JOCKEY

August 17, 2021

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

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

Dear Sir,

Sub: Audio Recording and Transcript of Investor call

We herewith enclosed the transcript of investors call for the financial results for the Quarter ending June 30, 2021.

Audio recording of the investor call is available in the following link:
https://youtu.be/-DkJfvPp1iM

This is for your information and records.

Thanking you,

Yours truly,
For Page Industries Limited

Murugesh
Digitally signed by Murugesh
Date: 2021.08.17 13:41:34 +05'30'

Murugesh C
Company Secretary

Encl: as above

PAGE INDUSTRIES LIMITED

"Page Industries Limited

Q1 FY2022 Earnings Conference Call"

August 12, 2021

MANAGEMENT: **MR. V.S GANESH – CHIEF EXECUTIVE OFFICER**
MR. K. CHANDRASEKAR – CHIEF FINANCIAL OFFICER
MR. GAGAN SEHGAL - PRESIDENT CHANNEL SAFE & DISTRIBUTION
MR. RAHUL SHUKLA - SENIOR VICE PRESIDENT

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2022 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 the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. V.S Ganesh, CEO of Page Industries Limited. Thank you and over to you Sir!

V.S Ganesh: Thank you so much and good evening everyone, it was a pleasure to interact with all of you today and I do look forward to the session. Today, I am joined by our CFO Mr. K. Chandrasekar, I am also joined by Mr. Gagan Sehgal - President Channel Safe and Distribution and by Mr. Rahul Shukla - Senior Vice President for EBO and LFS. Before I start highlighting the performance for the quarter, I would like to thank once again to all those thousands of women and men in our operating facilities and various markets and stores who have worked very diligently with utmost care by taking all precautions to resist the pandemic and for creating a very safe work environment to all associates in the factories and to our customers. I would also like to thank all the franchise, distributors, the warehouse partners and all our supply partners in the back end who helped us to cope with this challenging situation and of course thanks also due to our beloved employees of Page, who did a similar job during the last quarter.

I would also like to thank all of you, the analysts, and the investors, you have been our well-wishers and the ones who keep challenging us on the most important things that we should continue to deliver and focus. The quarter itself was a fantastic quarter for us in terms of sales growth given the destruction created by the pandemic, we are proud that we outdid our own plans and expectations, our revenue for Q1 grew by 76% and by volume it grew by 70% year-on-year aided by gradual lifting of the lockdown post the second wave, which helped increase footfall and resource. I am sure we cannot compare these numbers with a last quarter as it would not be like to like, however, for the sake of record, I would like to tell you that the revenue is 43% lower and volume by 45% quarter on quarter, of course yes this is mainly because of the fact that we lost almost half of Q1 because of the lockdown, more than 61% of MBO outlets were active at June end and by the end of June all our EBOs and LFS were open. Our manufacturing and warehousing facilities have now returned to normalcy and we are taking all necessary precautions to ensure the safety of all our associates. As regards to the market, the sales trend which has been on an increasing trend since the last year continues to show that raw business and is looking very bullish barring the lockdown period. Branding efforts continue through multiple channels including online, media and point of sale. E-commerce continues to be robust. Our kids wear business continues to be a special focus area with very encouraging customer acceptance and feedback. We now have 39 EBOs that are exclusive for Jockey junior. We have been able to build a separate channel with nearly 200 strong sales force for the junior's business. We have also appointed Jockey junior specific standard partners across 50 cities. We continue to expand our depth within existing market geography as well as strengthen distribution in markets which are witnessing expansion of mature retail formats. Jockey is present throughout India in 2895 cities and towns. We see great potential in the rural, tier-3 and tier-4 cities and we are strengthening our distribution network in a phased manner in these markets with opportunities. We will continue to give our best effort and focus on the core business vertical that is the men's innerwear, women's innerwear, athleisure both men and women, socks and towels and we are very confident of maintaining growth going forward. We are delighted that our team was able to put together so many innovations in ensuring customer acquisition. in controlling cost, in managing cash and in bringing the best out of our associates and in reassuring all our stakeholders that all is getting well.

I will now hand over to our CFO, Mr. Chandrasekar to give us the Q1 financial results and review. Thank you and over to you K.C.

Chandrasekar: The Q1 FY2022 revenues you would have seen reported at Rs. 5015 million, this was Rs. 2848 million last year so of course both quarters have been subject to the pandemic so this is not our best performance but still there is a growth of 76%, so last year even though half of the quarter was affected and similarly this year also but we have done well because we have learned and we have been able to mobilize better in this year than in the last year when pandemic was a surprise to all businesses and of course the best performance as far as a quarter is concerned is above Rs. 8000 million as you know for Page, the volume was 25.28 million this quarter which is again a 70% growth, the EBITDA margins are largely affected by the lower revenues at 6.8 again, compares with minus 12.2 of Q1 FY2021 but then we delivered 19.3 in the preceding quarter Q4 FY2021, so EBITDA margins are lower, mainly on account of wages, selling overhead and corporate overheads under absorption, about 6% from wages and selling overheads by about 2% and department overheads by 4% so that explains the EBITDA margins being lower. We typically report and compare the gross margins and the gross margins for Q1 FY2022 is 33.2%, which compares with about 39.3% of last year which is FY2021, again assisted due to the lower absorption of wages by about 6%. You would be asking about the raw material prices for sure, the raw material prices are holding around 44% to 46% of revenue, this has been more or less in line with the past quarters because as you know with the increase in raw material cost, we also increase the selling prices year-on-year so it remains around similar percentage of revenue. We did however see about 2.8% increase in the RM cost impact in Q1 and the forecast going forward is about 5% to 7% but what I hear is the prices are weakening now and we have to wait and watch in the rest of the year. The Q1 FY2022 profit after tax is down by about 91% quarter-on-quarter but then up by 128% compared with FY2021 Q1, it is about Rs. 109 million and the margin is at 2.2%. The cash equivalent compared with Rs. 4347 million of March 2021 is down to about Rs. 3271 million, mainly on account of lower sales and collections but we are maintaining a close watch and keeping all the opex under control in Q1. Business is resuming to normalcy, April we did like 19% EBITDA but then May and June was not that good, July is somewhat similar to April so we are back on track, the networking capital is about 5100, which is the same as March, the only thing is the cash is now replaced with inventory where there is a strategic build-up of inventory so that is as far as the financial update is concerned. Can we now open the floor for Q&A.

Moderator: The first question is from the line of Aditya Gupta from Goldman Sachs. Please go ahead.

Aditya Gupta: First on the volume growth of 70%, there are too many moving parts in the quarters if you could just help us understand at least which segments grew more than 72% and which ones grew less than 72%, it will be very helpful?

V.S Ganesh: If you are looking at volume growth against last Q1, this Q1 every segment had a tremendous growth in volume and we are continuing to see similar growth, all categories are growing, however, the bias is more towards the athleisure, obviously with work from home, so the share of the accelerated growth is happening on that side of the business and we are also seeing very good traction on the women's innerwear and appreciate that side of the business as well.

Aditya Gupta: It is a follow up on this now, let us say vaccination picking up, hopefully people getting back to offices sometimes this year and with malls and other department stores also opening up hopefully by the end of the year, from a competitive scenario how has the competitive positioning improved for the brand over the last 12 to 18 months and how do you think competitor activity is going to be when everything opens up and people also start going back to offices?

V.S Ganesh: We managed to have quite a lot of customer acquisition during this time because these are times when our customers will always look for trusted brands with good value for money proposition and quite a lot also depends on how robust your supply chain is, how your product is in the marketplace so in that sense we were able to gain lot of ground and this will come help us in the long run. We also very well geared up for e-commerce, it grew tremendously and from the warehouse, IT, logistics point of view we were able to augment lot of resources and become capable, so that also helps us quite a lot and we have taken lot of initiatives to ensure growth, so last year if you see despite the pandemic, we were able to open more stores and we opened 14,000 MBOs and 200 EBOs and that was a tremendous job which we did and more than 50% of this growth came from tier-3, tier-4 cities so while we are looking at the productivity improvement in our current stores, we have also been expanding our footprint and the bias is more towards rural market with a lot of dedicated leadership and resources being put towards it is helping us quite a lot and this momentum and trust will continue.

Aditya Gupta: On the gross margins which is reported in the P&L right so last year first quarter there was a significant dip from 59% in March of Q4 FY2020 to 48% in first quarter of 2021 and a lot of this was attributed to obviously under absorption of manufacturing overhead due to the impact of the lockdown, but this time around the gross margins as reported in the P&L have actually held a pretty flat quarter-on-quarter, now I would have assumed that a similar kind of an under absorption of overheads would have happened this quarter also like last time around right, the magnitude might not have been similar but there should have been some quarter-on-quarter compression over here or is there something that I am missing over here?

V.S Ganesh: Yes typically,, it lands out of the questions for many people, the gross margin maybe you are looking at what is published, if you had a chance to go through the earnings presentation, the gross margin I did mention in my first introduction, it is about 33.2% after the subcontract cost and the other manufacturing cost so it is about 6% down from the typical historical gross margin of about 39% to 40%, so it is about 6% down mainly due to the wages under absorption, that would again go back in the same range when the volumes are back to normal because we increase the selling price in proportion with any of the cost inputs including raw material, so we may try to achieve around 20% to 21% EBITDA margin, so this should restore and even if you go back to FY2021 in all the months where there was no lockdown, we had exceeded an EBITDA margin of about 21% in all the months excluding the lockdown period so this is something which is sustained in terms of our approach to the business.

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

Avi Mehta: I wanted to understand the comment that you made in the start about July being back to April levels, would you be able to give a sense versus pre-COVID, are we back to pre-COVID in a sense if I were to take two years back sales number we are back to that number now or are we seeing a growth from that number?

V.S Ganesh: It is early to call because even July was disrupted in some manner, so I would wait for Q2 to come out to be able to make a comment because even within Q1 was up and down.

Avi Mehta: How was June with lockdown still being there, how was the impact can you give some sense on that? Was it 60%, 70%, 80% of the normal not an exact number but just a hint?

V.S. Ganesh Like in terms of volume April was about 12 million, May was about 4 and June was about 9, so that adds up so June was like twice of May, but it is not close to anywhere being where it should be.

Avi Mehta: Okay and there is no seasonality over here right because of the price increase?

V.S. Ganesh It has been a tough time and also April and May have been quite tough on everyone on the personal front also, so there is no seasonality as such but June was a bit of a recovery and July is better but we really need to give it a little more time.

Avi Mehta: When you say restrictions is it a specific geography that you would like to callout, which is wherein the pressure is or are we now completely out in terms of restrictions or still some parts are under, I mean Kerala is but is that a large chunk for us, is that you are kind of alluding to when you say things are not getting normal?

Gagan Sehgal: Mostly things have opened up, not in Kerala and definitely it contributes to our topline, so we still have to wait but overall we are very positive, things have opened up mostly all across except barring couple of states so that is why we are confident going forward.

Avi Mehta: On a conceptual basis you highlighted that RM is back to 44% to 46% of sales because of the price increases that you have taken in June. Is that correct Sir?

Gagan Sehgal: Yes.

Avi Mehta: And hence would it be fair to expect if when things normalized, we would move back to what we saw in the second quarter, third quarter of last year, is that a fair way to look at margins?

V.S Ganesh: Absolutely in fact I had mentioned to you that even in FY2021 we had delivered upwards of 21% EBITDA margins in all the months, which were considered normal so that is how we always operate.

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

Nihal Jham: Two questions from my side, you obviously mentioned in the last call that production was shut till June 7 and from April so is it that there was actually an issue with the availability of product impact here than how we have managed whether it has been via inventory or we did a ramp up in production after June?

V.S. Ganesh We have lost 48 days in manufacturing that is true but we had inventory and you also know we also have a strong outsourcing, so we outsource close to one third of our products and as a risk mitigation, we always ensure these facilities across India are not concentrated to one region so that did help us to keep the supplies on, it did not create much disruption. We also had adequate raw materials safety stock built up, we even now are holding raw material stock so that we can quickly ramp up capacities when required and these stocks were also used to support our outsourced vendor partners. On the in-house manufacturing, the moment we opened up we were able to scale up capacity because we went into shift operations so now all our facilities are working intrusive even the government announced 100% people can come and work, we are keeping less than that, we are keeping 50% to 55% people on a given point of time working in two shifts so this has helped us and not only maintaining safety and social distancing and health and safety of associates but also get into normalcy as regards the capacities are concerned, we also worked hard on the outsourcing side and have increased outsourcing capacity by close to 50% from where we were six months back, so the supply chain is well poised to accelerate supply and build inventories.

Nihal Jham: Second question was that the same time last year when COVID impacted what we saw as a trend and it was alluded also last year, there was a sharp improvement in demand I think especially from the athleisure side where despite losing out the first quarter, the strong demand momentum saw us making up the entire revenues in the rest of the year. I just wanted to get a sense and I am specifically speaking more from the athleisure side that are we seeing that once things have normalized that the pent up demand or the ramp up in the athleisure segment is as strong as last year?

V.S. Ganesh Yes I firmly believe it will continue to be robust because this is an opportunity where people discovered us and understood our product much better, its value for money, quality, faith and therefore I can see much more loyalty from our customers on the athleisure side so in that sense I think it was a good discovery for our consumers and it was a great opportunity for us and when I see the way the product is received in the market, we are going to be the leading and most trusted athleisure brand of India going forward that is the way things are moving, so I do have a very bullish outlook as far as athleisure is concerned.

Nihal Jham: Could you give the average price hike that you have taken to cover the RM cost maybe versus last year and even on Q-on-Q basis?

V.S. Ganesh So the RM price hike has been more or less similar to what we have done in the previous years, we usually touch prices anywhere between 3.5% to 5%, it depends on the product, so overall we have been in that range and this year also we will be able to continue that because even though the raw material prices went up, we took a lot of cost control measures, I said only in my beginning statement we were virtually having a zero-based budget, we were concentrating on every spend and were able to cut cost even though we were very, very careful on the people side. We maintained all our operators, all our associates, all our managers, there was no downsizing, we paid everybody in whole so we took the right measures, we were always looking at need to have expenditures with people first, so the cost controls which finance brought in also helped us in a great extent to mitigate some of the impact of raw material price increase, so this helps us to keep the usual normal price increase despite the raw material creating lot of pressure as far as prices are concerned.

Moderator: Thank you. The next question is from the line of Himanshu Nayyar from Yes Securities. Please go ahead.

Himanshu Nayyar: Firstly on the distribution front we have seen that we have had very aggressive addition to our MBO and EBO network, so just wanted to understand in terms of the universe, what do we feel is the effective universe of MBOs that we can target and obviously keep growing profitably and what is the sort of EBO network that we are looking at, if you can give some number there?

V.S. Ganesh There is tremendous scope to improve and open number of doors so as you rightly said we are continuously aggressively expanding that, while we are also looking at productivity increase in our existing stores and the trust has been now equally biased more towards, say tier-3, tier-4 city, we are now also working on the rural market with the great leadership so you will see more doors opening because of that trust, which we are giving and we are also looking at opportunities in tier-1 and 2 cities, so it is more distributed in that sense and we see tremendous scope of growth both organically and inorganically as far as that network is concerned and when it comes to EBO, we have been adding around 200 to 225 to 250 stores year-on-year and that will continue as we see it because almost all stores are profitable with our expanding product range and more customer acceptance, we need to do this and therefore we are continuing to have that growth going forward also.

Gagan Sehgal: We definitely see a lot of potential as we are expanding our footprint and 50% of stores which were open last year were also in tier-2, tier-3 cities and rural and when we look at the throughput of all the new outlets, it is very, very encouraging which means the closer we are going to the customer, the retailers also are having a throughput which is making them sustain and our distribution model is working as we are expanding more and more doors and I see no reason why for the next couple of years we should not continue to add at this pace.

Himanshu Nayyar: Second one was on the e-commerce base, Given that in a lot of categories including your sales team, the e-com shares rising and you are also talking about more investments on that front, so just wanted to know what is our current share of sales coming from that channel and in terms of preparedness for the future if you can just give us some more colour on what all you are doing to further increase the share coming in from that side.

V.S. Ganesh So in FY2021, e-com contribution registered was 7.4% of overall so that has been a healthy growth for us that is the growth of around 76% but we should also keep in mind this is also slightly skewed because the overall sales was not in line with the previous year so the percentage this time looks a bit exaggerated, however, even in Q1 the contribution is 19% and therefore the year-on-year growth of e-com is I can say 2.5X, so e-com continues to be a fast growing channel because of the pandemic and I am confident that e-com business would be further developed in the coming year. I see the buying pattern of consumer have changed and they now buy from online so we will continue to invest, besides having our own e-com portal, we have also tied up with major online players like Amazon, Myntra, Zivame, Paytm, Flipkart so this will definitely help us to accelerate growth in the coming years and impacting even the coming months.

Himanshu Nayyar: Does it impact our margins in anyway, are the margins different for this channel of sales or not really?

V.S. Ganesh Not really through Jockey India.com of course we have a marginal gain but overall if you look at it there will not be any adverse impact on to the margin.

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

Aditya Soman: When you were talking about July earlier you were talking about margins right and not topline where margins going back to April levels, did I get you right?

V.S. Ganesh Actually what I said was July is also looking good, we did not talk any specific numbers there what we said the demand and the appetite for our products continues to be very good and July has been a good month for us. We may not be able to talk about specific numbers there because as Mr. Chandrasekar rightly said we will have to wait for the quarter to end to look at the record.

Aditya Soman: Correct, I am just picking on your comment you made earlier about July margins as 30%, April at 19% but that is okay.

V.S. Ganesh You are right in the sense that in terms of volume we have seen July , it should be similar to April but again the full cost will get captured during the quarter so we will plan to see.

Aditya Soman: Just a broader question in terms of what is happening with men's innerwear because I think you again called out that obviously women's innerwear and athleisure is probably better than the segment average, men's innerwear has been a bit sluggish now for, if you were to compare it with pre-COVID level for some time, when do you expect to see growth in men's innerwear, would that be from Q2 or Q3 or do you think Q2 and Q3 base is tough because we had a significant pent-up demand last year?

V.S. Ganesh Men's innerwear actually has grown, there is no dip in growth as far as men's innerwear is concerned, only thing is with the changing demand pattern, I can say the growth was more accelerated in the athleisure side of the business, does not mean men's innerwear did not grow, it did grow and it continues to grow and we are also taking a lot of initiatives to penetrate more into the market, so as we discussed some time back that we open more doors especially in tier-3 and tier-4 that should also help us quite a lot in men's innerwear and the rural market also because those are markets where some of the economy brands have had a good footprint and our presence can be better I can put it that way, so we are improving our presence there and that will really help men's innerwear business as we move forward.

Aditya Soman: In terms of effective price increase how much would that have been at a portfolio level in Q1 and how much should we expect going forward?

Chandrasekar: We did around 4% and if you are asking about going forward then we are just watching the RM prices. We have fair fix of the opex and we hope that there is no lockdown again and with people getting vaccinated, we should get nearly normal business in the rest of the month, that being the case it would be a function of the RM price increase and of course if RM goes up hypothetically by 6%, then we would only need to increase price by 3% and of course -9 is all the other opex work that we are doing, so we really have to, but historically Aditya we have not increased prices beyond 3% to 4% it comes out as a balancing figure when we look at projecting 21% EBITDA margin.

Moderator: Thank you. The next question is from the lien of Bhargav from Kotak Mutual Fund. Please go ahead.

Bhargav: My first question is that in your opening remarks you mentioned that you have been expanding distribution in the rural areas in tier-3, tier-4 cities, now given these markets are extremely price sensitive, how do we ensure that we succeed in these markets?

V.S. Ganesh Actually, Jockey, we have always ensured that we give a very good value for money proposition to our consumers and we also picking and choosing the products, which are right for those markets from the current portfolio and of course if we are here to develop any new products for those markets, we will always make sure that it continues to be a high quality product without no compromise to quality and value for money proposition, so.

Gagan Sehgal: So our contribution from the smaller towns still is about 50% and that shows us the potential that we have and as I mentioned last year we took a bet on expanding the outlets and when we saw the throughput per outlet as I had mentioned earlier, it was very, very overwhelming in terms of the numbers that we saw, so that shows us the potential that there is a Jockey customer even in these towns and while we are a premium brand but obviously we are still affordable premium brand and a lot of population stay in these towns and normally when they were to buy Jockey they would when they come to the bigger town is when they would buy that is the kind of feedback that we got but as we are expanding more into these territories and also the reverse migration now from metros to the smaller towns owes the pandemic because of work from home, so these are the jockey customers who used to be there in metros and they have gone back as well to the smaller towns so the result has been as I said pretty healthy that's what we have seen in the last one year, in Q1 also 50% of the outlets that we have been opened in these smaller towns and our current portfolio itself is giving us a lot of encouraging results while we will look at, maybe if it warrants may be looking at products for the smaller markets then we will look at it but currently from the current portfolio that we have we are getting very encouraging results from all these outlets.

Bhargav: Is it possible to call out a few states where you are trying to penetrate this year?

Gagan Sehgal: We have expanded majorly in centre, we have expanded in UP, Maharashtra, Bengal, Rajasthan these are the states where we had majority of the expansion.

Bhargav: My second question is on your significant pace of opening new EBOs almost 250 every year now, when we talk to these MBO channel partners of yours where many are scared because essentially it is very difficult to see a company trying to **succeed in retail** as well as sort of distribution channel, now what is your rationale, why should Page expand through the EBO route as well as the MBO route, do not you think it could sort of immobilize the sales and value?

Rahul Shukla: Actually, all these channels, the MBOs as well EBOs are quite synergetic in nature, the role of the EBOs is not only to offer the entire portfolio of products that the brand offers but also it helps in building the brand's signature in the minds of consumers who are already loyal to the brand and hence they would probably come to the EBO but there is a very large consumer base which is the traditional customers who still want to shop from the MBO environment evaluating the various brands and all that and for these kind of consumers having it either actually rubs off positive nature when they buy from the MBO that helps the MBOs improving the Jockey sales of the stock, both these channels are synergetic and they quite help each other in improving the sales.

Bhargav: In terms of production collection is it similar in both the channels or it is quite difficult in EBO and MBO?

Rahul Shukla: It would be quite different. Of course, there will be an overlap because they are all part of the area of product that Jockey offers but they probably be operating in a different portfolio of products or the assortment of products. For EBOs every catchment is actually a unique catchment and we have a very innovative assortment creation process, which ensures that every store has its own unique assortment which may be different from the MBOs, they might be working with a different target segment, more traditional customers, more mass market customers whereas more female customers might be towards the **premium side** so there would be a little division.

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

Gaurav Jogani: Sir my first question is with regards to the sharp expansion in the MBO outlet that you have done so we have expanded approximately 20000 MBO outlets over the past two years while I understand that there has been this pandemic over the past one-and-a-half to two years because of which business have been impacted but once things get normalized, do you expect a sharp jump up in the stage because of the throughput in these outlets also getting normalized to pre-COVID levels so any statement that may go under?

Gagan Sehgal: Throughput whether it would increase in the existing outlets or the new outlets?

Gaurav Jogani: My point is that with 60,000 outlets you were doing Rs.2800 Crores of sales, pre-pandemic now with this additional 20000 outlets that you have added, I do understand that during this pandemic the sales are impacted in the older ones as well but once things normalize even if the base outlets goes to the older levels, would you expect the incremental outputs then coming through this then taking this portal change overall up?

Gagan Sehgal: Oh yes distribution always works that way while you expand the distribution you will also, one, it is a ease to the existing customer who travels to outlet, which keeps your product but at the same time you acquire new customers also who come to that outlet, so as things normalize we are very confident that our existing outlets will definitely pick up like the high street ones where customers footfall had gone down but at the same time the new ones which we opened up those will continue to have repeat customers coming in, so overall we are in a sweet spot there, existing outlets throughput also we expect to increase and the new doors that we open they will continue to give us revenue. We are very confident in that.

Gaurav Jogani: In that case could we see sharp pickup in sales going ahead the next time?

Gagan Sehgal: Yes definitely it will lead to an incremental sale but as you open more doors it also has to do with incremental sales and also better service to the customer that you go nearer the customer, so both ways, it will give us incremental sales but more customer satisfaction so both will go hand in hand, so I would say the truth is somewhere in between, we will get incremental sales but the distribution expansion is also towards servicing the customer by going near to them, but yes to answer your question definitely we will see incremental sales coming.

Gaurav Jogani: The next question is with regards to rural outlet that you were just mentioning to the previous participant, so you mentioned that the 15% contribution is now from these rural outlet sites?

Gagan Sehgal: Yes rural contributes, I would say that the tier-2, tier-3 cities and below and rural combined give us around 50% of our revenue and pure rural would be somewhere lesser than that, it will not be that much.

Gaurav Jogani: So, it is 15 or 50?

Gagan Sehgal: 50 comes from tier-2, tier-3, and tier-4 and rural. If it comes to metro and tier-1 that is 50%.

Gaurav Jogani: When you extend more to this tier-3, tier-4 towns would you also expect the throughput per store might go down because these outlets while they might give a good ROI per outlet but this throughput might be lower per stores basis versus the tier-1 cities?

V.S. Ganesh: Throughout overall per outlet would not be lower because the number of outlets that you will open in a smaller town would be relatively less but when you look at a metro because of the high density of population, the number of outlets would be more so when you compare to a bigger city the throughput definitely is lesser in the smaller towns but overall it is comparable to an extent it might be 20% lesser or 30% lesser compared to metros but the share number of outlets would be less so the number of players themselves are less, who will be keeping the product because of the density of population.

Chandrasekar: And I just wanted to also clarify since you asked so many questions about the rural, sometimes the definition of rural can vary from brand to brand, they may classify differently, for us in Page rural means any town with 50000 or less population.

Moderator: Thank you. The next question is from the line of Tejash Shah from Spark Capital. Please go ahead.

Tejash Shah: Sir my question pertains to the relative pricing index, so we have been very strong on making pricing intervention as you mentioned every year 3.5%-4% now that strategy was going well till FY2017, FY2018 when we are growing revenue as well despite having such a strong pricing actions, but last two years that our trade-off has not worked out so just wanted to understand where do we stand on relative pricing index versus other brands in the men's innerwear in particular?

V.S. Ganesh: As far as pricing is concerned if you are referring to EBIDTA, always with the price increase, it has worked out beautifully for us, you might have seen a different number because of the lockdowns, if you take the month where we have worked with normalcy without lockdowns we always achieved 21 or 21 plus EBITDA in all the months in which they were no lockdown, so it continues to work very well for us and compared to competition okay there are two categories, one is the economy brands and we are not in that space, so we cannot directly compare with the economy brands, however, I can say our price starts where their price ends most of the time, so most of our products in the men’s innerwear but the absolute rupee increase would not be much for the consumer, it can mean Rs.20 or Rs.30 for the end consumer but we always make sure as a brand that our prices are in line with the quality of the product and it is a good value proposition for our consumers and we always focus on that and that is a core value, which we want to build the product around, so we will continue to focus on that and give a good value proposition, absolutely no doubt about it and when it comes to certain other brands which may be directly in the same market as we are, I think the prices will be very similar or in many cases they may be Rs.20-Rs.30 more than us so I do not see any price pressure in that sense as far as competitiveness is concerned. We continue to be value for money proposition.

Tejash Shah: Sure so that was precisely my question that for us throughout our listed history, our pricing strategy somewhere explicitly or implicitly the goal seek function has been this 20% to 22% margin and that worked beautifully because revenue also kept on responding very well to that strategy, now for last two three years we are seeing that somehow the growth is not coming to and particularly 50% of our business which is men’s innerwear it is not responding, so just wanted to know is it a category level issue because other men's innerwear player obviously not comparison, no way comparison to what positioning Page has or Jockey's products have but do you think that somewhere that 20% to 22% which we keep on as a goal seek function for pricing interventions, should be revisited because growth is not responding anymore?

V.S. Ganesh: I would like to disagree Mr. Shah because if you see last year even though we might have degrown by 4%, which you see we almost lost one quarter so without one quarter in place when you degrow only 4% we are actually grown by 20% and that is why you saw only a -4 so in that sense if I see the other month that is exactly what I was telling you some time back if you see the other nine months where we work with normalcy, we grew in fact we had our history's best Q3 and the second best quarter was Q4 last year, so it was phenomenal and that shows the potential to grow and we actually grew in those two quarters when market went back to normalcy. So we do believe that there is no pressure for us to increase the growth and we are very optimistic about it and our products are very well received and if you also see we also added many other ranges now, in early days as far as innerwear is concerned and there is a tremendous growth possible on the junior business, with the athleisure business also if you see at the percentage of market share we had single business so that’s a tremendous scope for growth and the athleisure side of the business as well so and as Gagan rightly said rural is something which we have to add, so when we go there that is also an opportunity so we do see a lot of growth opportunities and we also upgraded our products and the feedback on the market is very, very exciting so we are very, very confident about growth.

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

Bharat Shah: I heard you saying that e-commerce activity is expanding materially with the percentage of our business and that channel is working very well, but I have a bit of a mixed feeling about it, ultimately businesses have to be close to customers and traditional model is being to make a good product, build a brand, put it into distribution channel and without knowing exactly who the final customer is, what is his behavior, the technology is teaching us that there is a way to know each and every customer even for a larger business and technology allows you to really know your customers more intimately, what he prefers, what he does, etc., by putting into more and more e-commerce channels really our connect with the customer get snapped, is it the traditional business models did not have a very good connect it was more like a distribution model but if we continue to be on that path do not you think that takes you away from the final customer, his motivation, his needs and why he prefers a particular product compared to other.

V.S. Ganesh: ,It is not that we are pushing e-commerce business, it is more of a tool, the consumer is obviously preferring the channel and this is understandable when you have to be at home and want to get your product, you cannot step out, the only way to shop is through e-commerce so obviously across sectors including us if you see any FMCG, the e-com actually grew and it got accelerated and this is fortunately or unfortunately the new buying habit of our consumers, so we need to be ready to it, however, what you said is also right by doing that we should not lose touch with our consumers. Today, the e-commerce is 7.6% with the growth which we are having even if e-com reach 12% or 15% of the business, predominantly bulk of our customers will be using the channel or the distribution of the EBO channels, so we will be in touch with them, we will be on the ground and our ears should be on the ground, so I do not think we lose touch and in fact with the new generation through e-com also the feedbacks are very instant, in fact we may hear from them more directly, the voice of the consumer is much more loud and clear with the ratings, with the comments which comes. We even hear it through distribution or through our channel partners, we can hear it directly from the consumers also, so I will say how we manage it is more important and we should make use of all the opportunities that present itself and it is a very good point which you said and we will be very conscious of the fact that we always hear the voice of the consumer.

Bharat Shah: Related to what would be the issue, how exactly are we acquiring data of the actual customer not just the distribution partner through EBOs, through MBOs and through others, do we have a method and a way and the mindset to kind of get inside the mind of a consumer and get a data so that over the period of time all the data can be analyzed intelligently and we can bring a greater proximity and power of proximity to customers, do we really put it into our EBOs and MBOs, do we have a means of knowing how exactly they sell and who the buyers are and do we create any attentive to get data about them?

V.S. Ganesh: Yes, we are very associative, we have teams which are very close to the market, they see how the demand is for our products and this is mainly sensed through what we hear on the ground and where our consumers are, so that has really helped us. We also make sure that we have the right product at the right place at the right time so that we are fulfilling those demands and if there are demand bids that is a message to us to the supply our goods, so the auto replenishment system is really kicking in very well and the auto replenishment system I am sure will help us and we have quite a lot of sales analytics in place and we have a very strong sales force on the ground and they visit the market, they are in touch with the customers and we continuously monitor that and they have all the digital enablers to capture data and this is also supported by a very strong CRM team in office and they also collect all these information. Along with that our business excellence team does all this data mining and takes intelligence out of all the data, which is harvested through these channels, so we are armed with all those information and that is actually what is helping us in coming out with right products, be the current products or new launches and also in making sure that we are continuously improving on having the right product at the right place at the right time.

Bharat Shah: What I was saying was that any great brand should be a very strong combination of both pull and push where pull is created by the brand equity, advertisements, and creating that positivity so that should be prime force and distribution should be the next and secondary force that together creates a great commercial proposition, I somehow off late get a feeling that are we spending enough on building the brand, enough on promoting brand equity?

V.S. Ganesh: Yes, as far as marketing is concerned we typically spend around 4% to 5% of our topline for marketing and last year of course it was more focused towards below the line so that point of sale material, the size all that there is no cut in cost and the above the line was more towards the social media, this is mainly because we wanted to moderate it last year because of the pandemic but if you see all other years we are always focused on this very aspect of creating that brand equity and we have had a very good brand equity so much so that we are now concentrating most of the marketing towards the products along with the brand rather than pushing the brand alone because the brand has been very present and it is the top of the mind recall from all of our consumers and therefore it is more getting biased towards the product side of it also with a fine balance between the brand and the product, so we will continue to invest in fact in the coming months if things are normalizing. We will be continuing to work on these strategies as far as marketing is concerned, it has worked out so well all these years for us and last year was just an aberration because of the pandemic, we did not want to go very aggressive, we wanted to moderate it but that is not going to be go-forward plan.

Gagan Sehgal: I will add to that Mr. Ganesh that the distribution equity is not really different from the brand equity, you have a strong distribution equity because your brand equity is very high, you were able to expand 200-odd stores last year or 15000 plus MBOs because of the demand that was there for the brand Jockey and the pattern that the large consumer base has for the brand Jockey, so to me both are actually interrelated.

Moderator: Thank you. Ladies and gentlemen due to time constraint that was the last question. I now hand the conference over to Mr. Chandrasekar for his closing comments. Over to you Sir.

Chandrasekar: Thank you very much it has been a wonderful one hour with you as usual and hopefully we have answered all your questions in case you still have some questions you can always write to the investor relations and we will be happy to reply to you and thank you very much. Have a good day.

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

(This document has been edited for readability purpose)