these services, our commitment to sustainable sales practices remains unwavering.

We are actively implementing measures to afford operating margins and optimize inventory serving strategic and responsible approach to navigate through the current situation. I'm pleased to share that Page Industries can maintain its leadership in quality and market presence across all these categories. We continue to drive inventory improvements across distribution network, consumer connect and engagement and optimize operational efficiency for various measures including technology upgrades.

Our commitment to technology, brand promotion and expanding market reach remains unwavering. With the simultaneous focus on maintaining comfortable operating margins. This focus pursuits resulted in an impressive PAT growth of around 38.1% while revenue growth was 3.2% in Q4.

Moving to the prevailing macroeconomic and subdued market conditions, which were more pronounced than in Q4. FY '24 annual revenue declined by 2.8% while maintaining our operating margins.

In line with our objectives, we continue to stay invested in enhancing consumer reach and experience, in diversifying and enriching our product offering, working on operational excellence and taking digital transformation initiatives. A diligent control of our expenses has ensured strong operating margin and sustained effort on the aspect of operational excellence, transformation, marketing and this was achieved without touching our product prices.

Our primary focus has been on enhancing productivity within our supply chain. We have embarked on this journey to modernize our distribution management system, aligning with our commitment to continuous improvement.

Our distribution network expansions remain in line with our plan, and as of end of March, we have a network of over 106,000 MBOs, 1,382 EBOs, 1,670 plus LFS outlets, and we are also strategically directing investment towards metros, our e-commerce channel witnessed a substantial growth of 30% in FY '24. This reflects the evolving consumer purchasing preferences and our commitment to strengthening our online presence.

Jockey.in has a refreshed user interface that has enhanced consumer experience. We have several initiatives being executed to further strengthen our D2C channels. We continue to invest for attaining our long-term objectives. Our strategic focus encompasses multiple trends, including intensifying general trade provision, expanding large format stores, expansion of exclusive brand outlets, growing D2C business, improving customer experience, strengthening our product portfolio, continued partner and consumer engagement, and brand building to ensure a robust and initiative also being taken to ensure a robust supply chain.

We express our sincere gratitude for your unwavering support and trust in the industry, and we eagerly anticipate the opportunity to address any questions you may have and provide further insights into our performance during this call. However, I would suggest Mr. Deepanjan to run you through the numbers for the quarter and for the year before we take questions. Thank you so much for joining in today.

Deepanjan B: Thank you, Mr. Ganeshji. Good afternoon, everyone, and welcome again in today's Earnings Call. I hope you are all keeping well. I am pleased to report that Page Industries has delivered an improved performance in Q4 of FY '24. To take you to the key financial highlights for Q4, we recorded sales volumes of 45.3 million pieces, growth of 6.1% year-on-year, resulting in revenue of INR9,954 million.

With revenue growth of 3.2%, EBITDA achieved was INR1,672 million, a growth of 24.5% year-on-year. We continue to focus on enhancing customer reach, experience, and engagement through investments in marketing initiatives and technology enhancements.

At the same time, favorable fabric costs and operational expenses optimization contributed to strengthening the operating margins without touching product prices. As planned, Q4 EBITDA margin was lesser at 16.8% due to such initiatives. Profit After Tax for the quarter was INR1,082 million, which was a growth of 38.1%. Profit After Tax margin for the quarter was 12.4%. Coming to the annual performance for FY '24, revenue and volume was INR45,817 million and 208.3 million pieces.

Revenue and volume had declined by 2.8% and 3.4% respectively, affected by weaker demand and consumption predominantly in the first half of the year. EBITDA was INR8,722 million, growing marginally by 1.1%. Profit After Tax for the year was INR5,692 million, marginally declining by 0.4%. Inventory at the quarter end was INR11,703 million, as against INR15,953 million at the end of Q4 FY '23. Inventory days was 93 as against 124 days in Q4 FY '23. The improvement in inventory days is in line with our continuing efforts for healthier inventory.

Net working capital was INR9,373 million as compared to INR7,680 million at the end of Q4 FY'23. Working capital days was 75, which was 59 in Q4 FY'23. We remain debt-free and the increase in funds is reflected in higher working capital days. To summarise our financial performance, we remain focused in driving operational excellence and capitalize on growth opportunities. We continue to make investments in marketing, digital transformation and process improvement to deliver value to consumers efficiently.

We can now discuss any queries that you may have.

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

Avi Mehta: Sir, I wanted to understand first, given your comments of a slight uptick in the demand conditions towards the end of the quarter, how far do you think we are from looking at the mid-teens kind of value growth that we target? Basically, I want to get a sense on how are you looking at FY'25 from a sales perspective.

V. S. Ganesh: Thanks, Avi, for that question. FY'25, you know, I can see things may improve, but it is good if we plan that the uptick is gradual. I think later part of the year should be buoyant because I can see the growth in economy. Maybe we are also looking at a good monsoon, good industrial output, agricultural output. So these are all good things which should help us to boost demand in the later part of the year. But from a planning point of view, I would rather plan for a gradual uptick so that we are cautiously aggressive in our approach.

Avi Mehta: So just so that I understand, from this current level of those single digits that we are to reaching that mid-teens number, you are saying that it will be a gradual uptick is what conservatively one should kind of build in, but you are essentially optimistic of it kind of coming through. Is that the right summary or understanding?

V. S. Ganesh: It is, and we have taken enough measures. If the market is back and if the buoyancy is back, we are all ready to address all the requirements. So we are well prepared. But from a margin point of view to protect our margins, from an expense point of view, from an operational control point of view, I would rather plan a cautiously aggressive approach and look at a gradual uptick so that we are well prepared.

Avi Mehta: Got it. And, sir, just from a conceptual question, the margin profile that we are witnessing, is it fair to say that till the recovery pans out, margins are likely to remain at the lower end of that 19% to 21% range, something what we saw in '24? That's how it will be from -- how should we look at growth from a EBITDA margin perspective. So if growth is stronger, then margins will move towards the upper end of the range. Otherwise, it might be towards the lower end of the range or somewhere in the close end. That's how, is the right equation, sir?

V. S. Ganesh: Avi, if you look at it, margins, we are always being comfortable between 18% and 21%. And we have been hovering around those. And it's very important to note, this is despite we not touching the prices. So we have taken enough initiatives to protect the margins without touching the price, which in the long run should do good for the brand. And we will continue to put in all the efforts to protect our margins and be in that zone and be a value for money proposition to our consumers.

Avi Mehta: Got it, sir. And sir, last bit, if you could just update us where the current -- how is the dealer inventory level is like across at least innerwear space? We pointed out seeing some still, there has been some pressure in the last quarter. Any update on that would be useful, sir.

V. S. Ganesh: Karthik, you want to update on that?

Karthik Yathindra: Sure, Ganesh. Hi, Avi. With regards to inventory level at our channel partners. And for the full year last year, we've seen an improvement of about six days and in Q4 alone, that's been about an uptick of about three days reduction overall. While there has been reduction in the overall -- this, of course, varies from category to category, the number I shared with you is at a brand level.

It's a lot more pronounced in a few categories when compared to the other while the overall inventory levels have dropped by about six days. This is also queuing in a lot of healthier mix in the inventory that the distributors and channel partners are holding today when compared to one year ago.

Avi Mehta: And how is this versus history, Karthik?

Karthik Yathindra: Sorry, you're not coming through, come again?

Avi Mehta: Sorry, I just -- how is this versus -- you had said that it's still elevated versus history. Now are we closer to the normalized levels in dealer inventory? Is that how I should see it or is it still high?

Karthik Yathindra: No, it's still not at an ideal level where we want our channel partners to be at. It is still at an inflated level. It will take time as we see, the inventory correction is a function of secondary sales and the replenishment through the ARS system, which is an organic process, which will take time. But what we are witnessing is that with every month passing by, we're seeing, one, the absolute inventory coming down as well as the mix of the inventory improvement.

Avi Mehta: Got it. Got it. And sorry, just to clarify, when you say some categories, still innerwear is better off versus athleisure. Is that -- because that's what you indicated last time as well. I just wanted to clarify that's going to continue. That's great. That's all. I will come back in the queue for the other questions. Thank you very much sir. Thanks.

Karthik Yathindra: Thanks Avi.

Moderator: Thank you. The next question is from the line of Nihal Mahesh Jham from Ambit. Please go ahead.

Nihal Mahesh Jham: Good evening, sir. Sir, the first question was if you look at the performance for this quarter while you've seen a 3% growth, obviously, last year in the same quarter, we've seen a sharp fall in our performance because of the ARS issue. And if I compare our numbers, say, to FY '22 for similar quarters, versus a 3% growth in the Q3 quarter. This time around, it's actually lower by 10% versus Q4 of FY '22. So when you look at it from that perspective, is there any aspect that you would want to highlight for maybe the moderation in sales because last year, obviously, you had the one-off ARS impact, so maybe the Y-o-Y comparison may not be relevant.

V. S. Ganesh: If you compare with the year before, post-pandemic, there was a huge upsurge, everybody had record quarters. So it's not a fair comparison because there was huge demand at that time. And as I told you in my opening remarks also, now there has been a sluggishness in the market. So considering that, we have performed well that is because of various initiatives we have taken. And we also ensured that whatever initiatives we have taken as to ensure they sustain growth.

And we have not taken any initiatives to buy sales or taken shortcuts to boost things. We have been focusing on the hygiene because we need to look at the long term of the business. And as Karthik rightly said sometime back, we have been also taking initiatives to improve the inventory health of our dealers or distributors. And when we try to do that, obviously, the primaries may not be in line with secondaries because we have to reduce their inventory.

Which will help us in the long run. So we have to look at it in that context by keeping the long-term aspects of the business in mind. And in that sense, I think we have performed fairly well.

Nihal Jham: Sure, sir, point taken on that. Just one clarification then that when you say making plans for the coming year in terms of the growth. The performance in FY '24 is a fair reflection and there wouldn't be any adjustments or one-offs, you would believe that you will be targeting your growth on the performance you've achieved for this full year, right?

V. S. Ganesh: Nihal, I couldn't give you there. Can you please repeat?

Nihal Jham: I'm so sorry. I was saying that then basically, the performance of this INR4,600 crores of sales in FY '24 is the base on which we would want to grow ahead and not that there are any one-off adjustments, which would have made this number higher?

V. S. Ganesh: So as I told some time back also, we are looking at growth and we have prepared operation B to fulfil those demands and requirements. However, from budgeting point of view, from a control point of view, I would rather look at -- closely watch the market and respond to the market, which remains sluggish. And if you can see that from the peer company also. So this is where we need to keep a close watch and respond to the market while protecting the margins and making sure the hygiene is no way diluted.

Nihal Mahesh Jham: Okay, got it. Just one last question. If I look at our multi-brand outlet and even this time the EBO count, that is, MBO has been contracting for the last two quarters. This time even EBO has seen a bit of moderation. So is this exercise going to continue now for a couple of more quarters or where are we in terms of rationalizing the network that we have?

V. S. Ganesh: Karthik, do you want to clarify that?

Karthik Yathindra: See, on the expansion front, I think last year there was also a drive for consolidation, like you pointed out, both on the MBO side as well as the EBO side. The EBO side, the net increase for the year might seem smaller, but the expansion, pure expansion is in line with what we have been achieving year after year. Last year, the exception has been that there has been cases of consolidation and relocation.

We have gone on a drive to make sure that we move to better locations, larger locations, larger properties within the same catchment so that we are able to service the consumer better. Our portfolio has grown quite a bit when compared to when these stores were launched a few years ago. So there has been need for us to shut down a few stores and find larger properties within the same catchment so that we can house the entire portfolio of the brand and provide consumer service.

The reason you have seen some level of consolidation in the last financial year, which I see also happening maybe for parts of this year, maybe the first half of this year. But thereafter, I think we would have in a way settled into having majority of our stores in the sizes that we want them to operate.

Moderator: The next question is from the line of Gaurav Jogani from Axis Capital.

Gaurav Jogani: Sir, thank you for the opportunity. My first question also is with regards to the network. I mean, if we see the number of EBO cities, the EBO cities somehow seem to have contracted quite a bit from around 400 plus cities to now 280 odd cities. So is that the right number in the presentation?

V. S. Ganesh: Karthik.

Karthik Yathindra: I will have to come back on that in terms of the towns of EBOs. I do not see that there is a contraction in the overall number of EBOs. There is in fact an increase year-on-year. We will have to come back on that particular number.

Gaurav Jogani: Yes, the city is actually showing 218 and this was 468 the last quarter. So if you can, you know, check and let us know later. That will be helpful?

V. S. Ganesh: Yes, I think we need to check that and clarify this back to you because our EBOs have grown and by end of March, our EBO count was around 1,382. So, we will clarify after re-looking at the presentation back.

Gaurav Jogani: Sure, thank you for that. Sir, my next question is with regards to the overall revenue growth. Now, if we look at it, the last year, the base quarter witnessed a 12% revenue decline and on that, we managed to grow only 2%. And within that also, if you look at it, the net realization has actually declined by 3%. So, what would you allude this to? Is it that, you know, while there has been some movement in the inventory, however, the primary sales are not happening that much given that the secondary is still clearing. So, would you allude this to the overall impact on the revenue growth?

V S Ganesh: One is, of course, as I told you sometime back the market and that is something we had to wait and watch and we are not lost share to competition that I can tell you very clearly. In fact, we only gained and the second is as Karthik said sometime back the distributor inventory has reduced.

Had we gone by the old method of pushing inventory to the distributors and focus solely on primaries, we could have got more top line and in fact three to four days of revenue is essential. We could have recorded that, but we are looking at the long term. We are looking at the overall hygiene and the inventory health of our partners. So, in that sense I think we are going the right direction.

Gaurav Jogani: So, sir, the question largely is I mean would this pattern is expected to continue for at least couple of more quarters given the fact that there is no festive season around at least in the couple of quarters then. So, would you expect this to continue in the near term?

V S Ganesh: See we have to wait for how the monsoon is, the interest rate is something we are keenly looking at how it is going to be, the elections the results have to come and the new government and the policy, but overall I think this can't last. So, later part of the year should be good, but as I told you sometime back also it's always good to look for a gradual uptake.

In the meantime, we have all the initiatives when it comes to enhancing our product line, we have all the initiatives to come with more exciting products, improve our existing products, improving the inventory health of the distributors so that new products can be launched and discovered by consumers which is very exciting. Our EBOs actually there is a good refresh in the inventories there.

So, there are much more exciting products reaching there. You can see our jockey.in, our new website, it is very consumer friendly, very intuitive and the refreshed user interface has enhanced our consumer experience and we are seeing a robust growth as far as the channels are concerned and we will continue to focus on that. So when it comes to marketing, brand building you might have already seen the various initiatives we are taking, and I'm sure it is catching your eyes. So, we are doing all that is necessary and therefore we are confident that the long term looks very positive and we are very confident that we can grow.

Gaurav Jogani: Sure, sir. Thank you. And last question from my end would be, if you can give some color on the some of the categorical performance like how the men's, women's or the athleisure part of the business would have grown?

V S Ganesh: Deepanjan you want to give a perspective there?

Deepanjan B: Yes, I think in this particular quarter while men's in other has grown in line with this 6% volume growth that we are looking at. We see positive trends in women's in other as well. So, the growth has been good in this quarter, although it is lesser than what you typically used to the teens category, but yes compared to the men's inner wear, the women inner wear has shown a better growth and other areas like accessories and socks we are seeing a very good growth.

Gaurav Jogani: And sir on the athleisure part would that be a positive growth or that would be still negative on a Y-o-Y basis?

Deepanjan B: On a Y-o-Y basis for the quarter the athleisure has shown a growth whereas for the entire year we are still since the first half was subdued we have seen a degrowth for the entire year, but for the quarter we have seen a growth.

Gaurav Jogani: Okay sir. Thank you for answering my question and all the rest.

Moderator: Thank you. The next question is from the line of Saumil Mehta from Kotak Mutual Fund. Please go ahead.

Saumil Mehta: Yes, thanks for the opportunity. I have two questions. One is, on slide 11, you have mentioned about marketing strategies, wherein there is a disproportionate investment towards men and kids, sorry, towards women and kids segment. Can you highlight some of the initiatives and internally, how one should look at the ROI on these kind of initiatives?

Management: Mr. Mehta, I think Karthik is the right person to comment on that.

Karthik Yathindra: Yes, hi, Saumil. See, on the marketing investment point of view, we, of course, look at ACOS as a metric, not necessarily ROI for each of the category levels, because there is a lot of spill-on effect on the entire brand, as well as some of the key categories that we carry and the brand is better known for. So, ROI may not be the right metric there, but it is a stated strategy from the brand to have disproportionate investments towards these categories, where our penetration levels are relatively lower at the consumer level.

These are women's innerwear, where we've had bras as our mainstay campaign for last year. The campaign title, bras as versatile as I am, was our Diwali launch for last year, both on TV as well as outdoor hoardings. Juniors, when compared to the revenues, definitely the investment in marketing is going to be disproportionate.

We've also just gone live with our first television commercial ever for Jockey Juniors, which is on air as we speak, and a large portion of the production costs that were incurred in getting that film in shape was in quarter four last year.

Saumil Mehta: So, just as a follow-up, how, as a person, broadly, as a percentage of sales versus the company average, what will we spend in the women and kids category?

Karthik Yathindra: It's best we look at it as an overall, because we don't see P&Ls individually for a category.

We rather look at it for the entire brand, like I said, because there is a huge rub-off effect. So, overall, we maintain it at 4% to 4.5% for the brand, and within that, again, large portion of investments are category agnostic. Everything that we do on the BTL side, which is a significant portion of our marketing investment, is actually category agnostic.

It supports a retail setup rather than a particular category. So, it's best to look at it at a brand level, which, as I mentioned, is between 4% and 4.5%.

Saumil Mehta: Sure. And my second and last question, sir, one of your smaller peers has reported numbers. Also, when I look at the last couple of quarters, some of the smaller guys have done better, at least on the P&L front. Now, you have mentioned about increasing competitive intensity, both for organized and unorganized, but within a relatively subdued performance, how much would be the attribute to the rationalization of the MBOs, and how much would be to segments or categories where consciously we choose to not be present on those?

Karthik Yathindra: Oh, there is certainly some portion of our revenue erosion which can be attributed to the number of touchpoints coming down, but this is, I believe, is a natural normalization that we are seeing post-pandemic. Majority of the erosion in stores are in the non-traditional hosiery formats, which otherwise don't carry the categories which we play in.

These were outlets and stores that were recruited into the category in the post-pandemic era, where there was a good fit for revenue generation for the store and of course, it added to the footprint of the brand as well, but it is only natural that while we normalize these stores, concentrate more on their core offering and minimize their presence in the hosiery space and the athleisure space that we operate in. So, yes, there will be a certain level of attribution over there, for sure. Sure.

Saumil Mehta: Thank you so much, and all the best.

Moderator: Thank you. The next question is from the line of Arpit Tapadia from IGE family office. Please go ahead.

Arpit Tapadia: Hi, am I audible?

Moderator: Yes.

Arpit Tapadia: Good evening. On the point number eight of the note, it has been mentioned that you have received a favorable order from CESTAT. Can you throw more light on the scene?

Sorry, we were not able to make out the line was not clear. Can you please repeat your question?

Arpit Tapadia: Yes, over the point number eight into the notes, you have mentioned that you have received a favorable ruling from CESTAT against the order. So, can you just throw some more light over the scene?

V. S. Ganesh: Okay. So, see thing is sometime back in 2022, FY'23 we had received, we had undergone an investigation from DRI indirect taxes relating to certain undervaluation in customs duty for imports. And we did get an order sometime in last year from the customs office asking us to remit additional duty on the allegation that our customs duty valuations were undervalued.

So, we did, while we pursued the case, we also voluntarily paid around INR3 crores of customs duty to pursue the matter legally through the appeal process. So, there was a suspect hearing sometime in October last year and we got the orders early in late March or early April. So, in this order, it has been in our favour and the suspect has ruled that there has not been any undervaluation. So, it has been a favorable order and what we have done has been legally upheld.

Arpit Tapadia: So, entire demand has been cost off?

V. S. Ganesh: Yes. The entire order is in our favour and whatever was the allegation that has been overruled.

Arpit Tapadia: Okay. Thank you very much.

Moderator: The next question is from the line of Shirish Pardeshi from Centrum Broking. Please go ahead.

Shirish Pardeshi: Yes. Hi, Ganesh Karthik. Thanks for the opportunity. I just want one clarification. You mentioned the quarter four volume was 45.3 million pieces.

V. S. Ganesh: Sorry?

Shirish Pardeshi: What was the quarter four volume you mentioned?

V. S. Ganesh: Yes, 45.3 million pieces.

Shirish Pardeshi: So, the question here is that the ARS implementation and now we have a better inventory control. So, when we look back one year, what have we achieved in terms of ARS implementation and if optimally you will look at 45.3 million is the volume what we have got. Against that, what would be a ballpark number the trade inventory would be existing, maybe in terms of days or maybe in terms of volume?

Management: Karthik, in terms of absolute volume, I need to work that out.

V. S. Ganesh: So, if you are looking for inventory days, so we are at inventory days of 93 days at the end of the quarter, of which finished goods will be around 70 days.

Shirish Pardeshi: Yes, that is our inventory. What I am trying to understand at the MBO level, if we take one channel, against this inventory would be three times, four times higher?

Management: Not exactly. So, what we…

V. S. Ganesh: Against the 45.3 million pieces, three times, four times higher, not at all. This is the volume we have achieved in a quarter and if you look at the annual volume, which was reported is about 208.3 million. So, that is about a monthly average of about 17 million pieces. The inventory in the channel outside of page, which we have access to, which is the channel part and I am not counting the retailer inventory, should be give or take about 20 million pieces.

Shirish Pardeshi: Okay. Yes. Actually, that was the number I was looking because you have now control on the ARS implementation. I got that. Second, on the slide 11, you mentioned that there is a significant growth expected into the athleisure market over next decade. Now, when we look back last two years, the athleisure segment is somehow not firing as per our expectation in terms of off-take.

So, then from the marketing lens, are we trying to say that once inventory normalization happens for athleisure wear, we will try and get new formats and new segments and that is why I am connecting the dot. The e-commerce sales would have come down significantly because of the lower throughput or lower demand on the athleisure?

V. S. Ganesh: Not exactly. So, I think, see, what we are also experiencing specifically in the athleisure segment has got to do with the channel inventory that we are carrying, right? And this is, like I mentioned earlier, a normalization that we are experiencing. We saw a huge a jump in our primary revenues for athleisure immediately after the pandemic for two reasons. One is, obviously, the consumer demand for products like these really shot up as well as the inventory in the channel was quite dry. So, we were able to leverage both these opportunities to show the kind of results we did.

Now, with normalization in place, while the relevance for athleisure as a category is lower than what it was during the pandemic, as well as channel inventory coming under steady shape, we are experiencing that over the last couple of years. Now, this is, again, in relative terms to the pandemic stage, but overall, if you look at it, athleisure as a category is definitely seeing a trend towards growth purely from a consumer understanding point of view and trends mapping point of view at a consumer level, athleisure is certainly going to grow. It's about making sure that our product portfolio is ready to cater to that demand and the supply chain gets lean and stable in order to cater to that demand.

And that's the effort that we've been putting in over the last couple of years. So, once the channel inventory is in shape and the consumer demand that we expect from athleisure to be back, we should see growth. And the prediction there is over a decade. And I think there is a fair level of confidence that, that outlook would be what we put on the slide. Yes.

Shirish Pardeshi: So, one follow up here, you hop on channel inventory, but across all MBO large format, every place where the inventory is in a problem, or any particular channel, the inventory is under control and it's firing well?

Management: So, relatively speaking, our exclusive brand store channel is better under control because the maturity of ARS in that channel is much better than what it is in trade. It's also because we introduced ARS first in that channel. And we're also able to, in a way, influence inventory holding right up through the store level, because they're exclusive brand store?

Whereas in the trade channel, the inventory levels at the store level is something that is beyond our control at this point in time. And our influence is restricted to the inventory levels at the channel partner level, which is the distributor level. So, in relative terms, I would say the efficiency in terms of the inventory holding will be way better than the exclusive brand store channel?

V. S. Ganesh: And just to add to what Karthik said and just to clarify, if you look at it, if you look at MBOs and especially the inventory problem is also a pressure which the industry went through. In fact, there has been a lot of discussing, there has been a lot of liquidation happening by the peer brands, a lot of very, very, attractive schemes given to liquidate stock. So, when the retailer's inventory goes, you know, it affects everybody. So, we are trying to maintain hygiene. And this, it also affects the distributor.

So, this is a vicious cycle, you know, but I'm happy to say, like, we are in a much, much better position today. I think we have a lesser problem compared to all the peers. And that's why I keep reiterating that we'd be the first ones to bounce back, you know. And it's also heartening to see that now everybody has realized we need to focus on hygiene. And therefore, I can see some normalcy returning as far as the push model is concerned. And this is actually good.

Shirish Pardeshi: That's really helpful. Just last question on the competitive pressure. What kind of pressure or which markets you're seeing is primarily from the LFL or it is because of, from the volume perspective? Because competition is dropping the prices, what you said, but this is happening. I mean, I'm sure it would have been over by now?

V. S. Ganesh: Yes, I think it is over by now, because it is not sustainable in the long run, because at the end of the day, you have to remain profitable to grow and sustain the business. So, at best, you can have these short-term interventions. So I don't think it can last.

Shirish Pardeshi: Okay. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ashish Kanodia from Citi. Please go ahead.

Ashish Kanodia: Hi, sir. So the first question was on the demand trend. So in your opening remarks, you said toward the end of the quarter, there was some uptake. So given that we are already almost one and a half months plus into the current quarter, just qualitatively, how has been the demand trend? Do you see that the uptake is continuing or just wanted your sense on the overall market condition and the demand trends?

V. S. Ganesh: Well, as far as demand trend is concerned, see, if you look at it, Mr. Ashish, in the long term, first let me tell you, if you look at it, the consistent CAGR of around 11% observed for the last six years, even amidst all these interruptions caused by the pandemic and other macro factors, it's clearly indicative of a very robust trend and the ocean full of opportunities which are lying before us.

I personally feel as a brand, we are in the right place at the right time because India is a wonderful growth story with the economy growing at a very good pace, the middle income group growing at a faster pace, young population, which is very aspirational and rapid urbanization. There is an increased organized retail happening and these are all integral factors which will contribute to sustained growth.

And so we are very, very optimistic. We have also taken our own initiatives as far as expansion, both in terms of geography and multi-channel strategy and also product diversification. And we are set to serve as a catalyst and these are all going to be a catalyst for our growth. So we look at this as a transient phase where demand is yet to resume in the innerwear and athleisure. We feel this is just a passing phase and our proactive approach involves continued investment in shaping the future.

Ashish Kanodia: Sure, sir. That's helpful. And just on a similar line, I think on the earlier question, you highlighted that at least the practices by the peers has improved a lot and you also talked about increased investment in branding and marketing. I'm just trying to understand from a margins perspective as we head into the first half, because there's a hope that second half should see relatively better growth given all the macro trends.

But as you look at the first half and given the investment you're doing in branding, marketing, IT, etcetera, do you see that the first half margins could be slightly subdued and in the second half, as things improve, that will kind of help you to achieve that 19% to 21% kind of a margin for a full year? Is that understanding correct?

V. S. Ganesh: I'm sorry, we can't give forward-looking insights, but let me tell you, you know, sometimes if there are disproportionate investments in marketing or IT, it is also the timing of the spend. That particular quarter may have an impact, but overall looking at it, we have taken – we are budgeting, we are taking a conservative approach and try to control expenses. We are distinguished clearly between expenses and investments.

We want to control expenses, but we want to make all the rightful investments because we are very optimistic about the long-term prospects. And therefore, we continue to stay invested. We have taken all that into account while shaping a budget to protect our margins.

So, I – though I may not be able to talk about how give or take a quarter, we are ensured that, you know, we protect our margins for the year and that is the initiative which we have taken. And we also build in enough flexibility or levers in our system wherein we can control costs based on the top line. So, we have been focusing on having more variable costs and less fund cost or fixed costs so that we can actually manage the business according to the top line.

And therefore, we have more – enough and more levers in our hands to manage the business properly and that confidence we have.

Ashish Kanodia: Sure, sir. Very helpful. And just last, a bookkeeping question. In terms of the online sales mix and growth, if you can share both for the current quarter as well as for full year, what was the, you know, overall contribution of online sales and what was the year-on-year growth?

Deepanjan B: For the quarter, our e-commerce business has contributed almost 10% plus and it has grown quite well. It has grown almost 30% for the year-on-year. For the entire year, it was slightly less as far as contribution was concerned. It was around 8% plus for the e-commerce business and it is growing phenomenally.

Moderator: Thank you. The next question is from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

Sheela Rathi: Yes, thanks for taking my question. Sir, you highlighted that, you know, the pricing-related discounts have come down from competition. I just wanted to understand what is the inventory situation for competition now? How close we are to, you know, inventory getting normalized for competition? Because last quarter, you had called out that, you know, until the competition settles with respect to the inventory, the demand recovery could take longer. So, that was my first question?

V. S. Ganesh: Unfortunately, Sheela, we may not have full in sights as regards to the inventories are concerned, which is very internal to their operations. But, you know, I think the worst is over. And second thing which I can say is we do have loyal consumers who actually are better to our brand. It is just a question of the retail environment picking up and we should do well. I think we may not be getting too much influence by the practices of the competition. I think the worst is over, but only time can answer that.

Sheela Rathi: Right. And to that, we are taking efforts to take up our ad spends. So, just to understand how, what would have been our ad spend number in FY '24?

Deepanjan B: So, I will just tell you, it has been around 3.9% for FY '24. And for the entire year, we have spent around 180 crore in FY '24.

Sheela Rathi: And that is the momentum we will continue to maintain going ahead also, I believe.

Deepanjan B: Typically, as we explained earlier, that we typically spend around 4% to 4.5% of revenues ad spend. So, that momentum will continue.

Sheela Rathi: Okay. Just one clarification. You know, Karthik, you mentioned that the retail channel inventory is about 20 million. Just want to understand what is an ideal number here, which one would want to have? Or how far we are from the ideal number here?

Karthik Yathindra: Again, it varies from category to category, Sheela. I think in the innerwear business, we are largely where we want to be. Of course, there is opportunity for us to optimize it further. But I think we are not far away from what we believe is an healthy inventory for all channel partners, as well as franchisees. Whereas for categories like athleisure, we are slightly on the higher side now, which like I mentioned, is correcting itself month after month. We are also not trying to do this inorganically, because that upsets the mix that the channel partner holds. And hence, we're giving it the time to correct itself through the ARS system.

Sheela Rathi: Great. Just one final question. You know, I think online is doing very well for us and strong growth trends, and you called out 8% share of revenues. Just any call out here in terms of what segment is doing well? Is it more multipax, premium or entry level and from categories, men or women? I think that will be very helpful. Thank you.

Management: I think it's consistent. We're not seeing the specific trend which is favouring growth in the e-commerce space. The trend is consistent across categories as well as price points. I would imagine it is one of the queues towards consumer buying patterns. And the good part is that we had equipped ourselves both in terms of infrastructure as well as competency to cater to that demand, which is holding us in good space.

Moderator: The next question is from the line of Ashutosh from UBS.

Ashutosh: So my question is also on the competitive intensity. So if you see there are like already many private level for the unlisted players in the space. And recently, their analyst trend management also highlighted that some percentage of their portfolio is also competing with Jockey. So just want to understand like with the kind of retail expansion that trend is doing and along with a long list of unlisted innerwear. How do you see the overall growth for Page at least in the medium to long term? Any remark on that would be really helpful, sir.

V. S. Ganesh: Yes. So if you see the market penetration, we have been updating on that. We and the team as far as men's innerwear is concerned, and in single digits on other category, and we are the most dominant players. And then -- so that can clearly tell you how fragmented the market is. And there is so much of room for growth. And therefore, that what you said should not actually affect us.

And we have been focusing on finding a distribution. We have been closer to our consumers through a retail expansion. And we have been present across all towns and this approach has proven instrumental and effectively catering to the demand of these markets. And it is also crucial to understand that the substantial consumers are gradually transitioning from the economy segment to the premium segment.

So the shift actually indicates a very promising trajectory and we know that this is going to persist. And that is going to be good news for us. And as long as we can continue to be a value for money brand, give quality products, position the brand wherein they feel proud to own the brand and flown the brand. And if we maintain the hygiene in the marketplace, I don't see anybody stopping us.

Moderator: The next question is from the line of Ankit Kedia from Phillip Capital.

Ankit Kedia: Sir, could you just share what has been the like-to-like growth in the EBO channel first for the quarter and for the year?

V. S. Ganesh: So Ankit, you see we don't share those specifics because it is in our interest and in your interest that we don't do that because it is – this is something which will help the competition to shape their strategy. But what I can tell you is, during the second part of the year, the EBOs have started showing growth -- like-for-like growth, which is a good sign as far as the retail environment is concerned because that is the right parameter to see the market. In fact, especially in Q4, we could see good improvements. So that gives us room for a lot of optimism.

Ankit Kedia: So is it fair to assume that the like-to-like growth is ahead than the company's revenue growth overall?

V. S. Ganesh: Mr. Deepanjan do you want to take?

Deepanjan B: No. I think to answer this, the like-to-like growth in EBO's has been subdued. You won't say that it has been -- it has crossed the company's overall growth parameter. But as Mr. V.S.G explained, the second half has been better, whereas the first half was sluggish. But yes, we have seen improvements.

Ankit Kedia: My second question is on the price changes. While in your presentation and in some of your answers, you did allude that you might not take price increases in the year and you are doing a lot of innovation for that. What we are hearing in the market is you are introducing or introduced lower price point products in Athleisure. Can you please talk some on that?

V. S. Ganesh: Sorry, Ankit, the last part of the question was not clear. What you heard from the market is?

Ankit Kedia: So, are you introducing lower price point products in the Athleisure category?

V. S. Ganesh: Well, we always, our commitment to be a value for money brand that remains unwavering and this is deeply ingrained in our core pricing strategy. And we actually keep a finger on the pulse as far as market is concerned and introduce products based on market demands and the market sentiments. So, when we introduce products at various price points, basically based on the feedback, we actually don't do anything specific for tier 1, tier 2, tier 3 and metro stages.

We treat them equal because RTG is the same based. Just happen to be in these places. So, the introduction of maybe at Athleisure product at a lower price category, it is definitely based on the feedback which comes from the market based on the consumer requirement. Because as a brand, we always give consumer first. That has been a priority and we try and give the best product for demand price.

Ankit Kedia: So, is the feeling that the Athleisure has become expensive for the middle class consumer and hence, incrementally more product launches would happen at a lower price point and value for money price point?

V. S. Ganesh: Actually, we are seeing our consumers are going for more premium products. And if you see overall across industry also, you can see the trend for premiumization. So, that's where I said our product management team actually wants to cater to all segments where we play on and we position the price laddering and products based on the market but play within the PG which we are focusing on. But to answer your question, generally we see people opting for more premium products.

Ankit Kedia: And so, my last question is on the product introduction in the women's category. What are the gaps still pending out there over the next couple of years? Where do you see from product gap perspective which would be addressed by the company?

V. S. Ganesh: Karthik, you want to clarify? And Karthik, if you want to give some more colour on the first part of the question also, you are most welcome to do that.

Karthik Yathindra: Sure. Thank you, V.S.G. On the first part, firstly, I think our product introduction strategy has been consistent across price points. So, there is no undue focus towards entry-level price points. In fact, we've seen better traction for the upper end of our product offering across e-commerce as well as EBOs as well as the general trade channels.

So, in terms of the quantum of launch, in terms of number of styles that is getting launched, I think it is equally distributed across all our price points. Coming to the – your question was on Women's Innovare in specific, I assume, Ankit?

Ankit Kedia: Yes. Absolutely.

Karthik Yathindra: With Women's innerwear, I think we've reached a fair amount of maturity in our product presence. Lot of work and a lot of new introductions over the last 3 years has brought us to a good space, I would say, where we address much of the both solutions as well as need states of consumers when it comes to intimate wear within the space that we, as a brand, operate.

So, going forward, I think there would be a few more solution-based products that is planned for introduction. But other than that, I think, let's say, the brass category today is quite wide and caters to all consumer needs in that particular category, much wider than what it was, let's say, 3 years to 4 years ago. And this has been consistent efforts towards that. So, what you will see going forward is refreshment, a lot of upgrades, and a lot more consolidation within the portfolio.

Ankit Kedia: If I could just squeeze in one more question, if time permits. Kids wear category, there was a feedback that our product needs to be upgraded and the price points need to be lowered there as well. And now with the new junior's campaign, what has happened at the back end that prompted you to be so aggressive with the junior's campaign in the market? Have we refreshed the full portfolio for the kids category?

Karthik Yathindra: Our portfolios across categories undergo consistent refreshment year-on-year, broken into two seasons, and it's no different for the kids portfolio as well. In fact, for the kids portfolio, the refreshment is a little more frequent because we need to keep that freshness for that particular TG. So, unlike for men and women where it happens twice a year, here it happens almost four times a year.

The campaign is something that we would have anyway done. We were just waiting for sufficient penetration in the market. We could have done this three years ago, but then waited for the pandemic to, in a way, wean out. And then once we believed we had sufficient presence on the ground in terms of touch points, we thought it's right for us to take the ATL route of communication. And again, in ATL route, I'm specifying meaning the TV route. Otherwise, Jockey Juniors has been on outdoor for almost three to four years now.

Ankit Kedia: Thank you, Karthik, and all the best. Thank you.

Moderator: Thank you. Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to Mr. Deepanjan for closing comments.

Deepanjan B: Thanks, everybody. Thanks again for joining us and for the insightful discussions. We do look forward to such insightful discussions again. Thank you again.

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